



ABAG POWER Executive Committee Meeting No. 2017-05

August 23, 2017 (11:00 a.m. - 1:00 p.m.)

Association of Bay Area Governments

375 Beale Street, Conference Room 6102 – Bay Area (6th Floor)

San Francisco, CA 94105

AGENDA*

1. Welcome and Introductions

2. Public Comments

3. Consent Calendar

Action: Unless there is a request by an ABAG POWER Executive Committee member to take up an item on the Consent Calendar separately, the Consent Calendar will be acted upon in one motion.

A. Approve Summary Minutes of Executive Committee Meeting

ATTACHMENT 3A – SUMMARY MINUTES OF JUNE 21, 2017

B. Ratify Master Gas Purchase Agreements

ATTACHMENT 3B – MASTER GAS PURCHASE AGREEMENTS

C. Approve Policy re Responses to Allocations of Firm Pipeline Capacity from PG&E

ATTACHMENT 3C – POLICY FOR APPROVAL PIPELINE CAPACITY ALLOCATIONS

4. ABAG/MTC Staff Consolidation

Information: Staff will provide an update on the recently completed ABAG-MTC staff consolidation, the associated Contract for Services and Memorandum of Understanding, and potential impacts to ABAG POWER.

5. Report on Natural Gas Program

Information/**Action:** Staff will review recent gas operations, including gas purchases; the program's long-term hedge position; gas imbalances; and other miscellaneous program items.

ATTACHMENT 5A – MONTHLY SUMMARY OF OPERATIONS FY 2016-17

ATTACHMENT 5B – MONTHLY SUMMARY OF OPERATIONS FY 2017-18

ATTACHMENT 5C – GAS HEDGE CHART

ATTACHMENT 5D – MARKET PRICE CHART

6. Natural Gas Program Review and Policy Strategy

Information/**Action:** Staff will review the current natural gas program goals, status and strategy for the program.

ATTACHMENT 6A – NATURAL GAS PROGRAM REVIEW & DRAFT RECOMMENDATIONS

7. Core Transport Agent (CTA) Regulations

Action: Staff will review proposed minimum operating standards for ABAG POWER.

ATTACHMENT 7A – RECOMMENDATION MEMORANDUM

ATTACHMENT 7B – RESOLUTION 17-01 ADOPTING CTA MINIMUM OPERATING STANDARDS

8. Agenda for Annual Board Meeting

Information: Staff will discuss the timing and agenda for the Annual Board meeting.

ATTACHMENT 8A – ANNUAL BOARD MEETING PRELIMINARY AGENDA



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San Francisco, CA 94105

AGENDA*

9. Closed Session

The following item will be discussed in closed session, pursuant to the requirements of the Ralph M. Brown Act. All reportable actions taken will be announced in open session prior to the adjournment of the meeting.

Conference with Legal Counsel – Existing Litigation, Govt. C. Sec. 54956.9(d):

1. Pacific Gas and Electric Company's Advice Letter 3862-G to the California Public Utilities Commission.

10. Other Business

11. Adjournment

*The Committee may take action on any item on this agenda



SUMMARY MINUTES

**ABAG POWER Executive Committee
Regular Meeting 2017-04**

June 21, 2017

Conference Room 7102 - Tamalpais
375 Beale Street, San Francisco, CA 94105

WELCOME AND INTRODUCTIONS

Chair Julie Bueren opened the meeting with introductions at 11:06 AM.

Present Committee Representatives

Angela Walton

Chris Schroeder

Dave Brees

Julie Bueren (Chair)

Mintze Cheng

Tonya Gilmore (Vice Chair)

Jurisdiction/Agency

City of Richmond

City of Milpitas

City of Los Altos

County of Contra Costa

City of Union City

City of Orinda

Absent Committee Representatives

Melissa Morton

Vallejo Sanitation & Flood Control District

Guests Present

Brian Mayhew

Eva Sun

Metropolitan Transportation Commission

Metropolitan Transportation Commission

Staff Present

Jerry Lahr

Ryan Jacoby

Courtney Ruby

Ken Moy

ABAG POWER

ABAG POWER

ABAG

ABAG

PUBLIC COMMENTS & ANNOUNCEMENTS

There were no public comments.



APPROVAL OF SUMMARY MINUTES OF APRIL 19, 2017 & MAY 31, 2017.

Lahr noted a spelling correction within the Summary Minutes of the May 31, 2017 Executive Committee meeting (Attachment 3B – Page 2 of 2).

Contingent on the above correction, motion was made by Schroeder/S/Walton/C/4:0:0 to approve the Summary Minutes of the April 19 and May 31, 2017 Executive Committee meetings.

The aye votes were: Brees, Bueren, Schroeder, Walton.

The nay votes were: None.

Abstentions were: None.

Absentees were: Gilmore, Morton, Cheng.

ABAG/MTC STAFF CONSOLIDATION

Lahr noted the signing of the ABAG-MTC Contract for Services, and provided the Committee with a redlined version of the ABAG-ABAG POWER MOU, highlighting several minor changes that were made since the ABAG POWER Executive Committee approved as to form the document at its May 31 special meeting.

[Mintze Cheng arrived prior to this vote.]

Motion was made by Schroeder/S/Brees/C/5:0:0 to approve the revised Memorandum of Understanding between ABAG and ABAG POWER.

The aye votes were: Brees, Bueren, Cheng, Schroeder, Walton.

The nay votes were: None.

Abstentions were: None.

Absentees were: Gilmore, Morton.

REPORT ON NATURAL GAS PROGRAM

Monthly Summary of Operations FY 2016-17

Lahr provided members with the Monthly Summary of Operations reports for FY 2016-17; members were updated on the percentage savings comparisons with PG&E. Lahr noted that financial statements for April, 2017 indicated a cumulative savings figure of -3.2%.

Lahr also described recent conversations among ABAG staff to analyze factors that may increase the program's savings potential, including methods to increase the program's load profile and/or modifying the program's gas purchasing strategy. He noted intent to present a proposal at the August 16 Executive Committee meeting relating to these topics.



Gas Hedge Chart

Lahr provided information on the various current long-term gas purchases (contracts which are greater than one month in length).

Market Price Chart

Lahr provided information on gas prices.

Core Transport Agent (CTA) Minimum Standards

Lahr informed Committee members of intent to present a proposal at the August 16 Executive Committee meeting addressing Senate Bill 656's requirements for CTAs to adopt certain minimum operating standards.

Invoicing Changes

Staff informed the Committee of expected aesthetic changes to the July 1, 2017 ABAG POWER invoices, including updated remittance information. The changes are a result of the ABAG-MTC staff consolidation and a transition to MTC's financial software.

NATURAL GAS PROGRAM GOALS AND PURCHASING POLICY & STRATEGY

Lahr provided the current gas purchasing strategy established by the Executive Committee. He provided the percentage of gas purchased in fixed-price contracts during the past year, and reiterated the broad authority of the ABAG POWER Program Manager to make gas purchase and sale transactions: (a) there is no set limit on the potential cost of a gas purchase contract or on a specific purchase and sale transaction under a contract, (b) the only limit on the amount on a gas contract or on a specific purchase and sale transaction under a contract is the total load of POWER for the period covered by the contract or specific purchase and sale transaction, and (c) no contract or purchase and sale can be longer than three years. Noting potential complications caused by this gas transaction authority when compared to MTC's existing accounting and contracting procedures, Lahr provided several examples of potential limitations on the Program Manager's purchasing authority.

Following discussion, the Committee decided to leave the current authority in place and to revisit potential gas purchase limitations at its scheduled August 16 meeting, when a potential limitation may be considered in the context of a larger program strategy proposal.

FY 2017-18 ABAG POWER OPERATING BUDGET

Upon reviewing the gas program's goals and purchasing strategy, Lahr presented the Committee with an Operating Budget for Fiscal Year 2017-18 indicating a total core rate decrease of 3.4%. He noted several drivers of the decrease, including decreases in ABAG fees and the program's usage profile.

Total Working Capital Deposits remain at \$2,000,785, representing approximately three months of working capital. This is greater than the stated goal of at least two months of working capital, so no additional deposits are anticipated during Fiscal Year 2017-18.

The program's core and non-core Fiscal Year 2017-18 Levelized Charges represent a decrease of 7.2% when compared to FY 2016-17.

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



[Tonya Gilmore arrived prior to this vote.]

Motion was made by Schroeder/S/Cheng/C/6:0:0 to deem Working Capital Deposits sufficient and approve as proposed the FY 2017-18 Operating Budget, including the monthly levelized charges.

The aye votes were: Brees, Bueren, Cheng, Gilmore, Schroeder, Walton.

The nay votes were: None.

Abstentions were: None.

Absentees were: Morton.

ENERGY PROGRAMS UPDATE

Lahr summarized the recent accomplishments and goals of the Bay Area Regional Energy Network (BayREN), BayREN Integrated Commercial Retrofits (BRICR), and the Berkeley Energy Assurance Transformation (BEAT). Local Community Choice Aggregation efforts were also discussed.

ADJOURNMENT

Chair Julie Bueren adjourned the meeting at 12:52 PM.

*Example of a motion – *[Member No. 1/S/Member No. 2/roll call vote/C/8:0:0]* means Member No.1 motions, seconded by Member No.2, after roll call vote, motion carries, 8 = “yes” votes, 0 = “no” votes and 0 = abstention.



ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

DT: August 17, 2017

TO: ABAG POWER Executive Committee

FM: Gerald L. Lahr, ABAG POWER Program Manager

RE: ABAG POWER Contracts for Sale and Purchase of Natural Gas

Background. ABAG POWER has entered into and maintains gas purchase and sale agreements with various entities. The agreements establish the general terms and conditions for transactions, but do not commit ABAG POWER to enter purchase contracts with a counterparty.

Recommendation. Ratify existing Master Gas Purchase & Sale Agreements and Base Contracts for Sale and Purchase of Natural Gas.

Vendor	Total Volume	Total Transaction Value
Allied Energy Resources	-	-
BP Energy Company	4%	\$208,140
Devlar Energy Marketing	-	-
Macquarie Energy	8%	\$433,580
Occidental Energy Marketing	-	-
Pacific Summit Energy	71%	\$4,559,940
Shell Energy North America	17%	\$1,560,740
Sierra Energy Services	-	-
United Energy Trading	-	-
Utility Resource Solutions	-	-

Transaction record for the most recent three fiscal years ending June 30, 2017

Attachments: Base Contract for Sale and Purchase of Natural Gas (NAESB):

- Allied Energy Resources
- BP Energy Company
- Devlar Energy Marketing, LLC
- Macquarie Energy, LLC
- Pacific Summit Energy, LLC
- Sierra Energy Services, Inc.
- United Energy Trading, LLC
- Utility Resource Solutions, LP

Master Gas Purchase & Sale Agreement:

- Occidental Energy Marketing
 - Notice of consolidation of TXU Energy Retail Company LP and Occidental Energy Marketing
- Shell Energy North America
 - Notice of consolidation of Coral Energy Resources LP and Shell Energy North America LP

FILE

Base Contract for Sale and Purchase of Natural Gas

This Base Contract is entered into as of the following date: February 3, 2005. The parties to this Base Contract are the following:

Allied Energy Resources Corporation (AERC)
1330 Post Oak Blvd. Suite 2200, Houston, TX 77056
 Duns Number: 14-621-4908
 Contract Number: _____
 U.S. Federal Tax ID Number: 01-0603725

and ABAG Publicly Owned Energy Resources ("ABAG POWER")
101 8th Street, Oakland, CA 94607
 Duns Number: 11-480-0548
 Contract Number: _____
 U.S. Federal Tax ID Number: 94-2832478

Notices:

Same as Above
 Attn: Kamoru A. Lawal
 Phone: (713) 965-5180 Fax: (713) 965-5128

101 8th Street, Oakland, CA 94607
 Attn: Gerald Lahr, ABAG POWER Program Manager
 Phone: (510) 464-7908 Fax: (510) 433-5508

Confirmations:

Same as Above
 Attn: Micheal Duvall
 Phone: (713) 965-5180 Fax: (713) 965-5128

101 8th Street, Oakland, CA 94607
 Attn: Gerald Lahr, ABAG POWER Program Manager
 Phone: (510) 464-7908 Fax: (510) 433-5508

Invoices and Payments:

Same as Above
 Attn: Carolyn Anadu
 Phone: (713) 965-5180 Fax: (713) 965-5128

101 8th Street, Oakland, CA 94607
 Attn: Gerald Lahr, ABAG POWER Program Manager
 Phone: (510) 464-7908 Fax: (510) 433-5508

Wire Transfer or ACH Numbers (if applicable):

BANK: Southwest Bank of Texas
 ABA: 113011258
 ACCT: 0003219143
 Other Details: _____

BANK: _____
 ABA: _____
 ACCT: _____
 Other Details: _____

This Base Contract incorporates by reference for all purposes the General Terms and Conditions for Sale and Purchase of Natural Gas published by the North American Energy Standards Board. The parties hereby agree to the following provisions offered in said General Terms and Conditions. In the event the parties fail to check a box, the specified default provision shall apply. Select only one box from each section:

Section 1.2 Transaction Procedure <input checked="" type="checkbox"/> Oral (default) <input type="checkbox"/> Written	Section 7.2 Payment Date <input checked="" type="checkbox"/> 25 th Day of Month following Month of delivery (default) <input type="checkbox"/> _____ Day of Month following Month of delivery
Section 2.5 Confirm Deadline <input checked="" type="checkbox"/> 2 Business Days after receipt (default) <input type="checkbox"/> _____ Business Days after receipt	Section 7.2 Method of Payment <input checked="" type="checkbox"/> Wire transfer (default) <input type="checkbox"/> Automated Clearinghouse Credit (ACH) <input type="checkbox"/> Check
Section 2.6 Confirming Party <input checked="" type="checkbox"/> Seller (default) <input type="checkbox"/> Buyer <input type="checkbox"/> Either Party	Section 7.7 Netting <input checked="" type="checkbox"/> Netting applies (default) <input type="checkbox"/> Netting does not apply
Section 3.2 Performance Obligation <input checked="" type="checkbox"/> Cover Standard (default) <input type="checkbox"/> Spot Price Standard	Section 10.3.1 Early Termination Damages <input checked="" type="checkbox"/> Early Termination Damages Apply (default) <input type="checkbox"/> Early Termination Damages Do Not Apply
Note: The following Spot Price Publication applies to both of the immediately preceding.	Section 10.3.2 Other Agreement Setoffs <input checked="" type="checkbox"/> Other Agreement Setoffs Apply (default) <input type="checkbox"/> Other Agreement Setoffs Do Not Apply
Section 2.26 Spot Price Publication <input checked="" type="checkbox"/> Gas Daily Midpoint (default) <input type="checkbox"/> _____	Section 14.5 Choice Of Law <u>California</u>
Section 6 Taxes <input checked="" type="checkbox"/> Buyer Pays At and After Delivery Point (default) <input type="checkbox"/> Seller Pays Before and At Delivery Point	Section 14.10 Confidentiality <input checked="" type="checkbox"/> Confidentiality applies (default) <input type="checkbox"/> Confidentiality does not apply
<input checked="" type="checkbox"/> Special Provisions: Section 7.2 modified to reflect payment "on or before the later of the Payment Date or 10 business days after receipt of the invoice by buyer".	
<input type="checkbox"/> Addendum(s): _____	

IN WITNESS WHEREOF, the parties hereto have executed this Base Contract in duplicate.

ALLIED ENERGY RESOURCES CORPORATION

ABAG Publicly Owned Energy Resources

Party Name
By Kamoru A. Lawal
Name: Kamoru A. Lawal
Title: CEO

Party Name
By Henry Gardner
Name: Henry Gardner
Title: President, ABAG POWER

Base Contract for Sale and Purchase of Natural Gas

This Base Contract is entered into as of the following date: September 1, 2003. The parties to this Base Contract are the following:

BP Energy Company
P. O. Box 3092, Houston, TX 77253-3092
Duns Number: 62-527-5755
Contract Number: 1700824
U.S. Federal Tax ID Number: 36-3421804

and ABAG Publicly Owned Energy Resources
101 8th Street, Oakland, CA 94607
Duns Number: _____
Contract Number: _____
U.S. Federal Tax ID Number: _____

Notices:

P. O. Box 3092, Houston, TX 77253-3092
Attn: Natural Gas Marketing – Contract Administration
Phone: (281) 366-4928 Fax: (281) 366-7909

101 8th Street, Oakland, CA 94607
Attn: Gerald Lahr
Phone: (510) 464-7908 Fax: (510) 433-5508

Confirmations:

P. O. Box 3092, Houston, TX 77253-3092
Attn: Natural Gas Marketing – Gas Control
Phone: (281) 366-0968 Fax: (281) 366-1633

101 8th Street, Oakland, CA 94607
Attn: Gerald Lahr
Phone: (510) 464-7908 Fax: (510) 433-5508

Invoices and Payments:

Invoices: P. O. Box 3092, Houston, TX 77253-3092
Attn: Contracts, Accounting and Administration
Phone: (281) 366-5410 Fax: (281) 366-5925

101 8th Street, Oakland, CA 94607
Attn: Gerald Lahr
Phone: (510) 464-7908 Fax: (510) 433-5508

Wire Transfer or ACH Numbers (if applicable):

BANK: Chase Manhattan Bank, New York, NY
ABA: 021000021
ACCT: 910-2-548097
Other Details: For Account of BP Energy Company

BANK: _____
ABA: _____
ACCT: _____
Other Details: _____

This Base Contract incorporates by reference for all purposes the General Terms and Conditions for Sale and Purchase of Natural Gas published by the North American Energy Standards Board. The parties hereby agree to the following provisions offered in said General Terms and Conditions. In the event the parties fail to check a box, the specified default provision shall apply. Select only one box from each section:

Section 1.2 Transaction Procedure	<input checked="" type="checkbox"/> Oral (default) <input type="checkbox"/> Written	Section 7.2 Payment Date	<input checked="" type="checkbox"/> Net 10 days from receipt of invoice. If paying by check, payment must be received by Seller no later than the Payment Date. <input type="checkbox"/> _____ Day of Month following Month of delivery
Section 2.5 Confirm Deadline	<input type="checkbox"/> 2 Business Days after receipt (default) <input checked="" type="checkbox"/> 5 Business Days after receipt	Section 7.2 Method of Payment	<input checked="" type="checkbox"/> Wire transfer (default) <input type="checkbox"/> Automated Clearinghouse Credit (ACH) <input type="checkbox"/> Check
Section 2.6 Confirming Party	<input type="checkbox"/> Seller (default) <input type="checkbox"/> Buyer <input checked="" type="checkbox"/> Either Party	Section 7.7 Netting	<input checked="" type="checkbox"/> Netting applies (default) <input type="checkbox"/> Netting does not apply
Section 3.2 Performance Obligation	<input checked="" type="checkbox"/> Cover Standard (default) <input type="checkbox"/> Spot Price Standard	Section 10.3.1 Early Termination Damages	<input checked="" type="checkbox"/> Early Termination Damages Apply (default) <input type="checkbox"/> Early Termination Damages Do Not Apply
Note: The following Spot Price Publication applies to both of the immediately preceding.		Section 10.3.2 Other Agreement Setoffs	<input checked="" type="checkbox"/> Other Agreement Setoffs Apply (default) <input type="checkbox"/> Other Agreement Setoffs Do Not Apply
Section 2.26 Spot Price Publication	<input checked="" type="checkbox"/> Gas Daily Midpoint (default) <input type="checkbox"/> _____	Section 14.5 Choice Of Law	California
Section 6 Taxes	<input checked="" type="checkbox"/> Buyer Pays At and After Delivery Point (default) <input type="checkbox"/> Seller Pays Before and At Delivery Point	Section 14.10 Confidentiality	<input checked="" type="checkbox"/> Confidentiality applies (default) <input type="checkbox"/> Confidentiality does not apply
<input checked="" type="checkbox"/> Special Provisions Number of sheets attached: 3 <input type="checkbox"/> Addendum(s): _____			

IN WITNESS WHEREOF, the parties hereto have executed this Base Contract in duplicate.

BP ENERGY COMPANY
By Brian Moch
Name: BRIAN MOCH
Title: V.P. Originator, SW

~~ASSOCIATION OF BAY AREA GOVERNMENTS~~
ABAG POWER
By Eugene V. Leong
Name: Eugene V. Leong
Title: ABAG POWER President

**SPECIAL PROVISIONS ATTACHED TO AND FORMING PART OF
THE BASE CONTRACT FOR SALE AND PURCHASE OF NATURAL GAS
Dated September 1, 2003
by and between**

**BP Energy Company ("BP Energy")
And
ABAG Publicly Owned Energy Resources ("ABAG")**

Section 1. Purpose & Procedures

Delete Section 1.3 and replace with the following:

"If a sending party's Transaction Confirmation is materially different from the receiving party's understanding of the agreement referred to in Section 1.2, such receiving party shall notify the sending party via facsimile, EDI or mutually agreeable electronic means by the Confirm Deadline, unless such receiving party has previously sent a Transaction Confirmation to the sending party. The failure of the receiving party to so notify the sending party in writing by the Confirm Deadline constitutes the receiving party's agreement to the terms of the transaction described in the sending party's Transaction Confirmation. If there are any material differences between timely sent Transaction Confirmations governing the same transaction, or if the receiving party has timely objected to the terms of the sending party's Transaction Confirmation, such transaction remains valid and the parties remain legally bound thereby, however, both parties shall in good faith attempt to resolve such differences. Once such material differences are resolved, the Confirming Party shall transmit a written Transaction Confirmation to the other party, and such Transaction Confirmation shall be accepted (or disputed) pursuant to the provisions of this Section 1.3. The provisions of this Section 1.3 may be repeated as many times as necessary to produce a written Transaction Confirmation that is accepted or deemed accepted by the receiving party. In the event of a conflict among the terms of (i) a binding Transaction Confirmation pursuant to Section 1.2, (ii) the oral agreement of the parties (which may be evidenced by a recording of such transaction, oral testimony, data in a computer system, trade tickets, and/or notes), where the parties have selected the Oral Transaction Procedure of the Base Contract, (iii) the Base Contract, and (iv) these General Terms and Conditions, the terms of the items shall govern in the priority listed in this sentence."

Section 3. Performance Obligation

Add the following as Section 3.5:

"Notwithstanding anything to the contrary in this Contract (including, without limitation, anything in Section 11 of this Contract), in the event (i) a transaction has a Firm performance obligation, and (ii) Seller is unable to sell and deliver the Contract Quantity for such transaction as a result of an event of Force Majeure or Buyer is unable to purchase and receive the Contract Quantity for such transaction as a result of an event of Force Majeure, and (iii) the Delivery Period for such transaction is at least one calendar month, and (iv) the Contract Price is a Fixed Price (as defined below), then (a) if the FOM Price (as defined below) is above the Fixed Price, Seller shall pay Buyer for each MMBtu of gas not delivered and/or received the difference between the FOM Price and the Fixed Price, or (b) if the FOM Price is below the Fixed Price, Buyer shall pay Seller for each MMBtu of gas not delivered and/or received the difference between the Fixed Price and the FOM Price. "Fixed Price" means, a Contract Price for a transaction that is expressed as a flat dollar amount (Fixed Price includes prices that were converted from an index-based price to a flat dollar amount upon the mutual agreement of the parties or as a result of a party exercising a price option that resulted in a maximum price or a minimum price). "FOM Price" means the price per MMBtu, stated in the same currency as the transaction subject to such Force Majeure event, for the first of the month delivery, as published in the first issue of a publication commonly-accepted by the natural gas industry (selected by the Seller in a commercially reasonable manner) for the calendar month of such Force Majeure event for the geographic location closest in proximity to the Delivery Point(s) for the relevant Day adjusted for the basis differential between the Delivery Point(s) and such published geographic location determined by the Seller in a commercially reasonable manner."

Section 7. Billing, Payment and Audit

In the first sentence of Section 7.2 delete the words "the later of".

In Section 7.7 add the following after the words "subject to netting under this Section" at the end of the first sentence: "provided further, however, that the party due payment under Section 7.3 may net all sums due thereunder against any amounts payable by it when making payments under Section 7."

Section 10. Financial Responsibility

Add the following as the third paragraph of Section 10.3.1. "Early Termination Damages Apply":

"The Non-Defaulting Party shall also aggregate the costs that the Non-Defaulting Party incurs in liquidating and accelerating each Terminated Transaction, or otherwise settling obligations arising from the cancellation and termination of each Terminated Transaction, including brokerage fees, commissions, and other similar transaction costs and expenses reasonably incurred by the Non-Defaulting Party including costs associated with hedging its obligations, transaction costs associated with obtaining replacement suppliers or markets (e.g. brokerage fees, or other such payments), additional transmission costs, ancillary services costs and like costs incurred in moving the replacement Gas to or from the Delivery Point, and

reasonable attorneys' fees and other reasonable litigation costs incurred in connection with enforcing its rights under this Agreement (collectively "Costs") and such Costs shall be due to the Non-Defaulting Party."

Delete the words "and without prior Notice to the Defaulting Party" in the second sentence of Section 10.3.2 "Other Agreements Setoffs Apply".

"Delete everything after the "(ii)" in the second sentence of Section 10.3.2. "Other Agreements Setoffs Apply" and replace with the following: "(ii) any Net Settlement Amount payable to the Defaulting Party against any amount(s) payable in Dollars or any other currency by the Defaulting Party to the Non-Defaulting Party and/or its Affiliates under any other agreement or arrangement between the Defaulting Party and the Non-Defaulting Party and/or its Affiliates. The obligations of the Non-Defaulting Party, the Non-Defaulting Party's Affiliates, and the Defaulting Party under this Contract or otherwise in respect of such amounts shall be deemed satisfied and discharged to the extent of any such set-off. For this purpose, the amounts subject to the set-off may be converted at the applicable prevailing exchange rate into U.S. Dollars by the Non-Defaulting Party. The Non-Defaulting Party will give the Defaulting Party Notice of any set-off effected under this section provided that failure to give such notice shall not affect the validity of the set-off. Nothing in this paragraph shall be deemed to create a charge or other security interest. The rights provided by this Section are in addition to and not in limitation of any other right or remedy (including any right to set-off, counterclaim, or otherwise withhold payment) to which a party may be entitled (whether by operation of law, contract or otherwise). "Affiliate" means, in relation to any party, any entity controlled, directly or indirectly, by such party, any entity that controls, directly or indirectly, such party or any entity directly or indirectly under common control with such party. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person. "Set-off" as used herein means set-off, offset, combination of accounts, right of retention or withholding or similar right or requirement to which the Non-Defaulting Party is entitled or subject to (whether arising under this Contract, another contract, applicable law or otherwise) that is exercised by, or imposed on, the Non-Defaulting Party."

Delete Section 10.5 in its entirety and replace with the following:

"The parties specifically agree that this Contract and all transactions pursuant hereto are "forward contracts" as such term is defined in the United States Bankruptcy Code and that each party is a "forward contract merchant" as such term is defined in the United States Bankruptcy Code. Each party further agrees that the other party is not a "utility" as such term is used in 11 U.S.C. Section 366, and each party agrees to waive and not to assert the applicability of the provisions of 11 U.S.C. Section 366 in any bankruptcy proceeding involving such party. In addition, each party agrees that, for any Gas actually consumed (rather than resold) by such party, if Gas is not delivered pursuant to this Contract, the local gas distribution utility for such party is the provider of last resort and can supply such party's Gas consumption needs."

Section 14. Miscellaneous

Add the following as the third paragraph of Section 14.10:

Notwithstanding anything to the contrary, each party to this Contract (and each employee, representative, or other agent of such party for so long as they remain an employee, representative or agent) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated by this Contract and all materials of any kind (including opinions or other analyses) that are provided to such party relating to such tax treatment or tax structure. Nothing in this Contract, or any other agreement between the parties hereto express or implied, shall be construed as limiting in any way the ability of either party to consult with any tax adviser (including a tax adviser independent from all other entities involved in the transactions) regarding the tax treatment or tax structure of the transactions.

Add the following as Section 14.12:

"This Contract shall be considered for all purposes as prepared through the joint efforts of the parties and shall not be construed against one party or the other as a result of the manner in which this Contract was negotiated, prepared, drafted or executed."

Add the following as Section 14.13:

"If any index used to determine the price under a transaction ceases to be available, the parties agree to promptly negotiate on a good faith basis a mutually satisfactory alternate price or reference publication to take effect as of the date the prior index is unavailable. If the parties cannot agree on an alternative price or reference publication within thirty (30) days of the index ceasing to be available, then the parties shall refer the matter to binding arbitration. In addition, all disputes pertaining to this Contract that arise between the parties hereto shall be referred to binding arbitration. Arbitration shall be governed by the Federal Arbitration Act (9 U.S.C. Section 1, et seq.) and conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association."

