



**KERN RIVER GAS TRANSMISSION COMPANY’S
WRITTEN PROCEDURES IMPLEMENTING
THE STANDARDS OF CONDUCT FOR TRANSMISSION PROVIDERS
PURSUANT TO 18 CFR PART 358.7(d)
ORDER NO. 717¹**

Kern River Gas Transmission Company (Kern River) is a wholly-owned subsidiary of Berkshire Hathaway Energy Company (BHE). Kern River is an interstate natural gas pipeline that transports gas for others pursuant to subpart B of Part 284, and as such, is subject to the Federal Energy Regulatory Commission’s (Commission) jurisdiction. Kern River is a transmission provider as defined in 18 CFR § 358.3(k) of the Standards of Conduct for Transmission Providers (Standards or Standards of Conduct). Kern River does not engage in marketing functions as defined in § 358.3(c)(2) and, therefore, does not employ marketing function employees. The term “marketing function employee” throughout these written procedures will refer to marketing function employees of affiliates of Kern River. BHE does not conduct transmission transactions in U.S. energy markets.

Pursuant to §§ 358.7(d) and 358.8(b)(2), Kern River is required to post these written procedures to its internet website (website) and distribute them to its transmission function employees, marketing function employees, officers, directors, supervisory employees, and other employees likely to become privy to non-public transmission function information. Kern River distributes its procedures by posting them on its website and referencing the posting in its training.

¹ As revised or amended from time to time.

IMPLEMENTATION PLAN

§ 358.2 General Principles.

As provided in this written plan, Kern River has taken steps to ensure that its transmission function employees function independently from marketing function employees. Furthermore, Kern River has taken steps to ensure that it treats all transmission customers, affiliated and non-affiliated, on a non-discriminatory basis and does not make or grant any undue preference or advantage to any transmission customers. Kern River's employees will not disclose, or use a conduit to disclose, non-public transmission function information to marketing function employees. Kern River will provide equal access to non-public transmission function information to all its customers except as allowed under the Standards.

§ 358.4 Non-discrimination Requirements.

Kern River will strictly enforce all tariff provisions relating to the sale or purchase of open access transmission service, if its tariff provisions do not permit the use of discretion. Kern River will apply all tariff provisions relating to the sale or purchase of open access transmission service in a fair and impartial manner that treats all transmission customers in a non-discriminatory manner, if there is discretion in the application of such provisions. Kern River will not, through its tariffs or otherwise, give undue preference to any customers in matters relating to the sale or purchase of transmission service (including, but not limited to, issues of price, curtailments, scheduling, priority, ancillary services or balancing), and will process all similar requests for transmission services in the same manner and within the same period of time.

§ 358.5 Independent Functioning Rule.

(a) General Rule.

Kern River has examined its business operations and has determined that its transmission function employees function independently from its marketing function employees. Kern River does not make sales for resale of natural gas² and therefore does not employ any marketing function employees, nor does it share employee-staffed facilities with any marketing function employees. Kern River's transmission function employees have been trained on the Standards of Conduct requirements, including the requirement that transmission function employees must function independently from marketing function employees.

(b) Separation of Functions.

As previously stated, Kern River does not make sales for resale of natural gas and therefore does not employ any marketing function employees, nor do any of Kern River's transmission function employees conduct marketing functions. Also, as previously stated, Kern River's transmission function employees do not share facilities with marketing function employees. Marketing function employees who visit Kern River's headquarters sign in and are provided a visitor badge in the lobby, are escorted by a Kern River employee while in the building, and have limited access to the building. Marketing function employees do not have access to any systems or facilities used for transmission operations that other transmission customers do not have. Kern River's Human Resources and IT Departments are responsible for informing the Chief Compliance Officer (CCO) of any changes to the status of shared employee-staffed facilities.

² With the exception of purchases and sales for operational purposes.

To ensure compliance with this regulation, Kern River's employees and marketing function employees receive annual training.³ Kern River's transmission function employees review Standards of Conduct requirements quarterly. In addition, Kern River posts these written procedures on its website and provides additional Standards of Conduct information to employees on an intranet site.

§ 358.6 No Conduit Rule.

