

Appendix 4A
“Can Serve” Letter from Southern California Gas



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Sr. Account Manager

A  Sempra Energy utility™

April 30, 2012

Mr. John Kistle
Business Development
AES Southland
690 N. Studebaker Road
Long Beach, CA 90803

Southern California
Gas Company

www.socalgas.com

**Subject: Firm Gas Transportation Service Request Response for
AES Huntington Beach, 21730 Newland Street, Huntington Beach, CA 92646**

555 W. Fifth Street
Los Angeles, CA
90013-1040
M.L. GT20C3

Dear Mr. Kistle:

tel 213-244-3791
fax 213-226-4129
cell 310-869-7115
email: dspahr@semprautilities.com

Thank you for your request concerning firm gas transportation service to the AES Huntington Beach (AES HB) property.

As requested, we have researched our ability to provide firm noncore service to AES HB. As instructed, our review was performed assuming a maximum hourly fuel input of 9,440 MMBtu per hour, based on the higher heating value of natural gas. This 9,440 MMBtuH translates into a peak day load of 226,560 MMBtu per day, or 222 MMscf per day of gas volume. As of today, SoCalGas does currently have the capacity to provide firm noncore gas transportation service at this level to AES HB.

AES HB is currently served from our gas transmission system through two meter set assemblies. At the exit of the meter set assemblies, the elevated gas transmission pressure is currently regulated down to approximately 70 psig, which is the constant service pressure that AES HB experiences. In the future, AES HB has requested that the some or the entire meter set assembly regulation be removed so that it could be served at the immediate higher upstream gas transmission operating pressures that is available to the inlet side of the metering systems. The current as-available upstream regulated minimum operating pressure of the gas transmission system at AES HB's metering location is 160 psig. While we do not guarantee elevated service pressures above our standard delivery pressure of eight inches of water column (residential service), we are not aware of any plans to change the operating characteristics of our gas transmission system in the Huntington Beach area. Elevated service pressure is provided on an as-available basis without any guarantees or warranties.

Our recent capacity studies for AES HB indicate that the current gas transmission system has enough capacity to deliver firm service to AES HB at the levels requested above. The current metering systems for AES HB will need to be modified to insure that the original designs can accurately measure the new loads, support the requested higher service pressure and accommodate the proposed operating load changes at AES

HB. For your planning information, if SoCalGas were required to build completely new meter set assemblies to support the proposed AES HB power blocks, such an assembly may cost as much as \$2.5 million, +/- 30%, based on recently completed, similar-sized, large electrical generation metering facilities. This rough construction estimate includes all costs, such as direct costs, indirect costs and the imputed income tax known as Contribution in Aid of Construction. This service feasibility estimate has a sunset date of six months from the date this information is submitted to AES. For an additional fee, SoCalGas can prepare a detailed engineering construction estimate that would include detail costs that have been omitted from this preliminary estimate.

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 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 deposits in order to complete the planning, design and modification of the current metering and service facilities needed for your project.

Thank you for your consideration.

Sincerely,