Add the following as Section 14.14:

"Each party will be deemed to represent to the other party each time a transaction is entered into that: (a) it is acting for its own account, and it has made its own independent decisions to enter that transaction and as to whether that transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisors as it has deemed necessary; (b) it is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that transaction; it being understood that information and explanations related to the terms and conditions of a transaction shall not be considered investment advice or a recommendation to enter into that transaction; (c) no communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of that transaction; (d) it is capable of assessing the merits and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of that transaction; (e) it is capable of assuming, and assumes, the risks of that transaction; and (f) the other party is not acting as a fiduciary for, or an advisor to, it in respect of that transaction."

Base Contract for Sale and Purchase of Natural Gas

This Base Contract is entered into as of the following date: _____

The parties to this Base Contract are the following:

PARTY A Devlar Energy Marketing, LLC		PARTY NAME	PARTY B ABAG Publicly Owned Energy Resources ("ABAG POWER")	
384 Inverness Pkwy., Ste. 150 Englewood, CO 80112		ADDRESS	101 8 th Street Oakland, CA 94607	
		BUSINESS WEBSITE	www.abag.ca.gov	
		CONTRACT NUMBER		
19-639-4956		D-U-N-S® NUMBER	11-480-0548	
X US FEDERAL: 72-1597522 <input type="checkbox"/> OTHER:		TAX ID NUMBERS	X US FEDERAL: 94-2832478 <input type="checkbox"/> OTHER:	
		JURISDICTION OF ORGANIZATION		
<input type="checkbox"/> Corporation <input type="checkbox"/> Limited Partnership <input type="checkbox"/> LLP	X LLC <input type="checkbox"/> Partnership <input type="checkbox"/> Other: ___	COMPANY TYPE	<input type="checkbox"/> Corporation <input type="checkbox"/> LLC <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Partnership <input type="checkbox"/> LLP <input checked="" type="checkbox"/> Other: Joint Powers Authority (JPA)	
		GUARANTOR (IF APPLICABLE)		
CONTACT INFORMATION				
<u>384 Inverness Pkwy., Ste 150 Englewood, CO 80112</u> ATTN: Ruel Cooper TEL#: 303-683-4242 FAX#: 303-471-5252 EMAIL: ruel@devlar.com		▪ COMMERCIAL	<u>ABAG POWER: 101 8th Street, Oakland, CA 94607</u> ATTN: Gerald Lahr TEL#: (510) 464-7908 FAX#: (510) 433-5508 EMAIL: JerryL@abag.ca.gov	
<u>384 Inverness Pkwy., Ste 150 Englewood, CO 80112</u> ATTN: Kara Coper TEL#: 303-768-0010 FAX#: 303-471-5252 EMAIL: kara@devlar.com		▪ SCHEDULING	<u>DMJ Gas Marketing Consultants, LLC</u> <u>7027 Dublin Blvd, Suite 100A, Dublin, CA 94568</u> ATTN: Dave Jones TEL#: (925) 551-7434 FAX#: (925) 551-7431 EMAIL: Dave@DMJGas.com	
<u>384 Inverness Pkwy., Ste 150 Englewood, CO 80112</u> ATTN: Ruel Cooper TEL#: 303-683-4242 FAX#: 303-471-5252 EMAIL: ruel@devlar.com		▪ CONTRACT AND LEGAL NOTICES	<u>ABAG POWER: 101 8th Street, Oakland, CA 94607</u> ATTN: Gerald Lahr TEL#: (510) 464-7908 FAX#: (510) 433-5508 EMAIL: JerryL@abag.ca.gov	
<u>384 Inverness Pkwy., Ste 150 Englewood, CO 80112</u> ATTN: Ruel Cooper TEL#: 303-683-4242 FAX#: 303-471-5252 EMAIL: ruel@devlar.com		▪ CREDIT	<u>ABAG POWER: 101 8th Street, Oakland, CA 94607</u> ATTN: Gerald Lahr TEL#: (510) 464-7908 FAX#: (510) 433-5508 EMAIL: JerryL@abag.ca.gov	
<u>384 Inverness Pkwy., Ste 150 Englewood, CO 80112</u> ATTN: Kayla Judd TEL#: 303-768-0010 FAX#: 303-471-5252 EMAIL: kayla@devlar.com		▪ TRANSACTION CONFIRMATIONS	<u>ABAG POWER: 101 8th Street, Oakland, CA 94607</u> ATTN: Gerald Lahr TEL#: (510) 464-7908 FAX#: (510) 433-5508 EMAIL: JerryL@abag.ca.gov	
ACCOUNTING INFORMATION				
<u>384 Inverness Pkwy., Ste 150 Englewood, CO 80112</u> ATTN: Kayla Judd TEL#: 303-768-0010 FAX#: 303-471-5252 EMAIL: kayla@devlar.com		▪ INVOICES ▪ PAYMENTS ▪ SETTLEMENTS	<u>ABAG POWER: 101 8th Street, Oakland, CA 94607</u> ATTN: Susan Hsieh TEL#: (510) 464-7960 FAX#: (510) 433-5560 EMAIL: SusanH@abag.ca.gov	
BANK: Bank of America, 100 N. Broadway, Wichita, KS 67202 ABA: 026009593 ACCT: 005090478139 OTHER DETAILS: Contact-Susan Budde 316-261-4619		WIRE TRANSFER NUMBERS (IF APPLICABLE)	BANK: _____ ABA: _____ ACCT: _____ OTHER DETAILS: _____	

BANK: _____ ABA: _____ ACCT: _____ OTHER DETAILS: _____	ACH NUMBERS (IF APPLICABLE)	BANK: _____ ABA: _____ ACCT: _____ OTHER DETAILS: _____
ATTN: _____ ADDRESS: _____	CHECKS (IF APPLICABLE)	ATTN: _____ ADDRESS: _____



Base Contract for Sale and Purchase of Natural Gas

(Continued)

This Base Contract incorporates by reference for all purposes the General Terms and Conditions for Sale and Purchase of Natural Gas published by the North American Energy Standards Board. The parties hereby agree to the following provisions offered in said General Terms and Conditions. In the event the parties fail to check a box, the specified default provision shall apply. Select the appropriate box(es) from each section:

Section 1.2 Transaction Procedure <input checked="" type="checkbox"/> Oral (default) OR <input type="checkbox"/> Written	Section 10.2 Additional Events of Default <input checked="" type="checkbox"/> No Additional Events of Default (default) <input type="checkbox"/> Indebtedness Cross Default <input type="checkbox"/> Party A: _____ <input type="checkbox"/> Party B: _____ <input type="checkbox"/> Transactional Cross Default <u>Specified Transactions:</u> _____ _____ _____
Section 2.7 Confirm Deadline <input checked="" type="checkbox"/> 2 Business Days after receipt (default) OR <input type="checkbox"/> 5 Business Days after receipt	
Section 2.8 Confirming Party <input checked="" type="checkbox"/> Seller (default) OR <input type="checkbox"/> Buyer <input type="checkbox"/> _____	
Section 3.2 Performance Obligation <input checked="" type="checkbox"/> Cover Standard (default) OR <input type="checkbox"/> Spot Price Standard	Section 10.3.1 Early Termination Damages <input checked="" type="checkbox"/> Early Termination Damages Apply (default) OR <input type="checkbox"/> Early Termination Damages Do Not Apply
Note: The following Spot Price Publication applies to both of the immediately preceding.	
Section 2.31 Spot Price Publication <input checked="" type="checkbox"/> Gas Daily Midpoint (default) OR <input type="checkbox"/> _____ _____	Section 10.3.2 Other Agreement Setoffs <input checked="" type="checkbox"/> Other Agreement Setoffs Apply (default) <input checked="" type="checkbox"/> Bilateral (default) <input type="checkbox"/> Triangular OR <input type="checkbox"/> Other Agreement Setoffs Do Not Apply
Section 6 Taxes <input checked="" type="checkbox"/> Buyer Pays At and After Delivery Point (default) OR <input type="checkbox"/> Seller Pays Before and At Delivery Point	
Section 7.2 Payment Date <input checked="" type="checkbox"/> 25 th Day of Month following Month of delivery (default) OR <input type="checkbox"/> Day of Month following Month of delivery	Section 15.5 Choice Of Law _____ California _____
Section 7.2 Method of Payment <input checked="" type="checkbox"/> Wire transfer (default) <input checked="" type="checkbox"/> Automated Clearinghouse Credit (ACH) <input type="checkbox"/> Check	Section 15.10 Confidentiality <input checked="" type="checkbox"/> Confidentiality applies (default) OR <input type="checkbox"/> Confidentiality does not apply
Section 7.7 Netting <input checked="" type="checkbox"/> Netting applies (default) OR <input type="checkbox"/> Netting does not apply	
<input type="checkbox"/> Special Provisions Number of sheets attached: <input type="checkbox"/> Addendum(s): _____	

IN WITNESS WHEREOF, the parties hereto have executed this Base Contract in duplicate.

Devlar Energy Marketing, LLC By:  Ruel Cooper VP Gas & Oil Marketing	PARTY NAME SIGNATURE PRINTED NAME TITLE	ABAG Publicly Owned Energy Resources By:  Ezra Rapoport President
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------

Base Contract for Sale and Purchase of Natural Gas

This Base Contract is entered into as of the following date: January 25, 2016.

The parties to this Base Contract are the following:

PARTY A		PARTY B
MACQUARIE ENERGY LLC		ABAG Publicly Owned Energy Resources
One Allen Center 500 Dallas Street, Suite 3300 Houston, TX 77002	ADDRESS	101 8th Street Oakland, CA 94607
www.macquarie.com/mgl/com/energy	BUSINESS WEBSITE	http://abag.ca.gov/services/power/
	CONTRACT NUMBER	
79-884-6036	D-U-N-S® NUMBER	11-480-0548
<input checked="" type="checkbox"/> US FEDERAL: 93-1043421 <input type="checkbox"/> OTHER:	TAX ID NUMBERS	<input checked="" type="checkbox"/> US FEDERAL: 94-28324878 <input type="checkbox"/> OTHER:
Delaware	JURISDICTION OF ORGANIZATION	
<input type="checkbox"/> Corporation <input checked="" type="checkbox"/> LLC <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Partnership <input type="checkbox"/> LLP <input type="checkbox"/> Other: _____	COMPANY TYPE	<input type="checkbox"/> Corporation <input type="checkbox"/> LLC <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Partnership <input type="checkbox"/> LLP <input checked="" type="checkbox"/> Other Joint Powers Authority (JPA)
	GUARANTOR (IF APPLICABLE)	
CONTACT INFORMATION		
Macquarie Energy LLC ATTN: Wholesale Marketing TEL#: 713-275-6100 FAX#: 713-275-8979 EMAIL: FICCEMDMCETradMgns@Macquarie.com	COMMERCIAL	ABAG Power ATTN: Gerald Lahr TEL#: 510-464-7908 FAX#: 510-433-5508 EMAIL: JerryL@abag.ca.gov
Macquarie Energy LLC ATTN: Scheduling TEL#: 713-275-8900 FAX#: 713-275-8980 EMAIL: GasScheduling@Macquarie.com	SCHEDULING	DMJ Gas Marketing Consultants LLC 7027 Dublin Blvd, Suite 100A, Dublin CA 94568 ATTN: Dave Jones TEL#: 925-551-7434 FAX#: 925-551-7431 EMAIL: Dave@DMJGas.com
Macquarie Energy LLC ATTN: Legal Risk Management TEL#: 713-275-6100 FAX#: 713-275-8978 EMAIL: CFMhoustonlegal@Macquarie.com	CONTRACT AND LEGAL NOTICES	ABAG Power ATTN: Gerald Lahr TEL#: 510-464-7908 FAX#: 510-433-5508 EMAIL: JerryL@abag.ca.gov
Macquarie Energy LLC ATTN: Credit Risk Management TEL#: 713-275-6100 FAX#: 713-275-6115 EMAIL: FICCEMDUSGasCredit@Macquarie.com	CREDIT	ABAG Power ATTN: Susan Hsieh TEL#: 510-464-7960 FAX#: 510-433-5560 EMAIL: SusanH@abag.ca.gov
Macquarie Energy LLC ATTN: Settlements – Deal Support Unit TEL#: 713-255-5873 FAX#: 713-255-5822 EMAIL: modconfirmshouston@macquarie.com	TRANSACTION CONFIRMATIONS	ABAG Power ATTN: Gerald Lahr TEL#: 510-464-7908 FAX#: 510-433-5508 EMAIL: JerryL@abag.ca.gov
ACCOUNTING INFORMATION		
Macquarie Energy LLC ATTN: Settlements-ME TEL#: 713-275-6283 FAX#: 713-275-6369 EMAIL: modsettsqasvolumeaccountinghou@macquarie.com	INVOICES PAYMENTS SETTLEMENTS	ABAG Power, 101 8 th Street, Oakland, CA 94607 ATTN: Susan Hsieh TEL#: 510-464-7960 FAX#: 510-433-5560 EMAIL: SusanH@abag.ca.gov
BANK: Bank of New York New York, NY 10286 ABA: 021000018 ACCT: 8900055375 OTHER DETAILS: Macquarie Energy – Acct: ENCONBRKHS	WIRE TRANSFER NUMBERS (IF APPLICABLE)	BANK: Bank of the West ABA: 121100782 ACCT: 023539171 OTHER DETAILS: _____
BANK: Bank of New York New York, NY 10286 ABA: 021000018 ACCT: 8900055375 OTHER DETAILS: Macquarie Energy – Acct: ENCONBRKHS	ACH NUMBERS (IF APPLICABLE)	BANK: Bank of the West ABA: 121100782 ACCT: 023539171 OTHER DETAILS: _____
ATTN: Settlements Department ADDRESS: 500 Dallas Street, Suite 3300, Houston, TX 77002	CHECKS (IF APPLICABLE)	ATTN: ABAG POWER Purchasing Pool, C/O Bank of the West ADDRESS: DEPT. LA 23713, Pasadena, CA 91185-3713

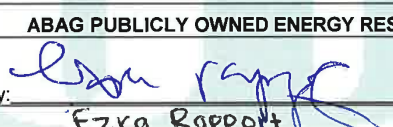
Base Contract for Sale and Purchase of Natural Gas

(Continued)

This Base Contract incorporates by reference for all purposes the General Terms and Conditions for Sale and Purchase of Natural Gas published by the North American Energy Standards Board. The parties hereby agree to the following provisions offered in said General Terms and Conditions. In the event the parties fail to check a box, the specified default provision shall apply. Select the appropriate box(es) from each section:

Section 1.2 Transaction Procedure <input checked="" type="checkbox"/> Oral (default) <input type="checkbox"/> Written	Section 10.2 Additional Events of Default <input checked="" type="checkbox"/> No Additional Events of Default (default) <input type="checkbox"/> Indebtedness Cross Default <input type="checkbox"/> Party A: _____ <input type="checkbox"/> Party B: _____ <input type="checkbox"/> Transactional Cross Default <u>Specified Transactions:</u> _____ _____
Section 2.7 Confirm Deadline <input checked="" type="checkbox"/> 2 Business Days after receipt (default) <input type="checkbox"/> _____ Business Days after receipt	
Section 2.8 Confirming Party <input type="checkbox"/> Seller (default) <input checked="" type="checkbox"/> Buyer <input checked="" type="checkbox"/> <u>Macquarie Energy</u>	
Section 3.2 Performance Obligation <input checked="" type="checkbox"/> Cover Standard (default) <input type="checkbox"/> Spot Price Standard	Section 10.3.1 Early Termination Damages <input checked="" type="checkbox"/> Early Termination Damages Apply (default) <input type="checkbox"/> Early Termination Damages Do Not Apply
<i>Note: The following Spot Price Publication applies to both of the immediately preceding.</i>	
Section 2.31 Spot Price Publication <input checked="" type="checkbox"/> Gas Daily Midpoint (default) <input type="checkbox"/> _____	Section 10.3.2 Other Agreement Setoffs <input checked="" type="checkbox"/> Other Agreement Setoffs Apply (default) <input checked="" type="checkbox"/> Bilateral (default) <input type="checkbox"/> Triangular OR <input type="checkbox"/> Other Agreement Setoffs Do Not Apply
Section 6 Taxes <input checked="" type="checkbox"/> Buyer Pays At and After Delivery Point (default) <input type="checkbox"/> Seller Pays Before and At Delivery Point	
Section 7.2 Payment Date <input checked="" type="checkbox"/> 25 th Day of Month following Month of delivery (default) <input type="checkbox"/> Day of Month following Month of delivery	Section 15.5 Choice Of Law <p style="text-align: center;">NEW YORK</p>
Section 7.2 Method of Payment <input checked="" type="checkbox"/> Wire transfer (default) <input type="checkbox"/> Automated Clearinghouse Credit (ACH) <input type="checkbox"/> Check	Section 15.10 Confidentiality <input checked="" type="checkbox"/> Confidentiality applies (default) <input type="checkbox"/> Confidentiality does not apply
Section 7.7 Netting <input checked="" type="checkbox"/> Netting applies (default) <input type="checkbox"/> Netting does not apply	
<input checked="" type="checkbox"/> Special Provisions Number of sheets attached: Two (2) <input type="checkbox"/> Addendum(s): _____	

IN WITNESS WHEREOF, the parties hereto have executed this Base Contract in duplicate.

MACQUARIE ENERGY LLC	PARTY NAME	ABAG PUBLICLY OWNED ENERGY RESOURCES
By:  Scott Wirges Executive Director	SIGNATURE	By:  Ezra Rapport Executive Director
	PRINTED NAME	
	TITLE	


David Webster
Senior Manager

SPECIAL PROVISIONS to the Base Contract for Sale and Purchase of Natural Gas between Macquarie Energy LLC and ABAG Publicly Owned Energy Resources dated as of January 25, 2016

The following provisions (the "Special Provisions") to the Base Contract shall supplement and form part of the Base Contract between the parties. The parties do hereby represent and warrant that the General Terms and Conditions of the Base Contract for Sale and Purchase of Natural Gas have not been modified, altered or amended in any respect except as outlined in these Special Provisions. In the event of any conflict or inconsistency between the Special Provisions and the Base Contract, the Special Provisions shall govern. All capitalized terms and section references used in these Special Provisions but not defined herein shall have the respective meanings ascribed to them in the Base Contract.

1. Section 2 is modified by adding the following:

2.36. "Costs" means all costs, expenses and losses which the Non-Defaulting Party may reasonably incur in terminating and liquidating under Section 10 any Terminated Transactions, including, without limitation, attorneys' and brokers fees and the costs, expenses and losses associated with transportation and incurred in maintaining, terminating and/or re-establishing any related hedges, except for such amounts already included in the Net Settlement Amount.

2. Section 10 is amended by adding the following:

10.8 In calculating early termination damages pursuant to Section 10.3.1, the Non-Defaulting Party may take into account its Costs incurred as a result of terminating the transactions.

3. Section 15 is amended by adding the following after the last sentence of 15.8:

15.8. On the effective date and the date of entering into each transaction hereunder, each party represents and warrants to the other party that: (i) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation and has all regulatory authorizations necessary for it to legally perform its obligations under this Base Contract and each transaction hereunder; (ii) the execution, delivery and performance of this Base Contract and each transaction hereunder are within its powers, and do not violate any contracts to which it is a party or any law, rule, regulation, order; (iii) this Base Contract, each transaction hereunder, and each other document executed and delivered in accordance with this Base Contract constitutes a legally valid and binding obligation enforceable against it in accordance with the terms of said document, subject to any equitable defenses; (iv) it, or its credit support provider, if applicable, is not bankrupt and there are no proceedings pending or being contemplated by it, its credit support provider, if any, or, to its knowledge, threatened against it which would result in it being or becoming bankrupt and there is not pending or, to its knowledge, threatened against it, or its credit support provider, if any, any legal proceedings that could materially adversely affect its ability to perform its obligations under this Base Contract and each transaction hereunder; (v) no Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Base Contract and each transaction hereunder; (vi) it is acting for its own account, has made its own independent decision to enter into this Base Contract and each transaction hereunder and as to whether this Base Contract and each such transaction is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Base Contract and each transaction hereunder; and (vii) it is an "eligible contract participant" as that term is defined in Section 1a(18) of the Commodity Exchange Act.

4. Section 15 is further amended by adding the following:

15.13. This Contract, and the rights and duties of the parties arising therefrom, shall be governed by, and interpreted and construed in accordance with, the law of the State of New York (without reference to choice of law doctrine). With respect to any suit, action or proceeding relating to the foregoing ("Proceeding") each party irrevocably submits to the non-exclusive jurisdiction of the State and Federal Courts located in New York City, Borough of Manhattan, New York and any appellate court therefrom, and waives any objection to the laying of venue of any Proceeding brought in any such court, waives any claim that any Proceeding has been brought in an inconvenient forum and waives claim of sovereign immunity. ANY PROCEEDINGS ARISING OUT OF OR RELATING TO THIS BASE CONTRACT OR ANY TRANSACTION HEREUNDER SHALL BE RESOLVED BY A JUDGE TRIAL WITHOUT A JURY AND THE RIGHT TO A JURY TRIAL IS WAIVED, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW.

15.14 Scheduling Agency Authority:

- (a) ABAG Publicly Owned Energy Resources has appointed DMJ Gas Marketing Consultants, LLC as its true and lawful agent, for the purposes of scheduling ABAG Publicly Owned Energy Resources' natural gas and supply pursuant to an Agency Agreement dated July 1, 2013, as amended;
- (b) ABAG Publicly Owned Energy Resources represents and warrants that on the effective date and the date of entering into each transaction and Transaction Confirmation hereunder, that DMJ Gas Marketing Consultants, LLC has the authority to schedule natural gas supply on ABAG Publicly Owned Energy Resources' behalf;
- (c) ABAG Publicly Owned Energy Resources represents and warrants that on the effective date and the date of entering into each transaction hereunder, that DMJ Gas Marketing Consultants, LLC is authorized to arrange daily and monthly natural gas nominations and notifications, on ABAG Publicly Owned Energy Resources'

behalf and will constitute legal, valid and binding obligations of ABAG Publicly Owned Energy Resources that is enforceable against it in accordance with its terms, a Transaction Confirmation and the Base Contract;

- (d) ABAG Publicly Owned Energy Resources represents and warrants that on the effective date and the date of entering into each transaction hereunder, that they are responsible if any representation and warranty in this Section 15.14 is misleading or incorrect in any material respect, or if DMJ Gas Marketing Consultants, LLC acts outside the scope of its agency authority; and
- (e) ABAG Publicly Owned Energy Resources is required to provide Notice to Macquarie prior to any rescission, revocation, termination or modification of the scheduling agency authority conferred upon DMJ Gas Marketing Consultants, LLC by ABAG Publicly Owned Energy Resources.

15.15 Supersede and Replace:

The Parties agree that this Contract shall supersede and replace the NAESB Base Contract for Sale and Purchase of Natural Gas entered into by and between Macquarie Energy LLC (successor-in-interest to Cook Inlet Energy Supply L.L.C. and ABAG Publicly Owner Energy Resources dated August 1, 2003 (the "Old NAESB"). The Parties further agree that any transaction for the purchase or sale of Gas previously entered into between the Parties pursuant to the Old NAESB, that is in effect as of the date of this Contract or that has delivery obligations that start after the date of this Contract shall be governed by this Contract.

IN WITNESS WHEREOF, the parties hereto have executed these Special Provisions in duplicate.

MACQUARIE ENERGY LLC

By:
Name:
Title:



**Scott Wirges
Executive Director**

ABAG PUBLICLY OWNED ENERGY RESOURCES

By:
Name:
Title:



Ezra Rapport
Executive Director



**David Webster
Senior Manager**

FILE



OXY WEST, LLC

A SUBSIDIARY OF OCCIDENTAL ENERGY MARKETING, INC.

111 WEST OCEAN BLVD, STE 800
LONG BEACH, CA 90802

April 10, 2003

Association of Bay Area Governments (ABAG)
PO Box 2050
OAKLAND, CA 94604

Re: Natural Gas Sales Contract Between Association of Bay Area Governments
(ABAG) and TXU Energy Retail Company LP

Dear Customer:

Effective April 4, 2003, OXY West, LLC ("Oxy") merged with the West Retail Gas Business of TXU Energy Retail Company LP ("TXU Retail"). As a direct result, TXU Retail is no longer the owner of your natural gas contract and Oxy is now performing your contract and handling your natural gas supplies, products, and services in accordance with the terms of your existing gas contract. Effective April 4, 2003, TXU Retail is no longer a party to your existing gas contract.

To ensure a smooth transition, Oxy has arranged for TXU Retail to act as agent for various services, including billing and collections, for the next several months. Your local gas utility has been informed of this transaction and the resulting change in your contracted gas supplier. Your natural gas supplies and services will not experience any interruptions due to the change in ownership of your natural gas contract.

OXY West, LLC is a wholly owned subsidiary of Occidental Energy Marketing, Inc. (OEMI), one of the premiere marketers of natural gas in the region. OEMI is a wholly owned subsidiary of Occidental Petroleum Corporation (NYSE: OXY), the largest independent producer of natural gas in California.

Please note that you do not need to take any action following this notice other than notifying your own company personnel and completing the requested information form. We have attached the following materials for you:

- A list of Oxy contacts for your easy reference.
- A W-9 form for use by your purchasing and/or procurement personnel to utilize in preparing payments to Oxy. (We will promptly send you the necessary W-9 and remittance information if there are any changes to our remittance instructions.)

OXY West, LLC is very pleased to be your new natural gas supplier and looks forward to serving your natural gas needs through the remaining term of your existing contract and beyond.

One of our energy professionals will contact you to schedule a meeting. We would appreciate the opportunity to introduce Oxy and how we are organized to support your energy needs. We are prepared to discuss your current contract as well as assess how Oxy might provide alternatives that may be structured to meet your business objectives.

If you have any questions regarding this notice or your natural gas purchases, please feel free to contact Gene Owens in our Long Beach office of Oxy at (562) 624-3263.

Sincerely,



Patrick Mulhern
Vice President
OXY West, LLC

Attachments

MASTER NATURAL GAS SALES CONTRACT

CONTRACT # M132

This Master Natural Gas Sales Contract ("Master Contract") is made and entered into as of June 25, 2002 ("Effective Date"), between **ABAG Publicly Owned Energy Resources (ABAG POWER)** ("Buyer"), a joint powers entity, and **TXU Energy Retail Company LP** ("Seller"), a Texas limited partnership. This Master Contract, together with the terms and provisions contained in any applicable Confirmation, will constitute a legally-binding agreement (the "Agreement") between the Parties with respect to a Transaction. Seller and Buyer are hereafter sometimes referred to individually as a "Party" and collectively as the "Parties."

Article I. Definitions

The following definitions will apply hereunder:

- 1.1 "Business Day" means any day on which Federal Reserve member banks in New York City are open for business.
- 1.2 "Confirmation" means a written notice setting forth the specific terms of a Transaction substantially in the form set forth as Exhibit "A." In the absence of a Confirmation that is executed by both Parties or a Confirmation deemed conclusive pursuant to the provisions of Section 2.1, a Voice Recording setting forth the specific terms of the Transaction will be considered the Confirmation for the purposes of this Agreement.
- 1.3 "Contract Price" means the price for Gas listed in a Confirmation for any Transaction.
- 1.4 "Contract Quantity" means the total of all Monthly Quantities listed in a Confirmation for any Transaction.
- 1.5 "Day" means a period coextensive with a day as defined by a Transporter utilized by Seller hereunder.
- 1.6 "Daily Contract Quantity" means the applicable Monthly Quantity divided by the number of Days in such Month.
- 1.7 "Gas" means any mixture of hydrocarbons and non-combustible gases in a gaseous state consisting primarily of methane; provided that such Gas meets the quality specifications of the applicable Transporter.
- 1.8 "Interest Rate" means the lower of (i) the then effective interest rate under the heading "Prime Rate" in the table entitled "Money Rates" as published by *The Wall Street Journal*, plus three percent (3%) per annum, or (ii) the maximum applicable lawful interest rate.
- 1.9 "Market Value" means the price that Seller would reasonably be able to obtain from a bona fide third party if entering into a contract at such time to sell the applicable quantities.
- 1.10 "Month" means the period beginning on the first day of a calendar month and ending immediately prior to the commencement of the first day of the next calendar month.
- 1.11 "Monthly Quantity(ies)" means those quantities for a particular Month or Months listed in a Confirmation for any Transaction.
- 1.12 "MMBtu" means one million British Thermal Units.
- 1.13 "Nomination Point" means that point at or downstream from a Receipt Point, as identified in a Confirmation for a Transaction.
- 1.14 "Operational Flow Order," or any like term, has the meaning given to it in the applicable Transporter's tariff or transportation agreement.
- 1.15 "Performance Assurance" means security for Buyer's performance of one of the following types, all in form, amount, and substance reasonably acceptable to Seller: (a) a prepayment; (b) a guaranty from a creditworthy third party, as determined in Seller's sole discretion, guarantying all of Buyer's obligations described in this Agreement; (c) a standby irrevocable letter of credit; or (d) other acceptable collateral as mutually agreed to by the Parties.

