



TSP Name: KERN RIVER GAS TRANSMISSION COMPANY
TSP: 621617372
Critical Notice Indicator: Y
Notice Status: 2
Notice Type Description: Rates and Charges
Posting Date: 09/27/2018 Posting Time: 08:25 PM
Notice Effective Date: 09/27/2018 Notice Effective Time: 08:25 PM
Notice End Date: 10/12/2018 Notice End Time: 08:25 PM
Notice Identifier: 20180668
Prior Notice Identifier: 20180667
Required Response Indicator: 5
Response Date: N/A Response Time: N/A
Subject: Kern River - Tax Reform Stipulation and Settlement Agreement - Revised Notice

Notice Text:

Kern River wishes to clarify that the effective date of the proposed rate credit shall commence immediately upon the issuance of a final order by the Federal Energy Regulatory Commission. See third paragraph below for a revision to Kern River's notice language that was posted at 5:21 p.m. MDT earlier today.

On July 18, 2018, the Federal Energy Regulatory Commission (FERC) issued a final rule to address the impacts of the federal Tax Cuts and Jobs Act of 2017 on the cost of service for interstate pipelines (Docket No. RM18-11).

On September 12, 2018, Kern River posted a draft of its Form 501-G, and a statement explaining why no rate adjustment would be necessary in light of Kern River's adjusted return calculation under Form 501-G, as well as the financial risks associated with the large volume of uncontracted turn-back capacity.

The risk of uncontracted capacity still exists, however, market conditions have improved such that Kern River is in a position to voluntarily offer the benefit of the lower federal corporate income tax rate to its customers. Based on Form 501-G, Kern River is proposing an 11% rate credit to the demand charge that shippers are paying under maximum rate services. The proposed rate credit will commence immediately upon the issuance of a final order by the Federal Energy Regulatory Commission.

To effectuate the credit, Kern River will file no later than October 11, 2018, a Stipulation and Agreement of Settlement ("Stipulation") concurrent with its Form 501-G. The draft Stipulation has been posted to Kern River's secured website for customers and interested parties to review for information and discussion purposes. The secured website is located at <http://services.kernrivergas.com/portal/tax-reform>.

Parties that wish to have access to the secured website must contact Kern River to obtain a user name and password. Requests should be sent to KRTaxReform@kernrivergas.com.



Please contact Preston Miller at 801-937-6346, John Dushinske at 801-937-6087 or Laura Demman at 402-398-7278 if you have questions.