FERC GAS TARIFF

THIRD REVISED VOLUME NO. 1
(Supersedes Second Revised Volume No. 1)

OF

KERN RIVER GAS TRANSMISSION COMPANY

FILED WITH THE
FEDERAL ENERGY REGULATORY COMMISSION

COMMUNICATIONS CONCERNING THIS TARIFF SHOULD BE SENT TO:

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Salt Lake City, UT 84121
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Email Address Laura.Demman@kernrivergas.com
Facsimile: (402) 398-7426
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<td>KRF-L1, High Desert Lateral Firm Transportation</td>
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<tr>
<td>KRI-1, Interruptible Transportation</td>
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<tr>
<td>KRI-L1, High Desert Lateral Interruptible Transportation</td>
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<td>PAL, Park and Loan Services</td>
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<td>KRF-PK, Firm Peaking Transportation</td>
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| General Terms and Conditions | 100 |

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<thead>
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<th>Form of Transportation Service Agreements:</th>
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<td>KRI-1, Interruptible Transportation</td>
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<td>KRF-L1, Firm Transportation</td>
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<td>KRI-L1, Interruptible Transportation</td>
</tr>
<tr>
<td>PAL, Park and Loan Services</td>
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<td>Amendment</td>
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<td>KRF-PK, Firm Peaking Transportation</td>
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</tbody>
</table>

| Non-Conforming Service Agreements Submitted before August 19, 2010 | 420 |
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| Negotiated Rate Agreements | 450 |
PRELIMINARY STATEMENT

Kern River Gas Transmission Company, hereinafter referred to as "Transporter," is a "natural gas company" as defined by the Natural Gas Act (52 Stat. 821, 15 U.S.C. Sections 717-717w) and, as such, is subject to the jurisdiction of the Federal Energy Regulatory Commission, hereinafter referred to as the "FERC." Transporter is engaged in the business of transporting natural gas in interstate commerce.

Transporter owns and operates a natural gas transmission system that extends from the Overthrust area of Southwestern Wyoming through the states of Utah and Nevada to points of termination in Kern County near Bakersfield, California.

Transporter is engaged in the business of transporting for Shippers Natural Gas owned by Shippers, pursuant to authority granted by the FERC to Transporter to perform such service under the terms of Transportation Service Agreements between Shippers and Transporter.
System maps are available on Transporter’s website under Informational Postings, Maps. They may be accessed using the following URL:
http://services.kernrivergas.com/portal/Informational-Postings/Maps
# STATEMENT OF RATES 1/
## RATE SCHEDULE KRF-1
### FIRM ROLLED-IN RATE SERVICE 2/
#### ORIGINAL SYSTEM/2002 EXPANSION PROJECT
**(RATES PER DTH)**

<table>
<thead>
<tr>
<th>Rate Type</th>
<th>Base Tariff Rates 3/</th>
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<tr>
<td>Recourse Rate:</td>
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<td>Daily Reservation/Demand Rate 4/</td>
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<td>15-Year Rate:</td>
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<tr>
<td>Authorized Overrun Rate:</td>
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<td>Maximum</td>
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<td>Minimum</td>
<td>$ 0.0037</td>
<td></td>
</tr>
</tbody>
</table>

1/ All costs included in rates are transmission costs. Kern River provides no storage or gathering services.

2/ Rates for incrementally-priced firm transportation under Rate Schedule KRF-1 for the 2003/2010 Expansion Project shippers are set out separately on Sheet No. 5-A.

3/ Transportation rates set forth herein are exclusive of ACA Surcharges, which all Shippers must pay pursuant to Section 5.4 of Rate Schedule KRF-1, and fuel used and lost and unaccounted-for gas, which all Shippers must furnish in-kind each Day by applying a fuel reimbursement factor to Receipt Point nominations, pursuant to Section 12 of the General Terms and Conditions.

In addition, rolled-in rate shippers are subject to an electric compressor fuel surcharge for quantities scheduled for delivery from any receipt point on Transporter’s wholly-owned system, or from the Dag Moj receipt point, to delivery points downstream of the Daggett compressor station. The surcharge is $0.0014/Dth for quantities within contract demand and $0.0011/Dth for authorized overrun quantities.

4/ All reservation rates are daily rates computed on the basis of 365 days per year, except that such rates for leap years are computed on the basis of 366 days.

5/ TRC is the Tax Reform Credit pursuant to Section 31 of the General Terms and Conditions. Shippers receiving service at the applicable Maximum Base Tariff Rate will receive the TRC. Until a Triggering Event occurs, the TRC will be a daily rate credit to the Reservation Charge and, if applicable, to the Authorized Overrun Charge in the monthly billing invoice.
STATEMENT OF RATES 1/
RATE SCHEDULE KRF-1
PERIOD TWO RATES/ALTERNATE PERIOD TWO RATES FOR FIRM ROLLED-IN RATE SERVICE 2/
ORIGINAL SYSTEM/2002 EXPANSION PROJECT
(RATES PER DTH)

Base Tariff Rates 3/

Period Two Reservation/Demand Rates

<table>
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<th>Period Two Reservation/Demand Rates Applicable to Former Period One 10-Year Rolled-in Rate Shippers:</th>
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<td><strong>10-Year Period Two Rate:</strong></td>
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<tr>
<td>Daily Reservation/Demand Rate 4/</td>
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<td>Daily Reservation/Demand Rate 4/</td>
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<td>Maximum</td>
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<tr>
<td>Minimum</td>
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<td>Maximum</td>
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<td>Minimum</td>
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Alternate Period Two Reservation/Demand Rates

<table>
<thead>
<tr>
<th>Alternate Period Two Reservation/Demand Rate Applicable to Former Period One 10-Year Rolled-in Rate Shippers:</th>
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<tbody>
<tr>
<td><strong>25-Year Period Two Rate:</strong></td>
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<tr>
<td>Daily Reservation/Demand Rate 4/</td>
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<tr>
<td>Maximum</td>
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<td>Minimum</td>
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<tr>
<td>Maximum</td>
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<tr>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Alternate Period Two Reservation/Demand Rate Applicable to Former Period One 15-Year Rolled-in Rate Shippers:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>25-Year Period Two Rate:</strong></td>
</tr>
<tr>
<td>Daily Reservation/Demand Rate 4/</td>
</tr>
<tr>
<td>Maximum</td>
</tr>
<tr>
<td>Minimum</td>
</tr>
</tbody>
</table>
STATEMENT OF RATES 1/
RATE SCHEDULE KRF-1
PERIOD TWO RATES/ALTERNATE PERIOD TWO RATES FOR FIRM ROLLED-IN RATE SERVICE 2/
ORIGINAL SYSTEM/2002 EXPANSION PROJECT
(RATES PER DTH)

(Continued)

Other Rates

Firm Transportation Commodity/Usage Rate:
  Maximum $ 0.0031
  Minimum $ 0.0031

Authorized Overrun Rate:
  Maximum $ 0.4392  $-0.0483
  Minimum $ 0.0037

1/ All costs included in rates are transmission costs. Kern River provides no storage or gathering services.

2/ The rates shown on this sheet are applicable to Shippers in accordance with Section 30 of the General Terms and Conditions of this Tariff.

3/ Transportation rates set forth herein are exclusive of ACA Surcharges, which all Shippers must pay pursuant to Section 5.4 of Rate Schedule KRF-1, and fuel used and lost and unaccounted-for gas, which all Shippers must furnish in-kind each Day by applying a fuel reimbursement factor to receipt point nominations, pursuant to Section 12 of the General Terms and Conditions.

In addition, rolled-in rate shippers are subject to an electric compressor fuel surcharge for quantities scheduled for delivery from any receipt point on Transporter’s wholly-owned system or from the Dag Moj receipt point to delivery points downstream of the Daggett compressor station. The surcharge is $0.0014/Dth for quantities within contract demand and $0.0011/Dth for authorized overrun quantities.

4/ All reservation rates are daily rates computed on the basis of 365 days per year, except that such rates for leap years are computed on the basis of 366 days.

5/ See Section 30.2(e) of the General Terms and Conditions of Transporter’s Tariff for eligibility regarding Period Two Insulated Rates.

6/ TRC is the Tax Reform Credit pursuant to Section 31 of the General Terms and Conditions. Shippers receiving service at the applicable Maximum Base Tariff Rate will receive the TRC. Until a Triggering Event occurs, the TRC will be a daily rate credit to the Reservation Charge and, if applicable, to the Authorized Overrun Charge in the monthly billing invoice.
### STATEMENT OF RATES 1/
**RATE SCHEDULE KRF-1**
**FIRM INCREMENTAL RATE SERVICE**
**2003/2010 EXPANSION PROJECTS**
**(RATES PER DTH)**

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<th>Rate Type</th>
<th>Base Tariff Rates 2/</th>
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<td><strong>10-Year Rate:</strong></td>
<td><strong>TRC</strong></td>
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<td>Daily Reservation/Demand Rate 3/</td>
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<tr>
<td><strong>Authorized Overrun Rate:</strong></td>
<td>Maximum: $0.4392</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Minimum: $0.0037</td>
<td></td>
</tr>
</tbody>
</table>

1/ All costs included in rates are transmission costs. Kern River provides no storage or gathering services.

2/ Transportation rates set forth herein are exclusive of ACA Surcharges, which all Shippers must pay pursuant to Section 5.4 of Rate Schedule KRF-1, and fuel used and lost and unaccounted-for gas, which all Shippers must furnish in-kind each Day by applying a fuel reimbursement factor to Receipt Point nominations, pursuant to Section 12 of the General Terms and Conditions.

In addition, Shippers receiving firm incremental rate service on the 2003/2010 Expansion Projects are subject to an electric compressor fuel surcharge for quantities scheduled for delivery from any receipt point on Transporter’s wholly-owned system, or from the Dag Moj receipt point, to delivery points downstream of the Daggett compressor station. The surcharge is $0.0008/Dth for quantities within contract demand and $0.0011/Dth for authorized overrun quantities.

3/ All reservation rates are daily rates computed on the basis of 365 days per year, except that such rates for leap years are computed on the basis of 366 days.

4/ TRC is the Tax Reform Credit pursuant to Section 31 of the General Terms and Conditions. Shippers receiving service at the applicable Maximum Base Tariff Rate will receive the TRC. Until a Triggering Event occurs, the TRC will be a daily rate credit to the Reservation Charge and, if applicable, to the Authorized Overrun Charge in the monthly billing invoice.
STATEMENT OF RATES 1/
RATE SCHEDULE KRF-1
FIRM INCREMENTAL RATE SERVICE
PERIOD TWO RATES/ALTERNATE PERIOD TWO RATES FOR 2003 EXPANSION PROJECT 2/
(RATES PER DTH)

Base Tariff Rates 3/

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<th>Period Two Reservation/Demand Rates</th>
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<td>Period Two Reservation/Demand Rates Applicable to Former Period One 10-Year 2003 Expansion Shippers:</td>
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<td>10-Year Period Two Rate:</td>
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<td>15-Year Period Two Rate:</td>
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<td>Daily Reservation/Demand Rate 4/</td>
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<td>Period Two Reservation/Demand Rates Applicable to Former Period One 15-Year 2003 Expansion Shippers:</td>
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<td>Alternate Period Two Reservation/Demand Rate Applicable to Former Period One 10-Year 2003 Expansion Shippers:</td>
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STATEMENT OF RATES 1/
RATE SCHEDULE KRF-1
FIRM INCREMENTAL RATE SERVICE
PERIOD TWO RATES/ALTERNATE PERIOD TWO RATES FOR 2003 EXPANSION PROJECT 2/
(RATES PER DTH)

Base Tariff Rates 3/ (continued)

<table>
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<td>Other Rates</td>
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<td>Firm Transportation Commodity/Usage Rate:</td>
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<td>Maximum</td>
<td>$ 0.4392</td>
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<tr>
<td>Minimum</td>
<td>$ 0.0037</td>
</tr>
</tbody>
</table>

1/ All costs included in rates are transmission costs. Kern River provides no storage or gathering services.

2/ The rates shown on this sheet are applicable to Shippers in accordance with Section 30 of the General Terms and Conditions of this Tariff.

3/ Transportation rates set forth herein are exclusive of ACA Surcharges, which all Shippers must pay pursuant to Section 5.4 of Rate Schedule KRF-1, and fuel used and lost and unaccounted-for gas, which all Shippers must furnish in-kind each Day by applying a fuel reimbursement factor to receipt point nominations, pursuant to Section 12 of the General Terms and Conditions.

In addition, 2003 Expansion rate shippers are subject to an electric compressor fuel surcharge for quantities scheduled for delivery from any receipt point on Transporter’s wholly-owned system or from the Dag Moj receipt point to delivery points downstream of the Daggett compressor station. The surcharge is $0.0008/Dth for quantities within contract demand and $0.0011/Dth for authorized overrun quantities.

4/ All reservation rates are daily rates computed on the basis of 365 days per year, except that such rates for leap years are computed on the basis of 366 days.

5/ TRC is the Tax Reform Credit pursuant to Section 31 of the General Terms and Conditions. Shippers receiving service at the applicable Maximum Base Tariff Rate will receive the TRC. Until a Triggering Event occurs, the TRC will be a daily rate credit to the Reservation Charge and, if applicable, to the Authorized Overrun Charge in the monthly billing invoice.
STATEMENT OF RATES 1/
RATE SCHEDULE KRF-1
FIRM INCREMENTAL RATE SERVICE
APEX EXPANSION PROJECT
(RATES PER DTH)

<table>
<thead>
<tr>
<th>Base Tariff Rates 2/</th>
<th>TRC 4/</th>
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</thead>
<tbody>
<tr>
<td>Recourse Rate:</td>
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<td>20-Year Rate:</td>
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<td>$ 0.4444</td>
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<td>Maximum</td>
<td>$ 0.0044</td>
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<td>Authorized Overrun Rate:</td>
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<tr>
<td>Maximum</td>
<td>$ 0.4392</td>
</tr>
<tr>
<td>Minimum</td>
<td>$ 0.0037</td>
</tr>
</tbody>
</table>

1/ All costs included in rates are transmission costs. Kern River provides no storage or gathering services.

2/ Transportation rates set forth herein are exclusive of ACA Surcharges, which all Shippers must pay pursuant to Section 5.4 of Rate Schedule KRF-1, and fuel used and lost and unaccounted-for gas, which all Shippers must furnish in-kind each Day by applying a fuel reimbursement factor to Receipt Point nominations, pursuant to Section 12 of the General Terms and Conditions.

In addition, Shippers receiving firm incremental rate service on the Apex Expansion project are subject to an electric compressor fuel surcharge for quantities scheduled for delivery from any receipt point on Transporter’s wholly-owned system to delivery points downstream of the Daggett compressor station. The surcharge is $0.0008/Dth for quantities within contract demand and $0.0011/Dth for authorized overrun quantities.

3/ All reservation rates are daily rates computed on the basis of 365 days per year, except that such rates for leap years are computed on the basis of 366 days.

4/ TRC is the Tax Reform Credit pursuant to Section 31 of the General Terms and Conditions. Shippers receiving service at the applicable Maximum Base Tariff Rate will receive the TRC. Until a Triggering Event occurs, the TRC will be a daily rate credit to the Reservation Charge and, if applicable, to the Authorized Overrun Charge in the monthly billing invoice.
## STATEMENT OF RATES 1/
RATE SCHEDULE KRI-1
INTERRUPTIBLE SERVICE
(RATES PER DTH)

### Base Tariff Rates 2/

<table>
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<th>Interruptible Transportation Rate 3/</th>
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<tr>
<td>Maximum</td>
<td>$ 0.4392</td>
</tr>
<tr>
<td>Minimum</td>
<td>$ 0.0037</td>
</tr>
</tbody>
</table>

1/ All costs included in rates are transmission costs. Kern River provides no storage or gathering services.

2/ Transportation rates set forth herein are exclusive of ACA Surcharges, which all Shippers must pay pursuant to Section 5.3 of Rate Schedule KRI-1, and fuel used and lost and unaccounted-for gas, which all Shippers must furnish in-kind each Day by applying a fuel reimbursement factor to Receipt Point nominations, pursuant to Section 12 of the General Terms and Conditions.

In addition, quantities of Gas scheduled for delivery from any receipt point on Transporter's wholly-owned system, or from the Dag Moj receipt point, to delivery points downstream of the Daggett compressor station on an interruptible basis are subject to an electric compressor fuel surcharge of $0.0011/Dth.

3/ All reservation rates are daily rates computed on the basis of 365 days per year, except that such rates for leap year are computed on the basis of 366 days.

4/ TRC is the Tax Reform Credit pursuant to Section 31 of the General Terms and Conditions. Shippers receiving service at the applicable Maximum Base Tariff Rate will receive the TRC. Until a Triggering Event occurs, the TRC will be a daily rate credit to the Transportation Charge in the monthly billing invoice.
## STATEMENT OF RATES 1/
RATE SCHEDULES KRF-L1 AND KRI-L1
HIGH DESERT LATERAL SERVICE
(RATES PER DTH)

The rates shown below are those rates which Transporter is authorized to charge for service rendered under Rate Schedules KRF-L1 and KRI-L1.

<table>
<thead>
<tr>
<th>Base Tariff Rates 2/</th>
<th>TRC 4/, 5/</th>
</tr>
</thead>
<tbody>
<tr>
<td>KRF-L1 Recourse Rate:</td>
<td></td>
</tr>
<tr>
<td>Daily Reservation/Demand Rate 3/:</td>
<td></td>
</tr>
<tr>
<td>Maximum</td>
<td>$ 0.0427</td>
</tr>
<tr>
<td>Minimum</td>
<td>$ 0.0000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Firm Transportation Commodity/Usage Rate:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum</td>
<td>$ 0.0000</td>
</tr>
<tr>
<td>Minimum</td>
<td>$ 0.0000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Authorized Overrun Rate:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum</td>
<td>$ 0.0427</td>
</tr>
<tr>
<td>Minimum</td>
<td>$ 0.0000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>KRI-L1 Recourse Rate:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interruptible Transportation Rate:</td>
<td></td>
</tr>
<tr>
<td>Maximum</td>
<td>$ 0.0427</td>
</tr>
<tr>
<td>Minimum</td>
<td>$ 0.0000</td>
</tr>
</tbody>
</table>

1/ All costs included in rates are transmission costs. Kern River provides no storage or gathering services.

2/ Transportation rates set forth herein are exclusive of ACA Surcharges, which all Shippers must pay pursuant to Section 5.4 of Rate Schedule KRFL-1 and Section 5.3 of Rate Schedule KRI-L1.

3/ All reservation rates are daily rates computed on the basis of 365 days per year, except that such rates for leap years are computed on the basis of 366 days.

4/ TRC is the Tax Reform Credit pursuant to Section 31 of the General Terms and Conditions. Shippers receiving service at the applicable Maximum Base Tariff Rate will receive the TRC. Until a Triggering Event occurs, the TRC will be a daily rate credit to the Reservation Charge and, if applicable, to the Authorized Overrun Charge in the monthly billing invoice.

5/ TRC is the Tax Reform Credit pursuant to Section 31 of the General Terms and Conditions. Shippers receiving service at the applicable Maximum Base Tariff Rate will receive the TRC. Until a Triggering Event occurs, the TRC will be a daily rate credit to the Transportation Charge in the monthly billing invoice.
### STATEMENT OF RATES 1/
RATE SCHEDULE PAL
PARK AND LOAN SERVICE
(RATES PER DTH)

<table>
<thead>
<tr>
<th>Base Tariff Rate</th>
<th>TRC 3/</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Minimum</strong></td>
<td><strong>Maximum</strong></td>
</tr>
<tr>
<td>Daily Rate 2/</td>
<td>$0.0000</td>
</tr>
</tbody>
</table>

---

1/ All costs included in rates are transmission costs. Kern River provides no storage or gathering services.

2/ All reservation rates are daily rates computed on the basis of 365 days per year, except that such rates for leap years are computed on the basis of 366 days.

3/ TRC is the Tax Reform Credit pursuant to Section 31 of the General Terms and Conditions. Shippers receiving service at the applicable Maximum Base Tariff Rate will receive the TRC. Until a Triggering Event occurs, the TRC will be a daily rate credit to the Daily Rate in the monthly billing invoice.
### STATEMENT OF RATES 1/
### RATE SCHEDULE KRF-PK
### FIRM PEAKING TRANSPORTATION SERVICE
### (RATES PER DTH)

#### Base Tariff Rates 2/

<table>
<thead>
<tr>
<th>Daily Reservation/Demand Rate 3/</th>
<th>TRC 4/</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum Rate (Unadjusted)</td>
<td>$ 0.5833</td>
</tr>
<tr>
<td>Minimum Rate</td>
<td>$ 0.0000</td>
</tr>
</tbody>
</table>

The Maximum Daily Reservation/Demand Rate for Rate Schedule KRF-PK shall be derived from the maximum recourse rate applicable to firm, incremental rate service for the 2003/2010 Expansion Projects under Rate Schedule KRF-1 as shown above, adjusted to reflect Shipper’s peak flow period, or PFP (the minimum number of hours during which Shipper may take its full TMDQ), utilizing the following formula, with the result rounded to four decimal places:

\[
KRF-PK = KRF-1 \times \left(\frac{24}{PFP}\right)
\]

where:

- \(KRF-PK\) = KRF-PK Reservation/Demand Rate
- \(KRF-1\) = KRF-1 Maximum Recourse Reservation/Demand Rate for 2003/2010 Expansion Projects
- 24 = Number of Hours in a Day
- \(PFP\) = Peak Flow Period in Hours

**Firm Transportation Commodity/Usage Rate:**

- Maximum: $ 0.0044
- Minimum: $ 0.0044

**Authorized Overrun Rate:**

- Maximum: $ 0.4392
- Minimum: $ 0.0037

1/ All costs included in rates are transmission costs. Kern River provides no storage or gathering services.
STATEMENT OF RATES 1/
RATE SCHEDULE KRF-PK
FIRM PEAKING SERVICE
(RATES PER DTH)

(Continued)

2/ Transportation rates set forth herein are exclusive of ACA Surcharges, which all Shippers must pay pursuant to Section 5.4 of Rate Schedule KRF-PK, and fuel used and lost and unaccounted-for gas, which all Shippers must furnish in-kind each Day by applying a fuel reimbursement factor to Receipt Point nominations, pursuant to Section 12 of the General Terms and Conditions of Transporter’s tariff.

In addition, Shippers receiving firm peaking service are subject to an electric compressor fuel surcharge for quantities scheduled for delivery from any receipt point on Transporter’s wholly-owned system, or from the Dag Moj Receipt Point, to Delivery Points downstream of the Daggett compressor station. The surcharge is $0.0008/Dth for quantities within contract demand and $0.0011/Dth for authorized overrun quantities.

3/ All reservation rates are daily rates computed on the basis of 365 days per year, except that such rates for leap years are computed on the basis of 366 days.

4/ TRC is the Tax Reform Credit pursuant to Section 31 of the General Terms and Conditions. Shippers receiving service at a rate that is derived from the Maximum Base Tariff Rate will receive the TRC. Until a Triggering Event occurs, the TRC will be a daily rate credit to the Reservation Charge and, if applicable, to the Authorized Overrun Charge in the monthly billing invoice.
RATE SCHEDULE KRF-1
KERN RIVER FIRM TRANSPORTATION SERVICES

1. AVAILABILITY

This rate schedule is available for the Transportation of Natural Gas on a firm basis by Kern River Gas Transmission Company (hereinafter called "Transporter") to any shipper (hereinafter called "Shipper"): (a) which desires firm service and to the extent Transporter has available capacity to render such firm service for Shipper; and (b) which has an executed Transportation Service Agreement for service hereunder.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 This rate schedule will apply to Gas transported by Transporter for Shipper pursuant to the executed Transportation Service Agreement for service under this rate schedule, which does not include service on the High Desert Lateral as described in Rate Schedule KRF-L1. As used in this rate schedule, Transporter’s system does not include the High Desert Lateral.

Shippers under this rate schedule additionally may release their rights to Transportation service on a permanent or temporary basis pursuant to the terms of Section 15 of the General Terms and Conditions of this tariff.

2.2 Service rendered under this rate schedule will consist of: (a) The receipt by Transporter of Shipper's Gas at the Receipt Point(s), including Quantities for fuel used and lost and unaccounted-for gas that Shipper is obligated to provide pursuant to Section 12 of the General Terms and Conditions of this tariff; and (b) The Transportation of Gas up to Shipper's Transportation Maximum Daily Quantity (TMDQ) on a firm basis, subject to Section 13 of the General Terms and Conditions of this tariff; and (c) The delivery of Gas in Thermally Equivalent quantities after Transportation (less any fuel used and lost and unaccounted-for gas pursuant to Section 12 of the General Terms and Conditions of this tariff) by Transporter to Shipper at the Delivery Point(s).
3. QUALIFICATION FOR SERVICE

3.1 All Shippers requesting firm Transportation service must provide the information required by this Section 3 in order to qualify for firm Transportation service. A request for service will be made no earlier than ninety (90) Days prior to the proposed commencement date of service and will not be accepted unless firm capacity to render the service is available; provided, however, if (i) additional facilities on Transporter's system are required; (ii) Transporter posts the requested capacity for bid, or (iii) Transporter announces an open season for the requested capacity, then a request may be made at an earlier date. Any modification of an existing Transportation service will be requested by Shipper's submission of a new Transportation service request indicating that the service requested is a modification of an existing service.

All Transportation service requests are to be submitted via Transporter’s Designated Site or in writing to:

Kern River Gas Transmission Company
Marketing and Customer Services
2755 E. Cottonwood Parkway, Suite 300
Salt Lake City, UT 84121
Facsimile No: (801) 937-6444

Any request will include the information or items listed below, and any additional information required by Transporter to process the request; provided, that the request for additional information will not affect the priority of Shipper's request.

(a) Gas Quantities: Shipper will provide the TMDQ stated in Dth.

(b) Receipt/Delivery Point: The designated Primary Receipt Point(s) and Primary Delivery Point(s), including the Receipt and Delivery Point Entitlements at each point.
3. QUALIFICATION FOR SERVICE (Continued)

3.1 (Continued)

(c) Term: The proposed commencement and termination dates of service.

(d) Facilities: Identification and location of any facilities to be constructed or installed by any party affected by the proposed Transportation service.

(e) Creditworthiness: Prior to execution of the Transportation Service Agreement or, if applicable, prior to Transporter issuing a new contract number pursuant to Section 11.1 of the General Terms and Conditions of this tariff, Shipper will provide proof that it meets Transporter's creditworthiness standards, as described in Section 29 of the General Terms and Conditions of this tariff.
RATE SCHEDULE KRF-1
KERN RIVER FIRM TRANSPORTATION SERVICES
(Continued)

3. QUALIFICATION FOR SERVICE (Continued)

3.2 Transporter will not be required to perform or to continue service under this rate schedule on behalf of any Shipper who is or has become insolvent or who, at Transporter's request, fails within a reasonable period to demonstrate creditworthiness. Transporter will seek appropriate FERC authorization, if necessary, prior to termination of service when the Shipper, its Guarantor or any parent entity fails to maintain creditworthiness or becomes insolvent. For purposes herein, the insolvency of a Shipper will be evidenced by the filing by or against any Shipper or Guarantor (hereinafter collectively referred to as "the Shipper") of a petition in bankruptcy or the entry of a decree or order by a court having jurisdiction in the premises adjudging the Shipper bankrupt or insolvent, or approving, as properly filed, a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Shipper under the Federal Bankruptcy Act or any other applicable federal or state law, or appointing a receiver, liquidator, assignee, trustee, sequestrator, (or other similar official) of the Shipper or of any substantial part of its property, or the ordering of the winding-up or liquidation of its affairs, with said order or decree continuing unstayed and in effect for a period of sixty (60) consecutive Days.

3.3 If Transporter cannot satisfy a request due to insufficient capacity, such request will not be of a continuing nature but rather will remain valid only until the date Transporter notifies Shipper of insufficient capacity and will thereafter be deemed a nullity for all purposes.

3.4 A Transportation Service Agreement (Sheet No. 300) will be executed by Shipper and Transporter, or a new contract number will be issued pursuant to Section 11.1 of the General Terms and Conditions of this tariff, following Transporter's approval in writing or electronically on Transporter's Designated Site of Shipper's request for service or Transporter's award of capacity following an open season and prior to commencement of service. In the event the Transportation Service Agreement, if applicable, is not executed and returned by Shipper at least 24 hours prior to the effective date of the Transportation Service Agreement, Transporter may consider the request for service invalid.
4. DELIVERIES AND RECEIPTS

4.1 Receipt Points. The Primary Receipt Point(s) for all Gas transported by Transporter under this rate schedule will be at the interconnection(s) between Transporter's system and the connecting facilities of Shipper or Shipper's designee shown on an exhibit to the Transportation Service Agreement. The Secondary Receipt Points for Gas transported by Transporter under this rate schedule will be all other points at which Transporter is authorized to receive Gas into Transporter's system, as listed on the Operationally Available and Unsubscribed Capacity reports on Transporter’s Designated Site, except Receipt Points on the High Desert Lateral. Capacity in excess of Shipper's Receipt Point Entitlement at a Primary Receipt Point will be available to Shipper on a Secondary Receipt Point basis.

4.2 Delivery Points. The Primary Delivery Point(s) for all Gas transported by Transporter under this rate schedule will be at the interconnection(s) between Transporter's system and the facilities of Shipper or Shipper's designee shown on an exhibit to the Transportation Service Agreement. The Secondary Delivery Points for Gas transported by Transporter under this rate schedule will be all other points at which Transporter is authorized to deliver Gas from Transporter's system, as listed on the Operationally Available and Unsubscribed Capacity reports on Transporter’s Designated Site, except Delivery Points on the High Desert Lateral. Capacity in excess of Shipper's entitlement at a Primary Delivery Point will be available to Shipper on a Secondary Delivery Point basis.

4.3 Common Facilities. Receipt Points and Delivery Points will include the points on or adjacent to the facilities owned by Transporter as a tenant-in-common with Mojave Pipeline Company, at which Transporter has the right, respectively, to receive or to deliver Gas, to the extent of Transporter's rights to utilize such points.
5. RATES AND CHARGES

5.1 Applicable Rates and Charges. The rates and charges for service under this rate schedule will be the Reservation Charge, Transportation Charge, ACA Charge, Authorized Overrun Charge, Incidental Charges, and any Imbalance Charge and/or Scheduling Penalties, if applicable, all as specified in Sections 5.2, 5.3, 5.4, 5.5, 5.7, and 5.8 of this rate schedule.

5.2 Reservation Charge. Unless otherwise set forth in Shipper’s Transportation Service Agreement, the Reservation Charge is an amount obtained by multiplying (a) Shipper’s DMDQ as stated in the Transportation Service Agreement, or as calculated using the methodology set out in Section 25 of the General Terms and Conditions of this tariff, by (b) Shipper’s applicable reservation rate per Dth, and multiplying the result by (c) the number of days in the Month. Unless the parties otherwise agree, the applicable Maximum Daily Reservation/Demand Rate, less the TRC, set forth on Sheet Nos. 5, 5.01, 5A, 5A.01 or 5B will apply.

5.3 Transportation Charge. An amount obtained by multiplying (a) the Quantity of Gas, in Dth, received by Transporter from Shipper for Transportation during the Month, exclusive of Quantities for fuel used and lost and unaccounted-for gas as provided in Section 12 of the General Terms and Conditions of this tariff, by (b) an amount per Dth, no less than the applicable Minimum Firm Transportation Commodity/Usage Rate nor greater than the applicable Maximum Firm Transportation Commodity/Usage Rate, each as set forth on Sheet Nos. 5, 5.02, 5A, 5A.02 or 5B of Transporter’s effective tariff.
RATE SCHEDULE KRF-1
KERN RIVER FIRM TRANSPORTATION SERVICES
(Continued)

5. RATES AND CHARGES (Continued)

5.4 ACA Surcharge. An amount obtained by multiplying (a) the Quantity of Gas, in Dth, received by Transporter from Shipper for Transportation during the Month, exclusive of Quantities for fuel used and lost and unaccounted-for Gas, by (b) the Commission-authorized unit charge specified in the annual notice issued by the Commission entitled, “FY [Year] Gas Annual Charges Correction for Annual Charges Unit Charge,” which is available on the Commission’s website at http://www.ferc.gov. The ACA surcharge, as calculated by the Commission, is applicable to all of Transporter’s rate schedules, and is incorporated herein by reference. Transporter will not recover any Annual Charges in an NGA Section 4 rate proceeding.

5.5 Authorized Overrun Charge. The authorized overrun charge shall be an amount obtained by multiplying (a) the Quantity of Gas, in Dth, scheduled as authorized overrun service, by (b) the maximum Authorized Overrun Rate per Dth, less the TRC, as set forth on Sheet Nos. 5, 5.02, 5A, 5A.02 or 5B of Transporter's effective tariff, unless otherwise agreed to by Shipper and Transporter.

5.6 Minimum Monthly Bill. The minimum monthly bill will be the Reservation Charge for each Month, unless Transporter and Shipper mutually agree otherwise.
RATE SCHEDULE KRF-1
KERN RIVER FIRM TRANSPORTATION SERVICES
(Continued)

5. RATES AND CHARGES (Continued)

5.7 Incidental Charges. Where applicable, Transporter will charge Shipper an amount to reimburse Transporter for 100% for any facilities, filing costs or similar fees which have not been previously paid by Shipper which Transporter incurs in establishing or rendering service. If service requires construction of new delivery facilities, Transporter may collect a contribution in aid of construction or incremental facility charge as provided in Section 20 of the General Terms and Conditions.

5.8 Imbalance Charge and Scheduling Penalty. Transporter will charge Shipper an Imbalance Charge and Scheduling Penalty as provided in Section 10 of the General Terms and Conditions.

5.9 Discounted Rates.

(a) Transporter reserves the right to discount at any time the Recourse Rates for any individual Shipper under any service agreement without discounting any other Recourse Rates for that or any other Shipper; provided, however, that such discounted Recourse Rates will not be less than any applicable Minimum Rates set forth on Sheet Nos. 5, 5.01, 5A, 5A.01 or 5B of Transporter's effective tariff, or any superseding tariff.

(1) Such discounted Recourse Rates may apply to specific quantities of Gas (such as quantities above or below a certain level or all quantities if quantities exceed a certain level), quantities of Gas transported during specific time periods, and quantities of Gas transported from specific receipt points and/or to specific delivery points, or within other defined geographical areas.

(2) Discounted Rates also may be calculated using a formula based on index prices for specific receipt and/or delivery points or other agreed-upon published pricing reference points. Index-based, discounted rates will be no lower than the Minimum and no higher than the Maximum Base Tariff Reservation/Demand Rates, less the TRC, set forth on Sheet Nos. 5, 5.01, 5A, 5A.01 or 5B of Transporter’s tariff.

(3) If Transporter discounts any Recourse Rates to any Shipper, Transporter will post such transaction on its designated site on the Internet, pursuant to Section 284.12 of the Commission’s regulations.
RATE SCHEDULE KRF-1
KERN RIVER FIRM TRANSPORTATION SERVICES
(Continued)

5. RATES AND CHARGES (Continued)

5.9 Discounted Rates. (Continued)

(b) Downward adjustment to any rate will be for a specified term. At the expiration of such term, unless otherwise agreed upon, the rate for transportation service will revert to the Maximum Daily Reservation/Demand Rate, less the TRC, as set forth on Sheet Nos. 5, 5.01, 5A, 5A.01 or 5B of Transporter’s effective tariff, and associated commodity rate under this Rate Schedule.

5.10 Negotiated Rates. Notwithstanding the foregoing provisions of this Section 5, Transporter and Shipper may mutually agree to Negotiated Rates for service hereunder as provided in Section 23 of the General Terms and Conditions. ACA surcharges pursuant to Section 5.4 and imbalance charges/and or scheduling penalties pursuant to Section 5.8 of this rate schedule, as well as fuel reimbursement pursuant to Section 12 of the General Terms and Conditions will be applied to Shippers paying Negotiated Rates in the same manner as they are applied to Shippers paying Recourse Rates.
6. AUTHORIZED OVERRUN TRANSPORTATION

Shipper may tender and Transporter, at its option, may accept for Transportation hereunder Quantities of Gas in excess of Shipper's TMDQ as specified in the executed Transportation Service Agreement, or as calculated using the methodology set out in Section 25 of the General Terms and Conditions of this tariff. In the event that capacity is available to provide overrun service but not to provide all overrun service requested, scheduling of overrun service will be consistent with Section 13 of the General Terms and Conditions.

If Transporter elects on any Day during any Month to transport any Quantities of Gas in excess of Shipper's TMDQ, Shipper will pay for the excess Gas transported an amount per Dth equal to the maximum Authorized Overrun Rate, less the TRC, as set forth on Sheet Nos. 5, 5.02, 5A, 5A.02 or 5B of Transporter's effective tariff, unless otherwise agreed to by Shipper and Transporter.
7. ESTABLISHMENT AND MAINTENANCE OF CREDIT

Any reference to this Section 7 shall be deemed a reference to Section 29 of the General Terms and Conditions of this tariff.

8. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions contained in this FERC Gas Tariff are applicable to this rate schedule and are hereby made a part hereof. Any terms and conditions contained in Shipper's executed Transportation Service Agreement which are not inconsistent with the terms and conditions of this rate schedule, including the General Terms and Conditions contained in this FERC Gas Tariff, will also be applicable to service provided under this rate schedule. Shipper will provide Transporter with such information as is needed to meet the requirements placed on Transporter by regulation, rule, and/or order.
9. RESERVATION CHARGE CREDITS.

9.1 Availability of Credit. If Transporter fails to provide primary firm service to Shipper on any Day, Shipper, subject to the provisions of this Section 9, may be eligible for a reservation charge credit.

9.2 Individually Negotiated Provisions. Shippers with Transportation Service Agreements with individually-negotiated provisions relating to reservation charge credits shall not be eligible for an Adjustment under this Section.

9.3 Definitions. For the purpose of this Section 9 only, the following definitions apply:

(a) “Adjustment” means the credit against Shipper’s daily reservation charge that Shipper may be eligible for due to the occurrence of an Event, calculated in accordance with Section 9.4. To the extent quantities are nominated using a secondary receipt point(s) and/or a secondary delivery point(s), no Adjustment will be provided.

(b) “Event” means the occurrence of an operational impairment that impacts the firm use of Transporter’s system, such that Shipper’s Nominated Quantities are not delivered by Transporter from Shipper’s primary receipt point(s) to Shipper’s primary delivery point(s). An Event commences as set forth in the applicable Notification.

(c) “Notification” means Transporter’s posting of an Event caused by Force Majeure or caused by other than Force Majeure (non-Force Majeure) on its customer activities website. For the purposes of this Section 9, for the two years commencing on January 1, 2013, Force Majeure includes outages due to Pipeline and Hazardous Materials Safety Administration (“PHMSA”) orders pursuant to section 60139(c), Maximum Allowable Operating Pressure, of Chapter 601 of Title 49 of the United States Code (“section 60139(c)”). To the extent reasonably known, Notification will include a description of the Event, when the Event commenced, the anticipated duration of the Event, the areas of Transporter’s system and point(s) expected to be impacted during the Event, and the specific PHMSA order issued pursuant to section 60139(c), if applicable.
9. RESERVATION CHARGE CREDITS. (Continued)

9.3 Definitions. (Continued)

(d) “Shipper’s Nominated Quantities” means

(1) If Notification is provided after the deadline for submitting nominations in the Timely Nomination Cycle, the quantities nominated by Shipper at Shipper’s primary points affected by the Event, up to Shipper’s DMDQ;

(2) If Notification is provided before the deadline for submitting nominations in the Timely Nomination Cycle, the lesser of (i) Shipper’s DMDQ associated with Shipper’s primary points affected by the Event during the seven Days immediately prior to an Event; or (ii) the average quantities nominated by Shipper at Shipper’s primary points affected by the Event during the seven Days immediately prior to an Event; or (iii) the quantities nominated by Shipper at Shipper’s primary points affected by the Event for the Day of the Event; provided, however, if Transporter has posted that no service will be available using Shipper’s primary points affected by the Event and Shipper does not submit a nomination for the Day of the Event, Shipper’s Nominated Quantities will mean the lesser of (i) or (ii).

(e) “Undelivered Quantities” means the amount by which Shipper’s Nominated Quantities exceed the quantities delivered by Transporter to the affected primary delivery point(s) as a result of an Event. In no event shall Undelivered Quantities exceed the total firm entitlement at each delivery point, and the delivery point entitlements in aggregate cannot exceed the total DMDQ set forth in Shipper’s Transportation Service Agreement; provided, however, Undelivered Quantities does not include quantities reduced as a result of the third party operator confirmation process or other actions beyond the direct control of Transporter, other than a Force Majeure on Transporter’s facilities.
RATE SCHEDULE KRF-1
KERN RIVER FIRM TRANSPORTATION SERVICES
(Continued)

9. RESERVATION CHARGE CREDITS. (Continued)

9.4 Determination of Adjustment. Subject to the provisions of this Section 9, the reservation charge otherwise payable by Shipper shall be reduced as set forth below. In regard to Adjustments related to capacity release or segmented transactions, Section 9.4(a) and Section 9.4(b) are subject to Section 9.5 (Capacity Releases) and Section 9.6 (Segmented Transportation Service Agreements).

(a) Calculation of Adjustment for Force Majeure.

(1) For a total of ten (10) Days when Shipper has Undelivered Quantities as a result of Force Majeure, there shall be no Adjustment.

(2) For additional Days when Shipper has Undelivered Quantities as a result of Force Majeure, the Adjustment shall be the reservation rate otherwise payable by Shipper multiplied by the Undelivered Quantities. In no event will the reservation rate used to calculate the Adjustment be higher than the maximum applicable tariff reservation rate.

(b) Calculation of Adjustment for non-Force Majeure.

(1) Beginning on Day 1 and continuing for each day Shipper has Undelivered Quantities as a result of non-Force Majeure, the Adjustment shall be the reservation rate otherwise payable by Shipper multiplied by the Undelivered Quantities. In no event will the reservation rate used to calculate the Adjustment be higher than the maximum applicable tariff reservation rate.
9. RESERVATION CHARGE CREDITS. (Continued)

9.4 Determination of Adjustment. (Continued)

  (c) Calculation of Adjustment - General.

  (1) If all or a portion of Shipper’s Nominated Quantities are not scheduled by Transporter in the Timely Nomination Cycle and Shipper nomi

  nates the unscheduled quantities (“Unscheduled Quantities”) on a third-party pipeline, Shipper shall not be required to nominate in the Evening Nomination Cycle to receive an Adjustment. To the extent Shipper nominates, and Transporter schedules, previously Unscheduled Quantities in a subsequent nomination cycle for the same gas Day, Shipper’s Adjustment shall be appropriately reduced to account for the quantities delivered by Transporter.

  (i) Shipper shall provide a representation to Transporter that it nominated its Unscheduled Quantities on a third-party pipeline as a result of Transporter’s inability to provide primary firm service.

  (2) If, on any Day, the sum of (i) Shipper’s Undelivered Quantities and (ii) the total nominations submitted by Shipper and delivered by Transporter at any and all points exceeds the DMDQ set forth in Shipper’s Transportation Service Agreement, the quantities used to calculate the Adjustment shall be Shipper’s DMDQ minus the quantities delivered by Transporter.

9.5 Capacity Releases.

  (a) If the Replacement Shipper’s reservation rate is lower than the Releasing Shipper’s reservation rate, Transporter will provide an Adjustment to the Replacement Shipper that is calculated by multiplying the Replacement Shipper’s Undelivered Quantities by the reservation rate payable by the Replacement Shipper. Transporter will credit the Releasing Shipper’s invoice by the amount of the Replacement Shipper’s Adjustment.

  (b) If the Replacement Shipper’s reservation rate is higher than the Releasing Shipper’s reservation rate, Transporter will provide an Adjustment to the Replacement Shipper that is calculated by multiplying the Replacement Shipper’s Undelivered Quantities by the reservation rate payable by the Releasing Shipper. Replacement Shipper will pay Transporter the “Excess Reservation Charges,” which is an amount calculated by multiplying the Replacement Shipper’s Undelivered Quantities by the amount by which the Replacement Shipper’s reservation rate exceeds the Releasing Shipper’s reservation rate. Transporter will credit the Releasing Shipper’s invoice by the sum of the Replacement Shipper’s Adjustment and the Excess Reservation Charges paid by the Replacement Shipper.

  (c) If the Replacement Shipper is paying a volumetric rate, no Adjustment will be provided.
RATE SCHEDULE KRF-1
KERN RIVER FIRM TRANSPORTATION SERVICES
(Continued)

9. RESERVATION CHARGE CREDITS. (Continued)

9.6 Segmented Transportation Service Agreements. If Shipper segments its Transportation Service Agreement into separate Transportation Service Agreements, all such segmented agreements will be treated as one Transportation Service Agreement that reflects the primary receipt and primary delivery point entitlements of all segments combined. However, any Adjustment pursuant to this Section 9 will be limited to the DMDQ associated with the primary points affected by the Event under Shipper’s original Transportation Service Agreement prior to segmentation, and in no instance will the Adjustment(s) related to segmented Transportation Service Agreements be greater than what the Adjustment would have been if there had been no segmentation or segmentation and related capacity releases. To the extent the quantities delivered by Transporter for all segments combined are less than the DMDQ under Shipper’s Transportation Service Agreement prior to segmentation, and the quantities delivered by Transporter plus total Undelivered Quantities exceed Shipper’s DMDQ, Adjustments will be allocated among the affected Shippers pro rata, based on each Shipper’s Undelivered Quantities.

9.7 Adjustments to Invoices. Transporter will calculate the Adjustment due Shipper, and such amounts will be reflected on Shipper’s invoice for the following billing cycle, but no later than 60 days following the end of a Force Majeure or non-Force Majeure. Transporter may use the set-off provisions of the General Terms and Conditions of the Tariff with regard to any and all Adjustments owed to Shipper.

9.8 Nothing in this Section shall relieve Transporter or Shipper from its obligations due and owing before the onset of the inability to make deliveries, nor shall this Section create any rights or confer any benefits upon any entity other than the Transporter and Shipper.
RATE SCHEDULE KRF-L1
HIGH DESERT LATERAL FIRM TRANSPORTATION SERVICES

1. AVAILABILITY

This rate schedule is available for the Transportation of Natural Gas on a firm basis by Kern River Gas Transmission Company (hereinafter called "Transporter") to any shipper (hereinafter called "Shipper"): (a) which desires firm service and to the extent Transporter has available capacity to render such firm service for Shipper; and (b) which has an executed Transportation Service Agreement for service hereunder.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 This rate schedule will apply to Gas transported by Transporter for Shipper on the High Desert Lateral (a lateral of approximately 32 miles extending from Transporter’s mainline near milepost 41 of the Common Facilities located in San Bernardino County, California to the High Desert Power Project, LLC’s power plant site) pursuant to the executed Transportation Service Agreement for service under this rate schedule. Shippers under this rate schedule additionally may release their rights to Transportation service on a permanent or temporary basis pursuant to the terms of Section 15 of the General Terms and Conditions of this tariff.

2.2 Service rendered under this rate schedule will consist of: (a) The receipt by Transporter of Shipper's Gas at the Receipt Point(s), including Quantities for fuel used and lost and unaccounted-for gas that Shipper is obligated to provide pursuant to Section 12 of the General Terms and Conditions of this tariff; and (b) The Transportation of Gas up to Shipper's Transportation Maximum Daily Quantity (TMDQ) on a firm basis, subject to Section 13 of the General Terms and Conditions of this tariff; and (c) The delivery of Gas in Thermally Equivalent quantities after Transportation (less any fuel used and lost and unaccounted-for gas pursuant to Section 12 of the General Terms and Conditions of this tariff) by Transporter to Shipper at the Delivery Point(s).
RATE SCHEDULE KRF-L1
HIGH DESERT LATERAL FIRM TRANSPORTATION SERVICES
(Continued)

3. QUALIFICATION FOR SERVICE

3.1 All Shippers requesting firm Transportation service must provide the information required by this Section 3 in order to qualify for firm Transportation service. A request for service will be made no earlier than ninety (90) Days prior to the proposed commencement date of service and will not be accepted unless firm capacity to render the service is available; provided, however, if (i) additional facilities on Transporter's system are required; (ii) Transporter posts the requested capacity for bid, or (iii) Transporter announces an open season for the requested capacity, then a request may be made at an earlier date. Any modification of an existing Transportation service will be requested by Shipper's submission of a new Transportation service request indicating that the service requested is a modification of an existing service.