- 1.16 "Period of Daily Balance," "Daily Imbalance," or any like term has the meaning given to it in the applicable Transporter's tariff or transportation agreement.
- 1.17 "Period of Delivery" means the period of time measured from the date deliveries are to commence under a Transaction through the date deliveries are to terminate, as specified in a Confirmation.
- 1.18 "Receipt Point" is that point where Buyer takes title to, and possession of, the Gas, as identified in a Confirmation for a Transaction.
- 1.19 "Seller's Exposure" means, for any date for which Seller's Exposure is calculated, the Termination Payment that would be payable to Seller, if any, pursuant to this Agreement if Seller was terminating this Agreement pursuant to Article VIII hereof.
- 1.20 "Threshold" means ten percent (10%) of the total remaining revenue Seller is to obtain under all Transactions under this Agreement as of the date for which Seller's Exposure is calculated, utilizing the remaining quantities set forth in the Confirmation(s) through the end of the Period(s) of Delivery.
- 1.21 "Transaction" means a purchase and sale of Gas pursuant to the terms and provisions of a Confirmation and the terms and provisions of this Master Contract.
- 1.22 "Transporter(s)" means the natural gas pipeline company or companies, or local distribution company, delivering and receiving Gas pursuant to a particular Transaction.
- 1.23 "Voice Recording" means a recording made by Seller of a telephone conversation between Seller and Buyer.

Article II. Agreement and Confirmation

2.1 The Parties may from time to time come to an agreement regarding a Transaction. Seller will communicate the terms of the Transaction to Buyer by sending a Confirmation to Buyer. Buyer will reconfirm and signify its acceptance of the Transaction by signing and returning the Confirmation by facsimile transmission by the close of the second Business Day following Buyer's receipt of Seller's Confirmation. If Buyer does not agree with the Confirmation, Buyer shall promptly notify Seller of the specific terms or provisions that it considers to be in error. The Parties will cooperate to correct any error in a timely manner. Seller will issue a corrected Confirmation if the Parties agree that one is necessary, and in such event Buyer will signify its acceptance as provided in this Section 2.1. **ABSENT AN OBVIOUS ERROR, SELLER'S CONFIRMATION WILL BE DEEMED CONCLUSIVE, AND WILL BIND BUYER AND SELLER, IF NOT OBJECTED TO BY THE END OF THE SECOND BUSINESS DAY FOLLOWING BUYER'S RECEIPT OF THE CONFIRMATION.** Executed facsimile copies of a Confirmation will constitute an original signed document for all purposes under this Agreement and under any applicable law, statute, regulation, or judicial decision. If Buyer returns a Confirmation to Seller with additional provisions that were not contained in the Confirmation transmitted to Buyer, such provisions will have no force and effect unless Seller specifically agrees in writing to such additional provisions. Any conflict not reasonably capable of reconciliation between the Master Contract, a Confirmation, and/or a Voice Recording will be resolved by giving the documents controlling effect in the following order: (1) a Confirmation that is binding due to its execution by both Parties; (2) a Confirmation deemed conclusive pursuant to the provisions of this Section 2.1; (3) the Master Contract; and (4) a Voice Recording; provided, however, that the inclusion in the Master Contract of terms and provisions not addressed in any Confirmation will not be deemed a conflict, and all such additional provisions contained herein will be given full force and effect.

2.2 By execution of this Master Contract, the Parties consent to the recording of telephone conversations. In the absence of a Confirmation that is binding due to its execution by both Parties, or a Confirmation deemed conclusive pursuant to the provisions of Section 2.1, Voice Recording is adopted by the Parties as a means by which a Transaction is reduced to tangible form. The Parties agree and do hereby waive any objections to the validity or enforceability of telephonic Transactions, through use of a Voice Recording entered into in accordance with this Master Contract based upon: (a) whether certain agreements are to be in writing or signed by the party bound thereby; or (b) the admissibility of the terms of a Transaction into evidence in any dispute between the Parties under the applicable rules of evidence. The Parties agree that (i) each waives any further notice of such recording, and agrees to notify its officers and employees of such recording, and (ii) each will obtain any necessary consent of such officers and employees.

Article III. Quantity and Delivery

3.1 For each Transaction, Seller agrees to sell and deliver, and Buyer agrees to receive and purchase, the applicable Monthly Quantity during each Month, and during the term thereof the Contract Quantity, at the Receipt Point(s) and at the Contract Price, all as listed in the Confirmation and in accordance with the terms of the Agreement. Buyer will use commercially reasonable efforts to purchase and receive Gas, on a ratable daily basis, in quantities that are as close to the Daily Contract Quantity as reasonably practicable. In the event Buyer receives and takes delivery of quantities of Gas in any Month that exceed the applicable Monthly Quantity listed in the Confirmation, Buyer will pay Seller for each MMBtu of such additional quantities (in addition to any transportation, demand, or any other charges of any kind and all other applicable charges and costs under this Agreement, including, but not limited to the applicable charges set forth in Section 3.2), the retail market value of the additional quantities of Gas. In the event Buyer receives and takes delivery of quantities of Gas in any Month that are less than the applicable Monthly Quantity listed in the Confirmation, and provided that such reduced receipts are not the result of a Force Majeure Event, Seller shall resell such quantities and (i) should the resale price of such quantities exceed the Contract Price, Seller will credit Buyer for such gains, minus all reasonable costs incurred by Seller as a result of such reduced receipts, including, without limitation, any transportation, demand, or any other charges of any kind and all other applicable charges and costs under this Agreement, including, but not limited to the applicable charges set forth in Section 3.2; and (ii) should the Contract Price exceed the resale price of such quantities, Buyer agrees to reimburse Seller for such losses, plus all reasonable costs incurred by Seller as a result of such reduced receipts, including, without limitation, any transportation, demand, or any other charges of any kind and all other applicable charges and costs under this Agreement, including, but not limited to the applicable charges set forth in Section 3.2. Nothing contained in this Section 3.1 will preclude the Parties from including in a Confirmation a different methodology for calculating any of the above payments, and in such event, the methodology set forth in the applicable Confirmation will be used in place of the foregoing.

3.2 Buyer shall communicate to Seller changes in the quantities of Gas it will receive and take delivery of that differ from the Daily Contract Quantity and the Monthly Quantity in the applicable Confirmation, in a commercially reasonable manner, as soon as possible, in order for Seller to attempt to acquire or reduce, on Buyer's behalf, the necessary transportation capacity and Gas supply, and to make the appropriate nomination changes with any applicable Transporter in a timely manner. Subject to the provisions of Section 3.1 and the other provisions of this Agreement, Seller will use reasonable efforts to accommodate Buyer's changes in the quantities of Gas it will receive and take delivery of that differ from the Daily Contract Quantity and the Monthly Quantity in the applicable Confirmation, but Seller will have no liability for its failure or inability to accommodate Buyer's changes in such quantities. All such communications by Buyer must be made in writing in accordance with Article VII. Buyer shall reimburse Seller pursuant to the terms of Article VI for: (i) all pooling penalties, cash-out costs, transportation penalties, balancing fees, gas acquisition costs, or any other charges of any kind imposed on Seller as a result of such changes in the quantities of Gas Buyer elects to receive and take delivery of, or (ii) any amounts due Seller as a result of Buyer's failure to take the applicable Monthly Quantity or Contract Quantity, as set forth in the applicable Confirmation.

3.3 Seller shall obtain, or as between the Parties be responsible for, transportation to the Receipt Point. Buyer shall obtain, or as between the Parties be responsible for, transportation from the Receipt Point. Seller shall be responsible for all transportation fees, expenses, and other charges before the Receipt Point. Buyer shall be responsible for all transportation fees, expenses, and other charges at and after the Receipt Point. Notwithstanding the foregoing, in the event the Receipt Point and the Nomination Point are different, Seller is hereby appointed and shall act on behalf of Buyer as Buyer's agent to procure transportation capacity from the Receipt Point to the Nomination Point, and to schedule deliveries to be made at the Nomination Point.

3.4 Notwithstanding anything contained herein to the contrary, if either Party causes an imbalance on a Transporter and, as a result, charges, cash-out costs, balancing fees, pooling penalties, transportation penalties, or any other penalties or costs of any kind are assessed by a Transporter, or a Party incurs losses in purchasing or reselling any imbalance quantities, the Party that caused such imbalance shall be responsible for and shall indemnify the other Party against any and all such charges, fees, costs, penalties, or losses. Such charges, fees, costs, penalties, or losses shall be paid in accordance with the terms of Article VI. The

Parties shall notify each other as soon as practicable of (i) any failure by a Party to deliver or receive Gas in accordance with this Agreement, and (ii) any notification by a Transporter of any imbalances that are occurring or that have occurred.

3.5 In the event Buyer closes or sells, leases, assigns, or otherwise conveys (by merger or other means) any facility in which the Gas sold hereunder is utilized, Buyer shall have the right to reduce the quantities of Gas attributable to that facility and included in the Monthly Quantity and Contract Quantity (and correspondingly in the Daily Contract Quantity), as set forth in any Confirmation, through the end of the Period of Delivery for any Transaction, without terminating this Agreement (such right referred to as a "Buyout Option"). The reduction in quantities in the amounts and over the time period identified in the prior sentence is referred to herein as the "Liquidated Quantities." If Buyer elects to exercise a Buyout Option, Buyer shall notify Seller in writing at least thirty (30) calendar days prior to the effective date of such Buyout Option or as soon as Buyer is able to make public such information, whichever occurs first. Upon the exercise of a Buyout Option by Buyer:

- (a) In the event a lessee or a new owner of the applicable facility (i) is deemed creditworthy by Seller; (ii) can legally enter into such a contract with Seller in accordance with all the statutes, rules, and regulations of all governmental and regulatory bodies with jurisdiction over the matter; and (iii) signs a new contract with Seller for the Liquidated Quantities upon the same terms and conditions as Buyer's contract, then Exhibit "A" will be modified to reflect the reduction of the Liquidated Quantities from the Monthly Quantity(ies) and the Contract Quantity (and correspondingly from the Daily Contract Quantity), but all other terms and conditions of the Agreement will remain in full force in effect, and neither Party will owe any compensation to the other.
- (b) In the event of (i) a closing of a facility, or (ii) a lessee or a new owner of the applicable facility (a) is reasonably not deemed creditworthy by Seller, (b) cannot legally enter into such a contract with Seller in accordance with all the statutes, rules, and regulations of all governmental and regulatory bodies with jurisdiction over the matter, or (c) does not sign a new contract with Seller for the Liquidated Quantities upon the same terms and conditions as Buyer's contract, then Buyer shall pay Seller an amount equal to the positive difference, if any, calculated as follows: the Liquidated Quantities multiplied by (the Contract Price minus 95% of the Market Value of such Liquidated Quantities). Seller shall calculate the total payment due under this Section 3.5, if any, including Seller's costs to unwind or liquidate any related forward positions, financial hedges, including, but not limited to, NYMEX Gas futures contracts, energy swap contracts, or other like contractual arrangements, if any, and all of Seller's reasonable costs and attorney's fees, related to the Liquidated Quantities. Buyer shall pay such amount, if any, within ten (10) Days of receipt of an invoice for such amount. In such event, Exhibit "A" will be modified to reflect the reduction of the Liquidated Quantities from the Monthly Quantity(ies) and the Contract Quantity (and correspondingly from the Daily Contract Quantity), but all other terms and conditions of the Agreement will remain in full force and effect.

3.6 All Gas received and delivered hereunder must meet the pressure, quality, and heat content requirements of the applicable Transporter. The unit of quantity measurement for purposes of this Agreement is one MMBtu. Measurement of Gas quantities hereunder will be in accordance with the established procedures of the applicable Transporter.

Article IV. Title and Liability

4.1 Notwithstanding the appointment of Seller as agent for Buyer to arrange for the delivery of Gas from the Receipt Point to the Nomination Point, as set forth in Section 3.3, title to, possession of, and risk of loss of Gas will pass from Seller to Buyer at the Receipt Point.

4.2 As between the Parties, Seller will be deemed to be in exclusive control and possession of the Gas and responsible and liable for any damage or injury associated with its possession before the Gas has been delivered to the Receipt Point. As between the Parties, Buyer will be deemed to be in exclusive control and possession of the Gas and responsible for any injury or damage associated with its possession at and after the Receipt Point.

Article V. Warranties

5.1 Seller warrants that Seller has good title to all Gas delivered under this Agreement, or that Seller has the right to sell the Gas to Buyer, and that the Gas will be free from all royalties, liens, encumbrances, and all applicable taxes that are imposed upon the severance, production, or transportation of Gas prior to passage of title.

5.2 EXCEPT AS EXPRESSLY SET FORTH HEREIN, SELLER EXPRESSLY NEGATES ANY OTHER REPRESENTATION OR WARRANTY, WRITTEN OR ORAL, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY WITH RESPECT TO CONFORMITY TO MODELS OR SAMPLES, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE.

5.3 In the event Gas is sold and purchased pursuant to a Confirmation for Buyer's facilities located within the State of Texas, the following provision shall apply. Each Party warrants that the Gas sold and purchased hereunder will produced, transported, used and consumed solely within the State of Texas and will not be commingled by either Party with any Gas that has been produced in or transported into, or that is to be transported, used or consumed in any state other than the State of Texas unless such production, transportation, use consumption or commingling is exempt in all respects from federal jurisdiction under the Natural Gas Act of 1938, as amended from time to time.

Article VI. Billing and Payment

6.1 For each billing cycle during which Gas is delivered, Seller shall send a written billing statement to Buyer showing the quantity of Gas delivered, the Contract Price, and the total amount due from Buyer hereunder including any amounts resulting from an Operational Flow Order or Period of Daily Balance as set forth in Section 3.1, and including, but not limited to, payments for any and all applicable taxes, costs, and any other payments or reimbursements arising hereunder, including any payments set forth in Article III. If Gas delivery information is not available at the time the billing statement is rendered, the Parties agree that Seller may bill, and Buyer will pay, based on commercially reasonable estimates of the quantity of Gas purchased by Buyer (including any amounts resulting from an Operational Flow Order or Period of Daily Balance as set forth in Section 3.1), and any differences between the estimate and actual quantities purchased will be reconciled and adjusted on a subsequent billing statement. Buyer shall deliver to Seller the amount due by check, wire transfer, or electronic funds transfer pursuant to Seller's instructions by the tenth (10th) calendar day after the billing statement is received. If the due date for any payment to be made is not a Business Day, payment is due on the first Business Day following that date.

6.2 If any portion of a billing statement is in dispute, the entire amount of the billing statement must be paid when due. Buyer shall provide Seller formal written notice of the amount in dispute and a detailed description of the specific basis of the dispute by the payment due date. Upon determination of the correct amount, any refund due Buyer shall be promptly credited to Buyer after such determination. If Buyer fails to remit full payment when due: (1) Seller may suspend performance under this Agreement until such sum has been paid in full; (2) interest on the unpaid portion will accrue from the date due until the date of payment at the Interest Rate; (3) Seller may declare a Triggering Event if such failure is not cured within five (5) Business Days of notice of such failure; and/or (4) Seller may exercise any remedy available under this Agreement, at law, or in equity to enforce Buyer's payment obligations.

6.3 Neither Party may claim any error in any billing statement more than two (2) years after the date such billing statement was sent by Seller.

Article VII. Notices

7.1 Unless otherwise provided in this Master Contract, all billings, payments, statements, notices, and communications made pursuant to this Agreement will be in writing and made in accordance with the attached Exhibit "B." Any communication sent by facsimile will be deemed to have been received by the close of the Business Day on which it was transmitted. All communications sent by registered or certified mail, return receipt requested, by personal delivery, or by overnight mail or courier will be deemed to have been given on the date received.

7.2 Either Party may modify any information specified in Exhibit "B" by written notice to the other Party.

Article VIII. Events of Default

8.1 "Triggering Event" means: (i) Buyer's failure to make, when due, any payment required under this Agreement or to perform any other covenant set forth herein, if such failure is not remedied within five (5) Business Days after written notice of such failure is given to Buyer; (ii) any representation or warranty of Buyer in this Agreement that proves to have been false or

misleading in any material respect when made or deemed to be repeated; (iii) either Party (a) makes an assignment or any general arrangement for the benefit of creditors, (b) files a petition or otherwise commences, authorizes, or acquiesces in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors, or has such petition filed against it and such proceeding remains undismissed for thirty (30) Days, (c) otherwise becomes bankrupt or insolvent (however evidenced), (d) becomes unable to pay its debts as they fall due; or (e) has a liquidator, administrator, receiver, trustee, conservator, or similar official appointed with respect to it or any substantial portion of its property or assets; (iv) Buyer fails to provide Performance Assurance within two (2) Business Days of a request therefor by Seller; (v) either Party transfers this Agreement in violation of Section 14.3; (vi) if Buyer enters into an agreement to purchase Gas from another supplier for the facilities that are listed in a Confirmation for any then current Transaction; or (vii) the cancellation, termination, or loss of a transportation contract utilized in a Transaction (that is not timely replaced) that is the result of the Defaulting Party's agreement or intentional or negligent action or omission. "Defaulting Party" means the Party that causes a Triggering Event to occur.

8.2 If a Triggering Event occurs, then the Non-Defaulting Party may, upon five (5) Days written notice to the Defaulting Party: (i) suspend performance hereunder until the Triggering Event is remedied; (ii) withhold any payments then due; and/or (iii) establish a date on which all Transactions will terminate ("Early Termination Date"). If an Early Termination Date is established pursuant to this Article VIII, then Seller shall in good faith calculate the amount owed hereunder, if any, for each Transaction (the "Termination Amount"), by comparing the difference between (a) the remaining amount of the Contract Quantity that has not been purchased by Buyer (the "Terminated Quantities") multiplied by the Contract Price, and (b) the Market Value of such Terminated Quantities. If Buyer is the Defaulting Party, and the amount calculated in (a) above is greater than the amount calculated in (b) above, then Buyer shall pay the Termination Amount (the difference between (a) above and (b) above) to Seller. If Seller is the Defaulting Party, and the amount calculated in (a) above is less than the amount calculated in (b) above, then Seller shall pay the Termination Amount (the difference between (b) above and (a) above) to Buyer. Seller shall calculate the total payment due under this Section 8.2 (the "Termination Payment"), if any, by netting all Termination Amounts and adding the Non-Defaulting Party's costs to unwind or liquidate any related forward positions, financial hedges, including, but not limited to, NYMEX Gas futures contracts, energy swap contracts, or other like contractual arrangements, if any, and all of the Non-Defaulting Party's reasonable costs and attorney's fees, related to the terminated Transactions. The Defaulting Party shall pay any Termination Payment within ten (10) Days of receiving notice of the amount of the Termination Payment. At the time for payment of any Termination Payment, the Defaulting Party shall pay to the Non-Defaulting Party all additional amounts payable by it pursuant to this Agreement, but all such amounts shall be netted and aggregated with any Termination Payment payable hereunder. Seller may also, at its option, set off any cash or other form of security posted by Buyer then available to Seller.

8.3 Seller's rights under this Article VIII are in addition to, and not in limitation or exclusion of any other rights it may have (whether by contract, operation of law, or otherwise). The Parties agree that a Transaction will constitute a "forward contract" and the Parties are "forward contract merchants" within the meaning of the United States Bankruptcy Code.

8.4 If a Termination Payment is calculated under this Article VIII, Seller may set off any or all amounts that Buyer owes to Seller (whether under this Agreement or otherwise and whether or not then due and payable) against any or all amounts Seller owes to Buyer (whether under this Agreement or under any other agreements between the Parties and whether or not then due and payable) provided that any amount not then due and payable that is included in such set off will be discounted to present value at the time of set off (taking into account the period between the date of set off and the date on which such amount would have otherwise been due and payable).

Article IX. Credit Assurance

9.1 Seller may require Buyer to provide an initial Performance Assurance as specified in any Confirmation(s), and Seller shall have no obligation to deliver Gas under any Transaction until Buyer delivers the required initial Performance Assurance. If an initial Performance Assurance is not required, it will be so stated in the Confirmation, but that will not in any way prevent Seller from demanding Performance Assurance at a later date in accordance with Section 9.2 below.

9.2 If: (i) Seller in its sole good faith opinion determines that there has been a material adverse change in Buyer's, Buyer's parent's, or Buyer's credit support provider's credit status or financial condition (e.g., a credit/bond rating lower than BBB- with Standard & Poor's, or lower than Baa3 with Moody's); (ii) Buyer becomes more than forty-five (45) days in arrears in paying its bills hereunder; (iii) during any sixty (60) day period Buyer becomes more than ten (10) days in arrears more than one (1) time; or (iv) for any reason Buyer owes Seller payment for Gas delivered prior to the execution of this Agreement; then Seller may demand Performance Assurance from Buyer or an increase in Performance Assurance previously provided to Seller. Furthermore, if Seller, in its sole good faith opinion, determines that Seller's Exposure exceeds the Threshold, then Seller may

demand that Buyer provide Performance Assurance to Seller in an amount equal to the amount by which Seller's Exposure exceeds the Threshold.

9.3 Buyer shall provide to Seller any Performance Assurance demanded pursuant to this Article IX within two (2) Business Days of a request therefor. If Buyer fails to comply with Seller's demand within such time period, such failure will constitute a Triggering Event. Seller shall return the Performance Assurance to the benefit of Buyer upon the termination of this Agreement, less any amounts owed by Buyer under this Agreement. Furthermore, in the event that Seller demands Performance Assurance from Buyer due to Seller's Exposure exceeding the Threshold, Seller shall return the Performance Assurance to Buyer in the event that Seller's Exposure falls below the Threshold for any consecutive ninety (90) calendar day period after receipt of the Performance Assurance.

Article X. Force Majeure

10.1 Except with regard to a Party's obligation to make payments under this Agreement, in the event either Party fails, wholly or in part, as a result of a Force Majeure Event to carry out its obligations under this Agreement, and such Party (the "Claiming Party") gives, by telephonic notice to the other Party's representatives, if any, designated under the headings "For Notices" and "For Operations" in Exhibit "B," full particulars of such Force Majeure Event to the other Party as soon as reasonably possible after the occurrence of the cause relied on, then the obligations of the Claiming Party, from the inception of the Force Majeure Event, will be suspended to the extent and during the continuance of any failure so caused but for no longer period. Such telephonic notice must be confirmed in writing to the other Party's representatives, if any, designated under the headings "For Notices" and "For Operations" in Exhibit "B" as soon as reasonably practicable. Any such Force Majeure Event will, so far as possible, be remedied with all reasonable dispatch; provided, however, that the settlement of strikes or lockouts will be entirely within the discretion of the Party having the difficulty and that nothing in this Article X will require the settlement of strikes or lockouts by acceding to the terms of the opposing party when such course is inadvisable in the discretion of the Party having the difficulty. The Claiming Party will not be excused from its responsibility for any transportation penalties, transportation fees, transportation imbalance charges, or other similar charges, charged as a result of the declaration of a Force Majeure Event.

10.2 As used herein, the term "Force Majeure Event" means causes or contingencies reasonably beyond the control of, and that could not have been prevented by the exercise of reasonable diligence by the Claiming Party, including but not be limited to the following: (i) physical events such as acts of God, landslides, lightning, earthquakes, fires, tornadoes, hurricanes, storms, floods, washouts, explosions or breakage, accident, or necessity of repairs to equipment or lines of pipe necessary to transport or deliver Gas pursuant to any Transaction; (ii) storm or hurricane warnings that result in the evacuation of the affected area; (iii) weather related events affecting an entire geographic region, such as low temperatures, which cause freezing or failure of wells or lines of pipe; (iv) interruption of transportation and/or storage by a Transporter through no fault of the Claiming Party; (v) acts of others such as strikes, lockouts, or other industrial disturbances, riots, sabotage, terrorism, insurrections, or wars; (vi) governmental actions such as necessity for compliance with any court order, law, statute, ordinance, or regulation promulgated by a governmental authority having jurisdiction, which prevents performance hereunder (excluding those circumstances defined as a Regulatory Event herein); (vii) failure of Seller's supplier to deliver Gas due to such supplier's event of force majeure; and (viii) the inability of a Transporter to accept deliveries of Gas from Seller or redeliver to Buyer, through no fault of the Claiming Party. Neither Party may claim a Force Majeure Event to the extent performance is affected by any or all of the following circumstances: (i) except for sales and purchases of Gas pursuant to a Confirmation for Buyers facilities located in the State of Texas, the curtailment or interruption of interruptible or secondary firm transportation unless primary, in-path firm transportation is also curtailed; (ii) planned maintenance of such Party's facilities; (iii) the party claiming excuse failing to remedy the condition and resume performance of such covenants or obligations with reasonable dispatch; (iv) economic hardship, to include, without limitation, Seller's ability to sell or Buyer's ability to purchase Gas at a more advantageous price; or (v) the loss of Buyer's markets or Buyer's inability to use or resell Gas purchased hereunder.

Article XI. Term

11.1. Subject to the other provisions of this Agreement, the Term of this Agreement will commence on the Effective Date and will continue Month to Month thereafter unless and until terminated by either Party upon thirty (30) Days advance written notice; provided, however, that such termination notice will not be effective until both Parties have fulfilled all the obligations of the Agreement with respect to all Transactions.

Article XII. Taxes

12.1. The Contract Price paid hereunder includes full reimbursement for, and Seller is liable for and shall pay or cause to be paid, or reimburse Buyer if Buyer has paid, all taxes applicable to the Gas sold hereunder before the Receipt Point ("Seller's Taxes"). Seller shall indemnify, defend, and hold harmless Buyer from any liability for Seller's Taxes. The Contract Price does not include reimbursement for, and Buyer is liable for and shall pay or cause to be paid, or reimburse Seller if Seller has paid, all taxes applicable to the Gas sold hereunder at and after the Receipt Point and any new tax or tax increase imposed on either Party after the date the Transaction is entered into, including, but not limited to, any gross receipts taxes ("Buyer's Taxes"). Buyer shall indemnify, defend, and hold Seller harmless from any liability for Buyer's Taxes. Both Parties shall use reasonable efforts to administer, and implement the provisions of, this Agreement in accordance with their intent to minimize taxes.

Article XIII. Regulatory Events

13.1 "Regulatory Event" means a legislative, regulatory, or judicial decision or rate change that: (i) causes a detrimental economic impact upon either Party with respect to its performance under this Agreement; or (ii) would result in a material change in the pricing under this Agreement in the event of Seller's compliance with such legislative, regulatory, or judicial decision or rate change. A Party that is negatively affected by such Regulatory Event (the "Affected Party"), upon the occurrence of a Regulatory Event, will have the right to notify the other Party at the address specified in the "For Notices" section of Exhibit "B," within thirty (30) Days after becoming aware of such detrimental economic impact or material change, in order to negotiate a modification to the terms of this Agreement so as to mitigate the impact of the Regulatory Event. If, after thirty (30) Days beyond the date of notice, the Parties have been unable to negotiate a mutually satisfactory modification to the terms under this Agreement, the Affected Party may establish, through written notice to the other Party, a date on which all Transactions will terminate ("Early Termination Date"); provided, however, that if such right to Establish an Early Termination Date is not exercised within forty-five (45) calendar days after the date of such notice, then the right to establish an Early Termination Date and terminate this Agreement will be waived with respect to the particular Regulatory Event.

13.2 If an Early Termination Date is established pursuant to Section 13.1, then Seller shall in good faith calculate the amount owed under this Section 13.2 for each Transaction (the "Termination Amount"), by comparing the difference between (a) the remaining amount of the Contract Quantity that has not been purchased by Buyer (the "Terminated Quantities"), multiplied by the Contract Price, and (b) the Market Value of such Terminated Quantities. If the amount calculated in (a) above is greater than the amount calculated in (b) above, then Buyer shall pay Seller the Termination Amount (the difference between (a) above and (b) above), discounted to present value using a commercially reasonable discount rate. If the amount calculated in (a) above is less than the amount calculated in (b) above, then Seller shall pay Buyer the Termination Amount (the difference between (b) above and (a) above), discounted to present value using a commercially reasonable discount rate. Seller shall calculate the total payment due under this Section 13.2 (the "Termination Payment"), if any, by netting all Termination Amounts, including the costs to unwind any related forward positions, financial hedges, including, but not limited to, NYMEX Gas futures contracts, energy swap contracts, or other like contractual arrangements of either Party, if any. The Party owing the Termination Payment shall pay the Termination Payment within ten (10) Days of receiving notice of the amount of the Termination Payment. At the time for payment of any Termination Payment, each Party shall pay to the other Party all additional amounts payable by it pursuant to this Agreement, but all such amounts shall be netted and aggregated with any Termination Payment payable hereunder. Early Termination Date, Termination Amount, Terminated Quantities, and Termination Payment have the meanings as set forth in Section 13.1 and in this Section 13.2.