Kern River's employees and its contractors, consultants, agents and affiliates' employees likely to become privy to non-public transmission function information have been informed that they are prohibited from disclosing, or using anyone as a conduit for the disclosure of, non-public transmission function information to marketing function employees. To ensure compliance with the No Conduit Rule, Kern River's employees (including contractors, consultants and agents likely to become privy to non-public transmission function information) receive training and are provided electronic copies of Kern River's written procedures. Employees of affiliates of Kern River likely to become privy to non-public transmission function information receive training from their employers. Kern River's management employees are assigned specific Standards of Conduct regulation responsibilities related to the No Conduit Rule and review those regulations at least quarterly. Kern River's transmission function employees review the No Conduit Rule requirements at least quarterly.

§ 358.7 Transparency Rule.

To ensure compliance with the Transparency Rule requirements, employees receive training and are provided electronic copies of these written procedures. Kern River's management

³ Kern River has identified certain marketing function employees at PacifiCorp, Nevada Power Company dba NV Energy, and Merrill Lynch Commodities, Inc., affiliated companies that conduct transmission transactions with Kern River. These marketing function employees receive training from their employers.

employees and other employees with specific responsibilities related to the Transparency Rule review the Transparency Rule requirements at least quarterly.

(a) Contemporaneous Disclosure.

If a Kern River employee discloses information in a manner contrary to the requirements of § 358.6, other than critical energy infrastructure information (CEII), non-public transmission customer information, or other information subject to limited dissemination, Kern River will immediately post such information on its website. If a Kern River employee discloses such information subject to limited dissemination, Kern River will immediately post notice on its website that such information was disclosed. Kern River's annual training includes information regarding prohibited disclosures and that such disclosures are to be reported to the CCO immediately.

(b) Exclusion for Specific Transaction Information.

Kern River's transmission function employees may discuss specific requests for transmission service with marketing function employees. Kern River is not required to contemporaneously disclose such information.

(c) Voluntary Consent Provision.

A customer of Kern River may voluntarily consent, in writing, to allow Kern River to share that customer's non-public information with a marketing function employee. Kern River will post on its website notice of the consent with a statement that it did not provide any preferences, either operational or rate-related, in exchange for the voluntary consent.

(d) Posting Written Procedures.

Kern River's implementation procedures are posted in the Informational Postings section of its website under the heading Standards of Conduct/Implementation Procedures

(e) Identification of Affiliate Information.

(1) Kern River has posted in the Informational Postings section of its website, under the heading Standards of Conduct/Affiliate Names and Addresses, the names and addresses of its affiliates that employ or retain marketing function employees. The Corporate Secretary of BHE will notify Kern River's CCO when a new affiliate that engages in transmission transactions is created, at which time the CCO will determine whether the new affiliate has marketing function employees. Names and addresses of new affiliates that have marketing function employees will be posted within seven business days of the change.

(2) As stated previously, Kern River does not share employee-staffed facilities with any marketing function employees.

(3) The BHE Corporate Secretary is responsible for informing Kern River of potential merger partners. If Kern River determines the potential merger partners may employ or retain marketing function employees, Kern River will post information concerning the potential merger partner within seven days after the potential merger is announced. This information will be posted under the heading Standards of Conduct/Potential Mergers.

(f) Identification of Employee Information.

(1) Kern River has posted the job titles and job descriptions of its transmission function employees on its website under Standards of Conduct/Job Titles and Descriptions. Kern River's Human Resources (HR) department has been assigned responsibility for maintaining and updating changes as they occur in this area and will keep the CCO informed of any such changes. Changes to job titles and descriptions of transmission function employees will be posted on the website within seven business days of any change.