All Transportation service requests are to be submitted via Transporter’s Designated Site or in writing to:

Kern River Gas Transmission Company
Marketing and Customer Services
2755 E. Cottonwood Parkway, Suite 300
Salt Lake City, UT 84121
Facsimile No: (801) 937-6444

Any request will include the information or items listed below, and any additional information required by Transporter to process the request; provided, that the request for additional information will not affect the priority of Shipper's request.

(a) Gas Quantities: Shipper will provide the TMDQ stated in Dth.

(b) Receipt/Delivery Point: The designated Primary Receipt Point(s) and Primary Delivery Point(s), including the Receipt and Delivery Point Entitlements at each point.
3. QUALIFICATION FOR SERVICE (Continued)

3.1 (Continued)

(c) Term: The proposed commencement and termination dates of service.

(d) Facilities: Identification and location of any facilities to be constructed or installed by any party affected by the proposed Transportation service.

(e) Creditworthiness: Prior to execution of the Transportation Service Agreement or, if applicable, prior to Transporter issuing a new contract number pursuant to Section 11.1 of the General Terms and Conditions of this tariff, Shipper will provide proof that it meets Transporter’s creditworthiness standards, as described in Section 29 of the General Terms and Conditions of this tariff.
3. QUALIFICATION FOR SERVICE (Continued)

3.2 Transporter will not be required to perform or to continue service under this rate schedule on behalf of any Shipper who is or has become insolvent or who, at Transporter's request, fails within a reasonable period to demonstrate creditworthiness. Transporter will seek appropriate FERC authorization, if necessary, prior to termination of service when the Shipper, its Guarantor or any parent entity fails to maintain creditworthiness or becomes insolvent. For purposes herein, the insolvency of a Shipper will be evidenced by the filing by or against any Shipper or Guarantor (hereinafter collectively referred to as "the Shipper") of a petition in bankruptcy or the entry of a decree or order by a court having jurisdiction in the premises adjudging the Shipper bankrupt or insolvent, or approving, as properly filed, a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Shipper under the Federal Bankruptcy Act or any other applicable federal or state law, or appointing a receiver, liquidator, assignee, trustee, sequestrator, (or other similar official) of the Shipper or of any substantial part of its property, or the ordering of the winding-up or liquidation of its affairs, with said order or decree continuing unstayed and in effect for a period of sixty (60) consecutive Days.

3.3 If Transporter cannot satisfy a request due to insufficient capacity, such request will not be of a continuing nature but rather will remain valid only until the date Transporter notifies Shipper of insufficient capacity and will thereafter be deemed a nullity for all purposes.

3.4 A Transportation Service Agreement (Sheet No. 320) will be executed by Shipper and Transporter, or a new contract number will be issued pursuant to Section 11.1 of the General Terms and Conditions of this tariff, following Transporter's approval in writing or electronically through Transporter's Designated Site of Shipper's request for service or Transporter's award of capacity following an open season and prior to commencement of service. In the event the Transportation Service Agreement, if applicable, is not executed and returned by Shipper at least 24 hours prior to the effective date of the Transportation Service Agreement, Transporter may consider the request for service invalid.
4. DELIVERIES AND RECEIPTS

4.1 Receipt Points. The Primary Receipt Point(s) for all Gas transported by Transporter under this rate schedule will be at the interconnection(s) between Transporter’s High Desert Lateral and the Common Facilities and/or the connecting facilities of Shipper or Shipper’s designee shown on an exhibit to the Transportation Service Agreement. The Secondary Receipt Points for Gas transported by Transporter under this rate schedule will be all other points at which Transporter is authorized to receive Gas into Transporter’s High Desert Lateral, as listed on the Operationally Available and Unsubscribed Capacity reports on Transporter’s Designated Site. Capacity in excess of Shipper’s Receipt Point Entitlement at a Primary Receipt Point will be available to Shipper on a Secondary Receipt Point basis.

4.2 Delivery Points. The Primary Delivery Point(s) for all Gas transported by Transporter under this rate schedule will be at the interconnection(s) between Transporter’s High Desert Lateral and the facilities of Shipper or Shipper’s designee shown on an exhibit to the Transportation Service Agreement. The Secondary Delivery Points for Gas transported by Transporter under this rate schedule will be all other points at which Transporter is authorized to deliver Gas from Transporter’s High Desert Lateral, as listed on the Operationally Available and Unsubscribed Capacity reports on Transporter’s Designated Site. Capacity in excess of Shipper’s entitlement at a Primary Delivery Point will be available to Shipper on a Secondary Delivery Point basis.
5. RATES AND CHARGES

5.1 Applicable Rates and Charges. The rates and charges for service under this rate schedule will be the Reservation Charge, Transportation Charge, ACA Charge, Authorized Overrun Charge, Incidental Charges, and any Imbalance Charge and/or Scheduling Penalties, if applicable, all as specified in Sections 5.2, 5.3, 5.4, 5.5, 5.7, and 5.8 of this rate schedule.

5.2 Reservation Charge. An amount obtained by multiplying (a) Shipper's DMDQ as stated in the Transportation Service Agreement by (b) an amount per Dth which will be no greater than the applicable Maximum Daily Reservation/Demand Rate as shown on Sheet No. 7, less the TRC, of Transporter's effective tariff and multiplying the result by (c) the number of days in the Month. Unless the parties otherwise agree, the applicable Maximum Daily Reservation Rate, less the TRC, will apply.

5.3 Transportation Charge. An amount obtained by multiplying (a) the Quantity of Gas in Dth received by Transporter from Shipper for Transportation during the Month, exclusive of Quantities for fuel used and lost and unaccounted-for gas as provided in Section 12 of the General Terms and Conditions of this tariff by (b) an amount per Dth, no less than the Minimum Firm Transportation Rate nor greater than the Maximum Firm Transportation Rate, each as set forth on Sheet No. 7 of Transporter's effective tariff.
5. RATES AND CHARGES (Continued)

5.4 ACA Surcharge. An amount obtained by multiplying (a) the Quantity of Gas, in Dth, received by Transporter from Shipper for Transportation during the Month, exclusive of Quantities for fuel used and lost and unaccounted-for gas, by (b) the Commission-authorized unit charge specified in the annual notice issued by the Commission entitled, “FY [Year] Gas Annual Charges Correction for Annual Charges Unit Charge,” which is available on the Commission’s website at http://www.ferc.gov. The ACA surcharge, as calculated by the Commission, is applicable to all of Transporter’s rate schedules, and is incorporated herein by reference. Transporter will not recover any Annual Charges in an NGA Section 4 rate proceeding.

5.5 Authorized Overrun Charge. The authorized overrun charge shall be an amount obtained by multiplying (a) the Quantity of Gas, in Dth, scheduled as authorized overrun service, by (b) the maximum Authorized Overrun Rate per Dth as set forth on Sheet No. 7 of Transporter's effective tariff, unless otherwise agreed to by Shipper and Transporter.

5.6 Minimum Monthly Bill. The minimum monthly bill will be the Reservation Charge for each Month, unless Transporter and Shipper mutually agree otherwise.
RATE SCHEDULE KRF-L1
HIGH DESERT LATERAL FIRM TRANSPORTATION SERVICES
(Continued)

5. RATES AND CHARGES (Continued)

5.7 Incidental Charges. Where applicable, Transporter will charge Shipper an amount to reimburse Transporter for 100% for any facilities, filing costs or similar fees which have not been previously paid by Shipper which Transporter incurs in establishing or rendering service. If service requires construction of new delivery facilities, Transporter may collect a contribution in aid of construction or incremental facility charge as provided in Section 20 of the General Terms and Conditions.

5.8 Imbalance Charge and Scheduling Penalty. Transporter will charge Shipper an Imbalance Charge and Scheduling Penalty as provided in Section 10 of the General Terms and Conditions.

5.9 Discounted Recourse Rates. Transporter reserves the right to discount at any time the Recourse Rates for any individual Shipper under any service agreement without discounting any other Recourse Rates for that or any other Shipper; provided, however, that such discounted Recourse Rates will not be less than any applicable Minimum Rates set forth on Sheet No. 7 of Transporter's effective tariff, or any superseding tariff. Such discounted Recourse Rates may apply to specific volumes of Gas (such as volumes above or below a certain level or all volumes if volumes exceed a certain level), volumes of Gas transported during specific time periods, and volumes of Gas transported from specific receipt points and/or to specific delivery points, or within other defined geographical areas. If Transporter discounts any Recourse Rates to any Shipper, Transporter will file with the FERC any required reports reflecting such adjusted rates.

Downward adjustment to any rate will be for a specified term. At the expiration of such term, unless otherwise agreed upon, the rate for transportation service will revert to the Maximum Daily Reservation/Demand Rate, less the TRC, and associated commodity rate under this Rate Schedule.
5. RATES AND CHARGES (Continued)

5.10 Negotiated Rates. Notwithstanding the foregoing provisions of this Section 5, Transporter and Shipper may mutually agree to Negotiated Rates for service hereunder as provided in Section 23 of the General Terms and Conditions. ACA surcharges pursuant to Section 5.4 and imbalance charges/and or scheduling penalties pursuant to Section 5.8 of this rate schedule, as well as fuel reimbursement pursuant to Section 12 of the General Terms and Conditions will be applied to Shippers paying Negotiated Rates in the same manner as they are applied to Shippers paying Recourse Rates.
6. AUTHORIZED OVERRUN TRANSPORTATION

Shipper may tender and Transporter, at its option, may accept for Transportation hereunder Quantities of Gas in excess of Shipper's TMDQ as specified in the executed Transportation Service Agreement. In the event that capacity is available to provide authorized overrun service but not to provide all authorized overrun service requested, scheduling of authorized overrun service will be consistent with Section 13 of the General Terms and Conditions.

If Transporter elects on any Day during any Month to transport any Quantities of Gas in excess of Shipper's TMDQ, Shipper will pay for the excess Gas transported an amount per Dth equal to the maximum Authorized Overrun Rate as set forth on Sheet No. 7 of Transporter's effective tariff, unless otherwise agreed to by Shipper and Transporter.
7. ESTABLISHMENT AND MAINTENANCE OF CREDIT

Any reference to this Section 7 shall be deemed a reference to Section 29 of the General Terms and Conditions of this tariff.

8. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions contained in this FERC Gas Tariff are applicable to this rate schedule and are hereby made a part hereof. Any terms and conditions contained in Shipper’s executed Transportation Service Agreement which are not inconsistent with the terms and conditions of this rate schedule, including the General Terms and Conditions contained in this FERC Gas Tariff, will also be applicable to service provided under this rate schedule. Shipper will provide Transporter with such information as is needed to meet the requirements placed on Transporter by regulation, rule, and/or order.
RATE SCHEDULE KRI-1
KERN RIVER INTERRUPTIBLE TRANSPORTATION SERVICES

1. AVAILABILITY

This rate schedule is available for the Transportation of Natural Gas on an interruptible basis by Kern River Gas Transmission Company (hereinafter called "Transporter") to any shipper (hereinafter called "Shipper");

(a) that has an executed Transportation Service Agreement for service hereunder and

(b) to the extent that capacity is available on Transporter’s system from time to time for the delivery of Gas to Transporter and the redelivery by Transporter for the account of Shipper.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 This rate schedule will apply to Gas transported by Transporter for Shipper pursuant to the executed Transportation Service Agreement for service under this rate schedule, which does not include service on the High Desert Lateral as described in Rate Schedule KRF-L1. As used in this rate schedule, Transporter’s system does not include the High Desert Lateral.

2.2 Service rendered under this rate schedule will consist of:

(a) The receipt by Transporter of Shipper’s Gas at the Receipt Point(s) specified in Shipper’s Transportation Service Agreement, including Quantities for fuel used and lost and unaccounted-for gas that Shipper is obligated to provide pursuant to Section 12 of the General Terms and Conditions of this tariff; and

(b) The delivery of Gas in Thermally Equivalent quantities after Transportation (less any fuel used and lost and unaccounted-for gas pursuant to Section 12 of the General Terms and Conditions of this tariff) by Transporter to Shipper at the Delivery Points specified in Shipper’s Transportation Service Agreement.
2. APPLICABILITY AND CHARACTER OF SERVICE  (Continued)

2.3 Service rendered under this rate schedule is interruptible and will be provided only when and to the extent that Transporter determines capacity is available in its existing facilities. Service rendered under this rate schedule is subject to curtailment or interruption at any time. Service will be performed only when Transporter has capacity available to provide such Transportation without impairment to the service being provided for any customer which has contracted for firm Transportation service.
3. QUALIFICATION FOR SERVICE

3.1 All Shippers requesting new or amended interruptible Transportation service must submit a request electronically.

Shipper must meet Transporter’s creditworthiness requirements, as described in Section 29 of the General Terms and Conditions of this tariff, prior to commencement of service. Any reference to this Section 3.1 shall be deemed a reference to Section 29 of the General Terms and Conditions of this tariff.
3. QUALIFICATION FOR SERVICE (Continued)

3.2 Transporter will not be required to commence or continue service on behalf of any Shipper who is or has become insolvent or who fails to maintain creditworthiness until such Shipper has provided alternate security in accordance with Section 29 of the General Terms and Conditions of this tariff.

3.3 A Transportation Service Agreement (Sheet No. 310) will be executed by Shipper and Transporter, or a new contract number for service under Rate Schedule KRI-1 will be issued pursuant to section 11.1 of the General Terms and Conditions of this tariff, prior to commencement of service.
RATE SCHEDULE KRI-1
KERN RIVER INTERRUPTIBLE TRANSPORTATION SERVICES
(Continued)

4. DELIVERIES AND RECEIPTS

4.1 Receipt Points. All existing Receipt Points on Transporter's system, except Receipt Points on the
High Desert Lateral, will be available as Receipt Points for Gas transported under this rate
schedule. Shipper's Transportation Service Agreement will be deemed amended from time to time
to add any new Receipt Points added on Transporter's system, as listed on the Operationally
Available and Unsubscribed Capacity reports on Transporter's Designated Site.

4.2 Delivery Points. All existing Delivery Points on Transporter's system, except Delivery Points on
the High Desert Lateral, will be available as Delivery Points for Gas transported under this rate
schedule. Shipper's Transportation Service Agreement will be deemed amended from time to time
to add any new Delivery Points added on Transporter's system, as listed on the Operationally
Available and Unsubscribed Capacity reports on Transporter's Designated Site.

4.3 Common Facilities. Receipt Points and Delivery Points will include the points on or adjacent to
the facilities owned by Transporter as a tenant-in-common with Mojave Pipeline Company, at
which Transporter has the right to receive or to deliver Gas, to the extent of Transporter's rights to
utilize such points.
RATE SCHEDULE KRI-1
KERN RIVER INTERRUPTIBLE TRANSPORTATION SERVICES
(Continued)

5. RATES AND CHARGES

5.1 Applicable Rates and Charges. The rates and charges for service under this rate schedule will be
the Transportation Charge, ACA Surcharge, Incidental Charges, and any Imbalance Charge and/or
Scheduling Penalties, if applicable, all as specified in Sections 5.2, 5.3, 5.5 and 5.6 of this rate
schedule.

5.2 Transportation Charge. An amount obtained by multiplying (a) the Quantity of Gas in Dth
received by Transporter from Shipper for Transportation during the Month, exclusive of
Quantities for fuel used and lost and unaccounted-for gas, by (b) the Maximum Interruptible
Transportation Rate, less the TRC, as shown on Sheet No. 6 of Transporter's effective tariff.
Transporter has the right to negotiate the rate to a level not less than the Minimum Interruptible
Transportation Rate nor greater than the Maximum Interruptible Transportation Rate, less the
TRC, as shown on Sheet No. 6 of Transporter's effective tariff.

5.3 ACA Surcharge. Amount obtained by multiplying (a) the Quantity of Gas received by Transporter
from Shipper for Transportation during the Month, exclusive of Quantities for fuel used and lost
and unaccounted-for gas, by (b) the Commission-authorized unit charge specified in the annual
notice issued by the Commission entitled, “FY [Year] Gas Annual Charge Correction for Annual
Charges Unit Charge,” which is available on the Commission’s website at http://www.ferc.gov.
The ACA surcharge, as calculated by the Commission, is applicable to all of Transporter’s rate
schedules, and is incorporated herein by reference. Transporter will not recover any Annual
Charges in an NGA Section 4 rate proceeding.

5.4 Minimum Monthly Bill. None.

5.5 Incidental Charges. Where applicable, Transporter will charge Shipper an amount to reimburse
Transporter for 100% of any facilities, filing costs or similar fees which have not been previously
paid by Shipper which Transporter incurs in establishing or rendering service. In
5. RATES AND CHARGES (Continued)

5.5 Incidental Charges. (Continued)

In addition, if service requires construction of new facilities, Transporter may collect a contribution in aid of construction or incremental facility charge as provided in Section 20 of the General Terms and Conditions.

5.6 Imbalance Charge and Scheduling Penalty. Transporter will charge Shipper an Imbalance Charge and Scheduling Penalty as provided in Section 10, General Terms and Conditions.

5.7 Discounted Rates.

(a) Transporter reserves the right to discount at any time the Recourse Rates for any individual Shipper under any service agreement without discounting any other Recourse Rates for that or any other Shipper; provided, however, that such discounted Recourse Rates will not be less than any applicable Minimum Rates set forth on Sheet No. 6 of Transporter’s effective tariff.

(1) Such discounted Recourse Rates may apply to specific quantities of Gas (such as quantities above or below a certain level or all quantities if quantities exceed a certain level), quantities of Gas transported during specific time periods, and quantities of Gas transported from specific receipt points and/or to specific delivery points, or within other defined geographical areas.

(2) Discounted Rates may also be calculated using a formula based on index prices for specific receipt and/or delivery points or other agreed-upon published pricing reference points. Index-based, discounted rates will be no lower than the Minimum and no higher than the Maximum Base Tariff Reservation/Demand Rates, less the TRC, set forth on Sheet No. 6 of Transporter’s effective Tariff.

(3) If Transporter discounts any Recourse Rates to any Shipper, Transporter will post such transaction on its designated site on the Internet, pursuant to Section 284.12 of the Commission’s regulations.
RATE SCHEDULE KRI-1
KERN RIVER INTERRUPTIBLE TRANSPORTATION SERVICES
(Continued)

(b) Downward adjustment to any rate will be for a specified term. At the expiration of such term, the rate for transportation services will revert to the maximum allowable rate under this Schedule.

5.8 Negotiated Rates. Notwithstanding the foregoing provisions of this Section 5, Transporter and Shipper may mutually agree to Negotiated Rates for service hereunder as provided in Section 23 of the General Terms and Conditions. ACA surcharges pursuant to Section 5.3 and imbalance charges and/or scheduling penalties pursuant to Section 5.6 of this rate schedule, as well as fuel reimbursement pursuant to Section 12 of the General Terms and Conditions of this tariff will be applied to Shippers paying Negotiated Rates in the same manner as they are applied to Shippers paying Recourse Rates.

6. PRIORITY OF SERVICE

A Shipper receiving service under Rate Schedule KRI-1 will not lose its priority of service by the renewal or extension of the term of that service; provided, however any renewal or extension must be pursuant to a rollover or evergreen provision of the Transportation Service Agreement.

7. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions contained in Transporter's effective tariff, except as modified in the executed Transportation Service Agreement, are applicable to this Rate Schedule and are hereby made a part hereof. Shipper will provide Transporter with such information as is needed to meet the requirements placed on Transporter by regulation, rule, and/or order.
(RESERVED FOR FUTURE USE)
RATE SCHEDULE KRI-L1
HIGH DESERT LATERAL INTERRUPTIBLE TRANSPORTATION SERVICES

1. AVAILABILITY

This rate schedule is available for the Transportation of Natural Gas on an interruptible basis by Kern River Gas Transmission Company (hereinafter called "Transporter") to any shipper (hereinafter called "Shipper");

(a) that has an executed Transportation Service Agreement for service hereunder and

(b) to the extent that capacity is available on Transporter's High Desert Lateral from time to time for the delivery of Gas to Transporter and the redelivery by Transporter for the account of Shipper.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 This rate schedule will apply to Gas transported by Transporter for Shipper on the High Desert Lateral (a lateral of approximately 32 miles extending from Transporter’s mainline near milepost 41 of the Common Facilities located in San Bernardino County, California to the High Desert Power Project, LLC’s power plant site) pursuant to the executed Transportation Service Agreement for service under this rate schedule.

2.2 Service rendered under this rate schedule will consist of:

(a) The receipt by Transporter of Shipper's Gas at the Receipt Point(s) specified in Shipper's Transportation Service Agreement, including Quantities for fuel used and lost and unaccounted-for gas that Shipper is obligated to provide pursuant to Section 12 of the General Terms and Conditions of this tariff; and

(b) The delivery of Gas in Thermally Equivalent quantities after Transportation (less any fuel used and lost and unaccounted-for gas pursuant to Section 12 of the General Terms and Conditions of this tariff) by Transporter to Shipper at the Delivery Points specified in Shipper's Transportation Service Agreement.
2. APPLICABILITY AND CHARACTER OF SERVICE (Continued)

2.3 Service rendered under this rate schedule is interruptible and will be provided only when and to the extent that Transporter determines capacity is available in its High Desert Lateral facilities. Service rendered under this rate schedule is subject to curtailment or interruption at any time. Service will be performed only when Transporter has capacity available to provide such Transportation without impairment to the service being provided for any customer which has contracted for firm Transportation service under Rate Schedule KRF-L1.
3. QUALIFICATION FOR SERVICE

3.1 All Shippers requesting new interruptible Transportation service must submit a request electronically.

Shipper must meet Transporter’s creditworthiness requirements, as described in Section 29 of the General Terms and Conditions of this tariff, prior to commencement of service. Any reference to this Section 3.1 shall be deemed a reference to Section 29 of the General Terms and Conditions of this tariff.
RATE SCHEDULE KRI-L1
HIGH DESERT LATERAL INTERRUPTIBLE TRANSPORTATION SERVICES
(Continued)

3. QUALIFICATION FOR SERVICE (Continued)

3.2 Transporter will not be required to commence or continue service on behalf of any Shipper who is or has become insolvent or who fails to maintain creditworthiness until such Shipper has provided alternate security in accordance with Section 29 of the General Terms and Conditions of this tariff.

3.3 A Transportation Service Agreement (Sheet No. 330) will be executed by Shipper and Transporter, or a new contract number for service under Rate Schedule KRI-L1 will be issued pursuant to section 11.1 of the General Terms and Conditions of this tariff, prior to commencement of service.
RATE SCHEDULE KRI-L1
HIGH DESERT LATERAL INTERRUPTIBLE TRANSPORTATION SERVICES
(Continued)

4. DELIVERIES AND RECEIPTS

4.1 Receipt Points. All existing Receipt Points on Transporter's High Desert Lateral will be available as Receipt Points for Gas transported under this rate schedule. Shipper's Transportation Service Agreement will be deemed amended from time to time to add any new Receipt Points added on Transporter's High Desert Lateral, as listed on the Operationally Available and Unsubscribed Capacity reports on Transporter’s Designated Site.

4.2 Delivery Points. All existing Delivery Points on Transporter's High Desert Lateral will be available as Delivery Points for Gas transported under this rate schedule. Shipper's Transportation Service Agreement will be deemed amended from time to time to add any new Delivery Points added on Transporter's High Desert Lateral, as listed on the Operationally Available and Unsubscribed Capacity reports on Transporter’s Designated Site.
5. RATES AND CHARGES

5.1 Applicable Rates and Charges. The rates and charges for service under this rate schedule will be the Transportation Charge, ACA Surcharge, Incidental Charges, and any Imbalance Charge and/or Scheduling Penalties, if applicable, all as specified in Sections 5.2, 5.3, 5.5 and 5.6 of this rate schedule.

5.2 Transportation Charge. An amount obtained by multiplying (a) the Quantity of Gas in Dth received by Transporter from Shipper for Transportation during the Month, exclusive of Quantities for fuel used and lost and unaccounted-for gas, by (b) the Maximum Interruptible Transportation Rate as shown on Sheet No. 7 of Transporter's effective tariff. Transporter has the right to negotiate the rate to a level not less than the Minimum Interruptible Transportation Rate nor greater than the Maximum Interruptible Transportation Rate, as shown on Sheet No. 7 of Transporter's effective tariff.

5.3 ACA Surcharge. Amounts obtained by multiplying (a) the Quantity of Gas received by Transporter from Shipper for Transportation during the Month, exclusive of Quantities for fuel used and lost and unaccounted-for gas, by (b) the Commission-authorized unit charge specified in the annual notice issued by the Commission entitled, “FY [Year] Gas Annual Charges Correction for Annual Charges Unit Charge,” which is available on the Commission’s website at http://www.ferc.gov. The ACA surcharge, as calculated by the Commission, is applicable to all of Transporter’s rate schedules, and is incorporated herein by reference. Transporter will not recover any Annual Charges in an NGA Section 4 rate proceeding.

5.4 Minimum Monthly Bill. None.

5.5 Incidental Charges. Where applicable, Transporter will charge Shipper an amount to reimburse Transporter for 100% for any facilities, filing costs or similar fees which have not been previously paid by Shipper which Transporter incurs in establishing or rendering service. In addition, if service requires construction of new delivery facilities, Transporter may collect a contribution in aid of construction or incremental facility charge as provided in Section 20 of the General Terms and Conditions.
RATE SCHEDULE KRI-L1
HIGH DESERT LATERAL INTERRUPTIBLE TRANSPORTATION SERVICES
(Continued)

5. RATES AND CHARGES (Continued)

5.6 Imbalance Charge and Scheduling Penalty. Transporter will charge Shipper an Imbalance Charge and Scheduling Penalty as provided in Section 10, General Terms and Conditions.

5.7 Discounted Recourse Rates. Transporter reserves the right to discount at any time the Recourse Rates for any individual Shipper under any service agreement without discounting any other Recourse Rates for that or any other Shipper; provided, however, that such discounted Recourse Rates will not be less than any applicable Minimum Rates set forth on Sheet No. 7 of Transporter's effective tariff, or any superseding tariff. Such discounted Recourse Rates may apply to specific volumes of Gas (such as volumes above or below a certain level or all volumes if volumes exceed a certain level), volumes of Gas transported during specific time periods, and volumes of Gas transported from specific receipt points and/or to specific delivery points, or within other defined geographical areas. If Transporter discounts any Recourse Rates to any Shipper, Transporter will post such transaction on its Designated Site, pursuant to Section 284.12 of the Commission's regulations.

Downward adjustment to any rate will be for a specified term. At the expiration of such term, the rate for transportation services will revert to the maximum allowable rate under this Rate Schedule.

5.8 Negotiated Rates. Notwithstanding the foregoing provisions of this Section 5, Transporter and Shipper may mutually agree to Negotiated Rates for service hereunder as provided in Section 23 of the General Terms and Conditions. The ACA surcharge pursuant to Section 5.3 and imbalance charges and/or scheduling penalties pursuant to Section 5.6 of this rate schedule, as well as fuel reimbursement pursuant to Section 12 of the General Terms and Conditions of this tariff will be applied to Shippers paying Negotiated Rates in the same manner as they are applied to Shippers paying Recourse Rates.
RATE SCHEDULE KRI-L1
HIGH DESERT LATERAL INTERRUPTIBLE TRANSPORTATION SERVICES
(Continued)

6. PRIORITY OF SERVICE

A Shipper receiving service under Rate Schedule KRI-L1 will not lose its priority of service by the renewal or extension of the term of that service; provided, however any renewal or extension must be pursuant to a rollover or evergreen provision of the Transportation Service Agreement.

7. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions contained in Transporter's effective tariff, except as modified in the executed Transportation Service Agreement, are applicable to this Rate Schedule and are hereby made a part hereof. Shipper will provide Transporter with such information as is needed to meet the requirements placed on Transporter by regulation, rule, and/or order.
RATE SCHEDULE PAL
PARK AND LOAN SERVICES

1. AVAILABILITY

This rate schedule is available for park and/or loan ("PAL") service to be provided on a first-come, first-served basis by Kern River Gas Transmission Company (hereinafter called "Transporter") to any Shipper (hereinafter called "Shipper"):  
1.1 that desires PAL service to the extent Transporter has available capacity from time to time to render such service for Shipper; and  
1.2 that has a current Transportation Service Agreement and an executed PAL Service Agreement for service under this rate schedule.

2. APPLICABILITY

2.1 This rate schedule applies to all PAL service rendered by Transporter for Shipper pursuant to Transporter’s blanket certificate under Part 284 of the Commission’s regulations and the executed Service Agreement for service under this Rate Schedule.  
2.2 Transporter will authorize PAL service for any Shipper only if, in Transporter’s best operating judgment and discretion, such service will not prevent Transporter from scheduling any firm or interruptible transportation service or from maintaining the efficiency of Transporter’s system. If PAL service has commenced and Transporter determines that continuing such service may prevent Transporter from scheduling any firm or interruptible transportation service or from maintaining the efficiency of its system, then Transporter may, at its sole discretion and upon giving appropriate notice to Shipper(s), discontinue any or all of the services hereunder.  
2.3 All PAL transactions will be provided at a logical point (PAL Point) downstream of the Daggett Compressor Station in San Bernardino County, California.
2. APPLICABILITY (Continued)

2.4 Transporter will establish and maintain a parking account and/or a loan account (as applicable) for each Shipper that executes a PAL Service Agreement.

2.5 Transportation of Gas for or on behalf of Shipper to or from the PAL Point must be provided under a Transportation Service Agreement. Receipt and/or delivery of Gas for Shipper’s account at the PAL Point will be scheduled only for Quantities that are matched by scheduled Quantities for the related transportation services to or from the PAL Point.

2.6 Park Service.

(a) Transporter may agree to receive and park Gas tendered for Shipper’s account at the PAL Point, up to the Maximum Park Quantity specified in the PAL Service Agreement.

(b) Shipper and Transporter will mutually agree to a withdrawal schedule. Shipper may subsequently adjust its schedule with the consent of Transporter.

(c) Shipper will withdraw parked Gas from the PAL Point by nominating a Quantity, up to the total Quantity of Gas available in Shipper’s parked Gas account at the PAL Point, for redelivery under a Transportation Service Agreement.

(d) If Transporter is unable to schedule nominated Quantities of Gas for withdrawal from Shipper’s parked Gas account in accordance with the planned withdrawal schedule, Transporter and Shipper will mutually agree to a revised withdrawal schedule for the nominated Quantities.

2.7 Loan Service.

(a) Transporter may agree to loan Gas to Shipper from the PAL Point, up to the Maximum Loan Quantity specified in the executed PAL Service Agreement.

(b) Shipper and Transporter will mutually agree to a repayment schedule. Shipper may subsequently adjust its schedule with the consent of Transporter.
RATE SCHEDULE PAL
PARK AND LOAN SERVICES
(Continued)

2. APPLICABILITY Continued)

(c) Shipper will repay loaned Gas to the PAL Point by nominating a Quantity, up to the total Quantity of Gas loaned, plus fuel, for delivery to the PAL Point under a Transportation Service Agreement.

(d) If Transporter is unable to schedule nominated Quantities of Gas for delivery to Shipper’s loaned Gas account in accordance with the planned repayment schedule, Transporter and Shipper will mutually agree to a revised repayment schedule for the nominated Quantities.

3. RATE

3.1 The minimum and maximum rates for PAL service are set forth on Sheet No. 8, the Statement of Rates. Unless Transporter and Shipper agree otherwise, Shipper will pay the maximum rate. Transporter reserves the right to discount at any time the rate for any Shipper without discounting rates for other shippers. Such discounts may apply to a specific Quantity of Gas, a certain level or all Quantities if Quantities exceed a certain level, Quantities of Gas parked or loaned during specific time periods, or Quantities of Gas transported to the PAL Point from specific receipt points and/or from the PAL Point to specific delivery points. A PAL charge will apply only to the Quantity of Gas parked and/or loaned on days when that Quantity of Gas is not transported to or from the PAL Point.

3.2 Each month when PAL service is provided, Shipper will pay Transporter a total amount equal to the sum of the daily products of (1) the PAL Rate and (2) the Quantity of Gas parked or loaned each day, as applicable.

3.3 ACA surcharges do not apply to service under this rate schedule.

4. SERVICE RESTRICTIONS

4.1 Regardless of the withdrawal or repayment schedule agreed to by Transporter and Shipper, a Shipper may be required to withdraw some or all of the parked Quantity or repay some or all of the loaned Quantity on 24 hours’ notice if Transporter, in its reasonable judgment, determines that such action is necessary to protect its system operations or to accommodate system balancing requirements for firm or interruptible transportation services.

Transporter will notify Shipper of any such requirements by telephone and also by either facsimile, e-mail, or posting on Transporter’s Designated Site. Transporter’s notification will indicate the parked Quantities to be withdrawn by Shipper and/or the loaned Quantities to be repaid to Transporter, depending on operating conditions.
4. SERVICE RESTRICTIONS (Continued)

4.2 Except as provided in Section 4.4 below, if Shipper fails to withdraw parked Quantities in accordance with the agreed upon withdrawal schedule, or upon 24 hours’ notice as provided in Section 4.1 above (if applicable), Transporter has the right to take title to that Quantity of Gas, free and clear of any adverse claims and without reimbursement to Shipper. All Gas that becomes the property of Transporter under this provision will be sold pursuant to Section 28 of the General Terms and Conditions, and proceeds will be subject to revenue sharing as set forth therein.

4.3 Except as provided in Section 4.4 below, if Shipper fails to repay loaned Quantities of Gas in accordance with the agreed upon repayment schedule, or upon 24 hours’ notice as provided in Section 4.1 above (if applicable), Transporter will purchase equivalent Quantities of Gas to restore its line pack, and Shipper will be subject to a PAL penalty. The PAL penalty will be a charge equal to the sum of 150% of the daily spot price for flowing Gas for the day Gas is purchased, as reflected in Platt’s Gas Daily (Daily Price Survey) for the higher of “Others-SoCal Gas-Midpoint” or “Rockies-Kern River, Opal-Midpoint,” plus Transporter’s maximum interruptible transportation rate, less the TRC, times the Quantity of Gas that is not repaid. Net PAL penalties (PAL penalty minus the sum of the cost of purchased Gas and the transportation rate) will be credited to other Shippers in accordance with Section 10.11 of the General Terms and Conditions.

4.4 If, on any day, Shipper submits a valid nomination to withdraw parked Gas or to repay loaned Gas and Transporter fails to accept and schedule such nomination, then Section 4.2 or 4.3 (as appropriate) will not apply for that day. A nomination is considered valid for the purposes of this section when it contains all required information, is submitted in accordance with the NAESB nomination timelines set forth in Section 13.1 of this FERC Gas Tariff, and the following conditions are met:

(a) For withdrawal of parked Gas, the nominated Quantity has been confirmed and scheduled by the Delivery Point operator; or

(b) For repayment of loaned Gas, the nominated Quantity has been confirmed and scheduled by the Receipt Point operator.
RATE SCHEDULE PAL
PARK AND LOAN SERVICES
(Continued)

5. ESTABLISHMENT AND MAINTENANCE OF CREDIT

Transporter will not be required to execute a PAL Service Agreement, issue a new contract number for service under Rate Schedule PAL or provide service on behalf of any Shipper who is or has become insolvent or who fails within a reasonable period of time to demonstrate creditworthiness. A Shipper that is deemed to be creditworthy under Section 29 of the General Terms and Conditions of this Tariff will be deemed to be creditworthy for service under this Rate Schedule; provided, however, that if Shipper has provided a guarantee, prepayment, letter of credit, or other form of security in order to receive transportation service, Shipper must increase such security by an amount equal to the estimated charges for PAL service if Shipper’s current security is not sufficient to cover the PAL service.

6. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions contained in this FERC Gas Tariff are applicable to this rate schedule and are made a part of this rate schedule. Any terms and conditions contained in Shipper’s executed PAL Service Agreement which are not inconsistent with the terms and conditions of this rate schedule, including the General Terms and Conditions contained in this FERC Gas Tariff, will also be applicable to service provided under this rate schedule. Shipper will provide Transporter with such information as is needed to meet the requirements placed on Transporter by law, regulation, rule, and/or order.
RATE SCHEDULE KRF-PK  
FIRM PEAKING TRANSPORTATION SERVICE

1. AVAILABILITY

1.1 This rate schedule is available for the Transportation of Natural Gas on a firm basis by Kern River Gas Transmission Company (hereinafter called “Transporter”) to any party (hereinafter called “Shipper”):

(a) that desires firm peaking service, and to the extent Transporter has determined that it has sufficient capacity available to satisfy the specific firm peaking service requested by Shipper without adversely affecting existing firm transportation service to any other firm Shipper; and

(b) that has executed a transportation service agreement under Rate Schedule KRF-PK for service hereunder.

1.2 All requests for firm peaking transportation service will be evaluated on a non-discriminatory case-by-case basis. If Kern River determines that capacity is available to provide the peaking service requested, Kern River may enter into a pre-arranged transaction with the requesting shipper. The terms of the pre-arranged transaction will be posted for bid in accordance with Section 27.2 (c) of the General Terms and Conditions of Transporter’s Tariff.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 Service rendered under this rate schedule will consist of:

(a) the receipt by Transporter of Shipper’s Gas at the Receipt Point(s), including Quantities for fuel used and lost and unaccounted-for gas that Shipper is obligated to provide pursuant to Section 12 of the General Terms and Conditions of Transporter’s tariff;

(b) the transportation of Gas, up to Shippers TMDQ on a firm basis, subject to section 13 of the General Terms and Conditions of Transporter’s tariff; and

(c) the delivery by Transporter of Shipper’s Gas in Thermally Equivalent quantities after Transportation (less any fuel used and lost and unaccounted-for gas) pursuant to Section 12 of the General Terms and Conditions of Transporter’s tariff at the Delivery Point(s).

2.2 Deliveries to the primary Delivery Point(s) listed on Shipper’s Rate Schedule KRF-PK Transportation Service Agreement may be made at non-uniform hourly flow rates that exceed 1/24 of Shipper’s daily TMDQ, provided that the total quantity delivered may not exceed Shipper’s TMDQ on any Gas Day. The minimum period of time in hours during which Shipper may receive its full TMDQ (Peak Flow Period, or PFP) and the Maximum Hourly Quantity that may be delivered (MHQ) will be determined by Transporter and will be set forth on Exhibit “A” of Shipper’s transportation service agreement.
RATE SCHEDULE KRF-PK
FIRM PEAKING TRANSPORTATION SERVICE
(Continued)

2. APPLICABILITY AND CHARACTER OF SERVICE (Continued)

2.3 Shipper may nominate service under this rate schedule during any nomination cycle set forth in Section 13 of the General Terms and Conditions of Transporter’s tariff for delivery by Transporter during a PFP that may span one Gas Day or two consecutive Gas Days. Nominations under this rate schedule will have the same scheduling priority as firm nominations under Rate Schedule KRF-1. To the extent that capacity is constrained and Transporter is unable to schedule all quantities nominated and confirmed during any nomination cycle, capacity will be allocated in accordance with Section 13.2 of the General Terms and Conditions of Transporter’s Tariff. If Shipper’s PFP spans two consecutive Gas Days and Transporter is unable to schedule all firm quantities nominated and confirmed for the second Gas Day, the quantity to be delivered by Transporter on the second Gas Day will be allocated on a pro rata basis with other firm nominations in accordance with Section 13.2 of the General Terms and Conditions of Transporter’s Tariff.

2.4 Shipper will cause the Delivery Point operator(s) to provide Transporter with the projected hourly flow by Delivery Point when the Delivery Point operator(s) confirm nominations for service under this rate schedule.

(a) Deliveries by Transporter at the Delivery Point(s) should commence no more than 24 hours after quantities at the Receipt Point(s) are scheduled to begin flowing to Transporter.

(b) Unless Transporter and Delivery Point operator agree otherwise, at least 70% of Shipper’s total daily scheduled quantity must be received by Transporter at the Receipt Point(s) prior to commencement of deliveries at the Delivery Point(s).

2.5 Transporter shall have no obligation to receive or deliver Quantities that (1) are not properly nominated, confirmed and scheduled in accordance with Section 13 of the General Terms and Conditions of Transporter’s tariff; or (2) are not properly forecasted and submitted in accordance with Sections 2.3 and 2.4 above.
RATE SCHEDULE KRF-PK
FIRM PEAKING TRANSPORTATION SERVICE
(Continued)

2. APPLICABILITY AND CHARACTER OF SERVICE (Continued)

2.6 Shipper may nominate from secondary Receipt Points and/or to secondary Delivery Points; provided, however that service using secondary points will be provided on a uniform hourly basis, to the maximum extent practicable.

2.7 Capacity may be released subject to the terms of Shipper’s transportation service agreement, this rate schedule and the applicable General Terms and Conditions of Transporter’s tariff. If Shipper elects to release only a portion of its capacity, the percentage of the MHQ to be released must be the same as the percentage of the DMDQ to be released, and the PFP for both the Releasing Shipper and the Replacement Shipper must be the same as the PFP initially set forth in the Releasing Shipper’s transportation service agreement.

3. QUALIFICATION FOR SERVICE

3.1 All Shippers requesting service under this rate schedule must provide the information required by this Section 3. A request for service will be made no earlier than ninety (90) Days prior to the proposed commencement date of service, unless such request is in the form of a request for proposal, and will not be accepted unless firm capacity to render the service is available without adversely affecting existing firm service to any other firm shipper.

All Transportation service requests are to be submitted via Transporter’s Designated Site or in writing to:

Kern River Gas Transmission Company
Marketing and Customer Service
2755 E. Cottonwood Parkway, Suite 300
Salt Lake City, UT 84121
Facsimile No: (801) 937-6444

Any request will include the information or items listed below and any additional information required by Transporter to process the request, provided that the request for additional information will not affect the priority of Shipper’s request.
3. QUALIFICATION FOR SERVICE (Continued)

3.1 (Continued)

(a) Transportation Maximum Daily Quantity (TMDQ)

(b) Maximum Hourly Quantity (MHQ)

(c) Peak Flow Period (minimum period of time in hours during which Shipper may receive its full TMDQ)

(d) Entitlements at primary Receipt Point(s) and Primary Delivery Point(s)

(e) Proposed commencement and termination dates of service

(f) Proof that Shipper meets Transporter’s creditworthiness standards, as described in Section 29 of the General Terms and Conditions of Transporter’s tariff.

3.2 Transporter will not be required to perform or to continue service under this rate schedule on behalf of any Shipper who is or has become insolvent or who, at Transporter’s request, fails within a reasonable period to demonstrate creditworthiness. Transporter will seek appropriate FERC authorization, if necessary, prior to termination of service when the Shipper, its Guarantor or any parent entity fails to maintain creditworthiness or becomes insolvent. For purposes herein, the insolvency of a Shipper will be evidenced by the filing by or against any Shipper or Guarantor (hereinafter collectively referred to as “the Shipper”) of a petition in bankruptcy or the entry of a decree or order by a court having jurisdiction in the premises adjudging the Shipper bankrupt or insolvent, or approving, as properly filed, a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Shipper under the Federal Bankruptcy Act or any other applicable federal or state law, or appointing a receiver, liquidator, assignee, trustee, sequestrator, (or other similar official) of the Shipper or of any substantial part of its property, or the ordering of the winding-up or liquidation of its affairs, with said order or decree continuing unstayed and in effect for a period of sixty (60) consecutive Days.
3. QUALIFICATION FOR SERVICE (Continued)

3.3 If Transporter cannot satisfy a request for service under this rate schedule due to insufficient capacity, such request will not be of a continuing nature but rather will remain valid only until the date Transporter notifies Shipper of insufficient capacity and will thereafter be deemed a nullity for all purposes.

3.4 A transportation service agreement will be executed by Shipper and Transporter prior to commencement of service. If the transportation service agreement is not executed and returned by Shipper at least 24 hours prior to the effective date of the transportation service agreement, Transporter may consider the request for service invalid.

4. RECEIPT AND DELIVERIES

4.1 Receipt Points. The Primary Receipt point(s) for all Gas transported by Transporter under this rate schedule will be at the interconnection(s) between Transporter’s system and the connecting facilities of Shipper or Shipper’s designee shown on Exhibit “A” to the transportation service agreement. The Secondary Receipt Points for Gas transported by Transporter under this rate schedule will be all other points at which Transporter is authorized to receive Gas into Transporter’s system, as listed on the Operationally Available and Unsubscribed Capacity reports on Transporter’s Designated Site, except Receipt Points on the High Desert Lateral.

4.2 Delivery Points. The Primary Delivery Point(s) for all Gas transported by Transporter under this rate schedule will be at the interconnection(s) between Transporter’s system and the facilities of Shipper or Shipper’s designee shown on Exhibit “A” to the transportation service agreement. The Secondary Delivery Points for Gas transported by Transporter under this rate schedule will be all other points at which Transporter is authorized to deliver Gas from Transporter’s system, as listed on the Operationally Available and Unsubscribed Capacity reports on Transporter’s Designated Site, except Delivery Points on the High Desert Lateral.
RATE SCHEDULE KRF-PK
FIRM PEAKING TRANSPORTATION SERVICE
(Continued)

5. RATES AND CHARGES

5.1 Applicable Rates and Charges. The rates and charges for service under this rate schedule will be the Reservation/Demand Charge, Commodity Charge, ACA Charge, Authorized Overrun Charge, Incidental Charges, and any Imbalance Charge and/or Scheduling Penalties, if applicable, all as specified in Sections 5.2, 5.3, 5.4, 5.5, 5.6, 5.7, and 5.8 of this rate schedule.

5.2 Reservation/Demand Charge. Unless otherwise set forth in Shipper’s transportation service agreement, the Reservation Charge is an amount obtained by multiplying (a) Shipper’s DMDQ as stated in the transportation service agreement by (b) Shipper’s applicable reservation rate per Dth, and multiplying the result by (c) the number of days in the Month. Unless the parties otherwise agree, the Maximum Daily Reservation/Demand Rate, less the TRC, set forth on Sheet No. 9, as adjusted to reflect Shipper’s PFP, will apply.

5.3 Transportation Charge. An amount obtained by multiplying (a) the Quantity of Gas, in Dth, received by Transporter from Shipper for Transportation during the Month, exclusive of Quantities for fuel used and lost and unaccounted-for gas as provided in Section 12 of the General Terms and Conditions of Transporter’s tariff, by (b) an amount per Dth, no less than the applicable Minimum Firm Transportation Commodity/Usage Rate nor greater than the applicable Maximum Firm Transportation Commodity/Usage Rate, each as set forth on Sheet No. 9 of Transporter’s tariff.

5.4 ACA Surcharge. An amount obtained by multiplying (a) the Quantity of Gas, in Dth, received by Transporter from Shipper for Transportation during the Month, exclusive of Quantities for fuel used and lost and unaccounted-for Gas, by (b) the Commission-authorized unit charge specified in the annual notice issued by the Commission entitled, “FY [Year] Gas Annual Charges Correction for Annual Charges Unit Charge,” which is available on the Commission’s website at http://www.ferc.gov. The ACA surcharge, as calculated by the Commission, is applicable to all of Transporter’s rate schedules, and is incorporated herein by reference. Transporter will not recover any Annual Charges in an NGA Section 4 rate proceeding.
RATE SCHEDULE KRF-PK
FIRM PEAKING TRANSPORTATION SERVICE
(Continued)

5. RATES AND CHARGES (Continued)

5.5 Authorized Overrun Charge. The authorized overrun charge shall be an amount obtained by
multiplying (a) the Quantity of Gas, in Dth, scheduled as authorized overrun service, by (b) the
maximum Authorized Overrun Rate per Dth, less the TRC, as set forth on Sheet No. 9 of
Transporter's tariff, unless otherwise agreed to by Shipper and Transporter.