13.3 If a Termination Payment is calculated under this Article XIII, Seller may set off any or all amounts that Buyer owes to Seller (whether under this Agreement or otherwise and whether or not then due and payable) against any or all amounts Seller owes to Buyer (whether under this Agreement or under any other agreements between the Parties and whether or not then due and payable) provided that any amount not then due and payable that is included in such set off will be discounted to present value at the time of set off (taking into account the period between the date of set off and the date on which such amount would have otherwise been due and payable).

Article XIV. Miscellaneous

14.1 This Agreement is the entire agreement between the Parties covering the subject matter hereof, and there are no agreements, modifications, conditions, or understandings, written or oral, express or implied, pertaining to the subject matter hereof that are not contained herein.

14.2 No modification or change of this Agreement will be enforceable, except as specifically provided for in this Agreement, unless reduced to writing and executed by both Parties.

14.3 This Agreement, including, without limitation, each indemnification, will inure to and bind the permitted successors and assigns of the Parties. Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party, which consent will not be unreasonably withheld or delayed. Notwithstanding the foregoing, Seller may, without Buyer's consent, transfer or assign this Agreement to an affiliate, or to any Gas marketer legally allowed to market and deliver Gas to the Nomination and Receipt Points hereunder.

14.4 No waiver by either Party of any one or more defaults by the other in the performance of any of the provisions of this Agreement will operate or be construed as a waiver of any other default or defaults whether of a like kind or different nature.

14.5 THIS AGREEMENT IS GOVERNED BY AND WILL BE CONSTRUED IN ACCORDANCE WITH LAWS OF THE STATE OF TEXAS WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAW PROVISION OR RULE (WHETHER OF THE STATE OF TEXAS OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN STATE OF TEXAS. THE PARTIES MUTUALLY CONSENT TO THE JURISDICTION OF THE FEDERAL AND STATE COURTS IN DALLAS COUNTY, TEXAS AND AGREE THAT ANY ACTION, SUIT, OR PROCEEDING CONCERNING, RELATED TO, OR ARISING OUT OF THIS AGREEMENT AND THE NEGOTIATION OF THIS AGREEMENT WILL BE BROUGHT ONLY IN A FEDERAL OR STATE COURT IN DALLAS COUNTY, TEXAS AND THE PARTIES AGREE THAT THEY WILL NOT RAISE ANY DEFENSE OR OBJECTION OR FILE ANY MOTION BASED ON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE, INCONVENIENCE OF THE FORUM, OR THE LIKE IN ANY CASE FILED IN A FEDERAL OR STATE COURT IN DALLAS COUNTY, TEXAS. THIS AGREEMENT IS MADE AND PARTIALLY PERFORMABLE IN DALLAS COUNTY, TEXAS, AND VENUE SHALL BE IN DALLAS COUNTY, DALLAS, TEXAS.

14.6 IN NO EVENT WILL EITHER PARTY BE LIABLE FOR ANY PUNITIVE, EXEMPLARY, INCIDENTAL, CONSEQUENTIAL, INDIRECT, SPECIAL, OR OTHER DAMAGES NOT EXPRESSLY ESTABLISHED IN THIS AGREEMENT IN THE EVENT OF ITS BREACH OR ANY OTHER CLAIM RELATED TO THIS AGREEMENT.

14.7 The headings used for the Articles herein are for convenience and reference purposes only and will in no way affect the meaning or interpretation of the provisions of this Agreement.

14.8 Buyer and Seller agree that this Agreement will be subject to all applicable laws, regulations, rules, and orders. Subject to the other terms and conditions of this Agreement, if any provision in this Agreement is determined to be invalid, void, or unenforceable by any governmental authority having jurisdiction, then such determination will not invalidate, void, or make unenforceable any other provision or covenant in this Agreement.

14.9 The provisions of this Agreement will not impart rights enforceable by any person, firm, or organization not a Party or not bound as a Party, or not a permitted successor or assignee of a Party bound to this Agreement.

14.10 Each Party agrees that no partnership, joint venture, or fiduciary relationship is created by this Agreement.

14.11 Each Party warrants and represents to the other that on the date of this Master Contract and on each date on which a Transaction is entered into: (i) it is duly organized and validly existing in good standing under the laws of the jurisdiction of its organization, has the power to enter into and perform its obligations under this Master Contract and each Transaction, and no Triggering Event with respect to it has occurred or is continuing or would occur by its entry into or its performance of its obligations under this Master Contract and each Transaction; (ii) this Master Contract and each Transaction constitute a legal, valid, and binding obligation enforceable in accordance with the terms hereof and thereof (except as enforceability, to equitable principles of general application); (iii) this Agreement does not conflict with any other contract to which it is bound; (iv) it has obtained all governmental or other consents, authorizations, and clearances that are required to be obtained by it in respect of its entry into and its performance of this Master Contract and each Transaction, all of those consents are in full force and effect and any conditions have been complied with, and as relates to Buyer, it will provide Seller copies of all such consents, authorizations, and clearances within two (2) Business Days of Seller's request for the same; and (v) the person acting as

ABAG POWER Manager (currently Gerald L. Lahr), is duly authorized to act as Buyer's representative to execute any Confirmation on behalf of Buyer.

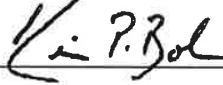
14.12 Any provisions of this Agreement that are expressly or by implication to come into or remain in force following the termination or expiration of this Agreement will survive that termination or expiration, including but not limited to any indemnification.

14.13 Seller and Buyer agree to keep all terms and provisions of this Agreement confidential and not to disclose the terms of the same to any third parties; provided, however, each Party will have the right to make such disclosures, if any, to governmental agencies, any Transporter, and to its own employees, agents, affiliates, consultants, attorneys, auditors, accountants, and shareholders as may be reasonably necessary. If disclosure is ordered by a court or regulatory agency, the Party from whom the disclosure is sought shall immediately notify the other Party to allow it the opportunity to participate in such proceedings.

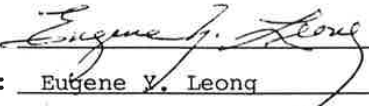
14.14 This Master Contract may be signed in counterparts, each of which will constitute an original and together will constitute one and the same agreement.

14.15 In any litigated dispute under this Agreement, the prevailing Party will be entitled to recover from the other Party all reasonable legal costs for outside counsel and all direct out-of-pocket costs associated with the litigation.

TXU Energy Retail Company LP
By: TXU Energy Retail Management
Company LLC, Its General Partner

By: 
Name: Kevin P. Bohn
Title: Vice President & General Manager

ABAG Publicly Owned Energy
Resources (ABAG POWER)

By: 
Name: Eugene V. Leong
Title: President

ADDENDUM
Attached To and Made Part of
Master Natural Gas Sales Contract # M132
Between
TXU Energy Retail Company LP ("Seller")
And
ABAG Publicly Owned Energy Resources (ABAG POWER) ("Buyer")

This Addendum is intended to and shall amend the "Master Contract" referenced above in the following manner:

1. Article VI., Billing and Payment, is hereby modified as follows:

The words "tenth (10th) calendar day" in Section 6.1 are replaced with "fifteenth (15th) calendar day".

2. Article VIII., Events of Default, is hereby modified as follows:

The words "two (2) Business Days" in Section 8.1 are replaced with "ten (10) Business Days".

3. Article IX., Credit Assurance, is hereby modified as follows:

Section 9.2 is deleted in its entirety and replaced with the following:

"9.2 If during the term hereof, Seller, in its sole good faith opinion, determines that there has been a material change in Buyer's credit status or financial condition, or if Buyer exceeds its credit limit with Seller, Seller may require Buyer to secure each payment hereunder by providing mutually acceptable Performance Assurance which shall be made available to Seller no later than ten (10) business days after the date of demand for such security. If Buyer fails to comply with Seller's demand within such period, such failure will constitute a Triggering Event. Seller shall return the Performance Assurance to the benefit of Buyer upon the termination of this Agreement, less any amounts owed by Buyer under this Agreement."

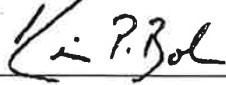
Section 9.3 is deleted in its entirety.

4. Article XIV., Miscellaneous, is hereby modified as follows:

The word "TEXAS" in the first sentence of Section 14.5 is replaced with "CALIFORNIA" in each place it occurs.

The second and third sentences of Section 14.5 are deleted in their entirety.

TXU Energy Retail Company LP
By: TXU Energy Retail Management
Company LLC, Its General Partner

By: 
Name: Kevin P. Bohn
Title: Vice President & General Manager

ABAG Publicly Owned Energy
Resources (ABAG POWER)

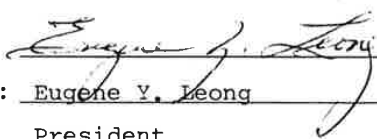
By: 
Name: Eugene Y. Leong
Title: President

EXHIBIT "A"
CONFIRMATION TO
Master Natural Gas Sales Contract # M_____

Confirmation Date: _____

Confirmation Number: C_____

TXU Energy Retail Company LP
1601 Bryan St.
Dallas, TX 75201
Phone: (214) 812-5118
Fax: (214) 812-7708
Federal Tax ID: 26-0022167

<Buyer>

Phone: _____
Fax: _____
DUNS No. _____

Account Representative: _____
Phone: _____

Account Representative: _____
Phone: _____

Gas nominations for Buyer's facility: _____ (Meter _____)
Initial Performance Assurance required: \$ _____

Monthly Quantities					
	MMBTU/Mont h				MMBTU/Mont h
_____		_____		_____	
_____		_____		_____	
_____		_____		_____	
_____		_____		_____	

Contract Quantity: _____ MMBtu
Period of Delivery: _____
Contract Price: \$ _____/MMBtu

Nomination Point: _____
Receipt Point: _____
Transporter: _____

Billing and Payment Address:
TXU Energy Retail Company LP

Billing Address:

Phone: _____
Fax: _____

Phone: _____
Fax: _____

Special Provisions:

This Confirmation is being provided in accordance with the Master Natural Gas Sales Contract ("Master Contract") between Seller and Buyer, and constitutes part of and is subject to all of the terms and provisions of the Master Contract. All capitalized terms herein used, but not defined, will have the meanings set forth in the Master Contract. Seller hereby adopts its letterhead, including its address, as its signature in respect of the identification of Seller and the authentication by Seller of this Confirmation. Please sign and return one copy of the Confirmation to Seller within two (2) Business Days of receipt to the fax number set forth above. **ABSENT AN OBVIOUS ERROR, THIS CONFIRMATION WILL BE DEEMED CONCLUSIVE, AND WILL BIND BUYER AND SELLER, IF NOT OBJECTED TO BY THE END OF THE SECOND BUSINESS DAY FOLLOWING BUYER'S RECEIPT OF THE CONFIRMATION.**

Buyer

NOT FOR EXECUTION

Signature of authorized representative

Name of authorized representative

Title of authorized representative

EXHIBIT "B"
CONTACT INFORMATION TO
Master Natural Gas Sales Contract # M132

For Notices

TXU Energy Retail Company LP
1601 Bryan Street
Dallas, TX 75201-5598
Attn: Contract Administration
Telephone: (214) 812-5118
Facsimile: (214) 812-7708

For Notices

ABAG Publicly Owned Energy Resources (ABAG POWER)
Metro Center
101 8th Street
Oakland, CA 94607
Attn: Gerald Lahr
Telephone: (510) 464-7908
Facsimile: (510) 433-5508

For Billing and Payment

See Applicable Confirmation

For Billing

See Applicable Confirmation

For Operations – Gulf Coast

TXU Energy Retail Company LP
1601 Bryan Street
Dallas, TX 75201-5598
Attn: Utility Operations
Telephone: (214) 812-5118
Facsimile: (214) 812-7708

For Operations

Attn: _____
Telephone: _____
Facsimile: _____

For Operations – Midwest & Northeast

TXU Energy Retail Company LP
680 Anderson Dr., Suite 200
Pittsburgh, PA 15220
Attn: Army Hunt
Telephone: (412) 920-0800
Facsimile: (412) 920-0655

For Operations – West

TXU Energy Retail Company LP
1717 Main Street, Suite 2000
Dallas, TX 75201-5598
Attn: Karen Adiano
Telephone: (214) 875-9856
Facsimile: (214) 875-9052

Base Contract for Sale and Purchase of Natural Gas

This Base Contract is entered into as of the following date: November 16, 2004. The parties to this Base Contract are the following:

Pacific Summit Energy, LLC
4675 MacArthur Court, Suite 1170, Newport Beach, CA 92660
Duns Number: 162768241
Contract Number: _____
U.S. Federal Tax ID Number: 20-1383779

and ABAG Publicly Owned Energy Resources ("ABAG POWER")
101 8th Street, Oakland, CA 94607
Duns Number: 11-480-0548
Contract Number: _____
U.S. Federal Tax ID Number: 94-2832478

Notices:

4675 MacArthur Court, Suite 1170, Newport Beach, CA 92660
Attn: Rande Patterson
Phone: 949-777-3203 Fax: 949-777-3230

101 8th Street, Oakland, CA 94607
Attn: Gerald Lahr, ABAG POWER Program Manager
Phone: (510) 464-7908 Fax: (510) 433-5508

Confirmations:

4675 MacArthur Court, Suite 1170, Newport Beach, CA 92660
Attn: Administrative Group
Phone: 949-777-3206 Fax: 949-777-3230

101 8th Street, Oakland, CA 94607
Attn: Gerald Lahr, ABAG POWER Program Manager
Phone: (510) 464-7908 Fax: (510) 433-5508

Invoices and Payments:

4675 MacArthur Court, Suite 1170, Newport Beach, CA 92660
Attn: Administrative Group
Phone: 949-777-3206 Fax: 949-77-3230

101 8th Street, Oakland, CA 94607
Attn: Gerald Lahr, ABAG POWER Program Manager
Phone: (510) 464-7908 Fax: (510) 433-5508

Wire Transfer or ACH Numbers (if applicable):


BANK: Bank of America, Chicago, Il
ABA: 071000039
ACCT: 8188312675
Other Details: For the account of Sumitomo Corp. of America

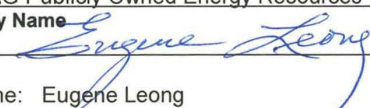
BANK: _____
ABA: _____
ACCT: _____
Other Details: _____

This Base Contract incorporates by reference for all purposes the General Terms and Conditions for Sale and Purchase of Natural Gas published by the North American Energy Standards Board. The parties hereby agree to the following provisions offered in said General Terms and Conditions. In the event the parties fail to check a box, the specified default provision shall apply. Select only one box from each section:

<p>Section 1.2 <input checked="" type="checkbox"/> Oral (default) Transaction Procedure <input type="checkbox"/> Written</p>	<p>Section 7.2 <input checked="" type="checkbox"/> 25th Day of Month following Month of delivery (default) Payment Date <input type="checkbox"/> _____ Day of Month following Month of delivery</p>
<p>Section 2.5 <input checked="" type="checkbox"/> 2 Business Days after receipt (default) Confirm Deadline <input type="checkbox"/> _____ Business Days after receipt</p>	<p>Section 7.2 <input checked="" type="checkbox"/> Wire transfer (default) Method of Payment <input type="checkbox"/> Automated Clearinghouse Credit (ACH) <input type="checkbox"/> Check</p>
<p>Section 2.6 <input checked="" type="checkbox"/> Seller (default) Confirming Party <input type="checkbox"/> Buyer <input type="checkbox"/> Either Party</p>	<p>Section 7.7 <input checked="" type="checkbox"/> Netting applies (default) Netting <input type="checkbox"/> Netting does not apply</p>
<p>Section 3.2 <input checked="" type="checkbox"/> Cover Standard (default) Performance Obligation <input type="checkbox"/> Spot Price Standard</p> <p>Note: The following Spot Price Publication applies to both of the immediately preceding.</p>	<p>Section 10.3.1 <input checked="" type="checkbox"/> Early Termination Damages Apply (default) Early Termination Damages <input type="checkbox"/> Early Termination Damages Do Not Apply</p>
<p>Section 2.26 <input checked="" type="checkbox"/> Gas Daily Midpoint (default) Spot Price Publication <input type="checkbox"/> _____</p>	<p>Section 10.3.2 <input checked="" type="checkbox"/> Other Agreement Setoffs Apply (default) Other Agreement Setoffs <input type="checkbox"/> Other Agreement Setoffs Do Not Apply</p>
<p>Section 6 <input checked="" type="checkbox"/> Buyer Pays At and After Delivery Point (default) Taxes <input type="checkbox"/> Seller Pays Before and At Delivery Point</p>	<p>Section 14.5 Choice Of Law <u>California</u></p>
<p><input checked="" type="checkbox"/> Special Provisions: Section 7.2 modified to reflect payment "on or before the later of the Payment Date or 10 business days after receipt of the invoice by buyer".</p> <p><input type="checkbox"/> Addendum(s): _____</p>	

IN WITNESS WHEREOF, the parties hereto have executed this Base Contract in duplicate.

Pacific Summit Energy, LLC
Party Name
 By 
 Name: Rande Patterson,
 Title: Vice President

ABAG Publicly Owned Energy Resources
Party Name
 By 
 Name: Eugene Leong
 Title: President, ABAG POWER



RECEIVED
APR 23 2008
CORAL POWER

Shell Energy North America (US), L.P.
Two Houston Center
909 Fannin, Plaza Level 1
Houston, TX 77010
Tel +1 713-767-5400
www.shell.com/us/energy

April 23, 2008

Attention: Contract Administration or Legal Department

Subject: Merger of Four Coral U.S. Operating Subsidiaries into
Shell Energy North America (US), L.P.

To Our Valued Customer:

We are pleased to announce that, effective June 1, 2008, the following four wholly owned U.S. operating subsidiaries will be merged into their parent, Shell Energy North America (US), L.P. (Shell Energy North America), which is wholly owned by Royal Dutch Shell plc.

- Coral Energy Resources, L.P.
- Coral Power, L.L.C.
- Coral Energy Management, LLC
- Coral Gas Marketing, LLC

We are making this change to simplify our corporate structure and to further demonstrate Shell's commitment to our business.

Your transactions with any of the four merging subsidiaries will remain in full force and effect. Unless you are notified to the contrary, your contracts will automatically transfer to Shell Energy North America. All new contracts, contract amendments or contract renewals after June 1, 2008, will be in the name of Shell Energy North America.

Attached for your records is a copy of the merger documentation. Shell Energy North America's Federal Tax ID number is 76-0480645 and its DUNS number is 83-756-5548. Addresses for notices and invoices, as well as banking information, will remain unchanged.

Included for your reference is a link where you can find this information along with other valuable information about Shell Energy North America and the upcoming merger.

http://www.shell.com/home/content/us-en/shell_for_businesses/energy/about_us/sena_governance.html

There will be no changes to the management, operations or creditworthiness of Shell Energy North America. We value your business, and remain committed to delivering exceptional value and responsive customer care. If you have any questions, please contact Fran Freeman by phone at 713-230-3975, or by email at Fran.Freeman@shell.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Patricia L. Butler", is written over the typed name.

Patricia L. Butler
Contracts Manager

Delaware

PAGE 1

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF MERGER, WHICH MERGES:

"CORAL ENERGY RESOURCES, L.P.", A DELAWARE LIMITED PARTNERSHIP,

WITH AND INTO "SHELL ENERGY NORTH AMERICA (US), L.P." UNDER THE NAME OF "SHELL ENERGY NORTH AMERICA (US), L.P.", A LIMITED PARTNERSHIP ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF DELAWARE, AS RECEIVED AND FILED IN THIS OFFICE THE ELEVENTH DAY OF MARCH, A.D. 2008, AT 1:46 O'CLOCK P.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE EFFECTIVE DATE OF THE AFORESAID CERTIFICATE OF MERGER IS THE FIRST DAY OF JUNE, A.D. 2008, AT 8 O'CLOCK A.M.

2543833 8100M

080304016



Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 6440906

DATE: 03-11-08

State of Delaware
Secretary of State
Division of Corporations
Delivered 01:56 PM 03/11/2008
FILED 01:46 PM 03/11/2008
SRV 080304016 - 2543833 FILE

**CERTIFICATE OF MERGER
OF
CORAL ENERGY RESOURCES, L.P.
INTO
SHELL ENERGY NORTH AMERICA (US), L.P.**

Pursuant to Title 6, Section 17-211 of the Delaware Limited Partnership Act, Shell Energy North America (US), L.P., does hereby execute the following Certificate of Merger:

FIRST: The name of the surviving limited partnership is Shell Energy North America (US), L.P., a Delaware limited partnership, and the name of the limited partnership being merged into this surviving limited partnership is Coral Energy Resources, L.P., a Delaware limited partnership.

SECOND: The Agreement of Merger has been approved, adopted, certified, executed and acknowledged by each of the constituent limited partnerships.

THIRD: The name of the surviving limited partnership is Shell Energy North America (US), L.P.

FOURTH: The merger is to become effective on June 1, 2008 at 8:00 a.m. Eastern Standard Time.

FIFTH: The Agreement of Merger is on file at 910 Louisiana, Houston, Texas, the place of corporate business of the surviving limited partnership.

SIXTH: A copy of the Agreement of Merger will be furnished by the surviving limited partnership on request, without cost, to any partner of the constituent limited partnerships.

IN WITNESS WHEREOF, said surviving limited partnership has caused this certificate to be signed by the Secretary of its General Partner on March 10, 2008.

SHELL ENERGY NORTH AMERICA (US), L.P.
BY THE GENERAL PARTNER
TEXAS CORAL GP, LLC

BY: 
S. J. Paul, Secretary
of General Partner

Delaware

PAGE 1

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF CORRECTION OF "SHELL ENERGY NORTH AMERICA (US), L.P.", FILED IN THIS OFFICE ON THE THIRTEENTH DAY OF MARCH, A.D. 2008, AT 6:35 O'CLOCK P.M.



2543833 8100

080316678

You may verify this certificate online
at corp.delaware.gov/authver.shtml

Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 6449279

DATE: 03-13-08

State of Delaware
Secretary of State
Division of Corporations
Delivered 06:35 PM 03/13/2008
FILED 06:35 PM 03/13/2008
SRV 080316678 - 2543833 FILE

**CERTIFICATE OF CORRECTION
FOR
CERTIFICATE OF MERGER OF
CORAL ENERGY RESOURCES, L.P. INTO
SHELL ENERGY NORTH AMERICA (US), L.P.
FILED PURSUANT TO SECTION 17-213(a)**

Shell Energy North America (US), L.P., a limited partnership organized and existing under and by virtue of the Delaware Revised Uniform Limited Partnership Act does hereby certify that:

1. The name of the limited partnership is Shell Energy North America (US), L.P.

2. A Certificate of Merger of Coral Energy Resources, L.P. into Shell Energy North America (US), L.P. was filed by the Secretary of State of Delaware on March 11, 2008 and said Certificate requires correction as permitted by Section 17-213 of the Delaware Revised Uniform Limited Partnership Act.

3. The inaccuracy or defect of said Certificate is:

Article Fourth states an effective time of day for the mergers to become effective. The time of day needs to be deleted.


4. Article Fourth of the Certificate of Merger is corrected to read in its entirety as follows:

FOURTH: The merger is to become effective on June 1, 2008.

IN WITNESS WHEREOF, the Partnership has caused this Certificate of Correction to be executed on March 12, 2008.

SHELL ENERGY NORTH AMERICA (US), L.P.
BY THE GENERAL PARTNER
TEJAS CORAL GP, LLC

BY: _____


S. J. Paul, Secretary
of General Partner

MASTER GAS PURCHASE/SALE AGREEMENT

ABAG Publicly Owned Energy Resources (ABAG Power) ("ABAG Power") and CORAL ENERGY RESOURCES, L.P. ("Coral"), referred to individually as a "Party" and collectively as the "Parties," enter into this Master Purchase/Sale Agreement (together with all Transactions, collectively, this "Agreement") effective as of the 18ST Day of July, 2003 (the "Effective Date"). The definitions set forth in Exhibit 1 shall apply to this Agreement. Either Party may be a "Buyer" or "Seller" under a Transaction.

ARTICLE 1 TERM. This Agreement shall govern all Transactions and continue in effect from Month to Month, until terminated by either Party upon thirty (30) Days' prior written notice to the other Party; provided, this Agreement shall continue to apply to all Transactions then in effect until such Transactions are completed. Termination of this Agreement in all instances shall be subject to Section 13.3.

ARTICLE 2 SCOPE OF AGREEMENT.

2.1 Contract Formation. Seller and Buyer may from time to time, but are not obligated to, enter into Transactions for the purchase and sale of Gas to which this Agreement shall apply. Each Transaction shall be formed and evidenced as set forth in this Article 2 and shall constitute a part of this Agreement. Any conflict between the provisions of this Agreement and those contained in a Transaction shall be resolved in favor of the Transaction. Any Transaction may be formed and effectuated in a telephone conversation between the Parties occurring on any Business Day whereby an offer and acceptance shall constitute the agreement of the Parties to a Transaction. The Parties shall be legally bound by each Transaction from the time they agree to its terms in accordance with this Article 2 and acknowledge that each Party will rely thereon in doing business related to the Transaction. Buyer and Seller agree and acknowledge that as of the effective date of this Agreement, Gerald L. Lahr of ABAG Power and Dan Bergmann of Interstate Gas Services, Inc., acting as agent for ABAG Power, are the solely authorized representatives to enter into Transactions under this Agreement on behalf of ABAG Power. Buyer and Seller further agree that any changes to the authorized representatives of ABAG Power must be provided to Coral by written notification prior to such changes becoming effective. Each Transaction will indicate whether Gas applicable to the Designated Quantity during the Period of Delivery is interruptible or firm as set forth in Article 3. If a Transaction is not designated as interruptible or firm, it shall be deemed to be interruptible.

2.2 Confirmations. The Parties agree that the Confirming Party shall confirm a telephonic Transaction by forwarding a Confirmation by facsimile or mail to the other Party; provided, however, the Parties acknowledge and agree that with respect to any Transaction having a Period of Delivery of less than one (1) Month, it is the intent of the Parties that such Transactions be documented by a recording of the telephone Transaction and that neither Party shall submit a written Confirmation. If any Transaction having a Period of Delivery of less than one (1) Month is not recorded by the Confirming Party, then the Confirming Party shall confirm such Transaction by sending a Confirmation by facsimile or mail. The Confirming Party adopts its confirming letterhead, or the like as its signature on any Confirmation as the identification and authentication of the Confirming Party. Subject only to billing and payment adjustments allowed hereunder to reconcile Scheduled volumes and actual deliveries of Gas, the Parties agree that any objections to the contents of a Confirmation shall be made in writing on or before the Confirm Deadline for all purposes hereunder and at law. Upon issuance of a Confirmation and the passage of the Confirm Deadline, if no objection to the Confirmation has then been received by the Confirming Party, the Confirmation shall be (i) conclusive evidence of the Transaction made the subject matter thereof, (ii) binding and enforceable against Seller and Buyer, and (iii) the final expression of all the terms of such Confirmation.

2.3 Recording of Transactions. The Confirming Party shall at its expense maintain equipment necessary to regularly record Transactions; provided, the Confirming Party shall not be liable for any malfunction of equipment or the operation thereof in respect of any Transaction WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING, WITHOUT LIMITATION, THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. For those Transactions documented by telephone

recordings, no such Transaction shall be vitiated should a malfunction occur in equipment regularly utilized for recording Transactions or retaining any recorded Transactions or the operation thereof, and in such event the Transaction shall be evidenced by the written and computer records of the Parties concerning the Transaction made contemporaneously with the telephone conversation. Each Party consents to the recording of its employees' telephone conversations. The Parties agree not to contest or assert a defense to the validity or enforceability of any recorded telephonic Transactions entered into in accordance with this Agreement under laws relating to (i) whether certain agreements are to be in writing or signed by the Party to be thereby bound or (ii) the authority of any employee of the Party if the employee name is stated in the recording.

ARTICLE 3 QUANTITY OBLIGATIONS AND PRICE.

3.1 Interruptible. Subject to the provisions hereof, Seller and Buyer shall Schedule, or cause to be Scheduled, and deliver at the Delivery Point(s) each Gas Day on an interruptible basis, if the Parties have so elected in a Transaction as evidenced in a Confirmation, the Designated Quantity. Either Party may, at its sole discretion and without liability, except as provided in Section 4.2 below, interrupt, in whole or in part, the Scheduling and delivery of Gas at any time for any reason upon prior notice by telephone and confirmed by facsimile to the other Party specifying the amount and duration of the interruption sufficient to allow the notified Party to make changes to its Transporter nominations in accordance with its Transporter's procedures. No notice of interruption may be retroactive to a prior time. Should an interruption occur without the notice herein required and such interruption is not otherwise excused by Force Majeure, the interrupting Party shall be liable for and pay all associated penalties and cashout costs and losses charged by all Transporters, if any, as provided in Section 4.2. The sale and purchase of Gas under this Section 3.1 is interruptible by either Party as set forth in this Article 3, and nothing herein shall obligate Seller to sell and deliver or Buyer to purchase and receive any quantity of Gas except as set forth under Section 3.2 herein.

