

THIS FILING IS

Item 1: ☒ An Initial (Original)  
Submission

OR ☐ Resubmission No. \_\_\_\_\_

Form 2 Approved  
OMB No.1902-0028  
(Expires 12/31/2020)

Form 3-Q Approved  
OMB No.1902-0205  
(Expires 12/31/2019)



# FERC FINANCIAL REPORT

## FERC FORM No. 2: Annual Report of Major Natural Gas Companies and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Natural Gas Act, Sections 10(a), and 16 and 18 CFR Parts 260.1 and 260.300. Failure to report may result in criminal fines, civil penalties, and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of a confidential nature.

Exact Legal Name of Respondent (Company)

Kern River Gas Transmission Company

Year/Period of Report

End of 2018/Q4





## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors and Shareholders of  
Kern River Gas Transmission Company  
Salt Lake City, Utah

We have audited the accompanying financial statements of Kern River Gas Transmission Company (the "Company"), which comprise the balance sheet — regulatory basis as of December 31, 2018, and the related statements of income – regulatory basis, retained earnings – regulatory basis, and cash flows – regulatory basis for the year then ended, included on pages 110 through 122 of the accompanying Federal Energy Regulatory Commission Form 2, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the regulatory-basis financial statements referred to above present fairly, in all material respects, the assets, liabilities and proprietary capital of Kern River Gas Transmission Company as of December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases.

**Basis of Accounting**

As discussed in Note 2 to the financial statements, these financial statements were prepared in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Restricted Use**

This report is intended solely for the information and use of the board of directors and management of the Company and for filing with the Federal Energy Regulatory Commission and is not intended to be and should not be used by anyone other than these specified parties.

*Deloitte & Touche LLP*

Omaha, Nebraska  
April 17, 2019



# QUARTERLY/ANNUAL REPORT OF MAJOR NATURAL GAS COMPANIES

## IDENTIFICATION

01 Exact Legal Name of Respondent Kern River Gas Transmission Company	Year/Period of Report End of <u>2018/Q4</u>	
03 Previous Name and Date of Change (If name changed during year)		
04 Address of Principal Office at End of Year (Street, City, State, Zip Code) 2755 East Cottonwood Parkway Suite 300, Salt Lake City, UT 84121		
05 Name of Contact Person Joseph M. Lillo	06 Title of Contact Person Vice President	
07 Address of Contact Person (Street, City, State, Zip Code) 1111 S 103rd Street, Omaha, NE 68124		
08 Telephone of Contact Person, Including Area Code 402-398-7333	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	10 Date of Report (Mo, Da, Yr)

## ANNUAL CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

11 Name Joseph Lillo	12 Title Vice President
13 Signature /s/ Joseph Lillo	14 Date Signed 04/18/2019

Title 18, U.S.C. 1001, makes it a crime for any person knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

Name of Respondent Kern River Gas Transmission Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
List of Schedules (Natural Gas Company)					
Enter in column (d) the terms "none," "not applicable," or "NA" as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," "not applicable," or "NA."					
Line No.	Title of Schedule (a)	Reference Page No. (b)	Date Revised (c)	Remarks (d)	
	GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS				
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4	Security Holders and Voting Powers	107			
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9	Statement of Retained Earnings for the Year	118-119			
10	Statements of Cash Flows	120-121			
11	Notes to Financial Statements	122			
	BALANCE SHEET SUPPORTING SCHEDULES (Assets and Other Debits)				
12	Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization, and Depletion	200-201			
13	Gas Plant in Service	204-209			
14	Gas Property and Capacity Leased from Others	212		NA	
15	Gas Property and Capacity Leased to Others	213		NA	
16	Gas Plant Held for Future Use	214			
17	Construction Work in Progress-Gas	216			
18	Non-Traditional Rate Treatment Afforded New Projects	217			
19	General Description of Construction Overhead Procedure	218			
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21	Gas Stored	220		NA	
22	Investments	222-223			
23	Investments in Subsidiary Companies	224-225		NA	
24	Prepayments	230			
25	Extraordinary Property Losses	230		NA	
26	Unrecovered Plant and Regulatory Study Costs	230		NA	
27	Other Regulatory Assets	232			
28	Miscellaneous Deferred Debits	233			
29	Accumulated Deferred Income Taxes	234-235			
	BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits)				
30	Capital Stock	250-251			
31	Capital Stock Subscribed, Capital Stock Liability for Conversion, Premium on Capital Stock, and Installments Received on Capital Stock	252		NA	
32	Other Paid-in Capital	253			
33	Discount on Capital Stock	254		NA	
34	Capital Stock Expense	254		NA	
35	Securities issued or Assumed and Securities Refunded or Retired During the Year	255		NA	
36	Long-Term Debt	256-257		NA	
37	Unamortized Debt Expense, Premium, and Discount on Long-Term Debt	258-259		NA	



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List of Schedules (Natural Gas Company) (continued)					
Enter in column (d) the terms "none," "not applicable," or "NA" as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," "not applicable," or "NA."					
Line No.	Title of Schedule (a)	Reference Page No. (b)	Date Revised (c)	Remarks (d)	
38	Unamortized Loss and Gain on Reacquired Debt	260			
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49	Revenues from Transportation of Gas of Others Through Transmission Facilities	304-305			
50	Revenues from Storage Gas of Others	306-307		NA	
51	Other Gas Revenues	308			
52	Discounted Rate Services and Negotiated Rate Services	313			
53	Gas Operation and Maintenance Expenses	317-325			
54	Exchange and Imbalance Transactions	328			
55	Gas Used in Utility Operations	331			
56	Transmission and Compression of Gas by Others	332		NA	
57	Other Gas Supply Expenses	334		NA	
58	Miscellaneous General Expenses-Gas	335			
59	Depreciation, Depletion, and Amortization of Gas Plant	336-338			
60	Particulars Concerning Certain Income Deduction and Interest Charges Accounts	340			
	COMMON SECTION				
61	Regulatory Commission Expenses	350-351			
62	Employee Pensions and Benefits (Account 926)	352			
63	Distribution of Salaries and Wages	354-355			
64	Charges for Outside Professional and Other Consultative Services	357			
65	Transactions with Associated (Affiliated) Companies	358			
	GAS PLANT STATISTICAL DATA				
66	Compressor Stations	508-509			
67	Gas Storage Projects	512-513		NA	
68	Transmission Lines	514			
69	Transmission System Peak Deliveries	518			
70	Auxiliary Peaking Facilities	519		NA	
71	Gas Account-Natural Gas	520			
72	Shipper Supplied Gas for the Current Quarter	521			
73	System Map	522			
74	Footnote Reference	551			
75	Footnote Text	552			
76	Stockholder's Reports (check appropriate box)				
	<input type="checkbox"/> Four copies will be submitted <input type="checkbox"/> No annual report to stockholders is prepared				

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2018/Q4</u>
<b>General Information</b>			
<p>1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.</p> <p>Joseph Lillo, Vice President</p> <p>1111 South 103rd Street, Omaha, NE 68124          2755 East Cottonwood Parkway Suite 300, Salt Lake City, UT 84121</p>			
<p>2. Provide the name of the State under the laws of which respondent is incorporated and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.</p> <p>Incorporated          Delaware          07-01-17</p>			
<p>3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.</p> <p>N/A</p>			
<p>4. State the classes of utility and other services furnished by respondent during the year in each State in which the respondent operated.</p> <p>During 2018, the respondent was engaged in the transportation of natural gas for major producers, municipalities, local distribution companies, cogeneration and natural gas marketers through a natural gas transmission system which extends from southwest Wyoming, through the states of Utah and Nevada, to points of termination in Kern County near Bakersfield, California.</p>			
<p>5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?</p> <p>(1) <input type="checkbox"/> Yes... Enter the date when such independent accountant was initially engaged:          (2) <input checked="" type="checkbox"/> No</p>			

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Control Over Respondent**

1. Report in column (a) the names of all corporations, partnerships, business trusts, and similar organizations that directly, indirectly, or jointly held control (see page 103 for definition of control) over the respondent at the end of the year. If control is in a holding company organization, report in a footnote the chain of organization.

2. If control is held by trustees, state in a footnote the names of trustees, the names of beneficiaries for whom the trust is maintained, and the purpose of the trust.

3. In column (b) designate type of control over the respondent. Report an "M" if the company is the main parent or controlling company having ultimate control over the respondent. Otherwise, report a "D" for direct, an "I" for indirect, or a "J" for joint control.

Line No.	Company Name (a)	Type of Control (b)	State of Incorporation (c)	Percent Voting Stock Owned (d)
1	Berkshire Hathaway Inc	M	DE	90.90
2	Berkshire Hathaway Energy Company	I	IA	100.00
3	KR Holding, LLC	D	DE	100.00
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Kern River Gas Transmission Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	/ /	End of <u>2018/Q4</u>

## Security Holders and Voting Powers

1. Give the names and addresses of the 10 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes that each could cast on that date if a meeting were held. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.), duration of trust, and principal holders of beneficiary interests in the trust. If the company did not close the stock book or did not compile a list of stockholders within one year prior to the end of the year, or if since it compiled the previous list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.

2. If any security other than stock carries voting rights, explain in a supplemental statement how such security became vested with voting rights and give other important details concerning the voting rights of such security. State whether voting rights are actual or contingent; if contingent, describe the contingency.

3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.

4. Furnish details concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets any officer, director, associated company, or any of the 10 largest security holders is entitled to purchase. This instruction is inapplicable to convertible securities or to any securities substantially all of which are outstanding in the hands of the general public where the options, warrants,

1. Give date of the latest closing of the stock book prior to end of year, and, in a footnote, state the purpose of such closing:

07/01/2017

2. State the total number of votes cast at the latest general meeting prior to the end of year for election of directors of the respondent and number of such votes cast by proxy.

Total: 100

By Proxy:

3. Give the date and place of such meeting:

07/01/2017

Line No.	Name (Title) and Address of Security Holder (a)	VOTING SECURITIES			
		4. Number of votes as of (date):			
		Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
5	TOTAL votes of all voting securities	100			100
6	TOTAL number of security holders	1			1
7	TOTAL votes of security holders listed below	100			100
8	KR Holding, LLC 666 Grand Ave., Des Moines, IA, 50309-2580	100			100
9					
10					
11					
12					
13					
14					
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16					
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19					
20					

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Kern River Gas Transmission Company			2018/Q4
Important Changes During the Quarter/Year			

Give details concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Answer each inquiry. Enter "none" or "not applicable" where applicable. If the answer is given elsewhere in the report, refer to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration and state from whom the franchise rights were acquired. If the franchise rights were acquired without the payment of consideration, state that fact.
  2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
  3. Purchase or sale of an operating unit or system: Briefly describe the property, and the related transactions, and cite Commission authorization, if any was required. Give date journal entries called for by Uniform System of Accounts were submitted to the Commission.
  4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other conditions. State name of Commission authorizing lease and give reference to such authorization.
  5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and cite Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service.
- Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc.
6. Obligations incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, including ordinary commercial paper maturing on demand or not later than one year after date of issue: State on behalf of whom the obligation was assumed and amount of the obligation. Cite Commission authorization if any was required.
  7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
  8. State the estimated annual effect and nature of any important wage scale changes during the year.
  9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
  10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
  11. Estimated increase or decrease in annual revenues caused by important rate changes: State effective date and approximate amount of increase or decrease for each revenue classification. State the number of customers affected.
  12. Describe fully any changes in officers, directors, major security holders and voting powers of the respondent that may have occurred during the reporting period.
  13. In the event that the respondent participates in a cash management program(s) and its proprietary capital ratio is less than 30 percent please describe the significant events or transactions causing the proprietary capital ratio to be less than 30 percent, and the extent to which the respondent has amounts loaned or money advanced to its parent, subsidiary, or affiliated companies through a cash management program(s). Additionally, please describe plans, if any to regain at least a 30 percent proprietary ratio.

1. None

2. None

3. None

4. None

5. None

6. None

7. None

8. None

9. Refer to Note 10 in the Notes to the Financial Statements on page 122.

10. None

11. Following the expiration of their initial contract on April 30, 2018, fourteen customers were eligible to request service at the Period Two rates applicable to firm service under the Commission's orders in Docket No. RP04-274. Effective May, 2018, election made to extend Period Two service will result in decrease in annual revenue of \$26.4 million. Elections

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Kern River Gas Transmission Company			2018/Q4
Important Changes During the Quarter/Year			

made by parties to not extend Period Two service will result in decrease in annual revenues of \$69.2 million. The combined effect of these Period Two elections will result in a \$95.6 million decrease in annual revenues.

In October 2018, Kern River filed a Tax Reform Credit Rate Settlement ("TRCRS") which offered an 11% rate credit against the Maximum Base Tariff Rates for firm service and any one-part rate that includes fixed costs. The TRCRS was approved by FERC in November 2018 and the credit became effective November 15, 2018. The TRCRS will apply to 29 customers and initially result in a \$12.6 million decrease in revenues.

12. None

13. Not applicable

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<b>Comparative Balance Sheet (Assets and Other Debits)</b>					
Line No.	Title of Account  (a)	Reference Page Number  (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)	
1	<b>UTILITY PLANT</b>				
2	Utility Plant (101-106, 114)	200-201	2,895,350,034	2,878,462,045	
3	Construction Work in Progress (107)	200-201	5,956,482	4,221,636	
4	TOTAL Utility Plant (Total of lines 2 and 3)	200-201	2,901,306,516	2,882,683,681	
5	(Less) Accum. Provision for Depr., Amort., Depl. (108, 111, 115)		1,379,172,870	1,332,265,996	
6	Net Utility Plant (Total of line 4 less 5)		1,522,133,646	1,550,417,685	
7	Nuclear Fuel (120.1 thru 120.4, and 120.6)		0	0	
8	(Less) Accum. Provision for Amort., of Nuclear Fuel Assemblies (120.5)		0	0	
9	Nuclear Fuel (Total of line 7 less 8)		0	0	
10	Net Utility Plant (Total of lines 6 and 9)		1,522,133,646	1,550,417,685	
11	Utility Plant Adjustments (116)	122	0	0	
12	Gas Stored-Base Gas (117.1)	220	0	0	
13	System Balancing Gas (117.2)	220	0	0	
14	Gas Stored in Reservoirs and Pipelines-Noncurrent (117.3)	220	0	0	
15	Gas Owed to System Gas (117.4)	220	0	0	
16	<b>OTHER PROPERTY AND INVESTMENTS</b>				
17	Nonutility Property (121)		0	0	
18	(Less) Accum. Provision for Depreciation and Amortization (122)		0	0	
19	Investments in Associated Companies (123)	222-223	0	0	
20	Investments in Subsidiary Companies (123.1)	224-225	0	0	
21	(For Cost of Account 123.1 See Footnote Page 224, line 40)				
22	Noncurrent Portion of Allowances		0	0	
23	Other Investments (124)	222-223	0	0	
24	Sinking Funds (125)		0	0	
25	Depreciation Fund (126)		0	0	
26	Amortization Fund - Federal (127)		0	0	
27	Other Special Funds (128)		19,239,487	19,746,993	
28	Long-Term Portion of Derivative Assets (175)		0	0	
29	Long-Term Portion of Derivative Assets - Hedges (176)		0	0	
30	TOTAL Other Property and Investments (Total of lines 17-20, 22-29)		19,239,487	19,746,993	
31	<b>CURRENT AND ACCRUED ASSETS</b>				
32	Cash (131)		0	884,919	
33	Special Deposits (132-134)		1,670,663	1,440,635	
34	Working Funds (135)		0	0	
35	Temporary Cash Investments (136)	222-223	23,837,662	6,877,472	
36	Notes Receivable (141)		0	0	
37	Customer Accounts Receivable (142)		21,140,459	23,631,286	
38	Other Accounts Receivable (143)		2,566	115,845	
39	(Less) Accum. Provision for Uncollectible Accounts - Credit (144)		0	0	
40	Notes Receivable from Associated Companies (145)		0	0	
41	Accounts Receivable from Associated Companies (146)		4,438,398	5,421,624	
42	Fuel Stock (151)		0	0	
43	Fuel Stock Expenses Undistributed (152)		0	0	









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**Statement of Income**

- Quarterly
- Enter in column (d) the balance for the reporting quarter and in column (e) the balance for the same three month period for the prior year.
  - Report in column (f) the quarter to date amounts for electric utility function; in column (h) the quarter to date amounts for gas utility, and in (j) the quarter to date amounts for other utility function for the current year quarter.
  - Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in (k) the quarter to date amounts for other utility function for the prior year quarter.
  - If additional columns are needed place them in a footnote.
- Annual or Quarterly, if applicable
- Do not report fourth quarter data in columns (e) and (f)
  - Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility column in a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
  - Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.
  - Report data for lines 8, 10 and 11 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.
  - Use page 122 for important notes regarding the statement of income for any account thereof.
  - Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
  - Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.
  - If any notes appearing in the report to stockholders are applicable to the Statement of Income, such notes may be included at page 122.
  - Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
  - Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
  - If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

Line No.	Title of Account (a)	Reference Page Number (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current Three Months Ended Quarterly Only No Fourth Quarter (e)	Prior Three Months Ended Quarterly Only No Fourth Quarter (f)
1	UTILITY OPERATING INCOME					
2	Gas Operating Revenues (400)	300-301	312,817,312	301,620,227	0	0
3	Operating Expenses					
4	Operation Expenses (401)	317-325	46,686,726	39,854,862	0	0
5	Maintenance Expenses (402)	317-325	1,229,880	1,306,486	0	0
6	Depreciation Expense (403)	336-338	59,571,985	63,281,413	0	0
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-338	0	0	0	0
8	Amortization and Depletion of Utility Plant (404-405)	336-338	2,787,070	2,841,397	0	0
9	Amortization of Utility Plant Acu. Adjustment (406)	336-338	0	0	0	0
10	Amort. of Prop. Losses, Unrecovered Plant and Reg. Study Costs (407.1)		0	0	0	0
11	Amortization of Conversion Expenses (407.2)		0	0	0	0
12	Regulatory Debits (407.3)		21,551,380	49,944,681	0	0
13	(Less) Regulatory Credits (407.4)		36,119,083	35,125,743	0	0
14	Taxes Other than Income Taxes (408.1)	262-263	12,837,879	12,897,704	0	0
15	Income Taxes-Federal (409.1)	262-263	35,276,027	37,640,561	0	0
16	Income Taxes-Other (409.1)	262-263	8,458,441	6,831,430	0	0
17	Provision of Deferred Income Taxes (410.1)	234-235	44,499,165	482,580,413	0	0
18	(Less) Provision for Deferred Income Taxes-Credit (411.1)	234-235	39,368,256	466,415,763	0	0
19	Investment Tax Credit Adjustment-Net (411.4)		0	0	0	0
20	(Less) Gains from Disposition of Utility Plant (411.6)		0	0	0	0
21	Losses from Disposition of Utility Plant (411.7)		0	0	0	0
22	(Less) Gains from Disposition of Allowances (411.8)		0	0	0	0
23	Losses from Disposition of Allowances (411.9)		0	0	0	0
24	Accretion Expense (411.10)		0	0	0	0
25	TOTAL Utility Operating Expenses (Total of lines 4 thru 24)		157,411,214	195,637,441	0	0
26	Net Utility Operating Income (Total of lines 2 less 25) (Carry forward to page 116, line 27)		155,406,098	105,982,786	0	0

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Statement of Income**

Line No.	Elec. Utility Current Year to Date (in dollars) (g)	Elec. Utility Previous Year to Date (in dollars) (h)	Gas Utility Current Year to Date (in dollars) (i)	Gas Utility Previous Year to Date (in dollars) (j)	Other Utility Current Year to Date (in dollars) (k)	Other Utility Previous Year to Date (in dollars) (l)
1						
2	0	0	312,817,312	301,620,227	0	0
3						
4	0	0	46,686,726	39,854,862	0	0
5	0	0	1,229,880	1,306,486	0	0
6	0	0	59,571,985	63,281,413	0	0
7	0	0	0	0	0	0
8	0	0	2,787,070	2,841,397	0	0
9	0	0	0	0	0	0
10	0	0	0	0	0	0
11	0	0	0	0	0	0
12	0	0	21,551,380	49,944,681	0	0
13	0	0	36,119,083	35,125,743	0	0
14	0	0	12,837,879	12,897,704	0	0
15	0	0	35,276,027	37,640,561	0	0
16	0	0	8,458,441	6,831,430	0	0
17	0	0	44,499,165	482,580,413	0	0
18	0	0	39,368,256	466,415,763	0	0
19	0	0	0	0	0	0
20	0	0	0	0	0	0
21	0	0	0	0	0	0
22	0	0	0	0	0	0
23	0	0	0	0	0	0
24	0	0	0	0	0	0
25	0	0	157,411,214	195,637,441	0	0
26	0	0	155,406,098	105,982,786	0	0

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2018/Q4</u>
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**Statement of Income(continued)**