5.6 Minimum Monthly Bill. The minimum monthly bill will be the Reservation Charge for each
Month, unless Transporter and Shipper mutually agree otherwise.

5.7 Incidental Charges. Where applicable, Transporter will charge Shipper an amount to reimburse
Transporter for 100% for any facilities, filing costs or similar fees which have not been previously
paid by Shipper which Transporter incurs in establishing or rendering service. If service requires
construction of new delivery facilities, Transporter may collect a contribution in aid of
construction or incremental facility charge as provided in Section 20 of the General Terms and
Conditions.

5.8 Imbalance Charge and Scheduling Penalty. Transporter will charge Shipper an Imbalance Charge
and Scheduling Penalty as provided in Section 10 of the General Terms and Conditions of
Transporter's tariff.

5.9 Discounted Rates.

(a) Transporter reserves the right to discount at any time the applicable maximum rate for
any individual Shipper under any service agreement under this rate schedule without
discounting any other rates for that or any other Shipper; provided, however, that such
discounted rates will not be less than any applicable Minimum Rates set forth on Sheet
No. 9 of Transporter's tariff.

(1) Such discounted rates may apply to specific quantities of Gas (such as quantities
above or below a certain level or all quantities if quantities exceed a certain
level), quantities of Gas transported during specific time periods, and quantities
of Gas transported from specific Receipt Points and/or to specific Delivery
Points, or within other defined geographical areas.

(2) Discounted Rates also may be calculated using a formula based on index prices
for specific Receipt and/or Delivery Points or other agreed-upon published
pricing reference points. Index-based, discounted rates will be no lower than the
Minimum and no higher than the Maximum Base Tariff Reservation/Demand
Rates, less the TRC, set forth on Sheet No. 9 of Transporter’s tariff, as adjusted
to reflect Shipper’s PFP.
RATE SCHEDULE KRF-PK
FIRM PEAKING TRANSPORTATION SERVICE
(Continued)

5. RATES AND CHARGES (Continued)

5.9 Discount Rates. (Continued)

(3) If Transporter discounts any rate to any Shipper, Transporter will post such transaction on its Designated Site on the Internet, pursuant to Section 284.12 of the Commission’s regulations.

(b) Downward adjustment to any rate will be for a specified term. At the expiration of such term, unless otherwise agreed upon, the rate for transportation service will revert to the otherwise applicable maximum rates under this rate schedule.

5.10 Negotiated Rates. Notwithstanding the foregoing provisions of this Section 5, Transporter and Shipper may mutually agree to Negotiated Rates for service hereunder as provided in Section 23 of the General Terms and Conditions of Transporter’s tariff. ACA surcharges pursuant to Section 5.4 and imbalance charges/and or scheduling penalties pursuant to Section 5.8 of this rate schedule, as well as fuel reimbursement pursuant to Section 12 of the General Terms and Conditions of Transporter’s tariff will be applied to Shippers paying Negotiated Rates in the same manner as they are applied to Shippers paying maximum applicable rates.

6. AUTHORIZED OVERRUN TRANSPORTATION

Shipper may tender and Transporter, at its option, may accept for Transportation hereunder Quantities of Gas in excess of Shipper’s TMDQ as specified in the executed Transportation Service Agreement. In the event that capacity is available to provide overrun service but not to provide all overrun service requested, scheduling of overrun service will be consistent with Section 13 of the General Terms and Conditions of Transporter’s tariff.

If Transporter elects on any Day during the Month to transport any Gas in excess of Shipper’s TMDQ, Shipper will pay for the excess Gas transported an amount per Dth equal to the maximum Authorized OVERRUN Rate as set forth on Sheet No. 9 of the Transporter’s tariff, unless otherwise agreed to by Shipper and Transporter.
RATE SCHEDULE KRF-PK
FIRM PEAKING TRANSPORTATION SERVICE
(Continued)

7. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions contained in Transporter’s tariff are applicable to this rate schedule and are hereby made a part hereof. Any terms and conditions contained in Shipper’s executed transportation service agreement that are not inconsistent with the terms and conditions of this rate schedule, including the General Terms and Conditions contained in Transporter’s tariff, will also be applicable to service provided under this rate schedule. Shipper will provide Transporter with such information as is needed to meet the requirements placed on Transporter by regulation, rule, and/or order.

8. RESERVATION CHARGE CREDITS

8.1 Availability of Credit. If Transporter fails to provide primary firm service to Shipper on any Day, Shipper, subject to the provisions of this Section 8, may be eligible for a reservation charge credit.

8.2 Individually Negotiated Provisions. Shippers with transportation service agreements with individually-negotiated provisions relating to reservation charge credits shall not be eligible for an Adjustment under this Section.

8.3 Definitions. For the purpose of this Section 8 only, the following definitions apply:

(a) “Adjustment” means the credit against Shipper’s daily reservation charge that Shipper may be eligible for due to the occurrence of an Event, calculated in accordance with Section 8.4. To the extent quantities are nominated using a secondary Receipt Point(s) and/or a secondary Delivery Point(s), no Adjustment will be provided.

(b) “Event” means the occurrence of an operational impairment that impacts the firm use of Transporter’s system, such that Shipper’s Nominated Quantities are not delivered by Transporter from Shipper’s primary Receipt Point(s) to Shipper’s primary Delivery Point(s). An Event commences as set forth in the applicable Notification.
8. RESERVATION CHARGE CREDITS (Continued)

8.3 Definitions. (Continued)

(c) "Notification" means Transporter’s posting of an Event caused by Force Majeure or caused by other than Force Majeure (non-Force Majeure) on its customer activities website. To the extent reasonably known, Notification will include a description of the Event, when the Event commenced, the anticipated duration of the Event, and the areas of Transporter’s system and point(s) expected to be impacted during the Event.

(d) "Shipper’s Nominated Quantities" means

(1) If Notification is provided after the deadline for submitting nominations in the Timely Nomination Cycle, the quantities nominated by Shipper at Shipper’s primary points affected by the Event, up to Shipper’s DMDQ;

(2) If Notification is provided before the deadline for submitting nominations in the Timely Nomination Cycle, the lesser of (i) Shipper’s DMDQ associated with Shipper’s primary points affected by the Event; (ii) the average quantities nominated by Shipper at Shipper’s primary points affected by the Event during the seven Days immediately prior to the Event; or (iii) the quantities nominated by Shipper at Shipper’s primary points affected by the Event for the Day of the Event; provided, however, if Transporter has posted that no service will be available using Shipper’s primary points affected by the Event and Shipper does not submit a nomination for the Day of Event, Shipper’s Nominated Quantities will mean the lesser of (i) or (ii).
8. RESERVATION CHARGE CREDITS (Continued)

8.3 Definitions. (Continued)

(e) “Undelivered Quantities” means the amount by which Shipper’s Nominated Quantities exceed the quantities delivered by Transporter to the affected primary Delivery Point(s) as a result of the Event. In no event shall Undelivered Quantities exceed the total firm entitlement at each Delivery Point, and the Delivery Point entitlements in aggregate cannot exceed the total DMDQ set forth in Shipper’s transportation service agreement; provided, however, Undelivered Quantities does not include quantities reduced as a result of the third party operator confirmation process or other actions beyond the direct control of Transporter, other than a Force Majeure on Transporter’s facilities.

8.4 Determination of Adjustment. Subject to the provisions of this Section 8, the reservation charge otherwise payable by Shipper shall be reduced as set forth below. In regard to Adjustments related to capacity release or segmented transactions, Section 8.4(a) and Section 8.4(b) are subject to Section 8.5 (Capacity Releases) and Section 8.6 (Segmented Transportation Service Agreements).

(a) Calculation of Adjustment for Force Majeure

(1) For a total of ten (10) Days when Shipper has Undelivered Quantities as a result of Force Majeure, there shall be no Adjustment.

(2) For additional Days when Shipper has Undelivered Quantities as a result of Force Majeure, the Adjustment shall be the reservation rate otherwise payable by Shipper multiplied by the Undelivered Quantities. In no event will the reservation rate used to calculate the Adjustment be higher than the maximum applicable tariff reservation rate on Sheet No. 9, adjusted to reflect Shipper’s PFP.
RATE SCHEDULE KRF-PK
FIRM PEAKING TRANSPORTATION SERVICE
(Continued)

8. RESERVATION CHARGE CREDITS (Continued)

8.4 Determination of Adjustment. (Continued)

(b) Calculation of Adjustment for non-Force Majeure.

(1) Beginning on Day 1 and continuing for each day Shipper has Undelivered Quantities as a result of non-Force Majeure, the Adjustment shall be the reservation rate otherwise payable by Shipper multiplied by the Undelivered Quantities. In no event will the reservation rate used to calculate the Adjustment be higher than the maximum applicable tariff reservation rate, adjusted to reflect Shipper’s PFP.

(c) Calculation of Adjustment – General.

(1) If all or a portion of Shipper’s Nominated Quantities are not scheduled by Transporter in the Timely Nomination Cycle and Shipper nominates the unscheduled quantities (“Unscheduled Quantities”) on a third-party pipeline, Shipper shall not be required to nominate in the Evening Nomination Cycle to receive an Adjustment. To the extent Shipper nominates, and Transporter schedules, previously Unscheduled Quantities in a subsequent nomination cycle for the same gas Day, Shipper’s Adjustment shall be appropriately reduced to account for the quantities delivered by Transporter.

(i) Shipper shall provide a representation to Transporter that it nominated its Unscheduled Quantities on a third-party pipeline as a result of Transporter’s inability to provide primary firm service.

(2) If, on any Day, the sum of (i) Shipper’s Undelivered Quantities and (ii) the total nominations submitted by Shipper and delivered by Transporter at any and all points exceeds the DMDQ set forth in Shipper’s Transportation Service Agreement, the quantities used to calculate the Adjustment shall be Shipper’s DMDQ minus the quantities delivered by Transporter.
RATE SCHEDULE KRF-PK
FIRM PEAKING TRANSPORTATION SERVICE
(Continued)

8. RESERVATION CHARGE CREDITS (Continued)

8.5 Capacity Releases.

(a) If the Replacement Shipper’s reservation rate is lower than the Releasing Shipper’s reservation rate, Transporter will provide an Adjustment to the Replacement Shipper that is calculated by multiplying the Replacement Shipper’s Undelivered Quantities by the reservation rate payable by the Replacement Shipper. Transporter will credit the Releasing Shipper’s invoice by the amount of the Replacement Shipper’s Adjustment.

(b) If the Replacement Shipper’s reservation rate is higher than the Releasing Shipper’s reservation rate, Transporter will provide an Adjustment to the Replacement Shipper that is calculated by multiplying the Replacement Shipper’s Undelivered Quantities by the reservation rate payable by the Releasing Shipper. Replacement Shipper will pay Transporter the “Excess Reservation Charges,” which is an amount calculated by multiplying the Replacement Shipper’s Undelivered Quantities by the amount by which the Replacement Shipper’s reservation rate exceeds the Releasing Shipper’s reservation rate. Transporter will credit the Releasing Shipper’s invoice by the sum of the Replacement Shipper’s Adjustment and the Excess Reservation Charges paid by the Replacement Shipper.

(c) If the Replacement Shipper is paying a volumetric rate, no Adjustment will be provided.

8.6 Segmented Transportation Service Agreements. If Shipper segments its transportation service agreement into separate transportation service agreements, all such segmented agreements will be treated as one transportation service agreement that reflects the primary receipt and primary delivery point entitlements of all segments combined. However, any Adjustment pursuant to this Section 8 will be limited to the DMDQ associated with the primary points affected by the Event under Shipper’s original transportation service agreement prior to segmentation, and in no instance will the Adjustment(s) related to segmented transportation service agreements be greater than what the Adjustment would have been if there had been no segmentation or segmentation and related capacity releases. To the extent the quantities delivered by Transporter for all segments combined are less than the DMDQ under Shipper’s transportation service agreement prior to segmentation, and the quantities delivered by Transporter plus total Undelivered Quantities exceed Shipper’s DMDQ, Adjustments will be allocated among the affected Shippers pro rata, based on each Shipper’s Undelivered Quantities.
RATE SCHEDULE KRF-PK
FIRM PEAKING TRANSPORTATION SERVICE
(Continued)

8. RESERVATION CHARGE CREDITS (Continued)

8.7 Adjustments to Invoices. Transporter will calculate the Adjustment due Shipper, and such amounts will be reflected on Shipper’s invoice for the following billing cycle, but no later than 60 days following the end of a Force Majeure or non-Force Majeure. Transporter may use the set-off provisions of the General Terms and Conditions of Transporter’s tariff with regard to any and all Adjustments owed to Shipper.

8.8 Nothing in this Section shall relieve Transporter or Shipper from its obligation due and owing before the onset of the inability to make deliveries, nor shall this Section create any rights or confer any benefits upon any entity other than the Transporter and Shipper.
## GENERAL TERMS AND CONDITIONS

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FERC Gas Tariff  
Original Sheet No. 100  
Third Revised Volume No. 1  

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1. DEFINITION OF TERMS

Except where the context expressly states another meaning, the following terms when used in this tariff and in any Transportation Service Agreement incorporating said tariff, will be construed to have the following meanings:

1.1 Backhaul: any Transportation that is not flowing in the same direction as Gas flowing from the Opal Receipt Point to the terminus of the system.

1.2 Business Day: "Business Day is defined as Monday through Friday, excluding Federal Banking Holidays for transactions in the U.S. and similar holidays for transactions occurring in Canada and Mexico." NAESB WGQ 3.2.1.

1.3 (Reserved)

1.4 Composite Gas Stream: the composite of all Gas receipts and/or nominations from Shippers for Transportation by Kern River. Composite Gas Stream will be the theoretical Gas stream that will result from the combination of all Gas receipts from all Shippers as determined by a computer model that utilizes analytical and flow data generated at each of the Receipt Points. The computer model determines what the Composite Gas Stream composition will be on a feed forward basis.
GENERAL TERMS AND CONDITIONS
(Continued)

1. DEFINITION OF TERMS (Continued)

1.5 Cubic Foot: the Quantity of Gas which occupies one Cubic Foot when such Gas is at a
temperature of 60 degrees Fahrenheit, and at a pressure of 14.73 dry pounds per square inch
absolute (Psia).

1.6 Day: "Standard time for the gas day should be 9 a.m. to 9 a.m. (central clock time).” NAESB
WGQ 1.3.1.

1.7 (Reserved)
GENERAL TERMS AND CONDITIONS
(Continued)

1. DEFINITION OF TERMS (Continued)

1.8 Demand Maximum Daily Quantity or DMDQ: the Quantity reflected in a Shipper’s Transportation Service Agreement, expressed in Dekatherms, that is subject to the reservation/demand component of Transporter’s rates. For agreements executed on an Mcf basis, Transporter will calculate the DMDQ using the methodology set out in Section 25 of the General Terms and Conditions of this tariff.

1.9 Designated Site: an Internet address used for the receipt or delivery of NAESB WGQ standardized data sets, the dissemination of information by Transporter, or the receipt of information from Shippers, including requests for service.

1.10 Elapsed Prorata Capacity: “Elapsed Prorata Capacity means that portion of the capacity that would have theoretically been available for use prior to the effective time of the intraday recall based upon a cumulative uniform hourly use of the capacity.” NAESB WGQ 5.2.3.

1.11 Elapsed-Prorated-Scheduled Quantity: "Elapsed-prorated-scheduled quantity means that portion of the scheduled quantity that would have theoretically flowed up to the effective time of the intraday nomination being confirmed, based upon a cumulative uniform hourly quantity for each nomination period affected.” NAESB WGQ 1.2.12.

1.12 Entitlements: primary rights to capacity.

1.13 FERC or Commission: the Federal Energy Regulatory Commission or any federal commission, agency or other governmental body or bodies succeeding to, lawfully exercising or superseding any powers which, as of the date hereof, are exercisable by the Federal Energy Regulatory Commission.

1.14 Gas or Natural Gas: any mixture of hydrocarbons or of hydrocarbons and non-combustible gases, in a gaseous state, consisting essentially of methane. Such Gas may be either in its natural state produced from wells, including casinghead and residue Gas, or after manufacture or other methods of producing synthetic Gas.

1.15 (Reserved)
GENERAL TERMS AND CONDITIONS
(Continued)

1. DEFINITION OF TERMS (Continued)

1.16 Guarantor: any person or entity which is creditworthy as determined in accordance with the creditworthiness requirement for the service provided hereunder and has agreed to be responsible for the debts of Shipper under the Transportation Service Agreement.

1.17 Interconnect Operator: any person or entity responsible for the operation and/or maintenance of the facilities connected with the Transporter's facilities.

1.18 Intra-Day Nomination: "An intra-day nomination is a nomination submitted after the nomination deadline whose effective time is no earlier than the beginning of the gas day and runs through the end of that gas day." NAESB WGQ 1.2.4.

1.19 MDQ or Maximum Daily Quantity: for firm service agreements that were executed on an Mcf basis, the maximum Volume of Natural Gas (exclusive of fuel used and lost and unaccounted-for gas) which Transporter is obligated to receive for Transportation from Shipper on any Day at the Receipt Points specified in the Transportation Service Agreement. Transporter will convert the MDQ to a TMDQ using the methodology set out in Section 25 of the General Terms and Conditions of this tariff.

1.20 MHQ or Maximum Hourly Quantity: the maximum quantity of gas that Transporter is obligated to deliver to the Delivery Point(s) set forth on Exhibit “A” of Shipper’s transportation service agreement under Rate Schedule KRF-PK during any hour.

1.21 Month: the period beginning at 9:00 A.M. CCT on the first Day of the calendar Month and ending at 9:00 A.M. CCT on the first Day of the succeeding calendar Month. (NAESB WGQ 1.2.4)

1.22 NAESB WGQ: The Wholesale Gas Quadrant ("WGQ") of the North American Energy Standards Board ("NAESB"), successor to the Gas Industry Standards Board or GISB. Transporter shall update its tariff, as necessary, to incorporate new or amended NAESB WGQ Standards approved by the Commission. Transporter currently incorporates either by reference or verbatim the most recent version of the standards, Version 3.0.

1.23 Negotiated Rate: a rate or formula for computing a rate for Transportation service which may be greater than, equal to or less than the Recourse Rate, but which may not be less than the Minimum Base Tariff Rate as set forth on Sheet No. 5, 5.01, 5.02, 5A, 5A.01, 5A.02, 5B, 6, 7, 8, or 9. A Negotiated Rate must be mutually agreed upon by Transporter and Shipper for a specific time period and may be based on a rate design other than the rate design used to compute Transporter's currently effective rates.
1. DEFINITION OF TERMS (Continued)

1.24 PFP or Peak Flow Period: the minimum period of time in hours during which a Shipper may receive its full TMDQ at the Delivery Point(s) set forth on Exhibit “A” of its transportation service agreement under Rate Schedule KRF-PK.

1.25 Priority of Service Date: the date Shipper submits a Transportation service request via Transporter’s Designated Site or in writing. However, for all requests received during an open season the Priority of Service Date will mean the first Day and opening time of such open season.

1.26 Psia: pounds per square inch absolute.

1.27 Psig: pounds per square inch gauge.

1.28 Quantity: the number of units of Gas, either specified in Mcf or Dth.

1.29 Recourse Rate or Maximum Rate or Maximum Recourse Rate as these terms have the same meaning as used in this tariff: the Maximum Base Tariff Rates, set forth in the Statement of Rates, designated as Maximum, less the TRC, which is pursuant to Section 31 of the General Terms and Conditions, that will apply to all service for which the rate has not been discounted or negotiated.

1.30 Shipper or Replacement Shipper: an entity with whom Transporter has executed a Transportation Service Agreement for the Transportation of Gas on Transporter's pipeline system.
1. DEFINITION OF TERMS (Continued)

1.31 Thermally Equivalent: an equal number of Btu's. The determination of Thermally Equivalent Quantities will be accomplished by multiplying the unit of measurement, as provided in paragraph 2.2 of Section 2, by the Total Heating Value adjusted to the standard conditions of the measured Quantities.

1.32 Total Heating Value: the number of Btu's liberated by the complete combustion of one Cubic Foot of Gas. The average Total Heating Value in any Month will be the Volume weighted average of the Total Heating Values for each Day during such Month, adjusted to reflect the actual water vapor content of the Gas delivered.

1.33 Transportation: the receipt of Gas of Shipper at Receipt Points on Transporter's transmission system (referred to as "Receipt Points"), and the delivery of Thermally Equivalent Quantities by Transporter to Shipper or for Shipper's account (after making allowance for any requisite fuel and loss reimbursement) to Delivery Points on Transporter's transmission system (referred to as "Delivery Points").

1.34 Transportation Maximum Daily Quantity or TMDQ: the Quantity reflected in a Shipper's Transportation Service Agreement, (exclusive of fuel used and lost and unaccounted-for gas), expressed in Dekatherms, that Transporter is obligated to receive for Transportation from Shipper on any Day at the Receipt Points, and transport and deliver on any Day to the Delivery Points specified in Shipper's Transportation Service Agreement. For agreements executed on an Mcf basis, Transporter will convert the MDQ to a TMDQ using the methodology set out in Section 25 of the General Terms and Conditions of this tariff.

1.35 Transporter: Kern River Gas Transmission Company.

1.36 Volume: the number of units of Gas, either specified in Mcf or Dth.

1.37 Year: a period of 365 consecutive Days; provided, however, that any such Year which contains a date of February 29 will consist of 366 consecutive Days.
(RESERVED FOR FUTURE USE)
GENERAL TERMS AND CONDITIONS
(Continued)

2. MEASUREMENT

2.1 NAESB WGQ Flowing Gas Standards. NAESB WGQ Flowing Gas Related Definitions and Standards not specifically referenced in this Section 2 are incorporated by reference in Section 21.

2.2 Unit of Volume. The unit of Volume for the purpose of measurement will be one Cubic Foot of Gas. The readings and registrations of the measuring equipment hereinafter provided for and determinations of Total Heating Value will be computed in terms of such Volumes.

2.3 Factors Considered in Computation. To determine the Volume of Gas delivered, required factors such as pressure, temperature, specific gravity and deviations from Boyle's Law will be reflected in accordance with the American Gas Association Bulletin Number 3 and any modifications and amendments thereof, and applied in a practical manner.

2.4 Determination of Dekatherms Received or Delivered. The number of Dekatherms received or delivered during any Day at a Receipt or Delivery Point will be determined by multiplying the number of cubic feet of Natural Gas received or delivered on such Day at such point by the Total Heating Value for that Day and by dividing the total so obtained by 1,000,000.

2.5 Assumed Atmospheric Pressure. The absolute atmospheric pressure used for Volume calculations will be assumed to be a specific pressure determined by calculations based on the actual elevation above sea level at the site of the meter rounded off to the nearest one hundredth of a pound.
(RESERVED FOR FUTURE USE)
GENERAL TERMS AND CONDITIONS
(Continued)

3. MEASURING EQUIPMENT

3.1 Installation and Operation. Transporter will install, maintain and operate at its own expense, at or near each Receipt or Delivery Point, a measuring station properly equipped with meters and other necessary measuring equipment and any related measurement and interconnection facilities; provided, however, that Transporter may require at its option that Shipper bear the expense of furnishing and installing such equipment in any instance in which Shipper requests a new or additional Receipt Point or Delivery Point for Shipper's convenience. Unless otherwise mutually agreed upon, such measuring equipment will be of a type generally accepted in industry practice by which the Volume of Gas received from and delivered to Shipper will be measured. Where orifice meters are used, they will be installed and operated in accordance with ANSI/API 2530, September 1985, and any modifications and amendments thereof, and applied in a practical manner. Where positive displacement meters, turbine meters, ultrasonic meters, or other measuring devices are used, they will be installed and operated in accordance with then-current American Gas Association recommendations, where available, except in circumstances where such meters, located at Delivery Points and modified to enable Transporter to temporarily receive Natural Gas, are used as Receipt Points when an emergency event that satisfies the definition of Force Majeure in Section 7.1 of the General Terms and Conditions of this Tariff has caused, or may cause, a significant unscheduled interruption of transportation services on Transporter’s system. Btu measuring equipment will be installed by Transporter at a location or locations where the Total Heating Value of the Gas received and delivered by Transporter can be satisfactorily determined. Btu measurement may also be determined by Gas samples.

3.2 Check Measuring Equipment. Shipper may install, maintain and operate, at its own expense, such check measuring equipment as desired, provided that such equipment will not be installed on property containing Transporter's measuring equipment at or near the Receipt or Delivery Points. However, measurement of Gas for purposes of this tariff will be done by means of the measuring equipment installed pursuant to Paragraph 3.1, except in cases specifically provided to the contrary in this Section 3.

3.3 Notice of Equipment Tests. The party operating the measurement facilities will give notice to the other party of the time and location of all tests of Gas delivered hereunder or of any equipment used in measuring or determining the nature or quality of such Gas, in order that such other party may conveniently have its representative present. Upon request and thirty (30) days written notice, each party will submit to the other its records, together with calculations therefrom, for inspection and verification, subject to return within thirty (30) days after receipt.
GENERAL TERMS AND CONDITIONS
(Continued)

3. MEASURING EQUIPMENT (Continued)

3.4 Calibration and Test of Meters. The accuracy of Transporter's measuring equipment will be verified by Transporter at reasonable intervals and, if requested, in the presence of representatives of Shipper. In the event Shipper will notify Transporter that it desires a special test of any of Transporter's measuring equipment, the parties will cooperate to secure a prompt verification of the accuracy of such equipment. Any Shipper requesting such a special test of Transporter's measuring equipment will bear Transporter's out-of-pocket costs of the test if the equipment is found to be accurate within one percent (1%).

3.5 Correction of Metering Errors. If, upon test, any measuring equipment, including Transporter's Btu measuring equipment, is found to be in error by not more than one percent, previous recordings of such equipment will be considered accurate in computing deliveries of Gas, but such equipment will be adjusted at once to record accurately.

If, upon test, any measuring equipment is found to be inaccurate by an amount exceeding one percent of the average rate of flow for the period since the last preceding test, such equipment will be adjusted at once to record accurately, and any previous recordings of such equipment will be corrected to zero error for any period which is known definitely; but in case the period is not known or agreed upon, such correction will be for a period extending over one-half of the time elapsed since the date of the last test.
GENERAL TERMS AND CONDITIONS
(Continued)

3. MEASURING EQUIPMENT (Continued)

3.6 Correction of Stated Metered Volumes. NAESB WGQ 2.3.14: "Measurement data corrections should be processed within 6 months of the production month with a 3 month rebuttal period. This standard will not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights will not otherwise be diminished by this standard."

3.7 Failure of Meters. In the event a meter is out of service or registering inaccurately, the Volume of Gas delivered will be determined:

(a) By correcting the error if the percentage of error is ascertainable by calibration, tests or mathematical calculation; or, in the absence of (a), then

(b) By estimating the Quantity of delivery by deliveries during the periods under similar conditions when the meter was registering accurately; or, in the absence of both (a) and (b), then

(c) By using the registration of any check meter or meters if installed and accurately registering.

3.8 Specific Gravity. The specific gravity of Gas flowing through the meters will be determined by means of a gas chromatograph located at Transporter’s measuring station or at any other point on Transporter’s system.

3.9 Flowing Temperature. The flowing temperature of the Gas being metered will be determined by means of a recording thermometer of a type acceptable to both parties, installed and maintained in accordance with the specifications set forth in the Gas Measurement Committee Report No. 3, prepared by the Gas Measurement Committee of the American Gas Association, dated September, 1985, or any subsequent revision.
(RESERVED FOR FUTURE USE)
GENERAL TERMS AND CONDITIONS
(Continued)

4. QUALITY

4.1 Gas Quality at Delivery Point(s). The Gas delivered by Transporter for Shipper at the Delivery Point(s):

(a) will be merchantable Natural Gas commercially free from objectionable odors, solid matter, dust, gums, and gum forming constituents, or any other substance which interferes with its intended purpose, or causes interference with the proper and safe operation of the lines, meters, regulators, or other appliances through which it may flow;

(b) will contain not more than seven (7) pounds/MMcf of water;

(c) will contain no hydrocarbons in liquid form at the temperature and pressure at which the Gas is delivered at the Delivery Point;

(d) will not exceed a hydrocarbon dewpoint in excess of fifteen degrees (15) Fahrenheit at pressures up to 800 psig;

(e) will contain not more than 0.2% by volume of oxygen;

(f) will contain not more than 3.0% by volume of carbon dioxide or nitrogen;

(g) will contain not more than a combined total of 4.0% by volume of inerts, including carbon dioxide, nitrogen, oxygen and any other inert compound;

(h) will contain not more than 0.25 grain of hydrogen sulfide per 100 Cubic Feet of Gas (the Gas will not contain any entrained hydrogen sulfide treatment chemical (solvent) or its by-products);

(i) will contain not more than 0.3 grains of mercaptan sulfur per 100 Cubic Feet of Gas;

(j) will contain not more than 0.75 grains of total sulfur per 100 Cubic Feet of Gas;
GENERAL TERMS AND CONDITIONS
(Continued)

4. QUALITY (Continued)

4.1 Gas Quality at Delivery Point(s). (Continued)

(k) will not contain any toxic or hazardous substance, in concentrations which, in the normal use of the Gas, results in an unacceptable risk to health, is injurious to pipeline facilities, is a limit to merchantability or contrary to applicable governmental standards;

(l) will have a minimum Total Heating Value of not less than nine hundred seventy (970) Btu's per Cubic Foot of Gas on a dry basis;

(m) will have a temperature of not less than forty degrees (40) Fahrenheit, and not more than one hundred twenty degrees (120) Fahrenheit.

4.2 Gas Quality at Receipt Point(s). Gas nominated or delivered by Shipper to Transporter at the Receipt Point(s) for Transportation will comport with the requirements set forth in Paragraph 4.1 herein, or be subject to rejection and non-acceptance by Transporter pursuant to Section 4.5 (with the exception of the following Gas blending rights).

4.3 Gas Blending Rights. Notwithstanding Section 4.2, if the Composite Gas Stream contains less than ninety-five (95)% of the maximum allowable concentration of hydrogen sulfide (4.1(h)), mercaptan sulfur (4.1(i)), total sulfur (4.1(j)), nitrogen or carbon dioxide (4.1(f)), or total inerts (4.1(g)), then Transporter will allow reduced restrictions on said Gas components as described below and Shipper may tender, at any Receipt Point, Gas which contains not more than:

(a) one (1) grain of hydrogen sulfide per 100 Cubic Feet of Gas, subject to the condition that the volume weighted average hydrogen sulfide content of the Composite Gas Stream does not exceed 0.25 grain per 100 Cubic Feet of Gas; and
GENERAL TERMS AND CONDITIONS
(Continued)

4. QUALITY (Continued)

4.3 Gas Blending Rights. (Continued)

(b) ten (10) grains of total sulfur per 100 Cubic Feet of Gas, subject to the condition that the volume weighted average total sulfur content of the Composite Gas Stream does not exceed 0.75 grain per 100 Cubic Feet of Gas; and

(c) five (5) grains of mercaptan sulfur per 100 Cubic Feet of Gas, subject to the condition that the volume weighted average mercaptan sulfur content of the Composite Gas Stream does not exceed 0.30 grain per 100 Cubic Feet of Gas; and

(d) four percent (4.0%) by volume of carbon dioxide, subject to the condition that the volume weighted average carbon dioxide content of the Composite Gas Stream does not exceed three percent (3.0%), and the Composite Gas Stream meets the requirements of Section 4.3(f) below; and

(e) six percent (6.0%) by volume of nitrogen, subject to the condition that the volume weighted average nitrogen content of the Composite Gas Stream will not exceed three percent (3.0%), and the Composite Gas Stream meets the requirements of Section 4.3(f) below; and

(f) six percent (6.0%) by volume of inerts, subject to the condition that the volume weighted average total inerts of the Composite Gas Stream will not exceed four percent (4.0%).

4.4 Quality Tests.

(a) Location of Tests. The quality of the Gas received and delivered by Transporter hereunder will be determined by tests which Transporter will cause to be made at Receipt Points, and other locations along its system.
4. QUALITY (Continued)

4.4 Quality Tests. (Continued)

(b) Specification for Tests. Transporter will determine the Total Heating Value of Gas and its component analysis at least once each Month in accordance with the Gas Measurement Committee Report No. 3 prepared by the Gas Measurement Committee of the American Gas Association, dated September 1985 or any subsequent revisions (AGA-3). Such determination will be made using either an on-line chromatograph or by chromatographic analysis of a representative sample of Gas taken with a continuous flow proportional sampler. Chromatography will be performed in accordance with Gas Processors Association (GPA) publications 2261-86 and 2286-86 or any subsequent revisions. The values of the physical constants for the Gas components will be determined by the use of the physical constants listed in Table 5 of AGA-3. For components of the Gas not listed in said Table 5, GPA publication 2145-88 or any subsequent revision will be used.

(c) Non-Hydrocarbon Tests. Tests will be made to determine the total sulfur, hydrogen sulfide, mercaptans, carbon dioxide, nitrogen and oxygen content of the Gas, and the hydrocarbon dew point and water vapor content of such Gas by approved standard methods in general use in the gas industry. Tests will be made frequently enough to assure that the Gas continuously conforms to the quality requirements.

4.5 Failure to Conform.

(a) If the Gas offered for Transportation by Shipper will fail at any time to conform to any of the specifications set forth in Section 4.2, then Transporter will have the right, upon written (including by telecopy) or oral notice to Shipper, to immediately refuse to accept all or any portion of such Gas.
GENERAL TERMS AND CONDITIONS
(Continued)

4. QUALITY (Continued)

4.5 Failure to Conform. (Continued)

(b) Notwithstanding the foregoing, however, in the event the provisions of Section 4.3 are in effect, the following procedures will apply:

(1) When the calculated quality of the Composite Gas Stream approaches 90% of the allowable maximums for those Gas components whose specifications are subject to blending, then Transporter will notify all Shippers whose Gas does not conform with Section 4.2.

(2) When the calculated quality of the Composite Gas Stream equals or exceeds 95% of the allowable maximums for those Gas components whose specifications are subject to blending, Transporter will immediately notify all Shippers whose Gas does not conform that Transporter will commence curtailing receipt of their Gas in the following manner:

(i) Transporter will determine which Gas nominations or receipts do not conform with Section 4.2. For each Shipper whose Gas nominations or deliveries to Transporter do not conform with Section 4.2, Transporter will identify the Quantity of the Gas component that is in excess of the limits set forth in Section 4.2, compute a total thereof for all Shippers, and calculate the percentage of said total for each Shipper.

(ii) The calculated percentage will be used to determine the Quantity of non-conforming component that each of the non-conforming Shippers must eliminate from its Gas nominations and/or deliveries, in order to bring said Composite Gas Stream back to 93% of the quality specifications, of Section 4.2. The required reduction of the non-conforming component will be calculated on the assumption...
GENERAL TERMS AND CONDITIONS
(Continued)

4. QUALITY (Continued)

4.5 Failure to Conform. (Continued)

that Shipper will replace its nominations or deliveries of out of compliance Gas by the required reduction Volume using Gas containing none of the non-conforming component. The required reduction, as well as the newly calculated maximum allowable concentration of the non-conforming component, will be communicated to each of the non-conforming Shippers.

(iii) Shipper will reduce the non-conforming component by either replacing nominated or existing Gas deliveries to Transporter with Gas containing less of the non-conforming component or by reducing nominations or deliveries of non-conforming Gas until, inclusive of the reductions of non-conforming components similarly required of any other non-conforming Shippers, the composition of the Composite Gas Stream is again calculated to contain 93% or less of the maximum allowable quality specifications of Section 4.2.

(iv) Should Shipper fail to take adequate corrective action to comply with its obligation in Section 4.5(b)(2)(iii) to reduce the non-conforming component, Transporter will have the right to curtail receipts of non-conforming Gas from Shipper as determined in Section 4.5(b)(2)(ii) above.

(c) Continuation of Obligation to Pay. In the event Transporter refuses to accept Gas tendered by Shipper because such Gas does not conform to the specifications set forth herein, Shipper will not be relieved of its obligation to pay any Reservation Charge provided for in Shipper’s Transportation Service Agreement.
GENERAL TERMS AND CONDITIONS
(Continued)

4. QUALITY (Continued)

4.6 Processing Rights. All oil and liquid hydrocarbons separated from the Gas prior to receipt by Transporter will remain the property of Shipper. All liquids or liquefiable hydrocarbons recovered by Transporter, after receipt of Gas hereunder by Transporter and prior to delivery of Gas by Transporter to Shipper, will be and remain the exclusive property of Transporter.
GENERAL TERMS AND CONDITIONS
(Continued)

5. INVOICING AND PAYMENT

5.1 NAESB WGQ Invoicing Standards. NAESB WGQ Invoicing Related Standards not specifically referenced in this Section 5 are incorporated by reference in Section 21.

5.2 Invoicing. When information necessary for invoicing purposes is in the control of Shipper, Shipper shall furnish such information to Transporter on or before the fifth Business Day of each Month. Both Transporter and Shipper shall have the right to examine, at reasonable times, the books, records and charts to the extent necessary to verify the accuracy of any statement, charge or computation made pursuant to the provisions hereof.

5.3 Payment. Shipper will pay Transporter for the service rendered during the preceding Month as invoiced by Transporter by the earlier of (i) the 25th day of each Month or (ii) ten (10) days after the receipt by Shipper of Transporter's invoice. Such payment will identify the invoice number and be made in immediately available funds on or before the due date to a depository designated by Transporter. If the payment due date falls on a day that the designated depository is not open in the normal course of business, to receive Shipper's payment, then Shipper's payment will be made on or before the Business Day prior to the payment due date that such depository is open in the normal course of business.
5. INVOICING AND PAYMENT (Continued)

5.4 Correction of Invoicing Errors. In the event an error is discovered in any invoice rendered by Transporter, Shipper must contest such amount in writing within six months from the date that the invoice was rendered, otherwise the invoice will be deemed correct. Transporter will correct any invoicing errors (after a rebuttal period of three months or less) within thirty (30) days of the date that Shipper and Transporter agree that an invoicing error occurred.

5.5 Failure to Pay Invoices. Should Shipper fail to pay any of the amount of any invoice when such amount is due, unless such failure to pay is the result of Transporter’s error, Shipper will pay a late charge which will be added to the next regular monthly invoice rendered to Shipper under this Section 5; provided, however that no invoice will be issued if the amount owed is for late charges only and the total amount is less than $25.00. Such late charge will be determined by multiplying (a) the unpaid portion of the invoice by (b) the ratio of the number of days from the due date to the date of actual payment to 365, and (c) the annual interest rate as determined in accordance with 18 C.F.R. Section 154.501(d)(1) or any successor provision of the FERC’s Regulations. If such failure to pay continues for thirty (30) days after payment is due, Transporter, in addition to any other remedy it may have under the Transportation Service Agreement, may suspend Transportation service until the full amount of all outstanding invoices, including interest applicable thereto, is paid; provided, however, that Transporter will provide Shipper with a minimum of five (5) days’ notice before service is suspended. Transporter will suspend a Shipper’s reservation charges while that Shipper’s service is suspended. Transporter may also permanently terminate Transportation service; provided, however, that Transporter will provide both Shipper and the Commission with a minimum of thirty (30) days’ notice before service is terminated. Notices to suspend and/or terminate service may be provided on or after the date payment is due if shipper fails to make payment in full on or before that date. Transporter will not be entitled to suspend further delivery of Gas if Shipper in good faith (a) disputes the amount of any such invoice or part thereof in writing; (b) pays the Transporter such amounts as it concedes to be correct; and provides documentation identifying the basis for the dispute.
GENERAL TERMS AND CONDITIONS
(Continued)

5. INVOICING AND PAYMENT (Continued)

5.5 Failure to Pay Invoices. (Continued)

In such event, Transporter may demand and Shipper, within thirty (30) days of such demand, will furnish good and sufficient surety bond, guaranteeing payment to Transporter of all disputed amounts for any invoices that are or will be affected by such dispute. If Shipper fails to provide a bond to Transporter guaranteeing payment, or if Shipper defaults in the conditions of such bond, then Transporter will have the right, after any necessary application to and authorization by the FERC, to terminate the Transportation Service Agreement.

5.6 Disputed Invoices. NAESB WGQ 3.3.19: “If invoice is in dispute, pay portion not in dispute and provide documentation identifying basis for the dispute.”

5.7 Right to Set Off Unpaid Amounts. In the event that Shipper does not pay the full amount due Transporter in accordance with Section 5.3 hereof, Transporter, without prejudice to any other rights or remedies it may have, will have the right to withhold and set off payment of any amounts of monies due or owing by Transporter to Shipper, whether in connection with this Agreement or otherwise, against any and all amounts or monies due or owing by Shipper to Transporter for services performed under the Transportation Service Agreement.

5.8 Right to Recover Collection Costs. Transporter is entitled to recover and may recover only from a defaulting party any reasonable expenses, costs or attorneys’ fees incurred to recover amounts owed by such defaulting party pursuant to a rate schedule, service agreement, the General Terms and Conditions of this tariff, or for transportation services rendered by Transporter.
(RESERVED FOR FUTURE USE)
GENERAL TERMS AND CONDITIONS
(Continued)

6. RECEIPT AND DELIVERY POINTS AND PRESSURES

6.1 Receipt Points.

(a) Transporter will receive Gas for the account of any Shipper under Transporter's Rate Schedule KRI-1 or KRI-L1 at the Receipt Points referenced on Shipper's executed Transportation Service Agreement, as may be amended from time to time.

Transporter will receive Gas for the account of any firm Shipper, up to the amount of Shipper's respective specified Receipt Point Entitlement, at the Primary Receipt Points set forth on Shipper's executed Transportation Service Agreement, as may be amended from time to time upon mutual written agreement of the parties. The Receipt Point Entitlement will be the maximum Quantity of Gas which Transporter is obligated to receive for Transportation at each respective Primary Receipt Point on any Day.

Any firm Shipper may add Primary Receipt Points to its Transportation Service Agreement, or increase or decrease its Receipt Point Entitlement at any particular Primary Receipt Point, subject to the availability of capacity; provided, however, except for service under Rate Schedule KRF-L1, that in the event of any such addition or increase Shipper must concurrently relinquish an equivalent amount of its Receipt Point Entitlement at any one or more of the Primary Receipt Points contained in its Transportation Service Agreement. Capacity at any Receipt Point that is part of a specific block of available capacity (comprised of a receipt point, a delivery point, and the mainline capacity between those points) that is posted for bid in accordance with Sections 27.2(a), 27.2(b), 27.2(c), or 27.2(d) is not available for amendment, unless such capacity is not awarded at the end of the posting period.

Additionally, firm Shippers may, subject to Section 13 of these General Terms and Conditions, nominate and schedule Gas for Transportation from Secondary Receipt Points.
GENERAL TERMS AND CONDITIONS
(Continued)

6. RECEIPT AND DELIVERY POINTS AND PRESSURES (Continued)

6.1 Receipt Points. (Continued)

Transporter will not be required under any circumstances to receive Gas for the account of any Shipper where the total Quantity of Gas scheduled for Transportation on any Day is less than that required for the accurate measurement of quantities.

(b) In the event Shipper temporarily releases any or all of its Transportation rights to a Replacement Shipper under Section 15 of the General Terms and Conditions of this tariff and permits the Replacement Shipper to utilize Primary Receipt Points in connection with the Release, Shipper will be required to relinquish, for the entire term of the relevant Release, some portion or all of its Receipt Point Entitlement at any one or more of its Primary Receipt Points in an aggregate amount no less than the amount of the DMDQ released. Following expiration of the term of any Release which is not a permanent Release, Shipper will be entitled to utilize the Primary Receipt Points which the Replacement Shipper was entitled to utilize at the time of expiration of the Release Term, up to the amount of the Replacement Shipper’s respective Receipt Point Entitlement at each such point.

(c) In the event Shipper permanently releases only a portion of its Transportation rights to a Replacement Shipper under Section 15 of the General Terms and Conditions of this tariff, Shipper’s aggregate Receipt Point Entitlements must be released by the same percentage as Shipper’s DMDQ and aggregate Delivery Point Entitlements are released.

6.2 Receipt Pressure. Gas will be delivered to Transporter at the Receipt Point(s) at pressures sufficient to allow the Gas to enter the facilities of Transporter, but will not be delivered at pressures in excess of the maximum allowable operating pressure.
GENERAL TERMS AND CONDITIONS
(Continued)

6. RECEIPT AND DELIVERY POINTS AND Pressures (Continued)

6.2 Receipt Pressure. (Continued)

of Transporter’s facilities at the Receipt Point(s); provided, however, that Transporter and Shipper or Interconnect Operator may mutually agree to receipt point pressures, which will be established on a not unduly discriminatory basis. Notwithstanding the foregoing, Transporter is under no obligation to modify its line pressures to permit the entry of Shipper's Gas into its System.

6.3 Delivery Points.

(a) Transporter will deliver Gas for the account of any Shipper under Transporter's Rate Schedule KRI-1 or KRI-L1 at the Delivery Points referenced on Shipper's executed Transportation Service Agreement, as may be amended from time to time.

Transporter will deliver Gas for the account of any firm Shipper, up to the amount of Shipper's respective specified Delivery Point Entitlement, at the Primary Delivery Points set forth on Shipper's executed Transportation Service Agreement, as may be amended from time to time upon mutual written agreement of the parties. The Delivery Point Entitlement will be the maximum Quantity of Gas which Transporter is obligated to deliver at each respective Primary Delivery Point on any Day. Any firm Shipper may add Primary Delivery Points to its Transportation Service Agreement, or increase or decrease its Delivery Point Entitlement at any particular Primary Delivery Point, subject to the availability of capacity; provided, however, except for service under Rate Schedule KRF-L1, that Shipper must concurrently relinquish an equivalent amount of its Delivery Point Entitlement at any one or more of the Primary Delivery Points contained in its Transportation Service Agreement. Capacity at any Delivery Point that is part of a specific block of available capacity (comprised of a receipt point, a delivery point, and the mainline capacity between those points) that is posted for bid in accordance with Sections 27.2(a), 27.2(b), 27.2(c), or 27.2(d) is not available for amendment, unless such capacity is not awarded at the end of the posting period.
GENERAL TERMS AND CONDITIONS
(Continued)

6. RECEIPT AND DELIVERY POINTS AND PRESSURES (Continued)

6.3 Delivery Points. (Continued)

Additionally, firm Shippers may, subject to Section 13 of these General Terms and Conditions, nominate and schedule Gas for Transportation to Secondary Delivery Points. Transporter will not be required under any circumstances to deliver Gas for the account of any Shipper where the total Quantity of Gas scheduled for Transportation on any Day is less than that required for the accurate measurement of quantities.

(b) In the event Shipper temporarily releases any or all of its Transportation rights to a Replacement Shipper under Section 15 of the General Terms and Conditions of this tariff and permits the Replacement Shipper to utilize Primary Delivery Points in connection with the Release, Shipper will be required to relinquish, for the entire term of the relevant Release, some portion or all of its Delivery Point Entitlement at any one or more of its Primary Delivery Points in an aggregate amount no less than the amount of the DMDQ released. Following expiration of the term of any Release which is not a permanent Release, Shipper will be entitled to utilize the Primary Delivery Points which the Replacement Shipper was entitled to utilize at the time of expiration of the Release Term, up to the amount of the Replacement Shipper's respective Delivery Point Entitlement at each such point.

(c) In the event Shipper permanently releases only a portion of its Transportation rights to a Replacement Shipper under Section 15 of the General Terms and Conditions of this tariff, Shipper’s aggregate Delivery Point Entitlements must be released by the same percentage as Shipper’s DMDQ and aggregate Receipt Point Entitlements are released.