3.2 Firm. Subject to the provisions hereof, Seller and Buyer shall Schedule, or cause to be Scheduled, and deliver at the Delivery Point(s) each Gas Day on a firm basis, if the Parties have so elected in a Transaction as evidenced in a Confirmation, the Designated Quantity. If on any Gas Day Seller or Buyer fails to Schedule and deliver the Designated Quantity, then such occurrence shall constitute a "Default" and the "Default Quantity" shall be the numerical difference between the Designated Quantity and the amount of Gas Scheduled and delivered for such Gas Day. Upon Default, the defaulting Party shall pay to the other Party an amount equal to the product of the Default Quantity multiplied by the Replacement Price Differential. "Replacement Price Differential" means (i) in the event of a Seller's Default, the positive difference obtained by subtracting the Contract Price from the cost to Buyer, including incremental transportation costs and other basis adjustments, to replace the Default Quantity for such Gas Day (but excluding penalties or charges for unauthorized receipts of Gas by Buyer) and (ii) in the event of a Buyer's Default, the positive difference obtained by subtracting (a) the price obtained by Seller in an arms-length sale(s) to a third party of a quantity equal to the Default Quantity for such Gas Day, less incremental transportation charges to Seller, and including other basis adjustments, from (b) the Contract Price.

3.3 Price. Subject to the provisions hereof, Buyer shall pay Seller the Contract Price specified in the applicable Confirmation for all quantities of Gas delivered hereunder.

3.4 Fixed Price Election. If the Parties enter into a Transaction with a Contract Price that is a fixed price based on the New York Mercantile Exchange ("NYMEX") natural gas futures contract ("Fixed Price") or otherwise as opposed to a Contract Price that floats based on NYMEX, industry postings, reference publications, or other external market factors or indices, for a specified quantity of Gas to be delivered at the Delivery Point for the relevant period, such Fixed Price shall not be subject to change and the corresponding quantities must be nominated by Buyer and shall be deemed to be the first gas purchased during the applicable month. If a Fixed Price is established for a quantity of Gas in a particular month that is less than the total quantity of Gas delivered and received in such month, and/or if more than one Fixed Price for different quantities of Gas has been established in a particular month, then the first Gas purchased during said month shall be the first quantities for which a Fixed Price was established, followed by any additional quantities in the order they are purchased. If for any reason whatsoever (other than a breach or default by either Party under this Agreement), including without limitation, an event of Force

Majeure or any other circumstance (other than a breach or default by the other Party under this Agreement), that would excuse a Party's obligation to deliver or receive Gas under this Agreement, Seller delivers, or Buyer takes, less than the full quantity of Gas required to be delivered, or taken, at a Fixed Price during any month (a "Monthly Deficiency"), then (1) Buyer shall pay to Seller an amount equal to (a) such Monthly Deficiency (expressed in MMBtu's) multiplied by (b) the amount, if any, by which the Fixed Price exceeds the applicable Spot Price (as defined below) for such month and (2) Seller shall pay to Buyer an amount equal to (a) such Monthly Deficiency (expressed in MMBtu's) multiplied by (b) the amount, if any, by which the applicable Spot Price exceeds the applicable Fixed Price. As used herein, "Spot Price" means the price specified in Inside F.E.R.C.'S Gas Market Report, under the listing applicable to the geographic location closest in proximity to the Delivery Point(s) as reported in the first publication for the month in which such Monthly Deficiency occurred, as adjusted (up or down, as the case may be) by any incremental transportation costs or savings between the location of the applicable listing and the Delivery Point(s); provided that, if there is no single published price for such location, but there is a published range of prices, then the Spot Price shall be the average of the high and low prices. If the above publication ceases to be published during the term hereof, its successor publication shall be used or, if there is no successor, then Platts Gas Daily, "Daily Price Survey" shall be substituted in replacement thereof.

3.5 **No Make-Up Rights.** Buyer shall have no rights to make up any Gas tendered hereunder by Seller but not taken by Buyer. In addition, Buyer shall have no recourse nor any right, title, or interest in any Gas paid for but not taken under this Agreement.

ARTICLE 4 OPERATIONS AND DELIVERY.

4.1 **Operations and Delivery.** Scheduling requests to Seller will be accepted by written notice or by phone at the telephone number provided by Seller to Buyer and then followed by written notice. Seller shall obtain and pay for transportation to the Delivery Point(s), and Buyer shall obtain and pay for transportation from the Delivery Point(s). Seller represents that all Gas delivered hereunder shall meet the specifications of Buyer's Transporter as identified on the applicable Confirmation. Unless otherwise agreed, nothing herein, including an event of Force Majeure, shall require or permit either Party to Schedule Gas at a point other than a Delivery Point.

4.2 **Correction of Imbalances, Cash outs and Penalties.** In the event of (i) an imbalance on Buyer's Transporter's system caused by Seller or Seller's Transporter's delivery of less or more than the Scheduled quantity for any Gas Day (in which case Seller shall be the "Responsible Party") or (ii) an imbalance on Seller's Transporter's system caused by Buyer or Buyer's Transporter's receipt of more or less than the Scheduled quantity for any Gas Day (in which case Buyer shall be the "Responsible Party"), the Responsible Party shall be liable for and reimburse to the other Party any associated Transporter cashout costs and losses or penalties incurred by such other Party. In the event the tariff of either Buyer's or Seller's Transporter provides for cashouts on the basis of the aggregation of all overdeliveries and underdeliveries between such Transporter and Buyer or Seller, respectively (the "Aggregate Transporter Imbalance"), and the nature of the imbalance (overdelivery or underdelivery) attributable to the Responsible Party is the same as the Aggregate Transporter Imbalance (overdelivery or underdelivery), the Responsible Party shall participate in the other Party's cashout settlement of the Aggregate Transporter Imbalance on the basis of only the Responsible Party's pro-rata share thereof. Subject to offset, payment to Buyer of amounts set forth in this Section 4.2 shall be made no later than 10 Days after receipt by Seller of Buyer's statement for same. Payment to Seller of amounts set forth in this Section 4.2 shall be made in accordance with Article 6. Within 10 days of the request of either Party, the other Party shall provide, to the extent it has a legal right of access thereto and/or such statement is then available, a copy of the applicable Transporter's allocation or imbalance statement for the requested period.

ARTICLE 5 LIQUIDATION EVENT.

5.1 **Liquidation Event.** If a Triggering Event (defined in Section 5.2) occurs with respect to either Party (the "Affected Party", as defined in Section 5.2) at any time during the term of this Agreement, the other Party (the "Notifying Party") may (i) upon two Business Days written notice to the first Party, which notice shall be given no later than 60 Days after notice from the Affected Party to the Notifying Party of the occurrence of the Triggering Event, establish a date on which any or all Transactions selected by it

and this Agreement in respect thereof will be liquidated ("Liquidation Date") except as provided in Section 13.3, and/or (ii) withhold any payments or performance due in respect of such Transactions; provided, upon the occurrence of any Triggering Event listed in item (iv) of Section 5.2 as it may apply to any Party, all Transactions and this Agreement in respect thereof shall automatically be liquidated, without notice, as if a Liquidation Date has been immediately declared except as provided in Section 13.3. If a Liquidation Date occurs, the Notifying Party shall in good faith calculate its damages, including its associated costs and attorneys' fees, resulting from the liquidation of the liquidated Transactions (the "Liquidation Payment"). The Liquidation Payment will be determined by (i) comparing the value of (a) the remaining term, quantities and prices under each such Transaction had it not been liquidated to (b) the equivalent quantities and relevant market prices for the remaining term either quoted by a bona fide third party offer or which are reasonably expected to be available in the market under a replacement contract for each such Transaction and (ii) ascertaining the associated costs and attorneys' fees. To ascertain the market prices of a replacement contract the Notifying Party may consider, among other valuations, any or all of the settlement prices of NYMEX Gas futures contracts, quotations from leading dealers in Gas swap contracts and other bona fide third party offers, all adjusted for the length of the remaining term and the basis differential. All liquidated Transactions shall be netted against each other and upon the netting of all liquidated Transactions, if the calculation of the Liquidation Payment does not result in damages to the Notifying Party, the Liquidation Payment shall be zero. The Notifying Party shall give the Affected Party written notice of the amount of the Liquidation Payment, inclusive of a statement showing its determination. The Affected Party shall pay the Liquidation Payment to the Notifying Party within 10 Days of receipt of such notice. At the time for payment of any amount due under this Article 5, each Party shall pay to the other Party all additional amounts payable by it pursuant to this Agreement, but all such amounts shall be netted and aggregated with any Liquidation Payment payable hereunder. The Parties acknowledge and agree that all Transactions constitute "forward contracts" within the meaning of the United States Bankruptcy Code.

5.2 Triggering Event. Triggering Event shall mean, with respect to a Party (the "Affected Party"): (i) the failure by the Affected Party to make, when due, any payment required under this Agreement if such failure is not remedied within five Business Days after written notice of such failure is given to the Affected Party; provided, the payment is not the subject of a good faith dispute as described in Article 6 hereof; or (ii) any representation or warranty made by the Affected Party in this Agreement shall prove to have been false or misleading in any material respect when made or deemed to be repeated; or (iii) the failure by the Affected Party to perform any covenant set forth in this Agreement (other than its obligations to make any payment or obligations which are otherwise specifically covered in this Section 5.2 as a separate Triggering Event), and such failure is not excused by Force Majeure or cured within five Business Days after written notice thereof to the Affected Party; or (iv) the Affected Party shall (a) make an assignment or any general arrangement for the benefit of creditors, (b) file a petition or otherwise commence, authorize or acquiesce in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors, or have such petition filed against it and such proceeding remains undismissed for 30 Days, (c) otherwise become bankrupt or insolvent (however evidenced), or (d) be unable to pay its debts as they fall due; or (v) the Affected Party's unexcused failure to Schedule the Designated Quantity for a cumulative period of 10 or more Gas Days in a one Month period in any one Transaction; or (vi) the occurrence of a Credit Event pursuant to the Credit Support Addendum attached hereto as Exhibit 3 and incorporated herein.

ARTICLE 6 BILLING AND PAYMENTS. Billing and payment will be based on actual quantities of Gas delivered hereunder, provided, that if actual quantities of Gas are not known at the time Seller issues its invoice, Seller will base its invoice on Scheduled quantities of Gas and differences between Scheduled quantities and actual quantities of Gas delivered hereunder will be corrected or settled in cash by reflecting such settlement or correction in the invoice for the following Month. Payment of all funds shall be made in U.S. currency. Seller shall provide Buyer a written invoice covering Gas delivered in the preceding Month. All amounts payable to Seller hereunder are due by wire transfer to the account set forth in Section 13.1 hereof by the later of (i) the 10th Business Day following receipt of Seller's original or faxed invoice therefor or (ii) the 25th day of the Month for Gas delivered the preceding Month. If the payment due date falls on a weekend or holiday, payment will be due the Business Day after the weekend or holiday. Should Buyer fail to pay the amount of any invoice rendered by Seller hereunder when such amount is due, interest thereon shall accrue from, but excluding, the due date to and

including, the date payment thereof is actually made at the lesser of the "Prime Rate" plus two percent (2%), computed on an annualized basis and compounded Monthly, or the maximum rate of interest permitted by applicable law, not to exceed the maximum legal rate. "Prime Rate" shall be defined as the prime rate on corporate loans at large U.S. money center commercial banks as set forth in the Wall Street Journal "Money Rates" table under the heading "Prime Rate", or any successor thereto, on the first date of publication for the calendar month in which payment is due. All outstanding Transactions and the obligations to make payment under all such Transactions governed by this Agreement may be offset against each other, set off or recouped therefrom. In the event any invoice is disputed by Buyer, Buyer shall pay the undisputed amounts and shall, within twenty (20) Days from the date of receipt of Seller's invoice, give Seller written notification setting forth the disputed amount and the basis therefor. Buyer and Seller shall use reasonable diligence to resolve disputed amounts within thirty (30) Days following written notification. If the undisputed amount is not paid when due, the undisputed amount shall be subject to late payment charges as described above. Any disputed amount which later is determined to be due to Seller shall be subject to late payment charges from the original due date. Each Party reserves to itself all rights, set-offs, counterclaims and other remedies and defenses consistent with Section 13.3 (to the extent not expressly herein waived or denied) which such Party has or may be entitled to arising from or out of this Agreement. All outstanding Transactions and any other transactions between the Parties and the obligations to make payment in connection therewith under this Agreement or otherwise may be offset against each other, set off or recouped therefrom. In the event that Buyer and Seller are each required to pay an amount in the same Month, whether under this Agreement or otherwise, then such amounts with respect to each Party may be aggregated and the Parties may discharge their obligations to pay through netting, in which case the Party, if any, owing the greater aggregate amount may pay to the other Party the difference between the amounts owed.

ARTICLE 7 TAXES. The Contract Price includes full reimbursement for, and Seller shall pay, or reimburse Buyer for, all Taxes applicable to the Gas sold upstream of the Delivery Point(s). The Contract Price does not include reimbursement for, and Buyer shall pay, or reimburse Seller for, all Taxes applicable to the Gas sold downstream of or at the Delivery Point(s) including, without limitation, sales taxes, if any, on the Transaction. Notwithstanding anything to the contrary in the preceding two sentences, Buyer shall reimburse Seller promptly upon invoice for any new, additional or increased Taxes assessed or levied upon Seller or its Transporters or suppliers (to the extent that Seller bears or is obligated to reimburse such Transporters or suppliers) with respect to the Gas delivered to Buyer hereunder which are in excess of the Taxes in effect on the date hereof. Notwithstanding anything herein to the contrary, if Buyer is reimbursed by any third-party purchaser or any other person or entity for severance taxes or other taxes assessed or levied on Gas prior to its delivery to or for the account of Buyer, then Buyer shall pay to Seller the amount of such reimbursement. Each Party shall indemnify, defend and hold harmless the other Party for any Claims for Taxes for which such Party is responsible hereunder. Upon request, a Party shall provide a certificate of exemption or other evidence of exemption from any Tax and each Party agrees to cooperate with the other in obtaining an exemption and minimizing Taxes payable in respect of all Transactions.

ARTICLE 8 FORCE MAJEURE. Except with respect to payment obligations, in the event either Party is rendered unable, wholly or in part, by Force Majeure to carry out its obligations, it is agreed that upon such Party's giving notice and reasonably full particulars of such Force Majeure to the other Party as soon as reasonably possible (to be confirmed in writing), the obligations of such Party, to the extent they are affected by such event, shall be suspended from the inception and during the continuance of the Force Majeure. The Party claiming Force Majeure shall, as far as reasonably possible, remedy the event with reasonable dispatch. "Force Majeure" means an event, which (i) is not within the reasonable control of the Party claiming suspension, and which by the exercise of due diligence such Party is unable to overcome and shall include an event of Force Majeure occurring with respect to either Party's Transporter or (ii) acts of God; strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, civil disturbances and riots, and epidemics; landslides, lightning, earthquakes, fires, storms, hurricanes and evacuations due to threats thereof, floods and washouts; arrests, orders, requests, directives, restraints and requirements of the government and governmental agencies, either federal or state, civil or military; any application of governmental conservation or curtailment rules and regulations; explosions, breakage or accident to machinery, equipment or lines of pipe; outages (shutdowns) of equipment, machinery or lines of pipe for inspection, maintenance or repair; freezing of

wells or lines of pipe; inability to obtain franchises or permits. The settlement of strikes, lockouts or other industrial disturbances shall be entirely within the discretion of the Party having the difficulty. Notwithstanding the foregoing, the term Force Majeure specifically excludes the following occurrences or events with regard to Gas purchased and sold pursuant to Section 3.2 hereof: The loss, interruption, or curtailment of interruptible transportation on any Transporter necessary to effect receipt or delivery of Gas hereunder, unless the same event also curtails firm transportation, to the extent firm transportation is available on the affected pipeline segment; increases or decreases in natural gas supply; allocation or reallocation of production by well operators, pipelines, or other parties; failure of Buyer to obtain transportation for Seller's Gas in conformity with Seller's agreement as to the type of transportation service to be obtained (but Force Majeure would specifically include transportation interruption if such transport was obtained in conformity with Seller's agreement or request); State and Federal restrictions on the production of Gas where the restrictions are the result of any action or failure to act of Buyer or its customers; price, loss of markets or economic conditions; failure of specific, individual wells or appurtenant facilities in the absence of a Force Majeure event broadly affecting other wells in the same geographic area and regulatory disallowance of the pass-through of the costs of natural gas or other related costs.

ARTICLE 9 TITLE, RISK OF LOSS AND INDEMNITY. Title to the Gas delivered hereunder shall pass from Seller to Buyer at the Delivery Point(s). Seller warrants that title to the Gas is free from all production burdens, liens and adverse claims and warrants its right to sell the same and agrees to indemnify, defend and hold harmless Buyer against all Claims to or against the title of said Gas arising prior to Seller's delivery of said Gas to Buyer at the Delivery Point(s). As between the Parties, Seller shall be deemed to be in exclusive control and possession of the Gas delivered hereunder, and responsible for any damage or injury caused thereby, prior to the time the same shall have been delivered to Buyer at the Delivery Point(s). After delivery of Gas to Buyer at the Delivery Point(s), Buyer shall be deemed to be in exclusive control and possession thereof and responsible for any injury or damage caused thereby. Each Party assumes all liability for and shall indemnify, defend and hold harmless the other Party from any Claims, including death of persons, arising from any act or incident occurring when title to Gas is vested in the Indemnifying Party. **IT IS THE INTENT OF THE PARTIES THAT THIS INDEMNITY BE WITHOUT REGARD TO THE CAUSES THEREOF, INCLUDING, WITHOUT LIMITATION, THE NEGLIGENCE OF ANY INDEMNIFIED PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE OR THE STRICT LIABILITY OF ANY INDEMNIFIED PARTY.**

ARTICLE 10 INDEMNIFICATION PROCEDURES. With respect to each indemnification included in this Agreement, the indemnity is given to the fullest extent permitted by applicable law and the following provisions shall be applicable. The Indemnified Party shall promptly notify the Indemnifying Party in writing of any Claim and the Indemnifying Party shall have the right to assume its investigation and defense, including employment of counsel, and shall be obligated to pay related court costs, attorneys' fees and experts' fees and to post any appeals bonds; provided, however, that the Indemnified Party shall have the right to employ at its expense separate counsel and participate in the defense of any Claim. The Indemnifying Party shall not be liable for any settlement of a Claim without its express written consent thereto. In order to prevent double recovery, the Indemnified Party shall reimburse the Indemnifying Party for payments or costs incurred in respect of an indemnity with the proceeds of any judgment, insurance, bond, surety or other recovery made by the Indemnified Party with respect to a covered event.

ARTICLE 11 LIMITATION OF DAMAGES/CHOICE OF LAW; DISCLAIMER OF WARRANTIES. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS HEREIN PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY HEREUNDER, THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY HEREIN PROVIDED, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY HEREUNDER AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST

PROFITS, OR OTHER BUSINESS INTERRUPTION DAMAGES, IN TORT, CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. NOTWITHSTANDING ANY OTHER PROVISION IN THIS AGREEMENT, IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY PENALTIES OR CHARGES ASSESSED BY ANY TRANSPORTER FOR THE UNAUTHORIZED RECEIPT OF GAS BY THE OTHER PARTY. THIS AGREEMENT, EACH TRANSACTION AND THE RIGHTS AND DUTIES OF THE PARTIES ARISING HEREFROM SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. BUYER ACKNOWLEDGES THAT IT HAS ENTERED INTO THIS AGREEMENT AND IS CONTRACTING FOR THE GAS TO BE SUPPLIED BY SELLER BASED SOLELY UPON THE EXPRESS REPRESENTATIONS AND WARRANTIES HEREIN AND, SUBJECT THERETO, ACCEPTS SUCH GAS "AS-IS" AND "WITH ALL FAULTS". SELLER EXPRESSLY NEGATES ANY OTHER REPRESENTATION OR WARRANTY, WRITTEN OR ORAL, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY WITH RESPECT TO CONFORMITY TO MODELS OR SAMPLES, MERCHANTABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE.

ARTICLE 12 OTHER EVENTS AND REMEDIES.

12.1 Security. During the term of this Agreement each Party shall be required to meet and maintain the requirements contained in the Credit Support Addendum attached hereto as Exhibit 3 and incorporated herein. The failure of a Party to meet and/or maintain the requirements of the Credit Support Addendum shall be deemed to be a Triggering Event under Article 5 herein.

12.2 Governmental Price Regulation. If price controls are implemented by any State or Federal jurisdiction and either Buyer or Seller deems these controls detrimental, then either Party shall have the right to terminate this Agreement effective on the Day prior to enactment of any law or regulation asserting control over any price Seller may receive for Gas tendered or sold and delivered under or ultimately related to this Agreement. The Parties hereto agree that the exercise by either Party of its rights hereunder may be made on a retroactive basis, it being understood that in such case Seller and Buyer shall agree on terms to apply to Gas sold after the date of any termination under this Section 12.2. The Parties agree to negotiate in good faith a new agreement resulting in substantially the same economic benefits as in the terminated Agreement.

ARTICLE 13 MISCELLANEOUS.

13.1 Notices. All notices shall be made as specified in this Section 13.1. Notices required to be in writing shall be delivered in written form by letter, facsimile or other documentary form. Notice by facsimile, automation or hand delivery shall be deemed to have been received when delivered by hand, except that notices sent by facsimile shall be deemed received when receipt is confirmed by return facsimile, provided that notice sent by facsimile received by recipient after its normal business hours on a Business Day shall be deemed to be received on the following Business Day or such earlier time confirmed by the receiving Party. Notice by overnight mail or courier shall be deemed to have been received on the date that such mail or courier delivery is effected or its delivery is attempted, if delivery is refused or rejected, or such earlier time confirmed by the receiving Party. Any notices in respect of the termination of this Agreement shall be given as specified in this Section 13.1. Any Party may change its addresses by providing notice of same in accordance herewith.

Notices:

ABAG Power
P.O. Box 2050
Oakland, CA 94604-2050
Attn: Gerald Lahr
Facsimile: 510.464.7989

Notices:

CORAL ENERGY RESOURCES, L.P.
4445 EastGate Mall, Suite 100
San Diego, CA 92121
Attn: Contract Administration
Facsimile: 858-320-1570

Invoices: (Mail/Fax)

Invoices: (Mail/Fax)

ABAG Power
P.O. Box 2050
Oakland, CA 94604-2050
Attn: Gerald Lahr
Facsimile: 510.464.7989

CORAL ENERGY RESOURCES, L.P.
4445 EastGate Mall, Suite 100
San Diego, CA 92121
Attn: Accounts Payable
Facsimile: 858.320.1570

Payments: (Wire Transfer)
Association of Bay Area Governments
Bank of the West
ABA Number: 1211-0782
Account Number: 101-002061

Payments: (Wire Transfer)
Coral Energy Resources, L.P.
JP Morgan Chase Bank
ABA Number: 021000021
Account Number: 323863876

13.2 Assignment. This Agreement, including, without limitation, each indemnification, shall inure to and bind the permitted successors and assigns of the Parties. Neither Party shall transfer, assign, mortgage, or pledge this Agreement without the prior written approval of the other Party which may be withheld entirely at the option of such Party; provided, however, either Party may assign its right to receive payment for Gas delivered hereunder upon prior written notice to the payor and either Party may transfer its interest to any parent or affiliate by assignment, merger or otherwise without the prior approval of the other Party, but no such transfer shall operate or relieve the transferor Party of its obligations hereunder. Any Party's transfer in violation of this Section 13.2 shall be void.

13.3 Winding Up Arrangements and Survival. Upon the expiration or termination of the Parties' sale and purchase obligations under this Agreement, any monies, penalties or other charges due and owing Seller shall be paid, any corrections or adjustments to payments previously made shall be determined, and any refunds due Buyer made, within 60 Days. The Parties' obligations provided herein shall remain in effect for the purpose of complying with this Section 13.3. All indemnity and confidentiality obligations and audit rights set forth in this Agreement shall survive the expiration or termination of this Agreement.

13.4 Entire Agreement; No Third Party Beneficiaries. This Agreement, the attachments and exhibits hereto, any Confirmation, and each Transaction, constitute the entire agreement between the Parties relating to the subject matter contemplated by this Agreement. There are no prior or contemporaneous agreements or representations (whether oral or written) affecting the subject matter other than those herein expressed. No amendment or modification to this Agreement shall be enforceable, unless reduced in writing and executed by both Parties. The provisions of this Agreement shall not impart rights enforceable by any person, firm or organization not a Party or not bound as a Party, or not a permitted successor or assignee of a Party bound to this Agreement.

13.5 Confidentiality. Each Party shall not disclose the terms of any Transaction (or the results of any audit pursuant to Section 13.7 hereof) to a third party (other than the Party's and its affiliates' employees, lenders, counsel or accountants who have agreed to keep such terms confidential) except in order to comply with any applicable law, order, regulation or exchange rule; provided, that each Party shall notify the other Party of any proceeding of which it is aware which may result in disclosure and use reasonable efforts to prevent or limit the disclosure. The provisions of this Agreement, other than the terms of any Transaction, are not subject to this confidentiality obligation. Such confidentiality obligations shall terminate one year after termination of the related Transaction.

13.6 Waiver or Consent. No waiver or consent by either Party, express or implied, of any one or more defaults by the other Party in the performance of any provision of this Agreement shall operate or be construed as a waiver or consent of any other default or defaults whether of a like or different nature.

13.7 Audit and Limitations. During the term of this Agreement and for a period of one year from the date of termination of a Transaction, Buyer or Seller or any third party representative thereof shall have the right, at its expense, upon reasonable notice and at reasonable times, to examine the books and records of the other Party to the extent reasonably necessary to verify the accuracy of any billing

statement, payment demand, charge, payment or computation made under this Agreement. No adjustment or correction shall be made and all records and payments shall be conclusively presumed to be final unless notice specifying the error or inaccuracy is given within two (2) calendar years from the end of the calendar year during which such error or inaccuracy occurred.

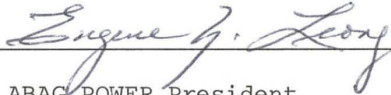
13.8 Law and Regulation. If either Party's activities hereunder become subject to law or regulation of any kind which renders this Agreement illegal or unenforceable, then either Party shall at such time have the right to terminate all Transactions and this Agreement upon written notice to the other Party, subject to Section 13.3 hereof.

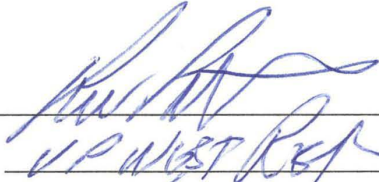
13.9 Processing Rights and Reports. Seller reserves, whether before or after the Delivery Point(s), all processing rights and title to all liquids and liquefiable hydrocarbons in the Gas sold hereunder, subject to Seller's obligation to reimburse Buyer for any reduction in the thermal content of such Gas due to exercise of such rights. Seller shall have all risk of loss during, and assumes all liabilities arising from, such processing. Within 30 days after the end of each calendar quarter, Buyer shall report to Seller the total volumes of Gas, if any, sold hereunder which are ultimately consumed within the state of Texas. Each such report shall separately set out such volumes for each month in such quarter.

The Parties have executed this Agreement in multiple counterparts to be construed as one contract effective on the Effective Date.

**ABAG Publicly Owned Energy Resources
(ABAG Power)**

CORAL ENERGY RESOURCES, L.P.

By: 
Title: ABAG POWER President
Date: July 17, 2003

By: 
Title: VP WEST REP
Date: 7/21/03

Federal Employer I.D. Number: 94-2832478
Duns Number: 11-480-0548

Federal Employer I.D. Number: 76-0505584
Duns Number: 01-501-4421

Approved as to Legal Form and Content:

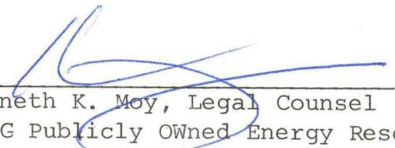
By: 
Kenneth K. Moy, Legal Counsel
ABAG Publicly Owned Energy Resources

EXHIBIT 1

Definitions. The following definitions shall apply to this Agreement and all notices and communications:

“Btu” means the amount of energy required to raise the temperature of one pound of pure water one degree Fahrenheit from 59 degrees Fahrenheit to 60 degrees Fahrenheit.

“Business Day” means a Day on which both Buyer and Seller are open for business and a Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time.

“C.T.” means Central Time.

“Claims” means all claims or actions, threatened or filed, that directly or indirectly relate to the subject matters of the indemnity, and the resulting losses, damages, expenses, attorneys’ fees, experts’ fees, and court costs, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement.

“Confirm Deadline” means two Business Days after receipt of a Confirmation; provided, if the Confirmation is not received during a Business Day it shall be deemed received at the open of the next Business Day.