Line No.	Title of Account  (a)	Reference Page Number  (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current Three Months Ended Quarterly Only No Fourth Quarter (e)	Prior Three Months Ended Quarterly Only No Fourth Quarter (f)
27	Net Utility Operating Income (Carried forward from page 114)		155,406,098	105,982,786	0	0
28	<b>OTHER INCOME AND DEDUCTIONS</b>					
29	Other Income					
30	Nonutility Operating Income					
31	Revenues from Merchandising, Jobbing and Contract Work (415)		0	0	0	0
32	(Less) Costs and Expense of Merchandising, Job & Contract Work (416)		0	0	0	0
33	Revenues from Nonutility Operations (417)		0	0	0	0
34	(Less) Expenses of Nonutility Operations (417.1)		0	0	0	0
35	Nonoperating Rental Income (418)		0	0	0	0
36	Equity In Earnings of Subsidiary Companies (418.1)	119	0	0	0	0
37	Interest and Dividend Income (419)		377,910	223,030	0	0
38	Allowance for Other Funds Used During Construction (419.1)		375,881	189,642	0	0
39	Miscellaneous Nonoperating Income (421)		6,505,695	5,330,687	0	0
40	Gain on Disposition of Property (421.1)		0	0	0	0
41	TOTAL Other Income (Total of lines 31 thru 40)		7,259,486	5,743,359	0	0
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)		0	0	0	0
44	Miscellaneous Amortization (425)		0	0	0	0
45	Donations (426.1)	340	40,946	34,215	0	0
46	Life Insurance (426.2)		0	0	0	0
47	Penalties (426.3)		0	0	0	0
48	Expenditures for Certain Civic, Political and Related Activities (426.4)		5,826	3,842	0	0
49	Other Deductions (426.5)		4,215	5,441	0	0
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)	340	50,987	43,498	0	0
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other than Income Taxes (408.2)	262-263	0	0	0	0
53	Income Taxes-Federal (409.2)	262-263	143,361	58,136	0	0
54	Income Taxes-Other (409.2)	262-263	52,065	57,894	0	0
55	Provision for Deferred Income Taxes (410.2)	234-235	2,795,893	16,487,095	0	0
56	(Less) Provision for Deferred Income Taxes-Credit (411.2)	234-235	3,371,170	14,438,797	0	0
57	Investment Tax Credit Adjustments-Net (411.5)		0	0	0	0
58	(Less) Investment Tax Credits (420)		0	0	0	0
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		( 379,851)	2,164,328	0	0
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		7,588,350	3,535,533	0	0
61	<b>INTEREST CHARGES</b>					
62	Interest on Long-Term Debt (427)		0	2,583,864	0	0
63	Amortization of Debt Disc. and Expense (428)	258-259	0	48,117	0	0
64	Amortization of Loss on Reacquired Debt (428.1)		1,725,055	3,765,494	0	0
65	(Less) Amortization of Premium on Debt-Credit (429)	258-259	0	0	0	0
66	(Less) Amortization of Gain on Reacquired Debt-Credit (429.1)		0	0	0	0
67	Interest on Debt to Associated Companies (430)	340	0	0	0	0
68	Other Interest Expense (431)	340	647,862	75,743	0	0
69	(Less) Allowance for Borrowed Funds Used During Construction-Credit (432)		( 863)	20,245	0	0
70	Net Interest Charges (Total of lines 62 thru 69)		2,373,780	6,452,973	0	0
71	Income Before Extraordinary Items (Total of lines 27,60 and 70)		160,620,668	103,065,346	0	0
72	<b>EXTRAORDINARY ITEMS</b>					
73	Extraordinary Income (434)		0	0	0	0
74	(Less) Extraordinary Deductions (435)		0	0	0	0
75	Net Extraordinary Items (Total of line 73 less line 74)		0	0	0	0
76	Income Taxes-Federal and Other (409.3)	262-263	0	0	0	0
77	Extraordinary Items after Taxes (Total of line 75 less line 76)		0	0	0	0
78	Net Income (Total of lines 71 and 77)		160,620,668	103,065,346	0	0

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Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Kern River Gas Transmission Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	/ /	End of <u>2018/Q4</u>

## Statement of Accumulated Comprehensive Income and Hedging Activities(continued)

Line No.	Other Cash Flow Hedges Interest Rate Swaps  (f)	Other Cash Flow Hedges [Insert Footnote at Line 1 to specify category]  (g)	Totals for each category of items recorded in Account 219  (h)	Net Income (Carried Forward from Page 116, Line 78)  (i)	Total Comprehensive Income  (j)
1		343,423	343,423		
2		( 239,802)	( 239,802)		
3		512,158	512,158		
4		272,356	272,356	103,065,346	103,337,702
5		615,779	615,779		
6		615,779	615,779		
7		16,583,870	16,583,870		
8		( 15,202,549)	( 15,202,549)		
9		1,381,321	1,381,321	160,620,668	162,001,989
10		1,997,100	1,997,100		

Name of Respondent Kern River Gas Transmission Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
<b>Statement of Retained Earnings</b>					
<p>1. Report all changes in appropriated retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.</p> <p>2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).</p> <p>3. State the purpose and amount for each reservation or appropriation of retained earnings.</p> <p>4. List first Account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items, in that order.</p> <p>5. Show dividends for each class and series of capital stock.</p>					
Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter Year to Date Balance (c)	Previous Quarter Year to Date Balance (d)	
	UNAPPROPRIATED RETAINED EARNINGS				
1	Balance-Beginning of Period		( 233,348,893)	( 164,414,239)	
2	Changes (Identify by prescribed retained earnings accounts)				
3	Adjustments to Retained Earnings (Account 439)				
4	TOTAL Credits to Retained Earnings (Account 439) (footnote details)				
5	TOTAL Debits to Retained Earnings (Account 439) (footnote details)				
6	Balance Transferred from Income (Acct 433 less Acct 418.1)		160,620,668	103,065,346	
7	Appropriations of Retained Earnings (Account 436)				
8	TOTAL Appropriations of Retained Earnings (Account 436) (footnote details)				
9	Dividends Declared-Preferred Stock (Account 437)				
10	TOTAL Dividends Declared-Preferred Stock (Account 437) (footnote details)				
11	Dividends Declared-Common Stock (Account 438)				
12	TOTAL Dividends Declared-Common Stock (Account 438) (footnote details)	131	200,000,000	172,000,000	
13	Transfers from Account 216.1, Unappropriated Undistributed Subsidiary Earnings				
14	Balance-End of Period (Total of lines 1, 4, 5, 6, 8, 10, 12, and 13)		( 272,728,225)	( 233,348,893)	
15	APPROPRIATED RETAINED EARNINGS (Account 215)				
16	TOTAL Appropriated Retained Earnings (Account 215) (footnote details)				
17	APPROPRIATED RETAINED EARNINGS-AMORTIZATION RESERVE, FEDERAL (Account				
18	TOTAL Appropriated Retained Earnings-Amortization Reserve, Federal (Account				
19	TOTAL Appropriated Retained Earnings (Accounts 215, 215.1) (Total of lines				
20	TOTAL Retained Earnings (Accounts 215, 215.1, 216) (Total of lines 14 and 1		( 272,728,225)	( 233,348,893)	
21	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)				
	Report only on an Annual Basis no Quarterly				
22	Balance-Beginning of Year (Debit or Credit)				
23	Equity in Earnings for Year (Credit) (Account 418.1)				
24	(Less) Dividends Received (Debit)				
25	Other Changes (Explain)				
26	Balance-End of Year				

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Name of Respondent Kern River Gas Transmission Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
<b>Statement of Cash Flows</b>				
<p>(1) Codes to be used: (a) Net Proceeds or Payments; (b) Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.</p> <p>(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.</p> <p>(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.</p> <p>(4) Investing Activities: Include at Other (line 25) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.</p>				
Line No.	Description (See Instructions for explanation of codes) (a)	Current Year to Date Quarter/Year	Previous Year to Date Quarter/Year	
1	Net Cash Flow from Operating Activities			
2	Net Income (Line 78(c) on page 116)	160,620,668	103,065,346	
3	Noncash Charges (Credits) to Income:			
4	Depreciation and Depletion	62,359,055	66,122,810	
5	Amortization of (Specify) (footnote details)	( 11,604,657)	19,909,970	
6	Deferred Income Taxes (Net)	4,555,632	18,212,948	
7	Investment Tax Credit Adjustments (Net)			
8	Net (Increase) Decrease in Receivables	3,657,249	( 1,595,486)	
9	Net (Increase) Decrease in Inventory	( 1,379,113)	( 482,547)	
10	Net (Increase) Decrease in Allowances Inventory			
11	Net Increase (Decrease) in Payables and Accrued Expenses	8,844,599	( 2,678,323)	
12	Net (Increase) Decrease in Other Regulatory Assets	( 354,469)	( 119,000)	
13	Net Increase (Decrease) in Other Regulatory Liabilities	( 5,466,965)	( 5,335,670)	
14	(Less) Allowance for Other Funds Used During Construction	375,881	189,642	
15	(Less) Undistributed Earnings from Subsidiary Companies			
16	Other (footnote details):	( 482,280)	( 5,514,487)	
17	Net Cash Provided by (Used in) Operating Activities			
18	(Total of Lines 2 thru 16)	220,373,838	191,395,919	
19				
20	Cash Flows from Investment Activities:			
21	Construction and Acquisition of Plant (including land):			
22	Gross Additions to Utility Plant (less nuclear fuel)	( 51,487,948)	( 37,810,281)	
23	Gross Additions to Nuclear Fuel			
24	Gross Additions to Common Utility Plant			
25	Gross Additions to Nonutility Plant			
26	(Less) Allowance for Other Funds Used During Construction	( 375,881)	( 189,642)	
27	Other: (footnote)	20,580,942	15,430,304	
28	Cash Outflows for Plant (Total of lines 22 thru 27)	( 30,531,125)	( 22,190,335)	
29				
30	Acquisition of Other Noncurrent Assets (d)			
31	Proceeds from Disposal of Noncurrent Assets (d)			
32				
33	Investments in and Advances to Assoc. and Subsidiary Companies			
34	Contributions and Advances from Assoc. and Subsidiary Companies			
35	Disposition of Investments in (and Advances to)			
36	Associated and Subsidiary Companies			
37				
38	Purchase of Investment Securities (a)	( 1,433,442)	( 478,082)	
39	Proceeds from Sales of Investment Securities (a)	772,503	456,396	

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2018/Q4</u>
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**Statement of Cash Flows (continued)**

Line No.	Description (See Instructions for explanation of codes) (a)	Current Year to Date Quarter/Year	Previous Year to Date Quarter/Year
40	Loans Made or Purchased		
41	Collections on Loans		
42			
43	Net (Increase) Decrease in Receivables		
44	Net (Increase) Decrease in Inventory		
45	Net (Increase) Decrease in Allowances Held for Speculation		
46	Net Increase (Decrease) in Payables and Accrued Expenses		
47	Other (footnote details):		
48	Net Cash Provided by (Used in) Investing Activities		
49	(Total of lines 28 thru 47)	( 31,192,064)	( 22,212,021)
50			
51	Cash Flows from Financing Activities:		
52	Proceeds from Issuance of:		
53	Long-Term Debt (b)		
54	Preferred Stock		
55	Common Stock		
56	Other (footnote details): Contributions from Parent	27,900,000	167,500,000
57	Net Increase in Short-term Debt (c)		
58	Other		
59	Cash Provided by Outside Sources (Total of lines 53 thru 58)	27,900,000	167,500,000
60			
61	Payments for Retirement of:		
62	Long-Term Debt (b)		( 195,554,341)
63	Preferred Stock		
64	Common Stock		
65	Other:		
66	Net Decrease in Short-Term Debt (c)		
67	Distributions to Parent	( 200,000,000)	( 172,000,000)
68	Dividends on Preferred Stock		
69	Dividends on Common Stock		
70	Net Cash Provided by (Used in) Financing Activities		
71	(Total of lines 59 thru 69)	( 172,100,000)	( 200,054,341)
72			
73	Net Increase (Decrease) in Cash and Cash Equivalents		
74	(Total of line 18, 49 and 71)	17,081,774	( 30,870,443)
75			
76	Cash and Cash Equivalents at Beginning of Period	21,538,047	52,408,490
77			
78	Cash and Cash Equivalents at End of Period	38,619,821	21,538,047

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2018/Q4
Kern River Gas Transmission Company			
Notes to Financial Statements			

1. Provide important disclosures regarding the Balance Sheet, Statement of Income for the Year, Statement of Retained Earnings for the Year, and Statement of Cash Flow, or any account thereof. Classify the disclosures according to each financial statement, providing a subheading for each statement except where a disclosure is applicable to more than one statement. The disclosures must be on the same subject matters and in the same level of detail that would be required if the respondent issued general purpose financial statements to the public or shareholders.
2. Furnish details as to any significant contingent assets or liabilities existing at year end, and briefly explain any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or a claim for refund of income taxes of a material amount initiated by the utility. Also, briefly explain any dividends in arrears on cumulative preferred stock.
3. Furnish details on the respondent's pension plans, post-retirement benefits other than pensions (PBOP) plans, and post-employment benefit plans as required by instruction no. 1 and, in addition, disclose for each individual plan the current year's cash contributions. Furnish details on the accounting for the plans and any changes in the method of accounting for them. Include details on the accounting for transition obligations or assets, gains or losses, the amounts deferred and the expected recovery periods. Also, disclose any current year's plan or trust curtailments, terminations, transfers, or reversions of assets. Entities that participate in multiemployer postretirement benefit plans (e.g. parent company sponsored pension plans) disclose in addition to the required disclosures for the consolidated plan, (1) the amount of cost recognized in the respondent's financial statements for each plan for the period presented, and (2) the basis for determining the respondent's share of the total plan costs.
4. Furnish details on the respondent's asset retirement obligations (ARO) as required by instruction no. 1 and, in addition, disclose the amounts recovered through rates to settle such obligations. Identify any mechanism or account in which recovered funds are being placed (i.e. trust funds, insurance policies, surety bonds). Furnish details on the accounting for the asset retirement obligations and any changes in the measurement or method of accounting for the obligations. Include details on the accounting for settlement of the obligations and any gains or losses expected or incurred on the settlement.
5. Provide a list of all environmental credits received during the reporting period.
6. Provide a summary of revenues and expenses for each tracked cost and special surcharge.
7. Where Account 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these item. See General Instruction 17 of the Uniform System of Accounts.
8. Explain concisely any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
9. Disclose details on any significant financial changes during the reporting year to the respondent or the respondent's consolidated group that directly affect the respondent's gas pipeline operations, including: sales, transfers or mergers of affiliates, investments in new partnerships, sales of gas pipeline facilities or the sale of ownership interests in the gas pipeline to limited partnerships, investments in related industries (i.e., production, gathering), major pipeline investments, acquisitions by the parent corporation(s), and distributions of capital.
10. Explain concisely unsettled rate proceedings where a contingency exists such that the company may need to refund a material amount to the utility's customers or that the utility may receive a material refund with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects and explain the major factors that affect the rights of the utility to retain such revenues or to recover amounts paid with respect to power and gas purchases.
11. Explain concisely significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and summarize the adjustments made to balance sheet, income, and expense accounts.
12. Explain concisely only those significant changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.
13. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
14. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
15. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2018/Q4
Kern River Gas Transmission Company			
Notes to Financial Statements			

## (1) Organization and Operations

Kern River Gas Transmission Company (the "Respondent") is an indirect wholly owned subsidiary of Berkshire Hathaway Energy Company ("BHE"), a holding company that owns locally managed businesses principally engaged in the energy business. BHE is a consolidated subsidiary of Berkshire Hathaway Inc. ("Berkshire Hathaway"). The Respondent owns an interstate natural gas pipeline system that extends from supply areas in the Rocky Mountains to consuming markets in Utah, Nevada and California. The Respondent's pipeline system consists of 1,700 miles of natural gas pipelines, including 1,400 miles of mainline section and 300 miles of common facilities, with a design capacity of 2,166,575 decatherms ("Dth") per day. The Respondent owns the entire mainline section, which extends from the system's point of origination near Opal, Wyoming, through the Central Rocky Mountains area into Daggett, California. The mainline section consists of 1,300 miles of 36-inch diameter pipeline and 100 miles of various laterals that connect to the mainline. The common facilities are jointly owned by the Respondent and Mojave Pipeline Company ("Mojave") as tenants-in-common, and ownership may increase or decrease pursuant to the capital contributions made by each respective joint owner. The Respondent has exclusive rights to 1,613,392 Dth per day of the common facilities' capacity, and Mojave has exclusive rights to 414,001 Dth per day of capacity. Operation and maintenance of the common facilities are the responsibility of Mojave Pipeline Operating Company, an affiliate of Mojave. The Respondent reimburses Mojave for its share of the pipeline expenses. The common facilities and associated operating costs are included in the Financial Statements on a prorated basis. Except for quantities of natural gas owned for operational purposes, the Respondent does not own the natural gas that is transported through its system. The Respondent's transportation operations are subject to a regulated tariff that is on file with the Federal Energy Regulatory Commission ("FERC"). The tariff rates are designed to provide the Respondent with an opportunity to recover its costs of providing services and earn a reasonable return on its investments.

## (2) Summary of Significant Accounting Policies

### *Basis of Presentation*

The Financial Statements have been prepared based upon the accounting regulations of the FERC pursuant to the Code of Federal Regulations, Title 18, Part 201, Uniform System of Accounts ("FERC accounting regulations"). Therefore, the Financial Statements contain certain differences from general purpose financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), including accounting for regulatory assets for levelized depreciation and financial statement classifications such as deferred income taxes, income tax expense and accumulated negative salvage.

The Respondent has evaluated subsequent events through April 18, 2019, which is the date the Financial Statements were available to be issued.

### *Use of Estimates in Preparation of Financial Statements*

The preparation of the Financial Statements in conformity with FERC accounting regulations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenue and expenses during the period. These estimates include, but are not limited to, the effects of regulation; income taxes; the recovery of long-lived assets; and accounting for contingencies. Actual results may differ from the estimates used in preparing the Financial Statements.

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#### *Accounting for the Effects of Certain Types of Regulation*

The Respondent prepares its Financial Statements in accordance with authoritative guidance for regulated operations, which recognizes the economic effects of regulation. Accordingly, the Respondent is required to defer the recognition of certain costs or income if it is probable that, through the ratemaking process, there will be a corresponding increase or decrease in future regulated rates. Regulatory assets and liabilities are established to reflect the impacts of these deferrals and are recognized in earnings as they are recovered in regulated rates.

The Respondent's rates for transportation service are primarily derived on the basis of a levelized cost-of-service. In the FERC orders certifying the Respondent's original system and subsequent expansions, the FERC approved levelized depreciation expense schedules designed to maintain a constant total cost-of-service over the initial contract terms ("Period One") or the period eligible customers elect to take service upon the expiration of the Period One contracts ("Period Two"). Rather than recovering plant costs through the depreciation allowance in rates on a straight-line basis, the Respondent's annual recovery of its capital investment in rates increases as the return on equity, interest expense and income taxes decrease, to obtain a constant or level cost-of-service. Because application of a straight-line depreciation rate to the Respondent's plant investment would result in substantial depreciation expense in the Respondent's early years of service, the effect of levelization has been to transfer some portion of the Respondent's cost recovery from the early years to the later years of the customers' initial contract terms. The cumulative difference between the composite or straight-line method described above and the plant cost recovered through levelized depreciation is recorded as a regulatory asset or liability to be recovered or returned in future years. Refer to Note 5 of Notes to Financial Statements for additional information regarding regulatory matters and the Respondent's levelized rates.

The Respondent has presented a regulatory asset for deferred depreciation expense on incremental capital additions representing the investment in facilities that have occurred since the last rate case. The cumulative amount of depreciation expense is reflected as a regulatory asset to be recovered in future years. Refer to Note 5 of Notes to Financial Statements for additional information regarding regulatory matters.

The Respondent continually evaluates the applicability of the guidance for regulated operations and whether its regulatory assets and liabilities are probable of inclusion in future regulated rates by considering factors such as a change in the regulator's approach to setting regulated rates from cost-based ratemaking to another form of regulation, other regulatory actions or the impact of competition that could limit the Respondent's ability to recover its costs. The Respondent believes the application of the guidance for regulated operations is appropriate and its existing regulatory assets and liabilities are probable of inclusion in future regulated rates. The evaluation reflects the current political and regulatory climate at the federal level. If it becomes no longer probable that the deferred costs or income will be included in future regulated rates, the related regulatory assets and liabilities will be written-off to net income, returned to customers, or re-established as accumulated other comprehensive (loss) income ("AOCI").

#### *Cash Equivalents and Restricted Cash and Cash Equivalents*

Cash equivalents consist of funds invested in securities with a maturity of three months or less when purchased. Cash and cash equivalents exclude amounts where availability is restricted by legal requirements, loan agreements or other contractual provisions. Restricted amounts are included in other special funds and current and accrued assets on the Balance Sheets.



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#### *Allowance for Doubtful Accounts*

Accounts receivable are stated at the outstanding principal amount, net of an estimated allowance for doubtful accounts. The allowance for doubtful accounts is based on the Respondent's assessment of the collectability of amounts owed to the Respondent by its customers. This assessment requires judgment regarding the ability of customers to pay or the outcome of any pending disputes. As of December 31, 2018 and 2017, there was no significant allowance for doubtful accounts.

#### *Transportation Imbalances*

Shippers schedule their volumes into the Respondent's system with subsequent deliveries to various markets. Imbalance receivables and payables are created when shipper's receipts to the system vary from shipper's deliveries off the system, excluding quantities retained by the pipeline for compressor fuel and lost and unaccounted for gas. Receipts and deliveries from third parties in connection with operational balancing contracts also result in imbalances. At the end of each month, imbalances are valued at current market prices and recorded as miscellaneous current and accrued assets and liabilities on the Balance Sheets with offsetting entries to operation and maintenance on the Statements of Income. Settlement of imbalances occurs in accordance with the Respondent's FERC tariff, the terms of the contracts and the timing of natural gas deliveries based on the Respondent's operational conditions.

#### *Plant Materials and Supplies*

Plant materials and supplies consist mainly of replacement parts used in the periodic overhaul of gas compressor units and materials for construction, operation and maintenance and are stated at average cost, except for compressor engines which are stated at historical cost.

#### *Utility Plant, Net*

##### *General*

Additions to utility plant are recorded at cost. The Respondent capitalizes all construction-related material, direct labor and contract services, as well as indirect construction costs, which include debt and equity allowance for funds used during construction ("AFUDC") on rate base assets. The cost of additions and betterments are capitalized, while costs incurred that do not improve or extend the useful lives of the related assets are generally expensed. The Respondent is permitted to earn a return on the cost of its rate base assets as well as recover these costs through depreciation expense over the useful lives of the assets.

