

RULE NO. 4

WRITTEN CONTRACTS

All contracts for gas service by the Company shall be subject to the following terms and conditions:

A. REQUIREMENT

Written contracts for gas service will not be required as a condition precedent to service except:

1. As required by conditions set forth in the regular schedule of rates approved or accepted by the Public Utilities Commission of the State of California; or
2. In the case of gas main extensions or temporary service, for a period not to exceed three years, except by special permission from the Public Utilities Commission of the State of California.

B. INTERPRETATION

The interpretation and performance of any contracts for gas service shall be in accordance with the laws of the State of California, and the orders, rules and regulations of the Public Utilities Commission of the State of California, in effect from time to time.

C. AMENDMENT OR MODIFICATION

Except as required to conform with California law and the orders, rules and regulations of the Public Utilities Commission of the State of California, no amendment or modification shall be made to any contracts for gas service except by an instrument in writing executed by all parties thereto, and no amendment or modification shall be made by course of performance, course of dealing or usage of trade.

D. WAIVER

No waiver by any party of one or more defaults under any contracts for gas service shall operate or be construed as a waiver of any other default or defaults, whether of a like or different character.

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*(Continued)*

E. DAMAGES

No party under any contracts for gas service shall be assessed any special, punitive, consequential, incidental, or indirect damages, whether in contract or tort, for any actions or inactions arising from or related to such contract.

F. ASSIGNMENT

No contracts for gas service (or any rights or obligations related thereto) shall be assigned without the prior written consent of the Company, which consent shall not be unreasonably withheld (but the Company may require that any assignee confirm in writing its express assumption of the rights and obligations of its predecessor).

G. HINSHAW EXEMPTION

In the event that any governmental entity (including a court) issues an order or rule which would result in the loss of the Company's Hinshaw Exemption from federal regulation if a contract entered into by the Company remains in effect, the Company may terminate such contract.