“Confirmation” means a documentary notice confirming the specific terms of a Transaction or amendment thereto in the form attached hereto as Exhibit 2.

“Confirming Party” means Coral Energy Resources, L.P.

“Contract Price” means the price in U.S. dollars per MMBtu payable by Buyer to Seller for the purchase of Gas pursuant to a Transaction.

“Day” means a period of 24 consecutive hours, beginning at midnight C.T. on any calendar Day.

“Delivery Point(s)” means the agreed point(s) of delivery pursuant to a Transaction.

“Designated Quantity” means the quantity of Gas to be Scheduled and sold each Gas Day pursuant to a Transaction.

“Gas” means methane and other gaseous hydrocarbons meeting the quality standards and specifications of Buyer’s Transporter.

“Gas Day” means a period of 24 consecutive hours beginning at the time of the applicable Transporter’s gas day.

“Indemnified Party” and “Indemnifying Party” mean the Party receiving and providing an indemnity, respectively.

“MMBtu” means one million Btus.

“Month” means a period of time beginning at midnight C.T. on the first Day of any calendar month and ending at midnight C.T., on the first Day of the following calendar month.

“Period of Delivery” means the period from the date Scheduling obligations are to commence to the date same are to terminate under a Transaction;

“Scheduling” or “Schedule” when used in reference to Seller, means to make Gas available, or cause Gas to be made available, at the Delivery Point(s) for delivery to or for the account of Buyer, including making all pipeline nominations, and when used in reference to Buyer, means to receive, or to cause Buyer’s

Transporter to receive, the quantities of Gas Seller has available at such Delivery Point(s), including making all pipeline nominations.

“Taxes” means any and all ad valorem, property, occupation, severance, production, extraction, first use, conservation, Btu or energy, gathering, transport, pipeline, utility, gross receipts, franchise, municipal usage or easement, gas or oil revenue, gas or oil import, privilege, sales, use, consumption, excise, lease, transaction, and other or new taxes, governmental charges, licenses, fees, permits and assessments, or increases therein, other than taxes based on net income or net worth.

“Transaction(s)” means all agreements and any amendments or modifications thereof for the purchase or sale of Gas to be performed under this Agreement and, for purposes of Article 5 hereof, under any other agreements for the purchase or sale of Gas between the Parties hereto.

“Transporter” means either the pipeline delivering or receiving Gas at a Delivery Point in a Transaction.

“Triggering Event” shall have the meaning as set forth in Article 5.

Coral Energy Resources, L.P.

EXHIBIT 2

Contract ID:
Contract Date:

Gas ID:
Deal ID No:

CONFIRMATION

Date:

Attention:
Fax:

This Confirmation ("Confirmation") shall confirm and effectuate the agreement between CORAL ENERGY RESOURCES, L.P. and _____ ("Customer") regarding the purchase and sale of natural gas under the following terms.

Seller:

Buyer:

<u>Period of Delivery</u>	<u>Transporter/</u>	<u>Level of</u>	<u>Designated Qty</u>	<u>Contract Price</u>
<u>Start Date - End Date</u>	<u>Delivery Point(s)</u>	<u>Service</u>	<u>(MMBtu Per Day)</u>	<u>(USD Per MMBtu)</u>

Special Provisions (if any):

This Confirmation is being provided pursuant to and in accordance with the above referenced gas purchase and/or sale agreement between Customer and Coral Energy Resources, L.P. (the "Agreement") and constitutes part of and is subject to all of the provisions of the Agreement. With respect to the above stated deal identification number (Deal ID No.) identifying this specific "Transaction", this Confirmation shall supersede any prior Confirmations of this specific Transaction.

If no facsimile objection to this Confirmation is received by Coral Energy Resources, L.P. at (713) 767-5644, Attn: Energy Administration, from Customer by 5:00 p.m., Houston, Texas, time, within two business days after delivery of this Confirmation to Customer (unless otherwise specified in the Agreement), then this Confirmation shall be the final expression of all the terms hereof and shall be binding and enforceable against Seller and Buyer regardless of whether executed by Customer.

CORAL ENERGY RESOURCES, L.P.

(Name of Customer)

BY: _____ (NOT FOR EXECUTION)
NAME: _____
TITLE: _____
DATE: _____

BY: _____ (NOT FOR EXECUTION)
NAME: _____
TITLE: _____
DATE: _____

EXHIBIT 3

CREDIT SUPPORT ADDENDUM

1. Credit Terms. Defined terms used in this Credit Support Addendum ("Addendum") and not defined in the Agreement shall have the meaning set forth in Section 6 herein.

- (a) Security Threshold. As used in this Addendum, "Security Threshold" means, with respect to either Party, on any date of determination, the lowest of (i) U.S.\$10,000,000; or (ii) zero if a Material Adverse Change or a Triggering Event has occurred and is continuing with respect to that Party or its Credit Support Provider, if any.
- (b) Material Adverse Change. As used herein, "Material Adverse Change" means (i) in the reasonable opinion of one Party, that a material adverse change has occurred in the business, financial condition or operations of the other Party or its Credit Support Provider, if any; or the ability of the other Party or its Credit Support Provider, if any, to meet its obligations under the Agreement and/or a guaranty provided hereunder has become materially impaired; and/or (ii) a default has occurred with respect to indebtedness for borrowed money of the other Party or its Credit Support Provider, if any, that has resulted in an acceleration of such indebtedness in an aggregate amount in excess of U.S.\$2,500,000; provided, however, with respect to Coral, a Material Adverse Change shall not be deemed to have occurred so long as its parent, Coral Energy Holding, L.P., maintains a Credit Rating of at least BBB- by S & P or Baa3 by Moody's.

2. Credit Requirements. If at any time, and from time to time, during the term of the Agreement, the Contract Exposure for a Party (the "Providing Party") exceeds such Party's Security Threshold, then the other Party (the "Requesting Party") may request that the Providing Party provide Performance Assurance in an amount equal to the amount by which its Contract Exposure exceeds its Security Threshold. On any Business Day (but no more frequently than weekly with respect to Letters of Credit and daily with respect to cash), the Providing Party, at its sole cost, may request that the amount of Performance Assurance be reduced based upon a decrease in the Contract Exposure as calculated on such Business Day. Any Performance Assurance being provided or returned shall be delivered within two (2) Business Days of the date of such request. The amount of Performance Assurance being provided by the Providing Party shall be rounded upwards to the next multiple of U.S.\$100,000, and the amount of Performance Assurance being returned by the Requesting Party shall be rounded down to the next multiple of U.S.\$100,000.

3. Grant of Security Interest; Remedies. To secure its obligations under the Agreement, and to the extent it delivers Performance Assurance hereunder as the Providing Party, each Party hereby grants to the Requesting Party, as secured party, a present and continuing security interest in, lien on, and right of setoff against, all Performance Assurance in the form of cash, and any and all proceeds resulting therefrom, held by or on behalf of the Requesting Party. The Providing Party agrees to take such further action as the Requesting Party may reasonably require in order to perfect, maintain, and protect the Requesting Party's security interest in such collateral. Upon the occurrence and continuance of a Triggering Event with respect to the Providing Party, the Requesting Party may (i) exercise any of the rights and remedies of a secured party under applicable law with respect to all Performance Assurance; (ii) exercise its right of setoff against any and all Performance Assurance; (iii) draw on any Letter of Credit issued for its benefit, and (iv) liquidate all Performance Assurance then held by the Requesting Party free from any claim or right of any nature whatsoever of the Providing Party. The Requesting Party shall either apply the proceeds of the Performance Assurance realized upon exercise of such rights or remedies to reduce the Providing Party's obligations under the Agreement, in such order as it elects, and the Providing Party shall remain liable for any amounts owing to the Requesting Party after such application, subject to the Requesting Party's obligation to return any surplus proceeds remaining after such obligations are satisfied in full, or (ii) hold such proceeds as collateral security for the Providing Party's obligations under the Agreement.

4. Credit Events Of Default. The following events (“Credit Events”) shall be additional Triggering Events under Article 5 of the Agreement and the Notifying Party shall have the right to exercise any of the remedies provided for under Article 5 upon the occurrence of a Credit Event as provided herein:

- (a) the failure of the Affected Party to establish, maintain, extend or increase Performance Assurance when required pursuant to this Addendum; or
- (b) the failure of the Affected Party’s Credit Support Provider, if any, to perform any covenant set forth in any guaranty agreement delivered pursuant to this Addendum; or
- (c) the failure of the Affected Party or its Credit Support Provider, if any, to timely provide financial information as required in this Addendum, and such failure is not remedied within thirty (30) Days after written notice of such failure is given to the Affected Party; or
- (i) in the sole judgment of Coral, any material change in the contracts executed between ABAG POWER Members and Counterparty, including, but not limited to the, the Joint Powers Agreement or the Core Natural Gas Sales and Aggregation Agreement.

5. Financial Information. Upon request by Coral, Counterparty or its Credit Support Provider, if any, shall deliver to Coral (a) within six (6) Months following the end of its fiscal year, a copy of the audited consolidated financial statements for such fiscal year certified by independent certified public accountants and (b) within ninety (90) Days after the end of each of the first three fiscal quarters of its fiscal year, a copy of the quarterly unaudited consolidated financial statements for such fiscal quarter. In all cases, the statements shall be for the most recent accounting period and prepared in accordance with generally accepted accounting principles or such other principles then in effect.

6. Definitions. With respect to this Addendum, the following definitions shall apply:

“Affected Party” has the meaning set forth in Section 5.2 of the Agreement.

“Affiliate” means, with respect to Counterparty, any person that directly or indirectly (through one or more intermediaries) controls, is controlled by, or is under common control with, the Counterparty. With respect to Coral, “Affiliate” means Coral Energy Holding, L.P. and its subsidiaries.

“Contract Exposure” means an amount equal to (i) the Liquidation Payment (as defined in Section 5.1 of the Agreement) that would be payable from the Providing Party to the Requesting Party, as if a Liquidation Date had been declared pursuant to Section 5.1 of the Agreement (notwithstanding whether or not a Triggering Event has occurred) and all Transactions had been terminated; (ii) plus the net amount of all other payments owed but not yet paid between the Parties, whether or not such amounts are then due, for performance already provided pursuant to any and all Transactions conducted under this Agreement; (iii) less the amount of any Performance Assurance then held by the Requesting Party.

“Coral” means Coral Energy Resources, L.P.

“Counterparty” means ABAG Publicly Owned Energy Resources (ABAG Power).

“Credit Rating” means (i) with respect to a Party or its Credit Support Provider, if any, the lower of its long-term senior unsecured debt rating (not supported by third party credit enhancement) or its issuer rating by the specified rating agency, and (ii) with respect to a financial institution, the lower of its long-term senior unsecured debt rating (not supported by third party credit enhancement) or its deposit rating by the specified rating agency.

“Credit Support Provider” means a third party providing a guaranty for a Party pursuant to this Addendum. With respect to Coral, its Credit Support Provider shall be Coral Energy Holding, L.P.

"Letter of Credit" means one or more irrevocable, standby letter(s) of credit from a Qualified Institution.

"Moody's" means Moody's Investors Service, Inc., or its successor.

"Notifying Party" has the meaning set forth in Section 5.1 of the Agreement.

"Performance Assurance" means collateral in the form of cash, Letters of Credit, or other security acceptable to the Requesting Party. If the collateral is in the form of cash, interest shall accrue to the Providing Party. Notwithstanding the foregoing, any requirement for Coral to provide Performance Assurance shall be satisfied by a guaranty from Coral Energy Holding, L.P., and the value of such Performance Assurance shall be equal to the dollar limit contained in such guaranty.

"Qualified Institution" means the domestic office of a commercial bank or trust company (which is not an Affiliate of either Party) (i) organized under the laws of United States (or any state or a political subdivision thereof), (ii) having assets of at least \$10 Billion, and (iii) having a Credit Rating of at least A- by S&P and at least A3 by Moody's.

"S&P" means Standard & Poor's Ratings Services (a division of McGraw-Hill, Inc.) or its successor.

7. Successors. In the event of an assignment of the Agreement by Counterparty as provided therein, the provisions of this Addendum shall not be applicable to any such assignee. In such event, an assignee will be required to meet the reasonable credit requirements of Coral for the extension of unsecured credit before further deliveries of Gas are made.

Base Contract for Sale and Purchase of Natural Gas

This Base Contract is entered into as of the following date: _____ . The parties to this Base Contract are the following:

Sierra Energy Services, Inc.
3900 E. Broadway Blvd., Tucson, AZ 85711
 Duns Number: 192373210
 Contract Number: _____
 U.S. Federal Tax ID Number: 86-0625251

and ABAG Publicly Owned Energy Resources ("ABAG POWER")
101 8th Street, Oakland, CA 94607
 Duns Number: 11-480-0548
 Contract Number: _____
 U.S. Federal Tax ID Number: 94-2832478

Notices:

3900 E. Broadway Blvd., Tucson, AZ 85711
 Attn: Rick Vogel
 Phone: 520.547.7922 Fax: 520.547.7989

101 8th Street, Oakland, CA 94607
 Attn: Gerald Lahr, ABAG POWER Program Manager
 Phone: (510) 464-7908 Fax: (510) 433-5508

Confirmations:

3900 E. Broadway Blvd., Tucson, AZ 85711
 Attn: Rick Vogel
 Phone: 520.547.7922 Fax: 520.547.7989

101 8th Street, Oakland, CA 94607
 Attn: Gerald Lahr, ABAG POWER Program Manager
 Phone: (510) 464-7908 Fax: (510) 433-5508

Invoices and Payments:

3900 E. Broadway Blvd., Tucson, AZ 85711
 Attn: Rick Vogel
 Phone: 520.547.7922 Fax: 520.547.7989

101 8th Street, Oakland, CA 94607
 Attn: Gerald Lahr, ABAG POWER Program Manager
 Phone: (510) 464-7908 Fax: (510) 433-5508

Wire Transfer or ACH Numbers (if applicable):

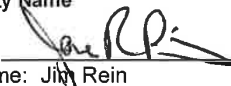
BANK: Bank of America
 ABA: 026009593
 ACCT: 4659038720
 Other Details: _____


BANK: _____
 ABA: _____
 ACCT: _____
 Other Details: _____

This Base Contract incorporates by reference for all purposes the General Terms and Conditions for Sale and Purchase of Natural Gas published by the North American Energy Standards Board. The parties hereby agree to the following provisions offered in said General Terms and Conditions. In the event the parties fail to check a box, the specified default provision shall apply. Select only one box from each section:

<p>Section 1.2 <input checked="" type="checkbox"/> Oral (default) Transaction Procedure <input type="checkbox"/> Written</p>	<p>Section 7.2 <input checked="" type="checkbox"/> 25th Day of Month following Month of delivery (default) Payment Date <input type="checkbox"/> _____ Day of Month following Month of delivery</p>
<p>Section 2.5 <input checked="" type="checkbox"/> 2 Business Days after receipt (default) Confirm Deadline <input type="checkbox"/> _____ Business Days after receipt</p>	<p>Section 7.2 <input checked="" type="checkbox"/> Wire transfer (default) Method of Payment <input type="checkbox"/> Automated Clearinghouse Credit (ACH) <input type="checkbox"/> Check</p>
<p>Section 2.6 <input checked="" type="checkbox"/> Seller (default) Confirming Party <input type="checkbox"/> Buyer <input type="checkbox"/> Either Party</p>	<p>Section 7.7 <input checked="" type="checkbox"/> Netting applies (default) Netting <input type="checkbox"/> Netting does not apply</p>
<p>Section 3.2 <input checked="" type="checkbox"/> Cover Standard (default) Performance Obligation <input type="checkbox"/> Spot Price Standard</p> <p><i>Note: The following Spot Price Publication applies to both of the immediately preceding.</i></p>	<p>Section 10.3.1 <input checked="" type="checkbox"/> Early Termination Damages Apply (default) Early Termination Damages <input type="checkbox"/> Early Termination Damages Do Not Apply</p>
<p>Section 2.26 <input checked="" type="checkbox"/> Gas Daily Midpoint (default) Spot Price Publication <input type="checkbox"/> _____</p>	<p>Section 10.3.2 <input checked="" type="checkbox"/> Other Agreement Setoffs Apply (default) Other Agreement Setoffs <input type="checkbox"/> Other Agreement Setoffs Do Not Apply</p>
<p>Section 6 <input checked="" type="checkbox"/> Buyer Pays At and After Delivery Point (default) Taxes <input type="checkbox"/> Seller Pays Before and At Delivery Point</p>	<p>Section 14.5 Choice Of Law <u>California</u></p>
<p><input checked="" type="checkbox"/> Special Provisions: Section 7.2 modified to reflect payment "on or before the later of the Payment Date or 10 business days after receipt of the invoice by buyer".</p>	<p>Section 14.10 <input checked="" type="checkbox"/> Confidentiality applies (default) Confidentiality <input type="checkbox"/> Confidentiality does not apply</p>
<p><input type="checkbox"/> Addendum(s): _____</p>	

IN WITNESS WHEREOF, the parties hereto have executed this Base Contract in duplicate.

Sierra Energy Services, Inc.
 Party Name
 By 
 Name: Jim Rein
 Title: Director of Sales

ABAG Publicly Owned Energy Resources
 Party Name
 By 
 Name: ~~XXXXXXXXXXXX~~ Henry L. Gardner
 Title: President, ABAG POWER

Base Contract for Sale and Purchase of Natural Gas

This Base Contract is entered into as of the following date: July 1, 2011

The parties to this Base Contract are the following:

PARTY A UNITED ENERGY TRADING, LLC	PARTY NAME	PARTY B ABAG Publicly Owned Energy Resources ("ABAG POWER")
225 Union Boulevard, Suite 200 Lakewood, Colorado 80228	ADDRESS	101 8 th Street Oakland, CA 94607
www.unitedenergytrading.com	BUSINESS WEBSITE	www.abag.ca.gov
	CONTRACT NUMBER	
11-916-2860	D-U-N-S® NUMBER	11-480-0548
<input checked="" type="checkbox"/> US FEDERAL: 37-1439798 <input type="checkbox"/> OTHER:	TAX ID NUMBERS	<input checked="" type="checkbox"/> US FEDERAL: 94-2832478 <input type="checkbox"/> OTHER:
North Dakota	JURISDICTION OF ORGANIZATION	
<input type="checkbox"/> Corporation <input type="checkbox"/> Limited Partnership <input type="checkbox"/> LLP <input checked="" type="checkbox"/> LLC <input type="checkbox"/> Partnership <input type="checkbox"/> Other: _____	COMPANY TYPE	<input type="checkbox"/> Corporation <input type="checkbox"/> Limited Partnership <input type="checkbox"/> LLP <input type="checkbox"/> LLC <input type="checkbox"/> Partnership <input checked="" type="checkbox"/> Other: <u>Joint Powers Authority (JPA)</u>
United Energy Corporation	GUARANTOR (IF APPLICABLE)	
CONTACT INFORMATION		
225 Union Blvd, Suite 200, Lakewood, CO. 80228 ATTN: <u>Rob Williams</u> TEL#: <u>303-991-0985</u> FAX#: <u>303-991-0988</u> EMAIL: <u>rwilliams@uetllc.com</u>	• COMMERCIAL	ABAG POWER: 101 8 th Street, Oakland, CA 94607 ATTN: <u>Gerald Lahr</u> TEL#: <u>510-464-7908</u> FAX#: <u>510-433-5508</u> EMAIL: <u>JerryL@abag.ca.gov</u>
225 Union Blvd, Suite 200, Lakewood, CO. 80228 ATTN: <u>Scheduling</u> TEL#: <u>303-991-0985</u> FAX#: <u>303-991-0988</u> EMAIL: _____	• SCHEDULING	Golden Valley Gas Services (GVGS) ATTN: <u>Joy Young / Suzanne McFadden</u> TEL#: <u>925-556-2156</u> FAX#: _____ EMAIL: <u>GVGSALL@gvgs.net</u>
225 Union Blvd, Suite 200, Lakewood, CO. 80228 ATTN: <u>Ken Thomson</u> TEL#: <u>303-991-0984</u> FAX#: <u>303-991-0988</u> EMAIL: _____	• CONTRACT AND LEGAL NOTICES	ABAG POWER: 101 8 th Street, Oakland, CA 94607 ATTN: <u>Gerald Lahr</u> TEL#: <u>510-464-7908</u> FAX#: <u>510-433-5508</u> EMAIL: <u>JerryL@abag.ca.gov</u>
6400 Glenwood Street, #4, Ste. 320 Overland Park, KS 66202 ATTN: <u>Phil Harrod</u> TEL#: <u>913-236-6129</u> FAX#: <u>913-236-7089</u> EMAIL: <u>p.harrod@rainbowenergy.com</u>	• CREDIT	ABAG POWER: 101 8 th Street, Oakland, CA 94607 ATTN: <u>Gerald Lahr</u> TEL#: <u>510-464-7908</u> FAX#: <u>510-433-5508</u> EMAIL: <u>JerryL@abag.ca.gov</u>
225 Union Blvd, Suite 200, Lakewood, CO. 80228 ATTN: <u>Heather Kinghorn</u> TEL#: <u>720-897-4751</u> FAX#: <u>303-991-0988</u> EMAIL: <u>hkinghorn@uetllc.com</u>	• TRANSACTION CONFIRMATIONS	ABAG POWER: 101 8 th Street, Oakland, CA 94607 ATTN: <u>Gerald Lahr</u> TEL#: <u>510-464-7908</u> FAX#: <u>510-433-5508</u> EMAIL: <u>JerryL@abag.ca.gov</u>
ACCOUNTING INFORMATION		
919 South 7 th Street, Suite 405, Bismarck, ND 58504 ATTN: <u>Joslyn Bruan</u> TEL#: <u>701-250-9367</u> FAX#: <u>701-255-7952</u> EMAIL: <u>ibraun@uetllc.com</u>	• INVOICES • PAYMENTS • SETTLEMENTS	ABAG: 101 8 th Street, Oakland, CA 94607 ATTN: <u>Susan Hsieh</u> TEL#: <u>510-464-7960</u> FAX#: <u>510-433-5560</u> EMAIL: <u>SusanH@abag.ca.gov</u>
BANK: <u>BNC National Bank</u> ABA: <u>091310754</u> ACCT: <u>1637025</u> OTHER DETAILS: _____	WIRE TRANSFER NUMBERS (IF APPLICABLE)	BANK: _____ ABA: _____ ACCT: _____ OTHER DETAILS: _____
BANK: <u>N/A</u> ABA: _____ ACCT: _____ OTHER DETAILS: _____	ACH NUMBERS (IF APPLICABLE)	BANK: _____ ABA: _____ ACCT: _____ OTHER DETAILS: _____
ATTN: <u>N/A</u> ADDRESS: _____	CHECKS (IF APPLICABLE)	ATTN: _____ ADDRESS: _____

Base Contract for Sale and Purchase of Natural Gas

(Continued)

This Base Contract incorporates by reference for all purposes the General Terms and Conditions for Sale and Purchase of Natural Gas published by the North American Energy Standards Board. The parties hereby agree to the following provisions offered in said General Terms and Conditions. In the event the parties fail to check a box, the specified default provision shall apply. Select the appropriate box(es) from each section:

Section 1.2 Transaction Procedure <input checked="" type="checkbox"/> Oral (default) OR <input type="checkbox"/> Written	Section 10.2 Additional Events of Default <input checked="" type="checkbox"/> No Additional Events of Default (default) <input type="checkbox"/> Indebtedness Cross Default <input type="checkbox"/> Party A: _____ <input type="checkbox"/> Party B: _____ <input type="checkbox"/> Transactional Cross Default <u>Specified Transactions:</u> _____ _____ _____
Section 2.7 Confirm Deadline <input checked="" type="checkbox"/> 2 Business Days after receipt (default) OR <input type="checkbox"/> _____ Business Days after receipt	
Section 2.8 Confirming Party <input type="checkbox"/> Seller (default) OR <input type="checkbox"/> Buyer <input checked="" type="checkbox"/> <u>United Energy Trading, LLC</u>	
Section 3.2 Performance Obligation <input checked="" type="checkbox"/> Cover Standard (default) OR <input type="checkbox"/> Spot Price Standard	Section 10.3.1 Early Termination Damages <input checked="" type="checkbox"/> Early Termination Damages Apply (default) OR <input type="checkbox"/> Early Termination Damages Do Not Apply
Note: The following Spot Price Publication applies to both of the immediately preceding.	
Section 2.31 Spot Price Publication <input checked="" type="checkbox"/> Gas Daily Midpoint (default) OR <input type="checkbox"/> _____	Section 10.3.2 Other Agreement Setoffs <input checked="" type="checkbox"/> Other Agreement Setoffs Apply (default) <input checked="" type="checkbox"/> Bilateral (default) <input type="checkbox"/> Triangular OR <input type="checkbox"/> Other Agreement Setoffs Do Not Apply
Section 6 Taxes <input checked="" type="checkbox"/> Buyer Pays At and After Delivery Point (default) OR <input type="checkbox"/> Seller Pays Before and At Delivery Point	
Section 7.2 Payment Date <input checked="" type="checkbox"/> 25 th Day of Month following Month of delivery (default) OR <input type="checkbox"/> Day of Month following Month of delivery	Section 15.5 Choice Of Law <u>California</u>
Section 7.2 Method of Payment <input checked="" type="checkbox"/> Wire transfer (default) <input type="checkbox"/> Automated Clearinghouse Credit (ACH) <input type="checkbox"/> Check	Section 15.10 Confidentiality <input checked="" type="checkbox"/> Confidentiality applies (default) OR <input type="checkbox"/> Confidentiality does not apply
Section 7.7 Netting <input checked="" type="checkbox"/> Netting applies (default) OR <input type="checkbox"/> Netting does not apply	
<input type="checkbox"/> Special Provisions Number of sheets attached: _____ <input type="checkbox"/> Addendum(s): _____	

IN WITNESS WHEREOF, the parties hereto have executed this Base Contract in duplicate.

UNITED ENERGY TRADING, LLC By:  Thomas Williams President	PARTY NAME SIGNATURE PRINTED NAME TITLE	ABAG Publicly Owned Energy Resources By:  Ezra Rapport President
-------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------

Base Contract for Sale and Purchase of Natural Gas

This Base Contract is entered into as of the following date: November 1, 2006. The parties to this Base Contract are the following:

ABAG Publicly Owned Energy Resources ("ABAG POWER") and
101 8th Street, Oakland, CA 94607
 Duns Number: 11-480-0548
 Contract Number: _____
 U.S. Federal Tax ID Number: 94-2832478

Utility Resource Solutions, LP
2603 Augusta, Suite 1400 Houston, TX 77057
 Duns Number: 016-200-607
 Contract Number: _____
 U.S. Federal Tax ID Number: 76-0668204

Notices:

101 8th Street, Oakland, CA 94607
 Attn: Gerard Lahr, ABAG POWER Program Manager
 Phone: (510) 464-7908 Fax: (510) 433-5508

2603 Augusta, Suite 1400 Houston, TX 77057
 Attn: Contract Administration
 Phone: 832-200-3727 Fax: 713-977-5651

Confirmations:

101 8th Street, Oakland, CA 94607
 Attn: Gerard Lahr, ABAG POWER Program Manager
 Phone: (510) 464-7908 Fax: (510) 433-5508

2603 Augusta, Suite 1400 Houston, TX 77057
 Attn: Confirmations Department
 Phone: 713-977-5634 Fax: 713-977-7850

Invoices and Payments:

101 8th Street, Oakland, CA 94607
 Attn: Gerald Lahr, ABAG POWER Program Manager
 Phone: (510) 464-7908 Fax: 510) 433-5508

2603 Augusta, Suite 1400 Houston, TX 77057
 Attn: Gas Accounting
 Phone: 713-977-5634 Fax: 713-977-5651

Wire Transfer or ACH Numbers (if applicable):

BANK: _____
 ABA: _____
 ACCT: _____
 Other Details: _____

BANK: Compass Bank, Houston, TX
 ABA: 113-010-547
 ACCT: 87113329
 Other Details: _____

This Base Contract incorporates by reference for all purposes the General Terms and Conditions for Sale and Purchase of Natural Gas published by the North American Energy Standards Board. The parties hereby agree to the following provisions offered in said General Terms and Conditions. In the event the parties fail to check a box, the specified default provision shall apply. Select only one box from each section:


<p>Section 1.2 <input checked="" type="checkbox"/> Oral (default) Transaction <input type="checkbox"/> Written Procedure</p>	<p>Section 7.2 <input checked="" type="checkbox"/> 25th Day of Month following Month of Payment Date delivery (default) <input type="checkbox"/> _____ Day of Month following Month of delivery</p>
<p>Section 2.5 <input checked="" type="checkbox"/> 2 Business Days after receipt (default) Confirm <input type="checkbox"/> _____ Business Days after receipt Deadline</p>	<p>Section 7.2 <input checked="" type="checkbox"/> Wire transfer (default) Method of <input type="checkbox"/> Automated Clearinghouse Credit (ACH) Payment <input type="checkbox"/> Check</p>
<p>Section 2.6 <input checked="" type="checkbox"/> Seller (default) Confirming <input type="checkbox"/> Buyer Party <input type="checkbox"/> _____</p>	<p>Section 7.7 <input checked="" type="checkbox"/> Netting applies (default) Netting <input type="checkbox"/> Netting does not apply</p>
<p>Section 3.2 <input checked="" type="checkbox"/> Cover Standard (default) Performance <input type="checkbox"/> Spot Price Standard Obligation</p> <p>Note: The following Spot Price Publication applies to both of the immediately preceding.</p>	<p>Section 10.3.1 <input checked="" type="checkbox"/> Early Termination Damages Apply (default) Early Termination <input type="checkbox"/> Early Termination Damages Do Not Apply Damages</p>
<p>Section 2.26 <input checked="" type="checkbox"/> Gas Daily Midpoint (default) Spot Price <input type="checkbox"/> _____ Publication</p>	<p>Section 10.3.2 <input checked="" type="checkbox"/> Other Agreement Setoffs Apply (default) Other Agreement <input type="checkbox"/> Other Agreement Setoffs Do Not Apply Setoffs</p>
<p>Section 6 <input checked="" type="checkbox"/> Buyer Pays At and After Delivery Point Taxes (default) <input type="checkbox"/> Seller Pays Before and At Delivery Point</p>	<p>Section 14.5 Choice Of Law California</p>
<p><input checked="" type="checkbox"/> Special Provisions: Section 7.2 modified to reflect payment "on or before the later of the Payment Date or 10 business days after receipt of the invoice by buyer".</p>	
<p><input type="checkbox"/> Addendum(s): _____</p>	

IN WITNESS WHEREOF, the parties hereto have executed this Base Contract in duplicate.