Depreciation and amortization are generally computed by applying the composite or straight-line method based on either estimated useful lives or mandated recovery periods as prescribed by the FERC. Under the composite method when utility plant is retired, the original cost of the property retired is charged to accumulated depreciation and amortization, net of salvage and removal costs. For general plant, the original cost of the property retired is charged to accumulated depreciation and amortization at the end of the depreciable lives of the asset vintages. Retirement gains or losses are not included in income except in the case of sales of operating units.

The Respondent capitalizes AFUDC, which represents the cost of debt and equity funds necessary to finance the construction of regulated facilities, as a component of utility plant, with offsetting credits to the Statements of Income. AFUDC is computed based on guidelines set forth by the FERC.

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### *Line Pack Gas*

Line pack gas is accounted for utilizing the fixed asset accounting method as prescribed by the FERC. Under this approach, line pack gas volumes are classified as utility plant, net and valued at cost. In addition, line pack is classified as either recoverable or non-recoverable. Non-recoverable line pack is depreciated while recoverable line pack is not depreciated.

### *Asset Retirement Obligations*

The Respondent recognizes asset retirement obligations ("AROs") when it has a legal obligation to remove or abandon-in-place an asset upon retirement. The Respondent's AROs are primarily related to the retirement of long-lived assets that result from the acquisition, construction, development or normal use of assets. The fair value of an ARO liability is recognized in the period in which it is incurred, if a reasonable estimate of fair value can be made, and is added to the carrying amount of the associated asset, which is then depreciated over the remaining useful life of the asset. The Respondent has concluded that it is legally obligated to remove, or abandon-in-place, its pipeline and related equipment upon the final retirement of the pipeline. While interim removal or abandonment-in-place and replacement of such equipment is probable, the final retirement dates of these assets are not determinable, and therefore, the liabilities for their removal cannot be reasonably estimated.

### *Negative Salvage*

Negative salvage is the amount recovered in transportation rates for the estimated removal cost after salvage proceeds at the time the asset is removed from service. The Respondent recognizes a negative salvage reserve for final abandonment and removal of its gas transmission system in accumulated depreciation and amortization and, as of December 31, 2018 and 2017, the balance of this reserve was \$41.3 million and \$38.1 million, respectively. The annual negative salvage allowance, which is 0.12% of transmission plant and is reflected in depreciation and amortization on the Statements of Income, was \$3.2 million for each of the years ended December 31, 2018 and 2017.

### *Revenue Recognition*

The Respondent uses a single five-step model to identify and recognize revenue from contracts with customers ("Customer Revenue") upon transfer of control of promised services in an amount that reflects the consideration to which the Respondent expects to be entitled in exchange for those services.

The Respondent's revenue is derived from tariff-based transportation arrangements approved by FERC. These tariff-based revenues have performance obligations to deliver services to customers which are satisfied over time as services are provided.

Revenue recognized is equal to what the Respondent has the right to invoice as it corresponds directly with the value to the customer of the Respondent's performance to date and includes billed and unbilled amounts. As of December 31, 2018 and 2017, unbilled revenue was \$ 21.0 million and \$23.6 million, respectively, and is included in customer accounts receivable, net on the Balance Sheet. Approximately 90% of the Respondent's transportation revenue is from fixed reservation charges based on contractual quantities and rates regulated by the FERC. The remaining revenue is from market-oriented transportation charges, commodity charges, or facility charges. Market-oriented transportation is sold at market-indexed, discounted or negotiated rates. The rates are applied to scheduled quantities for commodity and

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market-oriented transportation. Differences between scheduled quantities and actual measured quantities are reflected on transportation or balancing agreements during the month in which transportation service is provided and are not material.

The Respondent is subject to FERC regulations and, accordingly, certain revenue collected may be subject to possible refunds upon final FERC orders in pending regulated rate proceedings. The Respondent may record revenue that is subject to refund based on its best estimates of the final outcomes of such proceedings and other third party regulatory proceedings, advice of counsel and estimated total exposure, as well as collection and other risks. The Respondent had no earned revenue subject to refund for the years ended December 31, 2018 and 2017.

#### *Income Taxes*

Berkshire Hathaway includes BHE and its subsidiaries in its consolidated United States federal income tax return. Consistent with established regulatory practice, the Respondent's provision for income taxes has been computed for each of the incremental project groups comprising the Respondent as if each were a distinct entity not included as a member of a consolidated tax return. Substantially all of the Respondent's respective currently payable or receivable income taxes are remitted to or received from BHE.

Deferred income tax assets and liabilities are based on differences between the financial statement and income tax basis of assets and liabilities using estimated income tax rates expected to be in effect for the year in which the differences are expected to reverse. Changes in deferred income tax assets and liabilities that are associated with components of other comprehensive income ("OCI") are charged or credited directly to OCI. Changes in deferred income tax assets and liabilities that are associated with property-related basis differences and other various differences that the Respondent deems probable of being reflected in future regulatory rates, are charged or credited directly to a regulatory asset or liability and will be included in rates when the temporary differences reverse. Other changes in deferred income tax assets and liabilities are included as a component of income tax expense. Changes in deferred income tax assets and liabilities attributable to changes in enacted income tax rates are charged or credited to income tax expense or a regulatory asset or liability in the period of enactment. Valuation allowances are established when necessary to reduce certain deferred income tax assets to the amount that is more-likely-than-not to be realized.

In determining the Respondent's income taxes, management is required to interpret complex income tax laws and regulations, which includes consideration of regulatory implications imposed by the FERC. The Respondent's income tax returns are subject to continuous examinations by federal, state and local income tax authorities that may give rise to different interpretations of these complex laws and regulations. Due to the nature of the examination process, it generally takes years before these examinations are completed and these matters are resolved. The Respondent recognizes the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the Financial Statements from such a position are measured based on the largest benefit that is more-likely-than-not of being realized upon ultimate settlement. Although the ultimate resolution of the Respondent's federal, state and local income tax examinations is uncertain, the Respondent believes it has made adequate provisions for these income tax positions. The aggregate amount of any additional income tax liabilities that may result from these examinations, if any, is not expected to have a material adverse impact on the Respondent's financial results. The Respondent's unrecognized tax benefits are included in other current assets and other long-term liabilities on the Balance Sheets. Estimated interest and penalties, if any, related to uncertain tax positions are included as other interest expense and penalties, respectively, on the Statements of Income.

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### *New Accounting Pronouncements*

In March 2017, the FASB issued ASU No. 2017-07, which amends FASB ASC Topic 715, "Compensation - Retirement Benefits." The amendments in this guidance require that an employer disaggregate the service cost component from the other components of net benefit cost and report the service cost component in the same line item as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the statement of operations separately from the service cost component and outside the subtotal of operating income. Additionally, the guidance only allows the service cost component to be eligible for capitalization when applicable. This guidance is effective for interim and annual reporting periods beginning after December 15, 2017 for public entities. For nonpublic entities, this guidance is effective for annual reporting periods beginning after December 15, 2018 and interim reporting periods within annual reporting periods beginning after December 15, 2019. This guidance must be adopted retrospectively for the presentation of the service cost component and the other components of net benefit cost in the statement of operations and prospectively for the capitalization of the service cost component in the balance sheet, with early adoption permitted. The Respondent adopted this guidance effective January 1, 2018, and the adoption did not have a material impact on its Financial Statements and disclosures included within Notes to Financial Statements

In November 2016, the FASB issued ASU No. 2016-18, which amends FASB ASC Subtopic 230-10, "Statement of Cash Flows - Overall." The amendments in this guidance require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The Respondent adopted this guidance retrospectively effective January 1, 2018, and the adoption did not have a material impact on its Financial Statements.

In August 2016, the FASB issued ASU No. 2016-15, which amends FASB ASC Topic 230, "Statement of Cash Flows." The amendments in this guidance address the classification of eight specific cash flow issues within the statement of cash flows with the objective of reducing the existing diversity in practice. The Respondent adopted this guidance retrospectively effective January 1, 2018 and the adoption did not have a material impact on its Financial Statements.

In February 2016, the FASB issued ASU No. 2016-02, which creates FASB ASC Topic 842, "Leases" and supersedes Topic 840 "Leases." This guidance increases transparency and comparability among entities by recording lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous guidance. During 2018, the FASB issued several ASUs that clarified the implementation guidance and provided optional transition practical expedients for ASU No. 2016-02 including ASU No. 2018-01 that allows companies to forgo evaluating existing land easements if they were not previously accounted for under ASC Topic 840, "Leases," ASU No. 2018-11 that allows companies to apply the new guidance at the adoption date with the cumulative-effect adjustment to the opening balance of retained earnings recognized in the period of adoption and ASU No. 2018-20 that provides targeted improvements to lessor accounting, such as the handling of sales and other similar taxes. This guidance is effective for interim and annual reporting periods beginning after December 15, 2018 for public companies. For nonpublic entities, this guidance is effective for annual reporting periods beginning after December 15, 2019 and interim reporting periods within annual reporting periods beginning after December 15, 2020. This guidance is required to be adopted using a modified retrospective approach, with

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early adoption permitted. The Respondent adopted this guidance effective January 1, 2019, for all contracts currently in-effect. The Respondent is finalizing its implementation efforts relative to the new guidance and currently does not believe the adoption of the new guidance will have a material impact on its Financial Statements and disclosures included within Notes to Financial Statements.

In May 2014, the FASB issued ASU No. 2014-09, which created FASB ASC Topic 606, "Revenue from Contracts with Customers" and superseded ASC Topic 605, "Revenue Recognition." The guidance replaced industry-specific guidance and established a single five-step model to identify and recognize Customer Revenue. The core principle of the guidance is that an entity should recognize revenue upon transfer of control of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. Following the issuance of ASU No. 2014-09, the FASB issued several ASUs that clarified the implementation guidance for ASU No. 2014-09 but did not change the core principle of the guidance. The Respondent adopted this guidance for all applicable contracts as of January 1, 2018 under a modified retrospective method and the adoption did not have a cumulative effect impact at the date of initial adoption.

### (3) Cash and Cash Equivalents and Restricted Cash and Cash Equivalents

Cash equivalents consist of funds invested in money market mutual funds and other investments with a maturity of three months or less when purchased. Cash and cash equivalents exclude amounts where availability is restricted by legal requirements, loan agreements or other contractual provisions. Restricted cash and cash equivalents as of December 31, 2018 and December 31, 2017, consist substantially of escrow funds held to provide the Respondent with protection against customer credit risk. A reconciliation of cash and cash equivalents and restricted cash and cash equivalents as of December 31, 2018 and 2017, as presented in the Statements of Cash Flows is outlined below and disaggregated by the line items in which they appear on the Balance Sheets (in thousands):

	As of December 31,	
	2018	2017
Cash and cash equivalents	\$ 23,840	\$ 7,766
Restricted cash and cash equivalents in other current assets	1,457	1,437
Restricted cash and cash equivalents in other assets	13,323	12,335
Total cash and cash equivalents and restricted cash and cash equivalents	\$ 38,620	\$ 21,538

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#### (4) Utility Plant, Net

Utility plant, net consists of the following as of December 31 (in thousands):

	Depreciation Rates	2018	2017
Transmission plant - Original and 2002 Expansion ("Rolled-in") system (1)(3)	1.15% to 2.48%	\$ 1,140,017	\$ 1,133,985
Transmission plant - 2003 and 2010 Expansion ("Incremental") system (1)(3)	1.80% to 2.25%	1,213,930	1,209,672
Transmission plant - Apex Expansion system (1)(3)	2.34%	307,190	306,981
Transmission plant - other (4)	0.52% to 1.16%	54,110	54,108
Compressor engines	9.92%	135,336	130,357
Intangible plant (2)	1.15% to 20.00%	29,403	28,635
General plant	4.00% to 33.33%	15,364	14,724
Total operating assets		2,895,350	2,878,462
Accumulated depreciation and amortization		(1,379,173)	(1,332,266)
Net operating assets		1,516,177	1,546,196
Construction work-in-progress		5,957	4,222
Utility plant, net		\$ 1,522,134	\$ 1,550,418

(1) Includes recoverable line pack gas of \$3.6 million, \$7.3 million and \$0.4 million for the Rolled-in, Incremental and Apex Expansion systems, respectively, as of December 31, 2018 and 2017. Recoverable line pack gas is not depreciated.

(2) Includes costs for capitalized software development, contributions in aid of construction, and leasehold improvements.

(3) Depreciation rates for Transmission plant were adjusted effective March 1, 2017. The previously effective depreciation rates were 1.95% for "Rolled-in" system, 3.00% for "Incremental" and Apex Expansion systems, and 3.00% to 6.67% for other.

(4) Costs of \$20.1 million for the Mountain Pass lateral and meter station are classified as plant held for future use.

The Respondent had gross costs for capitalized right of use or right of way of \$73.3 million for each of the years ended December 31, 2018 and 2017, and accumulated amortization of \$36.6 million and \$35.4 million as of December 31, 2018 and 2017, respectively, which is reflected in utility plant, net on the Balance Sheets. Capitalized right of use or right of way costs are amortized at rates ranging from 1.15% to 2.48%.

For the years ended December 31, 2018 and 2017, depreciation expense of \$59.6 million and \$63.3 million, respectively, and amortization expense of \$2.8 million for each of the years were included in depreciation expense and amortization and depletion of utility plant, respectively, on the Statements of Income. The Respondent expects amortization expense to be \$3.0 million for 2019, \$3.7 million for 2020, \$4.1 million for 2021, \$4.2 million for 2022 and 2023.

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On January 27, 2017, FERC approved Kern River's Alternate Period Two rate settlement, which included revised book depreciation rates in recognition that the book depreciable life had been extended. The following table is a comparison of the book depreciation rates in effect prior to and on March 1, 2017.

System	Book Depreciation Rates Prior to March 1, 2017	Book Depreciation Rates Effective March 1, 2017
Original System	1.95%	1.15%
Expansion 2002	1.95%	2.48%
Expansion 2003	3.00%	1.80%
Expansion 2010	3.00%	2.25%
Apex	3.00%	2.34%
Big Horn	6.67%	0.52%
High Desert	4.76%	1.16%
Mountain Pass	3.00%	2.32%

#### (5) Regulatory Matters

Regulatory assets represent costs that are expected to be recovered in future regulated rates. The Respondent's regulatory assets reflected on the Balance Sheets consist of the following as of December 31 (in thousands):

	Weighted Average Remaining Life	2018	2017
Levelized depreciation on utility plant (1)	30 years	\$ 48,156	\$ 50,795
Deferred income taxes associated with equity AFUDC	30 years	14,369	14,706
Deferred depreciation on incremental capital additions	N/A	91,378	77,450
Other	Various	2,331	2,079
Total		<u>\$ 156,234</u>	<u>\$ 145,030</u>

(1) Levelized depreciation on utility plant is in a net asset position for the Apex Expansion and High Desert systems.

The Respondent had regulatory assets not earning a return on investment of \$16.7 million and \$16.8 million as of December 31, 2018 and 2017, respectively.

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Regulatory liabilities represent income to be recognized or amounts to be returned to eligible customers in future periods. The Respondent's regulatory liabilities reflected on the Balance Sheets consists of the following as of December 31 (in thousands):

	Weighted Average Remaining Life	2018	2017
Levelized depreciation on utility plant <sup>(1)</sup>	30 years	\$ 328,805	\$ 332,413
Excess deferred income taxes <sup>(2)</sup>	Various	188,924	195,674
Other	Various	7,001	14,272
Total		\$ 524,730	\$ 542,359

- (1) Levelized depreciation on utility plant is in a net liability position for the Rolled-In, 2003/2010 and Big Horn Expansion projects.  
(2) Amounts represent income tax liabilities related to tax rate changes on deferred income tax assets and liabilities. See Note 7 for further discussion of 2017 Tax Reform impacts.

In October 2018, the Respondent filed a settlement, which included a proposed 11% rate credit to maximum tariff rates. This rate credit was approved and effective beginning November 15, 2018 and is intended to provide rate relief to customers for the federal income tax rate reduction, including the amortization of net excess deferred income taxes. The December 31, 2018 Financial Statements include an accrual of \$0.6 million for refund due shippers.

On January 27, 2017, FERC approved the Stipulation and Agreement of Settlement ("Settlement") filed by the Respondent to establish an alternative set of rates for customers that extend service associated with the Respondent's Original System and 2002 Expansion, 2003 Expansion and 2010 Expansion projects (Docket No RP17-248). The Settlement provided a lower rate option to customers, improved the likelihood of re-contracting expiring capacity and extended recovery of the Respondent's rate base. The reduction in rates is accomplished by extending the levelized depreciation term to 25 years. The December 31, 2017 Financial Statements include a reduction of the Respondent's regulatory liability for levelized depreciation on utility plant of \$16.0 million, including \$13.7 million for levelized depreciation prior to 2017. The reduction in the regulatory liability was reported as a regulatory credit. Book depreciation rates were also adjusted beginning March 1, 2017. The December 31, 2017 Financial Statements also include \$4.8 million of refunds provided to shippers that elected the new lower rates.

#### (6) Fair Value Measurements

The carrying value of cash, certain cash equivalents, receivables, payables and accrued liabilities approximates fair value because of the short-term maturity of these instruments. The Respondent uses a three level hierarchy for determining fair value and a financial asset or liability classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The Respondent has investments in money market mutual funds that are accounted for as available-for-sale securities, are stated at fair value and are included in special deposits, temporary cash investments and other special funds on the Balance Sheets. The fair value of the Respondent's money market mutual funds, which approximates cost, was \$38.4 million and \$20.1 million as of December 31, 2018 and 2017, respectively. The



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Respondent also has investments in investment funds that are accounted for as trading securities, are stated at fair value and are included in other property and investments on the Balance Sheets. The fair value of the Respondent's investment funds was \$0.9 million and \$1.1 million as of December 31, 2018 and 2017, respectively. The Respondent considers these money market mutual funds and investment funds to be valued using Level 1 inputs, which are determined by using, when available, a readily observable quoted market price or net asset value of an identical security in an active market.

## (7) Income Taxes

### *Tax Cuts and Jobs Act*

The 2017 Tax Reform impacts many areas of income tax law. The most material item included the reduction of the federal corporate tax rate from 35% to 21% effective January 1, 2018 and limitations on bonus depreciation for utility property. GAAP requires the effect on deferred tax assets and liabilities of a change in tax rates be recognized in the period the tax rate change was enacted. The Respondent's excess deferred income taxes were calculated by measuring the difference between its gross temporary differences as of December 31, 2017 valued at the Respondent's pre-tax reform combined federal and state statutory income tax rate as compared to the same gross temporary differences valued at the Respondent's post-tax reform combined federal and state statutory income tax rate. In December 2017, the Respondent recorded an estimate of excess deferred income taxes and established a regulatory liability in account 254, which was reflected in the Respondent's 2017 Form 2. The excess deferred income tax balances presented in the table below represent the excess deferred income tax balances calculated after the completion of the Respondent's 2017 federal income tax return and do not reflect any amortization recorded during the year ended December 31, 2018. The following table provides the components of the excess deferred income taxes and gross regulatory liability (in thousands):

FERC Account	Protected	Unprotected	Total	Gross-up	Total Regulatory Liability
190 - Accumulated Deferred Income Taxes	(10,671)	(45,550)	(56,221)	(18,887)	(75,108)
282 - Accum. Deferred Income Taxes - Other Property	199,678	(15,043) <sup>(1)</sup>	184,635	62,028	246,663
283 - Accum. Deferred Income Taxes - Other	—	17,183	17,183	5,773	22,956
<b>Total Excess ADIT</b>	<b>\$ 189,007</b>	<b>\$ (43,410)</b>	<b>\$ 145,597</b>	<b>\$ 48,914</b>	<b>\$ 194,511</b>

(1) Negative balances resulted from state specific items in a deferred tax liability position due to lower federal tax deductibility which effectively increased the overall tax rate on these items

The regulatory liability for all protected and plant-related unprotected excess deferred income tax balances is amortized over 31 years, the weighted average remaining book life of plant balances on December 31, 2017. The regulatory liability related to non-plant unprotected balances is amortized over the remaining lives of the underlying book balance sheet accounts as of December 31, 2017, ranging from six to eighteen months. The amortization of the excess deferred income taxes portion of the regulatory liability is recorded to federal deferred income tax accounts 410.1, 410.2, 411.1, and 411.2, depending on the nature of each of the original underlying temporary differences. The amortization of the income tax gross-up portion of the regulatory liability is recorded against deferred income tax asset account 190.

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In December 2017, the Securities and Exchange Commission issued Staff Accounting Bulletin ("SAB") 118 to assist in the implementation process of the 2017 Tax Reform by allowing for calculations to be classified as provisional and subject to remeasurement. There are three different classifications for the accounting: (1) completed, (2) not complete but reasonably estimable or (3) not complete and amounts are not reasonably estimable. The Respondent recorded the impacts of the 2017 Tax Reform in December 2017 and believed all the impacts to be complete with the exception of interpretations of the bonus depreciation rules. The Respondent determined the amounts recorded and the interpretations relating to this item to be provisional and subject to remeasurement during the measurement period upon obtaining the necessary additional information to complete the accounting. The Respondent believed its interpretations for bonus depreciation to be reasonable, however, clarifying guidance was needed. During 2018, the Respondent recorded a current tax benefit and deferred tax expense of \$0.3 million following clarifying bonus depreciation guidance. As a result of 2017 Tax Reform the Respondent reduced the associated deferred income tax liabilities \$0.1 million and increased regulatory liabilities by \$0.1 million.

