

PGT

Stephen P. Reynolds
President and Chief Executive Officer

July 24, 1995

Ms. Carol Miller
General Manager, Southern LATA Oregon
US WEST Communications, Inc.
272 Country Club Road
Eugene, Oregon 97401

Re: Compensation Agreement
US WEST-Pacific Gas Transmission Consent to Common Use

Dear Ms. Miller:

Pacific Gas Transmission Company, "PGT," and US WEST Communications, Inc., "USW," have agreed to enter into a Consent to Common Use Agreement to allow USW to use a portion of PGT's right-of-way in Klamath and Jackson Counties, Oregon for the purpose of the installation and use of buried fiber optic cable. USW has agreed to compensate PGT for said Agreement in recognition of PGT's costs to prepare the right-of-way for use by the parties, said costs including, but not limited to, preparation and clearing of the land, grading and restoration, right-of-way acquisition costs, acquiring necessary state and federal permits, and environmental impact statements. No compensation paid by USW for this Consent Agreement is attributable to PGT's construction costs for its facilities except as expressly stated below. Compensation shall be paid based on the following formula and conditions:

- 1) \$2,136,486.00 for the first 52.7 miles of common use. PGT shall be compensated for any additional mileage greater than 52.7 miles of common use or PGT's compensation shall be reduced for mileage less than 52.7 miles of common use on the same prorated basis. Thus, each additional mile of common use by USW shall result in payment to PGT of an additional \$40,540 (\$2,136,486.00/52.7). Fractional mileage shall be prorated on the same basis. Compensation under this paragraph shall be paid within 30 days of the execution of the Common Use Agreement. If the as-built common use mileage is less than 52.7 miles, PGT will refund to USW the prorated difference.
- 2) USW shall compensate PGT, in addition to the above payment, for all construction costs that PGT reasonably incurs solely as a result of the Common Use Agreement with USW. Said costs include but are not limited to costs

Pacific Gas Transmission Company

121 S.W. Morrison Street, Suite 500 • Portland, Oregon 97204
503/833-1101 • Fax: 503/833-1005

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associated with construction delays, step-trench or T-trench construction, or any other construction costs that are attributable to the installation of USW's fiber optic cable and not PGT's pipeline.

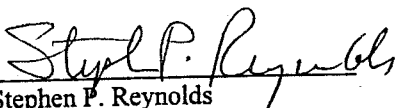
- 3) PGT shall at all times control the Construction Schedule for the installation of its pipe and the installation of USW's conduit. Unless PGT agrees in writing, no delay of PGT's Pipeline Construction Schedule will be allowed to accommodate installation of USW's conduit.
- 4) USW agrees to hold PGT harmless for any claims related in any way and at any time to the installation of USW's fibre optic conduit. USW covenants not to sue PGT for any such claims and will indemnify PGT for any claims against PGT related to the construction or operation of USW's fibre optic cable.

Reimbursement under paragraphs (2) and (3) shall be paid to PGT within 30 days of written notice documenting said costs to USW. All amounts due under this Agreement shall be invoiced or reimbursed within 90 days from completion of construction.

PGT and USW agree to maintain the terms of the compensation provided for in this Agreement confidential and to not disclose said terms to any person or parties without the express written consent of the other party.

PACIFIC GAS TRANSMISSION COMPANY

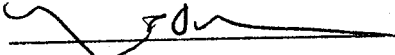
By:


Stephen P. Reynolds
President and Chief Executive Officer

READ AND ACCEPTED:

US WEST COMMUNICATIONS, INC.

By:


Title: Vice President - NWK Infrastructure

Date:

8/16/95

CONSENT TO COMMON USE AGREEMENT

THIS AGREEMENT, entered into this 24th day of July, 1995 by and between PACIFIC GAS TRANSMISSION COMPANY, hereinafter "PGT," and U.S. WEST Communications, Inc., hereinafter "USW."

WITNESSETH

WHEREAS, PGT has possession of a right-of-way for its natural gas pipelines in the Counties of Klamath and Jackson, State of Oregon. Said right-of-way is described in Attachment A hereto. Final designation of the location of this consent shall be provided to USW with the as-built survey plans and exhibit drawings of the project within 180 days of completion of the project.

WHEREAS, USW proposes to use a portion of the area within said right-of-way in common with PGT, hereinafter called "area of common use," for the purpose of the installation of a buried fiber optic cable to run along and across PGT's pipelines.