6.4 Transporter's Delivery Pressures. Transporter will deliver Gas for Shipper's account at the pressures existing from time to time in Transporter's facilities at the Delivery Point(s); provided, however, that Transporter and Shipper or Interconnect Operator may mutually agree to delivery point pressures, which will be established on a not unduly discriminatory basis.
(RESERVED FOR FUTURE USE)
GENERAL TERMS AND CONDITIONS
(Continued)

7. FORCE MAJEURE

7.1 Definition. The term "force majeure" as employed herein will include, but will not be limited to blockades, insurrections, riots, epidemics, floods, washouts, landslides, mudslides, earthquakes, extreme cold or freezing weather, lightning, restraints of rulers and peoples, civil disturbances, explosions, breakage or freezing of or accident to machinery or line of pipe, the order of any court or governmental authority having jurisdiction, and any other cause, whether of the kind herein enumerated or otherwise, not reasonably within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. Failure to prevent or settle any strike or strikes will not be considered a matter within the control of the party claiming suspension.

7.2 Obligations of Parties. In the event of either party's being rendered, wholly or in part by force majeure, unable to carry out its obligations under the Transportation Service Agreement, it is agreed that when such party gives notice and full particulars of such force majeure, in writing, by electronic mail or by telephone, to the other party, which will be done as soon as practicable after the occurrence of the event of force majeure relied on, then the obligations of the parties hereto so far as such obligations are affected by such force majeure will be suspended during the continuance of any period of force majeure, but for no longer period, and such inability to perform will, so far as possible, be remedied with all reasonable dispatch. Provided, however, that continued payment of the monthly reservation charge applicable to firm Transportation service under circumstances of non-delivery occasioned by Transporter's invocation of force majeure will be subject to Section 9 of Rate Schedule KRF-1, unless Kern River and Shipper otherwise agree and memorialize such agreement in a Transportation Service Agreement. Notwithstanding anything to the contrary which may be expressed or implied in an executed Transportation Service Agreement under Rate Schedule KRF-1, no adjustment to the monthly reservation charge for Shippers under Rate Schedule KRF-1 will be required for any interruption or curtailment of service at any Secondary Receipt Point or Secondary Delivery Point.
7. FORCE MAJEURE (Continued)

7.3 Liability Not Relieved. Such causes or contingencies affecting the performance under the executed Transportation Service Agreement by either Transporter or Shipper, however, will not relieve it of liability in the event of its concurring negligence or in the event of its failure to use due diligence to remedy the situation and to remove the cause in an adequate manner and with all reasonable dispatch, nor will such causes or contingencies affecting such performance relieve either party from its obligations to make payments of amounts then due in respect of Gas theretofore delivered.
(RESERVED FOR FUTURE USE)
8. POSSESSION OF GAS AND RESPONSIBILITY

As between Transporter and Shipper, Shipper will be deemed to be in control and possession of the Gas prior to Shipper's delivery of the Gas to Transporter for Transportation at the Receipt Point(s). Transporter will be deemed to be in control and possession of the Gas following receipt of the Gas from Shipper at the Receipt Point(s) and prior to delivery of the Thermally Equivalent Gas Volumes (less any requisite fuel and loss reimbursement) to Shipper at the Delivery Point(s), after which Shipper will be deemed to be in control and possession.

Shipper will have no responsibility with respect to any Gas after it has been delivered to Transporter at the Receipt Point(s) on account of anything which may be done, happen or arise with respect to said Gas, prior to the redelivery of the Thermally Equivalent Volumes (less any requisite fuel and loss reimbursement) to Shipper at the Delivery Point(s). Transporter will have no responsibility with respect to said Gas prior to its delivery to Transporter at the Receipt Point(s), after its delivery to Shipper at the Delivery Point(s), or on account of anything which may be done, happen or arise with respect to said Gas prior to such receipt or after such delivery.
9. STATUTORY REGULATION

Transporter's rates, charges, classifications and services as set forth in this tariff, including these General Terms and Conditions are subject to regulation by the FERC under the Natural Gas Act. Transporter will have the right to file from time to time with the FERC under Section 4 of the Natural Gas Act and to place into effect such new Rate Schedules and changes in its existing effective tariff as Transporter may find necessary from time to time to assure Transporter just and reasonable rates and charges as well as a rate of return sufficient, inter alia, to service the debt, attract capital, permit facilities expansion and provide adequate Natural Gas Transportation service to all of Transporter's customers. Without in any way limiting the generality of the foregoing, Transporter will have the right to file and to place into effect new Rate Schedules and/or new tariff sheets fairly and appropriately reflecting changes in the rates paid by Shipper for Natural Gas Transportation services or changes in the conditions of service attributable to such Transportation service. Shipper will have the right to protest any such new Rate Schedules or changes in rates or conditions of service before the FERC. Notwithstanding any other provision hereof, these provisions are subject to all valid legislation and all valid present or future orders, rules and regulations of duly constituted authorities now or hereafter having jurisdiction.
(RESERVED FOR FUTURE USE)
10. OPERATING AND BALANCING PROCEDURES

10.1 General Procedure. Shipper will notify Transporter electronically on Transporter’s Designated Site or by other modes of communication (if mutually agreed upon by Shipper and Transporter) each Day (or other time periods as mutually agreed upon by Shipper and Transporter) of the Transportation service and Quantity of Gas it desires scheduled on the following Day in accordance with Section 13.1. Transporter will advise Shipper on Transporter’s Designated Site or by other modes of communication (if mutually agreed upon by Shipper and Transporter) of the Quantity it will accept for Transportation, which Quantity will be the scheduled Quantity unless operating conditions require an adjustment.

10.2 Limitation Upon Transporter’s Daily Transportation Obligation. Transporter will not be obligated to deliver to Shipper on any Day a greater Quantity of Gas, on a Thermally Equivalent basis, than it has received from Shipper on such Day, reduced by the Quantity required for fuel used and lost and unaccounted-for gas.

10.3 Records of Scheduled Quantities. Transporter will keep accurate records of the Quantities of Gas scheduled for Transportation and any imbalances, which records will be made available to Shipper at its request. If Shipper’s Gas is commingled with other Gas at the Receipt Point(s) or at the Delivery Point(s), the scheduling arrangements and Transporter’s records will include procedures for the division of the total Quantity at such points.

10.4 Arrangements Prior to Receipt and After Delivery. It will be Shipper’s obligation to make arrangements with other parties for delivery of Gas into Transporter’s system at the Receipt Point(s) and for receipt of Gas after Transportation at the Delivery Point(s). Shipper will be obligated in such arrangements to require dispatching and operating coordination with Transporter and access to appropriate charts and records. Such arrangements will be satisfactory to Transporter.

10.5 Operating Information and Estimates. Upon request of Transporter, Shipper will from time to time submit estimates of the daily, monthly and annual Quantities of Gas to be transported hereunder together with such other operating data as Transporter may require in order to schedule its operations.
10. OPERATING AND BALANCING PROCEDURES (Continued)

10.6 Balancing of Transportation Quantities.

(a) Uniform Receipts and Deliveries. Except as provided in Rate Schedule KRF-PK, Transporter and Shipper will undertake to maintain receipts and deliveries on a uniform hourly basis to the maximum extent practicable, subject to the provisions of the General Terms and Conditions of this tariff.

(b) Departures from Scheduled Receipts and Deliveries. Shipper and Transporter will attempt to keep departures from scheduled receipts and deliveries to a minimum and will reconcile any imbalances that exceed +/- 50 Dth, including required fuel for the Month, within thirty (30) days. Any adjustment to receipts and deliveries by Shipper, whether or not pursuant to notification from Transporter, will be coordinated with Transporter and accomplished in accordance with the scheduling procedures set forth in Section 13.

If on any Day Shipper delivers to Transporter quantities at the Receipt Point(s) which are in excess of or deficient by the greater of 2,000 Dth or two (2) percent of the quantities tendered for delivery to Shipper at the Delivery Point(s), Shipper will initiate corrective action immediately after notification by Transporter.

(c) Scheduling Penalty. If on any Day the Quantity of Gas that Shipper has requested and Transporter has scheduled to deliver exceeds the Quantity delivered at the Delivery Point(s) or the Quantity received at the Receipt Point(s) by the greater of five percent or 2,000 Dth, then Shipper will pay Transporter a penalty equal to the rate prescribed by this paragraph times the amount by which the Quantity scheduled for delivery, less the greater of five percent or 2,000 Dth exceeds the lesser of the Quantity delivered at the Delivery Point(s) or the Quantity received at the Receipt Point(s). For Shippers receiving service
10. OPERATING AND BALANCING PROCEDURES (Continued)

10.6 Balancing of Transportation Quantities. (Continued)

under Rate Schedule KRI-1, the scheduling penalty rate will be equal to that Shipper’s Interruptible Transportation Rate then in effect. For Shippers receiving service under Rate Schedule KRF-1, the scheduling penalty rate will be equal to that Shipper’s transportation/commodity rate then in effect. Transporter will waive scheduling penalties if, in its reasonable judgment, Shipper’s actions have not jeopardized system integrity. Penalties or waivers of said penalties will be applied uniformly and in a non-discriminatory manner. Penalties resulting from interruptible service being bumped by firm nominations in the Intraday 1 nomination cycle will be waived during non-critical periods. The scheduling penalty will be calculated daily and invoiced monthly.

(d) Imbalance Penalty. Any Shipper that fails to correct any imbalances within sixty (60) days may be assessed a penalty calculated as the product of: five dollars, times either (i) the Quantity, in Dekatherms, by which Shipper’s takes of Gas from Transporter’s system exceed Shipper’s deliveries of Gas to Transporter’s system, less fuel used and lost and unaccounted-for gas, or (ii) the Quantity, in Dekatherms, by which Shipper’s deliveries of Gas to Transporter’s system, less fuel used and lost and unaccounted-for gas, exceed Shipper’s takes of Gas from Transporter’s system. Transporter will waive imbalance penalties if, in its reasonable judgment, Shipper’s actions have not jeopardized system integrity. Penalties or waivers of said penalties will be applied uniformly and in a non-discriminatory manner.
GENERAL TERMS AND CONDITIONS
(Continued)

10. OPERATING AND BALANCING PROCEDURES (Continued)

10.7 Shipper Imbalance Netting. A Shipper Imbalance is created on any Gas Day when upstream allocated/scheduled receipts differ from downstream allocated/scheduled deliveries. A Shipper may net Shipper Imbalances between its service agreements for the same type of service.

10.8 Shipper Imbalance Trading. A Shipper may trade imbalances with another Shipper for the same type of service, provided that any trading of Shipper Imbalances must result in each Shipper's imbalance decreasing.

(a) All imbalance trading will be conducted through Transporter's Designated Site. If a Shipper desires to trade an imbalance, such Shipper must consent to Transporter's release of necessary information regarding the imbalance.

(b) Shippers that trade imbalances are responsible for making whatever arrangements they deem necessary to finalize and document the imbalance trade between them.

(c) Transporter will not be responsible for eliminating any imbalances between Shipper and any third party. Furthermore, Transporter will not be obligated to adjust or deviate from its standard operating and accounting procedures in order to alleviate any such imbalances.

(d) A Shipper may designate a third party to provide imbalance management services by executing an Agency Delegation Agreement, which may be obtained from Transporter’s Marketing and Customer Services Department.
10. OPERATING AND BALANCING PROCEDURES (Continued)

10.9 Corrective Action by Transporter. Transporter will have the right to take actions of whatever nature may be required (including termination or reduction of service to Shipper) to correct any imbalances which impair the operation of or threaten the integrity of its system, including maintenance of service to other Shippers.

10.10 Imbalances at Termination of Service. In the event the Thermally Equivalent quantities of Gas received and delivered are not in balance at the expiration of the primary term of the Transportation Service Agreement or such earlier termination as provided herein, then such balance shall be achieved at the earliest practical date, not to exceed 90 days after expiration or termination of the Transportation Service Agreement, by extending receipts or deliveries, as applicable, at the appropriate Receipt or Delivery Points, until such balance is achieved, or by such other method as is then mutually agreed upon by Transporter and Shipper.

10.11 Penalty Revenue Crediting. One hundred percent (100%) of all net penalty revenues received by Transporter will be credited to firm and interruptible Transportation Shippers paying maximum rates (including Shippers that elect 10-year or 15-year extended term rates), pro rata based on the total maximum rate revenues received from each Shipper during the calendar year, excluding revenues from ACA and any other surcharges approved by the Commission. For the purpose of determining whether a Shipper is paying maximum rates in a capacity release situation, the reservation/demand charges paid by a Replacement Shipper will be attributed to the Releasing Shipper if the Replacement Shipper is paying less than maximum rate. Negotiated Rate Shippers are not eligible to receive penalty revenue credits. Penalty revenue credits will be allocated only to those Shippers that were not assessed penalties on the day(s) for which such penalty revenues are to be credited. Penalty revenue credits will be reflected as a credit billing adjustment to each March billing for credits accrued during the prior calendar year.
11. SERVICE AGREEMENT AND SERVICE CONDITIONS

11.1 Form of Agreement. Shippers desiring service pursuant to Transporter’s Rate Schedules shall execute a Transportation Service Agreement in the form contained in this Tariff; or, for transactions with a term of one year or less, if Transporter and Shipper mutually agree, Transporter may provide service under a new contract number pursuant to the agreed-upon terms for service and the applicable pro forma Transportation Service Agreement, which shall constitute the executed Transportation Service Agreement. The executed Transportation Service Agreement, together with the General Terms and Conditions and applicable Rate Schedules, shall constitute the entire agreement between the parties for Gas transportation service provided therein and shall only be modified in writing.

11.2 Term of Agreement.

(a) The term of the executed Transportation Service Agreement shall be determined by agreement between Transporter and Shipper. Such term may include contingencies, such as completion of construction or board or governmental approval, and extension rights, such as a rollover, evergreen or right-of-first-refusal provision and, if applicable, a related termination provision.

(b) A Shipper eligible for a right of first refusal as set forth in Section 27.5(a) of the General Terms and Conditions may continue receiving service at the end of the term of any agreement, including any term extended pursuant to any contractual rollover or evergreen provision, as provided in Sections 27.5(a), (b), and (d).

11.3 Receipt and Delivery Point Entitlements. For shippers executing new firm Transportation Service Agreements, the Receipt Point and Delivery Point entitlements specified on Exhibit “A” to the transportation service agreement must be equal to Shipper’s Transportation Maximum Daily Quantity. For shippers that amend existing firm transportation service agreements, each ratio of Receipt Point and Delivery Point entitlement to total Transportation Maximum Daily Quantity or Maximum Daily Quantity (as applicable) must be retained, except in the case of a capacity release where Shipper must comply with Section 15.2 of the General Terms and Conditions.
11. SERVICE AGREEMENT AND SERVICE CONDITIONS (Continued)

11.4 Volumetric Obligations. The executed Transportation Service Agreement will set forth the maximum Volumes of Gas which Transporter will be obligated to transport and deliver to Shipper on any Day.

11.5 Alterations and Repairs. Transporter will have the right, without liability to Shipper, to curtail deliveries when necessary to alter, modify, enlarge, repair or maintain any facility or property that comprises a part of, or is appurtenant to, Transporter's transmission system or is otherwise related to the operation thereof. Transporter will endeavor to arrange such curtailment so as to cause a minimum of inconvenience to Shipper.

11.6 Properties and Facilities. Transporter and Shipper each assume full responsibility and liability for the maintenance and operation of their respective properties and facilities and will indemnify and hold harmless the other from all liability and expense on account of any and all damages, claims or actions, including injury to and death of persons, arising from any act, accident or omission in connection with or arising out of the installation, presence, maintenance and operation of properties and facilities of the indemnifying party. Transporter will have no obligation to odorize Gas delivered to Shipper under this tariff nor to maintain any odorant level.

11.7 Notices. Notices called for pursuant to any agreement between Transporter and Shipper will be in written or electronic form and will be considered as having been duly given when delivered personally, or when mailed, faxed, or sent by other electronic measures to either Shipper or Transporter at the place designated on Transporter’s Designated Site.

11.8 Successors and Assigns. Any Transportation Service Agreement will be binding upon and inure to the benefit of the Transporter and Shipper and their respective successors and assigns. No assignment or transfer by either Transporter or Shipper thereunder will be made without the written consent of the other party. Such consent will not be unreasonably withheld. No such consent of Transporter or Shipper will be required when an assignment by Transporter or Shipper is the result of, and part of, a corporate acquisition, merger or reorganization. Nothing contained in a Transportation Service Agreement will prevent either Transporter or Shipper from pledging,
11. SERVICE AGREEMENT AND SERVICE CONDITIONS (Continued)

11.8 Successors and Assigns (continued)

mortgaging or assigning its rights as security for its indebtedness and either Transporter or Shipper may assign to the pledgee or mortgagee (or to a trustee for the holder of such indebtedness) any money due or to become due under a Transportation Service Agreement. Upon request of either Transporter or Shipper, the other party will acknowledge in writing any permitted assignment and the right of any permitted assignee (and any assignee upon enforcement of any assignment made as security for indebtedness) to enforce a Transportation Service Agreement against such other party, and will also deliver such certificates, copies of corporate documents and opinions of counsel as may be reasonably requested by a permitted assignee relating to such party, any Transportation Service Agreement and any other matters relevant thereto. No permitted assignment will relieve the assigning party from any of its obligations under any Transportation Service Agreement. Shipper will confirm that the rights of Transporter under any Transportation Service Agreement that may be assigned include any right given or reserved to Transporter in the Transportation Service Agreement to consent to any assignment or transfer by Shipper of its rights and obligations thereunder.

11.9 Governmental Bodies. Notwithstanding any other provision, all Transportation Service Agreements will be subject to all laws, statutes, ordinances, regulations, rules and court decisions of governmental entities now or hereafter having jurisdiction.

11.10 Electronic Signature. Transporter and Shipper agree that a facsimile or other electronic version of any Transportation Service Agreement, when properly executed, electronically or otherwise, shall be considered for all purposes to be an original document, and shall be deemed for all purposes to be signed and shall constitute a binding agreement.

11.11 Transportation Service Agreements will be amended only by an instrument in writing (or in electronic format) executed by both Transporter and Shipper.
11. SERVICE AGREEMENT AND SERVICE CONDITIONS (Continued)

11.12 Multiple Counterparts. Transportation Service Agreements may be executed in multiple counterparts, all of which (including copies thereof) will constitute one and the same instrument, and each of which (including copies thereof) will be deemed an original.

11.13 Waivers. No waiver by either Transporter or Shipper of any one or more defaults by the other in the performance of any provisions of any Transportation Service Agreement will operate or be construed as a waiver of any future default or defaults, whether of a like or of a different character.

11.14 Liability. No liability for any act or omission of Transporter will be incurred by, or asserted against any other person or company who is a partner in Kern River Gas Transmission Company, or any owners, subsidiaries or affiliates of the partners. Any recourse for any liability of Transporter will be against Transporter only.

11.15 Headings. The headings of the Articles of any Transporter Service Agreement are inserted for convenience of reference only and will not affect the meaning or construction of a Transportation Service Agreement.

11.16 Governing Law. All Transportation Service Agreements will be construed in accordance with the laws of the State of Utah, excluding any conflicts of law provisions thereof.

11.17 Waiver of Jury Trial. When Transporter and Shipper mutually agree, the following provision shall be added to the applicable Transportation Service Agreement(s).

TO THE FULLEST EXTENT PERMITTED BY LAW, SHIPPER AND TRANSPORTER WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH ANY AGREEMENT ENTERED INTO PURSUANT TO THE TARIFF. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.
Kern River Gas Transmission Company
FERC Gas Tariff
Third Revised Volume No. 1

Issued On: August 19, 2010
Effective On: August 19, 2010

(RESERVED FOR FUTURE USE)
GENERAL TERMS AND CONDITIONS
(Continued)

12. REIMBURSEMENT OF FUEL USED AND LOST AND UNACCOUNTED-FOR GAS

12.1 NAESB WGQ Standards. NAESB WGQ Nominations Related Standards governing fuel not specifically referenced in this Section 12 are incorporated by reference in Section 21.

12.2 Transportation rates set forth on Sheet Nos. 5, 5.01, 5A, 5A.01, 5B, 6, 7 and 9 are exclusive of fuel used and lost and unaccounted-for gas, which all Shippers will cause to be furnished in-kind each Day by applying a fuel reimbursement factor to Receipt Point nominations, as provided in NAESB 1.3.16. Such fuel reimbursement factor is the sum of the current compressor fuel factors applicable to rolled-in rate service, incremental rate service on the 2003/2010 Expansions, or incremental rate service on the Apex Expansion, for the compressors used in the Transportation of Shipper's Gas and the current lost and unaccounted-for gas factor applicable to either system-wide Transportation (for both rolled-in and incremental rate services) or Transportation on the High Desert Lateral. The current factors are posted on Transporter's Designated Site on the Internet no less than seven calendar days before the beginning of the month.
GENERAL TERMS AND CONDITIONS
(Continued)

12. REIMBURSEMENT OF FUEL USED AND LOST AND UNACCOUNTED-FOR GAS (Continued)

12.3 For rolled-in rate service, the compressor fuel factors will be determined monthly as follows: for each compressor station, the historical fuel usage at that site will be adjusted for known and expected operational changes to determine projected fuel usage attributable to rolled-in rate service for the month in which the factor is to be effective. The sum of the projected fuel usage and any required true-up adjustment will be divided by projected receipt quantities attributable to rolled-in rate service at that compressor that month. (The true-up adjustment for each compressor is the difference between total fuel used by rolled-in rate shippers at that compressor and net fuel reimbursed by rolled-in rate Shippers at that compressor two months earlier.)

12.4 For incremental rate services, Transporter will determine compressor fuel factors using the same method used for rolled-in rate service.

12.5 For interruptible and authorized overrun service, the compressor fuel factors will be determined monthly. Each factor will be a blended rate derived from the monthly fuel factors applicable to rolled-in rate service and incremental expansion rate services. Effective October 1, 2011, the fuel factor for the Muddy Creek, Coyote Creek, Salt Lake, Elberta, Fillmore, Veyo and Dry Lake compressors will be calculated on the basis of 39.6% for rolled-in rate service, 48.2% for incremental rate service on the 2003/2010 Expansions, and 12.2% for incremental rate service on the Apex Expansion. For the Goodsprings compressor, the fuel factor will be calculated on the basis of 45% for rolled-in service and 55% for incremental service.

12.6 Total fuel used at each compressor each month will be allocated among the rolled-in and incremental rate groups on a pro rata basis using actual receipt quantities at each compressor, with the receipt quantities attributable to the incremental rate groups adjusted by the following weighting factors, effective on the in-service date of the Apex Expansion project:

<table>
<thead>
<tr>
<th>compressor</th>
<th>2003/2010 Expansions</th>
<th>Apex Expansion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Muddy Creek</td>
<td>1.406</td>
<td>1.676</td>
</tr>
<tr>
<td>Painter</td>
<td>1.000</td>
<td>1.000</td>
</tr>
<tr>
<td>Anschutz</td>
<td>1.000</td>
<td>1.000</td>
</tr>
<tr>
<td>Coyote Creek</td>
<td>1.899</td>
<td>2.237</td>
</tr>
<tr>
<td>Salt Lake</td>
<td>1.899</td>
<td>2.286</td>
</tr>
<tr>
<td>Elberta</td>
<td>1.864</td>
<td>2.253</td>
</tr>
<tr>
<td>Fillmore</td>
<td>1.867</td>
<td>2.235</td>
</tr>
<tr>
<td>Milford</td>
<td>1.868</td>
<td>2.259</td>
</tr>
<tr>
<td>Veyo</td>
<td>1.873</td>
<td>2.254</td>
</tr>
<tr>
<td>Dry Lake</td>
<td>1.876</td>
<td>2.251</td>
</tr>
<tr>
<td>Goodsprings</td>
<td>2.082</td>
<td>2.082</td>
</tr>
</tbody>
</table>
GENERAL TERMS AND CONDITIONS
(Continued)

12. REIMBURSEMENT OF FUEL USED AND LOST AND UNACCOUNTED-FOR GAS (Continued)

12.7 The system-wide lost and unaccounted-for gas factor applies to rolled-in rate service, incremental expansion rate services, and all overrun and interruptible service, but does not apply to service on the High Desert Lateral. The system-wide lost and unaccounted-for gas factor will be determined monthly as follows: the historical system-wide lost and unaccounted-for gas will be adjusted for known and expected operational changes to determine projected system-wide lost and unaccounted-for gas for the month in which the factor is to be effective. The sum of the projected system-wide lost and unaccounted-for gas and any required true-up adjustment will be divided by total projected receipt quantities that month. (The true-up adjustment is the difference between the system-wide Gas that was lost and unaccounted-for and the net system-wide lost and unaccounted-for gas reimbursed by Shippers two months earlier.)

12.8 The High Desert Lateral lost and unaccounted-for gas factor will be determined monthly as follows: the historical High Desert Lateral lost and unaccounted-for gas will be adjusted for known and expected operational changes to determine projected High Desert Lateral lost and unaccounted-for gas for the month in which the factor is to be effective. The sum of the projected High Desert Lateral lost and unaccounted-for gas and any required true-up adjustment will be divided by total projected receipt quantities associated with the High Desert Lateral that month. (The true-up adjustment is the difference between the High Desert Lateral Gas that was lost and unaccounted-for and the net High Desert Lateral lost and unaccounted-for gas reimbursed by Shippers two months earlier.)

12.9 Backhaul Shippers will reimburse Transporter for system-wide lost and unaccounted-for gas, but will not reimburse Transporter for compressor fuel.

12.10 Transporter will file an annual report with the Commission by March 31 of each Year that supports the fuel and lost and unaccounted-for gas factors used for the 12-month period beginning January 1 of the prior Year.

12.11 If Shipper fails to nominate sufficient quantities to reimburse Transporter for compressor fuel used and lost and unaccounted-for gas, then Transporter will adjust the nomination accordingly and Shipper will be notified prior to Gas flowing.
12. REIMBURSEMENT OF FUEL USED AND LOST AND UNACCOUNTED-FOR GAS (Continued)

12.12 Electric Compressor Fuel Surcharge.

(a) Applicability. An electric compressor fuel surcharge is applicable to all Gas that flows from any receipt point on Transporter’s wholly-owned system, or from the Dag Moj receipt point, to delivery points downstream of the Daggett Compressor into the facilities jointly owned by Transporter and Mojave Pipeline Company. Shipper will reimburse Transporter for its share of the electricity costs incurred at the Daggett Compressor (including all associated refunds, surcharges, billing adjustments and interest), by paying the electric compressor fuel surcharge applicable to either rolled-in rate or incremental expansion rate services on the Quantity of Gas scheduled for Shipper by Transporter downstream of the Daggett Compressor.

(b) Surcharge Calculation. The electric compressor fuel surcharges will be determined annually, to become effective on April 1 of each year. At least thirty (30) days prior to the effective date, Transporter will file workpapers with the Commission calculating the electric compressor fuel surcharges for the twelve months beginning April 1, and will also file revised Sheet Nos. 5, 5.01, 5A, 5A.01, 5B, 6 and 9, which set forth the revised surcharges in Transporter’s FERC Gas Tariff.
GENERAL TERMS AND CONDITIONS
(Continued)

12. REIMBURSEMENT OF FUEL USED AND LOST AND UNACCOUNTED-FOR GAS (Continued)

12.12 Electric Compressor Fuel Surcharge. (Continued)

(1) Transporter will determine the electric compressor fuel surcharge for rolled-in rate service beginning April 1, 2003, using the following formula:

\[ W = \frac{(X + Y)}{Z}, \]

where:

- \( W \) = Electric Compressor Fuel Surcharge for Rolled-In Rate Service
- \( X \) = Transporter’s share of the electricity costs for the Daggett compressor projected for the twelve months beginning April 1 of the current year attributable to rolled-in rate service
- \( Y \) = The amount, positive or negative, remaining in the Electric Compressor Fuel Deferral Account at the end of the previous calendar year attributable to rolled-in rate service.
- \( Z \) = Quantities of gas projected to flow on Transporter’s system through the Daggett interconnect for the twelve months beginning April 1 of the current year attributable to rolled-in rate service.

(2) Transporter will determine an electric compressor fuel surcharge for incremental rate service using the same method as used for the rolled-in rate service.

(3) The electric compressor fuel surcharge for interruptible and authorized overrun service will be a blended rate derived from the surcharges applicable to rolled-in rate service and incremental rate service. Effective October 1, 2011, the surcharge will be calculated on the basis of 45% for rolled-in service and 55% for incremental service.
GENERAL TERMS AND CONDITIONS
(Continued)

12. REIMBURSEMENT OF FUEL USED AND LOST AND UNACCOUNTED-FOR GAS (Continued)

12.12 Electric Compressor Fuel Surcharge. (Continued)

(c) Electric Compressor Fuel Deferral Account. Each month, following the in-service date of the Daggett compressor, Transporter will determine the difference between the total amount payable by Shippers for collection by Transporter through the electric compressor fuel surcharge during the previous month and the previous month’s electricity costs incurred at the Daggett compressor. Transporter will record such difference in an electric compressor fuel deferral account.

(d) Transporter’s share of the total monthly electricity cost will be allocated between rolled-in rate service and incremental rate service pro rata, based on the estimated electricity costs underlying the initial surcharges for the rolled-in and incremental surcharges (i.e. rolled-in costs of $2,350,843 and incremental costs of $1,050,544). The differences between the allocated electricity costs and the surcharges payable by each rate group will be reflected separately in the electric compressor fuel deferral account.
13. SCHEDULING OF RECEIPTS AND DELIVERIES


(a) NAESB WGQ Nomination Standards. NAESB WGQ Nominations Related Definitions and Standards not specifically referenced in this Section 13 are incorporated by reference in Section 21.

(b) Initial Service.

Shipper will provide Transporter with a completed Customer Nomination Form either in written form or electronically on Transporter’s Designated Site. No transportation service will commence unless or until Transporter has received the completed Customer Nomination Form and has advised Shipper that service may commence.

Pursuant to NAESB WGQ 1.3.2, all Transportation Service Providers should support the following standard nomination cycles (all times are CCT pursuant to NAESB WGQ Standard No. 0.3.17):

(i) The Timely Nomination Cycle
On the day prior to gas flow:

- 1:00 p.m. Nominations leave control of the Service Requester (SR);
- 1:15 p.m. Nominations are received by the TSP (including from Title Transfer Tracking Service Providers (TTTSPs));
- 1:30 p.m. TSP sends the Quick Response to the SR;
- 4:30 p.m. TSP receives completed confirmations from Confirming Parties;
- 5:00 p.m. SR and Point Operator receive scheduled quantities from the TSP.

Scheduled quantities resulting from Timely Nominations should be effective at the start of the next Gas Day.
13.1 Nomination Process (Continued)

(b) Initial Service (Continued)

(ii) The Evening Nomination Cycle
On the day prior to gas flow:

- 6:00 p.m. Nominations leave control of the SR;
- 6:15 p.m. Nominations are received by the TSP (including from TTSPs);
- 6:30 p.m. TSP sends the Quick Response to the SR;
- 8:30 p.m. TSP receives completed confirmations from Confirming Parties;
- 9:00 p.m. TSP provides scheduled quantities to the affected SR and Point Operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from Evening Nominations should be effective at the start of the next Gas Day.

(iii) The Intraday 1 Nomination Cycle
On the current Gas Day:

- 10:00 a.m. Nominations leave control of the SR;
- 10:15 a.m. Nomination are received by the TSP (including from TTSPs);
- 10:30 a.m. TSP sends the Quick Response to the SR;
- 12:30 p.m. TSP receives completed confirmations from Confirming Parties;
- 1:00 p.m. TSP provides scheduled quantities to the affected SR and Point Operator, including bumped parties (notice to bump parties).

Scheduled quantities resulting from Intraday 1 Nominations should be effective at 2:00 p.m. on the current Gas Day.
13.1 Nomination Process (Continued)

(b) Initial Service (Continued)

(iv) The Intraday 2 Nomination Cycle
On the current Gas Day:

- 2:30 p.m. Nominations leave control of the SR;
- 2:45 p.m. Nominations are received by the TSP (including from TTSPs);
- 3:00 p.m. TSP sends the Quick Response to the SR;
- 5:00 p.m. TSP receives completed confirmation from Confirming Parties;
- 5:30 p.m. TSP provides scheduled quantities to the affected SR and Point Operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from Intraday 2 Nominations should be effective at 6:00 p.m. on the current Gas Day.

(v) The Intraday 3 Nomination Cycle
On the current Gas Day:

- 7:00 p.m. Nominations leave control of the SR;
- 7:15 p.m. Nominations are received by the TSP (including from TTSPs);
- 7:30 p.m. TSP sends the Quick Response to the SR;
- 9:30 p.m. TSP receives completed confirmations from Confirming Parties;
- 10:00 p.m. TSP provides scheduled quantities to the affected SR and Point Operator.

Scheduled quantities resulting from Intraday 3 Nominations should be effective at 10:00 p.m. on the current Gas Day. Bumping is not allowed during the Intraday 3 Nomination Cycle.
GENERAL TERMS AND CONDITIONS
(Continued)

13.1 Nomination Process. (Continued)

(b) Initial Service (Continued)

(vi) For purposes of NAESB WGQ Standard No. 1.3.2 (ii), (iii), (iv), and (v), the word “provides” shall mean, for transmittals pursuant to NAESB WGQ Standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post.
13. SCHEDULING OF RECEIPTS AND DELIVERIES (Continued)

13.1 Nomination Process. (Continued)

(c) Intra-Day Nominations.

If Transporter determines at any time that the capacity of its system or any portion thereof, including the point(s) at which Gas is tendered for Transportation, is sufficient to serve Transportation requirements for which nominations have been received in accordance with Section 13.1(a) but which have not been scheduled to receive service on that Day, Transporter may notify affected Shippers and may allocate available capacity to such requirements in accordance with this Section 13.1(c) on the basis of requested nominations which are confirmed by such Shippers by telephone or by other means of communication within one hour of the time that such notice is provided.

To initiate an Intra-Day Nomination, Shipper must submit a completed Customer Nomination Form indicating the revisions to be made and the dates for which such revisions are applicable. Transporter will notify Shippers and Interconnect Operators of scheduled Intra-Day quantities.
13. SCHEDULING OF RECEIPTS AND DELIVERIES (Continued)

13.1 Nomination Process. (Continued)

(d) Unconfirmed Nominations. Unconfirmed nominations will be processed in accordance with NAESB WGQ 1.3.22, which is incorporated herein by reference.
13. SCHEDULING OF RECEIPTS AND DELIVERIES (Continued)

13.2 Scheduling Process.

(a) Scheduling Priorities. The Quantity of Gas that Transporter is obligated to deliver on any Day will be limited to the Quantity of Gas received by Transporter for Shipper's account on such Day as adjusted for fuel used and lost and unaccounted-for gas. Scheduled deliveries by Transporter for a Shipper will be subject to confirmation of scheduled receipts by Transporter for Shipper's account, except as provided in Section 13.2(b). Transporter will schedule nominated Quantities in the following sequence: first, by mainline capacity; and, second, by Receipt Points and Delivery Points, as follows:
13. SCHEDULING OF RECEIPTS AND DELIVERIES (Continued)

13.2 Scheduling Process. (Continued)

(1) Mainline Capacity. Mainline capacity will be allocated in the priority and sequence described below:

(i) To Shippers nominating Firm Transportation Service.

If mainline capacity is constrained and Transporter cannot accommodate the total Quantities nominated, then available capacity will be allocated as follows:

a) First, among Shippers submitting within-the-path nominations through the constrained area, pro rata based on each Shipper’s current TMDQ in the constrained area; and

b) Second, among Shippers submitting out-of-path nominations through the constrained area, pro rata based on each Shipper’s confirmed, out-of-path nominations through the constrained area.
13. SCHEDULING OF RECEIPTS AND DELIVERIES (Continued)

13.2 Scheduling Process. (Continued)

(ii) To Shippers nominating Interruptible Transportation Service and Authorized Overrun Service.

If available mainline capacity is insufficient to accommodate the total Quantities nominated, then available capacity will be allocated as follows:

a) First, based on rate paid, in the priority and sequence described below. For index-based, discounted rates, the rate used for scheduling purposes will be the rate calculated from the most current index prices available prior to the Timely Nomination Cycle set forth in NAESB WGQ 1.3.2.

1) To Shippers paying the Maximum Base Tariff Rate, less the TRC, including (i) Shippers paying a Negotiated Rate where the Negotiated Rate is a stated rate per Dekatherm that is greater than or equal to the Maximum Base Tariff Rate, less the TRC, and (ii) Shippers paying a discounted Rate based on index prices where such rate would otherwise exceed the Maximum Base Tariff Rate, less the TRC, but is capped at the Maximum Base Tariff Rate, less the TRC.

2) To Shippers paying less than the Maximum Base Tariff Rate, less the TRC, from highest rate to lowest rate, including Shippers paying a Negotiated Rate where the Negotiated Rate is a stated rate per Dekatherm that is lower than the Maximum Base Tariff Rate, less the TRC, but higher than the Minimum Base Tariff.
GENERAL TERMS AND CONDITIONS
(Continued)

13. SCHEDULING OF RECEIPTS AND DELIVERIES (Continued)

13.2 Scheduling Process. (Continued)

Rate, or where the Negotiated Rate is based on a formula that includes a specified minimum Negotiated Rate to be paid that is higher than the Minimum Base Tariff Rate, in which case the specified minimum Negotiated Rate will be used for scheduling purposes. A Shipper will have the right to increase its rate paid in order to obtain a higher scheduling priority for Quantities nominated pursuant to Transporter’s interruptible Transportation Service Agreements.

3) To Shippers paying the Minimum Base Tariff Rate, including (i) Shippers paying a Negotiated Rate where the Negotiated Rate is based on a formula with no specified minimum Negotiated Rate to be paid or the specified minimum rate is the Minimum Base Tariff Rate, and (ii) Shippers paying a discounted Rate based on index prices where such rate would otherwise be less than the Minimum Base Tariff Rate, but is limited to the Minimum Base Tariff Rate. In those cases, the Minimum Base Tariff Rate will be used for scheduling purposes. A Shipper will have the right to increase its rate paid in order to obtain a higher scheduling priority for Quantities nominated pursuant to Transporter’s interruptible Transportation Service Agreements.

b) Second, based on the Priority of Service Date when two or more Shippers are paying the same rate, and available mainline capacity is insufficient to accommodate all nominations at the same rate; and
13. SCHEDULING OF RECEIPTS AND DELIVERIES (Continued)

13.2 Scheduling Process. (Continued)

c) Third, pro rata based on nominated Quantities when two or more Shippers are paying the same rate, have the same Priority of Service Date, and available mainline capacity is insufficient to accommodate all nominations at the same rate with the same Priority of Service Date.

(2) Receipt Point and Delivery Point Capacity: After mainline capacity has been allocated, Receipt Point and Delivery Point capacity will be allocated in the priority and sequence described below:

(i) To Shippers nominating Firm Transportation Service with primary entitlements at the Receipt Points and Delivery Points.

If Receipt Point or Delivery Point capacity is constrained, then available capacity will be allocated pro rata, based on each Shipper’s primary entitlements at the constrained point.

(ii) To Shippers nominating Firm Transportation Service without primary entitlements at the Receipt Points and Delivery Points.

If Receipt Point or Delivery Point capacity is constrained, then available capacity will be allocated pro rata, based on each Shipper’s confirmed nominations at the constrained point.

(iii) To Shippers nominating Interruptible Transportation Service and Authorized Overrun Service.

If Receipt Point or Delivery Point capacity is insufficient to accommodate the total Quantities nominated, then available capacity will be allocated as follows: first, based on rate paid as set forth in Section 13.2(a)(1)(ii)a); second, based on Priority of Service Date; and third, pro rata, based on nominated Quantities.
GENERAL TERMS AND CONDITIONS
(Continued)

13. SCHEDULING OF RECEIPTS AND DELIVERIES (Continued)

13.2 Scheduling Process. (Continued)

(b) Bumping. During each nomination cycle, available capacity will be scheduled pursuant to the priority and sequence described in Section 13.2(a). Once scheduled, nominations for Firm Transportation Service will not be bumped. Nominations for Interruptible Transportation Service and Authorized Overrun Service will not be bumped below Elapsed-Prorated-Scheduled-Quantities in the Intraday 1 nomination cycle, and will not be bumped in the Intraday 3 cycle.

If Quantities are reduced as a result of bumping, Transporter will provide advance notice to each affected Shipper and will indicate whether penalties will apply. Such notice will be provided on Transporter's Designated Site and by Internet E-mail or direct notification to the Shipper's Internet URL address, as specified by the Shipper.

Each Shipper will designate an operational contact for Transporter to notify on a 24-hour a day, 365 days a year basis. If Transporter is unable to notify any Shipper because that Shipper's contact is unavailable, such Shipper will be solely responsible for any consequences arising from such failure of communication.

(c) Contractual Priorities. The foregoing scheduling priorities and capacity allocation methodologies will control and govern the provision of service on Transporter's system, notwithstanding anything to the contrary which may be expressed or implied in any executed Transportation Service Agreement.
GENERAL TERMS AND CONDITIONS
(Continued)

13. SCHEDULING OF RECEIPTS AND DELIVERIES (Continued)

13.3 Interruption/Curtailment Procedures.

(a) If, at any time, Transporter determines that the capacity of its system or any portion thereof, including capacity at Receipt Points or Delivery Points, is insufficient for any reason to serve all scheduled Quantities, then Transporter will, without liability to any Shipper, curtail or interrupt deliveries. Such curtailment or interruption will occur in a reverse order to the scheduling sequence set forth in Section 13.2, subject to NAESB WGQ 1.2.12, relating to Elapsed-Prorated-Scheduled Quantities.

(b) Notwithstanding the foregoing, no Shipper receiving interruptible service or Authorized Overrun Service during a Month will have such service curtailed solely to provide service to another Shipper either to commence or to increase interruptible service or Authorized Overrun Service during such Month.

The foregoing scheduling priorities and capacity allocation methodologies will control and govern service on Transporter’s system, notwithstanding anything to the contrary which may be expressed or implied in any executed Transportation Service Agreement.
13. SCHEDULING OF RECEIPTS AND DELIVERIES (Continued)

13.4 Allocation of Receipts.

Unless prohibited by applicable law or regulation, the quantities received by Transporter at any Receipt Point will be allocated among Shippers and services as follows:

(a) In accordance with allocation procedures specifically agreed to by Transporter and the Interconnect Operator of the Receipt Point(s), as set forth in an Operational Balancing Agreement (OBA), provided; however, Transporter will not be required to enter into agreements with such Interconnect Operators if they are not creditworthy in accordance with the provisions set forth in Section 29 of the General Terms and Conditions of this tariff. (Any OBA is a contract between two parties which specifies the procedures to manage operating variances at an interconnect.)
13. SCHEDULING OF RECEIPTS AND DELIVERIES (Continued)

13.4 Allocation of Receipts. (Continued)

(b) In the absence of a methodology set forth in 13.4(a), Shipper will cause the Interconnect Operator at the Receipt Point to notify Transporter of the pre-determined allocation ("PDA") methodology to be utilized in determining actual receipts among all Shippers scheduled to receive service at the Receipt Point. Such notification may be submitted electronically to Transporter’s Designated Site or, if mutually agreed between Transporter and Interconnect Operator, by other modes of communication. Such PDA will be effective for the term specified in the PDA agreement, provided that the term may not cover a period of less than one Day. The chosen methodology must allocate receipts, to the maximum extent possible, based upon confirmed nominations.

(c) In the absence of methodology set forth in 13.4 (a) or (b) above, Transporter will rely on its default methodology of allocating quantities to all Shippers.
13. SCHEDULING OF RECEIPTS AND DELIVERIES (Continued)

13.5 Allocation of Deliveries.

Unless prohibited by applicable law or regulation, the quantities delivered by Transporter at any Delivery Point will be allocated among Shippers and services as follows:

(a) In accordance with any allocation procedures specifically agreed to by Transporter and the Interconnect Operator of Delivery Point(s) as set forth in the Operational Balancing Agreement; provided, however, Transporter will not be required to enter into agreements with such Interconnect Operators if they are not creditworthy in accordance with the provisions set forth in Section 29 of the General Terms and Conditions of this tariff.

(b) In the absence of a methodology set forth in 13.5(a) above, Shipper will cause the Interconnect Operator at the Delivery Point to notify Transporter of the pre-determined allocation ("PDA") methodology to be utilized in determining actual deliveries among all Shippers and services scheduling service at such Delivery Point. Such notification may be submitted electronically to Transporter’s Designated Site or, if mutually agreed between Transporter and Shipper, by other modes of communication. Such PDA will be effective for the term specified in the PDA agreement provided that such term may not cover a period of less than one Day. The chosen methodology must allocate deliveries, to the maximum extent possible, based upon confirmed nominations.

(c) In the absence of a methodology as described in 13.5(a) or (b) above, Transporter may rely on its default methodology of allocating quantities to all Shippers.
13. SCHEDULING OF RECEIPTS AND DELIVERIES (Continued)

13.6 Notification of Allocation Rules.

Upon written notification to Transporter, the Interconnect Operator may change its respective allocations and allocation methodologies prospectively during the Month, but not retroactively.

Upon receipt of a request from Shipper, Transporter will notify Shipper of the allocation procedure utilized at Shipper's Receipt and Delivery Points.
14. **WARRANTY OF TITLE TO GAS**

This section 14 will apply to all Transportation service unless otherwise provided in the applicable Rate Schedule or Transportation Service Agreement. Shipper warrants for itself, its successors and assigns, that Shipper will have title to the Gas at the time the Gas is delivered to Transporter and while the Gas is being transported by Transporter. Shipper will indemnify Transporter and save it harmless from all suits, actions, debts, accounts, dangers, costs, losses, and expenses arising from or out of any adverse claims of any and all persons to said Gas and/or to royalties, taxes, license fees, or charges thereon which are applicable for such delivery of Gas and that Shipper will indemnify Transporter and save it harmless from all taxes or assessments which may be levied and assessed upon such delivery and which are by law payable by and the obligation of the party making such delivery. If Shipper's title or right to deliver Gas to be transported is questioned or involved in any action, Shipper will not qualify for or will be ineligible to continue to receive service until such time as Shipper's title or right to deliver is free from question; provided, however, Transporter will allow Shipper to qualify for or continue receiving service under this tariff if Shipper furnishes a bond satisfactory to Transporter. Title to the Gas received by Transporter at the Receipt Point(s) will not pass to Transporter.
(RESERVED FOR FUTURE USE)
15. CAPACITY RELEASE PROGRAM

15.1 Applicability.

(a) This Section 15 implements Section 284.8 of the FERC's regulations and is applicable to any Shipper that holds rights to firm Transportation service pursuant to an executed Transportation Service Agreement under Rate Schedule KRF-1, KRF-L1 or KRF-PK who elects to release all or any portion of such firm Transportation rights ("Releasing Shipper"). A Releasing Shipper has the right to permanently release any volumetric portion of its firm Transportation rights and/or to segment and temporarily release any portion of its Transportation rights, but only to the extent that the Transportation rights so released are acquired by another party ("Replacement Shipper") pursuant to the provisions of this Section 15. Any party that desires to bid on and obtain Transportation rights released under the provisions of this Section 15 will be known as a "Bidder." Unless expressly prohibited by the Releasing Shipper, a Bidder that successfully becomes a Replacement Shipper also may temporarily release any or all of the rights it has acquired hereunder, subject to the terms and conditions of this Section 15, and will be deemed a "Releasing Shipper" with respect to such release. For purposes of this Section 15, the service agreement under which a Releasing Shipper releases Transportation rights will be referred to at times in this Section 15 as the "Releasing Shipper's Transportation Service Agreement."