Income tax expense consists of the following for the years ended December 31 (in thousands):

	2018	2017
<b>Current:</b>		
Federal	\$ 35,419	\$ 37,699
State	8,511	6,889
	<u>43,930</u>	<u>44,588</u>
<b>Deferred:</b>		
Federal	2,014	17,869
State	2,542	344
	<u>4,556</u>	<u>18,213</u>
Total	<u>\$ 48,486</u>	<u>\$ 62,801</u>

A reconciliation of the federal statutory income tax rate to the effective income tax rate applicable to income before income tax expense is as follows for the years ended December 31:

	2018	2017
Federal statutory income tax rate	21.0%	35.0%
State income tax, net of federal income tax benefit	4.2	3.6
Amortization of federal excess deferred income taxes	(2.0)	—
Effects of tax rate change and other	—	(0.8)
Effective income tax rate	<u>23.2%</u>	<u>37.8%</u>

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The net deferred income tax liability consists of the following as of December 31 (in thousands):

	2018	2017
<b>Deferred income tax assets:</b>		
Regulatory liabilities	\$ 131,954	\$ 136,486
Federal and state carryforwards	7,741	14,272
Contribution in aid of construction	2,874	1,905
Other	1,035	644
Total deferred income tax assets	143,604	153,307
<b>Deferred income tax liabilities:</b>		
Utility plant, net	(337,709)	(338,186)
Regulatory assets	(39,231)	(36,213)
Other	(2,139)	(2,594)
Total deferred income tax liabilities	(379,079)	(376,993)
Net deferred income tax liability	\$ (235,475)	\$ (223,686)

The following table provides the Respondent's net operating loss carryforwards and expiration dates as of December 31, 2018 (in thousands):

	Federal	State
Net operating loss carryforwards	\$ 33,738	\$ 16,509
Deferred income taxes on net operating loss carryforwards	7,085	656
Expiration dates	2031 - Indefinite	2026 - Indefinite

The Respondent does not consider a valuation allowance on these amounts necessary, as they are expected to be utilized prior to their expiration.

The United States Internal Revenue Service has closed its examination of the Respondent's income tax returns through December 31, 2011. The statute of limitations for the Respondent's income tax returns have expired through December 31, 2009, for California and Utah. The closure of examinations, or the expiration of the statute of limitations, for state filings may not preclude the state from adjusting the state net operating loss carryforward utilized in a year for which the examination is not closed.

## (8) Employee Benefit Plans

The Respondent is a participant in benefit plans sponsored by MidAmerican Energy Company ("MEC"), an indirect wholly owned subsidiary of BHE. The MidAmerican Energy Company Retirement Plan provides pension benefits for eligible employees ("pension plan") and the MidAmerican Energy Company Welfare Benefit Plan provides certain postretirement health care and life insurance benefits for eligible retirees ("other postretirement plan") on behalf of the Respondent. Employees hired on or after January 1, 2008 for the pension plan or after June 30, 2004 for the other postretirement plan

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are not eligible to participate. Benefit obligations under the pension plan are based on a cash balance arrangement for salaried employees. Under the other postretirement plan, certain employees may become eligible for these benefits if they reach retirement age while working for the Respondent. Effective January 1, 2012, MEC changed the medical benefits for all Medicare-eligible participants in its other postretirement benefit plan. Medicare-eligible participants now enroll in individual medical plans, rather than company-sponsored plans, under which MEC contributes fixed amounts to the participant's health reimbursement account. Benefit obligations under the pension plan and other postretirement plans are determined for the Respondent's employees by an independent actuary.

#### Net Periodic Benefit Cost

For purposes of calculating the expected return on pension plan assets, a market-related value is used. The market-related value of plan assets is calculated by spreading the difference between expected and actual investment returns on equity investments over a five-year period beginning after the first year in which they occur.

Net periodic benefit cost for the plans of MEC and its participating affiliates included the following components for the years ended December 31 (in millions):

	Pension		Other Postretirement	
	2018	2017	2018	2017
Service cost	\$ 9	\$ 9	\$ 5	\$ 5
Interest cost	28	31	8	9
Expected return on plan assets	(44)	(44)	(13)	(14)
Settlement	(1)	—	—	—
Net amortization	2	2	(4)	(4)
Net periodic benefit cost (credit)	<u>\$ (6)</u>	<u>\$ (2)</u>	<u>\$ (4)</u>	<u>\$ (4)</u>

The Respondent's share of pension cost totaled \$0.1 million and \$0.2 million for the years ended December 31, 2018 and 2017, respectively. The Respondent's share of other postretirement cost totaled \$(0.1) million and \$(0.2) million for the years ended December 31, 2018 and 2017, respectively.

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### Funded Status

The following table is a reconciliation of the fair value of plan assets for MEC and its participating affiliates for the years ended December 31 (in millions):

	Pension		Other Postretirement	
	2018	2017	2018	2017
<b>Plan assets at fair value, beginning of year</b>	\$ 745	\$ 684	\$ 277	\$ 252
Employer contributions	7	7	1	1
Participant contributions	—	—	1	1
Actual return on plan assets	(39)	114	(17)	36
Settlement	(37)	—	—	—
Benefits paid	(32)	(60)	(15)	(13)
<b>Plan assets at fair value, end of year</b>	<u>\$ 644</u>	<u>\$ 745</u>	<u>\$ 247</u>	<u>\$ 277</u>

The Respondent's contributions to the pension plan and the other postretirement plan totaled \$0.6 million and \$0.7 million for the years ended December 31, 2018 and 2017, respectively. As of December 31, 2018 and 2017, the fair value of plan assets attributable to the Respondent in the pension plan was \$13.4 million and \$15.7 million, respectively, and the other postretirement plan was \$10.6 million and \$10.3 million, respectively. Amounts attributable to the Respondent were allocated from MEC to the Respondent in accordance with the intercompany administrative service agreement.

The following table is a reconciliation of the benefit obligations for MEC and its participating affiliates for the years ended December 31 (in millions):

	Pension		Other Postretirement	
	2018	2017	2018	2017
<b>Benefit obligation, beginning of year</b>	\$ 799	\$ 773	\$ 246	\$ 233
Service cost	9	9	5	5
Interest cost	28	31	8	9
Participant contributions	—	—	1	1
Plan amendments	2	—	—	—
Actuarial (gain) loss	(33)	46	(3)	11
Settlement	(37)	—	—	—
Benefits paid	(32)	(60)	(15)	(13)
<b>Benefit obligation, end of year</b>	<u>\$ 736</u>	<u>\$ 799</u>	<u>\$ 242</u>	<u>\$ 246</u>
<b>Accumulated benefit obligation, end of year</b>	<u>\$ 733</u>	<u>\$ 790</u>		

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MEC paid benefits from the plans to the Respondent's participants totaling \$0.8 million and \$1.3 million for the years ended December 31, 2018 and 2017, respectively. As of December 31, 2018 and 2017, the benefit obligation attributable to the Respondent for the pension plan was \$13.3 million and \$13.5 million, respectively, and for the other postretirement plan was \$6.3 million and \$6.2 million, respectively.

The funded status of the plans for MEC and its participating affiliates as of December 31 is as follows (in millions):

	Pension		Other Postretirement	
	2018	2017	2018	2017
Plan assets at fair value, end of year	\$ 644	\$ 745	\$ 247	\$ 277
Less - benefit obligation, end of year	736	799	242	246
Funded Status	\$ (92)	\$ (54)	\$ 5	\$ 31

As of December 31, 2018 and 2017, the Respondent recorded an affiliate company receivable included in other special funds relating to the pension and other postretirement plans of \$4.4 million and \$6.2 million, respectively. Amounts attributable to the Respondent were allocated from MEC to the Respondent in accordance with the intercompany administrative services agreement. Offsetting regulatory liabilities have been recorded related to the amounts not yet recognized as a component of net periodic benefit costs that will be included in regulated rates.

#### Unrecognized Amounts

The portion of the funded status of the plans for MEC and its participating affiliates not yet recognized in net periodic benefit cost as of December 31 is as follows (in millions):

	Pension		Other Postretirement	
	2018	2017	2018	2017
Net loss (gain)	\$ 40	\$ (11)	\$ 48	\$ 23
Prior service cost (credit)	1	1	(20)	(25)
Total	\$ 41	\$ (10)	\$ 28	\$ (2)

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A reconciliation of the amounts not yet recognized as components of net periodic benefit cost for MEC and its participating affiliates for the years ended December 31, 2018 and 2017 is as follows (in millions):

	Regulatory Asset	Regulatory Liability	Receivables (Payables) with Affiliates	Total
<u>Pension</u>				
<b>Balance, December 31, 2016</b>	\$ 22	\$ (12)	\$ 6	\$ 16
Net loss (gain) arising during the year	4	(29)	1	(24)
Net amortization	(2)	—	—	(2)
Total	2	(29)	1	(26)
<b>Balance, December 31, 2017</b>	24	(41)	7	(10)
Net loss arising during the year	2	41	8	51
Net amortization	(1)	—	—	(1)
Total	1	41	8	50
<b>Balance, December 31, 2018</b>	\$ 25	\$ —	\$ 15	\$ 40

	Regulatory Asset	Regulatory Liability	Receivables (Payables) with Affiliates	Total
<u>Other postretirement</u>				
<b>Balance, December 31, 2016</b>	\$ 18	\$ —	\$ (13)	\$ 5
Net gain arising during the year	(7)	—	(4)	(11)
Net amortization	3	—	1	4
Total	(4)	—	(3)	(7)
<b>Balance, December 31, 2017</b>	14	—	(16)	(2)
Net loss arising during the year	20	—	6	26
Net amortization	3	—	1	4
Total	23	—	7	30
<b>Balance, December 31, 2018</b>	\$ 37	\$ —	\$ (9)	\$ 28

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### Plan Assumptions

Assumptions used to determine benefit obligations and net periodic benefit cost for MEC and its participating affiliates were as follows:

	Pension		Other Postretirement	
	2018	2017	2018	2017
Benefit obligations as of December 31,				
Discount rate	4.25%	3.60%	4.15%	3.50%
Rate of compensation increase	2.75%	2.75%	N/A	N/A
Interest crediting rates for cash balance plan				
2017	N/A	1.44%	N/A	N/A
2018	2.26%	2.26%	N/A	N/A
2019	3.40%	2.26%	N/A	N/A
2020	3.40%	1.60%	N/A	N/A
2021 and beyond	3.40%	1.60%	N/A	N/A
Net periodic benefit cost for the years ended December 31:				
Discount rate	3.60%	4.10%	3.50%	3.90%
Expected return on plan assets <sup>(1)</sup>	6.50%	6.75%	6.25%	6.50%
Rate of compensation increase	2.75%	2.75%	N/A	N/A

(1) Amounts reflected are pre-tax values. Assumed after-tax returns for a taxable, non-union other postretirement plan were 4.13% for 2018 and 4.81% for 2017.

In establishing MEC's assumption as to the expected return on plan assets, MEC utilizes the expected asset allocation and return assumptions for each asset class based on historical performance and forward-looking views of the financial markets.

	2018	2017
Assumed healthcare cost trend rates as of December 31:		
Healthcare cost trend rate assumed for next year	6.80%	7.10%
Rate that the cost trend rate gradually declines to	5.00%	5.00%
Year that the rate reaches the rate it is assumed to remain at	2025	2025



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### *Contributions and Benefit Payments*

MEC's contributions to its pension and other postretirement benefit plans are expected to be \$7 million and \$1 million, respectively, during 2019. Funding to MEC's pension benefit plan trust is based upon the actuarially determined costs of the plan and the requirements of the Internal Revenue Code, the Employee Retirement Income Security Act of 1974 and the Pension Protection Act of 2006, as amended. MEC considers contributing additional amounts from time to time in order to achieve certain funding levels specified under the Pension Protection Act of 2006, as amended. MEC's funding policy for its other postretirement benefit plan is to generally contribute amounts consistent with its rate regulatory arrangements. The Respondent's contributions to the pension plan and the other postretirement plan are expected to be \$0.1 million and \$0.5 million, respectively, during 2019.

Net periodic benefit costs assigned to MEC affiliates are reimbursed currently in accordance with the intercompany administrative services agreement. The expected benefit payments to participants in MEC's pension and other postretirement benefit plans for 2019 through 2023 and for the five years thereafter are summarized below (in millions):

	Projected Benefit Payments	
	Pension	Other Postretirement
2019	\$ 61	\$ 19
2020	62	21
2021	61	22
2022	60	22
2023	58	22
2024-2028	262	102

### *Plan Assets*

#### *Investment Policy and Asset Allocations*

MEC's investment policy for its pension and other postretirement benefit plans is to balance risk and return through a diversified portfolio of debt securities, equity securities, and other alternative investments. Maturities for debt securities are managed to targets consistent with prudent risk tolerances. The plans retain outside investment advisors to manage plan investments within the parameters outlined by the MidAmerican Energy Pension and Employee Benefit Plans Administrative Committee. The investment portfolio is managed in line with the investment policy with sufficient liquidity to meet near-term benefit payments. The return on assets assumption for each plan is based on a weighted-average of the expected historical performance for the types of assets in which the plans invest.

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The target allocations (percentage of plan assets) for MEC's pension and other postretirement benefit plan assets are as follows as of December 31, 2018:

	Pension	Other Postretirement
	%	%
Debt securities (1)	20-50	25-45
Equity securities (1)	60-80	45-80
Real estate funds	2-8	—
Other	0-3	0-5

(1) For purposes of target allocation percentages and consistent with the plans' investment policy, investment funds are allocated based on the underlying investments in debt and equity securities.

#### *Fair Value Measurements*

A financial asset or liability classification within the three levels of the fair value hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The three levels are as follows:

- Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that an entity has the ability to access at the measurement date.
- Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).
- Level 3 - Unobservable inputs reflect an entity's judgment about the assumptions market participants would use in pricing the asset or liability since limited market data exists. An entity develops these inputs based on the best information available, including its own data.

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The following table presents the fair value of plan assets for MEC and its participating affiliates, by major category, for the defined benefit pension plan (in millions):

	Input Levels for the Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
<b><u>As of December 31, 2018</u></b>				
Cash equivalents	\$ —	\$ 20	\$ —	\$ 20
Debt securities:				
United States government obligations	6	—	—	6
Corporate obligations	—	63	—	63
Municipal obligations	—	6	—	6
Agency, asset and mortgage-backed obligations	—	37	—	37
Equity securities:				
United States companies	111	—	—	111
International equity securities	35	—	—	35
Investment funds (1)	65	—	—	65
Real estate funds	—	—	—	—
Total assets in the hierarchy	<u>\$ 217</u>	<u>\$ 126</u>	<u>\$ —</u>	<u>343</u>
Investment funds measured at net asset value				301
Total				<u>\$ 644</u>
<b><u>As of December 31, 2017</u></b>				
Cash equivalents	\$ —	\$ 17	\$ —	\$ 17
Debt securities:				
United States government obligations	21	—	—	21
Corporate obligations	—	59	—	59
Municipal obligations	—	7	—	7
Agency, asset and mortgage-backed obligations	—	33	—	33
Equity securities:				
United States companies	137	—	—	137
International equity securities	44	—	—	44
Investment funds (1)	74	—	—	74
Real estate funds	—	—	—	—
Total assets in the hierarchy	<u>\$ 276</u>	<u>\$ 116</u>	<u>\$ —</u>	<u>392</u>
Investment funds measured at net asset value				353
Total				<u>\$ 745</u>

(1) Investment funds are comprised of mutual funds and collective trust funds. These funds consist of equity and debt securities of approximately 65% and 35%, respectively, for 2018 and 69% and 31%, respectively, for 2017. Additionally, these funds are invested in United States and international securities of approximately 74% and 26%, respectively, for 2018 and 72% and 28%, respectively, for 2017.

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The following table presents the fair value of plan assets for MEC and its participating affiliates, by major category, for the defined benefit other postretirement plans (in millions):

**Input Levels for the Fair Value  
Measurements**

	Level 1	Level 2	Level 3	Total
<b>As of December 31, 2018</b>				
Cash equivalents	\$ 5	\$ —	\$ —	\$ 5
Debt securities:				
United States government obligations	6	—	—	6
Corporate obligations	—	12	—	12
Municipal obligations	—	43	—	43
Agency, asset and mortgage-backed obligations	—	12	—	12
Equity securities:				
United States companies	73	—	—	73
Investment funds (1)	96	—	—	96
Total	\$ 180	\$ 67	\$ —	\$ 247

**As of December 31, 2017**

Cash equivalents	\$ 6	\$ —	\$ —	\$ 6
Debt securities:				
United States government obligations	5	—	—	5
Corporate obligations	—	14	—	14
Municipal obligations	—	44	—	44
Agency, asset and mortgage-backed obligations	—	12	—	12
Equity securities:				
United States companies	84	—	—	84
Investment funds (1)	112	—	—	112
Total	\$ 207	\$ 70	\$ —	\$ 277

- (1) Investment funds are comprised of mutual funds and collective trust funds. These funds consist of equity and debt securities of approximately 78% and 22%, respectively, for 2018 and 81% and 19%, respectively, for 2017. Additionally, these funds are invested in United States and international securities of approximately 41% and 59%, respectively, for 2018 and 42% and 58%, respectively, for 2017.

When available, a readily observable quoted market price or net asset value of an identical security in an active market is used to record the fair value. In the absence of a quoted market price or net asset value of an identical security, the fair value is determined using pricing models or net asset values based on observable market inputs and quoted market prices of securities with similar characteristics. When observable market data is not available, the fair value is determined using unobservable inputs, such as estimated future cash flows, purchase multiples paid in other comparable third-party transactions or other information.

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The Respondent participates in the MEC sponsored defined contribution plan and contributed \$0.5 million for each of the years ended December 31, 2018 and 2017.

## (9) Credit Risk

The Respondent has a concentration of customers, which includes utilities, marketers and major oil and natural gas companies in California, Nevada, and Utah. This concentration of customers may impact the Respondent's overall exposure to credit risk in that the customer base may be similarly affected by changes in economic, industry, weather or other conditions.

The following customers accounted for 10% or more of the Respondent's total revenues for the years ended December 31 or accounts receivable as of December 31:

	Revenue		Accounts Receivable	
	2018	2017	2018	2017
Nevada Power Company	17%	22%	17%	18%
Exelon Generation Company, LLC	11%	2%	8%	6%
Southwest Gas Corporation	6%	9%	9%	12%
Southern California Gas Company	6%	9%	10%	10%

As a general policy, collateral is not required for receivables from creditworthy customers. Customers' financial condition and creditworthiness are regularly evaluated, and historical losses have been minimal. In order to provide protection against credit risk, and as permitted by the terms of the Respondent's tariff, the Respondent has, among other alternatives, required customers that lack creditworthiness, as defined by the tariff, to provide letters of credit, cash security deposits or to establish separate legally restricted escrow funds to be held until these customers' creditworthiness can be demonstrated. As of December 31, 2018 and 2017, the Respondent has reflected escrow funds of \$0.6 million for each of the years in special deposits and \$13.3 million and \$12.3 million, respectively, in other special funds. The Respondent also had offsetting cash security deposit and escrow fund obligations of \$13.9 million and \$12.9 million as of December 31, 2018 and 2017, respectively, in customer deposits on the Balance Sheets. Letters of credit, not reflected on the Balance Sheets, were \$70.1 million and \$58.9 million as of December 31, 2018 and 2017, respectively.

## (10) Commitments and Contingencies

### *Legal Matters*

The Respondent is party to a variety of legal actions arising out of the normal course of business. Plaintiffs occasionally seek punitive or exemplary damages. The Respondent does not believe that such normal and routine litigation will have a material effect on its financial results. The Respondent is also involved in other kinds of legal actions, some of which assert or may assert claims or seek to impose fines, penalties and other costs in substantial amounts and are described below.

In June 2015, a customer with a natural gas transportation contract with annual revenues of \$5.1 million, filed for Chapter 11 bankruptcy protection. In September 2015, the bankruptcy court approved the rejection of the transportation contract. In

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March 2016, the bankruptcy court approved the retention of the escrow amount held by the Respondent as credit support in the amount of \$17.6 million, which was swept into the Respondent's account and is being amortized to non-operating income through June 2019.

#### *Operating Leases*

The Respondent has non-cancelable operating leases primarily for computer equipment, office space and land. These leases generally require the Respondent to pay for insurance, taxes and maintenance applicable to the leased property. Certain leases contain renewal options for varying periods and escalation clauses for adjusting rent to reflect changes in price indices. The minimum payments under these leases as of December 31, 2018 were \$2.1 million for the year 2019, \$2.2 million for the year 2020, \$1.6 million for the year 2021, \$1.7 million for each of the years 2022 and 2023 and \$11.7 million for the years thereafter. These amounts are not reflected on the Balance Sheets. Rent expense on non-cancelable operating leases totaled \$2.0 million and \$1.9 million for the years ended December 31, 2018 and 2017, respectively, and was included in operation and maintenance expense on the Statements of Income.

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# (11) Revenue from Contracts with Customers

The following table summarizes the Respondent's revenue for the twelve-month period ended December 31, 2018 (in thousands):

## Customer Revenue:

Transportation service	\$ 334,972
Total Customer Revenue	334,972
Other Revenue (1)	(22,155)
Total	\$ 312,817

- (1) Revenue not considered Customer Revenue ("Other Revenue") consists of revenue recognized in accordance with ASC 815, "Derivative and Hedging".

## Contract Assets and Liabilities

In the event one of the parties to a contract has performed before the other, the Respondent would recognize a contract asset or contract liability depending on the relationship between the Respondent's performance and the customer's payment. As of December 31, 2018 and December 31, 2017, there were no contract assets or contract liabilities recorded on the Balance Sheets.

## Remaining Performance Obligations

The following table summarizes the Respondent's revenue it expects to recognize in future periods related to significant unsatisfied performance obligations for fixed contracts with expected durations in excess of one year as of December 31, 2018 (in thousands):

Less than 12 months	183,986
More than 12 months	1,369,911
Total	\$ 1,553,897

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Kern River Gas Transmission Company			2018/Q4
Notes to Financial Statements			

**(12) Other Related Party Transactions**

BHE provides certain administrative and management services, including executive, financial, legal, and tax, to the Respondent. Expenses incurred by BHE and billed to the Respondent are based on the individual services and expense items provided and were \$0.8 million and \$0.7 million for the years ended December 31, 2018 and 2017, respectively. Income tax transactions with BHE resulted in net payments of \$46.6 million and \$39.4 million for the years ended December 31, 2018 and 2017, respectively.

