

Appendix J
Southern California Gas Company Will Serve Letter



Douglas D. Spahr, P.E.
Sr. Account Manager

A  Sempra Energy utility™

January 31, 2006

Mr. Henryk A. Olstowski, P.E.
General Superintendent, Power Generation
Imperial Irrigation District
485 East Villa Road
El Centro, CA 92243

Subject: Firm Gas Transportation Service Request Response for IID's Future Niland Gas Turbine Plant

Southern California
Gas Company

www.socalgas.com

Dear Henryk:

555 W. Fifth Street
Los Angeles, CA
90013-1011
M.L. G722A1

Thank you for your request concerning firm gas transportation service to your future gas-fired power generating station to be located near Niland, California.

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

As requested, we have researched our ability to provide firm noncore service to your future facility located north of Beale Road and west of Cuff Road in the Niland area of Imperial County. As instructed, our review was performed assuming a plant size of 93MW (average electrical output at ambient conditions), using a maximum hourly fuel input of 878 MMBtu per hour, based on the higher heating value of natural gas. This 878 MMBtuH translates into a peak day load of approximately 21,000 MMBtu per day, or 21 MMcf per day of gas volume. To summarize, as of today SoCalGas does currently have the capacity to provide firm noncore gas transportation service at the requested level to your site.

As a reminder, the service pressure level experienced at your future facility is provided on an as-available basis, with no pressure level guarantees or warranties of any kind. For your information, the current operating pressure range of our system near your proposed location is 525 psig to 756 psig.

We have several transmission pipelines located close to your proposed Niland power generation project. Based on the requested peak hour gas flows, we propose to build an eight inch diameter tap and approximately 1,700 feet of service line to connect your facility to our pipeline. For your planning purposes, we estimate the total direct and indirect costs of tapping the transmission lines, building the service line, constructing the associated measurement facilities including installing direct gas energy measurement and associated communications is \$1.5 million in 2007 dollars. This estimate also includes significant reserves for environmental permitting assuming that the County requires us to install the pipeline in the undisturbed field. The actual cost may be lower if we are able to install the pipe in the roadway, our preferred location. The material included in this estimate is designed for a Maximum Allowable Operating Pressure of 860 psig (ANSI 600) which matches the SoCalGas transmission pipeline material north of the Niland pressure regulation station. We believe this estimate to be accurate within +/- 30%. This estimate is provided for your planning

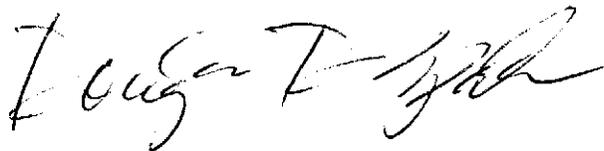
purposes, and your project would be responsible for the actual costs incurred to establish service, not the estimated costs.

The above estimate does not include the Contribution in Aid of Construction federal and state imputed income tax, currently a 35% gross up. Also, this estimate does not include a credit for any SoCalGas new customer allowances. Any customer construction costs in excess of new customer allowances requires the application of the federal and state imputed income tax. If IID would like to learn how SoCalGas could participate in a portion of these construction costs (subject to regulatory rules), we would enjoy meeting with you to discuss these opportunities as the project progresses.

As stated earlier, SoCalGas does currently have the capacity to provide firm noncore gas transportation service at the level requested to your future site. Nothing in this letter constitutes a reservation of service for your future facility. SoCalGas is an open access public utility, providing service on a first come, first serve basis per the rules approved by the California Public Utilities Commission. Likewise, a commitment to provide firm service to your future plant would be subject to both parties completing and executing an interconnection construction contract and a firm transportation service contract.

Under normal planning circumstances, SoCalGas would prefer that the customer give its approval and fund any corresponding deposit necessary for SoCalGas to fully assess all permitting issues associated with establishing the gas service twelve to eighteen months before the first date of expected commercial gas flow. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Douglas T. Zick". The signature is written in a cursive, flowing style.