



October 31, 2023

Hon. Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

Re: Kern River Gas Transmission Company  
Docket No. RP23-\_\_\_\_\_  
Negotiated Rate Transactions

Dear Secretary Bose:

Pursuant to Part 154 of the regulations of the Federal Energy Regulatory Commission (“Commission” or “FERC”), Kern River Gas Transmission Company (“Kern River”) hereby tenders for filing and acceptance the following tariff sheets as part of its FERC Gas Tariff, Third Revised Volume No. 1 (“Tariff”), to be effective November 1, 2023:

Sheet No. 450D, Version 9.0.0  
Sheet No. 450E, Version 13.0.0  
Sheet No. 453P, Version 3.0.0  
Sheet No. 453Q, Version 1.0.0  
Sheet No. 453R, Version 1.0.0

#### Purpose

The purpose of this filing is:

- 1) to obtain Commission acceptance of a negotiated rate transportation service agreement (“TSA”) in accordance with the Commission’s Statement of Policy on Alternatives to Traditional Cost of Service Ratemaking for Natural Gas Pipelines (“Policy Statement”)<sup>1</sup> and to reference the TSA and the applicable negotiated rate and terms in Kern River’s tariff; and
- 2) to change the footnote number of a negotiated rate TSA included in Kern River’s tariff.

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<sup>1</sup> 74 FERC ¶ 61,076 (1996).

### Statement of Nature, Reasons and Basis for the Filing

#### *New Negotiated Rate Agreement*

On January 12, 2023, Kern River and World Fuel Services, Inc. amended TSA No. 1908 to incorporate a negotiated rate. Tariff Sheet Nos. 450D and 453R are being updated to reflect the addition of the TSA beginning November 1, 2023. The term of the agreement is set forth in Footnote 28 and the negotiated rate provision is set forth in Footnote 29.

This TSA does not deviate in any material respect from the form of service agreement for Rate Schedule KRF-1 in Kern River's tariff.

#### *Change of Footnote Number*

Current Footnote 28 applicable to a negotiated rate TSA with Castleton Commodities Merchant Trading L.P. is changed to Footnote 27. Footnote 27 is available for use. This change accommodates the use of Footnotes 28 and 29 for the new negotiated rate TSA with World Fuel Services, Inc. This change is reflected in Sheet Nos. 450E, 453P, 453Q, and 453R.

### Other Regulatory Requirements

In accordance with the Policy Statement and applicable precedent, Kern River will record separately the billing determinants, quantities transported, rates, surcharges and revenues associated with negotiated rate transactions so this information can be separately identified and totaled in Statements G, I and J in Kern River's future general rate proceedings. Also, the negotiated rate transactions shall be reflected on Kern River's transactional report pursuant to Order Nos. 637, 637A and 637B.

### Waiver and Effective Date

Kern River respectfully requests that the Commission grant a waiver of section 154.207 and any other waivers of its Regulations it deems necessary to allow the tendered tariff sheets to be effective November 1, 2023.

### Materials Submitted

This filing is comprised of an eTariff.xml filing package containing:

- this transmittal letter;
- the proposed tariff sheets in electronic format, with metadata attached;
- clean copies of the tariff sheets for posting on the Commission's eLibrary; and
- marked copies of the tariff sheets.

Posting

In accordance with Section 154.208, Kern River has served an electronic copy of this filing upon its customers and interested state regulatory commissions.

Communications

Kern River respectfully requests that all communications regarding this filing be served upon each of the following:

Luis Valdivia  
Manager, Rates and Tariffs  
Kern River Gas Transmission Company  
2755 East Cottonwood Parkway  
Salt Lake City, Utah 84121  
(402) 398-7393  
[luis.valdivia@nngco.com](mailto:luis.valdivia@nngco.com)

David Bolda  
Senior Attorney  
Kern River Gas Transmission Company  
2755 East Cottonwood Parkway  
Salt Lake City, Utah 84121  
(801) 937-6487  
[david.bolda@kernrivergas.com](mailto:david.bolda@kernrivergas.com)

Respectfully submitted,

**KERN RIVER GAS TRANSMISSION COMPANY**

*/s/ Luis Valdivia*

Luis Valdivia  
Manager, Rates and Tariffs

NEGOTIATED RATE AGREEMENTS (Continued)