MEC provides certain administrative and management services, including executive, financial, legal, human resources, payroll and tax, to the Respondent. Expenses incurred by MEC and billed to the Respondent are based on the individual services and expense items provided and were \$2.0 million for each of the years ended December 31, 2018 and 2017.

Northern Natural Gas Company ("Northern"), an indirect wholly owned subsidiary of BHE, provides certain administrative and management services, including executive, financial, regulatory, legal, information technology, human resources and procurement, to the Respondent. The Respondent was billed \$2.1 million and \$2.2 million for the years ended December 31, 2018 and 2017, respectively, for these services.

As of December 31, 2018 and 2017, the Respondent had accounts payable to affiliates of \$0.7 million, which are reflected in accounts payable to associated companies on the Balance Sheets. The Respondent also had insignificant non-trade accounts receivable from affiliates as of December 31, 2018 and 2017, which are included in accounts receivable from associated companies on the Balance Sheets.

The Respondent provided natural gas transportation and other services to PacifiCorp, an indirect subsidiary of BHE, of \$3.1 million for each of the years ended December 31, 2018 and 2017. PacifiCorp provided electricity and other services to the Respondent of \$0.8 million and \$0.7 million for the years ended December 31, 2018 and 2017, respectively. PacifiCorp provides certain administrative and management services, including information technology, legislative and financial, to the Respondent. Expenses incurred by PacifiCorp and billed to the Respondent are based on the individual services and expense items provided and were insignificant and \$0.1 million for the years ended December 31, 2018 and 2017, respectively. As of December 31, 2018 and 2017, the Respondent had net accounts receivable from PacifiCorp for intercompany transactions totaling \$0.3 million, which is reflected in accounts receivable from associated companies on the Balance Sheets.

The Respondent provided natural gas transportation and other services to Nevada Power Company ("Nevada Power"), an indirect wholly-owned subsidiary of BHE, of \$57.4 million and \$65.9 million for the years ended December 31, 2018 and 2017, respectively. Nevada Power provided electricity and other services to the Respondent of \$0.2 million for each of the years ended December 31, 2018 and 2017. As of December 31, 2018 and 2017, the Respondent had net accounts receivable from Nevada Power for intercompany transactions totaling \$4.2 million and \$5.2 million, respectively, which is reflected in accounts receivable from associated companies on the Balance Sheets.

For the years ended December 31, 2018 and 2017, the Respondent distributed dividends on common stock of \$200.0 million and \$172.0 million, respectively, and received contributions from parent of \$27.9 million and \$167.5 million, respectively.



Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Kern River Gas Transmission Company			2018/Q4
Notes to Financial Statements			

**(13) Subsequent Event**

Subsequent to December 31, 2018, the Respondent distributed to dividends on common stock of \$44 million.

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization and Depletion**

Line No.	Item (a)	Total Company For the Current Quarter/Year
1	UTILITY PLANT	
2	In Service	
3	Plant in Service (Classified)	2,839,210,325
4	Property Under Capital Leases	
5	Plant Purchased or Sold	
6	Completed Construction not Classified	36,007,444
7	Experimental Plant Unclassified	
8	TOTAL Utility Plant (Total of lines 3 thru 7)	2,875,217,769
9	Leased to Others	
10	Held for Future Use	20,132,265
11	Construction Work in Progress	5,956,482
12	Acquisition Adjustments	
13	TOTAL Utility Plant (Total of lines 8 thru 12)	2,901,306,516
14	Accumulated Provisions for Depreciation, Amortization, & Depletion	1,379,172,870
15	Net Utility Plant (Total of lines 13 and 14)	1,522,133,646
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION	
17	In Service:	
18	Depreciation	1,329,279,944
19	Amortization and Depletion of Producing Natural Gas Land and Land Rights	
20	Amortization of Underground Storage Land and Land Rights	
21	Amortization of Other Utility Plant	47,575,953
22	TOTAL In Service (Total of lines 18 thru 21)	1,376,855,897
23	Leased to Others	
24	Depreciation	
25	Amortization and Depletion	
26	TOTAL Leased to Others (Total of lines 24 and 25)	
27	Held for Future Use	
28	Depreciation	2,316,973
29	Amortization	
30	TOTAL Held for Future Use (Total of lines 28 and 29)	2,316,973
31	Abandonment of Leases (Natural Gas)	
32	Amortization of Plant Acquisition Adjustment	
33	TOTAL Accum. Provisions (Should agree with line 14 above)(Total of lines 22, 26, 30, 31, and 32)	1,379,172,870

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization and Depletion (continued)**

Line No.	Electric (c)	Gas (d)	Other (specify) (e)	Common (f)
1				
2				
3		2,839,210,325		
4				
5				
6		36,007,444		
7				
8		2,875,217,769		
9				
10		20,132,265		
11		5,956,482		
12				
13		2,901,306,516		
14		1,379,172,870		
15		1,522,133,646		
16				
17				
18		1,329,279,944		
19				
20				
21		47,575,953		
22		1,376,855,897		
23				
24				
25				
26				
27				
28		2,316,973		
29				
30		2,316,973		
31				
32				
33		1,379,172,870		

Name of Respondent Kern River Gas Transmission Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
<b>Gas Plant in Service (Accounts 101, 102, 103, and 106)</b>				
<p>1. Report below the original cost of gas plant in service according to the prescribed accounts.</p> <p>2. In addition to Account 101, Gas Plant in Service (Classified), this page and the next include Account 102, Gas Plant Purchased or Sold, Account 103, Experimental Gas Plant Unclassified, and Account 106, Completed Construction Not Classified-Gas.</p> <p>3. Include in column (c) and (d), as appropriate corrections of additions and retirements for the current or preceding year.</p> <p>4. Enclose in parenthesis credit adjustments of plant accounts to indicate the negative effect of such accounts.</p> <p>5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year's unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d).</p>				
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
1	INTANGIBLE PLANT			
2	301 Organization			
3	302 Franchises and Consents			
4	303 Miscellaneous Intangible Plant	28,634,597	1,502,298	
5	TOTAL Intangible Plant (Enter Total of lines 2 thru 4)	28,634,597	1,502,298	
6	PRODUCTION PLANT			
7	Natural Gas Production and Gathering Plant			
8	325.1 Producing Lands			
9	325.2 Producing Leaseholds			
10	325.3 Gas Rights			
11	325.4 Rights-of-Way			
12	325.5 Other Land and Land Rights			
13	326 Gas Well Structures			
14	327 Field Compressor Station Structures			
15	328 Field Measuring and Regulating Station Equipment			
16	329 Other Structures			
17	330 Producing Gas Wells-Well Construction			
18	331 Producing Gas Wells-Well Equipment			
19	332 Field Lines			
20	333 Field Compressor Station Equipment			
21	334 Field Measuring and Regulating Station Equipment			
22	335 Drilling and Cleaning Equipment			
23	336 Purification Equipment			
24	337 Other Equipment			
25	338 Unsuccessful Exploration and Development Costs			
26	339 Asset Retirement Costs for Natural Gas Production and			
27	TOTAL Production and Gathering Plant (Enter Total of lines 8			
28	PRODUCTS EXTRACTION PLANT			
29	340 Land and Land Rights			
30	341 Structures and Improvements			
31	342 Extraction and Refining Equipment			
32	343 Pipe Lines			
33	344 Extracted Products Storage Equipment			

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2018/Q4</u>
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**Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)**

including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Account 101 and 106 will avoid serious omissions of respondent's reported amount for plant actually in service at end of year.

6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits to primary account classifications.

7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirements of these pages.

8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give date of such filing.

Line No.	Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)
1				
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4	740,051		6,008	29,402,852
5	740,051		6,008	29,402,852
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Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)**

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
34	345 Compressor Equipment		
35	346 Gas Measuring and Regulating Equipment		
36	347 Other Equipment		
37	348 Asset Retirement Costs for Products Extraction Plant		
38	TOTAL Products Extraction Plant (Enter Total of lines 29 thru 37)		
39	TOTAL Natural Gas Production Plant (Enter Total of lines 27 and		
40	Manufactured Gas Production Plant (Submit Supplementary		
41	TOTAL Production Plant (Enter Total of lines 39 and 40)		
42	NATURAL GAS STORAGE AND PROCESSING PLANT		
43	Underground Storage Plant		
44	350.1 Land		
45	350.2 Rights-of-Way		
46	351 Structures and Improvements		
47	352 Wells		
48	352.1 Storage Leaseholds and Rights		
49	352.2 Reservoirs		
50	352.3 Non-recoverable Natural Gas		
51	353 Lines		
52	354 Compressor Station Equipment		
53	355 Other Equipment		
54	356 Purification Equipment		
55	357 Other Equipment		
56	358 Asset Retirement Costs for Underground Storage Plant		
57	TOTAL Underground Storage Plant (Enter Total of lines 44 thru		
58	Other Storage Plant		
59	360 Land and Land Rights		
60	361 Structures and Improvements		
61	362 Gas Holders		
62	363 Purification Equipment		
63	363.1 Liquefaction Equipment		
64	363.2 Vaporizing Equipment		
65	363.3 Compressor Equipment		
66	363.4 Measuring and Regulating Equipment		
67	363.5 Other Equipment		
68	363.6 Asset Retirement Costs for Other Storage Plant		
69	TOTAL Other Storage Plant (Enter Total of lines 58 thru 68)		
70	Base Load Liquefied Natural Gas Terminaling and Processing Plant		
71	364.1 Land and Land Rights		
72	364.2 Structures and Improvements		
73	364.3 LNG Processing Terminal Equipment		
74	364.4 LNG Transportation Equipment		
75	364.5 Measuring and Regulating Equipment		
76	364.6 Compressor Station Equipment		
77	364.7 Communications Equipment		
78	364.8 Other Equipment		
79	364.9 Asset Retirement Costs for Base Load Liquefied Natural Gas		
80	TOTAL Base Load Liquefied Nat'l Gas, Terminaling and		

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)**

Line No.	Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)
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Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)**

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
81	TOTAL Nat'l Gas Storage and Processing Plant (Total of lines 57,		
82	TRANSMISSION PLAN		
83	365.1 Land and Land Rights	3,159,837	
84	365.2 Rights-of-Way	73,322,629	
85	366 Structures and Improvements	64,575,793	2,491,890
86	367 Mains	2,041,164,470	1,079,352
87	368 Compressor Station Equipment	566,320,984	42,399,337
88	369 Measuring and Regulating Station Equipment	55,716,501	243,793
89	370 Communication Equipment	10,675,270	111,784
90	371 Other Equipment	36,239	
91	372 Asset Retirement Costs for Transmission Plant		
92	TOTAL Transmission Plant (Enter Totals of lines 83 thru 91)	2,814,971,723	46,326,156
93	DISTRIBUTION PLANT		
94	374 Land and Land Rights		
95	375 Structures and Improvements		
96	376 Mains		
97	377 Compressor Station Equipment		
98	378 Measuring and Regulating Station Equipment-General		
99	379 Measuring and Regulating Station Equipment-City Gate		
100	380 Services		
101	381 Meters		
102	382 Meter Installations		
103	383 House Regulators		
104	384 House Regulator Installations		
105	385 Industrial Measuring and Regulating Station Equipment		
106	386 Other Property on Customers' Premises		
107	387 Other Equipment		
108	388 Asset Retirement Costs for Distribution Plant		
109	TOTAL Distribution Plant (Enter Total of lines 94 thru 108)		
110	GENERAL PLANT		
111	389 Land and Land Rights		
112	390 Structures and Improvements		
113	391 Office Furniture and Equipment	3,616,854	152,174
114	392 Transportation Equipment	1,454,447	35,634
115	393 Stores Equipment		
116	394 Tools, Shop, and Garage Equipment	6,909,441	1,104,015
117	395 Laboratory Equipment	501,050	
118	396 Power Operated Equipment	989,811	127,026
119	397 Communication Equipment	1,180,952	129,918
120	398 Miscellaneous Equipment	70,905	
121	Subtotal (Enter Total of lines 111 thru 120)	14,723,460	1,548,767
122	399 Other Tangible Property		
123	399.1 Asset Retirement Costs for General Plant		
124	TOTAL General Plant (Enter Total of lines 121, 122 and 123)	14,723,460	1,548,767
125	TOTAL (Accounts 101 and 106)	2,858,329,780	49,377,221
126	Gas Plant Purchased (See Instruction 8)		
127	(Less) Gas Plant Sold (See Instruction 8)		
128	Experimental Gas Plant Unclassified		
129	TOTAL Gas Plant In Service (Enter Total of lines 125 thru 128)	2,858,329,780	49,377,221



Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2018/Q4</u>
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**Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)**

Line No.	Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)
81				
82				
83				3,159,837
84				73,322,629
85			35,349	67,103,032
86	42,796		229,134	2,042,430,160
87	30,797,941		129,560	578,051,940
88			( 400,051)	55,560,243
89				10,787,054
90				36,239
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92	30,840,737		( 6,008)	2,830,451,134
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113	266,322			3,502,706
114	433,422			1,056,659
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116	116,778			7,896,678
117				501,050
118	36,400			1,080,437
119	55,522			1,255,348
120				70,905
121	908,444			15,363,783
122				
123				
124	908,444			15,363,783
125	32,489,232			2,875,217,769
126				
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128				
129	32,489,232			2,875,217,769

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Gas Plant Held for Future Use (Account 105)**

1. Report separately each property held for future use at end of the year having an original cost of \$1,000,000 or more. Group other items of property held for future use.
2. For property having an original cost of \$1,000,000 or more previously used in utility operations, now held for future use, give in column (a), in addition to other required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105.

Line No.	Description and Location of Property (a)	Date Originally Included in this Account (b)	Date Expected to be Used in Utility Service (c)	Balance at End of Year (d)
1	Molycorp Mountain Pass Lateral/Meter Station	03/31/2016		20,132,265
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45	Total			20,132,265

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Construction Work in Progress-Gas (Account 107)**

1. Report below descriptions and balances at end of year of projects in process of construction (Account 107).
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts).
3. Minor projects (less than \$1,000,000) may be grouped.

Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	Muddy Creek Bypass Line	1,704,618	6,554,925
2	Station Recoating at Goodsprings	14,060	1,116,018
3	Various Projects under \$1,000,000	4,237,804	1,022,124
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45	Total	5,956,482	8,693,067

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Non-Traditional Rate Treatment Afforded New Projects**

1. The Commission's Certificate Policy Statement provides a threshold requirement for existing pipelines proposing new projects is that the pipeline must be prepared to financially support the project without relying on subsidization from its existing customers. See Certification of New Interstate Natural Gas Pipeline Facilities, 88 FERC P61,227 (1999); order clarifying policy, 90 FERC P61,128 (2000); order clarifying policy, 92 FERC P61,094 (2000) (Policy Statement). In column a, list the name of the facility granted non-traditional rate treatment.
2. In column b, list the CP Docket Number where the Commission authorized the facility.
3. In column c, indicate the type of rate treatment approved by the Commission (e.g. incremental, at risk)
4. In column d, list the amount in Account 101, Gas Plant in Service, associated with the facility.
5. In column e, list the amount in Account 108, Accumulated Provision for Depreciation of Gas Utility Plant, associated with the facility.

Line No.	Name of Facility (a)	CP Docket No. (b)	Type of Rate Treatment (c)	Gas Plant in Service (d)
1	2003 and 2010 Expansions	CP01-422	Incremental	1,300,365,950
2	High Desert	CP01-405	Incremental	30,787,077
3	Apex	CP10-14	Incremental	334,693,330
4	Original System and 2002 Expansion	CP89-2047&2048	Incremental	1,182,554,443
5	Big Horn	CP01-31	Incremental	3,821,464
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	<b>Total</b>			<b>2,852,222,264</b>

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2018/Q4</u>
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**Non-Traditional Rate Treatment Afforded New Projects (continued)**

6. In column f, list the amount in Account 190, Accumulated Deferred Income Tax; Account 281, Accumulated Deferred Income Taxes – Accelerated Amortization Property; Account 282, Accumulated Deferred Income Taxes – Other Property; Account 283, Accumulated Deferred Income Taxes – Other, associated with the facility.
7. In column g, report the total amount included in the gas operations expense accounts during the year related to the facility (Account 401, Operation Expense).
8. In column h, report the total amount included in the gas maintenance expense accounts during the year related to the facility.
9. In column i, report the amount of depreciation expense accrued on the facility during the year.
10. In column j, list any other expenses(including taxes) allocated to the facility.
11. In column k, report the incremental revenues associated with the facility.
12. Identify the volumes received and used for any incremental project that has a separate fuel rate for that project.
13. Provide the total amounts for each column.

Line No.	Accumulated Depreciation (e)	Accumulated Deferred Income Taxes (f)	Operating Expense (g)	Maintenance Expense (h)	Depreciation Expense (i)	Other Expenses (including taxes) (j)	Incremental Revenues (k)
1	520,584,782	90,956,059	22,459,753	634,252	30,073,225	8,148,810	187,123,062
2	18,781,044	2,325,066	284,823	( 66)	327,487	1,963,033	4,854,446
3	72,623,006	52,613,807	5,501,981	122,544	10,036,549	2,682,710	46,171,720
4	708,064,902	87,650,589	18,436,041	473,150	17,814,204	( 10,420,547)	74,601,112
5	3,303,133	12,498	4,128		19,475	( 15,715)	66,972
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	1,323,356,867	233,558,019	46,686,726	1,229,880	58,270,940	2,358,291	312,817,312

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Kern River Gas Transmission Company			2018/Q4
<b>General Description of Construction Overhead Procedure</b>			

1. For each construction overhead explain: (a) the nature and extent of work, etc., the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned.

2. Show below the computation of allowance for funds used during construction rates, in accordance with the provisions of Gas Plant Instructions 3 (17) of the Uniform System of Accounts.

3. Where a net-of-tax rate for borrowed funds is used, show the appropriate tax effect adjustment to the computations below in a manner that clearly indicates the amount of reduction in the gross rate for tax effects.

(a) Engineering, supervision, general office salaries and expenses and supervision provided by others, related to the general oversight of capital construction projects are charged to an overhead work order.

(b) A study was conducted to determine which employees devote a portion of their time in support of construction activities. Based on this study a fixed amount of payroll and a portion of Respondent's Salt Lake City office rent are charged each month to the overhead work order to be allocated to construction projects.

(c) The overhead costs are allocated to individual projects based on direct charges to each capital construction project excluding overhead and AFUDC.

(d) A minimum overhead rate has been established for non-expansion construction projects to ensure that a representative share of construction overhead is charged to these small projects.

(e) Each month the total overhead charges for the month are divided by the total current month direct charges to construction projects excluding AFUDC and overhead charges to determine an overall overhead rate. If the overall overhead rate is less than the established minimum overhead rate for non-expansion projects, the minimum overhead rate is applied to the direct current month charges of the non-expansion project excluding overhead and AFUDC. The balance of unallocated construction overhead is allocated to expansion projects based on the rate determined by dividing the overhead balance by the direct charges to expansion projects for the month excluding overhead and AFUDC.

If the overall overhead rate is greater than the minimum overhead rate established for non-expansion projects, the overall overhead rate is applied to all direct charges for all construction projects regardless if the project is for expansion or non-expansion construction.

Overheads allocated to Compressor engine exchanges are allocated at the same rate as non-expansion projects, but are capped at \$15,000 because the purchase price of the engine is disproportional to the construction overhead required to change out the engine.

(f) Overhead is directly assigned to each work order based on current month charges excluding overheads and AFUDC.



Name of Respondent Kern River Gas Transmission Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2018/Q4</u>
Accumulated Provision for Depreciation of Gas Utility Plant (Account 108)					
<p>1. Explain in a footnote any important adjustments during year.</p> <p>2. Explain in a footnote any difference between the amount for book cost of plant retired, line 10, column (c), and that reported for gas plant in service, page 204-209, column (d), excluding retirements of nondepreciable property.</p> <p>3. The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.</p> <p>4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.</p> <p>5. At lines 7 and 14, add rows as necessary to report all data. Additional rows should be numbered in sequence, e.g., 7.01, 7.02, etc.</p>					
Line No.	Item (a)	Total (c+d+e) (b)	Gas Plant in Service (c)	Gas Plant Held for Future Use (d)	Gas Plant Leased to Others (e)
	Section A. BALANCES AND CHANGES DURING YEAR				
1	Balance Beginning of Year	1,286,737,063	1,284,420,090	2,316,973	
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	59,571,985	59,571,985		
4	(403.1) Depreciation Expense for Asset Retirement Costs				
5	(413) Expense of Gas Plant Leased to Others				
6	Transportation Expenses - Clearing				
7	Other Clearing Accounts				
8	Other Clearing (Specify) (footnote details):				
9					
10	TOTAL Deprec. Prov. for Year (Total of lines 3 thru 8)	59,571,985	59,571,985		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	( 31,749,181)	( 31,749,181)		
13	Cost of Removal	( 1,541,688)	( 1,541,688)		
14	Salvage (Credit)	( 18,578,738)	( 18,578,738)		
15	TOTAL Net Chrgs for Plant Ret. (Total of lines 12 thru 14)	( 14,712,131)	( 14,712,131)		
16	Other Debit or Credit Items (Describe) (footnote details):				
17					
18	Book Cost of Asset Retirement Costs				
19	Balance End of Year (Total of lines 1,10,15,16 and 18)	1,331,596,917	1,329,279,944	2,316,973	
	Section B. BALANCES AT END OF YEAR ACCORDING TO FUNCTIONAL CLASSIFICATIONS				
21	Productions-Manufactured Gas				
22	Production and Gathering-Natural Gas				
23	Products Extraction-Natural Gas				
24	Underground Gas Storage				
25	Other Storage Plant				
26	Base Load LNG Terminaling and Processing Plant				
27	Transmission	1,324,924,316	1,322,607,343	2,316,973	
28	Distribution				
29	General	6,672,601	6,672,601		
30	TOTAL (Total of lines 21 thru 29)	1,331,596,917	1,329,279,944	2,316,973	



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Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Investments (Account 123, 124, and 136)**

1. Report below investments in Accounts 123, Investments in Associated Companies, 124, Other Investments, and 136, Temporary Cash Investments.