(b) NAESB WGQ Capacity Release Standards. NAESB WGQ Capacity Release Related Definitions and Standards not specifically referenced in this Section 15 are incorporated by reference in Section 21 or are included verbatim in Section 1 of the General Terms and Conditions of this tariff.

15.2 Releasing Shipper's Offer to Release.

A Releasing Shipper that desires to release its rights to service must electronically submit an Offer to Release containing all required information via Transporter’s Customer Activities Website in accordance with the applicable deadlines set forth in this Section 15.
15. CAPACITY RELEASE PROGRAM (Continued)

15.3 Releases Permitted Without Posting for Bid.

A Releasing Shipper may, at its option, elect to release some or all of its Transportation rights without following the posting and bidding procedures set forth in this Section 15, if its proposed release qualifies under this Section 15.3.

(a) 31 Days or Less Release Election: Prior posting and bidding pursuant to the procedures set forth in this Section 15 will not be required if the release is for a term of 31 days or less, provided the Releasing Shipper may not roll over, extend or in any way continue the release to the same Replacement Shipper using the 31 days or less bidding exemption until 28 days after the first release period has ended. The 28-day hiatus does not apply to any re-release to the same Replacement Shipper that is posted for bid or that is exempt from bidding pursuant to Section 15.3(b) or (c).

In the event the Releasing Shipper elects to release its Transportation rights under this Section 15.3(a) without posting for bid, then Transporter will post the terms and conditions of the release and the identity of the Replacement Shipper on its Customer Activities Website no later than the first nomination after the release transaction commences.
15. CAPACITY RELEASE PROGRAM (Continued)

15.3 Releases Permitted Without Posting for Bid. (Continued)

   (b) Maximum Rate Long-Term Releases to Prearranged Bidder: Posting for bid will not be required for releases of more than one year if the Prearranged Bidder has agreed to pay a total release reservation charge that is equal to Transporter’s combined respective maximum recourse Daily Reservation Rate and any and all other maximum reservation charges and surcharges applicable to the capacity to be released or the one-part volumetric equivalent thereof, as may be revised from time to time. In the event the Releasing Shipper elects to release its Transportation rights under this Section 15.3(b) without posting for bid, then Transporter will post the terms and conditions of any release under this Section 15.3(b) and the identity of the Prearranged Bidder on its Customer Activities Website no later than the first nomination after the release transaction commences.

   (c) Release to an Asset Manager or Marketer Participating in a State-Regulated Retail Access Program: Posting for bid will not be required for any prearranged release to an asset manager or a marketer participating in a state-regulated retail access program under the terms set forth in FERC regulations at 18 C.F.R. Section 284.8(h)(3) or (4), as applicable.
15. CAPACITY RELEASE PROGRAM (Continued)

15.4 Transporter's Posting of Offers to Release.

(a) The period of time for Transporter's posting of the information related to the release, and the period of time during which bids will be received on such release will be in accordance with the relevant periods of time set forth in Section 15.8. Transporter will not post the identity of any Prearranged Bidder pursuant to this Section 15.4(a).

(b) In the event the Offer to Release indicates that bids for the release will be accepted on a one-part volumetric basis, the applicable maximum one-part volumetric release reservation rate will be the applicable Daily Reservation Rate set forth in Transporter's tariff, which is the 100% load factor equivalent of the applicable maximum recourse reservation rate.

(c) Transporter makes no express or implied representation or warranty to any party concerning the willingness or ability either of any Releasing Shipper to release Transportation rights hereunder or of any Bidder to accept Transportation rights hereunder.
15. CAPACITY RELEASE PROGRAM (Continued)

15.5 Bids for Transportation Rights.

(a) Any party that desires to become a Prearranged Bidder or Bidder must first satisfactorily demonstrate sufficient creditworthiness in the same manner and subject to the same terms and conditions as required for firm Shippers under Section 29 of the General Terms and Conditions of this tariff.

The creditworthiness requirement will be continuing in nature with respect to the release in the same manner and to the same extent as prescribed for firm Shippers under Section 29 of the General Terms and Conditions of this tariff, and will apply with respect to any and all releases desired by a potential Replacement Shipper. No potential Replacement Shipper will be entitled to receive any released firm Transportation service rights for which it has not first satisfactorily demonstrated sufficient creditworthiness with Transporter. Any satisfactory guarantee provided by the Releasing Shipper or by any third party on behalf of a potential Replacement Shipper in accordance with this Section 15 and Section 29 of the General Terms and Conditions of this tariff must provide, without limitation, that the Guarantor guarantees all financial obligations of the Replacement Shipper with respect to the release.

(b) Bidders may submit bids only during the bid period applicable to an Offer to Release. A Bidder may not submit multiple bids for the same release, except as provided in Section 15.5(d). All bids shall be submitted via Transporter’s Customer Activities Website, and shall comply with and otherwise be subject to all terms and conditions set forth in the Offer to Release. By submitting a bid, the Bidder represents that the information provided is accurate and complete.

(c) Upon Transporter’s electronic receipt of a bid, Transporter will post such information on its Customer Activities Website, except for the identity of the Bidder.
15. CAPACITY RELEASE PROGRAM (Continued)

15.5 Bids for Transportation Rights. (Continued)

(d) NAESB 5.3.13: “Bids should be binding until notice of withdrawal is received by the Transportation Service Provider on its Customer Activities Website.” NAESB 5.3.15: “Bids cannot be withdrawn after the bid period ends.” Transporter will post notice of such withdrawal on its Customer Activities Website, to the extent that the bid has already been posted pursuant to Section 15.5(c), as soon as possible but in no event more than one Business Day following Transporter's receipt of Bidder's notice of withdrawal. Any Bidder that withdraws a bid pursuant to this Section 15.5 (d) may, at any time during the bid period, submit one or more subsequent bids in accordance with this Section 15.5 for the same Offer to Release; provided, Bidder may not submit a subsequent bid without first withdrawing an existing bid. Any such subsequent bid submitted must contain a value that is equal to or greater than the value of any previous bid(s) that Bidder has submitted for the same Offer to Release.
15. CAPACITY RELEASE PROGRAM (Continued)

15.6 Submission of Offers to Release and Bids.

(a) Parties will electronically submit all necessary information, Offers to Release and bids to Transporter via Transporter’s Customer Activities Website.

(b) Any party designated as a Prearranged Bidder on an Offer to Release will electronically approve the prearranged transaction in accordance with NAESB timelines.

(c) Any Releasing Shipper, Replacement Shipper, or Bidder that transmits to Transporter on Transporter’s Customer Activities Website any information, Offer to Release or bid permitted or required by this Section 15, expressly represents and warrants that such transmittal will be performed only by a person who has been duly authorized by the Releasing Shipper, the Replacement Shipper, or the Bidder, as applicable, to perform such transmittal, and to duly bind the Releasing Shipper, the Replacement Shipper, or the Bidder, as applicable, to any and all obligations that may result from such transmittal.
15. CAPACITY RELEASE PROGRAM (Continued)

15.7 Determination of Successful Bidder.

(a) The Offer to Release must specify one of the following methodologies for determining the value of the bids submitted: (1) highest rate, (2) net revenue, (3) present value, or (4) other shipper-defined, nondiscriminatory methodology agreed to by Transporter. If the specified methodology, for any reason, cannot be effectively applied to permit Transporter to determine the successful Bidder, then Transporter will use a lottery to choose between bids of equal value.

1. Highest Rate methodology: the highest rate bid that meets the minimum terms and conditions of the release

2. Net Revenue methodology: \( R \times n \times Q = \text{Net Revenue} \)
   - \( R \): the reservation charge and reservation surcharge
   - \( n \): term of the agreement, in Days
   - \( Q \): Quantity, stated in Dth

3. Present Value methodology:
   \[
   R \times \frac{1-(1+i)^{-n}}{i} \times Q = \text{Present Value}
   \]
   - \( R \): the reservation charge(s) and reservation surcharge(s)
   - \( n \): term of agreement, in Days
   - \( i \): the annual rate of interest prescribed by FERC as computed in accordance with the formula set forth in 18 C.F.R. Section 154.501(d)
   - \( Q \): Quantity, stated in Dth

4. Other Methodology: the shipper-defined, nondiscriminatory evaluation methodology agreed to by Transporter, which may include (but is not limited to) a payment by Releasing Shipper to Replacement Shipper as consideration for accepting a release.
15. **CAPACITY RELEASE PROGRAM (Continued)**

15.7 **Determination of Successful Bidder. (Continued)**

(b) If an Offer to Release includes a Prearranged Bidder, then the release will be awarded to the Prearranged Bidder if its bid has a value that is equal to or higher than the highest value of each of the bids submitted by all other Bidders, or if it matches any bid having a higher value within the time period provided by Section 15.8.

(c) If only one Bidder has submitted a bid that reflects the highest value, then the release will be awarded to that Bidder, subject to any Prearranged Bidder's exercise of its right of first refusal as set forth above.

(d) NAESB WGQ 5.3.4: “When the Transportation Service Provider (TSP) makes awards of capacity for which there have been multiple Bids meeting minimum conditions, the TSP should award the Bids, best Bid first, until all offered capacity is awarded.”

If two or more Bidders have submitted bids that each reflect the highest value and these combined bids exceed the offered capacity, then, subject to any Prearranged Bidder's exercise of its right of first refusal, the release will be awarded on the basis of a lottery that randomly assigns a priority to such Bidders. The Bidder with the highest priority will be awarded the release to the extent of the DMDQ for which it has submitted a bid. If the award of capacity to the Bidder with the highest priority does not result in allocation of all available capacity, then Transporter will continue to award remaining capacity based on the priorities established by lottery until all of the capacity has been awarded or all bids have been satisfied to the extent possible. Transporter will conduct the lottery in an objective, nondiscriminatory manner.

(e) Transporter will post on its Customer Activities Website the terms of the successful bid and the identity of the successful Bidder in accordance with NAESB WGQ 5.3.2.
GENERAL TERMS AND CONDITIONS

(Continued)

15. CAPACITY RELEASE PROGRAM (Continued)

15.8 Form of Agreement Applicable to Capacity Releases.

(a) Releasing Shipper.

(i) When capacity subject to an Offer to Release is awarded to a Replacement Shipper, details of the release (term, rate payable by Replacement Shipper, quantity, receipt point(s), delivery point(s) and special terms and conditions established by the Releasing Shipper, if any) will be set forth in the capacity release award issued by Kern River. Such award shall become an exhibit to the Releasing Shipper’s Transportation Service Agreement.

(b) Replacement Shipper.

(i) For temporary releases, if Transporter and the Replacement Shipper mutually agree, Transporter may provide service under a new contract number pursuant to the agreed-upon terms of the release as shown on the capacity release award and the applicable pro forma Transportation Service Agreement, which shall constitute an executed Transportation Service Agreement. The executed Transportation Service Agreement, together with the General Terms and Conditions of this tariff and the governing rate schedule, shall constitute the entire agreement between Transporter and the Replacement Shipper.

(ii) For permanent releases and for temporary releases not subject to section 15.8(b)(i) above, Replacement Shipper shall execute a Transportation Service Agreement in the applicable form contained in this tariff.
15. CAPACITY RELEASE PROGRAM (Continued)

15.9 Applicable Deadlines.

(a) NAESB WGQ 5.3.1: “The capacity release timeline applies to all parties involved in the capacity release process provided that:

1) all information provided by the parties to the transaction is valid and the acquiring shipper has been determined to be credit-worthy before the capacity release bid is tendered
2) for index-based capacity release transactions, the Releasing Shipper has provided the Transportation Service Provider (TSP) with sufficient instructions to evaluate the corresponding bid(s) according to the timeline, and
3) there are no special terms or conditions of the release.

Further, the TSP may complete the capacity release process on a different timeline if the Offer includes unfamiliar or unclear terms and conditions (e.g. designation of an index not supported by the TSP).”

Pursuant to NAESB WGQ Standard 5.3.2, the capacity release timeline set forth below in Central Clock Time will apply.

“For biddable releases (1 year or less):

- Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.
- Open season ends at 10:00 a.m. on the same or a subsequent Business Day.
- Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best Bid is made, and ties are broken.
- If no match is required, the evaluation period ends and the Award is posted by 11:00 a.m.;
- Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the Award is posted by 12:00 Noon.
- The contract is issued within one hour of Award posting (with a new contract number, when applicable).
- Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.
GENERAL TERMS AND CONDITIONS (Continued)

15. CAPACITY RELEASE PROGRAM (Continued)

15.9 Applicable Deadlines. (Continued)

For biddable releases (more than 1 year):

- Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.
- Open season shall include no less than three 9:00 a.m. to 10:00 a.m. time periods on consecutive Business Days. Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best Bid is made, and ties are broken.
- If no match is required, the evaluation period ends and the Award is posted by 11:00 a.m.;
- Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the Award is posted by 12:00 Noon.
- The contract is issued within one hour of the Award posting (with a new contract number, when applicable).
- Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.
15. CAPACITY RELEASE PROGRAM (Continued)

15.9 Applicable Deadlines. (Continued)

For non-biddable releases:

- The posting of prearranged deals that are not subject to bid are due no later than one hour prior to the nomination deadline for the applicable cycle, pursuant to NAESB WGQ Standard No. 1.3.2. The posting deadlines are:
  - Timely Cycle 12:00 Noon
  - Evening Cycle 5:00 p.m.
  - Intraday 1 Cycle 9:00 a.m.
  - Intraday 2 Cycle 1:30 p.m.
  - Intraday 3 Cycle 6:00 p.m.
- The contract is issued within one hour of the Award posting (with a new contract number, when applicable);
- Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.
15. CAPACITY RELEASE PROGRAM (Continued)

15.10 Invoicing and Payment.

(a) Releasing Shipper will remain responsible for payment to Transporter of the reservation rate and any and all other applicable reservation charges for firm Transportation service provided under its Transportation Service Agreement, prior to, and after, any release thereunder; provided, however, Transporter will not unreasonably refuse to release Releasing Shipper from any future liability associated with the DMDQ released that may arise after Releasing Shipper has unconditionally released such DMDQ to a Replacement Shipper, and Replacement Shipper has agreed to pay Transporter a total rate (including surcharges) that is equal to or higher than the total rate that the Releasing Shipper is obligated to pay Transporter, for the entire remaining term of the Releasing Shipper’s Transportation Service Agreement for the DMDQ that was released. (Any payments made by Releasing Shipper to Replacement Shipper as consideration for accepting a permanent release will not be considered to be a discount from the maximum applicable tariff rate.) Releasing Shipper also is responsible for payment obligations, payment procedures and crediting mechanisms that vary from or are in addition to those set forth herein when those provisions are part of a Negotiated Rate service agreement. Any release of liability by Transporter must be in writing.

(b) The Releasing Shipper will initially be invoiced only for the reservation and usage rates and any and all other applicable charges and surcharges that are related to the service provided by Transporter under the Releasing Shipper’s Transportation Service Agreement subsequent to any and all releases thereunder; and, for temporary releases, for any additional amount by which the Releasing Shipper’s reservation rate for any Day may exceed the total release reservation charge for any corresponding Day during the term of any release by the Releasing Shipper. Transporter will invoice the Replacement Shipper and the Replacement Shipper will pay Transporter in accordance with Section 5 of the General Terms and Conditions of this tariff based upon the total release reservation charge bid, as well as the usage charge and any and all other charges and surcharges applicable to Replacement Shipper’s Transportation Service Agreement.

The usage rate and any and all volumetric charges and surcharges to be paid to Transporter by the Replacement Shipper will be the maximum applicable usage rate and maximum volumetric charges and surcharges applicable to the released capacity, as such rates, charges, and surcharges may be revised from time to time, unless otherwise agreed in writing by Transporter and the Replacement Shipper prior to the date of commencement of the release term.
15. CAPACITY RELEASE PROGRAM (Continued)

15.10 Invoicing and Payment. (Continued)

(c) Except in the case of a permanent release where Transporter has agreed to expressly release Releasing Shipper of future payment liability pursuant to Section 15.10(a), if the Replacement Shipper fails to pay all or any portion of any invoice from Transporter by the date on which payment is due, Transporter will send an invoice to the Releasing Shipper for all unpaid amounts related to the release reservation rate for which the Releasing Shipper is responsible under the Releasing Shipper’s Transportation Service Agreement prior to any releases thereunder (the “Default Invoice”).

The Default Invoice will include the amount of any and all applicable interest charges and penalties related to nonpayment by the Replacement Shipper of all or any portion of the release reservation rate that has accrued from the due date of Transporter’s invoice to the Replacement Shipper. The Default Invoice will also reflect a credit for any and all amounts paid to Transporter by the Replacement Shipper.

The Releasing Shipper will pay the amount of the Default Invoice to Transporter within the applicable period of time prescribed in the Releasing Shipper’s Transportation Service Agreement for payment of invoices, if applicable, or in accordance with Section 5.3 of Transporter’s tariff. The Releasing Shipper will be solely responsible for seeking and obtaining reimbursement for any such payment from the Replacement Shipper; provided, however, that Transporter will credit the Releasing Shipper’s next invoice following Transporter’s receipt of any payment by the Replacement Shipper of any amounts reflected in any Default Invoice that were paid by the Releasing Shipper. The foregoing credit will include any interest on such amounts paid by the Replacement Shipper that may have accrued commencing ten Days after the date on which the relevant payment from the Replacement Shipper was received by Transporter.
15. CAPACITY RELEASE PROGRAM (Continued)

15.10 Invoicing and Payment. (Continued)

(d) Failure by the Releasing Shipper or the Replacement Shipper to maintain
creditworthiness or to pay timely all or any portion of any invoice from Transporter,
including any failure by the Releasing Shipper to pay timely the amount of any Default
Invoice, will entitle Transporter to exercise the remedies available under this tariff,
including suspension and termination of service to the Releasing Shipper and/or the
Replacement Shipper, as warranted, as well as any other remedies available to
Transporter.

If Releasing Shipper’s Transportation Service Agreement is terminated, or rejected in
bankruptcy, Replacement Shipper may continue to receive service if such Shipper agrees
to pay, for the remaining term of Replacement Shipper’s Transportation Service
Agreement, the lesser of (1) Releasing Shipper’s contract rate; (2) the maximum recourse
tariff rate applicable to Releasing Shipper’s capacity; or (3) another rate acceptable to
Transporter.

Except in the case of a permanent release where Transporter has expressly agreed to
release Releasing Shipper of future payment liability pursuant to Section 15.10(a), in the
event of failure by the Replacement Shipper to pay timely all or any portion of any
invoice from Transporter, the Releasing Shipper will likewise be entitled to recall
temporarily or permanently all of its Transportation rights that were released to the
Replacement Shipper under the relevant release, provided, however, that the Releasing
Shipper must provide both Transporter and the Replacement Shipper with not less than
two (2) Days prior written notice of its intent to exercise such recall.

(e) Except in the case of a permanent release where Transporter has expressly agreed to
release Releasing Shipper of future payment liability pursuant to Section 15.10(a), any
and all increases in the applicable tariff reservation rate will remain the primary
responsibility of the Releasing Shipper to the extent provided in the Releasing Shipper's
Transportation Service Agreement; provided, however, that the Releasing Shipper may
provide in its Offer to Release that the release reservation rate will increase in accordance
with any corresponding increases in the applicable tariff reservation rate. Any refunds or
credits of any rates or charges ordered by the FERC will be paid by Transporter solely to
the Releasing Shipper, unless Releasing Shipper and Transporter have mutually agreed
otherwise, subject however to Transporter's right to seek relief at the FERC or in the
courts from the obligation to make any such refunds or credits. Any Releasing Shipper
that receives such refunds or credits will be solely responsible for determining what
portion, if any, of such refunds or credits must be refunded to any and all subsequent
Releasing Shippers and Replacement Shippers who received directly or indirectly a
release of Transportation rights under such Releasing Shipper’s Transportation Service
Agreement; provided, however, that in the case of a permanent release, any refunds or
credits that accrue for service on the released capacity on or after the effective date of the
release will be paid by Transporter to the Replacement Shipper.
GENERAL TERMS AND CONDITIONS
(Continued)

15.  CAPACITY RELEASE PROGRAM (Continued)

15.11 Further Conditions on Release of Transportation Rights

(a) Any party participating in the release program set forth in this Section 15 agrees to be bound by and will comply with the terms and conditions of this tariff, and all applicable Commission rules, orders and regulations.

(b) The terms and conditions in all Offers to Release must be objectively stated, applicable to all potential Bidders and nondiscriminatory.

(c) The minimum term for any release will be one Day and the maximum term will be the remaining term of the relevant Transportation Service Agreement. The maximum DMDQ for any release will be the maximum DMDQ set forth in the Releasing Shipper's Transportation Service Agreement, as revised from time to time.

(d) Any release of one year or less that is to take effect on or before one year from the date Transporter is notified of the release shall not be subject to a rate ceiling. Such release shall be subject to market-based bidding unless exempt from bidding under Section 15.3. The maximum rates paid by the Replacement Shipper for service under any other release will be the applicable maximum recourse tariff reservation rate and tariff reservation surcharges, and applicable maximum recourse tariff usage rate and tariff volumetric surcharges, as well as all other applicable maximum rates, charges and surcharges set forth in this tariff, all as may be revised from time to time, notwithstanding any discount to such rates, charges or surcharges then in effect for the Releasing Shipper. The release reservation rate and release reservation surcharges will be stated in relation to and on the same basis as the Daily Reservation/Demand Rate set forth in this tariff for service under the governing rate schedule, subject to the additional provisions of Section 15.4 concerning any release reservation rate or release reservation surcharges that may be paid on a one-part volumetric basis. The maximum rate that may be charged for a release will not be affected by the amount of any marketing fee paid by the Releasing Shipper to Transporter in accordance with Section 15.13.
15. CAPACITY RELEASE PROGRAM (Continued)

15.11 Further Conditions on Release of Transportation Rights. (Continued)

(e) Transporter will reject any Offer to Release or any bid that does not conform in all respects to the requirements of this Section 15, and such Offer to Release or bid will be deemed null and void from the time of such rejection.

(f) Notwithstanding any other provision set forth in this Section 15, Transporter will have no liability of any nature whatsoever to any party in connection with the performance or nonperformance of any of Transporter's obligations set forth in this Section 15, except to the extent that any such liabilities arise solely from Transporter's negligent performance of any obligations for which Transporter is solely and directly responsible.

(g) Replacement Shipper agrees that it will indemnify Transporter against any claim or suit of any kind by any Releasing Shipper, its successors or assigns arising from any action taken by Transporter in reliance upon the nominations, scheduling instructions or other communications from Replacement Shipper or its agents with respect to the Transportation service provided to Replacement Shipper, except to the extent such claim or suit results directly from the negligence of Transporter. Replacement Shipper further agrees that it will hold Transporter harmless for any action taken by Transporter in reliance upon the nominations, scheduling instructions or other communications of the relevant Releasing Shipper or its agents, except to the extent of Transporter's negligence in taking any such action. Replacement Shipper further recognizes and agrees that Transporter will have no obligation to honor any nomination or scheduling request from Replacement Shipper or its agents that in Transporter's sole opinion conflicts with communications or instructions received by Transporter from Releasing Shipper (or its agents) from which Replacement Shipper has acquired Transportation rights.
15. CAPACITY RELEASE PROGRAM (Continued)

15.12 Recalls and Reputs of Released Capacity.

Releasing Shippers may, to the extent permitted as a condition of the capacity release, recall released capacity.

NAESB WGQ 5.3.44: "All Transportation Service Providers (TSPs) should support the following recall notification periods for all released capacity subject to recall rights.

(i) Timely Recall Notification:

(a) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 8:00 a.m. on the day that Timely Nominations are due;

(b) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 9:00 a.m. on the day that Timely Nominations are due;

(ii) Early Evening Recall Notification:

(a) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 3:00 p.m. on the day that Evening Nominations are due;

(b) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 4:00 p.m. on the day that Evening Nominations are due;

(iii) Evening Recall Notification:

(a) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 5:00 p.m. on the day that Evening Nominations are due;

(b) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 6:00 p.m. on the day that Evening Nominations are due;
GENERAL TERMS AND CONDITIONS
(Continued)

15. CAPACITY RELEASE PROGRAM (Continued)

15.12 Recalls and Reputs of Released Capacity. (Continued)

(iv) Intraday 1 Recall Notification:

(a) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 7:00 a.m. on the day that Intraday 1 Nominations are due;

(b) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 8:00 a.m. on the day that Intraday 1 Nominations are due;

(v) Intraday 2 Recall Notification:

(a) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 12:00 p.m. on the day that Intraday 2 Nominations are due;

(b) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 1:00 p.m. on the day Intraday 2 Nominations are due;

(vi) Intraday 3 Recall Notification:

(a) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 4:00 p.m. on the day that Intraday 3 Nominations are due;

(b) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 5:00 p.m. on the day Intraday 3 Nominations are due.”

15.13 Marketing Fee Agreement.

Transporter will be entitled to receive a marketing fee from the Releasing Shipper in the event Transporter and the Releasing Shipper agree that Transporter will actively market the Transportation rights to be released. All of the terms and conditions pertaining to the provision of such marketing services by Transporter will be set forth in a written agreement executed by Transporter and the Releasing Shipper.
(RESERVED FOR FUTURE USE)
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16. INFORMATION AND COMMUNICATIONS REGARDING TRANSPORTATION SERVICES

Section 16 describes the information and procedures Transporter will make available pursuant to FERC Order Nos. 587, 636, 637 and 2004.

16.1 System and Service Information. Any person desiring information on the availability, pricing, or other terms of the Transportation services can call Marketing and Customer Services at (801) 937-6111.

16.2 Service Complaints. Customers are encouraged to resolve any disputes informally with their designated customer representatives. A formal complaint concerning any Transportation services offered by Transporter will be directed, preferably in writing, to the Manager of Marketing and Customer Services, Kern River Gas Transmission Company, 2755 E. Cottonwood Parkway, Suite 300, Salt Lake City, UT 84121. The Manager or a designee of the Manager will respond initially to the complainant within forty-eight (48) hours (exclusive of weekends and holidays), and in writing within thirty (30) Days.

16.3 Standards of Conduct. Information required to be made available pursuant to Order No. 717, et seq., as set forth in 18 CFR Section 358, is posted on Transporter’s Designated Site.

16.4 Valid Service Requests. The specific information and format required from a Shipper for a valid Transportation Service Agreement is available on Transporter’s Designated Site.

16.5 Rapids II.

(a) Transporter has established an interactive computer system, RAPIDS II, to publicize information concerning its services and available Transportation capacity and to facilitate Shippers’ use of the services provided by Transporter. RAPIDS II is available on a nondiscriminatory basis for use by any party (hereinafter “User”) that has compatible...
16. INFORMATION AND COMMUNICATIONS REGARDING TRANSPORTATION SERVICES

16.5 Rapids II. (Continued)

equipment for electronic transmission of data and has executed a RAPIDS II Access Agreement, which is available from Transporter’s Marketing and Customer Services Department.

RAPIDS II will allow Users to (a) request new services or request amendments of existing Transportation Service Agreements, (b) submit nominations pursuant to the applicable Rate Schedule and the General Terms and Conditions contained in this tariff, (c) participate in Transporter’s Capacity Release Program, and (d) obtain the following information:

(1) the operationally available and unsubscribed capacity on Transporter's System for firm and interruptible forward haul Transportation service, including capacity available at all Receipt Points and Delivery Points;

(2) the firm Transportation release information described in Section 15 of these General Terms and Conditions;

(3) standards of conduct information under Order No. 2004;

(4) offers to purchase released Transportation rights from firm Shippers and the terms and conditions of such offers, which shall be posted for 90 days, unless the requesting party desires a shorter posting period; and

(5) general system notices concerning operating conditions on Transporter's pipeline.

Transporter will update the information on its Designated Site as frequently as is necessary, but will not be obligated to provide updates more frequently than once per Day. Transporter's RAPIDS II system includes a Designated
GENERAL TERMS AND CONDITIONS
(Continued)

16. INFORMATION AND COMMUNICATIONS REGARDING TRANSPORTATION SERVICES
(Continued)

16.5 Rapids II. (Continued)

Site that is menu-driven and incorporates search functions, an on-line help feature and the capability for users to download information. The Designated Site displays the most recent information ahead of less current data.

Transporter will retain daily back-up records of the information displayed on the Designated Site and will make such records available for review upon request. Persons that wish to utilize Transporter’s RAPIDS II system should contact Transporter at the address below to obtain detailed access and log-on information:

Kern River Gas Transmission Company
Attn: Marketing and Customer Services
2755 E. Cottonwood Parkway, Suite 300
Salt Lake City, UT 84121
Telephone No: (801)937-6111
Facsimile No: (801)937-6444

(b) Transporter will use reasonable efforts to ensure the accuracy of information presented on RAPIDS II; however, Transporter makes no representation or warranty of any kind to any person concerning the use of RAPIDS II, including, without limitation, the accuracy of any posted information, and will not be liable to any person for any damages which may arise in connection with the posting of information on RAPIDS II by Transporter or any third parties, or as a result of any person's use, abuse or misuse of RAPIDS II, unless and only to the extent that such damages are caused solely by Transporter's negligence in the performance of any obligations for which Transporter is solely and directly responsible. Notwithstanding the foregoing, in no event will Transporter be liable to any party for any special, incidental, or consequential damages which may arise in connection with the posting of information on RAPIDS II.
16. INFORMATION AND COMMUNICATIONS REGARDING TRANSPORTATION SERVICES
(Continued)

16.6 Electronic Trading Partner Communications

Transporter will support NAESB-approved Electronic Data Interchange ("EDI") communications through Transporter's Designated Site. Transporter will update and maintain the Designated Site with the information outlined in Section 16.5(a)(1)-(5). Access to the Designated Site may be obtained by connecting through either the Internet or a third party, on-line service provider. In order to execute transactions on the Designated Site, Shipper must submit a completed standard NAESB Form of Electronic Data Interchange Trading Partner Agreement to Transporter. Such form may be obtained from Transporter’s Marketing and Customer Services Department. There is no fee associated with the use of the Designated Site.

16.7 NAESB WGQ Internet Electronic Transportation Standards.

NAESB WGQ Internet Electronic Transportation Standards are incorporated by reference in Section 21.
SECTION 17

RESERVED FOR FUTURE USE
SECTION 18

(RESERVED FOR FUTURE USE)
SECTION 19

(RESERVED FOR FUTURE USE)
20. FACILITIES

20.1 Definitions. For purposes of this Section, Facilities are defined as the facilities that are necessary for the receipt of Gas from, or the delivery of Gas to, one or more Shippers. Facilities include, but are not limited to, receipt and delivery laterals, and Receipt and Delivery Point measurement equipment. They do not include any facilities that increase the system capacity, such as additional mainline compression or looping facilities.

For purposes of this Section, Shipper is defined as any entity with whom Transporter has entered into a Transportation Service Agreement or a separate facilities agreement to reimburse Transporter for the cost of facilities constructed, modified or rearranged pursuant to this section.

20.2 Installation and Reimbursement. Except as otherwise provided in agreements executed by Transporter prior to June 3, 1996, Transporter is not obligated or required to construct, modify, or rearrange any facilities in order to perform any service, including any facilities necessary to receive Gas from, deliver Gas to, or measure any Gas received from or delivered to any Shipper. In the event Transporter agrees to construct, modify, or rearrange facilities for receipt or delivery of a Shipper's Gas, Transporter will have the right to condition its agreement to so construct, modify or rearrange its facilities by requiring that Shipper pay Transporter for the costs associated with the installation, construction, modification, operation, maintenance and/or rearrangement of such facilities. In so conditioning its agreement to require Shipper to pay such costs, Transporter and Shipper will mutually agree to one of the following:

(a) a contribution in aid of construction ("CIAC") associated with such construction, modification and/or rearrangement of facilities, including a gross-up for applicable state and federal income tax expense; or

(b) a CIAC associated with such construction, modification, and/or rearrangement of facilities, including a gross-up for applicable state and federal income tax expense and the associated costs of operation and maintenance; or
20. FACILITIES (Continued)

20.2 Installation and Reimbursement. (Continued)

(c) an incremental facilities charge which is based on, as appropriate, Transporter's capital costs associated with such facilities, including depreciation, return on debt and equity, related income taxes and all other taxes, and all associated operating and maintenance costs.

Such CIAC or incremental facility charge will be set forth, as appropriate, in the Transportation Service Agreement with Shipper or in a separate facilities reimbursement agreement with Shipper. Transporter will not use the revenues resulting from such incremental facilities charge or the costs associated with such CIAC and/or incremental facilities charge to determine Transporter's general rates.

All facility installation requests will be handled by Transporter in a manner that is not unduly discriminatory. For purposes of determining whether to condition its agreement on Shipper paying for the facilities, Transporter will evaluate, among other criteria, the subscription level and/or estimated throughput, cost of facilities, operating and maintenance and administrative/general expenses associated with the facilities.

For any Shipper that fails to meet Transporter's creditworthiness standards, Transporter may require Shipper to provide an irrevocable letter of credit or cash collateral in an amount up to the total cost of the facilities (including income taxes, if applicable) or a written guarantee up to the total cost of facilities (including income taxes, if applicable) from a third party on behalf of Shipper that satisfies Transporter's credit requirements.

For facilities which Transporter determines to be economically beneficial, Transporter will pay for the construction, modification or rearrangement of such facilities. In cases where Shipper constructs, modifies or rearranges facilities to accommodate the delivery of Gas to Transporter, or the receipt of Gas from Transporter, Transporter may make a CIAC to Shipper as Transporter determines is economically beneficial. Such CIACs will be made in a non-discriminatory manner to all similarly situated Shippers. However, if Transporter is unable to fully recover the cost of such facilities in a Section 4 or Section 5 rate proceeding or if Shipper ceases utilizing the applicable facilities and the net book value of such facilities is greater than zero, then Shipper will reimburse Transporter for the net book value of such facilities, or the unamortized value of the CIAC, including related income taxes.
21. NAESB WGQ DEFINITIONS, STANDARDS AND DATA SETS

Compliance with 18 CFR, Section 284.12

Transporter has adopted the Business Practices and Electronic Communications Standards, NAESB WGQ Version3.0, and the standards revised by Minor Corrections MC15003, MC15004, MC15005 MC15009 and MC15012, all marked with an asterisk [*], which are required by the Commission in 18 CFR Section 284.12 (a), as indicated below. Standards without accompanying identification or notations are incorporated by reference. Standards that are not incorporated by reference are identified along with the tariff record in which they are located. Standards for which waivers or extensions of time have been granted are also identified.

Standards not Incorporated by Reference and their Locations in Tariff:

The standards reproduced in Transporter’s FERC Gas Tariff are subject to a limited copyright waiver from NAESB. Transporter is authorized to use some or all of the language contained in such standards in the following materials: proposed and approved tariff sheets; compliance filings; communications with customers and stakeholders in conducting day-to-day business; communications with regulatory agencies; and electronic and other media making tariffs, tariff sheets and other documents available to the public as required by law, provided Transporter includes the appropriate citation in the material. With respect to the standards listed below, Transporter incorporates the following: © 1996 - 2014, NAESB, all rights reserved.

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Standards:
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0.3.11, 0.3.12, 0.3.13, 0.3.14, 0.3.15

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21. **NAESB WGQ DEFINITIONS, STANDARDS, AND DATA SETS (Continued)**

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22. POOLING AND TITLE TRANSFER TRACKING

22.1 General.

(a) Definitions. When used in this Section 22, the terms listed below will have the following meanings:

Pooling. Per NAESB WGQ 1.2.3: "Pooling is: 1) the aggregation of gas from multiple physical and/or logical points to a single physical or logical point, and/or 2) the dis-aggregation of gas from a single physical or logical point to multiple physical and/or logical points."

Pooling Party. Any party that uses Transporter’s Pooling and/or Title Transfer Tracking services as set forth herein.

Title. Per NAESB WGQ 1.2.13: “Title,’ if not otherwise addressed in the Transporter’s contract or tariff, is the term used to identify the ownership of gas.”

Title Transfer. Per NAESB WGQ 1.2.14: “Title Transfer is the change of title to gas between parties at a location.”

Title Transfer Tracking. Per NAESB WGQ 1.2.15: “Title Transfer Tracking is the process of accounting for the progression of title changes from party to party that does not effect a physical transfer of the gas.”

(b) Availability. Pooling and Title Transfer Tracking are available as optional services in the supply area pools and market area pools listed below.

(1) Supply Area Pools. The Receipt Points associated with each supply area pool are listed below:

(i) Muddy Creek Firm Pool and Muddy Creek AOS/Interruptible Pool Receipt Points:
Opal 1-4001
NWP 1-4002
CIG 1-4008
OVT 1-4009
Roberson Creek Rcpt OTC 1-4012
Pioneer 1-4013
Hams Fork OTC 1-4016
Rendezvous 1-4014

(ii) Questar Firm Pool and Questar AOS/Interruptible Pool Receipt Point:
Questar 1-4007

(iii) Painter Firm Pool and Painter AOS/Interruptible Pool Receipt Points:
Painter 1-4005
Carter Creek 1-4003
Whitney Canyon 1-4004
Overthrust 1-4015
Clear Creek 1-4011
GENERAL TERMS AND CONDITIONS
(Continued)

22. POOLING AND TITLE TRANSFER TRACKING (Continued)

22.1 General. (Continued)

(iv) Reserved

(v) Goshen Firm Pool and Goshen AOS/Interruptible Pool Receipt Point:
    Goshen 1-4010

(vi) Dag Moj Firm Pool and Dag Moj AOS/Interruptible Pool Receipt Point:
     Dag Moj 2-6002

(2) Market Area Pools. The Delivery Points associated with each market area pool are listed
below. A Delivery Point can receive deliveries from the associated Market Area Pool only if the Delivery Point operator has executed an OBA with Transporter or has
designated swing as the PDA methodology at the Delivery Point.

(i) Great Salt Lake Firm Pool and Great Salt Lake AOS/Interruptible Pool
    Delivery Points:
    Warm Springs 2-4030
    Redwood 2-4031

(ii) Northern Utah Firm Pool and Northern Utah AOS/Interruptible Pool Delivery
    Points:
    Hunter Park 2-4014
    Riverton 2-4020
    West Valley 2-4019
    Eagle Mountain 2-4018
    Goshen 2-4029
    Lake Side 2-4032
    Westport 2-4035

(iii) Central Utah Firm Pool and Central Utah AOS/Interruptible Pool Delivery
     Points:
     Dog Valley 2-4003
     Scipio 2-4004
     Holden 2-4005
     Fillmore 2-4006

(iv) Southern Utah Firm Pool and Southern Utah AOS/Interruptible Pool Delivery
     Points:
     Wecco 2-4010
     Newcastle 2-4008
     Central 2-4009

(v) Reserved
22. POOLING AND TITLE TRANSFER TRACKING (Continued)

22.1 General. (Continued)

(vi) Nevada Firm Pool and Nevada AOS/Interruptible Pool Delivery Points:
    Harry Allen 2-4015
    Apex 2-4002
    Pecos 2-4013
    Lone Mountain 2-4012
    Blue Diamond 2-4016
    Centennial 2-4022
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    Silverhawk 2-4027
    Mopa 2-4024

(vii) Special Use Nevada Firm Pool and Nevada AOS/Interruptible Pool Delivery Points (for use by Shippers with special rate provisions applicable to delivery points solely connected to Transporter):
    Apex 2-4002
    Pecos 2-4013
    Lone Mountain 2-4012
    Blue Diamond 2-4016
    Centennial 2-4022

(viii) Cal/Nev Firm Pool and Cal/Nev AOS/Interruptible Pool Delivery Points:
    Primm 2-4017
    PG&E Daggett 2-4011
    Bighorn 2-4025
    Dag Moj 2-5024
    Ivanpah 2-4034
    Mountain Pass 2-4028

(ix) Special Use Cal/Nev Firm Pool and Cal/Nev AOS/Interruptible Pool Delivery Points (for use by Shippers with special rate provisions applicable to delivery points solely connected to Transporter):
    PG&E Daggett 2-4011
    Primm 2-4017
    DagMoj 2-5024
22. POOLING AND TITLE TRANSFER TRACKING (Continued)

22.1 General (Continued)

(x) California Firm Pool and California AOS/Interruptible Pool Delivery Points:
   Boron 2-5002
   Racetrack 2-5003
   SE Kern River 2-5004
   Kern River 2-5005
   China Grade 2-5006
   Sycamore 2-5007
   N Kern River 2-5008
   Mt. Poso 2-5009
   Kern Front 2-5010
   Wheeler Ridge 2-5011
   South Midway 2-5012
   Taft 2-5013
   Midway Midset 2-5014
   Midway Santa Fe 2-5015
   Oxford 2-5016
   Crocker Springs 2-5018
   McKittrick 2-5019
   17Z Chevron 2-5020
   17Z Mobil 2-5021
   17Z Shell 2-5022
   17Z Texaco 2-5023
   Kern River Santa Fe 2-5025
   Bear Mountain 2-5026
   Tehachapi Cummings 2-5027
   Granite 2-5028
   Grapevine 2-5029
   La Paloma 2-5030
   Sunrise 2-5031
   Kramer Junction 2-5032
   Sidewinder 2-5033
   Pastoria 2-5034
   Poso Creek 2-5035
   Ford City 2-5036
   Sunset 2-5037
   Fairfield 2-5038
   Edison 2-5039
   Equinox 2-5040
   Corpus 2-5041

(xi) South Central Utah Firm Pool and South Central Utah AOS/Interruptible Pool Delivery Points:
    Milford 2-4007
22. POOLING AND TITLE TRANSFER TRACKING (Continued)

22.2 Nominations. All Pooling Parties are subject to the applicable operating conditions outlined in Section 10 and to the applicable nomination and scheduling conditions outlined in Section 13 of the General Terms and Conditions. Transporter will assign a Pooling/Title Transfer Tracking number to any party wishing to aggregate Gas in a supply area pool, deliver Gas from a market area pool, or Title Transfer within a supply or market area pool. Each Pooling Party may use any or all pools under a single Pooling/Title Transfer Tracking number.

(a) Receipt Point to Supply Area Pool. To aggregate Gas in a supply area pool, a Pooling Party will nominate to the pool from a Receipt Point associated with that pool, using its Pooling/Title Transfer Tracking number.

(b) Supply Area Pool to Delivery Point. To transport Gas from a supply area pool to a Delivery Point, a Shipper will nominate from the pool to the Delivery Point, using its Transportation Service Agreement.

(c) Supply Area Pool to Market Area Pool. To transport Gas from a supply area pool to a market area pool, a Shipper will use its Transportation Service Agreement.

(d) Receipt Point to Market Area Pool. To transport and aggregate Gas from a Receipt Point to a market area pool, a Shipper will nominate to the pool from any Receipt Point, using its Transportation Service Agreement.

(e) Market Area Pool to Delivery Point. To deliver Gas from a market area pool to a Delivery Point, a Pooling Party will nominate from the pool to a Delivery Point associated with that pool, using its Pooling/Title Transfer Tracking number.

(f) Pooling Party to Pooling Party. To Title Transfer from one Pooling Party to another Pooling Party within a designated pool, each Pooling Party will nominate using its Pooling/Title Transfer Tracking number.

22.3 Balancing. No imbalances in pools are allowed. If daily quantities nominated to a designated pool, from a designated pool, and/or within a designated pool are not matched by corresponding upstream and downstream and/or within the pool confirmations, Transporter will schedule the lower Quantity.

22.4 Capacity Rights/Priority of Service. Capacity rights and priority of service from the Receipt Point to the Delivery Point for all Gas that is pooled or on which Title Transfer has occurred are determined by the Transportation Service Agreement used to transport the Gas either from the supply area pool or to the market area pool.
GENERAL TERMS AND CONDITIONS
(Continued)

22. POOLING AND TITLE TRANSFER TRACKING (Continued)

22.5 Charges.

(a) Receipt Point to Supply Area Pool. Nominations to a supply area pool from a Receipt Point associated with that pool will not incur Transportation charges or be subject to fuel reimbursement.

(b) Supply Area Pool to Delivery Point. Nominations from a supply area pool to a Delivery Point will incur Transportation charges and applicable surcharges. Fuel reimbursement will be determined pursuant to Section 12 of these General Terms and Conditions.

(c) Supply Area Pool to Market Area Pool. Nominations from a supply area pool to a market area pool will incur Transportation charges and applicable surcharges. Fuel reimbursement will be determined pursuant to Section 12 of these General Terms and Conditions.

(d) Receipt Point to Market Area Pool. Nominations to a market area pool from a Receipt Point will incur Transportation charges and applicable surcharges. Fuel reimbursement will be determined pursuant to Section 12 of these General Terms and Conditions.

(e) Market Area Pool to Delivery Point. Nominations from a market area pool to any Delivery Point associated with that pool will not incur Transportation charges or be subject to fuel reimbursement.

(f) Pooling Party to Pooling Party. Nominations from one Pooling Party to another Pooling Party within a supply or market area pool will not incur Transportation charges or be subject to fuel reimbursement.

22.6 Warranty and Liability.

(a) Pooling Party warrants that it has title to or the right to transfer title to Gas nominated under the Pooling/Title Transfer Tracking provisions of this tariff. Pooling Party will indemnify Transporter and save it harmless from all suits, actions, damages, costs, losses, and expenses (including reasonable attorneys’ fees) arising from breach of this warranty.

(b) Transporter will have no liability to Pooling Party for any and all damages and costs arising out of an intended or completed Pooling or Title Transfer Tracking transaction except to the extent such liability is shown to be the result of the negligence or willful misconduct of Transporter.
22. POOLING AND TITLE TRANSFER TRACKING (Continued)

22.6 Warranty and Liability. (Continued)

(c) Pooling Party agrees to defend, indemnify, and hold harmless Transporter, its officers, agents, employees and contractors ("Indemnitee") against any liability, suit, action, claim, damage, or expenses whatsoever, including costs and attorneys' fees ("Liabilities and Expenses") occurring in connection with or relating in any way to Pooling Party's use or reliance on Transporter's Pooling and/or Title Transfer Tracking services, whether such Liabilities and Expenses are suffered by Indemnitee as a direct or indirect result of Pooling Party's use of or reliance on Transporter's Pooling and/or Title Transfer Tracking services or other omissions or tortious acts by Pooling Party, except to the extent such Liabilities and Expenses are shown to be the result of the negligence or willful misconduct of Transporter.

(d) Neither Transporter nor Pooling Party will be liable to the other or to any other party for any consequential, punitive, special, or other damages arising in any way from any error, omission, or inaccuracy of Transporter's Pooling and/or Title Transfer Tracking services.

22.7 Third Party Account Administrator. Shipper may designate a third party to provide Title Transfer Tracking services.
23. NEGOTIATED RATES

23.1 Availability. Shipper and Transporter may agree to Negotiated Rates, as defined in Section 1 of the General Terms and Conditions of this tariff, for a specific term of service under any rate schedule contained in this tariff. The rates as shown on Transporter's Statement of Rates are available as Recourse Rates for any Shipper that does not negotiate a rate with Transporter.

23.2 Applicability.

(a) Existing Service. Notwithstanding anything to the contrary contained in this tariff, Transporter and Shipper may mutually agree to negotiate rates and contract term for all or any portion of the capacity under any existing service agreement, provided that Shipper has not acquired its capacity through a capacity release. If only a portion of the capacity under any existing service agreement will be priced at Negotiated Rates, the original service agreement must first be bifurcated, and Recourse Rates will continue to apply to the service agreement not subject to the Negotiated Rates.

(b) New Service.

(1) Requests for Service. Transporter and Shipper may mutually agree to negotiated rates and contract term for any available capacity that is requested by Shipper in accordance with Section 3.1 of Rate Schedule KRF-1, provided that such capacity has been posted for informational purposes, but is not posted for bid at the time of Shipper's request.

(2) Bids on Posted Capacity. If available capacity is posted for bid and Transporter has determined that it is willing to consider bids at Negotiated Rates, Transporter must specify in its posting that it will consider Negotiated Rate bids in addition to Recourse Rate and discounted Recourse Rate bids.