NOW, THEREFORE, PGT hereby consents to the use by USW of said area of common use for the purposes herein above set forth subject to the following terms and conditions:

1. USW shall obtain all necessary rights and permits from owners of the lands crossed by PGT's right-of-way in the event PGT or USW do not own said lands and rights. PGT and USW will coordinate all contacts with landowners along the right-of-way. PGT shall provide notice to the Federal Energy Regulatory Commission of this Agreement.
2. Neither party shall use said area of common use in such a manner as to interfere with the other's use thereof, endanger facilities installed therein, or create an infraction of any federal or state statute, ordinance, rule, or regulation applicable to the operation and maintenance of the other's facilities installed in said area of common use.
3. USW shall use said area of common use at its sole risk and expense. Any clearing and/or restoration of the right-of-way by USW shall meet PGT's permit requirements.
4. Except as expressly set forth herein, this agreement shall not alter, modify, or terminate PGT's right to use said area of common use for all of the purposes for which said right was acquired. USW acknowledges the priority of PGT's right over the right of USW to use said area of common use pursuant to this agreement.
5. Notwithstanding anything contained herein, the party causing damage to the other's facilities agrees to reimburse for any such damages resulting from use of said area of common use.
6. USW shall place all buried fiber optic cable within appropriate conduit or other protection along and across PGT's right-of-way.

7. USW shall place suitable markers along the route to inform the public of the location of its buried cable.
8. At any crossing of the PGT right-of-way, USW shall maintain a minimum of one foot (1') above or two feet (2') below PGT's existing gas pipelines, and this separation shall be consistent across the entire width of PGT's right-of-way. USW shall always locate its fibre optic conduit within PGT's right-of-way so as to be within the 15-foot width from the PGT pipeline's centerline to the edge of the right-of-way.
9. There shall be no fee for the maintenance of this agreement.
10. Upon receipt of written notice, each party agrees to modify or relocate its facilities within negotiated timeframes to accommodate any future construction, reconstruction, maintenance, or operation of the other party's existing or future facilities. The cost of such modification or relocation shall be reimbursed by the party causing the work to be undertaken based on actual cost.
11. USW expressly agrees that PGT is under no obligation to delay its current construction schedule and that such schedule, Attachment D hereto, shall take precedence over the implementation of USW's rights under this agreement.
12. USW shall notify PGT through the State of Oregon one-call notification system, (800) 332-2344, 48 hours prior to any construction in PGT's right-of-way, except that in Jackson County, which is not part of the State of Oregon's one-call system, the notification number shall be (503) 779-6676. USW shall also provide notice to PGT through its Spokane Dispatch office at (509) 534-0657 or (800) 447-8066. PGT shall provide similar notice to USW through the one-call system, together with any other number designated by USW. Each company will update the other within 30 days of changes or additions to their respective systems. No advance notice shall be required for routine maintenance.

This agreement shall inure to the benefit of and be binding upon the heirs, successors, and assigns of the parties hereto.

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IN WITNESS WHEREOF, the parties have hereto caused this agreement to be executed by their respective duly authorized officials.

PACIFIC GAS TRANSMISSION COMPANY

U.S. WEST COMMUNICATIONS, INC.

By: Wil Thomas
Wil Thomas

Title: Manager, Land Department

Attest: Michael J. McDowell

By: [Signature]

Title: VP Network Infrastructure

Attest: [Signature]

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ATTACHMENT A

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PGT 1995 Construction Program
 Section, Township, Range crossed
 by the ROW between
 MP 27 and MP 80

Section	Township	Range
27	39S	8E
28	39S	8E
33	39S	8E
32	39S	8E
5	40S	8E
31	39S	8E
36	39S	7E
25	39S	7E
35	39S	7E
26	39S	7E
27	39S	7E
22	39S	7E
21	39S	7E
20	39S	7E
29	39S	7E
30	39S	7E
25	39S	6E
36	39S	6E
1	40S	6E
35	39S	6E
34	39S	6E
33	39S	6E
32	39S	6E
31	39S	6E
36	39S	5E
35	39S	5E
26	39S	5E
27	39S	5E
22	39S	5E
21	39S	5E
20	39S	5E
17	39S	5E
18	39S	5E
13	39S	4E
12	39S	4E
11	39S	4E
2	39S	4E
3	39S	4E
34	39S	4E
33	39S	4E
28	39S	4E
29	39S	4E
20	39S	4E
19	39S	4E
18	39S	4E
13	39S	3E
12	39S	3E
11	39S	3E
10	39S	3E
15	39S	3E
16	39S	3E
17	39S	3E
18	39S	3E

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95360028 8269

19	39S	3E
24	39S	2E
23	39S	2E
22	39S	2E
27	39S	2E
28	39S	2E
33	39S	2E
32	39S	2E
31	39S	2E
36	39S	1E
35	39S	1E
34	39S	1E
27	39S	1E
28	39S	1E

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STATE OF OREGON, ss.
County of Klamath

Filed for record at request of:

U.S. West Communications
on this 26th day of March A.D. 19 96
at 11:11 o'clock AM. and duly recorded
in Vol. M96 of Deeds Page 8262
Bernetha G Letsch, County Clerk
By [Signature]
Deputy.

Fee, \$45.00