2. Provide a subheading for each account and list thereunder the information called for:

(a) Investment in Securities-List and describe each security owned, giving name of issuer, date acquired and date of maturity. For bonds, also give principal amount, date of issue, maturity, and interest rate. For capital stock (including capital stock of respondent reacquired under a definite plan for resale pursuant to authorization by the Board of Directors, and included in Account 124, Other Investments) state number of shares, class, and series of stock. Minor investments may be grouped by classes. Investments included in Account 136, Temporary Cash Investments, also may be grouped by classes.

(b) Investment Advances-Report separately for each person or company the amounts of loans or investment advances that are properly includable in Account 123. Include advances subject to current repayment in Account 145 and 146. With respect to each advance, show whether the advance is a note or open account.

Line No.	Description of Investment  (a)	*	Book Cost at Beginning of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (c)	Purchases or Additions During the Year (d)
1	Account 136.0 short-term money market investments		6,877,472	224,290,099
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Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2018/Q4</u>
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**Investments (Account 123, 124, and 136) (continued)**

List each note, giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any advances due from officers, directors, stockholders, or employees.

3. Designate with an asterisk in column (b) any securities, notes or accounts that were pledged, and in a footnote state the name of pledges and purpose of the pledge.

4. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and cite Commission, date of authorization, and case or docket number.

5. Report in column (h) interest and dividend revenues from investments including such revenues from securities disposed of during the year.

6. In column (i) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment includible in column (h).

Line No.	Sales or Other Dispositions During Year  (e)	Principal Amount or No. of Shares at End of Year  (f)	Book Cost at End of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference)  (g)	Revenues for Year  (h)	Gain or Loss from Investment Disposed of  (i)
1	207,329,909		23,837,662	290,099	
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Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4 ,
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Prepayments (Acct 165), Extraordinary Property Losses (Acct 182.1), Unrecovered Plant and Regulatory Study Costs (Acct 182.2)

### PREPAYMENTS (ACCOUNT 165)

1. Report below the particulars (details) on each prepayment.

Line No.	Nature of Payment (a)	Balance at End of Year (In dollars) (b)
1	Prepaid Insurance	341,234
2	Prepaid Rents	
3	Prepaid Taxes	
4	Prepaid Interest	
5	Miscellaneous Prepayments	976,950
6	TOTAL	1,318,184

Name of Respondent Kern River Gas Transmission Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /		Year/Period of Report End of 2018/Q4	
Other Regulatory Assets (Account 182.3)							
<p>1. Report below the details called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includable in other accounts).</p> <p>2. For regulatory assets being amortized, show period of amortization in column (a).</p> <p>3. Minor items (5% of the Balance at End of Year for Account 182.3 or amounts less than \$250,000, whichever is less) may be grouped by classes.</p> <p>4. Report separately any "Deferred Regulatory Commission Expenses" that are also reported on pages 350-351, Regulatory Commission Expenses.</p> <p>5. Provide in a footnote, for each line item, the regulatory citation where authorization for the regulatory asset has been granted (e.g. Commission Order, state commission order, court decision).</p>							
Line No.	Description and Purpose of Other Regulatory Assets  (a)	Balance at Beginning Current Quarter/Year (b)	Debits (c)	Written off During Quarter/Year Account Charged (d)	Written off During Period Amount Recovered (e)	Written off During Period Amount Deemed Unrecoverable (f)	Balance at End of Current Quarter/Year (g)
1	Levelized depreciation	50,794,688		407.3/4	2,638,470		48,156,218
2							
3	Income taxes related to equity AFUDC	14,706,352	125,077	407.3, 410	462,205		14,369,224
4							
5	Deferred regulatory commission expense	926		928	926		
6							
7	Deferred FERC annual charge	835,006	1,107,926	928	1,111,988		830,944
8							
9	State tax rate change - apportionment	1,242,871	389,527	410.1, 283	362,298		1,270,100
10							
11	Depreciation on incremental capital additions	77,450,027	13,928,000	407.4			91,378,027
12							
13	Daggett electrical surcharge		229,392				229,392
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40	Total	145,029,870	15,779,922		4,575,887	0	156,233,905



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**Accumulated Deferred Income Taxes (Account 190)**

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.  
2. At Other (Specify), include deferrals relating to other income and deductions.  
3. Provide in a footnote a summary of the type and amount of deferred income taxes reported in the beginning-of-year and end-of-year balances for deferred income taxes that the respondent estimates could be included in the development of jurisdictional recourse rates.

Line No.	Account Subdivisions  (a)	Balance at Beginning of Year  (b)	Changes During Year  Amounts Debited to Account 410.1 (c)	Changes During Year  Amounts Credited to Account 411.1 (d)
1	Account 190			
2	Electric			
3	Gas	153,307,080	20,244,179	16,508,697
4	Other (Define) (footnote details)			
5	Total (Total of lines 2 thru 4)	153,307,080	20,244,179	16,508,697
6	Other (Specify) (footnote details)			
7	TOTAL Account 190 (Total of lines 5 thru 6)	153,307,080	20,244,179	16,508,697
8	Classification of TOTAL			
9	Federal Income Tax	122,308,193	17,492,816	14,672,993
10	State Income Tax	30,998,887	2,751,363	1,835,704
11	Local Income Tax			

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**Accumulated Deferred Income Taxes (Account 190) (continued)**

Line No.	Changes During Year Amounts Debited to Account 410.2 (e)	Changes During Year Amounts Credited to Account 411.2 (f)	Adjustments Debits Account No. (g)	Adjustments Debits Amount (h)	Adjustments Credits Account No. (i)	Adjustments Credits Amount (j)	Balance at End of Year (k)
1							
2							
3	2,452,951	3,235,598	254	11,452,143	254	4,702,095	143,604,197
4							
5	2,452,951	3,235,598		11,452,143		4,702,095	143,604,197
6							
7	2,452,951	3,235,598		11,452,143		4,702,095	143,604,197
8							
9	2,071,551	3,127,580		10,913,552		4,571,339	114,202,186
10	381,400	108,018		538,591		130,756	29,402,011
11							



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**Capital Stock (Accounts 201 and 204)**

1. Report below the details called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock.
2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.
3. Give details concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.

Line No.	Class and Series of Stock and Name of Stock Exchange  (a)	Number of Shares Authorized by Charter  (b)	Par or Stated Value per Share  (c)	Call Price at End of Year  (d)
1	Account 201			
2	Common Stock - not listed on any stock exchange	1,000	0.01	
3				
4	Total Common Stock	1,000		
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**Capital Stock (Accounts 201 and 204)**

4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or noncumulative.
5. State in a footnote if any capital stock that has been nominally issued is nominally outstanding at end of year.
6. Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purpose of pledge.

Line No.	Outstanding per Bal. Sheet (total amt outstanding without reduction for amts held by respondent) Shares (e)	Outstanding per Bal. Sheet Amount (f)	Held by Respondent As Reacquired Stock (Acct 217)  Shares (g)	Held by Respondent As Reacquired Stock (Acct 217)  Cost (h)	Held by Respondent In Sinking and Other Funds  Shares (i)	Held by Respondent In Sinking and Other Funds  Amount (j)
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2	100	1				
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**Other Paid-In Capital (Accounts 208-211)**

1. Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as a total of all accounts for reconciliation with the balance sheet, page 112. Explain changes made in any account during the year and give the accounting entries effecting such change.

- (a) Donations Received from Stockholders (Account 208) - State amount and briefly explain the origin and purpose of each donation.
- (b) Reduction in Par or Stated Value of Capital Stock (Account 209) - State amount and briefly explain the capital changes that gave rise to amounts reported under this caption including identification with the class and series of stock to which related.
- (c) Gain or Resale or Cancellation of Reacquired Capital Stock (Account 210) - Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.
- (d) Miscellaneous Paid-In Capital (Account 211) - Classify amounts included in this account according to captions that, together with brief explanations, disclose the general nature of the transactions that gave rise to the reported amounts.

Line No.	Item (a)	Amount (b)
1	Balance, December 31, 2017	1,201,371,246
2		
3	Contribution from Parent	27,900,000
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40	Total	1,229,271,246

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Unamortized Loss and Gain on Recquired Debt (Accounts 189, 257)**

1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Recquired Debt, details of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.
2. In column (c) show the principal amount of bonds or other long-term debt reacquired.
3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with General Instruction 17 of the Uniform Systems of Accounts.
4. Show loss amounts by enclosing the figures in parentheses.
5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, Amortization of Loss on Recquired Debt, or credited to Account 429.1, Amortization of Gain on Recquired Debt-Credit.

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1	4.893% Senior Notes Due 2018	04/13/2017	175,560,009	( 5,490,548)	1,725,054	
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**Reconciliation of Reported Net Income with Taxable Income for Feder Income Taxes**

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal Income Tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.
2. If the utility is a member of a group that files consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignments, or sharing of the consolidated tax among the group members.

Line No.	Details (a)	Amount (b)
1	Net Income for the Year (Page 116)	160,620,668
2	Reconciling Items for the Year	
3		
4	Taxable Income Not Reported on Books	
5	Contribution in Aid of Construction	1,865,702
6		
7		
8	TOTAL	1,865,702
9	Deductions Recorded on Books Not Deducted for Return	
10	Federal Income Taxes (Current & Deferred)	37,432,971
11	Deferred State Income Taxes	2,542,048
12	Other	46,867,633
13	TOTAL	86,842,652
14	Income Recorded on Books Not Included in Return	
15	Equity AFUDC	375,881
16		
17		
18	TOTAL	375,881
19	Deductions on Return Not Charged Against Book Income	
20	Tax Depreciation and Repairs	54,805,677
21	NOL Carryforward Utilized in 2018 (Apex Expansion)	35,192,744
22	Tax Loss on Disposition of Assets	572,842
23		
24		
25		
26	TOTAL	90,571,263
27	Federal Tax Net Income	158,381,878
28	Show Computation of Tax:	
29	NOL Carryforward generated in 2018 (Mountain Pass Lateral)	539,803
30	Federal Taxable Income (after NOL adjustment)	158,921,681
31	Federal Tax Rate 21%	
32	Current Year Federal Income Tax Provision	33,373,553
33	Other Charges including Book to Tax Return Adjustments, FIN 48, and Audits	2,045,835
34	Total Current Federal Income Tax Provision (accounts 409.1 and 409.2)	35,419,388
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Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)**

1. Give details of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.

2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.

3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to the portion of prepaid taxes charged to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.

4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax (See Instruction 5)  (a)	Balance at Beg. of Year  Taxes Accrued (b)	Balance at Beg. of Year  Prepaid Taxes (c)
1	FEDERAL TAX		
2	Federal Income	5,640,591	
3	FICA	33,854	
4	Unemployment	192	
5	Subtotal	5,674,637	
6			
7	STATE INCOME TAX		
8	California	296,625	
9	Utah	605,284	
10	FIN 48 Adjustments		
11	Subtotal	901,909	
12			
13	USE TAX		
14	California		
15	Nevada	2,870	
16	Utah	116,011	
17	Wyoming	13,209	
18	Subtotal	132,090	
19			
20	AD VALOREM / PROPERTY TAX		
21	California	1,234,511	
22	Nevada	603,099	
23	Nevada (Moapa Indian Reservation)		
24	Utah		
25	Wyoming	452,453	
26	Subtotal	2,290,063	
27			
28	STATE UNEMPLOYMENT TAX		
29	California	44	
30	Nevada	578	
31	Utah	1,162	
32	Wyoming	526	
33	Subtotal	2,310	
34			
35	STATE COMMERCE TAX		
36	Nevada	23,607	
37			
38			
39			
TOTAL		9,024,616	



Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)**  
(continued)

5. If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Show in columns (l) thru (p) how the taxes accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.
10. Items under \$250,000 may be grouped.
11. Report in column (q) the applicable effective state income tax rate.

Line No.	Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)	Balance at End of Year Taxes Accrued (Account 236) (g)	Balance at End of Year Prepaid Taxes (Included in Acct 165) (h)
1					
2	35,419,388	38,026,200		3,033,779	
3	1,181,335	1,175,926		39,263	
4	914	910		196	
5	36,601,637	39,203,036		3,073,238	
6					
7					
8	3,479,351	3,723,668		52,308	
9	4,581,870	4,852,702		334,452	
10	449,285		( 363,157)	86,128	
11	8,510,506	8,576,370	( 363,157)	472,888	
12					
13					
14	2,277	1,648		629	
15	52,468	49,812		5,526	
16	363,686	360,285		119,412	
17	14,151	26,044		1,316	
18	432,582	437,789		126,883	
19					
20					
21	2,846,608	2,657,815		1,423,304	
22	2,362,479	2,376,356		589,222	
23	105,692	105,692			
24	5,256,934	5,256,735		199	
25	882,540	893,722		441,271	
26	11,454,253	11,290,320		2,453,996	
27					
28					
29	436	434		46	
30	6,155	6,127		606	
31	4,645	4,623		1,184	
32	10,823	10,774		575	
33	22,059	21,958		2,411	
34					
35					
36	54,307	43,743		34,171	
37					
38					
39					
<b>TOTAL</b>	57,075,344	59,573,216	( 363,157)	6,163,587	

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)**

1. Give details of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to the portion of prepaid taxes charged to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

**DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)**

Line No.	Electric (Account 408.1, 409.1)  (l)	Gas (Account 408.1, 409.1)  (j)	Other Utility Dept. (Account 408.1, 409.1)  (k)	Other Income and Deductions (Account 408.2, 409.2)  (l)
1				
2		35,276,027		143,361
3		1,068,450		
4		827		
5		36,345,304		143,361
6				
7				
8		3,460,683		18,668
9		4,548,473		33,397
10		449,285		
11		8,458,441		52,065
12				
13				
14				
15				
16		242,088		
17				
18		242,088		
19				
20				
21		2,846,608		
22		2,362,479		
23		105,692		
24		5,256,735		
25		882,540		
26		11,454,054		
27				
28				
29		394		
30		5,567		
31		4,201		
32		9,789		
33		19,951		
34				
35				
36		54,307		
37				
38				
39				
<b>TOTAL</b>		56,574,145		195,426

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)**

(continued)

5. If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Show in columns (i) thru (p) how the taxes accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.
10. Items under \$250,000 may be grouped.
11. Report in column (q) the applicable effective state income tax rate.

**DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)**

Line No.	Extraordinary Items (Account 409.3)  (m)	Other Utility Opn. Income (Account 408.1, 409.1) (n)	Adjustment to Ret. Earnings (Account 439)  (o)	Other  (p)	State/Local Income Tax Rate  (q)
1					
2					
3				112,885	
4				87	
5				112,972	
6					
7					
8					2.71
9					2.73
10					
11					
12					
13					
14				2,277	
15				52,468	
16				121,598	
17				14,151	
18				190,494	
19					
20					
21					
22					
23					
24				199	
25					
26				199	
27					
28					
29				42	
30				588	
31				444	
32				1,034	
33				2,108	
34					
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39					
<b>TOTAL</b>				305,773	

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Miscellaneous Current and Accrued Liabilities (Account 242)**

- Describe and report the amount of other current and accrued liabilities at the end of year.
- Minor items (less than \$250,000) may be grouped under appropriate title.

Line No.	Item (a)	Balance at End of Year (b)
1	Transportation and exchange gas payable	3,752,351
2	Accrued vacation and other employee benefits	1,626,412
3	Minor items	273,492
4		
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45	Total	5,652,255

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Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Accumulated Deferred Income Taxes-Other Property (Account 282)**

- Report the information called for below concerning the respondent's accounting for deferred income taxes relating to property not subject to accelerated amortization.
- At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 282			
2	Electric			
3	Gas	336,749,419	19,281,600	18,437,070
4	Other (Define) (footnote details)			
5	Total (Enter Total of lines 2 thru 4)	336,749,419	19,281,600	18,437,070
6	Other - FIN 48 Tax Correction	1,436,845		1,562,934
7	TOTAL Account 282 (Enter Total of lines 5 thr	338,186,264	19,281,600	20,000,004
8	Classification of TOTAL			
9	Federal Income Tax	280,352,613	14,186,953	15,503,698
10	State Income Tax	57,833,651	5,094,647	4,496,306
11	Local Income Tax			

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2018/Q4</u>
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**Accumulated Deferred Income Taxes-Other Property (Account 282) (continued)**

3. Provide in a footnote a summary of the type and amount of deferred income taxes reported in the beginning-of-year and end-of-year balances for deferred income taxes that the respondent estimates could be included in the development of jurisdictional recourse rates.

Line No.	Changes during Year Amounts Debited to Account 410.2 (e)	Changes during Year Amounts Credited to Account 411.2 (f)	Adjustments Debits Acct. No. (g)	Adjustments Debits Amount (h)	Adjustments Credits Account No. (i)	Adjustments Credits Amount (j)	Balance at End of Year (k)
1							
2							
3	283,591	42,710					337,834,830
4							
5	283,591	42,710					337,834,830
6							( 126,089)
7	283,591	42,710					337,708,741
8							
9	210,221	17,260					279,228,829
10	73,370	25,450					58,479,912
11							

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Accumulated Deferred Income Taxes-Other (Account 283)**

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.  
2. At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Changes During Year Amounts Debited to Account 410.1 (c)	Changes During Year Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3	Gas	38,807,012	4,973,386	2,859,555
4	Other (Define) (footnote details)			
5	Total (Total of lines 2 thru 4)	38,807,012	4,973,386	2,859,555
6	Other (Specify) (footnote details)			
7	TOTAL Account 283 (Total of lines 5 thru	38,807,012	4,973,386	2,859,555
8	Classification of TOTAL			
9	Federal Income Tax	30,645,571	3,670,301	2,269,659
10	State Income Tax	8,161,441	1,303,085	589,896
11	Local Income Tax			



Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Accumulated Deferred Income Taxes-Other (Account 283) (continued)**

3. Provide in a footnote a summary of the type and amount of deferred income taxes reported in the beginning-of-year and end-of-year balances for deferred income taxes that the respondent estimates could be included in the development of jurisdictional recourse rates.

Line No.	Changes during Year Amounts Debited to Account 410.2 (e)	Changes during Year Amounts Credited to Account 411.2 (f)	Adjustments Debits Acct. No. (g)	Adjustments Debits Amount (h)	Adjustments Credits Account No. (i)	Adjustments Credits Amount (j)	Balance at End of Year (k)
1							
2							
3	59,351	92,862	182.3 & 219	7,639,694	182.3 & 219	7,156,633	41,370,393
4							
5	59,351	92,862		7,639,694		7,156,633	41,370,393
6							
7	59,351	92,862		7,639,694		7,156,633	41,370,393
8							
9	47,210	74,278		6,183,063		5,467,841	32,734,367
10	12,141	18,584		1,456,631		1,688,792	8,636,026
11							

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Other Regulatory Liabilities (Account 254)**

1. Report below the details called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).
2. For regulatory liabilities being amortized, show period of amortization in column (a).
3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$250,000, whichever is less) may be grouped by classes.
4. Provide in a footnote, for each line item, the regulatory citation where the respondent was directed to refund the regulatory liability (e.g. Commission Order, state commission order, court decision).

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Beginning of Current Quarter/Year (b)	Written off during Quarter/Period Account Credited (c)	Written off During Period Amount Refunded (d)	Written off During Period Amount Deemed Non-Refundable (e)	Credits (f)	Balance at End of Current Quarter/Year (g)
1	Office lease accrual	239,059	931	239,246			( 187)
2							
3	Employee benefits	6,230,330	128	6,230,330		4,425,287	4,425,287
4							
5	Levelized depreciation	332,412,648		3,607,313			328,805,335
6							
7	Bankruptcy proceeds	7,728,644	421	5,153,016			2,575,628
8							
9	Daggett electrical surcharge	74,703		74,703			
10							
11	Excess Deferred Income Taxes	195,674,045	411.1, 190	6,750,048			188,923,997
12							
13							
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44							
45	Total	542,359,429		22,054,656	0	4,425,287	524,730,060

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Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Monthly Quantity & Revenue Data by Rate Schedule**

- Reference to account numbers in the USofA is provided in parentheses beside applicable data. Quantities must not be adjusted for discounts.
- Total Quantities and Revenues in whole numbers
- Report revenues and quantities of gas by rate schedule. Where transportation services are bundled with storage services, reflect only transportation Dth. When reporting storage, report Dth of gas withdrawn from storage and revenues by rate schedule.
- Revenues in Column (c) include transition costs from upstream pipelines. Revenue (Other) in Column (e) includes reservation charges received by the pipeline plus usage charges, less revenues reflected in Columns (c) and (d). Include in Column (e), revenue for Accounts 490-495.
- Enter footnotes as appropriate.