ABAG Publicly Owned Energy Resources

Utility Resource Solutions, L.P.

By 
 Name: Henry Gardner
 Title: President, ABAG POWER

By 
 Name: KEN ZIOBER
 Title: Vice President





ABAG POWER Natural Gas Program

FY 2016-17 Monthly Summary of Operations

	days/mo.	Jul 31	Aug 31	Sep 30	Oct 31	Nov 30	Dec 31	Jan 31	Feb 28	Mar 31	Apr 30	May 31	Jun 30	Total
Gas Purchases⁽¹⁾														
Purchase 1	Qty	15,446	15,339	14,930	15,500	15,000	15,500	15,500	14,000	15,500	15,000	15,500	14,977	182,192
	Price	\$2.29	\$2.29	\$2.29	\$2.71	\$2.71	\$2.71	\$3.06	\$3.06	\$3.06	\$3.06	\$3.06	\$3.06	\$3.06
Purchase 2	Qty	20,275	19,840	19,593	20,336	25,440	33,700	26,288	23,744	15,500	15,000	15,500	14,973	250,189
	Price	\$2.63	\$2.62	\$2.72	\$2.77	\$2.28	\$3.79	\$3.31	\$2.66	\$2.37	\$2.75	\$2.73	\$2.90	\$2.90
Purchase 3	Qty	31,000	31,000	13,250	15,650	10,300	26,288	40,200	25,300	33,400	38,000	31,350	23,200	318,938
	Price	\$3.00	\$3.22	\$3.37	\$3.25	\$2.88	\$3.51	\$3.64	\$3.26	\$3.15	\$3.33	\$3.40	\$3.14	\$3.14
Purchase 4	Qty													0
	Price													0
Purchase 5	Qty													0
	Price													0
Total Quantity Purchased		66,721	66,179	47,773	51,486	50,740	75,488	81,988	63,044	64,400	68,000	62,350	53,150	751,319
Total Purchase Cost		\$181,805	\$186,797	\$132,141	\$149,250	\$128,369	\$262,101	\$280,928	\$188,536	\$189,272	\$213,859	\$196,304	\$162,146	\$2,271,509
Backbone Shrinkage (Dths)		(484)	(499)	(433)	(437)	(510)	(527)	(527)	(476)	(372)	(360)	(372)	(364)	
WACOG ⁽²⁾		\$2.74	\$2.84	\$2.79	\$2.92	\$2.56	\$3.50	\$3.45	\$3.01	\$2.96	\$3.16	\$3.17	\$3.07	\$3.02
Storage/Inventory														
Total Injections/ (Withdrawals)		12,615	14,530	4,000	3,494	(8,450)	(15,800)	(15,500)	(14,000)	(6,105)	6,667	6,989	8,267	(3,293)
Total Inventory Quantity (Dths)		37,831	52,361	56,361	59,855	51,405	35,605	20,105	6,105	0	6,667	13,656	21,923	
Total Inventory (\$)		\$130,594	\$171,471	\$182,847	\$192,599	\$165,407	\$114,562	\$64,683	\$19,631	\$0	\$21,081	\$43,203	\$69,384	
Avg. Inventory Rate (\$/Dth)		\$3.45	\$3.27	\$3.24	\$3.22	\$3.22	\$3.22	\$3.22	\$3.22	\$0.00	\$3.16	\$3.16	\$3.16	
Gas Program Monthly Expenses (from Financial Reports)														
Cost of Energy Used ⁽³⁾		\$ 167,169	\$ 172,683	\$ 148,381	\$ 166,766	\$ 190,189	\$ 343,325	\$ 365,214	\$ 269,288	\$ 234,243	\$ 219,261	\$ 198,370	\$ 160,702	\$ 2,635,591
Program Operating Expenses ⁽⁴⁾		20,848	34,208	29,210	32,472	22,478	21,671	23,203	24,069	25,991	28,970	28,189	23,216	314,526
Subtotal		\$ 188,017	\$ 206,891	\$ 177,591	\$ 199,239	\$ 212,667	\$ 364,996	\$ 388,417	\$ 293,357	\$ 260,235	\$ 248,231	\$ 226,559	\$ 183,919	\$ 2,950,118
Rate (\$/Dth)		\$4.50	\$4.88	\$3.97	\$3.87	\$3.58	\$4.16	\$4.21	\$4.13	\$3.95	\$4.79	\$4.58	\$4.49	\$4.22
PG&E Pass-through costs ⁽⁵⁾		249,039	184,806	169,540	297,817	235,930	537,322	651,325	429,681	477,099	343,408	348,995	258,103	4,183,066
Total ABAG POWER Cost		\$ 437,056	\$ 391,696	\$ 347,131	\$ 497,055	\$ 448,597	\$ 902,318	\$ 1,039,742	\$ 723,038	\$ 737,334	\$ 591,640	\$ 575,554	\$ 442,022	\$ 7,133,184
Actual (metered) Gas Usage														
Core ⁽⁶⁾		34,337	33,252	35,006	42,963	53,182	81,138	85,508	65,416	59,200	45,885	42,729	33,706	612,324
Non Core		7,471	9,159	9,760	8,561	6,160	6,514	6,779	5,579	6,748	5,887	6,685	7,218	86,519
Total Program Usage		41,808	42,410	44,766	51,524	59,342	87,652	92,287	70,996	65,947	51,772	49,414	40,924	698,843
ABAG POWER Total Core Rate		\$ 11.75	\$ 10.44	\$ 8.81	\$ 10.80	\$ 8.02	\$ 10.79	\$ 11.83	\$ 10.70	\$ 12.01	\$ 12.28	\$ 12.75	\$ 12.15	
PG&E Rate⁽⁷⁾														
Procurement Charge ⁽⁸⁾		2.58	2.94	2.79	3.70	4.42	3.78	4.36	4.26	3.86	4.06	3.82	3.75	
Transportation/Other Charge ⁽⁹⁾		7.25	5.56	4.84	6.93	4.44	6.62	7.62	6.57	8.06	7.48	8.17	7.66	
Total PG&E Rate		\$ 9.83	\$ 8.49	\$ 7.64	\$ 10.63	\$ 8.86	\$ 10.40	\$ 11.98	\$ 10.83	\$ 11.92	\$ 11.55	\$ 11.99	\$ 11.41	

ABAG POWER Natural Gas Program

FY 2016-17 Monthly Summary of Operations

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
<u>Rate Comparison</u>													
Monthly Rate Difference (\$/Dth)	1.92	1.94	1.17	0.17	(0.84)	0.38	(0.16)	(0.13)	0.09	0.73	0.76	0.74	
Monthly Savings (\$)	(65,763)	(64,558)	(41,047)	(7,243)	44,729	(31,136)	13,331	8,318	(5,292)	(33,644)	(32,523)	(25,087)	
Cumulative 'Savings' (\$)	(65,763)	(130,321)	(171,368)	(178,611)	(133,882)	(165,018)	(151,687)	(143,369)	(148,662)	(182,306)	(214,829)	(239,916)	
Cumulative 'Savings' (%)	-19.5%	-21.0%	-19.3%	-13.3%	-7.4%	-6.2%	-4.1%	-3.3%	-2.9%	-3.2%	-3.5%	-3.7%	
<u>Monthly Index Postings</u>													
NGI Bidweek for PG&E Citygate	\$3.04	\$3.08	\$3.31	\$3.40	\$3.25	\$3.55	\$3.95	\$3.71	\$2.99	\$3.23	\$3.24	\$3.42	
Gas Daily Avg. for PG&E Citygate	\$2.98	\$3.20	\$3.36	\$3.24	\$2.82	\$3.76	\$3.62	\$3.26	\$3.14	\$3.31	\$3.38	\$3.13	
NGI Bidweek for Malin	\$2.62	\$2.61	\$2.71	\$2.76	\$2.67	\$3.08	\$3.74	\$3.22	\$2.36	\$2.74	\$2.72	\$2.89	

Notes:

- (1) All gas quantities in Dth and rates in \$/Dth. (Does not include imbalance purchases traded to storage.)
- (2) Weighted Average Cost of Gas (WACOG) at PG&E Citygate
- (3) Includes costs to transport gas to PG&E Citygate from alternate delivery points, as well as physical storage costs.
- (4) Includes scheduling fees, billing fees, administrative costs and misc. expenses; less interest income.
- (5) PG&E charges billed to ABAG POWER via EDI process and passed through to customers. These costs do not necessarily tie directly to the actual gas usage shown above due to timing difference in reporting.
- (6) From billing data
- (7) Based on PG&E's G-NR1 rate schedule.
- (8) Includes: Procurement Charge, Capacity Charge, Brokerage Fee, Shrinkage, and Storage.
- (9) PG&E Transportation Charge; Customer Charge, and surcharge for Public Purpose Programs. Does not include Franchise Fees and City Taxes.

ABAG POWER Natural Gas Program

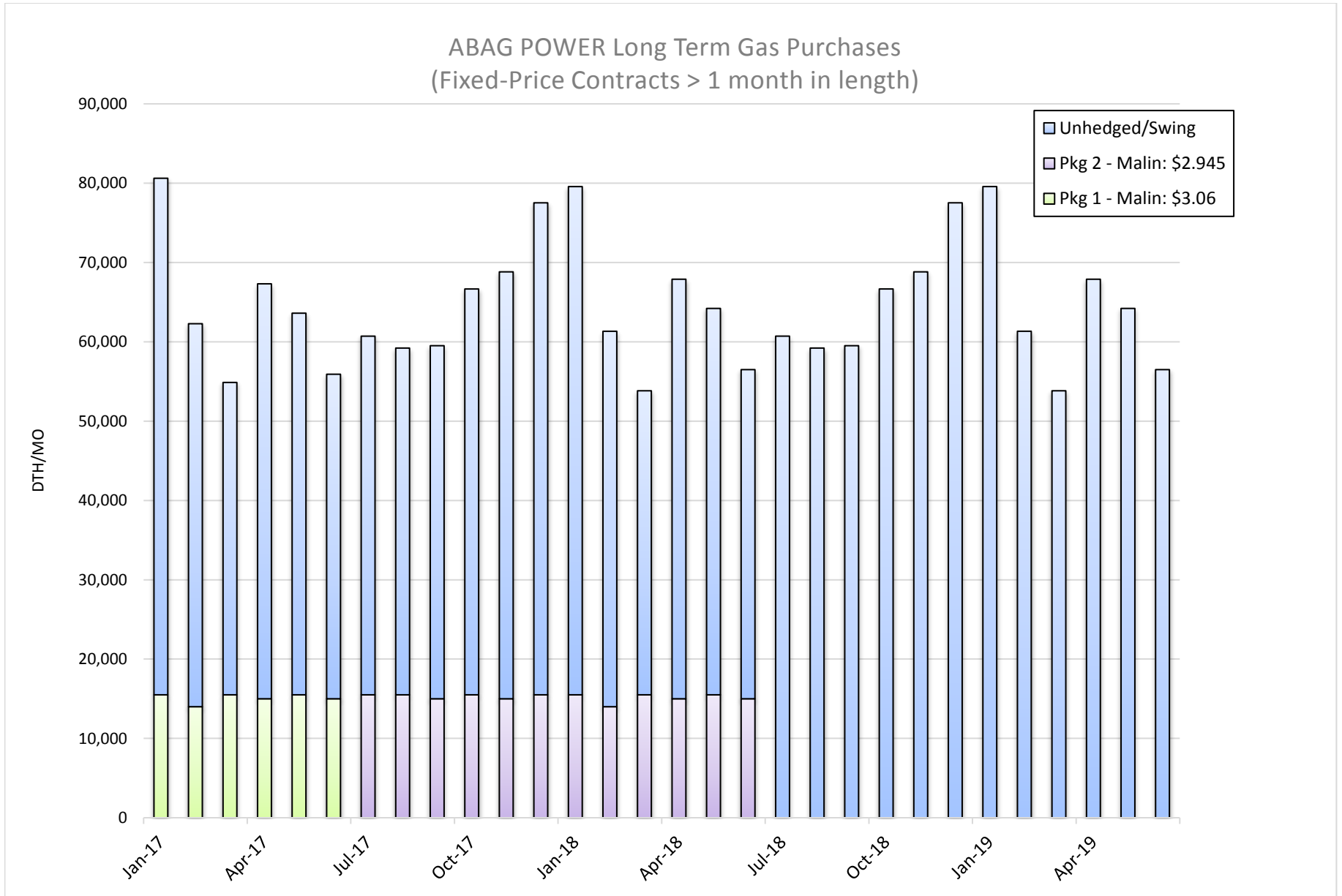
FY 2017-18 Monthly Summary of Operations

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
<u>Rate Comparison</u>													
Monthly Rate Difference (\$/Dth)													
Monthly Savings (\$)													
Cumulative 'Savings' (\$)													
Cumulative 'Savings' (%)													
Monthly Index Postings													
NGI Bidweek for PG&E Citygate	\$3.25	\$3.28											
Gas Daily Avg. for PG&E Citygate	\$3.23												
NGI Bidweek for Malin	\$2.72	\$2.70											

Notes:

- (1) All gas quantities in Dth and rates in \$/Dth. (Does not include imbalance purchases traded to storage.)
- (2) Weighted Average Cost of Gas (WACOG) at PG&E Citygate
- (3) Includes costs to transport gas to PG&E Citygate from alternate delivery points, as well as physical storage costs.
- (4) Includes scheduling fees, billing fees, administrative costs and misc. expenses; less interest income.
- (5) PG&E charges billed to ABAG POWER via EDI process and passed through to customers. These costs do not necessarily tie directly to the actual gas usage shown above due to timing difference in reporting.
- (6) From billing data
- (7) Based on PG&E's G-NR1 rate schedule.
- (8) Includes: Procurement Charge, Capacity Charge, Brokerage Fee, Shrinkage, and Storage.
- (9) PG&E Transportation Charge; Customer Charge, and surcharge for Public Purpose Programs. Does not include Franchise Fees and City Taxes.

Gas Hedge Chart



MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



DATE: August 17, 2017

TO: ABAG POWER Executive Committee

FROM: Gerald Lahr, Energy Programs Manager

RE: **Natural Gas Program Review & Draft Recommendations**

ABAG POWER staff provide this review of the Natural Gas Aggregation Program as part of an on-going effort by the Executive Committee to understand the opportunities and benefits of the program, as well as any potential program limitations. The draft recommendations are provided for review and input by the Executive Committee prior to the Board meeting in October.

Background.

ABAG POWER. Since 2002 the ABAG POWER Natural Gas Program has operated with the dual goals of *Cost Savings* and *Price Stability*.

- **Price Stability.** It is desirable that the Program's purchasing strategy and costs allocation methods be such that will provide members a reasonable degree of certainty of the costs to be shared within any given program year.
- **Cost Savings.** Given the desire for price stability, the Program shall attempt to provide gas procurement services for less than the equivalent services provided by the default provider (i.e. PG&E).

For many years the program strived to achieve these goals by implementing a gas purchasing strategy that emphasized multiple layers of long-term, fixed-price contracts for a majority of its gas load, while the remaining portion of gas was purchased with short-term, variable-priced (indexed-based) contracts. This strategy generally resulted in positive savings during times of rising markets, and negative savings during falling markets, while maintaining price stability.

In late 2014, ABAG POWER's Executive Committee voted to alter its gas purchasing strategy by shifting its emphasis from long-term, fixed-price contracts to short-term, indexed-based contracts.¹ The decision hoped to capitalize on comparatively low market prices of natural gas and served as an effort to combat increased costs related to the pipeline capacity issues. While this modified strategy has been successful in providing rates that are more stable than PG&E's, and also achieving lower rates than likely would have otherwise been achieved, the strategy has not yet provided sustainable 'savings'.

PG&E. PG&E is the default natural gas provider for all core customers within its territory. PG&E's exact purchasing strategy is subject to confidentiality rules approved by the CPUC, however PG&E

¹ During the past year ABAG POWER purchased approximately 25% of its gas in long term, fixed price contracts.

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purchases gas from the market, and is incentivized to keep their gas prices within a specified range of specific market indices, and is thus subject to the significant market swings. (See CPIM discussion below.) Additionally, PG&E is allowed to enter into certain hedging products following an approved ‘hedging plan’, and recover the costs of these products from core customers. The hedging plan is also subject to confidentiality. PG&E sets the commodity portion of their gas rate (‘Core Procurement’ Rate) on a monthly basis. PG&E does not provide gas commodity supply to noncore (high usage) customers.

Current Program Status.

Purchasing Strategy. ABAG POWER’s general gas purchasing policy limits the duration of gas purchases to no more than three years, and the current gas purchasing strategy established by the Executive Committee is as follows:

- The program will purchase the majority of its gas requirements based on a monthly or daily index that will float with the market price of gas.
- The program will attempt to have a maximum of 500 Dth/day in long-term, fixed-price contracts.
- Staff will monitor the price volatility of the overall portfolio and recommend actions necessary to ensure adequate cash flow, including changes to members’ monthly levelized payments.
- No gas purchase commitments beyond June 30, 2018.

Savings. ABAG POWER calculates ‘savings’ by comparing its weighted average year-end rate (\$/Dth) to the rate that most members would be assigned if they were a customer of PG&E (Small Commercial Tariff: GNR-1). Since 2010 ABAG POWER’s relative savings has ranged from a +1.7% to -7.7%, with an average of -1.4%.² Additionally, the preliminary savings figure for 2016-17 is estimated at -3.4%

<u>ABAG POWER Natural Gas Savings</u>	
<u>Fiscal Yr</u>	<u>% Savings</u>
FY 2010-11	-1.1%
FY 2011-12	1.7%
FY 2012-13	1.4%
FY 2013-14	0.5%
FY 2014-15	-3.3%
FY 2015-16	-7.7%
	-1.4%

These low savings figures can be attributed to: the relatively low market rates for gas commodity over this period; the low PG&E core procurement rates, and the additional pipeline capacity costs which were implemented beginning in early 2012.

Stability. During this same period (2010 – 2016), ABAG POWER has maintained a more stable (less volatile) rate than PG&E. See table below.

² The FY 2015-16 savings of -7.7% included an adjustment for a previous Imbalance error by PG&E.

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Period	Rate Volatility (β) ³			
	ABAG POWER			PG&E
	Budgeted Rate	Monthly Rate	True-up Rate	G-NR1 Core Procurement Rate
FY 2010-11	0.00	0.55	0.00	0.36
FY 2011-12	0.00	0.67	0.00	1.09
FY 2012-13	0.00	0.79	0.00	0.53
FY 2013-14	0.00	0.36	0.00	1.10
FY 2014-15	0.00	0.66	0.00	1.18
FY 2015-16	0.00	-0.06	0.00	1.19
FY 2003-16	0.57	0.76	0.63	1.02

ABAG POWER's greater rate stability can be attributed to its implementation of a leveled billing system, and its greater reliance on long term, fixed price contracts.

Opportunities / Challenges.

Risk Management – Purchasing Strategy/Flexibility. When operating an aggregation program such as ABAG POWER participants are better able to manage their risks to meet the needs of the specific group. As in any financial portfolio management a wide variety of risk/reward options are available. These range from the high risk/reward option of being 100% in the spot market to the low risk/reward option of hedging or buying forward 100% of your commodity needs. If desired, a Core Transportation Agent (CTA), such as ABAG POWER, has the flexibility to design a purchasing strategy that would allow members to lock in a price and thus have almost complete price certainty for budgeting purposes. This flexibility is not available as a PG&E customer.

PG&E CPIM. PG&E is incentivized to keep their natural gas prices at a reasonable level through a process known as the Core Procurement Incentive Mechanism (CPIM). Through this process, approved by the CPUC, PG&E is allowed to recover the full costs of their gas purchases if they keep their costs within a specified range of a baseline amount. The baseline is determined by averaging certain monthly gas price indices. If PG&E's costs are higher than the specified range their shareholders must share in the additional cost. If PG&E's costs are below the range, their shareholders are able to share in the additional savings. This incentive mechanism places PG&E at risk for gas purchases that are outside the parameters of the baseline indices. That is, any purchases they buy forward longer than a one-month period would put them at risk. As a result of this, PG&E's prices will tend to follow the monthly spot market and thus be subject to significant volatility. While PG&E is allowed to engage in certain hedging products (e.g., options, swaps), PG&E does not have an incentive to provide price stability. This, therefore, creates an opportunity for CTAs to provide services so that their customers can achieve greater price stability than that provided by PG&E's pricing system.

³ A β value of 1.0 represents a rate volatility equivalent to the volatility of the NGI Monthly PG&E Citygate Index; a value of 0.0 represents a rate with no volatility.

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Commodity Costs. ABAG POWER competes with other CTAs, as well as PG&E to receive the lowest priced gas commodity available that will meet the group's needs. CTAs are challenged to find opportunities to purchase gas at a rate consistently below PG&E's while maintaining other program goals. ABAG POWER's dual goals of Price Stability and Cost Savings can potentially fight against each other.

If 'price stability' is the more highly valued goal, then the majority of the program's gas needs should be met with long term, fixed price contracts, which would increase the program's long term cost stability. However, this would also place the program at risk of buying gas at rates higher than the market (and PG&E) if market rates were to subsequently fall. I.e., cost savings may be compromised.

If, on the other hand, 'cost savings' is the more highly valued goal, than a strategy of shorter term purchasing may be appropriate. Below is an analysis that compares ABAG POWER and PG&E rates to two standard market indices.

Gas Price Comparison 2010 - 2016

(Commodity and operational costs only - does not include PG&E transportation costs)

Fiscal Year	ABAG POWER Avg. Rate*	PG&E Core Proc. Avg. (GMR-1)*	Avg. Market Rates (Commodity only)	
			NGI Monthly Index	Gas Daily Avg Index
2010-11	5.54	5.44	4.31	4.27
2011-12	4.53	4.67	3.51	3.40
2012-13	4.38	4.50	3.69	3.71
2013-14	5.09	5.13	4.49	4.67
2014-15	4.98	4.67	3.85	3.71
2015-16	3.78	3.15	2.60	2.56
Average	4.74	4.64	3.74	3.72

* Average weighted by monthly usage.

Purchase Margin:	0.02
Operating Exp:	0.49
Total:	4.23
\$ Savings:	0.41
% Savings:	8.9%

Cost Efficiencies. Gas commodity costs and transportation costs represent the great majority of ABAG POWER expenses. These are both variable costs, i.e, the costs increase directly as the gas usage increases. Because of this relationship there is no 'economies of scale' associated with these costs.

However, a small portion of the budget is represented by fixed costs that change very little with a change in usage. These costs are primarily the program operating expenses (administrative costs/ABAG fees,

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scheduling fees, legal and regulatory costs, etc.) If these costs were spread across a larger pool of usage, a modest increase in savings could be achieved.

Relative Savings Increase w/ Increase Usage

Usage Incr %	Avg. Savings Incr
0	0.00%
10	0.54%
20	1.00%
30	1.38%
40	1.71%
50	2.00%
60	2.25%
70	2.47%
80	2.66%
90	2.84%
100	2.99%

Noncore Services. Higher usage accounts have the opportunity to be designated as ‘noncore’ and thus take advantage of lower distribution rates than they could otherwise receive as a core account.⁴ PG&E does not provide gas supply services to noncore accounts, so any customer that is eligible and chooses noncore service, is required to contract with an alternate provider for their gas commodity supply.⁵

ABAG POWER provides natural gas supply, scheduling and balancing services to noncore accounts. High usage, local government accounts that are typically eligible for noncore service include: hospitals, wastewater treatments facilities, jails, large office buildings, co-generation facilities, etc. While ABAG POWER currently has three such accounts in its program, gaining additional noncore accounts would allow the program to spread its fixed costs and gain additional purchasing power.

Recommendations. Staff recommend the following actions to improve the ability of ABAG POWER to meet its goals, and provide on-going benefits to its members. These recommendations are provided for review input by the Executive Committee prior the ABAG POWER Board meeting in October.

- Increase usage/membership to spread fixed costs and gain greater economies of scale, including increasing noncore customers. This effort should target higher usage accounts – both core and noncore (e.g., hospitals, wastewater treatment plants, jails, etc.).
- Modify gas purchasing strategy to move predominately into the short term market. I.e., by default, gas purchases would be made based on monthly and daily indices – longer term purchases would be made only by exception. (Note: This strategy could not be fully implemented until July 2018.)
- Continue to implement a levelized billing system that stabilizes gas rates and bills within a fiscal year.

⁴ Noncore customers must have an average monthly usage greater than 20,800 therms.

⁵ PG&E provides gas distribution services to noncore customers at the appropriate noncore rate.

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- Continue to provide CTA Consolidated billing, and associated billing support services. This would include supporting members with their interactions with PG&E.
- Look for additional ways to provide value to members that meets the objectives of ABAG POWER, e.g., biogas.



DT: August 10, 2017
TO: ABAG POWER Executive Committee
FM: Gerald L. Lahr, ABAG POWER Program Manager
RE: CTA Minimum Operating Standards (PUC § 985)

Background. Senate Bill 656, which became effective on January 1, 2014, established a regulatory framework for Core Transportation Agents (CTAs) by adding Sections 980 to 989.5 to the state's Public Utilities Code (PUC). While many of the provisions in this new code do not apply to public agencies, some of the sections do require actions by public agency CTAs, in particular PUC § 985.

PUC § 985. This section requires minimum standards in specifically defined subject areas be adopted by CTAs. For public agencies, the standards must be adopted by "the governing body of a public agency offering gas services to core gas customers within its jurisdiction."

Recommendation. Adopt Resolution 17-01 in accordance with the requirements of PUC § 985.

Attachments: PUC Section 985
Resolution No. 17-01



PUBLIC UTILITIES CODE - PUC

DIVISION 1. REGULATION OF PUBLIC UTILITIES [201 - 3260]

(Division 1 enacted by Stats. 1951, Ch. 764.)

PART 1. PUBLIC UTILITIES ACT [201 - 2120]

(Part 1 enacted by Stats. 1951, Ch. 764.)

CHAPTER 4.7. Core Transport Agent [980 - 989.5]

(Chapter 4.7 added by Stats. 2013, Ch. 604, Sec. 4.)

985.

Rules that implement the following minimum standards shall be adopted by the commission for core transport agents offering gas services to core gas customers and the governing body of a public agency offering gas services to core gas customers within its jurisdiction:

(a) Confidentiality. Customer information shall be confidential unless the customer consents in writing. This shall encompass confidentiality of customer-specific billing, credit, or usage information. This requirement shall not extend to disclosure of generic information regarding the usage, load shape, or other general characteristics of a group or rate classification, unless the release of that information would reveal customer-specific information because of the size of the group, rate classification, or nature of the information.

(b) Physical disconnects and reconnects. Only a gas corporation, or a publicly owned gas utility, that provides physical delivery service to the affected customer shall have the authority to physically disconnect or reconnect a customer from the transmission or distribution grid. Physical disconnection by gas corporations subject to the commission's jurisdiction shall occur only in accordance with protocols established by the commission. Physical disconnection by publicly owned gas utilities shall occur only in accordance with protocols established by the governing board of the local publicly owned gas utility.