(2) In the event a transmission function employee transfers to a position as a marketing function employee or vice versa, a notice of such transfer will be posted to Kern River's website under Standards of Conduct/Employee Transfers and will remain posted for 90 days. Information posted will include the employee's name, the employee's respective titles held while performing each function, and the effective date of the transfer. When a transmission function employee transfers to a position as a marketing function employee or vice versa, HR will complete a form that contains the name of the transferring employee, the respective titles held by the transferring employee and the effective date of the transfer and will provide the information to the website coordinator for posting. An employee transferring from a marketing function employee position to a transmission function employee position at Kern River will be required to complete Standards of Conduct training for transmission function employees and certify that he/she no longer has access to the facilities or systems of his/her former employer and will not be a conduit for sharing transmission function information with a marketing function employee. When a transmission function employee transfers to a marketing function employee position, the employee will be required to review a specific Standards of Conduct training presentation for his/her new position as a marketing function employee. HR has been assigned responsibility for employee transfer requirements and reviews such requirements at least quarterly.

(g) Timing and General Requirements of Postings.

(1) Unless a shorter timeframe is set out in the regulations, Kern River will update as applicable the information listed in § 358.7 within seven business days of any change and post the date on which the information was updated. Kern River's website postings will be sufficiently prominent as to be readily accessible.

(2) In emergency situations affecting normal business operations, Kern River may suspend the posting requirements. If the disruption lasts longer than one month, Kern River will notify the Commission and may seek a further exemption from the posting requirements.

(h) Exclusion For and Recordation of Certain Information Exchanges.

If it becomes necessary for Kern River to provide marketing function employees with non-public transmission function information necessary to maintain or restore operation of Kern River's system, Kern River will make and retain a contemporaneous record of such information exchange, including the names of the transmission function employee(s) and marketing function employee(s) involved, the date, and a summary of the information provided to the marketing function employee(s). Contemporaneous records will be made of the communication, except in cases of emergency, when recordation will be made as soon after the fact as practicable. Kern River will retain such records for five years.

(i) Posting of Waivers.

Kern River will post on its website notice of each waiver of a tariff provision it grants in favor of an affiliate, unless such waiver has been approved by the Commission. Kern River will also maintain a written log of such acts of waiver, available to the Commission upon request. The information contained in this log will be posted on Kern River's website within one business day of the act of a waiver. Kern River's written log and records of such postings will be kept for five years from the date of each act of waiver.

§ 358.8 Implementation Requirements.

(a) Effective Date.

Kern River is in full compliance with 18 CFR 358. The initial training and posting requirements under Order No. 717 were completed prior to January 30, 2009.

(b) Compliance Measures and Written Procedures.

Kern River has implemented measures, described in these procedures, to ensure that the requirements of the Independent Functioning Rule and the No Conduit Rule are observed by its employees and the employees of its affiliates that are engaged in marketing functions. Kern River has distributed electronic copies of its written procedures to its transmission function employees, marketing function employees, officers, directors, supervisory employees, and other employees likely to become privy to non-public transmission function information. Employees of affiliates engaged in marketing functions receive Standards of Conduct training from their employers.

(c) Training and Compliance Personnel.

(1) Training – Kern River provides annual training to all of its employees, who certify, either electronically or in writing, that he/she completed the training. Kern River’s marketing function employees receive annual Standards of Conduct training from their employers and also receive initial training from Kern River on specific marketing function employee requirements when they become marketing function employees. Employees of affiliates likely to become privy to non-public transmission function information will receive Standards of Conduct training from their employers as well. HR ensures that new Kern River employees receive training within the first 30 days of their employment.

(2) Chief Compliance Officer – Kern River has designated Burton Davis, Senior Attorney of Kern River, as its Chief Compliance Officer. Mr. Davis is responsible for employee training, answering employee questions, and coordinating audits and investigations with Commission staff, as well as ensuring that Kern River complies with the Standards of Conduct. Mr. Davis can be reached at 801.937.6488 or at burton.davis@kernrivergas.com. Prohibited disclosures and other possible violations are to be directed to Mr. Davis’ attention immediately.

Contact information regarding Kern River's CCO is available both on Kern River's website under the heading Standards of Conduct/Chief Compliance Officer and on Kern River's intranet.

(d) Books and Records.

Kern River ensures that it maintains its books of account and records (as prescribed under 18 CFR Parts 201 and 225) separately from those of its affiliates with marketing function employees. Kern River's books are available for Commission inspection. The responsibility for maintaining Kern River's books of account and records as required by the Standards of Conduct has been assigned to Kern River's Vice President, Finance.