(c) Expiring/Terminating Service. An existing Shipper with a right-of-first-refusal as outlined in Section 27.5 of the General Terms and Conditions may retain all or a portion
23. **NEGOTIATED RATES (Continued)**

**23.2 Applicability. (Continued)**

of its capacity when such capacity is posted subject to Negotiated Rate offers (1) by matching the highest Negotiated Rate offer submitted by another Shipper that meets or exceeds the lowest rate Transporter is willing to accept for such service, or (2) by paying a Recourse Rate or discounted Recourse Rate per Dth that is equivalent to the Negotiated Rate for the capacity it wishes to retain; provided, however, that nothing herein shall obligate Transporter to render service to any Shipper at rates less than Transporter's then applicable Maximum Base Tariff Rates, less the TRC.

**23.3 Bid Evaluation and Award Criteria.**

(a) If Transporter determines that it is willing to accept Negotiated Rate offers for capacity that is available pursuant to Sections 23.2(b)(2) or 23.2(c) above, it will state in its posting the specific basis on which Negotiated Rate offers will be considered and one of the following methods for calculating the value of the guaranteed revenues used to determine the winning bid:

(i) Net Present Value (either total or per dekatherm of capacity bid, using rate, term and quantity, if applicable, discounted using the interest rate(s) shown in the posting);
(ii) Revenue (rate x quantity); or
(iii) Rate.

(b) If Transporter’s posting specifies that it will accept Negotiated Rate bids tied to an index or indices, Transporter will post an assumed value for such index or indices, where such assumed value is based on both historical and projected index prices. This assumed value will be used to compare Negotiated Rate bids with Recourse Rate and discounted Recourse Rate bids; provided, however, that if a Shipper with a Negotiated Rate bid tied to an index or indices has submitted the bid with the highest value and is awarded the capacity, such Shipper will pay according to the actual value of the index or indices at the time service is rendered.
GENERAL TERMS AND CONDITIONS
(Continued)

23. NEGOTIATED RATES (Continued)

23.3 Bid Evaluation and Award Criteria. (Continued)

(c) For bid evaluation purposes, the value of a Negotiated Rate bid will be capped at the
value of such bid at Transporter’s Recourse Rate.

(d) Subject to Section 23.3(c) above, capacity will be awarded to the Shipper that submits the
bid with the highest value, regardless of whether such bid is a Recourse Rate, a
discounted Recourse Rate or a Negotiated Rate bid, provided that the highest bid meets
or exceeds the lowest rate that Transporter is willing to accept for the capacity.

(e) If more than one bid has the same value, Transporter will notify the tying bidders, and
those bidders will have an opportunity to improve their bids by submitting tie-breaker
bids via fax within 24 hours of notification by Transporter. If a tie still exists,
Transporter will allocate the available capacity on a pro rata basis to all tying bidders that
have indicated in their tie-breaker bids their willingness to accept a proportionate share of
such capacity.

23.4 Filing Requirement. Transporter will submit to the Commission a tariff sheet stating the name of
the Shipper, the Negotiated Rate, the rate schedule, the receipt and delivery points, the
contract quantities and the term applicable to any Negotiated Rate service agreement. Unless Transporter
executes and files a non-conforming service agreement, such tariff sheet will contain a statement
that the Negotiated Rate service agreement does not deviate in any material aspect from the form
of service agreement in the tariff for the applicable rate schedule.

23.5 Rate Treatment. Transporter will not seek in future general rate proceedings discount-type
adjustments to demand charge billing determinants for capacity converted from Recourse Rate
service agreements to Negotiated Rate service agreements, unless the Recourse Rate had already
been discounted. In those situations where Transporter had granted a market-justified discount to
the Recourse Rate and subsequently converted the service agreement to a Negotiated Rate service
agreement, Transporter may seek a discount-type adjustment, based on the greater of: (a) the
23. NEGOTIATED RATES (Continued)

23.5 Rate Treatment. (Continued)

Negotiated Rate revenues received or (b) the discounted Recourse Rate revenues which otherwise would have been received, but Transporter will have the burden of proof to demonstrate the appropriateness of both the existence and level of any such adjustment. The procedural rights of all parties will be preserved to contest the propriety of the proposed adjustment.

23.6 Limitations. This Section 23 does not authorize Transporter to negotiate terms and conditions of service.
SECTION 24

(RESERVED FOR FUTURE USE)
(RESERVED FOR FUTURE USE)
(RESERVED FOR FUTURE USE)
(RESERVED FOR FUTURE USE)
(RESERVED FOR FUTURE USE)
26. SEGMENTATION

A firm Shipper may segment its mainline capacity into separate parts for its own use or for the purpose of temporarily releasing a geographic portion of its capacity to another Shipper.

26.1 Segmentation without Capacity Release.

(a) A Shipper may segment its mainline capacity into separate parts for its own use at any point on Transporter’s mainline and may nominate up to its current TMDQ in any segment.

(b) A Shipper also may segment its mainline capacity at any point on Transporter’s mainline, up to its DMDQ in any segment, into separate Transportation Service Agreements ("Segmented Agreements") for its own use. Each Segmented Agreement will be effective for a specified period of time. Such agreement may have primary Receipt Point and primary Delivery Point entitlements up to Shipper’s current TMDQ, but Shipper will have the right to use any available alternate Receipt and Delivery Points on a secondary firm basis, provided that Shipper’s total nominations for any portion of Transporter’s mainline cannot exceed Shipper’s current TMDQ under the applicable agreement.

Shipper will pay Reservation/Demand charges on the DMDQ set forth on the Transportation Service Agreement before it is segmented ("Base Transportation Service Agreement"), but will not be obligated to pay Reservation/Demand charges on the Segmented Agreements. All other charges, including Commodity/Usage charges, surcharges and fuel will be paid on the Base Transportation Service Agreement, as well as on the Segmented Agreements.
GENERAL TERMS AND CONDITIONS
(Continued)

26. SEGMENTATION (continued)

26.1 Segmentation without Capacity Release. (continued)

(c) A shipper may submit a nomination for Backhaul Transportation as defined in Section 1.1 of the General Terms and Conditions, on any portion of Transporter’s mainline, and Transporter will schedule such service when it is operationally feasible to do so; i.e., when sufficient forward haul Quantities have been scheduled. Segments nominated for Backhaul transportation are subject to interruption if forward haul transportation is insufficient to provide the displacement necessary to effectuate the Backhaul. Backhaul transactions are considered out-of-path, and will be scheduled on a secondary point basis, pursuant to the scheduling provisions in Section 13.2 of the General Terms and Conditions.

(d) To the extent that delivery point capacity is available, scheduled nominations for forward hauls and backhauls to the same delivery point may exceed shipper’s current TMDQ.
GENERAL TERMS AND CONDITIONS
(Continued)

26. SEGMENTATION (Continued)

26.2 Segmentation with Capacity Release.

A Shipper may segment its mainline capacity at any point on Transporter’s mainline, up to its DMDQ in any segment, and temporarily release that capacity to a replacement Shipper.

(a) For each segment that is released, the releasing Shipper will identify the primary Receipt Point and/or primary Delivery Point entitlements that it will retain and the primary Receipt Point and/or primary Delivery Point Entitlements that it will release (if any); provided, however, that a releasing Shipper may not retain entitlements at a primary Receipt Point or a primary Delivery Point if such point cannot be accessed by the primary mainline rights that it retains.

(b) For each segment that is acquired, the replacement Shipper has the option, but not the requirement, to obtain primary Receipt Point and primary Delivery Point entitlements up to its current TMDQ. Such replacement Shipper may utilize the primary Receipt Point and/or primary Delivery Point entitlements that are being relinquished by the releasing Shipper (if applicable) or may select other primary Receipt Points and/or primary Delivery Points; provided, however, that the replacement Shipper must select primary Receipt Points and primary Delivery Points where capacity is available, and Shipper must have firm mainline rights to access those points that are selected.

(c) Both releasing and replacement Shippers may nominate to secondary Receipt and/or Delivery Points anywhere on Transporter’s mainline; provided, however that the combined total of releasing Shipper’s and replacement Shipper’s nominations for any portion of Transporter’s mainline cannot exceed releasing Shipper’s pre-release TMDQ.
GENERAL TERMS AND CONDITIONS
(Continued)

26. SEGMENTATION (Continued)

If releasing Shipper’s TMDQ is subject to adjustment pursuant to Section 25.4 of the General Terms and Conditions, the pre-release TMDQ will be determined by (1) dividing releasing Shipper’s DMDQ immediately prior to the release by the system average Btu used to convert releasing Shipper’s MDQ to DMDQ; and (2) multiplying the result by releasing Shipper’s base average Btu as described in Section 25.4.

(d) To the extent that delivery point capacity is available, scheduled nominations for forward hauls and backhauls to the same delivery point may exceed shipper’s current TMDQ.

(e) All segmented releases are subject to the capacity release provisions contained in Section 15 of the General Terms and Conditions.

26.3 Pre-Scheduling Adjustments to Nominations.

Before any nominations for segmented capacity are submitted for confirmation and scheduling in accordance with Sections 13.1 and 13.2 of the General Terms and Conditions, Transporter will adjust such nominations, if necessary, as follows:

(a) If a Shipper’s nominations exceed its current TMDQ on any portion of Transporter’s mainline, nominations will be reduced to equal such Shipper’s current TMDQ, using the rankings provided by Shipper, where applicable.

(b) If the combined total of releasing and replacement Shippers’ nominations for any portion of Transporter’s mainline exceed releasing Shipper’s pre-release TMDQ as defined in Section 26.2 (c), nominations will be reduced to equal such TMDQ in accordance with (1) and (2) below:

(1) Within-the-path nominations will have a higher priority than out-of-path nominations.

(2) To the extent that the combined total of releasing and replacement Shippers’ out-of-path nominations for any portion of Transporter’s mainline exceed releasing Shipper’s pre-release TMDQ, both the releasing Shipper’s and the replacement Shipper’s nominations will be reduced on a pro rata basis, based on each Shipper’s nominations, so that the combined nominations are equal to releasing Shipper’s pre-release TMDQ.
27. AVAILABLE CAPACITY

27.1 Applicability. In accordance with 18 CFR, Sec. 284.13(d), Transporter will post on its internet web site generally available unsubscribed capacity and capacity that becomes available due to expiring or terminating agreements on a nondiscriminatory basis. If a specific block of capacity comprised of a primary receipt point, a primary delivery point and the mainline capacity between those points is available, Transporter will post that block of capacity for competitive bid in accordance with Section 27.2 below, and that capacity will be unavailable for amendment except as provided in Section 27.4(h).

27.2 Posting

(a) Unsubscribed Capacity. Transporter will post unsubscribed capacity (capacity that is available for reasons other than expiring or terminating agreements) for a bid period of no less than seventy-two (72) hours and no more than six (6) months for capacity that is available for a term of more than one year. For capacity that is available for a term of one year or less, Transporter will post such capacity for a bid period of no less than twenty-four (24) hours and no more than one (1) month.

If no bids are received that meet Transporter’s minimum acceptable price and term as provided in Sections 27.2(f) and (g), and Transporter has executed a Letter of Intent with a prospective shipper or announced its intent to hold an open season for an expansion project, Transporter may elect to reserve all or a portion of the unsubscribed capacity for future expansion projects as provided in Section 27.2(d) below.

If service will not commence within 30 days following the date that capacity is awarded, or if Transporter elects to reserve the capacity for a future expansion project, Transporter will repost such capacity as provided in this Section for use on an interim basis, but Transporter will indicate in its posting that such capacity is reserved for future use.

(b) Capacity under Expiring or Terminating Agreements. Transporter will post capacity under expiring or terminating Transportation Service Agreements (including capacity that becomes available at the expiration of a Capacity Release Transportation Service Agreement when such capacity is not committed to the Releasing Shipper) with a term of more than one year for a bid period of no less than seventy-two (72) hours and no more than six (6) months. For Transportation Service Agreements with a term of one year or less, Transporter will post such capacity for a bid period of no less than twenty-four (24) hours and no more than one (1) month.
GENERAL TERMS AND CONDITIONS
(Continued)

27. AVAILABLE CAPACITY (Continued)

27.2 Posting. (Continued)

If no bids are received that meet Transporter’s minimum acceptable price and term as provided in Section 27.2(f) and (g), and Transporter has executed a Letter of Intent with a prospective shipper or announced its intent to hold an open season for an expansion project, Transporter may elect to reserve all or a portion of the expiring or terminating capacity for future expansion projects as provided in Section 27.2(d) below; provided, however, that a shipper with a right of first refusal will have the option to retain all or a portion of its expiring or terminating capacity in accordance with Section 27.5(a).

If service will not commence within 30 days following the date that capacity is awarded, or if Transporter elects to reserve any capacity under expiring or terminating agreements for future expansion projects, Transporter will repost such capacity for use on an interim basis, but Transporter will indicate in its posting that such capacity is reserved for future use.

(c) Pre-Arranged Capacity. Transporter may enter into a pre-arranged Transportation Service Agreement with any party for available unsubscribed capacity or capacity that will become available under an expiring or terminating agreement; provided that Transporter will post the terms of the pre-arranged transaction in accordance with the time periods specified in (a) and (b) above, and other parties will have an opportunity to bid on the capacity. If another party submits a bid with a higher incremental economic value, the pre-arranged Shipper will have twenty-four (24) hours to match the higher bid for Transportation Service Agreements with a term of more than one year and two (2) hours to match the higher bid for Transportation Service Agreements with a term of one year or less in order to retain the capacity. If the pre-arranged Shipper elects not to match a higher competing bid, the capacity will be awarded to the highest creditworthy bidder in accordance with Section 27.4.

If service will not commence within 30 days following the date that capacity is awarded, Transporter will repost such capacity for use on an interim basis, but Transporter will indicate in its posting that such capacity is reserved for future use.

(d) Reserved Capacity. Transporter may reserve for future expansion projects any unsubscribed capacity at receipt points, delivery points or on the mainline or any such capacity under expiring or terminating Transportation Service Agreements where the existing shipper does not have a right of first refusal; or, if the existing shipper does have a right of first refusal, where such shipper elects not to retain its capacity in accordance with Section 27.5(a). Prior to reserving any mainline capacity, Transporter must first post such capacity for competitive bid in accordance with Section 27.2(a) or 27.2(b),
27. AVAILABLE CAPACITY (Continued)

27.2 Posting. (Continued)

as applicable. If capacity is available only at a receipt point or a delivery point, such capacity must be posted on Transporter’s Designated Site before Transporter may reserve it.

If Transporter elects to reserve capacity, it will notify Shippers of its intent on or after (1) the date on which Transporter executes a letter of intent with a prospective Shipper that requires the reservation of capacity; or (2) the date on which Transporter announces its intent to hold an open season for a related expansion project; provided, however, that Transporter will solicit turnback capacity in conjunction with the expansion project no later than 90 days following such open season.

Transporter’s notification will include the following information:

1. a description of the project for which the capacity is being reserved;
2. the total quantity being reserved;
3. the location of the reserved capacity;
4. the date on which Kern River plans to hold an open season for the expansion project;
5. the projected in-service date of the expansion project; and
6. the current quantity of reserved capacity being sold on an interim basis.

Capacity may be reserved for up to one year prior to Transporter filing for certificate approval for construction of the proposed expansion and thereafter until such expansion project is placed into service. Reserved capacity will be made available on an interim basis. If certificate approval is not granted or if Transporter determines that an expansion project should not or cannot be completed, Transporter will post such previously reserved capacity on its Designated Site within 30 days of the date when such capacity becomes available.
27. AVAILABLE CAPACITY (Continued)

27.2 Posting. (Continued)

(e) Available Capacity. All available capacity will be posted to Transporter’s Designated Site on the Internet.

Each posting will set forth the following, if applicable:

1. Receipt point(s), delivery point(s) and associated mainline capacity;
2. Date capacity is available;
3. Date capacity is committed to an expansion project or to a firm transportation service agreement, if applicable;
4. Bid open and close dates;
5. Term and reservation rate to be paid by pre-arranged Shipper, if applicable;
6. Whether or not Transporter will accept negotiated rate bids in addition to recourse rate and discounted recourse rate bids;
7. Special conditions, including bid evaluation criteria.

(f) Minimum Rate. Transporter has the option to establish a minimum acceptable rate for any available capacity before such capacity is posted. Transporter is not required to disclose the minimum rate at the time of posting, but a record of such rate must be maintained for a period of three years for audit purposes.

(g) Minimum Term. For available capacity that Transporter wishes to reserve for a future expansion project, Transporter may also establish a minimum acceptable term. Transporter will use the same minimum term as used for the expansion project if the expansion project open season is held prior to or during the time available capacity is posted for bid. If the expansion project open season is held after available capacity has been reserved and/or if the minimum term imposed on expansion shippers is materially different from the minimum term reflected in the available capacity posting, Transporter will repost the reserved capacity for bid in accordance with Section 27.2 (a) or (b).

(h) Maximum Term. If available capacity is committed to a firm transportation service agreement where service will not commence for at least 30 days following the date capacity is awarded, or if capacity is reserved pursuant to Section 27.2(d) for a future expansion project, Transporter will post such capacity for use on an interim basis. In its posting, Transporter will specify the date capacity is subject to a prior commitment. Shippers that acquire such capacity on an interim basis will not be eligible for a right of first refusal as set forth in Section 27.5(a).
GENERAL TERMS AND CONDITIONS
(Continued)

27. AVAILABLE CAPACITY (Continued)

27.3 Bidding.

(a) New Agreements. All bids for available capacity will be submitted as specified in Transporter’s posting, setting forth the following:

1. Bidder’s name and posted offer number;
2. Receipt point(s), delivery point(s), mainline capacity and associated rate(s);
3. Term of bid;
4. Minimum capacity or minimum percentage of the total posted capacity which bidder is willing to accept;
5. Contingencies, if any.

(b) Bids for Portion of Posted Capacity. Bids may be submitted for any segment of the posted capacity, subject to the availability of capacity at and between the requested physical receipt and delivery points.

(c) Bid Amounts. All bids must be submitted in amounts which a bidder agrees to pay to Transporter for the right to receive firm service, including undiscounted reservation surcharges, if applicable. Such bids will exclude Transporter's commodity charges and commodity surcharges applicable to such service included in Transporter's rates, which rate components must be paid to Transporter by the successful bidder in addition to the bid amounts. Unless Transporter is willing to consider Negotiated Rate bids, the maximum rates which may be bid will be the maximum tariff rates as they may vary from time to time for the applicable service. The minimum rates which may be bid will be the minimum tariff rates as they may vary from time to time for the applicable service, or the minimum rates Transporter specifies on the posting, which will never be less than the minimum tariff rates.
GENERAL TERMS AND CONDITIONS
(Continued)

27. AVAILABLE CAPACITY (Continued)

27.3 Bidding. (Continued)

(d) Withdrawal of Bid. A bidder may withdraw its bid at any time prior to close of the bid period; provided, however, that if the bidder is a pre-arranged Shipper, it may not withdraw its bid. A bidder that withdraws its bid may not then submit another bid with a lower economic value for the same capacity.

(e) Creditworthiness. Successful bidder will meet Transporter’s creditworthiness requirements, as described in Section 29 of the General Terms and Conditions of this tariff.

27.4 Awarding.

(a) As soon as reasonably practical, but no later than five (5) business days following the bid close date, Transporter will evaluate the bids received and determine the winning bid, subject (where applicable) to Section 27.4(d), Section 27.5 and Section 27.6.

(b) Bids will be evaluated based on one of the following criteria for determining the economic value, as specified by Transporter in its posting: 1) Reservation Rate; 2) Total Reservation Revenues; or 3) Net Present Value. If Net Present Value, Transporter shall specify in its posting either the total net present value or the net present value per dekatherm of capacity bid. The total net present value shall be computed from the daily reservation revenues to be received over the term of the Transportation Service Agreement, using the discounted cash flow rate of return methodology, with the rate of discounting, as updated from time to time, in accordance with 18 CFR 154.501(d). The net present value per dekatherm shall be the total net present value divided by the quantity bid.
GENERAL TERMS AND CONDITIONS
(Continued)

27. AVAILABLE CAPACITY (Continued)

27.4 Awarding. (Continued)

(c) Capacity will be awarded to the Shipper that submits the bid with the highest economic value, regardless of whether such bid is a Recourse Rate, a discounted Recourse Rate or a Negotiated Rate bid; provided that the bid with the highest value is at a rate that meets or exceeds the lowest rate that Transporter is willing to accept for the capacity, and further provided that a bid with a negotiated rate that exceeds the maximum rate will be considered to be a maximum rate bid for evaluation and award purposes. If Transporter has indicated in its posting that it is willing to accept negotiated rate bids, such bids will be evaluated in accordance with the criteria specified in Transporter’s posting and described in Section 23.3 of the General Terms and Conditions.

(d) Transporter will break ties and determine the winning bid(s) by providing each of the tying bidders an opportunity to improve their bids by submitting closed bids via facsimile within 24 hours of notification by Transporter. If a tie still exists, Transporter will allocate the available capacity on a pro rata basis to each tying bidder that has indicated in its bid a willingness to accept a proportionate share of such capacity. A bid to pay the maximum rate as it may vary from time to time for a given term will be deemed superior to a bid to pay a specified dollar rate which is equal to the Maximum Base Tariff Rate, less the TRC.

(e) If the best bid is a contingent bid, Transporter will notify the bidder making the best bid within three (3) business days following the bid close date. That bidder will have twenty-four (24) hours following such notification to satisfy or waive the contingency, or Transporter may disregard such bid.
27. AVAILABLE CAPACITY (Continued)

27.4 Awarding. (Continued)

(f) After the economic value of each bid has been determined, and if the capacity to be allocated to the highest bidder would not result in awarding all of the available capacity, then Transporter, subject to Sections 27.5 and 27.6, will award the remaining capacity based on the economic value of each bid, from highest economic value to lowest economic value, with the process of awarding capacity to bidders continuing until all of the capacity has been awarded or until all valid bids have been accepted.

(g) For any capacity offered under this Section 27, the successful bidder(s) and Transporter will execute a new Transportation Service Agreement prior to the commencement of service which confirms the terms of the accepted bid(s) for the available capacity. Transporter will disclose the identity of the bidder making the best bid on the date such bidder first nominates under its service agreement, in accordance with 18CFR, Section 284.13(b)(1).

(h) Capacity that is not awarded at the end of the bid and award period will be available on a first-come, first-served basis, provided that all requests for capacity that are received on the same day will be considered to have been received at the same time. If the first-received method results in a tie, capacity will be awarded on a pro rata basis.
GENERAL TERMS AND CONDITIONS
(Continued)

27. AVAILABLE CAPACITY (Continued)

27.5 Right of First Refusal.

(a) Shipper may exercise a right of first refusal to continue receiving service at the end of the term of any agreement, including any term extended pursuant to any contractual rollover or evergreen provision, provided that Shipper is not receiving service on an interim basis using capacity that has been committed at a future date to a firm transportation service agreement or that has been reserved for an expansion project pursuant to Section 27.2(d), and further provided that Shipper is receiving service (1) at the maximum rate for a term of twelve consecutive months or longer (or for one year or longer where service is not available for twelve consecutive months); (2) at any rate for a term of one year or longer when such service is provided under a service agreement executed prior to March 27, 2000; or (3) at a discounted or negotiated rate where Transporter has agreed to provide Shipper a right of first refusal.

To exercise such right of first refusal, Shipper must agree to match the rate or rates, up to the maximum rate or rates then applicable, and the agreement term to which a competing prospective Shipper is willing to agree with Transporter for all or any portion of the transportation rights then held by Shipper; provided, however, that nothing herein shall obligate Transporter to render service to Shipper or to any competing prospective Shipper if such persons do not agree to pay Transporter's maximum rates then applicable. Shipper has twenty-four (24) hours to match the higher bid for service with a term of greater than one year and two (2) hours to match the higher bid for service with a term of one year or less.

If the highest bid submitted by a competing prospective Shipper is a Negotiated Rate that meets or exceeds the lowest rate Transporter is willing to accept for such service, the existing Shipper may retain its capacity by matching the bid on either a Negotiated Rate basis or a Recourse Rate basis as provided in Section 23.2(c) of the General Terms and Conditions. To exercise its right of first refusal, Shipper must agree to all other terms and conditions of service to which the competing prospective Shipper is prepared to agree, or to such other terms and conditions as may be acceptable to Transporter.
27. AVAILABLE CAPACITY (Continued)

27.5 Right of First Refusal. (Continued)

(b) If a Shipper chooses to exercise a right of first refusal for only a portion of its capacity, or chooses to extend the primary term of its agreement pursuant to a contractual rollover or evergreen provision for only a portion of its capacity, Shipper’s MDQ, aggregate Maximum Receipt Volume entitlements and aggregate Maximum Delivery Volume entitlements all must be retained by the same percentage.

(c) If an existing Shipper chooses not to match the economic value of the best bid(s) as determined by Transporter, capacity will be awarded to the selected bidder(s), and the existing Shipper’s right of first refusal will expire.

(d) If no creditworthy bids are submitted for any portion of the capacity, an existing Shipper will be entitled to continue its existing service for any portion of the capacity, for any term desired, provided Transporter and Shipper agree to mutually acceptable rates for the service at a level within the posted maximum and minimum tariff rates for the applicable service or at a mutually acceptable Negotiated Rate for the applicable service. If Transporter and Shipper fail to agree on rates within thirty (30) days of the bid close date, Shipper’s right of first refusal will be deemed to have terminated.

27.6 Notwithstanding anything to the contrary set forth in this Section 27, Transporter will not be required to provide service at any rate less than the maximum rate for Rate Schedule KRF-1, as such rate may vary from time to time.
28. GAS SALES

28.1 APPLICABILITY. Transporter is not providing a sales service under any Rate Schedule of this Tariff, but may sell de minimis Quantities of Gas it acquires pursuant to Section 4.2 of Rate Schedule PAL.

28.2 REVENUE SHARING. Sales revenues received by Transporter pursuant to this Section 28 will be credited in accordance with the penalty revenue crediting provisions set forth in Section 10.11 of the General Terms and Conditions.
GENERAL TERMS AND CONDITIONS
(Continued)

29. ESTABLISHMENT AND MAINTENANCE OF CREDIT

Transporter will not be required (a) to execute a Transportation Service Agreement under the applicable rate schedule on behalf of a Shipper that fails to meet Transporter's standards for creditworthiness; (b) to initiate or continue service to a Shipper that fails to meet Transporter's standards for creditworthiness; or (c) to continue service to a Shipper that fails to pay Transporter for Transportation service as provided in Shipper's Transportation Service Agreement.

Transporter will apply consistent evaluation practices to all similarly-situated Shippers to determine each Shipper’s ability to satisfy its payment obligations to Transporter over the term of its Transportation Service Agreement.

29.1 Establishment of Credit.

For purposes herein, the determination of Shipper's creditworthiness will be based upon the level of service requested by Shipper and: (a) to the extent rated by the following agencies, a credit rating (Shipper’s senior unsecured debt rating if available, otherwise Shipper’s issuer rating) of investment grade from each, where a minimum investment grade rating is defined as a rating of "BBB-" by Standard & Poor's Rating Services ("Standard & Poor’s"), a rating of "Baa3" by Moody's Investors Service, Inc. ("Moody’s"), a rating of "BBB-" by Fitch Ratings ("Fitch"), and, if at the minimum investment grade rating, a Short-Term and Long-Term Outlook or Credit Watch of Stable or Positive from that agency; or, for Canadian Shippers not rated by Standard & Poor's, Moody's and Fitch, a senior unsecured debt rating of at least "BBB(low)" by Dominion Bond Rating Service ("Dominion") and, if rated at "BBB(low)", a Short-Term and Long-Term Outlook or Credit Watch of Stable or Positive; or (b) if Shipper does not have a senior unsecured rating or issuer rating from Standard & Poor’s, Moody's and Fitch, a senior unsecured debt rating of at least "BBB(low)" by Dominion Bond Rating Service ("Dominion") and, if rated at "BBB(low)", a Short-Term and Long-Term Outlook or Credit Watch of Stable or Positive; or (b) if Shipper does not have a senior unsecured rating or issuer rating from Standard & Poor’s, Moody’s or Fitch (or from Dominion, if a Canadian Shipper), an equivalent rating of investment grade as determined by Transporter based on the financial rating methodology, criteria and ratios for the industry of the Shipper as published by the above rating agencies from time to time or other financial analysis criteria and ratios generally acceptable in the natural gas industry, including but not limited to Standard and Poor’s, Moody’s or Fitch’s opinions, watch alerts or rating actions.

A Shipper or prospective Shipper seeking an equivalent rating of investment grade pursuant to subsection (b) will, upon request by Transporter, render to Transporter documentation required by Transporter to determine Shipper’s creditworthiness, including but not limited to complete audited financial statements prepared in accordance with generally accepted accounting principles. In the event Transporter determines that Shipper does not have an equivalent rating of investment grade, Shipper may, at its own expense, obtain a private rating from Standard & Poor's, Moody's, Fitch or Dominion Bond Rating Service.
29. ESTABLISHMENT AND MAINTENANCE OF CREDIT (Continued)

29.2 Alternatives to Establish and Maintain Creditworthiness.

If Shipper otherwise fails to establish creditworthiness as provided herein, Shipper may still receive service provided it:

(a) furnishes and maintains for the term of the Transportation Service Agreement a written guarantee in a form satisfactory to Transporter from a third party that is creditworthy as determined above, or

(b) provides a standby irrevocable letter of credit drawn upon a bank acceptable to Transporter, which

(i) For firm service: is in an amount sufficient to cover the highest three (3) months of the reservation/demand charge of the service requested by Shipper; and/or

(ii) For interruptible and PAL: is in an amount sufficient to cover Transporter’s estimate of providing three (3) months of service charges of the service requested by Shipper; and/or

(iii) For transportation service and operational balancing agreements, if applicable: is in an amount up to the highest imbalance quantity owed to Transporter during the previous 12 months, valued at up to the highest basis-adjusted NYMEX futures price in the next 12-month period,

or

(c) provides a security interest in collateral provided by the Shipper that is satisfactory to Transporter, or

(d) provides cash in an escrow arrangement acceptable to Transporter, which

(i) For firm service: is in an amount sufficient to cover the highest three (3) months of the reservation/demand charge of the service requested by Shipper; and/or

(ii) For interruptible and PAL: is in an amount sufficient to cover Transporter’s estimate of providing three (3) months of service charges of the service requested by Shipper; and/or

(iii) For transportation service and operational balancing agreements, if applicable: is in an amount up to the highest imbalance quantity owed to Transporter during the previous 12 months, valued at up to the highest basis-adjusted NYMEX futures price in the next 12-month period.

Notwithstanding the foregoing, Transporter may require reasonable security, which may be more than three months of reservation/demand charges, for new construction projects.
29. ESTABLISHMENT AND MAINTENANCE OF CREDIT (Continued)

29.3 Maintenance of Credit.

Transporter may determine that a Shipper is no longer creditworthy based on the provisions of Section 29.1 or if, in the reasonable opinion of Transporter, a Shipper (or its guarantor) suffers a material adverse change in its financial condition such that Shipper's (or its guarantor's) ability to perform its obligations to Transporter is materially impaired. The determination of material adverse change shall be based upon objective, publicly available information or a clearly defined event, such as a default on indebtedness, a decrease in value of publicly-traded debt, a restatement of financials, nonpayment, or a decrease in market capitalization. Transporter will notify Shipper in writing of the reason for the change in Shipper's creditworthiness status, should a material adverse change in Shipper’s financial condition occur.

If Transporter determines that Shipper is no longer creditworthy, Transporter may require security as set forth herein. Shipper shall have at least five (5) business days from Transporter's written request to provide advance payment for one Month of service. Shipper shall have at least thirty (30) days to provide the additional security required under Section 29.2 to continue to receive service. Failure to provide the necessary security may result in suspension or permanent termination of service, provided that Transporter shall provide Shipper with a minimum of five (5) days’ notice before service is suspended or thirty (30) days’ notice to both Shipper and the Commission before service is terminated. Transporter will suspend a Shipper’s reservation charges while that Shipper’s service is suspended. Notices to suspend and/or terminate service may be provided on or after the date Transporter requests security.

Shipper may at any time request that Transporter reevaluate Shipper's creditworthiness to determine whether the security requirements can be eliminated.
30. CONTRACTING FOR SERVICE SUBJECT TO PERIOD TWO RATES AND ALTERNATE PERIOD TWO RATES

This section sets forth the conditions for, and applicability of, Period Two rates and Alternate Period Two rates, the contracting process for service subject to Period Two rates and Alternate Period Two rates, and certain requirements related to Period Three.

30.1 Definitions.

(a) Alternate Period Two Stipulation: The Stipulation and Agreement of Settlement pertaining to Alternate Period Two dated December 1, 2016.

(b) Alternate Period Two: A 25-year term comprised of Period 2A and Period 2B that commences when an Eligible Shipper’s Period One Transportation Service Agreement ends.

(c) Alternate Period Two TSA: A transportation service agreement entered into between Transporter and Eligible Shipper that contains a DMDQ no greater than Eligible Shipper’s Period One DMDQ for the term set forth below:

(1) For an Eligible Shipper that has executed a Period Two TSA prior to May 1, 2017, or has elected Period Two service prior to May 1, 2017, the Period 2A term of the Alternate Period Two TSA shall be equal to the term of such Eligible Shipper’s Period Two TSA. At Shipper’s option, the Period 2A term shall be followed by a Period 2B term of 10 years or 15 years, as applicable, for a total Alternate Period Two term of 25 years; and

(2) For all other Eligible Shippers, the Period 2A term of the Alternate Period Two TSA shall be either 10 or 15 years. At Shipper’s option, the Period 2A term shall be followed by a Period 2B term of 10 or 15 years, as applicable, for a total Alternate Period Two term of 25 years.

(d) Eligible Shipper: A Shipper (or its successor, assignee, or permanent replacement shipper) that has paid the maximum applicable levelized rate for a full 10-year or 15-year Period One contract term, that has met the conditions of Section 30.2, and to which the Period Two Rates or Alternate Period Two Rates are available pursuant to Section 30.3.

(e) Period 2A: The initial 10-year or 15-year term of an Alternate Period Two TSA.

(f) Period 2B: The 10-year or 15-year term of an Alternate Period Two TSA that commences immediately upon the expiration of Period 2A, for a total Alternate Period Two term of 25 years.

(g) Period One: The original term of an Eligible Shipper’s transportation service agreement, as extended (if applicable) pursuant to the 2000 Extended Term Rate Settlement approved by the Commission August 17, 2000 in Docket No. RP00-298.

(h) Period Two: The contract term that commences when the primary term of an Eligible Shipper’s Period One transportation service agreement ends and during which an Eligible shipper will be charged Period Two rates or Period Two Insulated Rates, as applicable.
GENERAL TERMS AND CONDITIONS  
(Continued)  

30. CONTRACTING FOR SERVICE SUBJECT TO PERIOD TWO RATES  
(Continued)  

30.1 Definitions. (Continued)  

(i) Period Two Insulated Rates: The rates Transporter will provide to Original System and  
2002 Expansion Shippers that have submitted to Transporter a valid insulation election in  
accordance with Section 30.2 (e) to be insulated from the incremental rate increase  
resulting solely from the reduction in the rolled-in credit attributable to 2002 Expansion  
Shippers electing Alternate Period Two rates.  

(j) Period Two TSA: A new transportation service agreement entered into between  
Transporter and Shipper that contains a DMDQ no greater than the Eligible Shipper’s  
Period One DMDQ, is for a term of either 10 or 15 years, and commences on the first day  
of Period Two.  

(k) Period Three: The term that commences when the term of an Eligible Shipper’s Period  
Two TSA or Period 2B or Alternate Period Two TSA ends, whichever is applicable.  

30.2 Conditions of Eligibility for Period Two Rates and Alternate Period Two Rates.  

An Eligible Shipper may retain its DMDQ in Period Two or Alternate Period Two and will qualify  
for Period Two rates or Alternate Period Two rates by complying with the conditions set forth  
herein.  

(a) Except as provided in section 30.2 (b) below, an Eligible Shipper must submit to  
Transporter a binding request for Period Two or Alternate Period Two transportation  
service not less than twelve (12) months prior to the expiration of the term of its Period  
One transportation service agreement; provided, however, that Eligible Shippers whose  
15-year 2003 Expansion Period One transportation service agreements expire  
April 30, 2018, must submit a binding request for transportation service no later than the  
earlier of: (i) September 30, 2017, or (ii) thirty (30) calendar days after Transporter files  
otice with the Commission that such binding requests are due. Eligible Shippers with  
only seasonal service must submit a binding request for transportation service at the same  
time as the other Eligible Shippers in their respective Shipper group. Such request shall  
be signed by an authorized representative of the Shipper, shall state the requested DMDQ  
and shall specify either a 10- or 15-year term for Eligible Shipper’s Period Two TSA or a  
10-year or 15-year Period 2A term for an Alternate Period Two TSA. If the requested  
DMDQ is less than Eligible Shipper’s then-current DMDQ, the request shall state the  
associated reduction to the Shipper’s primary receipt and delivery point entitlements. An  
Eligible Shipper’s Period Two TSA or Alternate Period Two TSA, as applicable, must be  
for the same calendar months as its Period One transportation service. If applicable, an  
Eligible Shipper must submit a binding request for Period 2B transportation service not  
less than twelve (12) months prior to the expiration of the Period 2A term of its Alternate  
Period Two TSA.
30. CONTRACTING FOR SERVICE SUBJECT TO PERIOD TWO RATES (Continued)

30.2 Conditions of Eligibility for Period Two Rates. (Continued)

(b) An Eligible Shipper that has executed a Period Two TSA prior to May 1, 2017, or that has elected Period Two service prior to May 1, 2017, may elect Alternate Period Two by submitting a binding request to Transporter no later than fifteen (15) calendar days after the date on which an order approving the Alternate Period Two Stipulation becomes final. Within thirty (30) days of receipt of such a request, Transporter shall tender to Eligible Shipper an Alternate Period Two TSA that restates its Period Two TSA and includes, if applicable, the previously-approved nonconforming provisions applicable to Eligible Shipper’s Period Two TSA. Eligible Shipper will execute and return to Transporter the Alternate Period Two TSA within ten (10) calendar days of receipt, or Eligible Shipper shall forfeit its right to Alternate Period Two service.

(c) All Eligible Shippers that wish to retain their DMDQs at Period Two rates or Alternate Period Two rates at the end of the term of their Period One transportation service agreements must enter into a Period Two TSA or an Alternate Period Two TSA, as applicable.

(d) Except as provided in Section 30.2 (b), within ninety (90) days after receipt of Eligible Shipper’s request, Transporter will tender a Period Two TSA or an Alternate Period Two TSA, as applicable, to each Eligible Shipper, and Eligible Shipper must execute and return to Transporter such Period Two or Alternate Period Two TSA within ten (10) business days of tender.

(e) Original System and 2002 Expansion Shippers that elect Period Two Insulated Rates shall notify Transporter in writing of such election within ten (10) calendar days after Transporter submits a tariff filing to revise the Period Two rates previously filed in Docket No. RP17-146 to reflect an adjustment to the rolled-in rate credit resulting from 2002 Expansion Shippers that elect Alternate Period Two. Such Shippers shall forfeit their right to elect Alternate Period Two for any of their rolled-in capacity.

30.3 Availability.

Subject to compliance with the requirements of this Section 30, and in accordance with Section 30.4 below, the Period Two Rates or Alternate Period Two rates, as applicable, are available to Eligible Shippers that are part of the Rolled-in shipper group or part of the 2003 Expansion/2010 Expansion shipper group, respectively, as follows

Period Two Rates:

(a) October 1, 2011 Period Two Rate. The 10-year or 15-year Rolled-in Period Two Rate, as applicable, is effective October 1, 2011 for Eligible Shippers that are part of the Rolled-in Original System shipper group whose Period One transportation service agreements end September 30, 2011, and that enter into Period Two TSAs that commence October 1, 2011;
GENERAL TERMS AND CONDITIONS
(Continued)

30. CONTRACTING FOR SERVICE SUBJECT TO PERIOD TWO RATES (Continued)

30.3 Availability. (Continued)

(b) May 1, 2012 Period Two Rate. The 10-year or 15-year Rolled-in Period Two Rate, as applicable, is effective:

(1) May 1, 2012 for Eligible Shippers that are part of the Rolled-in 2002 Expansion shipper group whose Period One transportation service agreements end April 30, 2012, and that enter into Period Two TSAs that commence May 1, 2012; and

(2) May 1, 2012 for Eligible Shippers that are part of the Rolled-in Original System shipper group whose Period One transportation service agreements ended September 30, 2011 and that entered into Period Two TSAs that commenced October 1, 2011.

(c) May 1, 2013 Period Two Rate. The 10-year or 15-year, 2003 Expansion Period Two Rate, as applicable, is effective May 1, 2013 for Eligible Shippers that are part of the 2003 Expansion shipper group whose Period One transportation service agreements end April 30, 2013 and that enter into Period Two TSAs that commence May 1, 2013.

(d) October 1, 2016 Period Two Rate. The 10-year or 15-year, Rolled-in Period Two Rate, as applicable, is effective:

(1) October 1, 2016 for Eligible Shippers that are part of the Rolled-in Original System shipper group whose Period One transportation service agreements end February 29, 2016 or September 30, 2016 and that enter into Period Two TSAs that commence October 1, 2016; and

(2) March 1, 2017 for Eligible Shippers that are part of the Rolled-in Original System shipper group whose Period One transportation service agreements end February 28, 2017 and that enter into Period Two TSAs that commence March 1, 2017.

(e) May 1, 2017 Period Two Rate Applicable to the Former Period One 15-year Rolled-in Shipper Group. The 10-year or 15-year, Rolled-in Period Two Rate, as applicable, is effective:

(1) May 1, 2017 for Eligible Shippers that are part of the Rolled-in 2002 Expansion shipper group whose Period One transportation service agreements end April 30, 2017, and that enter into Period Two TSAs that commence May 1, 2017;

(2) May 1, 2017 for Eligible Shippers that are part of the Rolled-in Original System shipper group whose Period One transportation service agreements ended on September 30, 2016 and that entered into Period Two TSAs that commenced October 1, 2016 or March 1, 2017; and

(3) May 1, 2018 for Eligible Shippers that are part of the Rolled-in Original System shipper group whose Period One transportation service agreements end April 30, 2018, and that enter into Period Two TSAs that commence May 1, 2018.
30. CONTRACTING FOR SERVICE SUBJECT TO PERIOD TWO RATES (Continued)

30.3 Availability (Continued)

(f) May 1, 2017 Period Two Rate Applicable to the Former Period One 10-year Rolled-in Shipper Group. The 10-year or 15-year, Rolled-in Period Two Rate, as applicable, is effective:

(1) May 1, 2017 for Eligible Shippers that are part of the Rolled-in Original System shipper group whose Period One transportation service agreements ended September 30, 2011 and that entered into Period Two TSAs that commenced October 1, 2011; and

(2) May 1, 2017 for Eligible Shippers that are part of the Rolled-in 2002 Expansion shipper group whose Period One transportation service agreements ended on April 30, 2012 and that entered into Period Two TSAs that commenced May 1, 2012.

(g) May 1, 2018 Period Two Rate. The 10-year or 15-year, 2003 Expansion Period Two Rate, as applicable, is effective May 1, 2018 for Eligible Shippers that are part of the 2003 Expansion shipper group whose transportation service agreements end April 30, 2018 and that enter into Period Two TSAs that commence May 1, 2018.

(h) November 1, 2020 Period Two Rate. The 10-year or 15-year 2010 Expansion Period Two Rate, as applicable, is effective November 1, 2020 for Eligible Shippers that are part of the 2010 Expansion shipper group whose transportation service agreements end October 31, 2020 and that enter into Period Two TSAs that commence November 1, 2020.

(i) November 1, 2025 Period Two Rate. The 10-year or 15-year 2010 Expansion Period Two Rate, as applicable, is effective November 1, 2025 for Eligible Shippers that are part of the 2010 Expansion shipper group whose transportation service agreements end October 31, 2025 and that enter into Period Two TSAs that commence November 1, 2025.

Alternate Period Two Rates:

(j) October 1, 2011 Alternate Period Two Rate. The October 1, 2011 Alternate Period Two Rate is effective from October 1, 2011, through April 30, 2012, for Original System 10-year Shippers that entered into Period Two TSAs commencing October 1, 2011, and that submitted binding requests for Alternate Period Two in accordance with Section 30.2(b).

(k) May 1, 2012 Alternate Period Two Rate. The May 1, 2012 Alternate Period Two Rate is effective from May 1, 2012, through April 30, 2017, for the following Shippers:

(1) Original System 10-year Shippers that entered into Period Two TSAs commencing October 1, 2011, and that submitted binding requests for Alternate Period Two in accordance with Section 30.2(b).

(2) 2002 Expansion 10-year Shippers that entered into Period Two TSAs commencing May 1, 2012, and that submitted binding requests for Alternate Period Two in accordance with Section 30.2(b).
GENERAL TERMS AND CONDITIONS
(Continued)

30. CONTRACTING FOR SERVICE SUBJECT TO PERIOD TWO RATES

30.3 Availability (Continued)

Alternate Period Two Rates (Continued)

(l) May 1, 2013 Alternate Period Two Rate. The May 1, 2013 Alternate Period Two Rate is effective from May 1, 2013, through April 30, 2017, for 2003 Expansion 10-year Shippers that entered into Period Two TSAs commencing May 1, 2013, and that submitted binding requests for Alternate Period Two in accordance with Section 30.2(b).

(m) October 1, 2016 Alternate Period Two Rates. The October 1, 2016 Alternate Period Two Rate is effective from October 1, 2016, through April 30, 2017, for Original System 15-year Shippers that entered into Period Two TSAs commencing October 1, 2016, and that submitted binding requests for Alternate Period Two in accordance with Section 30.2(b).

(n) May 1, 2017 Alternate Period Two Rates. The applicable May 1, 2017 Alternate Period Two Rate (A, B or C) as reflected on the table on Sheet No. 299H is effective as follows:

(1) May 1, 2017 (A):

   (i) Original System 10-year Shippers that entered into Period Two TSAs commencing October 1, 2011, and that submitted binding requests for Alternate Period Two in accordance with Section 30.2(b); and

   (ii) 2002 Expansion 10-year Shippers that entered into Period Two TSAs commencing May 1, 2012, and that submitted binding requests for Alternate Period Two in accordance with Section 30.2(b).

(2) May 1, 2017 (B):

   (i) 2003 Expansion 10-year Shippers that entered into Period Two TSAs commencing May 1, 2013, and that submitted binding requests for Alternate Period Two in accordance with Section 30.2(b).

(3) May 1, 2017 (C):

   (i) Original System 15-year Shippers that entered into Period Two TSAs commencing October 1, 2016 and that submitted binding requests for Alternate Period Two in accordance with Section 30.2(b); and

   (ii) 2002 Expansion 15-year Shippers that enter into Period Two TSAs commencing May 1, 2017, and that submitted binding requests for Alternate Period Two in accordance with Section 30.2(b).

(o) May 1, 2018 Alternate Period Two Rate. The May 1, 2018 Alternate Period Two Rate is effective May 1, 2018 for Eligible Shippers that are part of the 2003 Expansion 15-year shipper group that enter into Alternate Period Two TSAs that commence May 1, 2018.
30. CONTRACTING FOR SERVICE SUBJECT TO PERIOD TWO RATES

30.3 Availability (Continued)
Alternate Period Two Rates (Continued)

(p) November 1, 2020 Alternate Period Two Rate. The November 1, 2020 Alternate Period Two Rate is effective November 1, 2020 for Eligible Shippers that are part of the 2010 Expansion 10-year shipper group that enter into Alternate Period Two TSAs commencing November 1, 2020.