Line No.	Item (a)	Month 1 Quantity (b)	Month 1 Revenue Costs and Take-or-Pay (c)	Month 1 Revenue (GRI & ACA) (d)	Month 1 Revenue (Other) (e)	Month 1 Revenue (Total) (f)
1	Total Sales (480-488)				46,137	46,137
2	Transportation of Gas for Others (489.2 and 489.3)					
3	KRF - 1 Firm Mainline	61,704,394		80,216	17,217,761	17,297,977
4	KRI - 1 Interruptible Mainline	225,942		294	99,234	99,528
5	KRF - L1 Firm High Desert ((b,d,e)add day 2-5 adj if neede	3,290,530		4,278	355,995	360,273
6	KRI - L1 Interruptible High Desert	624,930		812	26,684	27,496
7	KRPK - 1 Firm Peaking Service					
8						
9						
10						
11						
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Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2018/Q4</u>
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Monthly Quantity & Revenue Data by Rate Schedule										
1. Reference to account numbers in the USofA is provided in parentheses beside applicable data. Quantities must not be adjusted for discounts. 2. Total Quantities and Revenues in whole numbers 3. Report revenues and quantities of gas by rate schedule. Where transportation services are bundled with storage services, reflect only transportation Dth. When reporting storage, report Dth of gas withdrawn from storage and revenues by rate schedule. 4. Revenues in Column (c) include transition costs from upstream pipelines. Revenue (Other) in Column (e) includes reservation charges received by the pipeline plus usage charges, less revenues reflected in Columns (c) and (d). Include in Column (e), revenue for Accounts 490-495. 5. Enter footnotes as appropriate.										
Line No.	Month 2 Quantity  (g)	Month 2 Revenue Costs and Take-or-Pay (h)	Month 2 Revenue (GRI & ACA)  (i)	Month 2 Revenue (Other)  (j)	Month 2 Revenue (Total)  (k)	Month 3 Quantity  (l)	Month 3 Revenue Costs and Take-or-Pay (m)	Month 3 Revenue (GRI & ACA)  (n)	Month 3 Revenue (Other)  (o)	Month 3 Revenue (Total)  (p)
1				46,137	46,137				46,137	46,137
2										
3	65,824,009		85,571	21,017,673	21,103,244	74,318,124		96,614	24,430,454	24,527,068
4	630,393		820	276,869	277,689	757,604		985	296,147	297,132
5	3,004,604		3,906	343,023	346,929	2,129,796		2,769	355,995	358,764
6	454,455		591	19,405	19,996	33,213		43	1,262	1,305
7	25,002		32	152,122	152,154	775,062		1,008	297,934	298,942
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Name of Respondent Kern River Gas Transmission Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2018/Q4</u>	
Monthly Quantity & Revenue Data by Rate Schedule (continued)						
Line No.	Item (a)	Month 1 Quantity (b)	Month 1 Revenue Costs and Take-or-Pay (c)	Month 1 Revenue (GRI & ACA) (d)	Month 1 Revenue (Other) (e)	Month 1 Revenue (Total) (f)
48						
49						
50						
51						
52						
53						
54						
55						
56						
57						
58						
59						
60						
61						
62						
63	Total Transportation (Other than Gathering)	65,845,796		85,600	17,699,674	17,785,274
64	Storage (489.4)					
65						
66						
67						
68						
69						
70						
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72						
73						
74						
75						
76						
77						
78						
79						
80						
81						
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83						
84						
85						
86						
87						
88						
89						
90	Total Storage					
91	Gathering (489.1)					
92	Gathering-Firm					
93	Gathering-Interruptible					
94	Total Gathering (489.1)					
95	Additional Revenues					
96	Products Sales and Extraction (490-492)					
97	Rents (493-494)					
98	Other Gas Revenues (495)				54,392	54,392
99	(Less) Provision for Rate Refunds					
100	Total Additional Revenues				54,392	54,392
101	Total Operating Revenues (Total of Lines 1,63,90,94 & 100)	65,845,796		85,600	17,800,203	17,885,803

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Monthly Quantity & Revenue Data by Rate Schedule (continued)**

Line No.	Month 2 Quantity (g)	Month 2 Revenue Costs and Take-or-Pay (h)	Month 2 Revenue (GRI & ACA) (i)	Month 2 Revenue (Other) (j)	Month 2 Revenue (Total) (k)	Month 3 Quantity (l)	Month 3 Revenue Costs and Take-or-Pay (m)	Month 3 Revenue (GRI & ACA) (n)	Month 3 Revenue (Other) (o)	Month 3 Revenue (Total) (p)
48										
49										
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53										
54										
55										
56										
57										
58										
59										
60										
61										
62										
63	69,938,463		90,920	21,809,092	21,900,012	78,013,799		101,419	25,381,792	25,483,211
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97										
98				45,933	45,933				52,841	52,841
99				595,518	595,518					
100				( 549,585)	( 549,585)				52,841	52,841
101	69,938,463		90,920	21,305,644	21,396,564	78,013,799		101,419	25,480,770	25,582,189

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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### Gas Operating Revenues

- Report below natural gas operating revenues for each prescribed account total. The amounts must be consistent with the detailed data on succeeding pages.
- Revenues in columns (b) and (c) include transition costs from upstream pipelines.
- Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges, less revenues reflected in columns (b) through (e). Include in columns (f) and (g) revenues for Accounts 480-495.

Line No.	Title of Account (a)	Revenues for Transition Costs and Take-or-Pay Amount for Current Year (b)	Revenues for Transition Costs and Take-or-Pay Amount for Previous Year (c)	Revenues for GRI and ACA Amount for Current Year (d)	Revenues for GRI and ACA Amount for Previous Year (e)
1	480 Residential Sales				
2	481 Commercial and Industrial Sales				
3	482 Other Sales to Public Authorities				
4	483 Sales for Resale				
5	484 Interdepartmental Sales				
6	485 Intracompany Transfers				
7	487 Forfeited Discounts				
8	488 Miscellaneous Service Revenues				
9	489.1 Revenues from Transportation of Gas of Others Through Gathering Facilities				
10	489.2 Revenues from Transportation of Gas of Others Through Transmission Facilities			1,101,932	1,083,634
11	489.3 Revenues from Transportation of Gas of Others Through Distribution Facilities				
12	489.4 Revenues from Storing Gas of Others				
13	490 Sales of Prod. Ext. from Natural Gas				
14	491 Revenues from Natural Gas Proc. by Others				
15	492 Incidental Gasoline and Oil Sales				
16	493 Rent from Gas Property				
17	494 Interdepartmental Rents				
18	495 Other Gas Revenues				
19	Subtotal:			1,101,932	1,083,634
20	496 (Less) Provision for Rate Refunds				
21	TOTAL:			1,101,932	1,083,634



Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Gas Operating Revenues**

4. If increases or decreases from previous year are not derived from previously reported figures, explain any inconsistencies in a footnote.  
5. On Page 108, include information on major changes during the year, new service, and important rate increases or decreases.  
6. Report the revenue from transportation services that are bundled with storage services as transportation service revenue.

Line No.	Other Revenues  Amount for Current Year (f)	Other Revenues  Amount for Previous Year (g)	Total Operating Revenues  Amount for Current Year (h)	Total Operating Revenues  Amount for Previous Year (i)	Dekatherm of Natural Gas  Amount for Current Year (j)	Dekatherm of Natural Gas  Amount for Previous Year (k)
1						
2						
3						
4						
5						
6						
7						
8	553,644	553,644	553,644	553,644		
9						
10	312,538,241	303,598,527	313,640,173	304,682,161	847,640,042	833,563,933
11						
12						
13						
14						
15						
16						
17						
18	604,753	1,158,255	604,753	1,158,255		
19	313,696,638	305,310,426	314,798,570	306,394,060		
20	1,981,258	4,773,833	1,981,258	4,773,833		
21	311,715,380	300,536,593	312,817,312	301,620,227		

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Revenues from Transportation of Gas of Others Through Transmission Facilities (Account 489.2)**

1. Report revenues and Dth of gas delivered by Zone of Delivery by Rate Schedule. Total by Zone of Delivery and for all zones. If respondent does not have separate zones, provide totals by rate schedule.
2. Revenues for penalties including penalties for unauthorized overruns must be reported on page 308.
3. Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges for transportation and hub services, less revenues reflected in columns (b) through (e).

Line No.	Zone of Delivery, Rate Schedule  (a)	Revenues for Transition Costs and Take-or-Pay  Amount for Current Year (b)	Revenues for Transition Costs and Take-or-Pay  Amount for Previous Year (c)	Revenues for GRI and ACA  Amount for Current Year (d)	Revenues for GRI and ACA  Amount for Previous Year (e)
1	KRF - 1 Firm Mainline			1,057,797	1,052,395
2	KRI - 1 Interruptible Mainline			9,231	7,881
3	KRF - L1 Firm High Desert			30,144	21,512
4	KRI - L1 Interruptible High Desert			2,712	93
5	KRFPK - 1 Firm Peaking Service			2,048	1,754
6	<b>TOTAL</b>			1,101,932	1,083,635
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
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24					
25					

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2018/Q4</u>
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**Revenues from Transportation of Gas of Others Through Transmission Facilities (Account 489.2)**

4. Delivered Dth of gas must not be adjusted for discounting.  
5. Each incremental rate schedule and each individually certificated rate schedule must be separately reported.  
6. Where transportation services are bundled with storage services, report total revenues but only transportation Dth.

Line No.	Other Revenues	Other Revenues	Total Operating Revenues	Total Operating Revenues	Dekatherm of Natural Gas	Dekatherm of Natural Gas
	Amount for Current Year (f)	Amount for Previous Year (g)	Amount for Current Year (h)	Amount for Previous Year (i)	Amount for Current Year (j)	Amount for Previous Year (k)
1	304,900,337	297,624,528	305,958,134	298,676,922	813,690,042	809,530,842
2	2,486,826	770,921	2,496,057	778,802	7,100,660	6,062,869
3	4,181,136	4,181,136	4,211,280	4,202,648	23,187,598	16,548,182
4	88,942	3,066	91,654	3,159	2,086,616	71,980
5	881,001	1,018,876	883,049	1,020,630	1,575,126	1,350,060
6	312,538,242	303,598,527	313,640,174	304,682,161	847,640,042	833,563,933
7						
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25						

Name of Respondent Kern River Gas Transmission Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
Other Gas Revenues (Account 495)				
Report below transactions of \$250,000 or more included in Account 495, Other Gas Revenues. Group all transactions below \$250,000 in one amount and provide the number of items.				
Line No.	Description of Transaction (a)	Amount (in dollars) (b)		
1	Commissions on Sale or Distribution of Gas of Others			
2	Compensation for Minor or Incidental Services Provided for Others			
3	Profit or Loss on Sale of Material and Supplies not Ordinarily Purchased for Resale			
4	Sales of Stream, Water, or Electricity, including Sales or Transfers to Other Departments			
5	Miscellaneous Royalties			
6	Revenues from Dehydration and Other Processing of Gas of Others except as provided for in the Instructions to Account 495			
7	Revenues for Right and/or Benefits Received from Others which are Realized Through Research, Development, and Demonstration Ventures			
8	Gains on Settlements of Imbalance Receivables and Payables			
9	Revenues from Penalties earned Pursuant to Tariff Provisions, including Penalties Associated with Cash-out Settlements			
10	Revenues from Shipper Supplied Gas			
11	Other revenues (Specify):			
12	Facility charge on Big Horn lateral	66,972		
13	Waste heat recovery	537,781		
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
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27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
	<b>Total</b>	<b>604,753</b>		

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2018/Q4</u>
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**Discounted Rate Services and Negotiated Rate Services**

1. In column b, report the revenues from discounted rate services.
2. In column c, report the volumes of discounted rate services.
3. In column d, report the revenues from negotiated rate services.
4. In column e, report the volumes of negotiated rate services.

Line No.	Account  (a)	Discounted Rate Services  Revenue (b)	Discounted Rate Services  Volumes (c)	Negotiated Rate Services  Revenue (d)	Negotiated Rate Services  Volumes (e)
1	Account 489.1, Revenues from transportation of gas of others through gathering facilities.				
2	Account 489.2, Revenues from transportation of gas of others through transmission facilities.	79,493,651	195,211,983	119,424,557	179,786,482
3	Account 489.4, Revenues from storing gas of others.				
4	Account 495, Other gas revenues.				
5					
6					
7					
8					
9					
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36					
37					
38					
39					
	<b>Total</b>	<b>79,493,651</b>	<b>195,211,983</b>	<b>119,424,557</b>	<b>179,786,482</b>

Name of Respondent Kern River Gas Transmission Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
<b>Gas Operation and Maintenance Expenses</b>				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
1	1. PRODUCTION EXPENSES			
2	A. Manufactured Gas Production			
3	Manufactured Gas Production (Submit Supplemental Statement)	0	0	
4	B. Natural Gas Production			
5	B1. Natural Gas Production and Gathering			
6	Operation			
7	750 Operation Supervision and Engineering	0	0	
8	751 Production Maps and Records	0	0	
9	752 Gas Well Expenses	0	0	
10	753 Field Lines Expenses	0	0	
11	754 Field Compressor Station Expenses	0	0	
12	755 Field Compressor Station Fuel and Power	0	0	
13	756 Field Measuring and Regulating Station Expenses	0	0	
14	757 Purification Expenses	0	0	
15	758 Gas Well Royalties	0	0	
16	759 Other Expenses	0	0	
17	760 Rents	0	0	
18	TOTAL Operation (Total of lines 7 thru 17)	0	0	
19	Maintenance			
20	761 Maintenance Supervision and Engineering	0	0	
21	762 Maintenance of Structures and Improvements	0	0	
22	763 Maintenance of Producing Gas Wells	0	0	
23	764 Maintenance of Field Lines	0	0	
24	765 Maintenance of Field Compressor Station Equipment	0	0	
25	766 Maintenance of Field Measuring and Regulating Station Equipment	0	0	
26	767 Maintenance of Purification Equipment	0	0	
27	768 Maintenance of Drilling and Cleaning Equipment	0	0	
28	769 Maintenance of Other Equipment	0	0	
29	TOTAL Maintenance (Total of lines 20 thru 28)	0	0	
30	TOTAL Natural Gas Production and Gathering (Total of lines 18 and 29)	0	0	

Name of Respondent Kern River Gas Transmission Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
31	B2. Products Extraction			
32	Operation			
33	770 Operation Supervision and Engineering	0	0	
34	771 Operation Labor	0	0	
35	772 Gas Shrinkage	0	0	
36	773 Fuel	0	0	
37	774 Power	0	0	
38	775 Materials	0	0	
39	776 Operation Supplies and Expenses	0	0	
40	777 Gas Processed by Others	0	0	
41	778 Royalties on Products Extracted	0	0	
42	779 Marketing Expenses	0	0	
43	780 Products Purchased for Resale	0	0	
44	781 Variation in Products Inventory	0	0	
45	(Less) 782 Extracted Products Used by the Utility-Credit	0	0	
46	783 Rents	0	0	
47	TOTAL Operation (Total of lines 33 thru 46)	0	0	
48	Maintenance			
49	784 Maintenance Supervision and Engineering	0	0	
50	785 Maintenance of Structures and Improvements	0	0	
51	786 Maintenance of Extraction and Refining Equipment	0	0	
52	787 Maintenance of Pipe Lines	0	0	
53	788 Maintenance of Extracted Products Storage Equipment	0	0	
54	789 Maintenance of Compressor Equipment	0	0	
55	790 Maintenance of Gas Measuring and Regulating Equipment	0	0	
56	791 Maintenance of Other Equipment	0	0	
57	TOTAL Maintenance (Total of lines 49 thru 56)	0	0	
58	TOTAL Products Extraction (Total of lines 47 and 57)	0	0	

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Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
59	C. Exploration and Development			
60	Operation			
61	795 Delay Rentals	0	0	
62	796 Nonproductive Well Drilling	0	0	
63	797 Abandoned Leases	0	0	
64	798 Other Exploration	0	0	
65	TOTAL Exploration and Development (Total of lines 61 thru 64)	0	0	
66	D. Other Gas Supply Expenses			
67	Operation			
68	800 Natural Gas Well Head Purchases	0	0	
69	800.1 Natural Gas Well Head Purchases, Intracompany Transfers	0	0	
70	801 Natural Gas Field Line Purchases	0	0	
71	802 Natural Gas Gasoline Plant Outlet Purchases	0	0	
72	803 Natural Gas Transmission Line Purchases	0	0	
73	804 Natural Gas City Gate Purchases	0	0	
74	804.1 Liquefied Natural Gas Purchases	0	0	
75	805 Other Gas Purchases	1,116,306	498,573	
76	(Less) 805.1 Purchases Gas Cost Adjustments	0	0	
77	TOTAL Purchased Gas (Total of lines 68 thru 76)	1,116,306	498,573	
78	806 Exchange Gas	( 1,116,306)	( 498,573)	
79	Purchased Gas Expenses			
80	807.1 Well Expense-Purchased Gas	0	0	
81	807.2 Operation of Purchased Gas Measuring Stations	0	0	
82	807.3 Maintenance of Purchased Gas Measuring Stations	0	0	
83	807.4 Purchased Gas Calculations Expenses	0	0	
84	807.5 Other Purchased Gas Expenses	0	0	
85	TOTAL Purchased Gas Expenses (Total of lines 80 thru 84)	0	0	



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Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
86	808.1 Gas Withdrawn from Storage-Debit	0	0	
87	(Less) 808.2 Gas Delivered to Storage-Credit	0	0	
88	809.1 Withdrawals of Liquefied Natural Gas for Processing-Debit	0	0	
89	(Less) 809.2 Deliveries of Natural Gas for Processing-Credit	0	0	
90	Gas used in Utility Operation-Credit			
91	810 Gas Used for Compressor Station Fuel-Credit	41,329,133	41,134,489	
92	811 Gas Used for Products Extraction-Credit	0	0	
93	812 Gas Used for Other Utility Operations-Credit	0	0	
94	TOTAL Gas Used in Utility Operations-Credit (Total of lines 91 thru 93)	41,329,133	41,134,489	
95	813 Other Gas Supply Expenses	0	0	
96	TOTAL Other Gas Supply Exp. (Total of lines 77,78,85,86 thru 89,94,95)	( 41,329,133)	( 41,134,489)	
97	TOTAL Production Expenses (Total of lines 3, 30, 58, 65, and 96)	( 41,329,133)	( 41,134,489)	
98	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES			
99	A. Underground Storage Expenses			
100	Operation			
101	814 Operation Supervision and Engineering	0	0	
102	815 Maps and Records	0	0	
103	816 Wells Expenses	0	0	
104	817 Lines Expense	0	0	
105	818 Compressor Station Expenses	0	0	
106	819 Compressor Station Fuel and Power	0	0	
107	820 Measuring and Regulating Station Expenses	0	0	
108	821 Purification Expenses	0	0	
109	822 Exploration and Development	0	0	
110	823 Gas Losses	0	0	
111	824 Other Expenses	0	0	
112	825 Storage Well Royalties	0	0	
113	826 Rents	0	0	
114	TOTAL Operation (Total of lines of 101 thru 113)	0	0	

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<b>Gas Operation and Maintenance Expenses(continued)</b>				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
115	Maintenance			
116	830 Maintenance Supervision and Engineering	0	0	
117	831 Maintenance of Structures and Improvements	0	0	
118	832 Maintenance of Reservoirs and Wells	0	0	
119	833 Maintenance of Lines	0	0	
120	834 Maintenance of Compressor Station Equipment	0	0	
121	835 Maintenance of Measuring and Regulating Station Equipment	0	0	
122	836 Maintenance of Purification Equipment	0	0	
123	837 Maintenance of Other Equipment	0	0	
124	TOTAL Maintenance (Total of lines 116 thru 123)	0	0	
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)	0	0	
126	B. Other Storage Expenses			
127	Operation			
128	840 Operation Supervision and Engineering	0	0	
129	841 Operation Labor and Expenses	0	0	
130	842 Rents	0	0	
131	842.1 Fuel	0	0	
132	842.2 Power	0	0	
133	842.3 Gas Losses	0	0	
134	TOTAL Operation (Total of lines 128 thru 133)	0	0	
135	Maintenance			
136	843.1 Maintenance Supervision and Engineering	0	0	
137	843.2 Maintenance of Structures	0	0	
138	843.3 Maintenance of Gas Holders	0	0	
139	843.4 Maintenance of Purification Equipment	0	0	
140	843.5 Maintenance of Liquefaction Equipment	0	0	
141	843.6 Maintenance of Vaporizing Equipment	0	0	
142	843.7 Maintenance of Compressor Equipment	0	0	
143	843.8 Maintenance of Measuring and Regulating Equipment	0	0	
144	843.9 Maintenance of Other Equipment	0	0	
145	TOTAL Maintenance (Total of lines 136 thru 144)	0	0	
146	TOTAL Other Storage Expenses (Total of lines 134 and 145)	0	0	

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<b>Gas Operation and Maintenance Expenses(continued)</b>				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
147	C. Liquefied Natural Gas Terminaling and Processing Expenses			
148	Operation			
149	844.1 Operation Supervision and Engineering	0	0	
150	844.2 LNG Processing Terminal Labor and Expenses	0	0	
151	844.3 Liquefaction Processing Labor and Expenses	0	0	
152	844.4 Liquefaction Transportation Labor and Expenses	0	0	
153	844.5 Measuring and Regulating Labor and Expenses	0	0	
154	844.6 Compressor Station Labor and Expenses	0	0	
155	844.7 Communication System Expenses	0	0	
156	844.8 System Control and Load Dispatching	0	0	
157	845.1 Fuel	0	0	
158	845.2 Power	0	0	
159	845.3 Rents	0	0	
160	845.4 Demurrage Charges	0	0	
161	(less) 845.5 Wharfage Receipts-Credit	0	0	
162	845.6 Processing Liquefied or Vaporized Gas by Others	0	0	
163	846.1 Gas Losses	0	0	
164	846.2 Other Expenses	0	0	
165	TOTAL Operation (Total of lines 149 thru 164)	0	0	
166	Maintenance			
167	847.1 Maintenance Supervision and Engineering	0	0	
168	847.2 Maintenance of Structures and Improvements	0	0	
169	847.3 Maintenance of LNG Processing Terminal Equipment	0	0	
170	847.4 Maintenance of LNG Transportation Equipment	0	0	
171	847.5 Maintenance of Measuring and Regulating Equipment	0	0	
172	847.6 Maintenance of Compressor Station Equipment	0	0	
173	847.7 Maintenance of Communication Equipment	0	0	
174	847.8 Maintenance of Other Equipment	0	0	
175	TOTAL Maintenance (Total of lines 167 thru 174)	0	0	
176	TOTAL Liquefied Nat Gas Terminaling and Proc Exp (Total of lines 165 and 175)	0	0	
177	TOTAL Natural Gas Storage (Total of lines 125, 146, and 176)	0	0	