<u>Shipper Name/ Agreement No.</u>	<u>Negotiated Reservation Rate (per Dth)</u>	<u>Rate Schedule</u>	<u>Receipt Points</u>	<u>Delivery Points</u>	<u>Quantity (Dth/d)</u>	<u>Term Expires</u>
BP Energy Company No. 26000	11/	KRF-1	Opal Painter	Kramer Junction Wheeler Ridge	*	05/31/2018 9/
* October 1, 2020 – May 31, 2021:					48,430	
June 1, 2021 – October 31, 2021:					43,220	
November 1, 2021, and month to month thereafter:					48,430	
Citadel Energy Marketing LLC No. 26002	18/	KRF-1	Opal	Wheeler Ridge	46,930	10/31/2024 17/
Concord Energy LLC No. 26003	11/	KRF-1	Opal	South Midway	*	03/31/2019 22/
* March 1, 2019 – May 31, 2021:					48,430	
June 1, 2021 – October 31, 2021:					46,545	
November 1, 2021, and month to month thereafter:					48,430	
Constellation Energy Generation, LLC No. 26005	13/	KRF-1	Opal	Kern Front – Juniper	48,430	10/31/2020 20/
World Fuels Services Inc. No. 1908	29/	KRF-1	Opal	Blue Diamond	*	2/28/2027 28/
* November 1, 2023 – February 29, 2024					2,000	
March 1, 2024 – October 31, 2024					0	
November 1, 2024 – February 28, 2025					2,000	
March 1, 2025 – October 31, 2025					0	
November 1, 2025 – February 28, 2026					2,000	
March 1, 2026 – October 31, 2026					0	
November 1, 2026 – February 28, 2027					2,000	

NEGOTIATED RATE AGREEMENTS (Continued)

<u>Shipper Name/ Agreement No.</u>	<u>Negotiated Rate (per Dth)</u>	<u>Rate Schedule</u>	<u>Receipt Points</u>	<u>Delivery Points</u>	<u>Contract Quantity (Dth/d)</u>	<u>Term Expires</u>
CIMA Energy, LP No. 26001	12/	KRF-1	Opal	Blue Diamond	20,000	5/31/2018 9/
ConocoPhillips Company No. 26004	12/	KRF-1	Opal	Blue Diamond	20,000	5/31/2018 9/
Direct Energy Business Marketing, LLC No. 26065	12/	KRF-1	Opal	Blue Diamond	20,000	11/30/2021 21/
MIECO LLC No. 26006	12/	KRF-1	Opal	Blue Diamond	20,000	5/31/2018 9/
Shell Energy North America (US), LP No. 26008	12/	KRF-1	Opal	Blue Diamond	20,000	5/31/2018 9/
Calpine Energy Services, L.P. No. 26009	12/	KRF-1	Opal	Kramer Junction Blue Diamond	*	5/31/2018 9/
* March 1, 2020 – May 31, 2021:					16,534	
June 1, 2021 – October 31, 2021:					4,139	
November 1, 2021, and month to month thereafter:					16,534	
Castleton Commodities Merchant Trading L.P. No. 26010	27/	KRF-1	Opal	Kramer Junction Blue Diamond	16,534	10/31/2020 25/
EDF Trading North America, LLC No. 26011	12/	KRF-1	Opal	Kramer Junction Blue Diamond	*	5/31/2018 9/
* April 1, 2021 – May 31, 2021:					16,534	
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World Fuel Services Inc. No. 26048	18/	KRF-1	Opal	Wecco	2,000	4/30/2027 26/

NEGOTIATED RATE AGREEMENT  
(Continued)

FOOTNOTES: (Continued)

27/ Effective beginning October 1, 2020 and ending October 31, 2020, the Negotiated Rate will be as set forth below; provided, however, this Agreement and the rate set forth on this Exhibit "B" will continue month to month thereafter unless terminated pursuant to Section 3.1 of the Agreement.

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 \$0.5877 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 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 AGREEMENT (Continued)

FOOTNOTES: (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.

FOOTNOTES: (Continued)

28/ This Agreement shall be in effect from November 1, 2023, through February 28, 2027, for the months of November through February. This Agreement may be extended for an additional term of one year or longer if Transporter and Shipper agree on a rate and term for the extended period prior to the expiration date of this Agreement.

29/ Shipper and Transporter have agreed to a Negotiated Daily Reservation/Demand Rate of \$0.5191 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 Daggett surcharges at the rates applicable to incremental rate service related to the Apex Expansion Project 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.



NEGOTIATED RATE AGREEMENTS (Continued)

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~~(RESERVED FOR FUTURE USE)~~

NEGOTIATED RATE AGREEMENT (Continued)

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~~FOOTNOTES: (Continued)~~[FOOTNOTES: \(Continued\)](#)

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responsible for reimbursing Transporter for fuel and Daggett surcharges at the rates applicable to incremental rate service related to the Apex Expansion Project 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.