(q) November 1, 2025 Alternate Period Two Rate. The November 1, 2025 Alternate Period Two Rate is effective November 1, 2025 for Eligible Shippers that are part of the 2010 Expansion 15-year shipper group that enter into Alternate Period Two TSAs commencing November 1, 2025.

30.4 Period Two Rates, Period Two Insulated Rates and Alternate Period Two Rates:
Transporter will make a limited rate change filing under Section 4 of the Natural Gas Act (“limited section 4 filing”) to establish and make effective the applicable reservation rate(s) for Period Two rates and Alternate Period Two rates no less than six months prior to the effective date of each rate; provided, however

(a) The Period Two rates and Period Two Insulated Rates for periods prior to the effective date of the Alternate Period Two Stipulation, which will be used for refund purposes only, are set forth on Appendix B to the Alternate Period Two Stipulation; and

(b) Transporter will make a limited section 4 filing within ten (10) calendar days following the deadline set forth in Section 30.2 (b) for receipt by Transporter of binding requests for Alternate Period Two service from existing Period Two Shippers. The purpose of the filing is to establish the following rates to be effective May 1, 2017: (1) the Period Two rates for Rolled-in Shippers that do not elect to be insulated, (2) the Alternate Period Two rates for Rolled-in Shippers, and (3) the Alternate Period Two rates for 10-year 2003 Expansion Shippers.

Any limited section 4 filing made pursuant to this provision shall involve determination only of the Period Two rate(s) and Alternate Period Two rate(s) identified in such filing.

The methodology used to derive the Period Two rates and Alternate Period Two rates filed pursuant to this provision will be consistent with the methodology used to derive the applicable rates shown on Sheet No. 299H; provided, however,

(c) Transporter may adjust such rates as necessary to reflect leap years and any current or future surcharges.

(d) In accordance with paragraph 44 of the Order on Compliance Tariff Records issued August 29, 2011 in Docket No. RP11-2356-000, 136 FERC Para 61,141, rates applicable to the Rolled-in shipper group, as may be revised from time to time, will be dependent upon and shall be adjusted by Transporter according to the duration of Period Two or Alternate Period Two TSAs selected by other Eligible Shippers in the Rolled-in shipper group and will reflect adjustments to the applicable revenue credits to reflect the ending of Period One TSAs.
GENERAL TERMS AND CONDITIONS
(Continued)

30. CONTRACTING FOR SERVICE SUBJECT TO PERIOD TWO RATES

30.4 Period Two Rates, Period Two Insulated Rates and Alternate Period Two Rates

(e) The Period Two rates and Alternate Period Two rates shall be adjusted to reflect changes applicable to the Rolled-in shipper group when Transporter implements Period Three rates, in order to reflect reductions in revenue credits that result from the ending of Period Two TSAs and Alternate Period Two TSAs.

Nothing in this Section 30.4 shall be construed to limit or otherwise modify Transporter’s right to propose from time to time, by means other than a limited section 4 filing, any change to any or all proposed Period Two rates or Alternate Period Two rates in accordance with the Natural Gas Act.

30.5 Period Three Rates.

Transporter will file pro forma tariff records containing proposed Period Three rates, as well as any related adjustments to Period Two rates and Alternate Period Two rates, two years prior to the end of the term of each shipper group with expiring Period Two or Alternate Period Two TSAs.

30.6 Period Two Rate, Period Two Insulated Rate and Alternate Period Two Rate Options

The following Period Two rates, Period Two Insulated Rates and Alternate Period Two rates will be applicable at the indicated dates, dependent on Eligible Shippers’ selected terms for Period Two or Alternate Period Two TSAs and subject to Sections 30.3 and 30.4 above.
GENERAL TERMS AND CONDITIONS  
(Continued)

30. CONTRACTING FOR SERVICE SUBJECT TO PERIOD TWO RATES AND ALTERNATE PERIOD TWO RATES

30.6 Period Two Rate, Period Two Insulated Rate and Alternate Period Two Rate Options. (Continued)

<table>
<thead>
<tr>
<th>Shipper Group</th>
<th>10-Year Period Two Insulated Rates</th>
<th>15-Year Period Two Insulated Rates</th>
<th>Alternate Period Two Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original System 10-yr</td>
<td>$0.2560</td>
<td>$0.2169</td>
<td>$0.1976</td>
</tr>
<tr>
<td>Shipper 1/ 10/1/2011</td>
<td>$0.2615</td>
<td>$0.2224</td>
<td>$0.2347</td>
</tr>
<tr>
<td>5/1/2012</td>
<td>$0.2720</td>
<td>$0.2329</td>
<td>$0.2093</td>
</tr>
<tr>
<td>5/1/2017 (A) 2/</td>
<td>N/A</td>
<td>N/A</td>
<td>$0.1976</td>
</tr>
<tr>
<td>2002 Expansion 10-yr</td>
<td>$0.2565</td>
<td>$0.2238</td>
<td>$0.2027</td>
</tr>
<tr>
<td>Shipper 1/ 5/1/2012</td>
<td>N/A</td>
<td>$0.2224</td>
<td>$0.2093</td>
</tr>
<tr>
<td>5/1/2017 (A) 3/</td>
<td>N/A</td>
<td>$0.2329</td>
<td></td>
</tr>
<tr>
<td>2003 Expansion 10-yr</td>
<td>$0.2193</td>
<td>$0.2200</td>
<td>$0.1853</td>
</tr>
<tr>
<td>Shipper 1/ 5/1/2013</td>
<td>$0.2298</td>
<td>$0.2316</td>
<td>$0.1969</td>
</tr>
<tr>
<td>5/1/2017 (B) 4/</td>
<td>$0.2543</td>
<td>$0.1951</td>
<td>$0.1742</td>
</tr>
<tr>
<td>2002 Expansion 15-yr</td>
<td>$0.2543</td>
<td>$0.2224</td>
<td>$0.2018</td>
</tr>
<tr>
<td>Shipper 1/ 5/1/2017 (C)</td>
<td>N/A</td>
<td>$0.1951</td>
<td></td>
</tr>
<tr>
<td>2003 Expansion 15-yr</td>
<td>$0.2543</td>
<td>$0.2224</td>
<td>$0.2018</td>
</tr>
<tr>
<td>Shipper 5/1/2018</td>
<td>$0.2543</td>
<td>$0.2224</td>
<td></td>
</tr>
<tr>
<td>2010 Expansion 10-yr</td>
<td>$0.2565</td>
<td>$0.2238</td>
<td>$0.2027</td>
</tr>
<tr>
<td>Shipper 11/1/2020</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010 Expansion 15-yr</td>
<td>$0.2543</td>
<td>$0.2224</td>
<td></td>
</tr>
<tr>
<td>Shipper 11/1/2025</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The actual rates to be effectuated will reflect adjustments for leap years, any applicable current or future surcharges and impact of the rolled in shipper credit.

1/ Pursuant to Section 30.4, rates reflect applicable roll-in adjustments at 5/1/2017.
2/ See Section 30.3(n)(1)(i).
3/ See Section 30.3(n)(1)(ii).
4/ See Section 30.3(n)(2)(i).
5/ See Section 30.3(n)(3)(i).
6/ See Section 30.3(n)(3)(ii).
31. TAX REFORM CREDIT

(a) This section sets forth the conditions for, and applicability of, the Tax Reform Credit (TRC). Shippers with Transportation Service Agreements receiving service at the Maximum Base Tariff Rate under Rate Schedules KRF-1, KRI-1, KRF-PK, KRF-L1, KRI-L1 and PAL, will receive monthly invoices that reflect the TRC. The TRC is deducted from the Maximum Base Tariff Rate as set forth in the Statement of Rates. The TRC is a daily rate credit and shall be implemented pursuant to the terms of the Commission’s Final Order in Docket No. RP19-XXX-000 and remain in effect until the occurrence of a Triggering Event as described in (b) and (c) below.

(b) Triggering Event(s) shall mean any of the following:
   (i) Triggering Event #1: federal legislation enacted into law which raises the maximum federal corporate income tax rate above 21%;
   (ii) Triggering Event #2: Commission initiated investigation of Kern River’s rates pursuant to section 5 of the Natural Gas Act.

(c) Term of Tax Reform Credit. The Tax Reform Credit will be reflected in monthly invoices until the occurrence of a Triggering Event.
   (i) Upon the occurrence of Triggering Event #1, the Tax Reform Credit will be reduced on a pro rata basis by the increase in the federal corporate tax rate above 21% as a percentage of the initial change of 14% (35% less 21%).
   (ii) Upon the occurrence of Triggering Event #2, the TRC shall contemporaneously expire for all rate schedules.
CONTRACT NO. _______

NOW, THEREFORE, in consideration of the mutual covenants and agreements as herein set forth, the parties agree as follows:

ARTICLE I - GAS TO BE TRANSPORTED

1.1 Subject to the terms, conditions and limitations hereof, Transporter agrees to receive, on a firm basis, from Shipper for Transportation at the Receipt Point(s) specified in Exhibit “A” and to transport and deliver Thermally Equivalent Quantities to Shipper at the Delivery Point(s) specified in Exhibit “A,” Quantities of Natural Gas, exclusive of Quantities required for fuel used and lost and unaccounted-for Gas, up to Shipper's [TMDQ, Shipper’s TMDQ is (____ Dth per day.) or (set forth on Exhibit “A.”) Shipper’s DMDQ is equal to Shipper’s TMDQ.] or [MDQ, Shipper’s MDQ is (_____ Mcf per day.) or (set forth on Exhibit “A.”) Shipper’s DMDQ is (______ Dth per day.) or (set forth on Exhibit “A.”) Shipper’s DMDQ is equal to Shipper’s TMDQ.] or [MDQ, Shipper’s MDQ is (_____ Mcf per day.) or (set forth on Exhibit “A.”) Shipper’s DMDQ is (______ Dth per day.) or (set forth on Exhibit “A.”)]

1.2 Shipper will reimburse Transporter for fuel used and lost and unaccounted-for Gas on an in-kind basis at the factors applicable to [(rolled-in rate service) or (incremental rate service related to the [insert name of project]).] pursuant to the General Terms and Conditions of Transporter's FERC-approved tariff, as revised from time to time (“Transporter's Tariff”). Backhaul Shippers will reimburse Transporter for system-wide lost and unaccounted-for Gas, but will not reimburse Transporter for compressor fuel.

(Insert page number.)
ARTICLE II - APPLICABLE RATE SCHEDULE

2.1 Shipper agrees to pay Transporter for all Natural Gas Transportation service rendered under the terms of this Agreement in accordance with Rate Schedule KRF-1 of Transporter’s Tariff. This Agreement will be subject to the provisions of such Rate Schedule and the General Terms and Conditions of Transporter’s Tariff, which by this reference are incorporated herein and made a part hereof.

2.2 [If applicable - Shipper’s rates for Transportation service will be in accordance with Transporter’s effective Rate Schedule KRF-1 for [(maximum recourse) or (10-year) or (15-year) or (insert term)] [(rolled-in rate service) or (incremental rate service related to the {insert name of project})], subject to the parties’ understanding and agreement that Transporter may change the rates from time to time in accordance with the Natural Gas Act. [if applicable – add any information necessary to properly identify the applicable rate][if applicable – Notwithstanding the foregoing, Shipper and Transporter have mutually agreed to a [(discounted) or (negotiated)] rate for all or a portion of the capacity under this Agreement, as set forth on Exhibit “B.”] or

[If applicable - Shipper’s rates for Transportation service will be the [([(10-year) or (15-year)) (Period Two rates) or Period Two Insulated Rates)]) or [Alternate Period Two Rates]] applicable to former Period One (10-year) or (15-year) [(rolled-in rate, {original system} or {2002 Expansion Project} shippers) or (incremental rate, {insert name of project} shippers], subject to the parties’ understanding and agreement that Transporter may change the rates from time to time in accordance with the Natural Gas Act. [if applicable – add any information necessary to properly identify the applicable rate.] [if applicable – Notwithstanding the foregoing, Shipper and Transporter have mutually agreed to a [(discounted) or (negotiated)] rate for all or a portion of the capacity under this Agreement, as set forth on Exhibit “B”]

[If applicable - Shipper has acquired its capacity via capacity release. Shipper’s reservation rate for Transportation service is the rate Shipper bid for the capacity, as set forth on Exhibit “B.” Shipper’s usage rate is the applicable maximum rate for [(rolled-in) or (incremental) rate service, as such rate may change from time to time in accordance with the Natural Gas Act.][Also add, if applicable - Special terms and conditions included in Releasing Shipper’s Offer to Release are set forth on Exhibit “C.”]

2.3 Notwithstanding Section 5.5 of the General Terms and Conditions of Transporter’s Tariff, and subject to any negotiated credit set forth in this transportation service agreement; or, if there is no individually negotiated provision any Reservation Charge Adjustments applicable pursuant to Section 9 of Rate Schedule KRF-1, Shipper will make payment of the Monthly Reservation Charge pursuant hereto in full irrespective of (but without prejudice to the rights otherwise of Shipper with respect to) any dispute relative to the amount invoiced, and will not be entitled to any abatement of such payment or any set-off against it, including but not limited to, abatement or set-off due or alleged to be due by reason of any past, present or future claims or other rights of Shipper against Transporter or any other person or entity, whether in connection herewith or any unrelated transaction.
ARTICLE III - TERM OF AGREEMENT

3.1 [Insert term of agreement, including any contingencies, such as completion of construction or board or governmental approval; term may include extension rights such as an evergreen, rollover or right-of-first-refusal provision and related termination provision, if applicable.]

[If applicable (for use in Alternate Period 2A Agreements) – Shipper has elected an Alternate Period 2A term of [(10) or (15)] years, beginning (insert date) and ending (insert date). Pursuant to Section 30 of the General Terms and Conditions of Transporter’s Tariff, Shipper may elect to retain its capacity at the expiration of this Agreement for a Period P2B term of [(10) or (15)] years, for a total Alternate Period Two term of 25 years.]

[If applicable (add to above paragraph for Alternate Period 2B Agreements) – Shipper has elected an Alternate Period 2B term of [(10) or (15) years], beginning (insert date) and ending (insert date).]

ARTICLE IV – MISCELLANEOUS PROVISIONS

4.1 This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. No promises, agreements or warranties additional to this Agreement other than as may be contained in Transporter’s Tariff will be deemed to be a part of this Agreement, nor will any alteration, amendment or modification be effective unless confirmed in writing by the parties.

4.2 This Agreement shall incorporate and in all respects shall be subject to the General Terms and Conditions and the applicable Rate Schedule(s) set forth in Transporter’s Tariff. Transporter may file and seek approval from the FERC under Section 4 of the Natural Gas Act (“NGA”) at any time and from time to time to change any rates, charges or other provisions set forth in the applicable Rate Schedule(s) and the General Terms and Conditions in Transporter’s Tariff, and Transporter shall have the right to place such changes in effect in accordance with the NGA, and this Agreement shall be deemed to include such changes and any change that becomes effective by operation of law and FERC order, without prejudice to Shipper’s right to protest the same.

4.3 The priority of service for this Agreement shall be [insert applicable date and/or contract reference].

[If applicable--

4.4 TO THE FULLEST EXTENT PERMITTED BY LAW, SHIPPER AND TRANSPORTER WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of this _______ day of [insert month and year].

[Insert signature blocks]
EXHIBIT “A”

[if applicable – TO AMENDMENT] TO [if applicable – RESTATED]  
[if applicable – PERIOD TWO/ALTERNATE PERIOD TWO] FIRM TRANSPORTATION SERVICE AGREEMENT

CONTRACT NO. ________________

BETWEEN

_________________

AND

KERN RIVER GAS TRANSMISSION COMPANY

Execution Date of this Exhibit “A”: ________________, ______

[Term] [Insert term(s) of service and any changes to receipt/delivery points and/or entitlement and/or quantity, as applicable; repeat as needed.]

[If applicable - Effective beginning (insert date(s); repeat as needed):]

||| |
|---|---|---|---|
|**Receipt Point(s)**| **Meter Number**| **Loc. Type**| **Entitlement (Dth)**| **Receipt Pressure 1/ (psig)** |
|**TMDQ:** | | | |
|**DMDQ:** | | | |

Total Receipt Point Entitlement: ______Dth

[If applicable - Receipt Pressure 1/ (psig) ]

||| |
|---|---|---|---|
|**Delivery Point(s)**| **Meter Number**| **Loc. Type**| **Entitlement (Dth)**| **Delivery Pressure 1/ (psig)** |
| | | | |

Total Delivery Point Entitlement: ______Dth

[1/ If applicable – Insert provision(s) related to receipt and/or delivery pressure pursuant to section(s) 6.2 and/or 6.4 of the General Terms and Conditions of Tariff.]

(Insert page number.)
EXHIBIT “B”

[if applicable – TO AMENDMENT] TO [if applicable - RESTATED]
[if applicable – PERIOD TWO/ALTERNATE PERIOD TWO]
FIRM TRANSPORTATION SERVICE AGREEMENT

CONTRACT NO. ____________

BETWEEN

___________________________________

AND

KERN RIVER GAS TRANSMISSION COMPANY

Execution Date of this Exhibit “B”: __________, ____

[If applicable - Effective beginning (insert date(s); repeat as needed):]

[Insert rate provisions]
EXHIBIT “C”

TO [If applicable - RESTATED] FIRM TRANSPORTATION SERVICE AGREEMENT

CONTRACT NO. ____________

BETWEEN

___________________________________

AND

KERN RIVER GAS TRANSMISSION COMPANY

Execution Date of this Exhibit “C”: ____________, _____

[Insert special terms and conditions included in Releasing Shipper’s Offer to Release]
INTERRUPTIBLE TRANSPORTATION SERVICE AGREEMENT
Rate Schedule KRI-1

CONTRACT NO. ______

THIS INTERRUPTIBLE TRANSPORTATION SERVICE AGREEMENT ("Agreement") [if applicable, insert: , which was originally executed on (insert original contract execution date,)] is made and entered into as of this _____ day of [insert month and year] by and between KERN RIVER GAS TRANSMISSION COMPANY ("Transporter") and _______________ ("Shipper"), and supersedes all previous versions of this Agreement, if any.

[Insert applicable WHEREAS clauses for background purposes — not to include binding consideration]

NOW, THEREFORE, in consideration of the mutual covenants and agreements as herein set forth, the parties hereto agree as follows:

ARTICLE I - GAS TO BE TRANSPORTED

1.1 Subject to the terms, conditions and limitations hereof, Transporter agrees to receive from Shipper at any Receipt Point on Transporter’s mainline system where capacity is available and to transport and deliver Thermally Equivalent Quantities of Natural Gas to Shipper at any Delivery Point on Transporter’s mainline system where capacity is available, exclusive of Quantities required for fuel used and lost and unaccounted-for Gas. The maximum quantity available for service hereunder may change from time to time and will be set forth on an Exhibit “A,” to be effective as specified therein.

1.2 Shipper will reimburse Transporter for fuel used and lost and unaccounted-for Gas on an in-kind basis pursuant to the General Terms and Conditions of Transporter's FERC-approved tariff, as revised from time to time ("Transporter’s Tariff"). Backhaul Shippers will reimburse Transporter for system-wide lost and unaccounted-for Gas, but will not reimburse Transporter for compressor fuel.
ARTICLE II - APPLICABLE RATE SCHEDULE

2.1 Shipper agrees to pay Transporter for all Natural Gas Transportation service rendered under the terms of this Agreement in accordance with Rate Schedule KRI-1 of Transporter’s Tariff. This Agreement will be subject to the provisions of such Rate Schedule and the General Terms and Conditions of Transporter’s Tariff, which by this reference are incorporated herein and made a part hereof.

2.2 Shipper’s rates for Transportation service will be subject to the parties' understanding and agreement that in accordance with Transporter's effective Rate Schedule KRI-1, Transporter may change the rates from time to time in accordance with the Natural Gas Act.

2.3 Transporter and Shipper may agree to set forth the rates for Shipper’s service hereunder on an Exhibit "A," which shall be effective as set forth therein.

ARTICLE III - TERM OF AGREEMENT

3.1 [Insert term of agreement; term may include extension rights such as an evergreen or rollover provision and related termination provisions, if applicable]

3.2 In the event of termination by either party, this Agreement shall continue as necessary so that the parties may resolve any remaining imbalances.
ARTICLE IV – MISCELLANEOUS PROVISIONS

4.1 This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. No promises, agreements or warranties additional to this Agreement other than as may be contained in Transporter’s Tariff will be deemed to be a part of this Agreement, nor will any alteration, amendment or modification be effective unless confirmed in writing by the parties.

4.2 This Agreement shall incorporate and in all respects shall be subject to the General Terms and Conditions and the applicable Rate Schedule(s) set forth in Transporter’s Tariff. Transporter may file and seek approval from the FERC under Section 4 of the Natural Gas Act ("NGA") at any time and from time to time to change any rates, charges or other provisions set forth in the applicable Rate Schedule(s) and the General Terms and Conditions in Transporter’s Tariff, and Transporter shall have the right to place such changes in effect in accordance with the NGA, and this Agreement shall be deemed to include such changes and any change that becomes effective by operation of law and FERC order, without prejudice to Shipper’s right to protest the same.

4.3 The priority of service for this Agreement shall be [insert applicable date and/or contract reference].

[If applicable--

4.4 TO THE FULLEST EXTENT PERMITTED BY LAW, SHIPPER AND TRANSPORTER WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of this _____ day of [insert month and year].

[Insert signature blocks]
EXHIBIT "A"

TO [if applicable – RESTATED] INTERRUPTIBLE TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE KRI-1

CONTRACT NO. _________

BETWEEN

_____________________________

AND

KERN RIVER GAS TRANSMISSION COMPANY

Execution Date and Time of this Exhibit “A”: __________________

[Insert applicable dates, quantities and transportation rate below, using as many lines as needed.]

<table>
<thead>
<tr>
<th>Begin Date</th>
<th>End Date</th>
<th>Quantity (Dth/Day)</th>
<th>Maximum Rate or Fixed Rate ($/Dth), Adjustment,*</th>
<th>Index Rate Spread</th>
<th>Index Percentage Spread</th>
</tr>
</thead>
</table>

[*Insert rate formula, if applicable.]

[Insert additional rate provisions, if applicable.]

[Insert, if applicable: The transportation rate set forth above applies to transportation under this Agreement from all receipt points to all delivery points on Transporter’s mainline system.]

[Insert, if applicable: The transportation rate set forth above applies only to transportation under this Agreement using the points listed below. Transportation using points not listed below must be nominated under a separate transportation service agreement.]

<table>
<thead>
<tr>
<th>Meter Name(s)</th>
<th>Meter Number(s)</th>
<th>Meter Type</th>
</tr>
</thead>
</table>

In no event shall the rates exceed the maximum rate or be less than the minimum rate authorized under Kern River’s FERC Gas Tariff, as revised from time to time. In the event the rates agreed to herein are or become greater than the maximum rate or less than the minimum rate under Kern River’s FERC Gas Tariff, as revised from time to time, then Shipper agrees that Kern River will immediately decrease the rate(s) herein to the maximum rate or increase the rate(s) herein to the minimum rate.

This Exhibit “A” supersedes and replaces any previous Exhibit “A” for service on the same date(s).

[Insert signature blocks]
(RESERVED FOR FUTURE USE)
This [if applicable – RESTATED] FIRM TRANSPORTATION SERVICE AGREEMENT ("Agreement") [if applicable, insert: which was originally executed on (insert original contract execution date),] is made and entered into this _____ day of [insert month and year] by and between KERN RIVER GAS TRANSMISSION COMPANY ("Transporter") and _________________________________ ("Shipper"), and supersedes all previous versions of this Agreement, if any.

NOW, THEREFORE, in consideration of the mutual covenants and agreements as herein set forth, the parties hereto agree as follows:

ARTICLE I - GAS TO BE TRANSPORTED

1.1 Subject to the terms, conditions and limitations hereof, Transporter agrees to receive from Shipper for Transportation at the Receipt Point(s) specified in Exhibit "A" hereto, as amended from time to time, and to transport and deliver Thermally Equivalent Quantities of Natural Gas to Shipper at the Delivery Point(s) specified in Exhibit "A" hereto, as amended from time to time, Quantities of Natural Gas, exclusive of Quantities required for fuel used and lost and unaccounted-for Gas, up to Shipper's TMDQ. Shipper’s TMDQ is [(____ Dth per day) or (set forth on Exhibit "A")]. Shipper’s DMDQ is equal to Shipper’s TMDQ.

1.2 Shipper will reimburse Transporter for fuel used and lost and unaccounted-for Gas on an in-kind basis pursuant to the General Terms and Conditions of Transporter's FERC-approved tariff, as revised from time to time ("Transporter’s Tariff").
ARTICLE II - APPLICABLE RATE SCHEDULE

2.1 Shipper agrees to pay Transporter for all Natural Gas Transportation service rendered under the terms of this Agreement in accordance with Rate Schedule KRF-L1 of Transporter’s Tariff. This Agreement will be subject to the provisions of such Rate Schedule and the General Terms and Conditions of Transporter’s Tariff, which by this reference are incorporated herein and made a part hereof.

2.2 [If applicable - Shipper's rates for Transportation service will be in accordance with Transporter's effective Rate Schedule KRF-L1, [(subject to the parties' understanding and agreement that Transporter may change the rates from time to time in accordance with the Natural Gas Act.) or (as set forth on Exhibit "B.")] [If applicable - Shipper has acquired its capacity via capacity release. Shipper’s rate for Transportation service is the rate Shipper bid for the capacity, as set forth on Exhibit “B.”] [Also add, if applicable - Special terms and conditions included in Releasing Shipper’s Offer to Release are set forth on Exhibit “C.”]

2.3 Notwithstanding Section 5.5 of the General Terms and Conditions, and subject to any negotiated credit, Shipper will make payment of the Monthly Reservation Charge pursuant hereto in full irrespective of (but without prejudice to the rights otherwise of Shipper with respect to) any dispute relative to the amount invoiced, and will not be entitled to any abatement of such payment or any set-off against it, including but not limited to, abatement or set-off due or alleged to be due by reason of any past, present or future claims or other rights of Shipper against Transporter or any other person or entity, whether in connection herewith or any unrelated transaction.

ARTICLE III - TERM OF AGREEMENT

3.1 [Insert term of agreement, including any contingencies, such as completion of construction or board or governmental approval; term may include extension rights such as an evergreen, rollover or right-of-first refusal provision and related termination provisions, if applicable.]

ARTICLE IV – MISCELLANEOUS PROVISIONS

4.1 This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. No promises, agreements or warranties additional to this Agreement other than as may be contained in Transporter’s Tariff will be deemed to be a part of this Agreement, nor will any alteration, amendment or modification be effective unless confirmed in writing by the parties.
4.2 This Agreement shall incorporate and in all respects shall be subject to the General Terms and Conditions and the applicable Rate Schedule(s) set forth in Transporter’s Tariff. Transporter may file and seek approval from the FERC under Section 4 of the Natural Gas Act ("NGA") at any time and from time to time to change any rates, charges or other provisions set forth in the applicable Rate Schedule(s) and the General Terms and Conditions in Transporter’s Tariff, and Transporter shall have the right to place such changes in effect in accordance with the NGA, and this Agreement shall be deemed to include such changes and any change that becomes effective by operation of law and FERC order, without prejudice to Shipper’s right to protest the same.

4.3 The priority of service for this Agreement shall be [insert applicable date and/or contract reference].

[If applicable--]

4.4 TO THE FULLEST EXTENT PERMITTED BY LAW, SHIPPER AND TRANSPORTER WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of this _______ day of [insert month and year].

[Insert signature blocks]
EXHIBIT "A"

[Firm Transportation Service Agreement] Between ____________________ and Kern River Gas Transmission Company

Execution Date of this Exhibit "A": __________, ____

[Term] [Insert term(s) of service and any changes to receipt/delivery points and/or entitlement and/or quantity, as applicable; repeat as needed.]

[If applicable - Effective beginning (insert date(s); repeat as needed):]

From __________, _______ to __________, _______ TMDQ: __________ Dth

<table>
<thead>
<tr>
<th>Receipt Point(s)</th>
<th>Meter Number</th>
<th>Loc. Type</th>
<th>Receipt Point Entitlement (Dth)</th>
<th>Pressure (psig)</th>
</tr>
</thead>
</table>

Total Receipt Point Entitlement: ___________________ Dth

Notes:

Notwithstanding such Receipt Point Entitlements listed above, the total TMDQ to be received on a firm basis from all Primary Receipt Points will not exceed the quantity of ____ Dth/d at any time.

The following paragraph is applicable if the PG&E Line 300, Freemont Peak, Receipt Point is designated:

Transporter’s obligation to receive quantities at the Line 300 Primary Receipt Point on a firm basis is subject to and conditioned upon PG&E’s maintenance of delivery pressures at the Line 300 Receipt Point at levels

Page ___ of ___
that permit delivery of such quantities into the High Desert Lateral at the pressures existing in the High Desert Lateral from time to time. Subject to its obligations to maintain deliveries at the High Desert Generating Facility at not less than the minimum guaranteed pressure specified on contracts for service to that facility, Transporter will regulate the pressure on the High Desert Lateral down to a maximum pressure that does not exceed the pressure existing at the Line 300 Receipt Point from time to time in order to permit the firm receipt at such point of the nominated quantity, up to the applicable Receipt Point Entitlements. Notwithstanding the foregoing, Transporter reserves the right to operate the High Desert Lateral at pressures up to the applicable MAOP on any day on which it does not receive a confirmed nomination for the receipt of Gas at the Line 300 Receipt Point. Transporter will continue to regulate the pressure on the High Desert Lateral in the manner described in this paragraph for so long as firm service to all Shippers having Primary Receipt Points and Primary Delivery Points on the High Desert Lateral, as modified from time to time, can be maintained at such regulated pressure. Nothing will preclude Transporter from installing additional Receipt or Delivery Points on the High Desert Lateral or from providing firm service to other Shippers.
EXHIBIT "A" (Continued)

<table>
<thead>
<tr>
<th>Delivery Point(s)</th>
<th>Meter Number</th>
<th>Loc. Type</th>
<th>Delivery Point Entitlement</th>
<th>[If applicable - Delivery Pressure]</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>(Dth)</td>
<td>(psig)</td>
</tr>
</tbody>
</table>

Total Delivery Point Entitlement: ___________________ Dth

Notes:

Notwithstanding such Delivery Point Entitlements listed above, the total TMDQ to be delivered on a firm basis at all Primary Delivery Points will not exceed the quantity of ______ Dth/d at any time.

The following paragraph is applicable if the PG&E Line 300, Freemont Peak, Delivery Point is designated:

Transporter’s obligation to deliver quantities at the Line 300 Primary Delivery Point on a firm basis is subject to and conditioned upon PG&E’s maintenance of pressures at the Line 300 Delivery Point at levels that permit receipt of such quantities from the High Desert Lateral into Line 300 at the pressures existing in the High Desert Lateral from time to time. Subject to its obligations to maintain deliveries at the High Desert Generating Facility at not less than the pressure specified on contracts for service to that facility, Transporter will operate the High Desert Lateral (including the regulation of pressure and the adjustment of line pack) so that it can make deliveries into the Line 300 Delivery Point from time to time of nominated quantities up to the applicable Delivery Point Requirements. Notwithstanding the foregoing, Transporter reserves the right to operate the High Desert Lateral at such pressures as are consistent with its obligation to maintain delivery pressures at the High Desert Generating Facility at not less than the minimum guaranteed pressure specified on contracts for service to that facility on any day on which it does not receive a confirmed nomination for the delivery of Gas at the Line 300 Delivery Point. Transporter will continue to operate the High Desert Lateral in the manner described in this paragraph for so long as firm service to all Shippers having Primary Receipt Points and Primary Delivery Points on the High Desert Lateral, as modified from time to time, can be maintained. Nothing will preclude Transporter from installing additional Receipt or Delivery Points on the High Desert Lateral or from providing firm service to other Shippers.
EXHIBIT "B"

[if applicable - TO AMENDMENT] TO [if applicable – RESTATED]
FIRM TRANSPORTATION SERVICE AGREEMENT

CONTRACT NO. ______

BETWEEN

___________________________________

AND

KERN RIVER GAS TRANSMISSION COMPANY

Execution Date of this Exhibit "B": __________,____

[If applicable - Effective beginning (insert date(s); repeat as needed):]

[Insert rate provisions]
EXHIBIT “C”

TO [If applicable - RESTATED] FIRM TRANSPORTATION SERVICE AGREEMENT

CONTRACT NO. _________

BETWEEN

___________________________________

AND

KERN RIVER GAS TRANSMISSION COMPANY

Execution Date of this Exhibit “C”: ________, ____

[Insert special terms and conditions included in Releasing Shipper’s Offer to Release]

(Placement of page, number of pages, format, capitalization and font may vary.)

(To be used, if applicable)

(Insert page number.)
[If applicable – RESTATEMENT OF]
INTERRUPTIBLE TRANSPORTATION SERVICE AGREEMENT
Rate Schedule KRI-L1

CONTRACT NO. ______

THIS [if applicable – RESTATED] INTERRUPTIBLE TRANSPORTATION SERVICE AGREEMENT ("Agreement") [if applicable, insert: , which was originally executed on (insert original contract execution date),] is made and entered into this _____ day of [insert month and year] by and between KERN RIVER GAS TRANSMISSION COMPANY ("Transporter") and ___________________________("Shipper"), and supersedes all previous versions of this Agreement, if any.

[Insert applicable WHEREAS clauses for background purposes — not to include binding consideration]

NOW, THEREFORE, in consideration of the mutual covenants and agreements as herein set forth, the parties hereto agree as follows:

ARTICLE I - GAS TO BE TRANSPORTED

1.1 Subject to the terms, conditions and limitations hereof, Transporter agrees to receive from Shipper at any Receipt Point connected to the High Desert Lateral where capacity is available and to transport and deliver Thermally Equivalent Quantities of Natural Gas to Shipper at any Delivery Point connected to the High Desert Lateral where capacity is available, exclusive of Quantities required for fuel used and lost and unaccounted-for Gas. The maximum quantity available for service hereunder may change from time to time and will be set forth on an Exhibit “A,” to be effective as specified therein.

1.2 Shipper will reimburse Transporter for fuel used and lost and unaccounted-for Gas on an in-kind basis pursuant to the General Terms and Conditions of Transporter's FERC-approved tariff, as revised from time to time ("Transporter’s Tariff").
ARTICLE II - APPLICABLE RATE SCHEDULE

2.1 Shipper agrees to pay Transporter for all Natural Gas Transportation service rendered under the terms of this Agreement in accordance with Transporter's Rate Schedule KRI-L1 of Transporter's Tariff. This Agreement will be subject to the provisions of such Rate Schedule and the General Terms and Conditions of Transporter’s Tariff, which by this reference are incorporated herein and made a part hereof.

2.2 Shipper’s rates for Transportation service will be subject to the parties' understanding and agreement that in accordance with Transporter's effective Rate Schedule KRI-L1, Transporter may change the rates from time to time in accordance with the Natural Gas Act.

2.3 Transporter and Shipper may agree to set forth the rates for Shipper’s service hereunder on an Exhibit "A," which shall be effective as set forth therein.

ARTICLE III - TERM OF AGREEMENT

3.1 [Insert term of agreement; term may include extension rights such as an evergreen or rollover provision and related termination provisions, if applicable]

3.2 In the event of termination by either party, this Agreement shall continue as necessary so that the parties may resolve any remaining imbalances.
ARTICLE IV – MISCELLANEOUS PROVISIONS

4.1 This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. No promises, agreements or warranties additional to this Agreement other than as may be contained in Transporter’s Tariff will be deemed to be a part of this Agreement, nor will any alteration, amendment or modification be effective unless confirmed in writing by the parties.

4.2 This Agreement shall incorporate and in all respects shall be subject to the General Terms and Conditions and the applicable Rate Schedule(s) set forth in Transporter’s Tariff. Transporter may file and seek approval from the FERC under Section 4 of the Natural Gas Act ("NGA") at any time and from time to time to change any rates, charges or other provisions set forth in the applicable Rate Schedule(s) and the General Terms and Conditions in Transporter’s Tariff, and Transporter shall have the right to place such changes in effect in accordance with the NGA, and this Agreement shall be deemed to include such changes and any change that becomes effective by operation of law and FERC order, without prejudice to Shipper’s right to protest the same.

4.3 The priority of service for this Agreement shall be [insert applicable date and/or contract reference].

[If applicable--]

4.4 TO THE FULLEST EXTENT PERMITTED BY LAW, SHIPPER AND TRANSPORTER WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of this _____ day of [insert month and year].

[Insert signature blocks]
EXHIBIT "A"

TO [if applicable – RESTATED] INTERRUPTIBLE TRANSPORTATION SERVICE AGREEMENT
RATE SCHEDULE KRI-L1

CONTRACT NO.___________

BETWEEN

____________________________

AND

KERN RIVER GAS TRANSMISSION COMPANY

Execution Date and Time of this Exhibit “A”: ___________________

[Insert applicable dates, quantities and transportation rate below, using as many lines as needed.]

<table>
<thead>
<tr>
<th>Begin</th>
<th>End</th>
<th>Quantity</th>
<th>Maximum Rate or Fixed Rate ($/Dth), Adjustment,*</th>
<th>Index Rate Spread</th>
<th>Index Percentage Adjustment,*</th>
<th>Index Percentage Spread</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td>Date</td>
<td>(Dth/Day)</td>
<td>if applicable</td>
<td>if applicable</td>
<td>if applicable</td>
<td>if applicable</td>
</tr>
</tbody>
</table>

[*Insert rate formula, if applicable.]

[Insert additional rate provisions, if applicable.]

[Insert, if applicable: The transportation rate set forth above applies to transportation under this Agreement from all receipt points on the High Desert Lateral to all delivery points on the High Desert Lateral.]

[Insert, if applicable: The transportation rate set forth above applies only to transportation under this Agreement using the points listed below. Transportation using points not listed below must be nominated under a separate transportation service agreement.]

<table>
<thead>
<tr>
<th>Meter Name(s)</th>
<th>Meter Number(s)</th>
<th>Meter Type</th>
</tr>
</thead>
</table>

In no event shall the rates exceed the maximum rate or be less than the minimum rate authorized under Kern River’s FERC Gas Tariff, as revised from time to time. In the event the rates agreed to herein are or become greater than the maximum rate or less than the minimum rate under Kern River’s FERC Gas Tariff, as revised from time to time, then Shipper agrees that Kern River will immediately decrease the rate(s) herein to the maximum rate or increase the rate(s) herein to the minimum rate.

This Exhibit “A” supersedes and replaces any previous Exhibit “A” for service on the same date(s).

[Insert signature blocks]
RESERVED FOR FUTURE USE
[If applicable – RESTATEMENT OF]
PARK AND LOAN SERVICE AGREEMENT
Rate Schedule PAL

CONTRACT NO. ______

THIS [if applicable – RESTATED] PARK AND LOAN SERVICE AGREEMENT ("Agreement") [if applicable, insert: , which was originally executed on (insert original contract execution date),] is made and entered into this _____ day of [insert month and year] by and between KERN RIVER GAS TRANSMISSION COMPANY ("Transporter") and ____________________________ ("Shipper"), and supersedes all previous versions of this Agreement, if any.

WHEREAS, Shipper desires Park and/or Loan ("PAL") service from Transporter in accordance with Transporter's Rate Schedule PAL, on file with the FERC, as amended from time to time; and

WHEREAS, Transporter is willing to render such PAL service when capacity is available;

NOW, THEREFORE, in consideration of the mutual covenants and agreements as herein set forth, the parties hereto agree as follows:

ARTICLE I - MAXIMUM PARK AND/OR LOAN QUANTITIES

1.1 Subject to the terms, conditions and limitations hereof, Transporter agrees to park and/or loan Natural Gas for Shipper at the PAL Point, up to the Maximum Park Quantity or the Maximum Loan Quantity set forth on Exhibit “A” hereto.

ARTICLE II - APPLICABLE RATE SCHEDULE

2.1 Shipper agrees to pay Transporter for all PAL service rendered under the terms of this Agreement in accordance with Transporter's Rate Schedule PAL of Transporter’s FERC-approved tariff, as revised from time to time("Transporter’s Tariff"). This Agreement will be subject to the provisions of such Rate Schedule and the General Terms and Conditions of Transporter’s Tariff, which by this reference are incorporated herein and made a part hereof.

2.2 Shipper's rates for PAL service are subject to the parties' understanding and agreement that in accordance with Transporter's effective Rate Schedule PAL, Transporter may change the rates from time to time in accordance with the Natural Gas Act and applicable regulations thereunder.

2.3 In order to effectuate a transaction hereunder, Transporter and Shipper shall enter into an agreement in the form set forth as Exhibit "A” hereto, which shall be effective as set forth therein.

Page ___ of ___
ARTICLE III - TERM OF AGREEMENT

3.1 [Insert term of agreement; term may include extension rights such as an evergreen or rollover provision and related termination provisions, if applicable]

3.2 In the event of termination by either party, this Agreement shall continue as necessary so that the parties may resolve any remaining balances.

ARTICLE IV - MISCELLANEOUS PROVISIONS

4.1 This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. No promises, agreements or warranties additional to this Agreement other than as may be contained in Transporter’s Tariff will be deemed to be a part of this Agreement, nor will any alteration, amendment or modification be effective unless confirmed in writing by the parties.

4.2 This Agreement shall incorporate and in all respects shall be subject to the General Terms and Conditions and the applicable Rate Schedule(s) set forth in Transporter’s Tariff. Transporter may file and seek approval from the FERC under Section 4 of the Natural Gas Act ("NGA") at any time and from time to time to change any rates, charges or other provisions set forth in the applicable Rate Schedule(s) and the General Terms and Conditions in Transporter’s Tariff, and Transporter shall have the right to place such changes in effect in accordance with the NGA, and this Agreement shall be deemed to include such changes and any change that becomes effective by operation of law and FERC order, without prejudice to Shipper’s right to protest the same.

[If applicable--]

4.3 TO THE FULLEST EXTENT PERMITTED BY LAW, SHIPPER AND TRANSPORTER WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of this ___ day of [insert month and year].

[Insert signature blocks]
EXHIBIT "A"

AMENDMENT TO [if applicable – RESTATED] PARK AND LOAN SERVICE AGREEMENT

PARK AND LOAN SERVICE REQUEST FORM

FAX DISCOUNT REQUEST TO: _________________________
RATE EFFECTIVE DATE: _____________________________
DISCOUNT CODE: ___________________________________
SHIPPER CONTRACT NO.: ____________________________
SHIPPER NAME: ____________________________________
SHIPPER REPRESENTATIVE: __________________________
SHIPPER ADDRESS: _________________________________
SHIPPER PHONE: ___________________________________
SHIPPER FACSIMILE: _______________________________

[Insert park or loan designation, quantity, Shipper’s requested rate, rate approved by Transporter and, if applicable, economic justification, repayment schedule]

Note: Kern River reserves the right to reject any request that is incomplete or contains incorrect information. Kern River reserves the right to reject any discount request.

In no event shall the rates exceed the maximum rate or be less than the minimum rate authorized under Kern River’s FERC Gas Tariff, as revised from time to time. In the event the rates agreed to herein are or become greater than the maximum rate or less than the minimum rate under Kern River’s FERC Gas Tariff, as revised from time to time, then Shipper agrees that Kern River will immediately decrease the rate(s) herein to the maximum rate or increase the rate(s) herein to the minimum rate.

SHIPPER SIGNATURE: ____________________________________ DATED: ___________

[circle as applicable] Accepted/Rejected by Kern River:

KERN RIVER SIGNATURE: ____________________________________ DATED: ___________
AMENDMENT TO [insert name of base agreement]

Rate Schedule ______

CONTRACT NO. ______

THIS AMENDMENT ("Amendment") is made and entered into as of this ______ day of [insert month and year] by
and between KERN RIVER GAS TRANSMISSION COMPANY ("Transporter") and
__________________________ ("Shipper").

NOW, THEREFORE, in consideration of the mutual covenants and agreements as herein set forth, the parties agree
as follows:

1. [If applicable – This Amendment supersedes [identify amendment(s) or agreement(s) or state that all amendments and/or agreements are being superseded]

2. [If applicable – Effective ______, ______ ] The Agreement is amended as follows:

   a. [If applicable] (Information related to changes in quantities, term and receipt and/or delivery points.) (Insert description of items that are changed) shall be set forth on Exhibit "__" attached hereto. Exhibit "__" shall supersede and replace any previously effective Exhibit(s) "__".

   b. [If applicable] Shipper’s rate for service shall be as set forth on Exhibit "__" attached hereto. Exhibit "__" shall supersede and replace any previously effective Exhibit "__".

   c. [If applicable] In no event shall the rates exceed the maximum rate or be less than the minimum rate authorized under Transporter’s FERC Gas Tariff, as revised from time to time. In the event the rates agreed to herein are or become greater than the maximum rate or less than the minimum rate under Transporter’s FERC Gas Tariff, as revised from time to time, then Shipper agrees that Transporter will immediately decrease the rate(s) herein to the maximum rate or increase the rate(s) herein to the minimum rate.

   (Insert page number.)
d. [If applicable] (Delete any non-conforming provision of Agreement and/or add language
from any of the following to the Agreement: KRF-1 rate schedule or KRF-1 pro forma, KRF-L1 rate schedule or KRF-L1 pro forma, KRF-PK rate schedule or KRF-PK pro forma, or the General Terms and Conditions of Transporter’s Tariff, either by setting forth the language here or incorporating an attachment, or by incorporating the provision by reference.)

3. This Amendment constitutes the entire agreement between the parties with respect to the subject matter of this Amendment and shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. No promises, agreements or warranties additional to this Amendment other than as may be contained in Transporter’s Tariff will be deemed to be a part of this Amendment, nor will any alteration, amendment or modification be effective unless confirmed in writing by the parties.

Except as amended herein, all provisions of the Agreement are hereby confirmed by the parties to be and remain in full force and effect.

[Insert signature blocks]

[If applicable – attach Exhibits "A” and/or "B” included as part of the Rate Schedule KRF-1, KRF-L1, KRF-PK, KRI-1, KRI-L1 or PAL pro formas; and/or to incorporate Tariff language, use the pro forma Attachment.]

(Insert page number.)
[Use as applicable]

(Placement on page, number of pages, format, capitalization and font may vary)

Attachment "__"

AMENDMENT TO [insert name of base agreement]

CONTRACT NO. _________

BETWEEN

__________________________

AND

KERN RIVER GAS TRANSMISSION COMPANY

Execution Date of this Attachment "__": __________,____

[Use this pro forma attachment only to set forth language to be incorporated from KRF-1 rate schedule or KRF-1 pro forma, KRF-L1 rate schedule or KRF-L1 pro forma or from General Terms and Conditions of Tariff and provide applicable reference.]

(Insert page number.)
(RESERVED FOR FUTURE USE)
FIRM PEAKING TRANSPORTATION SERVICE AGREEMENT
Rate Schedule KRF-PK

CONTRACT NO. _____

THIS [if applicable – RESTATED] FIRM PEAKING TRANSPORATION SERVICE AGREEMENT
(“Agreement”) [if applicable, insert: , which was originally executed on (insert original contract execution date),] is
made and entered into as of this ___ day of [insert month and year] by and between KERN RIVER GAS
TRANSMISSION COMPANY (“Transporter”) and ______________________________________ (“Shipper”), and
supersedes all previous versions of this Agreement, if any.

[Insert applicable WHEREAS clauses for background purposes – not to include binding consideration]

NOW, THEREFORE, in consideration of the mutual covenants and agreements as herein set forth, the parties agree
as follows:

ARTICLE I – GAS TO BE TRANSPORTED

1.1 Subject to the terms, conditions and limitations hereof, Transporter agrees to receive, on a firm basis, from
Shipper for Transportation at the Receipt Point(s) specified in Exhibit “A” and to transport and deliver
Thermally Equivalent Quantities to Shipper at the Delivery Point(s) specified in Exhibit “A,” Quantities of
Natural Gas, exclusive of Quantities required for fuel used and lost and unaccounted-for Gas, up to
Shipper’s TMDQ. Shipper’s TMDQ is ___ Dth per day. Shipper’s DMDQ is equal to Shipper’s TMDQ.