(c) Change in providers. Upon adequate notice supplied by a core transport agent to the gas corporation or local publicly owned gas utility providing physical delivery service, customers who are eligible for core transport service may change their energy supplier. Energy suppliers may charge for this change, provided that any fee or penalty charged by the supplier associated with early termination of service, shall be disclosed in that contract or applicable tariff.

(d) Written notices. Notices describing the terms and conditions of service as described in Section 986, service agreements, notices of late payment, notices of discontinuance of service, and disconnection notices addressed to core gas customers shall be easily understandable and shall be provided in the language in which the core transport agent offered the services.

(e) Billing. All bills shall have a standard bill format, as determined by the commission or the governing body, and shall contain sufficient detail for the customer to recalculate the bill for accuracy. Any late fees shall be separately stated. A core transport agent shall provide on all customer bills a telephone number by which customers may contact the core transport agent to report and resolve billing inquiries and complaints. A core transport agent contacted by a customer regarding a billing dispute shall advise the customer at the time of the initial contact that the customer may file a complaint with the commission if the customer's dispute is not satisfactorily resolved by the core transport agent.

(f) Meter integrity. A gas customer shall have a reasonable opportunity to have his or her meter tested to ensure the reasonable accuracy of the meter. The commission or governing body shall determine who is responsible for the cost of that testing.



California
LEGISLATIVE INFORMATION

(g) Customer deposits. Core transport agents may require customer deposits before commencing service, but in no event shall the deposit be more than the estimated bill for the customer for a three-month period.

(h) Additional protections. The commission or the governing body may adopt additional core gas consumer protection standards that are in the public interest.

(Added by Stats. 2013, Ch. 604, Sec. 4. Effective January 1, 2014.)

**ABAG PUBLICLY OWNED ENERGY RESOURCES
EXECUTIVE COMMITTEE
RESOLUTION NO. 17-01**

**RESOLUTION ADOPTING CORE TRANSPORT
AGENT MINIMUM OPERATING STANDARDS**

Whereas, the ABAG Publicly Owned Energy Resources (ABAG POWER) is a joint powers authority that is the core transport agent to its public entity members that are core and noncore gas customers of the Pacific Gas & Electric Company (PG&E);

Whereas, Section 985 of the California Public Utilities Code (PUC), established by SB 656 (2013), requires that for public agencies, certain minimum standards must be adopted by the governing body of a public agency offering gas services to core gas customers within its jurisdiction;

Whereas, the Executive Committee of the Board of Directors of ABAG POWER has determined that it is in the best interest of ABAG POWER to acknowledge and adopt rules in compliance with the standards set forth in PUC § 985;

Whereas, the Executive Committee has reviewed the proposed standards attached hereto as Exhibit A and certifies the proposed standards meet or exceed the requirements set forth in PUC § 985;

NOW, THEREFORE, BE IT RESOLVED that the Executive Committee of the Board of Directors of ABAG POWER hereby adopts the attached Exhibit A as the minimum operating standards of ABAG POWER.

The foregoing was PASSED AND ADOPTED this twenty-third day of August 2017.

AYES:
NOES:
ABSTAINED:
ABSENT:

Julia R. Bueren, Chair

Certification of Executive Board Approval

I, the undersigned, the appointed and qualified Secretary of the ABAG Publicly OWned Energy Resources (ABAG POWER), do hereby certify that the foregoing resolution was adopted by the Executive Committee of the Board of Directors of ABAG POWER at a duly called meeting held on the 23rd day of August 2017.

Gerald L. Lahr, Secretary

STANDARDS
for
GAS SERVICES PROVIDED
by
ABAG POWER

Statement of Intent and Interpretation: The ABAG Publicly OWned Energy Resources (POWER) is a joint powers authority formed by public entities (Members) in the service territory of the Pacific Gas and Electric Company (PG&E), an investor owned utility (IOU) to act, in part, as the core transport agent for the Members. The Members for whom POWER acts as the core transport agent are ‘customers’ of POWER as that term is defined in PUC § 980. POWER adopts these standards in compliance with the requirements of California Public Utilities Code (PUC) § 985. These standards shall be construed to achieve the public purposes of PUC § 985.

1. **Confidentiality** (PUC § 985(a))

PUC § 985(a) states that customer-specific information shall be confidential unless the customer consents in writing. However, POWER and all Members are public entities and subject to the California Public Records Act (Government Code §§ 6250 - 6276.48) (CPRA) which requires POWER and the Members to disclose all documents in their possession that are not exempt under the CPRA. None of the exemptions in the CPRA applies to any of the customer specific billing, credit or usage information that either POWER or a Member may have in its possession. Further, the CPRA does not require that POWER obtain the written consent of any Member prior to releasing any document in its possession that is subject to the CPRA. Therefore, PUC § 985(a) does not apply to POWER.

2. **Physical Disconnects and Reconnects** (PUC § 985(b))

Gas delivery infrastructure is owned and maintained by PG&E. Pursuant to PUC § 985(b), PG&E shall be responsible for all physical disconnects and reconnects necessary for gas delivery. All physical disconnects or reconnects shall be in accordance with the protocols established by the California Public Utilities Commission (CPUC) and PG&E.

3. **Change in Providers** (PUC § 985(c))

PUC § 985(c) authorizes POWER to charge a fee when a customer changes service providers, provided such charge is disclosed in the contract between POWER and its customers. Section 13.1 of the Core Natural Gas Sales and Aggregation Agreement (Agreement) between POWER and each of its customers provides as follows:

[The customer] may cancel the Agreement by giving ABAG POWER written notice by June 1 of its intent to terminate on June 30 of the third year following the date notice was given.

Pursuant to PUC § 985(c), POWER adopts the following tariff which shall be distributed to all customers upon adoption:

- (a) Any Member may cancel the Agreement between it and POWER pursuant to section 13.1 or upon dissolution of the natural gas aggregation program without charge.

(b) Any Member that cancels the Agreement between it and POWER with less notice than required by the Agreement will be charged a fee equal to the administrative costs that would have been charged to such Member, as well as any stranded natural gas costs, for the period of time between the date of the actual date of cancellation of the Agreement and the earliest date of cancellation permitted under section 13.1. The fee shall be set by the ABAG POWER Executive Committee or Board.

4. **Written Notices** (PUC § 985(d))

The POWER Core Natural Gas Sales and Aggregation Agreement and form of notices describing the terms and conditions of service, service agreements, notices of late payment, notices of discontinuance of service, and notices of disconnection, if any, are attached as Appendix A.

5. **Billing** (PUC§ 985(e))

POWER will provide all customer bills in a standard billing format containing sufficient detail for the customer to recalculate the bill for accuracy, and a telephone number by which customers may contact POWER to report and resolve billing inquiries and complaints. Upon being contacted by a customer regarding a billing dispute, POWER will advise the customer at the time of the initial contact that the customer may file a complaint with the CPUC if the customer's dispute is not satisfactorily resolved by ABAG POWER.

6. **Meter Integrity** (PUC § 985(f))

All gas customers shall have a reasonable opportunity to have their meter tested to ensure the reasonable accuracy of the meter in accordance with CPUC protocols and the meter owner's policies.

7. **Customer Deposits** (PUC § 985(g))

POWER currently requires a customer to provide a working capital deposit in an amount equal to two times the average monthly bill at the time the customer joins the ABAG POWER Gas Aggregation Program. POWER will not require a working capital deposit of, nor increase the working capital deposit to, an amount over three times the customer's average monthly bill.

8. **Additional Protections** (PUC § 985(h))

The ABAG POWER Board of Directors or Executive Committee may adopt additional customer protection standards that are in the public interest.

CORE NATURAL GAS SALES AND AGGREGATION AGREEMENT

By and Between

ABAG POWER

and

(Name of Public Agency)

For service within the territory of
Pacific Gas & Electric Company

CORE NATURAL GAS SALES AND AGGREGATION AGREEMENT

This Core Natural Gas Sales and Aggregation Agreement, hereinafter "Agreement", is made and entered into as of this _____ day of _____ 20___, by and between the ABAG Publicly OWned Energy Resources, a California joint powers agency, hereinafter "ABAG POWER", and the _____ (name of public agency), a _____ (charter/general law city or county or special district), hereinafter "Public Agency".

The parties hereby agree as follows:

1. Eligibility: Public Agency is a member of ABAG POWER. ABAG POWER shall provide directly or, at its option, shall contract to provide coordination services for the purchase and management of a natural gas program for members of ABAG POWER participating in said program [Participant(s)].
2. Authorities: Public Agency is a customer of PG&E for core natural gas distribution services. ABAG POWER is a designated Core Transportation Agent (CTA) in accordance with PG&E's Rule 23 and Tariff G-CT ("Program"). Public Agency appoints ABAG POWER as its exclusive agent to coordinate its purchase and management of natural gas, on behalf of Public Agency for the facilities listed in Exhibit A, which is attached hereto and incorporated herein. All parties understand and agree that the authority for the Program is granted by and subject to the CPUC, as initially authorized by CPUC Decision No. 91-02-040 and as modified through various subsequent CPUC Decisions. This Agreement is pursuant to the Utility Aggregation Tariff Rate Schedule(s), Tariff Rules and terms and conditions set forth in such agreement. Public Agency represents and warrants that any prior aggregator authorizations which Public Agency may have executed will be terminated effective no later than the date of this authorization.
3. Services: ABAG POWER shall deliver, or cause to be delivered, the following services to Public Agency:
 - 3.1 Analyze and evaluate natural gas supply and transportation strategies;
 - 3.2 Negotiate and implement natural gas purchase, transportation and other similar gas services for Participants;
 - 3.3 Perform nominations of gas purchased and transportation services on behalf of Public Agency's facilities as listed in Exhibit A;
 - 3.4 Monitor gas account imbalances;
 - 3.5 Generate invoices for all natural gas purchases and services for ABAG POWER to perform as required under the Agreement. Invoices will include the following information:
 - 3.5.1 For each facility listed in Exhibit A, the monthly usage, and gas charges, including, but not limited to, ABAG POWER operational and administrative fees.

3.5.2 The status of the account identifying the prior account balance, any payments since the previous invoice, current charges plus any applicable late payment charges and credit balances as calculated pursuant to Paragraph 9.3; and

3.6 Provide general consultation services.

4. Enrollment Notification of Changes: Public Agency shall through the attached Exhibit A submit to ABAG POWER its list of accounts to be served hereunder. Public Agency represents and warrants that all facilities listed in Exhibit A distribute natural gas used by Public Agency and that none of the facilities will be serviced by another core transport agent as of the Start Date as defined in Paragraph 9.5. Public Agency shall also notify ABAG POWER forty-five (45) days in advance of changes in Public Agency's facilities or operations which are reasonably expected to increase or decrease the consumption of natural gas more than ten percent (10%) as compared to historical levels. Public Agency may add facilities to Exhibit A upon prior written notice to ABAG POWER. Public Agency may delete facilities from Exhibit A only upon written consent by ABAG POWER, which consent shall not be unreasonably withheld, except that Public Agency may delete facilities without ABAG POWER's consent if Public Agency abandons the facility or transfers the facility to another entity.

5. Agency Relationship: Public Agency authorizes ABAG POWER to act as its exclusive agent for the Program and does hereby constitute and appoint an authorized officer or agent of ABAG POWER to act on its behalf as its lawful agent for the implementation of the Program. This authorization shall include the right to do and perform all acts, with full power to execute all documents requisite and necessary to be done in all matters relating to the purchase, sale, and transportation of natural gas. Therefore, Public Agency authorizes ABAG POWER to take actions appropriate to establish and implement the Program, including, but not limited to:

5.1 Aggregating the gas supplies and services of Public Agency with those of other Participants in conjunction with providing such gas supplies and services to Public Agency and pursuant to the terms and conditions of the Program;

5.2 Executing local distribution company riders and other documentation on behalf of Public Agency;

5.3 Nominating gas supplies on behalf of Public Agency;

5.4 Handling gas imbalances, gas storage, and all other operational transactions with the Utility in order to deliver gas to the Utility for subsequent redelivery to Public Agency; and

5.5 Arranging for payment of Program bills for natural gas, transportation and other Utility charges. Public Agency understands and agrees that in the event of nonpayment by ABAG POWER, Public Agency will be responsible for payment of Public Agency's bills for gas and services, even if the Public Agency has already made payment to ABAG POWER for those gas quantities and services.

Public Agency understands that if ABAG POWER's contract with the Utility terminates for any reason, on Public Agency's receipt of notice from Utility, Public Agency will receive gas service for Exhibit A accounts under core procurement service from the Utility commencing on the first day of

Public Agency's next billing cycle pursuant to the terms and conditions of the applicable core procurement Tariff Rate Schedule for each Public Agency's accounts.

6. Title: All purchase, transportation and other gas service contracts shall be in the name of ABAG POWER.

7. Term: Subject to the provisions of Paragraphs 12 and 13 hereof, and receipt of timely notifications of alternative arrangements, this Agreement shall be in full force for a three (3) year term commencing July 1 of the year immediately following the execution date of this contract. Subject to Paragraph 13, the term of this Agreement shall be automatically extended for additional three-year periods on each July 1 provided that ABAG POWER is not in breach of this Agreement, and provided that Public Agency has not submitted on or before June 1 written notice of its decision to terminate the Agreement effective the July 1 three (3) years after said notice.

8. Fees: The operational fees for all services described in Paragraphs 3 and 5 shall be established by the ABAG POWER Board of Directors, hereinafter "Board".

9. Payment:

9.1 On a monthly basis, unless otherwise approved by Public Agency, ABAG POWER will provide, or cause to be provided, to Public Agency an invoice for the Public Agency's facilities serviced under this Agreement. Invoices will be directed to and payment is to be made directly by Public Agency to the escrow account designated pursuant to Paragraph 10 of this Agreement. Payment is due immediately upon receipt of the invoice. Late payment charges at the rate of one and a half percent (1.5%) per month calculated daily on the outstanding balance will be imposed commencing on the thirty-first (31st) day after the mailing date of the invoice. Late payment charges may, at ABAG POWER's sole discretion, be debited against Public Agency's Working Capital Account as defined in Paragraph 9.3.

9.2 ABAG POWER will invoice Public Agency, and Public Agency will pay, in monthly installments, sums representing payments for the natural gas and services provided under this Agreement (Invoiced Amounts). Initially, Invoiced Amounts will be based on ABAG POWER's estimate of Public Agency's consumption of natural gas for the month leveled to eliminate extreme consumption fluctuations but adjusted to reflect moderated seasonal fluctuations. Each invoice will also identify the costs, if any, of natural gas, including, but not limited to transportation charges and operational fees, and utility charges charged to Public Agency for the period identified in the invoice. Any disputes between the parties regarding the amount of any Actual Charges shall be resolved pursuant to Section H of Exhibit B to this Agreement, as defined in Paragraph 9.3, will be adjusted as soon as practicable to reflect the resolution of the dispute.

9.3 Upon approval of this Agreement by ABAG POWER, Public Agency shall pay a working capital deposit to ABAG POWER prior to transferring any accounts to the ABAG POWER program. This deposit is refundable when Public Agency leaves the program and all liabilities to ABAG POWER have been satisfied. The currently approved working capital deposit is calculated as follows:

[Two times the average load (therms) times the current applicable rate (\$/therm).]

9.4 After the end of each fiscal year, ABAG POWER will perform a “true-up” by calculating the difference between the Invoiced Amounts and the Actual Charges. Any difference in these amounts will be debited or credited (as appropriate) to the Public Agency in equal installments over the remaining program year’s invoices.

9.5 In accordance with the terms of Paragraph 10, ABAG POWER will first apply the Invoiced Amounts to the payment of Actual Charges. Public Agency acknowledges that during the term of this Agreement ABAG POWER has the right to use working capital deposits to pay Actual Charges incurred by other Participants in the Program as such Actual Charges become due. Such use of the monies will not be a debit against the working capital deposit and will not obviate, eliminate or modify ABAG POWER's obligation to pay Public Agency the working capital deposit amount pursuant to Paragraph 13.3. ABAG POWER retains the right to modify Invoiced Amounts to increase the sum of working capital deposits in the Program in order to timely pay Actual Charges as they become due.

9.6 ~~The initial invoice will be dated _____ and must be paid by _____ (Start Date), or this Agreement terminates on _____. Upon prior written notice to Public Agency, ABAG POWER may delay the Start Date to accommodate Program requirements.~~

9.7 In the event Public Agency fails to make timely payment consistent with the terms employed by ABAG POWER, in addition to any other remedy it may have hereunder and notwithstanding the existence of any late payment penalty, ABAG POWER may declare Public Agency to be in default and terminate the agreement. ABAG POWER is further authorized to bill Public Agency for reasonable charges associated with demands for payment on late accounts as well as reasonable charges associated with suspension and resumption of service hereunder.

10. Disbursement of Funds: Subject to the terms and conditions of this Agreement, ABAG POWER agrees to provide for sale and delivery, and Public Agency agrees to receive and to pay ABAG POWER for natural gas. Further, Public Agency agrees to pay for the Actual Charges.

10.1 An escrow account for the purposes of receiving payments by Participants and making payments to the Utilities, the gas supplier and other payees as authorized by ABAG POWER will be established.

10.2 The instructions for this escrow account have been approved by ABAG POWER, and shall include a list of the authorized recipients of payments from the account.

10.3 Only ABAG POWER may authorize release of funds from the escrow account, and such shall only be to those payees identified in the escrow instructions.

11. Gas Program Pricing:

11.1 Allocation. The gas charges to Participants will include (a) cost of the gas commodity (gas charges), (b) applicable utility transportation charges, and (c) administrative costs. Gas charges are the product of a Participant’s usage times the unit rate for gas for each month. The unit rate is the total monthly cost of natural gas purchased for all Participants at the supplier contract price divided by the

total monthly usage of Participants. Transportation and administrative charges will be allocated to each Participant based on gas usage.

11.2 Annual Report. Each year, ABAG POWER will provide each Participant with a report showing that Participant's total costs for natural gas, including transportation charges and administrative fees, and utility charges at a per therm cost for each category.

11.3 Gas Purchasing. Under the policy direction of the Board, ABAG staff will regularly canvas the natural gas market and enter into contracts to acquire natural gas for, among others, fixed price, indexed price and variable price with a minimum and/or maximum. ABAG staff, under the policy direction of the Board, has the power to execute all contracts reasonably necessary to deliver natural gas to each Participant.

12. Change of Regulations: Any future change in law, rule or regulation, or utility practice which prohibits or frustrates ABAG POWER or the Public Agency from carrying out the terms of this Agreement shall excuse both parties from their obligations, other than the obligation of Public Agency to make payments due for gas and services received.

13. Cancellation of Service:

13.1 Cancellation by Public Agency: Public Agency may cancel the Agreement by giving ABAG POWER written notice by June 1 of its intent to terminate on June 30 of the third year following the date notice was given.

13.2 Cancellation by ABAG POWER: Actions by the utilities and/or CPUC to develop rules which are in conflict with sound business practices, or impose unnecessary risk on either party to this Agreement, or substantially prevent ABAG POWER from performing its functions under this Agreement may result in the cancellation of this Agreement by ABAG POWER. ABAG POWER shall give Public Agency written notice ninety (90) days prior to such cancellation and both parties shall work diligently to minimize the negative effects on ABAG POWER and the Public Agency of such cancellation.

13.3 Working Capital Deposit: Within ninety (90) days after cancellation, ABAG POWER will pay to Public Agency the amount of its working capital as modified pursuant to Paragraph 9.2, less any debits imposed pursuant to Paragraph 9.1 and less any outstanding Actual Charges owed by Public Agency.

14. ABAG POWER Board of Directors: _____(Name of Public Agency Representative) shall be the Public Agency's representative to the Board. The Board shall provide policy direction for the Program. The Board's powers shall include admission of new Participants and the extension of any contracts for the purchase of natural gas and/or related services under rules and procedures adopted by the Board.

15. Approvals: The Public Agency Representative may grant any approval, or give any direction required by this Agreement, in writing or orally. Written approvals or directions may be transmitted physically, by facsimile or electronically. Oral approvals will be confirmed in writing by either party.

16. Attorneys' Fees: In the event either party invokes its right to arbitration under Section H of Exhibit B due to an alleged breach of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs as determined by the arbitrator.

17. Ownership of Files, Reports, Photographs, and Related Documents: Upon termination of the Agreement, any and all files, reports, photographs, plans, specifications, drawings, data, maps, models and related documents respecting in any way the subject matter of this Agreement, whether prepared by ABAG POWER, the Public Agency or third parties and in whatever media they are stored shall remain or shall become the property of the Public Agency and the Public Agency shall acquire title to, and copyright ownership of, all such documents. The Public Agency hereby grants to ABAG POWER an irrevocable license to retain a copy of all records covered by this paragraph for ABAG POWER's files.

18. Indemnity: Public Agency shall indemnify and hold harmless ABAG, ABAG POWER and their respective directors, officers, member agencies, agents and employees from and against all claims, damages, losses and expenses including attorney's fees arising out of or resulting from the performance or non-performance of the services required by this Agreement, unless such is caused by the negligence of ABAG, ABAG POWER or their respective directors, officers, member agencies, agents or employees.

19. Assignment/Security Arrangements: Public Agency hereby acknowledges that ABAG POWER may, in order to finance security deposit and cash flow deficits incurred in connection with the operation with this Program, incur short-term debt which may be secured by an assignment, encumbrance or hypothecation of this Agreement and/or payments due hereunder.

20. Notices: The following addresses for the giving of notices and billings shall be:

Public Agency Notices

Name: _____

Address: _____

Telephone No.: _____

Facsimile No.: _____

Email: _____

Attn.: _____

Public Agency Billing Address

Name: _____

Address: _____

Telephone No.: _____

Facsimile No.: _____ Email: _____

Attn.: _____

ABAG POWER Notices

ABAG
P. O. Box 2050
Oakland, CA 94604-2050
Gerald L. Lahr, Program Manager
Telephone No: 510-464-7908
Facsimile No: 510-464-5508
Email: JerryL@abag.ca.gov

21. Severability: If any provision of this Agreement or the application of any such provision shall be held by a court of competent jurisdiction to be invalid, void, or unenforceable to any extent, the remaining provisions of this Agreement and the application thereof shall remain in full force and effect and shall not be affected, impaired, or invalidated.

22. Captions: The captions appearing in this Agreement are inserted as a matter of convenience and in no way define or limit the provisions of this Agreement.

23. Other Contract Provisions: This Agreement shall be subject to the other standard provisions which are set forth in the attached Exhibit B, which is incorporated by this reference.

IN WITNESS WHEREOF, the parties have hereunto set their hands effective the date and year first above written.

ABAG PUBLICLY OWNED ENERGY RESOURCES

By: _____ Date: _____
Henry L. Gardner, ABAG POWER President

Approved as to legal form and content:

By: _____ Date: _____
Kenneth K. Moy, Legal Counsel

PUBLIC AGENCY

By: _____ Date: _____

Name: _____

Title: _____ (City Manager, County Administrator or other as designated by resolution)

Approved as to legal form and content:

By: _____

Date: _____

Name: _____

Title: _____

EXHIBIT A

List of Facility Accounts

Name of Public Agency: _____

PG&E Account Number	Street Address	City
1. <u>All Current Accounts with ABAG POWER</u>	_____	_____
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____

EXHIBIT B
STANDARD CONTRACT PROVISIONS

- A. **Time of Essence.** Time is of the essence in this Agreement.
- B. **Waiver.** The waiver by either party of a breach by the other of any provision of this Agreement shall not constitute a continuing waiver or a waiver of any subsequent breach either of the same or a different provision of this Agreement.
- C. **Controlling Law.** This Agreement and all matters relating to it shall be governed by the laws of the State of California.
- D. **Binding on Successors, Etc.** This Agreement shall be binding upon the successors, assigns, or transferees of ABAG POWER or Public Agency as the case may be. This provision shall not be construed as an authorization to assign, transfer, hypothecate, or pledge this Agreement other than as provided above.
- E. **Records/Audit.** ABAG POWER shall keep complete and accurate books and records of all financial aspects of its relationship with Public Agency in accordance with generally-accepted accounting principles. ABAG POWER shall permit authorized representatives of Public Agency and/or any of Public Agency's governmental grantors to inspect, copy, and audit all data and records of ABAG POWER relating to its performance of services under this Agreement. ABAG POWER shall maintain all such data and records intact for a period of three (3) years after the date that services are completed hereunder or this Agreement is otherwise terminated.
- F. **Prohibited Interest.** Neither ABAG, ABAG POWER or their respective directors, officers, employees or agents shall solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to subcontracts.
- G. **Insurance Requirements.**
- (1) ABAG shall, at its own expense, obtain and maintain in effect at all times during the life of this Agreement the following insurance:
 - (a) Workers' compensation insurance as required by law.
 - (b) Comprehensive general liability insurance coverage of One Million Dollars (\$1,000,000) in the aggregate for products and/or completed operations and One Million Dollars (\$1,000,000) per occurrence for automobiles.
 - (c) Professional liability insurance with minimum liability limits of Two Million Dollars (\$2,000,000) in the aggregate.
 - (2) All ABAG's insurance policies shall contain an endorsement providing that written notice shall be given to Public Agency at least thirty (30) days prior to termination, cancellation, or reduction of coverage in the policy or policies, and all policies shall be carried by an insurance company or companies acceptable to Public Agency.

(3) In addition, each policy or policies of insurance described in subparagraph (2) above shall contain an endorsement providing for inclusion of Public Agency and its directors, officers, agents, and employees as additional insureds with respect to the work or operations in connection with this Agreement and providing that such insurance is primary insurance and that no insurance of Public Agency will be called upon to contribute to a loss.

(4) Promptly upon execution of this Agreement, ABAG shall deliver to Public Agency certificates of insurance evidencing the above insurance coverages. Such certificates shall make reference to all provisions or endorsements required herein and shall be signed on behalf of the insurer by an authorized representative thereof. ABAG agrees that at any time upon written request by Public Agency to make available copies of such policies certified by an authorized representative of the insured.

(5) The foregoing requirements as to types and limits of insurance coverage to be maintained by ABAG and approval of policies by Public Agency are not intended to, and shall not, in any manner limit or qualify the liabilities and obligations otherwise assumed by ABAG pursuant to this Agreement, including, but not limited to, liability assumed pursuant to ABAG's insurance policies under Subsections (1)(b) of this section.

(6) ABAG shall require all subcontractors to comply with the insurance requirements described in Section G(1)(a)-(c), inclusive.

H. **Arbitration.** Any dispute between ABAG POWER and the Public Agency regarding the interpretation, effects, alleged breach of powers and duties arising out of this Agreement shall be submitted to binding arbitration. The arbitrator shall be selected by agreement between the parties by lot from a list of up to six (6) arbitrators with each party submitting up to three (3) arbitrators.



**ABAG POWER
ANNUAL BOARD MEETING**

October 26, 2017 (11:00 a.m. to 2:00 p.m.)

**Association of Bay Area Governments
Bay Area Metro Center
375 Beale Street, San Francisco, CA 94105
(Conference Room: CR-109 Yerba Buena)**

Chair: Tonya Gilmore

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|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------------|
| 1. Welcome
ATTACHMENT 1A - ABAG POWER JPA MEMBER LIST | Gilmore | |
| 2. Public Comments | Gilmore | |
| 3. Approval of Minutes from October 19, 2016 Annual Board Meeting
ATTACHMENT 3A - MINUTES OF OCTOBER 19, 2016 | Gilmore | Action |
| 4. ABAG-MTC Staff Consolidation / Local Government Services
Staff will provide an update on the ABAG-MTC staff consolidation, its impacts to ABAG POWER, and the new MTC Local Government Services section.
ATTACHMENT 4A – ? | Paul | Action |
| 5. Staff Report and Review of Natural Gas Program
Staff will report the results of the Natural Gas Program for the 2016 – 2017 fiscal year.
ATTACHMENT 5A - STAFF REPORT ON NATURAL GAS PROGRAM
ATTACHMENT 5B - SUMMARY OF NATURAL GAS PROGRAM FY2016-17 | Lahr | Info. |
| 6. Financial Review
Staff will review preliminary financial statements for FY 2016-17
ATTACHMENT 6A – FINANCIAL REPORTS MEMO
ATTACHMENT 6B1 – PRELIMINARY INCOME STATEMENT
ATTACHMENT 6B2 – PRELIMINARY BALANCE SHEET | ? | Info. |
| 7. Election of ABAG POWER Officers (Chair and Vice Chair)
ATTACHMENT 7A - PROPOSED EXECUTIVE COMMITTEE FOR FY 17-18 | Gilmore | Action |

Break for Lunch

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| 9. San Francisco Bay Area Regional Energy Network (BayREN)
Staff will summarize the programs and accomplishments to date. | Berg | Info. |
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Adjourn approximately 2:00 p.m.

THE BOARD MAY TAKE ANY ACTION, INCLUDING NO ACTION, ON ANY ITEM ON THIS AGENDA.