

**Appendix R**  
**Southern California Gas Company Will Serve Letter**





Joe Sullivan  
Account Manager

Southern California Gas Company  
555 W. Fifth Street  
ML GT22A1  
Los Angeles, CA 90013

Tel: 213-244-3846  
Fax: 213-244-8222  
jsullivan@semprautilities.com

April 15, 2009

Hydrogen Energy  
One World Trade Center, Suite 1600  
Long Beach, CA 90831-1600

Attention: Mr. John O'Brien, Engineer

**Subject: Gas Transportation Service Request Response for 400 MW Power Plant Project**

Dear Mr. O'Brien,

Thank you for your request concerning gas transportation service to a new electric generation facility to be located on land occupying Section 10, SE  $\frac{1}{4}$  of Section 9 and NE  $\frac{1}{2}$  of Section 15 in Township 30 South, Range 24 East, Mount Diablo Meridian, in Kern County, California. As you requested, our review was performed assuming a plant size of 400 MW using a maximum fuel flow of 3.5 MMCFH at full capacity (equivalent to 84 MMcfd on a daily basis). Subject to the execution of appropriate contracts, Southern California Gas Company ("SoCalGas") would agree to provide natural gas transportation service to the proposed Hydrogen Energy California Power Plant subject to applicable CPUC approved rules and tariffs.

The minimum operating pressure range of our transmission system at this location is currently 350 psig. Service pressure level is provided on an as-available basis, with no pressure level guarantees or warranties of any kind. The availability of natural gas service, as set forth in this letter, is based on current conditions of gas supply and regulatory policies and is not a guarantee of future operations.

The facility can be served by SoCalGas. The interconnection would consist of a 16-inch diameter pipeline extending for approximately 5.5 miles from the beginning of SoCalGas' pipeline 225 to the proposed plant site. In addition, the interconnection requires a tap and construction of an appropriate meter set, at an estimated total cost of approximately \$13 million +/-30%. This estimate has a sunset date of six months from the date this information is submitted to you. For an additional fee, SoCalGas can prepare a detailed engineering construction estimate that would include costs that have been omitted from this preliminary estimate.



A  Sempra Energy utility<sup>†</sup>

*This preliminary cost estimate is for the construction cost of the facilities and is provided at your request. SoCalGas/SDG&E have not performed a detailed specific site or route evaluation for your project in the development of this estimate. Additionally, costs associated with permitting, paving, right-of-way, environmental, gas quality, measurement, regulatory, and land acquisition/development issues; and any unusual construction costs or facility requirements (e.g. freeway, river, or channel crossings) are explicitly excluded from this preliminary cost estimate. These costs are the developer's responsibility and can be significant.*

*SoCalGas/SDG&E's construction costs also continue to rise with increasing costs of labor and materials. Since this preliminary cost estimate is developed using average historical project cost data, it is highly likely that the actual construction costs for your particular project could vary significantly from this preliminary estimate based on the actual design, permitting and construction variables associated with this specific project. SoCalGas/SDG&E urge you to retain the services of a third-party engineering construction firm, or enter into a design and engineering contract with SoCalGas/SDG&E to develop a more accurate construction cost estimate for your specific project. SoCalGas/SDG&E do not recommend any use of this preliminary cost estimate. Any use by you is at your own risk and should factor in the above risks and limitations.*

Assuming normal planning and construction schedules, SoCalGas requires approximately 12 to 18 months from the completion of contracts and the receipt of any necessary deposit in order to complete the planning, design and construction of the service facilities needed for your project.

Thank you for your consideration. Please call me at (213) 244-3846 if you have any questions.

Very truly yours,  
SOUTHERN CALIFORNIA GAS COMPANY

A handwritten signature in black ink that reads "Joe Sullivan".