1.2 Shipper will reimburse Transporter for fuel used and lost and unaccounted-for Gas on an in-kind basis at
the factors applicable to incremental rate service related to the 2003/2010 expansion projects pursuant to
the General Terms and Conditions of Transporter’s FERC-approved tariff, as revised from time to time
(“Transporter’s Tariff”). Backhaul Shippers will reimburse Transporter for system-wide lost and
unaccounted-for Gas, but will not reimburse Transporter for compressor fuel.
ARTICLE II – APPLICABLE RATE SCHEDULE

2.1 Shipper agrees to pay Transporter for all Natural Gas Transportation service rendered under the terms of this Agreement in accordance with Rate Schedule KRF-PK of Transporter’s Tariff. This Agreement will be subject to the provisions of such rate schedule and the General Terms and Conditions of Transporter’s Tariff, which by this reference are incorporated herein and made a part hereof.

2.2 Shipper’s rates for Transportation service will be in accordance with Transporter’s effective Rate Schedule KRF-PK, subject to the parties’ understanding and agreement that Transporter may change the rates from time to time in accordance with the Natural Gas Act. [If applicable – add any information necessary to properly identify the applicable rate.] [If applicable – Notwithstanding the foregoing, Shipper and Transporter have mutually agreed to a [(discounted) or (negotiated)] rate for all or a portion of the capacity under this Agreement, as set forth on Exhibit “B.”] or

[If applicable – Shipper has acquired its capacity via capacity release. Shipper’s reservation rate for Transportation service is the rate Shipper bid for the capacity, as set forth on Exhibit “B.” Shipper’s usage rate is the applicable maximum rate for incremental rate service, as such rate may change from time to time in accordance with the Natural Gas Act. [Also add, if applicable – Special terms and conditions included in Releasing Shipper’s Offer to Release are set forth on Exhibit “C.”]

2.3 Notwithstanding Section 5.5 of the General Terms and Conditions of Transporter’s Tariff, and subject to any negotiated credit set forth in this transportation service agreement; or, if there is no individually negotiated provision, subject to any Reservation Charge Adjustments applicable pursuant to Section 8 of Rate Schedule KRF-PK, Shipper will make payment of the Monthly Reservation Charge pursuant hereto in full irrespective of (but without prejudice to the rights otherwise of Shipper with respect to) any dispute relative to the amount invoiced, and will not be entitled to any abatement of such payment or any set-off against it, including but not limited to, abatement or set-off due or alleged to be due by reason of any past, present or future claims or other rights of Shipper against Transporter or any other person or entity, whether in connection herewith or any unrelated transaction.

ARTICLE III – TERM OF AGREEMENT

3.1 [Insert term of agreement, including any contingencies, such as completion of construction or board or governmental approval; term may include extension rights such as an evergreen, rollover or right-of-first-refusal provision and related termination provision, if applicable.]

(Insert page number.)
ARTICLE IV – MISCELLANEOUS PROVISIONS

4.1 This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. No promises, agreements or warranties additional to this Agreement other than as may be contained in Transporter’s Tariff will be deemed to be a part of this Agreement, nor will any alteration, amendment or modification be effective unless confirmed in writing by the parties.

4.2 This Agreement shall incorporate and in all respects shall be subject to the General Terms and Conditions and the applicable Rate Schedule(s) set forth in Transporter’s Tariff. Transporter may file and seek approval from the FERC under Section 4 of the Natural Gas Act (“NGA”) at any time and from time to time to change any rates, charges or other provisions set forth in the applicable Rate Schedule(s) and the General Terms and Conditions in Transporter’s Tariff, and Transporter shall have the right to place such changes in effect in accordance with the NGA, and this Agreement shall be deemed to include such changes and any change that becomes effective by operation of law and FERC order, without prejudice to Shipper’s right to protest the same.

4.3 The priority of service for this Agreement shall be [insert applicable date and/or contract reference].

[If applicable –]

4.4 TO THE FULLEST EXTENT PERMITTED BY LAW, SHIPPER AND TRANSPORTER WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of this _____ day of [insert month and year].

[Insert signature blocks]
EXHIBIT “A”

FIRM PEAKING TRANSPORTATION SERVICE AGREEMENT

CONTRACT NO. ________

BETWEEN

____________________________________

AND

KERN RIVER GAS TRANSMISSION COMPANY

Execution Date of this Exhibit “A”: ____________, ______

[Term] [Insert term(s) of service and any changes to receipt/delivery points, PFP and/or MHQ, as applicable; repeat as needed.]

[If applicable – Effective beginning (insert date(s); repeat as needed):]

<table>
<thead>
<tr>
<th>TMDQ:</th>
<th>_______ Dth</th>
<th>PFP: _______ Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>MHQ (TMDQ/PFP):</td>
<td>_______ Dth</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Receipt Point(s)</th>
<th>Meter Number</th>
<th>Loc. Type</th>
<th>(Dth)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total Receipt Point Entitlement: _______ Dth

<table>
<thead>
<tr>
<th>Delivery Point(s)</th>
<th>Meter Number</th>
<th>Loc. Type</th>
<th>(Dth)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total Delivery Point Entitlement: _______ Dth

(Insert page number.)
EXHIBIT “B”

[if applicable – TO AMENDMENT] TO [ if applicable – RESTATED] FIRM PEAKING TRANSPORTATION SERVICE AGREEMENT

CONTRACT NO. __________

BETWEEN

____________________________________________________

AND

KERN RIVER GAS TRANSMISSION COMPANY

Execution Date of this Exhibit “B”: __________, ________

[If applicable – Effective beginning (insert date(s); repeat as needed):]

[Insert rate provisions]

(Insert page number.)
(RESERVED FOR FUTURE USE)
(RESERVED FOR FUTURE USE)
(RESERVED FOR FUTURE USE)
(RESERVED FOR FUTURE USE)
(RESERVED FOR FUTURE USE)
(RESERVED FOR FUTURE USE)
(RESERVED FOR FUTURE USE)
NON-CONFORMING SERVICE AGREEMENTS

The following service agreements were submitted before August 19, 2010, and contain one or more currently effective provisions that differ materially from the Forms of Service Agreements contained in this Tariff. Non-conforming service agreements submitted on or after August 19, 2010 are included in Original Volume No. 1A.

<table>
<thead>
<tr>
<th>Name of Shipper/Agreement No.</th>
<th>Rate Schedule</th>
<th>Agreement/Amendment Date</th>
<th>Filed Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nevada Power Company, d/b/a NV Energy (No. 1617) Base Agreement</td>
<td>KRF-1</td>
<td>03/17/2009</td>
<td>03/17/2009</td>
</tr>
<tr>
<td>Nevada Power Company, d/b/a NV Energy (No. 1830) Base Agreement</td>
<td>KRF-1</td>
<td>03/17/2009</td>
<td>03/17/2009</td>
</tr>
</tbody>
</table>
(RESERVED FOR FUTURE USE)
(RESERVED FOR FUTURE USE)
# NEGOTIATED RATE AGREEMENTS

The following Negotiated Rate Transportation Service Agreements do not deviate in any material aspect from the applicable form of service agreement set forth in Transporter’s FERC Gas Tariff.

<table>
<thead>
<tr>
<th>Shipper Name/Agreement No.</th>
<th>Negotiated Rate</th>
<th>Rate Schedule</th>
<th>Receipt Points</th>
<th>Delivery Points</th>
<th>Contract Quantity (Dth/d)</th>
<th>Term Expires</th>
</tr>
</thead>
<tbody>
<tr>
<td>PacifiCorp No. 1612</td>
<td>4/</td>
<td>KRF-1</td>
<td>Goshen</td>
<td>Lake Side</td>
<td>91,000</td>
<td>01/31/2037</td>
</tr>
<tr>
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**NEGOTIATED RATE AGREEMENTS**

The following Negotiated Rate Transportation Service Agreements do not deviate in any material aspect from the applicable form of service agreement set forth in Transporter’s FERC Gas Tariff.

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<thead>
<tr>
<th>Shipper Name/ Agreement No.</th>
<th>Negotiated Rate Schedule</th>
<th>Receipt Points</th>
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25,003 25,002 25,002 25,002 25,002 25,002 25,002 0 0 25,002 25,002 25,002

*May 17, 2018 through May 31, 2018 only.

**For the month of November 2018, capacity is available November 1 through November 14 only. For the month of February 2019, capacity is available from February 15 through February 28 only.

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Issued On: May 16, 2018

Effective On: May 17, 2018
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### NEGOTIATED RATE AGREEMENTS (Continued)

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NEGOTIATED RATE AGREEMENTS (Continued)

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Issued On: April 30, 2018
Effective On: May 1, 2018
FOOTNOTES:

1/ Shipper and Transporter have agreed to a Negotiated Daily Reservation/Demand Rate. All other rates are the applicable maximum rates under Rate Schedule KRF-1 for incremental rate service related to the 2003/2010 Expansion Projects.

1. The Negotiated Daily Reservation/Demand Rate shall be as follows:

   a. From January 1, 2018 through December 31, 2019, the Negotiated Daily Reservation/Demand Rate will be $0.2343 per Dth/day for quantities not scheduled and for quantities that Shipper or Replacement Shipper schedules to Wheeler Ridge, North Midway, or Maricopa.

      i. Except as provided in Section 3 of this Exhibit B, Shipper will pay the Alternate Daily Reservation/Demand Rate for quantities Shipper or a Replacement Shipper schedules to delivery points not identified in Section 1.a. above, and/or quantities Shipper or a Replacement Shipper schedules to a Pool where any portion of that quantity is then delivered to delivery points not identified in Section 1.a. above, and such event was not the result of Shipper’s or Replacement Shipper’s oversight or scheduling error.

   b. From January 1, 2020 through December 31, 2027, the Negotiated Daily Reservation/Demand Rate will be $0.2558 per Dth/day for quantities not scheduled and for quantities that Shipper or a Replacement Shipper schedules to North Midway or Maricopa.

      i. Except as provided in Section 3 of this Exhibit B, Shipper will pay the Alternate Daily Reservation/Demand Rate for quantities Shipper or a Replacement Shipper schedules to delivery points not identified in Section 1.b. above, and/or quantities Shipper or a Replacement Shipper schedules to a Pool where any portion of that quantity is then delivered to delivery points not identified in Section 1.b. above, and such event was not the result of Shipper’s or Replacement Shipper’s oversight or scheduling error.
NEGOTIATED RATE AGREEMENTS (Continued)

FOOTNOTES: (Continued)

1/ (Continued)

2. The Alternate Daily Reservation/Demand Rate is calculated as follows:

   a. Alternate Daily Reservation/Demand Rate = (Net Daily Spread) – (Index Spread Adjustment), where:

      i. Net Daily Spread = (Kern River, Delivered Price) - (Kern River, Opal Price) - (Fuel Used and Lost and Unaccounted-for Gas) – (Firm Transportation Commodity/Usage Rate) – (Applicable Surcharges), where:


         3. Fuel Used and Lost and Unaccounted-for Gas is equal to the Kern River, Opal Price multiplied by Kern River’s then applicable Fuel Used and Lost and Unaccounted-for Gas percentage, under Rate Schedule KRF-1 for Firm Incremental Rate Service related to the 2003/2010 expansion project.

         4. Firm Transportation Commodity/Usage Rate is equal to the $/Dth rate stated under the Rate Schedule KRF-1 for Firm Incremental Rate Service related to the 2003/2010 expansion project.

         5. Applicable Surcharges is equal to the Annual Charge Adjustment (ACA Surcharge) plus Daggett electric compressor fuel surcharges, when applicable.

      ii. Index Spread Adjustment =

          1. $0.0200 per Dth for Net Daily Spread of up to $0.4000;

          2. $0.0400 per Dth for Net Daily Spread of $0.4001 to $0.5817;

          3. Net Daily Spread x 10% after Net Daily Spread exceeds $0.5817.

   b. However, in no event will the Alternate Daily Reservation/Demand Rate be less than $0.2343/Dth from January 1, 2018 through December 31, 2019, or less than $0.2558 from January 1, 2020 through December 31, 2027.
NEGOTIATED RATE AGREEMENTS (Continued)

FOOTNOTES: (Continued)

1/ (Continued)

3. The Negotiated Daily Reservation/Demand Rate will not apply, and Shipper will pay the higher of: (i) the maximum recourse rate applicable to the 2003/2010 Expansion Projects, or (ii) the Alternate Daily Reservation/Demand Rate for:

   a. The quantity scheduled on any day under this Agreement and any related agreement(s), including capacity release and segmented agreement(s), that exceeds the DMDQ under this Agreement for any reason other than authorized overrun service; and/or

   b. The quantity that Shipper or a Replacement Shipper schedules to a direct-connected delivery point solely served by Transporter; and/or the quantity that Shipper or a Replacement Shipper schedules to a Pool where any portion of that quantity is then delivered to a direct-connected delivery point solely served by Transporter, and such event was not the result of Shipper’s oversight or scheduling error. Transporter will maintain a list of direct-connected delivery points solely served by Transporter on its Customer Services Web site.
NEGOTIATED RATE AGREEMENTS (Continued)

FOOTNOTES: (Continued)

2/ Shipper and Transporter have agreed to a Negotiated Rate. The Negotiated Rate will be the Index-Based Volumetric Rate set forth in Section 1, unless Transporter and Shipper agree to a Fixed Volumetric Rate pursuant to Section 2, or the Alternate Rate pursuant to Section 4 applies.

1. Index-Based Volumetric Rate:

Index-Based Volumetric Rate = Net Daily Spread – Index Spread Adjustment

Where:

Net Daily Spread = (KRGT-Del Pool – KRGT-Rec Pool – Applicable Fuel – Applicable Surcharges)

Index Spread Adjustment =

(1) $0.0000 per Dth for Net Daily Spread of $0.0000 to $0.2199;
(2) $0.0200 per Dth for Net Daily Spread of $0.2200 to $0.4000;
(3) $0.0400 per Dth for Net Daily Spread of $0.4001 to $0.5843; and
(4) $0.0000 per Dth for Net Daily Spread of $0.5844 or higher.

KRGT-Del Pool = the daily Index price for Kern River, delivered, as published in Platts Gas Daily Preliminary Price Report for the gas day of scheduled transportation.

KRGT-Rec Pool = the daily Index price for ICE Kern River, on system receipt, as published in Platts Gas Daily Preliminary Price Report for the gas day of scheduled transportation.

2. Fixed Volumetric Rate:

Transporter and Shipper may agree to a Fixed Volumetric Rate(s) for all or a portion of the quantities scheduled under this Agreement. If Transporter and Shipper do not agree to a Fixed Volumetric Rate, Shipper will pay the otherwise applicable rate set forth in this Exhibit “B.”

3. Applicable Fuel and Applicable Surcharges:

In addition to the Index-Based Volumetric Rate or the Fixed Volumetric Rate, Shipper will reimburse Transporter for Applicable Fuel and Applicable Surcharges as set forth below.

Applicable Fuel = the sum of the lost and unaccounted-for gas percentage and the rolled-in compressor fuel percentages for the fuel zones scheduled, multiplied by KRGT-Rec pool.

Applicable Surcharges = ACA plus rolled-in Daggett electric compressor fuel surcharges, when applicable.
NEGOTIATED RATE AGREEMENTS (Continued)

FOOTNOTES: (Continued)

2/  (Continued)

4. Alternate Rate:

Notwithstanding the above, Shipper will pay an Alternate Rate of $1.00 per Dth for the entire month and for the next month, excluding the month following the end date of the agreement, for the total DMDQ under the Agreement, plus Applicable Fuel and Applicable Surcharges for all quantities scheduled, when one or more of the events described below occur:

(a) Shipper schedules any quantity under this Agreement when the Net Daily Spread is $0.2199 per Dth or lower, or $0.5844 per Dth or higher; provided, however, this section 4(a) shall not apply if: (i) Transporter and Shipper have agreed to a Fixed Volumetric Rate for the applicable gas day(s) and the quantity scheduled under this Agreement is less than or equal to the quantity on which Transporter and Shipper have agreed to a Fixed Volumetric Rate; or (ii) Transporter has sent Shipper a written communication stating that Shipper is exempt from this section 4(a) for a specific gas day(s) and quantity, and the quantity scheduled under this Agreement is less than or equal to the exempt quantity. If Transporter sends such written communication and the Net Daily Spread for the applicable gas day(s) is $0.2199 per Dth or lower, then the Index Spread Adjustment shall be $0.02 per Dth. If the Net Daily Spread is $0.5844 per Dth or higher, then the Index Spread Adjustment shall be $0.04 per Dth;

(b) Any primary delivery point is amended;

(c) The total quantity scheduled on any day under this Agreement and any related agreement(s), including capacity release and segmented agreement(s), exceeds the DMDQ under this Agreement for any reason other than authorized overrun service; and/or

(d) Shipper or a Replacement Shipper schedules any quantity to a direct-connected delivery point solely served by Transporter; and/or Shipper or a Replacement Shipper schedules any quantity to a Pool where any gas from that Pool is then delivered to a direct-connected delivery point solely served by Transporter, and such event was not the result of Shipper’s oversight or scheduling error. Transporter will maintain a list of direct-connected delivery points solely served by Transporter on its Customer Services Web site.

3/  This Agreement shall be in effect from January 1, 2018, through January 31, 2018, and month to month thereafter. Either party may terminate this Agreement at the expiration of the initial term or any time thereafter by giving at least twenty (20) calendar days’ written notice to the other party.
NEGOTIATED RATE AGREEMENTS (continued)

FOOTNOTES: (Continued)

4/ Shipper will pay Transporter daily reservation/demand charges on a total quantity of 91,000 Dth per day, determined as follows:

1. For all quantities not scheduled, up to 91,000 Dth per day, Shipper will pay Transporter a discounted firm daily reservation/demand rate of $0.09 per Dth for the entire term of the agreement.

2. For scheduled quantities from the Goshen receipt point to the Lake Side or West Valley delivery points, Shipper will pay Transporter a discounted firm daily reservation/demand backhaul rate of $0.09 per Dth for the entire term of the agreement.

3. For scheduled quantities from the Goshen receipt point to all delivery points north of the Goshen receipt point from February 1, 2007 through January 31, 2008, Shipper will pay Transporter a discounted firm daily reservation/demand backhaul rate of $0.09 per Dth.

4. For scheduled quantities from the Goshen receipt point to delivery points north of the Goshen receipt point and south of the Coyote Creek compressor station, other than the Lake Side and West Valley delivery points, from February 1, 2008 through January 31, 2037, Shipper will pay Transporter a discounted firm daily reservation/demand backhaul rate of $0.12 per Dth.

5. For scheduled quantities from the Goshen receipt point to all delivery points north of the Coyote Creek compressor station from February 1, 2008 through January 31, 2037, Shipper will pay Transporter’s maximum firm daily reservation/demand rate under Rate Schedule KRF-1 for firm incremental rate service related to the 2003 Expansion Project at the time service is rendered, or a discounted firm daily reservation/demand backhaul rate mutually agreed to by Transporter and Shipper.
FOOTNOTES: (Continued)

4/ (Continued)

Commodity/Usage Rate:

The Commodity/Usage Rate for all capacity scheduled by Shipper or any replacement Shipper pursuant to paragraphs (2) through (5) above shall be the lesser of $0.005 per Dth or the maximum rate under the KRF-1 Rate Schedule for firm incremental rate service at the time service is rendered, plus all applicable surcharges, for the entire term of the agreement.

Transportation Charges for All Other Transportation Paths and for Authorized Overrun:

For all other scheduled quantities, including quantities in excess of Shipper’s DMDQ, Shipper will pay Transporter a Total Rate that is calculated as follows:

Total Rate = Maximum Rate + Applicable Surcharges + Index Spread Adjustment

Where: Maximum Rate = The sum of the maximum firm daily reservation/demand rate and the maximum commodity/usage rate under Rate Schedule KRF-1 for incremental rate service related to the 2003 Expansion Project

Index Spread Adjustment* = [(Others "SoCal Gas"– Rockies :Kern River, Opal Plant") – (Maximum Rate)] x .75

*Based on the Daily Price Survey, Flow Date Midpoint spot price reported in the Platts’ Gas Daily publication for the day of scheduled transportation.

In no event will the Total Rate, less applicable surcharges, be less than the Maximum Rate described above.
NEGOTIATED RATE AGREEMENTS (Continued)

FOOTNOTES: (Continued)

5/ Shipper and Transporter have agreed to a volumetric rate per Dth of $0.5444, plus ACA, plus rolled-in Daggett electric compressor fuel surcharges, when applicable, for scheduled quantities at receipt and delivery points shown on Exhibit “A,” up to Shipper’s DMDQ.

For all scheduled quantities at receipt and/or delivery points not shown on Exhibit “A,” including quantities in excess of Shipper’s DMDQ, Shipper will pay Transporter an Alternate Rate that is calculated as follows:

Alternate Rate = (Net Daily Spread – Index Spread Adjustment) + Applicable Surcharges.

Where:

Net Daily Spread = ((KRGT-Del Pool – KRGT-Rec Pool) – (Fuel used and lost and unaccounted-for gas percentage under Rate Schedule KRF-1 for firm rolled-in rate service * KRGT-Rec Pool price)).

Index Spread Adjustment = the lesser of $0.1000 or (Net Daily Spread x 10%).

Applicable Surcharges = ACA plus rolled-in Daggett electric compressor fuel surcharges, when applicable.

KRGT-Del Pool is equal to the daily gas price shown for KRGT-Del Pool in ICE Day Ahead Natural Gas Price Report, Wtd Avg Index, for the gas day of scheduled transportation.

KRGT-Rec Pool is equal to the daily gas price shown for KRGT-Rec Pool in ICE Day Ahead Natural Gas Price Report, Wtd Avg Index, for the gas day of scheduled transportation.

In no event will the Alternate Rate, minus Applicable Surcharges, be less than $0.5444 per Dth for scheduled quantities at receipt and/or delivery points not shown on Exhibit “A” and for quantities in excess of Shipper’s DMDQ; provided, however, that the Alternate Rate, minus Applicable Surcharges, will not be less than $0.5877 per Dth (non-leap years) or $0.5861 per Dth (leap years) for quantities scheduled to a direct-connected delivery point solely served by Transporter or to a pool where any portion of the quantity is then delivered to a direct-connected delivery point.
NEGOTIATED RATE AGREEMENTS (Continued)

FOOTNOTES: (Continued)

6/ Shipper and Transporter have agreed to a Negotiated Daily Reservation/Demand Rate. The Negotiated Daily Reservation/Demand Rate will be the Index-Based Reservation/Demand Rate set forth in Section 1, unless Transporter and Shipper agree to a Fixed Reservation/Demand Rate pursuant to Section 2, or the Alternate Rate pursuant to Section 3 applies. In addition to the Negotiated Daily Reservation/Demand Rate payable for the total DMDQ under this Agreement, Shipper is responsible for reimbursing Transporter for the Applicable Fuel, Applicable Commodity and Applicable Surcharges as defined below for all quantities scheduled by Transporter.

1. Index-Based Daily Reservation/Demand Rate:

Index-Based Daily Reservation/Demand Rate = Net Daily Spread – Index Spread Adjustment

Where:

Net Daily Spread = (KRGT-Del Pool – KRGT-Rec Pool – Applicable Fuel – Applicable Commodity – Applicable Surcharges) * Scheduling Adjustment

Index Spread Adjustment =

$0.0200 per Dth for Net Daily Spread of up to $0.4000;

$0.0400 per Dth for Net Daily Spread of $0.4001 to $0.5833;

Net Daily Spread x 10% when Net Daily Spread exceeds $0.5833

KRGT-Del Pool = the daily Index price for Kern River, delivered, as published in Platts Gas Daily Preliminary Price Report for the gas day of scheduled transportation.

KRGT-Rec Pool = the daily Index price for ICE Kern River, on system receipt, as published in Platts Gas Daily Preliminary Price Report for the gas day of scheduled transportation.

Applicable Fuel = For quantities scheduled by Transporter, Applicable Fuel is equal to the sum of the lost and unaccounted-for gas percentage and the rolled-in compressor fuel percentages for the fuel zones scheduled, multiplied by KRGT-Rec Pool. For quantities not scheduled, Applicable Fuel is equal to the sum of the lost and unaccounted-for gas percentage and the rolled-in compressor fuel percentages for Fuel Zones 1 through 12, multiplied by KRGT-Rec Pool.

Applicable Commodity = Firm Transportation Commodity/Usage Rate under Rate Schedule KRF-1 for incremental rate service related to the 2003/2010 Expansion Projects for quantities scheduled and for quantities not scheduled.

Applicable Surcharges = ACA plus, as applicable, rolled-in rate Daggett electric compressor fuel surcharges for quantities scheduled downstream of the Daggett compressor station and for quantities not scheduled.

Scheduling Adjustment = (DMDQ – (Quantities nominated by Shipper and confirmed by point operators – quantities scheduled for delivery by Transporter))/DMDQ.
NEGOTIATED RATE AGREEMENTS (Continued)

FOOTNOTES: (Continued)

6/ (Continued)

The Index-Based Daily Reservation/Demand Rate will be no less than $0.0600 per Dth; provided however, if Kern River maintenance (meaning the testing, repair, replacement, or removal, of any portion of Transporter’s system) results in Transporter being unable to schedule Shipper’s nominated and confirmed quantities, the Index-Based Daily Reservation/Demand Rate may be less than $0.0600 per Dth, but not less than $0.0000 per Dth.

2. Fixed Daily Reservation/Demand Rate:

Transporter and Shipper may agree to a Fixed Daily Reservation/Demand Rate(s) for all or a portion of the DMDQ under this Agreement, subject to the Scheduling Adjustment set forth in Section 1. If Transporter and Shipper do not agree to a Fixed Daily Reservation/Demand Rate, Shipper will pay the otherwise applicable Reservation/Demand rate set forth in this Exhibit “B.”

3. Alternate Rate:

Shipper acknowledges that the Index-Based Daily Reservation/Demand Rate and/or the Fixed Daily Reservation/Demand Rate, as applicable, will not apply and Shipper will pay the rate of $1.00 per Dth for the entire month and for the next month, excluding the month following the end date of the Agreement, when one or more of the events described below occur:

(a) Any primary delivery point is amended;

(b) The total quantity scheduled on any day under this Agreement and any related agreement(s), including capacity release and segmented agreement(s), exceeds the DMDQ under this Agreement for any reason other than authorized overrun service; and/or

(c) Shipper or a Replacement Shipper schedules any quantity to a direct-connected delivery point solely served by Transporter; and/or Shipper or a Replacement Shipper schedules any quantity to a Pool where any gas from that Pool is then delivered to a direct-connected delivery point solely served by Transporter, and such event was not the result of Shipper’s oversight or scheduling error. Transporter will maintain a list of direct-connected delivery points solely served by Transporter on its Customer Services Web site.
NEGOTIATED RATE AGREEMENTS (Continued)

FOOTNOTES: (Continued)

7/ This Agreement shall be in effect from January 1, 2018 through April 30, 2018, and month to month thereafter. Either party may terminate this Agreement at the expiration of the initial term or any time thereafter by giving at least twenty (20) calendar days’ written notice to the other party.
NEGOTIATED RATE AGREEMENTS (Continued)

FOOTNOTES: (Continued)

8/ Shipper and Transporter have agreed to a Negotiated Rate. The Negotiated Rate will be the Index-Based Volumetric Rate set forth in Section 1, unless Transporter and Shipper agree to a Fixed Volumetric Rate pursuant to Section 2, or the Alternate Rate pursuant to Section 4 applies.

1. Index-Based Volumetric Rate:

   Index-Based Volumetric Rate = (Net Daily Spread – Index Spread Adjustment)

   Where:


   Index Spread Adjustment =

   (1) The lesser of $0.1000 per Dth or (Net Daily Spread x 10%) when Net Daily spread is $0.4400 per Dth or higher; or

   (2) $0.0000 per Dth when Net Daily Spread is $0.4399 per Dth or lower, except as provided in Section 4(a)(ii).

   Applicable Fuel = the sum of the lost and unaccounted-for gas percentage and the rolled-in compressor fuel percentages for the fuel zones scheduled, multiplied by KRGT-Rec pool.

   Applicable Surcharges = ACA plus rolled-in Daggett electric compressor fuel surcharges, when applicable.

   KRGT-Del Pool = the daily Index price for Kern River, delivered, as published in Platts Gas Daily Preliminary Price Report for the gas day of scheduled transportation.

   RGT-Rec Pool = the daily Index price for ICE Kern River, on system receipt, as published in Platts Gas Daily Preliminary Price Report for the gas day of scheduled transportation.

2. Fixed Volumetric Rate:

   Transporter and Shipper may agree to a Fixed Volumetric Rate(s) for all or a portion of the quantities scheduled under this Agreement. If Transporter and Shipper do not agree to a Fixed Volumetric Rate, Shipper will pay the otherwise applicable rate set forth in this Exhibit “B.”

3. Applicable Fuel and Applicable Surcharges:

   In addition to the Index-Based Volumetric Rate or the Fixed Volumetric Rate, Shipper will reimburse Transporter for Applicable Fuel and Applicable Surcharges as defined in Section 1 above.
NEGOTIATED RATE AGREEMENTS (Continued)

FOOTNOTES: (Continued)

8/ (Continued)

4. Alternate Rate:

Notwithstanding the above, Shipper will pay an Alternate Rate of $0.5877 per Dth for the entire month and for the
next month, excluding the month following the end date of the agreement, for the total DMDQ under the Agreement,
plus Applicable Fuel and Applicable Surcharges for all quantities scheduled, when one or more of the events
described below occur:

(a) Shipper schedules any quantity under this Agreement when the Net Daily Spread is $0.4399 per Dth or
lower; provided, however, this section 4(a) shall not apply if: (i) Transporter and Shipper have agreed to a
Fixed Volumetric Rate for the applicable gas day(s), and the quantity scheduled under this Agreement is
less than or equal to the quantity on which Transporter and Shipper have agreed to a Fixed Volumetric
Rate; or (ii) Transporter has sent Shipper a written communication stating that Shipper is exempt from this
section 4(a) for a specific gas day(s) and quantity, and the quantity scheduled under this Agreement is less
than or equal to the exempt quantity. If Transporter sends such written communication and the Net Daily
Spread for the applicable gas day(s) is $0.4399 per Dth or lower, then the Index Spread Adjustment shall be
the Net Daily Spread x 10%;

(b) Any primary delivery point is amended;

(c) The total quantity scheduled on any day under this Agreement and any related agreement(s), including
capacity release and segmented agreement(s), exceeds the DMDQ under this Agreement for any reason
other than authorized overrun service; and/or

d) Shipper or a Replacement Shipper schedules any quantity to a direct-connected delivery point solely
served by Transporter; and/or Shipper or a Replacement Shipper schedules any quantity to a Pool where
any gas from that Pool is then delivered to a direct-connected delivery point solely served by Transporter,
and such event was not the result of Shipper’s oversight or scheduling error. Transporter will maintain a list
of direct-connected delivery points solely served by Transporter on its Customer Services Web site.

9/ This Agreement shall be in effect from May 1, 2018 through May 31, 2018, and month to month
thereafter. Either party may terminate this Agreement at the expiration of the initial term or any time thereafter by
giving at least twenty (20) calendar days’ written notice to the other party.
NEGOTIATED RATE AGREEMENTS (Continued)

FOOTNOTES: (Continued)

10/ Term is from January 1, 2017 through June 30, 2017, and month to month thereafter. Either party may terminate the agreement at the expiration of the initial term or any time thereafter by giving at least 20 calendar days’ written notice to the other party.

11/ Shipper and Transporter have agreed to a Negotiated Rate. The Negotiated Rate will be the Index-Based Volumetric Rate set forth in Section 1, unless Transporter and Shipper have agreed to a Fixed Volumetric Rate pursuant to Section 2, or the Alternate Rate pursuant to Section 4 applies.

1. Index-Based Volumetric Rate:

Index-Based Volumetric Rate = (Net Daily Spread – Index Spread Adjustment)

Where:

Net Daily Spread = (KRGT-Del Pool – KRGT-Rec Pool – Applicable Fuel – Applicable Surcharges)

Index Spread Adjustment =

(1) The lesser of $0.1000 per Dth or (Net Daily Spread x 10%) when Net Daily spread is $0.4400 per Dth or higher; or

(2) $0.0000 per Dth when Net Daily Spread is $0.4399 per Dth or lower, except as provided in Section 4(a)(ii).

Applicable Fuel = the sum of the lost and unaccounted-for gas percentage and the incremental compressor fuel percentages applicable to the 2003/2010 Expansion Projects for the fuel zones scheduled, multiplied by KRGT-Rec pool.

Applicable Surcharges = ACA plus the Daggett electric compressor fuel surcharge applicable to the 2003/2010 Expansion Projects, when applicable.

KRGT-Del Pool = the daily Index price for Kern River, delivered, as published in Platts Gas Daily Preliminary Price Report for the gas day of scheduled transportation.

KRGT-Rec Pool = the daily Index price for ICE Kern River, on system receipt, as published in Platts Gas Daily Preliminary Price Report for the gas day of scheduled transportation.
NEGOTIATED RATE AGREEMENTS (Continued)

FOOTNOTES: (Continued)

11/ (Continued)

2. Fixed Volumetric Rate:

Transporter and Shipper may agree to a Fixed Volumetric Rate(s) for all or a portion of the quantities scheduled under this Agreement. If Transporter and Shipper do not agree to a Fixed Volumetric Rate, Shipper will pay the otherwise applicable rate set forth in this Exhibit “B.”

3. Applicable Fuel and Applicable Surcharges:

In addition to the Index-Based Volumetric Rate or the Fixed Volumetric Rate, Shipper will reimburse Transporter for Applicable Fuel and Applicable Surcharges as defined in Section 1 above.

4. Alternate Rate:

Notwithstanding the above, Shipper will pay an Alternate Rate of $0.5877 per Dth for the entire month and for the next month, excluding the month following the end date of the agreement, for the total DMDQ under the Agreement, plus Applicable Fuel and Applicable Surcharges for all quantities scheduled, when one or more of the events described below occur:

(a) Shipper schedules any quantity under this Agreement when the Net Daily Spread is $0.4399 per Dth or lower; provided, however, this section 4(a) shall not apply if: (i) Transporter and Shipper have agreed to a Fixed Volumetric Rate for the applicable gas day(s), and the quantity scheduled under this Agreement is less than or equal to the quantity on which Transporter and Shipper have agreed to a Fixed Volumetric Rate; or (ii) Transporter has sent Shipper a written communication stating that Shipper is exempt from this section 4(a) for a specific gas day(s) and quantity, and the quantity scheduled under this Agreement is less than or equal to the exempt quantity. If Transporter sends such written communication and the Net Daily Spread for the applicable gas day(s) is $0.4399 per Dth or lower, then the Index Spread Adjustment shall be the Net Daily Spread x 10%;

(b) Any primary delivery point is amended;

(c) The total quantity scheduled on any day under this Agreement and any related agreement(s), including capacity release and segmented agreement(s), exceeds the DMDQ under this Agreement for any reason other than authorized overrun service; and/or

(d) Shipper or a Replacement Shipper schedules any quantity to a direct-connected delivery point solely served by Transporter; and/or Shipper or a Replacement Shipper schedules any quantity to a Pool where any gas from that Pool is then delivered to a direct-connected delivery point solely served by Transporter, and such event was not the result of Shipper’s oversight or scheduling error. Transporter will maintain a list of direct-connected delivery points solely served by Transporter on its Customer Services Web site.
NEGOTIATED RATE AGREEMENTS (Continued)

FOOTNOTES: (Continued)

12/ Shipper and Transporter have agreed to a Negotiated Rate. The Negotiated Rate will be the Index-Based Volumetric Rate set forth in Section 1, unless Transporter and Shipper have agreed to a Fixed Volumetric Rate pursuant to Section 2, or the Alternate Rate pursuant to Section 4 applies.

1. Index-Based Volumetric Rate:

Index-Based Volumetric Rate = (Net Daily Spread – Index Spread Adjustment)

Where:

Net Daily Spread = (KRGD-Del Pool – KRGD-Rec Pool – Applicable Fuel – Applicable Surcharges)

Index Spread Adjustment =

(1) The lesser of $0.1000 per Dth or (Net Daily Spread x 10%) when Net Daily spread is $0.5877 per Dth or higher; or

(2) $0.0000 per Dth when Net Daily Spread is $0.5876 per Dth or lower, except as provided in Section 4(a)(ii).

Applicable Fuel = the sum of the lost and unaccounted-for gas percentage and the incremental compressor fuel percentages applicable to the 2003/2010 Expansion Projects for the fuel zones scheduled, multiplied by KRGD-Rec pool.

Applicable Surcharges = ACA plus the Daggett electric compressor fuel surcharge applicable to the 2003/2010 Expansion Projects, when applicable.

KRGD-Del Pool = the daily Index price for Kern River, delivered, as published in Platts Gas Daily Preliminary Price Report for the gas day of scheduled transportation.

KRGD-Rec Pool = the daily Index price for ICE Kern River, on system receipt, as published in Platts Gas Daily Preliminary Price Report for the gas day of scheduled transportation.
NEGOTIATED RATE AGREEMENTS (Continued)

FOOTNOTES: (Continued)

12/ (Continued)

2. Fixed Volumetric Rate:

Transporter and Shipper may agree to a Fixed Volumetric Rate(s) for all or a portion of the quantities scheduled under this Agreement. If Transporter and Shipper do not agree to a Fixed Volumetric Rate, Shipper will pay the otherwise applicable rate set forth in this Exhibit “B.”

3. Applicable Fuel and Applicable Surcharges:

In addition to the Index-Based Volumetric Rate or the Fixed Volumetric Rate, Shipper will reimburse Transporter for Applicable Fuel and Applicable Surcharges as defined in Section 1 above.

4. Alternate Rate:

Notwithstanding the above, Shipper will pay an Alternate Rate of $0.5877 per Dth for the entire month and for the next month, excluding the month following the end date of the agreement, for the total DMDQ under the Agreement, plus Applicable Fuel and Applicable Surcharges for all quantities scheduled, when one or more of the events described below occur:

(a) Shipper schedules any quantity under this Agreement when the Net Daily Spread is $0.5876 per Dth or lower; provided, however, this section 4(a) shall not apply if: (i) Transporter and Shipper have agreed to a Fixed Volumetric Rate for the applicable gas day(s), and the quantity scheduled under this Agreement is less than or equal to the quantity on which Transporter and Shipper have agreed to a Fixed Volumetric Rate; or (ii) Transporter has sent Shipper a written communication stating that Shipper is exempt from this section 4(a) for a specific gas day(s) and quantity, and the quantity scheduled under this Agreement is less than or equal to the exempt quantity. If Transporter sends such written communication and the Net Daily Spread for the applicable gas day(s) is $0.5876 per Dth or lower, then the Index Spread Adjustment shall be the Net Daily Spread x 10%;

(b) Any primary delivery point is amended;

(c) The total quantity scheduled on any day under this Agreement and any related agreement(s), including capacity release and segmented agreement(s), exceeds the DMDQ under this Agreement for any reason other than authorized overrun service; and/or

(d) Shipper or a Replacement Shipper schedules any quantity to a direct-connected delivery point solely served by Transporter; and/or Shipper or a Replacement Shipper schedules any quantity to a Pool where any gas from that Pool is then delivered to a direct-connected delivery point solely served by Transporter, and such event was not the result of Shipper’s oversight or scheduling error. Transporter will maintain a list of direct-connected delivery points solely served by Transporter on its Customer Services Web site.

Issued On: July 25, 2018

Effective On: July 26, 2018
NEGOTIATED RATE AGREEMENTS (Continued)

FOOTNOTES (Continued)

13/ Reserved.
NEGOTIATED RATE AGREEMENTS (Continued)

FOOTNOTES (Continued)

13/ (Continued) Reserved.
FOOTNOTES (Continued)

14/ Shipper and Transporter have agreed to a Negotiated Rate. The Negotiated Rate will be the Index-Based Volumetric Rate set forth in Section 1, unless Transporter and Shipper agree to a Fixed Volumetric Rate pursuant to Section 2, or the Alternate Rate pursuant to Section 4 applies.

1. Index-Based Volumetric Rate:

\[
\text{Index-Based Volumetric Rate} = (\text{Net Daily Spread} - \text{Index Spread Adjustment})
\]

Where:

\[
\text{Net Daily Spread} = (\text{KRGT-Del Pool} - \text{KRGT-Rec Pool} - \text{Applicable Fuel} - \text{Applicable Surcharges})
\]

\[
\text{Index Spread Adjustment} =
\]

(1) The lesser of $0.1000 per Dth or (Net Daily Spread x 10%) when Net Daily spread is $0.6049 per Dth or higher; or

(2) $0.0000 per Dth when Net Daily Spread is $0.6048 per Dth or lower, except as provided in Section 4(a)(ii).

Applicable Fuel = the sum of the lost and unaccounted-for gas percentage and the rolled-in compressor fuel percentages for the fuel zones scheduled, multiplied by KRGT-Rec pool.

Applicable Surcharges = ACA plus rolled-in Daggett electric compressor fuel surcharges, when applicable.

KRGT-Del Pool = the daily Index price for Kern River, delivered, as published in Platts Gas Daily Preliminary Price Report for the gas day of scheduled transportation.

KRGT-Rec Pool = the daily Index price for ICE Kern River, on system receipt, as published in Platts Gas Daily Preliminary Price Report for the gas day of scheduled transportation.

2. Fixed Volumetric Rate:

Transporter and Shipper may agree to a Fixed Volumetric Rate(s) for all or a portion of the quantities scheduled under this Agreement. If Transporter and Shipper do not agree to a Fixed Volumetric Rate, Shipper will pay the otherwise applicable rate set forth in this Exhibit “B.”

3. Applicable Fuel and Applicable Surcharges:

In addition to the Index-Based Volumetric Rate or the Fixed Volumetric Rate, Shipper will reimburse Transporter for Applicable Fuel and Applicable Surcharges as defined in Section 1 above.
FOOTNOTES: (Continued)

14/ (Continued)

4. Alternate Rate:

Notwithstanding the above, Shipper will pay an Alternate Rate of $1.00 per Dth for the entire month and for the next month, excluding the month following the end date of the agreement, for the total DMDQ under the Agreement, plus Applicable Fuel and Applicable Surcharges for all quantities scheduled, when one or more of the events described below occur:

(a) Shipper schedules any quantity under this Agreement when the Net Daily Spread is $0.6048 per Dth or lower; provided, however, this section 4(a) shall not apply if: (i) Transporter and Shipper have agreed to a Fixed Volumetric Rate for the applicable gas day(s), and the quantity scheduled under this Agreement is less than or equal to the quantity on which Transporter and Shipper have agreed to a Fixed Volumetric Rate; or (ii) Transporter has sent Shipper a written communication stating that Shipper is exempt from this section 4(a) for a specific gas day(s) and quantity, and the quantity scheduled under this Agreement is less than or equal to the exempt quantity. If Transporter sends such written communication and the Net Daily Spread for the applicable gas day(s) is $0.6048 per Dth or lower, then the Index Spread Adjustment shall be the Net Daily Spread x 10%;

(b) Any primary delivery point is amended;

(c) The total quantity scheduled on any day under this Agreement and any related agreement(s), including capacity release and segmented agreement(s), exceeds the DMDQ under this Agreement for any reason other than authorized overrun service; and/or

(d) Shipper or a Replacement Shipper schedules any quantity to a direct-connected delivery point solely served by Transporter; and/or Shipper or a Replacement Shipper schedules any quantity to a Pool where any gas from that Pool is then delivered to a direct-connected delivery point solely served by Transporter, and such event was not the result of Shipper’s oversight or scheduling error. Transporter will maintain a list of direct-connected delivery points solely served by Transporter on its Customer Services Web site.

15/ This Agreement shall be in effect from May 17, 2018 through May 31, 2018, and month to month thereafter. Either party may terminate this Agreement at the expiration of the initial term or any time thereafter by giving at least twenty (20) calendar days’ written notice to the other party.
FOOTNOTES: (Continued)

16/ Shipper and Transporter have agreed to a Negotiated Daily Reservation/Demand Rate of $0.5850 per Dth for the total DMDQ under this Agreement. In addition to the Negotiated Daily Reservation/Demand Rate, Shipper is responsible for reimbursing Transporter for fuel and Duggett surcharges at the rates applicable to rolled-in rate service and for commodity and other surcharges at the maximum rate applicable to incremental rate service related to the 2003/2010 Expansion Projects for all quantities scheduled.

17/ This Agreement shall be in effect from November 1, 2018 through October 31, 2021. This Agreement may be extended for an additional term of one month or longer if Transporter and Shipper agree on a rate and term for the extended period prior to the expiration date of this Agreement.

18/ Shipper and Transporter have agreed to a Negotiated Daily Reservation/Demand Rate of $0.5850 per Dth for the total DMDQ under this Agreement. In addition to the Negotiated Daily Reservation/Demand Rate, Shipper is responsible for reimbursing Transporter for fuel, commodity charges and surcharges at the maximum rate applicable to incremental rate service related to the 2003/2010 Expansion Projects for all quantities scheduled.

19/ Shipper and Transporter have agreed to a Negotiated Daily Reservation/Demand Rate of $0.6400 per Dth for the total DMDQ under this Agreement. In addition to the Negotiated Daily Reservation/Demand Rate, Shipper is responsible for reimbursing Transporter for fuel, commodity charges and surcharges at the maximum rate applicable to incremental rate service related to the 2003/2010 Expansion Projects for all quantities scheduled.

20/ This Agreement shall be in effect from November 1, 2018 through October 31, 2020. This Agreement may be extended for an additional term of one month or longer if Transporter and Shipper agree on a rate and term for the extended period prior to the expiration date of this Agreement.

21/ Reserved.

22/ This Agreement shall be in effect from March 1, 2019 through March 31, 2019, and month to month thereafter. Either party may terminate this Agreement at the expiration of the initial term or any time thereafter by giving at least twenty (20) calendar days’ written notice to the other party.
NEGOTIATED RATE AGREEMENTS WITH NON-CONFORMING PROVISIONS

The following Negotiated Rate Transportation Service Agreements contain one or more currently effective provisions that differ materially from the applicable form of service agreement set forth in this Tariff.

<table>
<thead>
<tr>
<th>Shipper Name/ Agreement No.</th>
<th>Negotiated Rate</th>
<th>Rate Schedule</th>
<th>Receipt Points</th>
<th>Delivery Points</th>
<th>Contract Quantity (Dth/d)</th>
<th>Term Expires</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Desert Power Project LLC No. 2002</td>
<td>2/</td>
<td>KRF-L1 Freemont Peak, Sidewinder VVG</td>
<td>Freemont Peak, VVG</td>
<td>282,000</td>
<td>08/31/2023</td>
<td></td>
</tr>
</tbody>
</table>
NEGOTIATED RATE AGREEMENTS WITH NON-CONFORMING PROVISIONS (Continued)

FOOTNOTES:

1/ Reserved.

2/ Pursuant to the terms of Exhibit "B" to the May 23, 2012 Restated Transportation Service Agreement between Transporter and High Desert Power Project LLC, effective May 1, 2009, Transporter will bill Shipper each month a negotiated rate based on the following three components:

1) Incremental Facility Charge $310,346
2) Deferred Cost Recovery Surcharge $ 38,197*
3) Completion Incentive Charge $ 46,137*

*During the primary term of the Restated Transportation Service Agreement.

The equivalent daily reservation rate is $0.0460/Dth for non-leap years and $0.0459/Dth for leap years. A complete copy of Exhibit “B” is included in Section 2.29 of Original Volume No. 1A.
(RESERVED FOR FUTURE USE)
(RESERVED FOR FUTURE USE)
(RESERVED FOR FUTURE USE)
(RESERVED FOR FUTURE USE)