



KERN RIVER GAS TRANSMISSION COMPANY INTERRUPTIBLE TRANSPORTATION SALES PROGRAM

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Kern River's Interruptible Transportation Sales Program (Program) enables a Shipper to electronically submit and Kern River to electronically accept or reject short-term offers for interruptible transportation service, allowing the parties to react quickly to market opportunities.

From time to time, Kern River will post a notice on its website identifying specific receipt/delivery points and associated paths, terms and rates (disclosed or undisclosed) for interruptible transportation capacity available under the Program. A Shipper interested in obtaining such capacity must submit an offer electronically using Kern River's Rapids system. Kern River will evaluate such offer and electronically accept or reject the offer as soon as reasonably practical using Kern River's Rapids system.

To participate in the Program, Shipper

- must have a fully executed Interruptible Transportation Service Agreement (TSA) under Rate Schedule KRI-1 or KRI-L1;
- must have a fully executed Rapids Access Agreement;
- must accept the Terms and Conditions set forth below.

The person authorized by Shipper to transact business electronically on its behalf (User) must have a valid User ID and password on Kern River's Rapids system.

TERMS AND CONDITIONS

1. Kern River reserves the right to withdraw or modify the notice on its website at any time prior to an offer being made by Shipper.
2. All offers are subject to capacity availability and acceptance or rejection by Kern River.
3. Shipper must establish credit in accordance with Section 29 of Kern River's FERC Gas Tariff on or before the time offer is submitted.
4. Kern River will accept or reject offers on a nondiscriminatory basis and in accordance with its established procedures.
5. A rate offered by Shipper and accepted by Kern River constitutes an electronically executed Exhibit "A" to Shipper's TSA. Such Exhibit "A" will show the accepted rate, the applicable receipt and delivery points, quantity and term.
6. Shipper may increase the rate offered at any time during the gas day, but such increased rate will apply to all scheduled quantities for that particular gas day.
7. In addition to the transportation rate, Shipper will reimburse Kern River in-kind for compressor fuel used and lost and unaccounted for gas and will pay all applicable surcharges.
8. If Kern River accepts an interruptible transportation rate that is less than Kern River's maximum interruptible rate and limits the discount to specific paths and receipt/delivery points, Shipper can nominate to other paths and receipt/delivery points on Kern River's mainline system; but, in doing so, agrees to pay Kern River's maximum interruptible rate.



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9. Shipper's rights are interruptible, and capacity will be scheduled in accordance with Section 13 of the General Terms and Conditions of Kern River's FERC Gas Tariff.
10. If the transportation rate is based on an index formula, Kern River will use a derived rate based on a formula such as the formula set forth below and the most current price information available at the time to determine the rate for scheduling purposes; however, the transportation rate payable by Shipper will be based on the index formula set forth in Exhibit "A" of Shipper's TSA and the actual index price(s) for the day of flow.

Example of Rate Formula Used for Scheduling Purposes Only =
The greater of:

- 1) Net Daily Spread – Index Spread Adjustment, or
- 2) The Index Floor Rate.

Where:

Net Daily Spread = ("KRG T – Del Pool" price* -"Opal Plant Tailgate" price*) – Fuel

Index Spread Adjustment = is equal to a positive number expressed in dollars and cents not to exceed four decimal places or as a percentage of the Net Daily Spread.

Fuel = Product of (i) compressor fuel and lost and unaccounted-for gas reimbursement factor for interruptible service under Rate Schedule KRI-1, assuming a path from the Opal receipt point to the SoCal delivery point, regardless of the path nominated, and (ii) Kern River, Opal Plant price.

Index Floor Rate = the minimum interruptible transportation rate that Kern River is willing to accept, exclusive of fuel and applicable surcharges.

*Price is as shown in the ICE Day Ahead Natural Gas Price Report, West Day Ahead Indices, Wtd. Avg. Index price, for the day of scheduled transportation.

11. All terms and conditions not outlined herein will be administered pursuant to Kern River's FERC Gas Tariff.