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Gas Operation and Maintenance Expenses(continued)					
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)		
178	3. TRANSMISSION EXPENSES				
179	Operation				
180	850 Operation Supervision and Engineering	16,152,164	9,690,180		
181	851 System Control and Load Dispatching	1,309,339	1,301,662		
182	852 Communication System Expenses	1,048,631	932,418		
183	853 Compressor Station Labor and Expenses	2,764,253	3,257,043		
184	854 Gas for Compressor Station Fuel	41,329,133	41,134,489		
185	855 Other Fuel and Power for Compressor Stations	635,392	687,745		
186	856 Mains Expenses	5,556,983	4,442,210		
187	857 Measuring and Regulating Station Expenses	1,255,881	898,668		
188	858 Transmission and Compression of Gas by Others	0	0		
189	859 Other Expenses	0	0		
190	860 Rents	0	0		
191	TOTAL Operation (Total of lines 180 thru 190)	70,051,776	62,344,415		
192	Maintenance				
193	861 Maintenance Supervision and Engineering	714,573	835,075		
194	862 Maintenance of Structures and Improvements	0	0		
195	863 Maintenance of Mains	19,727	87,248		
196	864 Maintenance of Compressor Station Equipment	369,371	319,705		
197	865 Maintenance of Measuring and Regulating Station Equipment	126,209	64,458		
198	866 Maintenance of Communication Equipment	0	0		
199	867 Maintenance of Other Equipment	0	0		
200	TOTAL Maintenance (Total of lines 193 thru 199)	1,229,880	1,306,486		
201	TOTAL Transmission Expenses (Total of lines 191 and 200)	71,281,656	63,650,901		
202	4. DISTRIBUTION EXPENSES				
203	Operation				
204	870 Operation Supervision and Engineering	0	0		
205	871 Distribution Load Dispatching	0	0		
206	872 Compressor Station Labor and Expenses	0	0		
207	873 Compressor Station Fuel and Power	0	0		

Name of Respondent Kern River Gas Transmission Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2018/Q4</u>
<b>Gas Operation and Maintenance Expenses(continued)</b>				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
208	874 Mains and Services Expenses	0	0	
209	875 Measuring and Regulating Station Expenses-General	0	0	
210	876 Measuring and Regulating Station Expenses-Industrial	0	0	
211	877 Measuring and Regulating Station Expenses-City Gas Check Station	0	0	
212	878 Meter and House Regulator Expenses	0	0	
213	879 Customer Installations Expenses	0	0	
214	880 Other Expenses	0	0	
215	881 Rents	0	0	
216	TOTAL Operation (Total of lines 204 thru 215)	0	0	
217	Maintenance			
218	885 Maintenance Supervision and Engineering	0	0	
219	886 Maintenance of Structures and Improvements	0	0	
220	887 Maintenance of Mains	0	0	
221	888 Maintenance of Compressor Station Equipment	0	0	
222	889 Maintenance of Measuring and Regulating Station Equipment-General	0	0	
223	890 Maintenance of Meas. and Reg. Station Equipment-Industrial	0	0	
224	891 Maintenance of Meas. and Reg. Station Equip-City Gate Check Station	0	0	
225	892 Maintenance of Services	0	0	
226	893 Maintenance of Meters and House Regulators	0	0	
227	894 Maintenance of Other Equipment	0	0	
228	TOTAL Maintenance (Total of lines 218 thru 227)	0	0	
229	TOTAL Distribution Expenses (Total of lines 216 and 228)	0	0	
230	5. CUSTOMER ACCOUNTS EXPENSES			
231	Operation			
232	901 Supervision	0	0	
233	902 Meter Reading Expenses	0	0	
234	903 Customer Records and Collection Expenses	0	0	

Name of Respondent Kern River Gas Transmission Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
235	904 Uncollectible Accounts	0	0	
236	905 Miscellaneous Customer Accounts Expenses	0	0	
237	TOTAL Customer Accounts Expenses (Total of lines 232 thru 236)	0	0	
238	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES			
239	Operation			
240	907 Supervision	0	0	
241	908 Customer Assistance Expenses	0	0	
242	909 Informational and Instructional Expenses	0	0	
243	910 Miscellaneous Customer Service and Informational Expenses	0	0	
244	TOTAL Customer Service and Information Expenses (Total of lines 240 thru 243)	0	0	
245	7. SALES EXPENSES			
246	Operation			
247	911 Supervision	0	0	
248	912 Demonstrating and Selling Expenses	0	0	
249	913 Advertising Expenses	1,641	0	
250	916 Miscellaneous Sales Expenses	0	0	
251	TOTAL Sales Expenses (Total of lines 247 thru 250)	1,641	0	
252	8. ADMINISTRATIVE AND GENERAL EXPENSES			
253	Operation			
254	920 Administrative and General Salaries	6,147,237	5,811,413	
255	921 Office Supplies and Expenses	2,237,868	2,458,509	
256	(Less) 922 Administrative Expenses Transferred-Credit	143,725	118,945	
257	923 Outside Services Employed	4,446,182	4,952,879	
258	924 Property Insurance	308,522	444,186	
259	925 Injuries and Damages	161,806	110,433	
260	926 Employee Pensions and Benefits	2,706,790	2,816,571	
261	927 Franchise Requirements	0	0	
262	928 Regulatory Commission Expenses	1,237,918	1,283,424	
263	(Less) 929 Duplicate Charges-Credit	0	0	
264	930.1General Advertising Expenses	0	0	
265	930.2Miscellaneous General Expenses	10,625	11,900	
266	931 Rents	849,219	874,566	
267	TOTAL Operation (Total of lines 254 thru 266)	17,962,442	18,644,936	
268	Maintenance			
269	932 Maintenance of General Plant	0	0	
270	TOTAL Administrative and General Expenses (Total of lines 267 and 269)	17,962,442	18,644,936	
271	TOTAL Gas O&M Expenses (Total of lines 97,177,201,229,237,244,251, and 270)	47,916,606	41,161,348	



Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Gas Used in Utility Operations**

1. Report below details of credits during the year to Accounts 810, 811, and 812.  
2. If any natural gas was used by the respondent for which a charge was not made to the appropriate operating expense or other account, list separately in column (c) the Dth of gas used, omitting entries in column (d).

Line No.	Purpose for Which Gas Was Used  (a)	Account Charged  (b)	Natural Gas  Gas Used Dth (c)	Natural Gas  Amount of Credit (In dollars) (d)	Natural Gas  Amount of Credit (in dollars) (d)	Natural Gas  Amount of Credit (In dollars) (d)
1	810 Gas Used for Compressor Station Fuel - Credit	854	15,253,467	41,329,113		
2	811 Gas Used for Products Extraction - Credit					
3	Gas Shrinkage and Other Usage in Respondent's Own Processing					
4	Gas Shrinkage, etc. for Respondent's Gas Processed by Others					
5	812 Gas Used for Other Utility Operations - Credit (Report separately for each principal use. Group minor uses.)					
6	Unaccounted for		1,443,996			
7	Net Increase/(decrease) in line pack		12,501			
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25	<b>Total</b>		16,709,964	41,329,113		



Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Miscellaneous General Expenses (Account 930.2)**

1. Provide the information requested below on miscellaneous general expenses.
2. For Other Expenses, show the (a) purpose, (b) recipient and (c) amount of such items. List separately amounts of \$250,000 or more however, amounts less than \$250,000 may be grouped if the number of items of so grouped is shown.

Line No.	Description (a)	Amount (in dollars) (b)
1	Industry association dues.	10,625
2	Experimental and general research expenses.	
	a. Gas Research Institute (GRI)	
	b. Other	
3	Publishing and distributing information and reports to stockholders, trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the respondent	
4	Other expenses	
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25	Total	10,625

Name of Respondent Kern River Gas Transmission Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
<b>Depreciation, Depletion and Amortization of Gas Plant (Accts 403, 404.1, 404.2, 404.3, 405) (Except Amortization of Acquisition Adjustments)</b>					
1. Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown. 2. Report in Section B, column (b) all depreciable or amortizable plant balances to which rates are applied and show a composite total. (If more desirable, report by plant account, subaccount or functional classifications other than those pre-printed in column (a). Indicate in a footnote the manner in which column (b) balances are					
<b>Section A. Summary of Depreciation, Depletion, and Amortization Charges</b>					
Line No.	Functional Classification  (a)	Depreciation Expense (Account 403)  (b)	Amortization Expense for Asset Retirement Costs (Account 403.1) (c)	Amortization and Depletion of Producing Natural Gas Land and Land Rights (Account 404.1) (d)	Amortization of Underground Storage Land and Land Rights (Account 404.2) (e)
1	Intangible plant				
2	Production plant, manufactured gas				
3	Production and gathering plant, natural gas				
4	Products extraction plant				
5	Underground gas storage plant				
6	Other storage plant				
7	Base load LNG terminaling and processing plant				
8	Transmission plant	58,270,938			
9	Distribution plant				
10	General plant	1,301,047			
11	Common plant-gas				
12	TOTAL	59,571,985			

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Depreciation, Depletion and Amortization of Gas Plant (Accts 403, 404.1, 404.2, 404.3, 405) (Except Amortization of Acquisition Adjustments) (continued)**

obtained. If average balances are used, state the method of averaging used. For column (c) report available information for each plant functional classification listed in column (a). If composite depreciation accounting is used, report available information called for in columns (b) and (c) on this basis. Where the unit-of-production method is used to determine depreciation charges, show in a footnote any revisions made to estimated gas reserves.

3. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state in a footnote the amounts and nature of the provisions and the plant items to which related.

**Section A. Summary of Depreciation, Depletion, and Amortization Charges**

Line No.	Amortization of Other Limited-term Gas Plant (Account 404.3)  (f)	Amortization of Other Gas Plant (Account 405)  (g)	Total (b to g)  (h)	Functional Classification  (a)
1	1,661,880		1,661,880	Intangible plant
2				Production plant, manufactured gas
3				Production and gathering plant, natural gas
4				Products extraction plant
5				Underground gas storage plant
6				Other storage plant
7				Base load LNG terminaling and processing plant
8	1,125,190		59,396,128	Transmission plant
9				Distribution plant
10			1,301,047	General plant
11				Common plant-gas
12	2,787,070		62,359,055	TOTAL

Name of Respondent Kern River Gas Transmission Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2018/Q4</u>
Depreciation, Depletion and Amortization of Gas Plant (Accts 403, 404.1, 404.2, 404.3, 405) (Except Amortization of Acquisition Adjustments) (continued)				
4. Add rows as necessary to completely report all data. Number the additional rows in sequence as 2.01, 2.02, 3.01, 3.02, etc.				
Section B. Factors Used in Estimating Depreciation Charges				
Line No.	Functional Classification (a)	Plant Bases (in thousands) (b)	Applied Depreciation or Amortization Rates (percent) (c)	
1	Production and Gathering Plant			
2	Offshore (footnote details)			
3	Onshore (footnote details)			
4	Underground Gas Storage Plant (footnote details)			
5	Transmission Plant			
6	Offshore (footnote details)			
7	Onshore (footnote details)	2,816,009		
8	General Plant (footnote details)	15,363		
9	Intangible Plant (footnote details)	29,403		
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Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Particulars Concerning Certain Income Deductions and Interest Charges Accounts**

Report the information specified below, in the order given, for the respective income deduction and interest charges accounts.

- (a) Miscellaneous Amortization (Account 425)-Describe the nature of items included in this account, the contra account charged, the total of amortization charges for the year, and the period of amortization.
- (b) Miscellaneous Income Deductions-Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2, Life Insurance; 426.3, Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities; and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than \$250,000 may be grouped by classes within the above accounts.
- (c) Interest on Debt to Associated Companies (Account 430)-For each associated company that incurred interest on debt during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest. Explain the nature of other debt on which interest was incurred during the year.
- (d) Other Interest Expense (Account 431) - Report details including the amount and interest rate for other interest charges incurred during the year.

Line No.	Item (a)	Amount (b)
1	426.1 - Donations under \$250,000	40,946
2		
3	426.3 - Penalties less than \$250,000	
4		
5	426.4 - Expenditures for Certain Civic, Political, and Related Activities	
6	under \$250,000	5,826
7		
8	426.5 - Other Deductions	
9	Activities less than \$250,000	4,215
10		
11	431 - Other Interest Expense	
12	Federal and state income interest expense (rates vary by taxing authority)	647,757
13	Other	105
14	Account subtotal	647,862
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Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2018/Q4</u>
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**Regulatory Commission Expenses (Account 928)**

1. Report below details of regulatory commission expenses incurred during the current year (or in previous years, if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.
2. In column (b) and (c), indicate whether the expenses were assessed by a regulatory body or were otherwise incurred by the utility.

Line No.	Description (Furnish name of regulatory commission or body, the docket number, and a description of the case.)  (a)	Assessed by Regulatory Commission  (b)	Expenses of Utility  (c)	Total Expenses to Date  (d)	Deferred in Account 182.3 at Beginning of Year  (e)
1	FERC RP04-155 Rate Case (over five years starting the month after incurred )		125,004	8,806,012	926
2					
3	FERC Order No. 472 2016 Annual Charge (Oct-16 through Sep-17)	1,113,342		1,113,342	835,006
4					
5	FERC Order No. 472 2017 Annual Charge (Oct-17 through Sep-18)	1,107,926		1,107,926	
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<b>25</b>	<b>Total</b>	2,221,268	125,004	11,027,280	835,932

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Regulatory Commission Expenses (Account 928)**

3. Show in column (k) any expenses incurred in prior years that are being amortized. List in column (a) the period of amortization.  
4. Identify separately all annual charge adjustments (ACA).  
5. List in column (f), (g), and (h) expenses incurred during year which were charges currently to income, plant, or other accounts.  
6. Minor items (less than \$250,000) may be grouped.

Line No.	Expenses Incurred During Year Charged Currently To Department (f)	Expenses Incurred During Year Charged Currently To Account No. (g)	Expenses Incurred During Year Charged Currently To Amount (h)	Expenses Incurred During Year Deferred to Account 182.3 (i)	Amortized During Year Contra Account (j)	Amortized During Year Amount (k)	Deferred in Account 182.3 End of Year (l)
1	Gas	926	125,004		182.3	926	
2							
3					182.3	835,006	
4							
5				1,107,926	182.3	276,982	830,944
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25			125,004	1,107,926		1,112,914	830,944

Name of Respondent Kern River Gas Transmission Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
Employee Pensions and Benefits (Account 926)				
1. Report below the items contained in Account 926, Employee Pensions and Benefits.				
Line No.	Expense (a)	Amount (b)		
1	Pensions – defined benefit plans	70,721		
2	Pensions – other	439,843		
3	Post-retirement benefits other than pensions (PBOP)	528,834		
4	Post-employment benefit plans			
5	Other (Specify)			
6	Healthcare and other benefits	1,667,392		
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	Total	2,706,790		



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### Distribution of Salaries and Wages

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals and Other Accounts, and enter such amounts in the appropriate lines and columns provided. Salaries and wages billed to the Respondent by an affiliated company must be assigned to the particular operating function(s) relating to the expenses.

In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used. When reporting detail of other accounts, enter as many rows as necessary numbered sequentially starting with 75.01, 75.02, etc.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Payroll Billed by Affiliated Companies (c)	Allocation of Payroll Charged for Clearing Accounts (d)	Total (e)
1	Electric				
2	Operation				
3	Production				
4	Transmission				
5	Distribution				
6	Customer Accounts				
7	Customer Service and Informational				
8	Sales				
9	Administrative and General				
10	TOTAL Operation (Total of lines 3 thru 9)				
11	Maintenance				
12	Production				
13	Transmission				
14	Distribution				
15	Administrative and General				
16	TOTAL Maintenance (Total of lines 12 thru 15)				
17	Total Operation and Maintenance				
18	Production (Total of lines 3 and 12)				
19	Transmission (Total of lines 4 and 13)				
20	Distribution (Total of lines 5 and 14)				
21	Customer Accounts (line 6)				
22	Customer Service and Informational (line 7)				
23	Sales (line 8)				
24	Administrative and General (Total of lines 9 and 15)				
25	TOTAL Operation and Maintenance (Total of lines 18 thru 24)				
26	Gas				
27	Operation				
28	Production - Manufactured Gas				
29	Production - Natural Gas(Including Exploration and Development)				
30	Other Gas Supply				
31	Storage, LNG Terminaling and Processing				
32	Transmission	9,517,005	1,990		9,518,995
33	Distribution				
34	Customer Accounts				
35	Customer Service and Informational				
36	Sales				
37	Administrative and General	5,698,532	2,122,139		7,820,671
38	TOTAL Operation (Total of lines 28 thru 37)	15,215,537	2,124,129		17,339,666
39	Maintenance				
40	Production - Manufactured Gas				
41	Production - Natural Gas(Including Exploration and Development)				
42	Other Gas Supply				
43	Storage, LNG Terminaling and Processing				
44	Transmission	196,094			196,094
45	Distribution				

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**Distribution of Salaries and Wages (continued)**

Line No.	Classification  (a)	Direct Payroll Distribution  (b)	Payroll Billed by Affiliated Companies  (c)	Allocation of Payroll Charged for Clearing Accounts  (d)	Total  (e)
46	Administrative and General				
47	TOTAL Maintenance (Total of lines 40 thru 46)	196,094			196,094
48	Gas (Continued)				
49	Total Operation and Maintenance				
50	Production - Manufactured Gas (Total of lines 28 and 40)				
51	Production - Natural Gas (Including Expl. and Dev.)(ll. 29 and 41)				
52	Other Gas Supply (Total of lines 30 and 42)				
53	Storage, LNG Terminalling and Processing (Total of ll. 31 and 43)				
54	Transmission (Total of lines 32 and 44)	9,713,099	1,990		9,715,089
55	Distribution (Total of lines 33 and 45)				
56	Customer Accounts (Total of line 34)				
57	Customer Service and Informational (Total of line 35)				
58	Sales (Total of line 36)				
59	Administrative and General (Total of lines 37 and 46)	5,698,532	2,122,139		7,820,671
60	Total Operation and Maintenance (Total of lines 50 thru 59)	15,411,631	2,124,129		17,535,760
61	Other Utility Departments				
62	Operation and Maintenance				
63	TOTAL ALL Utility Dept. (Total of lines 25, 60, and 62)	15,411,631	2,124,129		17,535,760
64	Utility Plant				
65	Construction (By Utility Departments)				
66	Electric Plant				
67	Gas Plant	1,166,780	55,895	374,472	1,597,147
68	Other				
69	TOTAL Construction (Total of lines 66 thru 68)	1,166,780	55,895	374,472	1,597,147
70	Plant Removal (By Utility Departments)				
71	Electric Plant				
72	Gas Plant	2,931			2,931
73	Other				
74	TOTAL Plant Removal (Total of lines 71 thru 73)	2,931			2,931
75	Other Accounts (Specify) (footnote details)	( 27,483)			( 27,483)
76	TOTAL Other Accounts	( 27,483)			( 27,483)
77	TOTAL SALARIES AND WAGES	16,553,859	2,180,024	374,472	19,108,355

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2018/Q4</u>
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**Charges for Outside Professional and Other Consultative Services**

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered for the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation partnership, organization of any kind, or individual (other than for services as an employee or for payments made for medical and related services) amounting to more than \$250,000, including payments for legislative services, except those which should be reported in Account 426.4 Expenditures for Certain Civic, Political and Related Activities.

(a) Name of person or organization rendering services.

(b) Total charges for the year.

2. Sum under a description "Other", all of the aforementioned services amounting to \$250,000 or less.

3. Total under a description "Total", the total of all of the aforementioned services.

4. Charges for outside professional and other consultative services provided by associated (affiliated) companies should be excluded from this schedule and be reported on Page 358, according to the instructions for that schedule.

Line No.	Description (a)	Amount (in dollars) (b)
1	Flare Construction Inc	5,769,695
2	PII North America LLC	3,847,928
3	Quality Integrated Services Inc	1,564,852
4	WHC Energy Services LLC	1,410,115
5	Coast to Coast Inspection Services Inc	1,291,173
6	Quality Electrical Contractors Inc	945,798
7	EN Engineering LLC	791,437
8	Redi Services LLC	678,807
9	Solar Turbines Inc	535,854
10	Tulsa Inspection Resources Nondestructive Examination LLC	495,075
11	Accurate Corrosion Control Inc	380,283
12	Rummel Klepper and Kahl LLP	355,740
13	Middle Canyon Electric LLC	351,935
14	Cedar Excavation	295,110
15		
16	Other (\$250,000 or less)	5,061,141
17		
18	Total	23,774,943
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Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Transactions with Associated (Affiliated) Companies**

- Report below the information called for concerning all goods or services received from or provided to associated (affiliated) companies amounting to more than \$250,000.
- Sum under a description "Other", all of the aforementioned goods and services amounting to \$250,000 or less.
- Total under a description "Total", the total of all of the aforementioned goods and services.
- Where amounts billed to or received from the associated (affiliated) company are based on an allocation process, explain in a footnote the basis of the allocation.

Line No.	Description of the Good or Service (a)	Name of Associated/Affiliated Company (b)	Account(s) Charged or Credited (c)	Amount Charged or Credited (d)
1	Goods or Services Provided by Affiliated Company			
2	Finance and accounting services	Northern Natural Gas ("NNG")	107,923	1,128,344
3	Legal services	NNG	923,928	236,553
4	Executive management services	NNG	923	149,317
5	Other - goods and services under \$250,000	NNG	426,1,923,107	552,210
6	IT shared services	MidAmerican Energy Company ("MEC")	923	429,133
7	Other - goods and services under \$250,000	MEC	Various	1,078,725
8	Other - goods and services under \$250,000	Berkshire Hathaway Energy Company ("BHE")	Various	827,602
9	Other - goods and services under \$250,000	PacifiCorp	850,923	28,367
10	Labor and other-goods and services	International Business Machines	165	64,890
11	Total			4,495,141
12				
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19				
20	Goods or Services Provided for Affiliated Company			
21	Gas transportation services	Nevada Power Company ("NVE")	489.2	57,437,289
22	Other - goods and services under \$250,000	NVE	Various	168,620
23	Gas transportation services	PacifiCorp	489.2	3,072,669
24				
25				
26	Total			60,678,578
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Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2018/Q4</u>
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### Compressor Stations

1. Report below details concerning compressor stations. Use the following subheadings: field compressor stations, products extraction compressor stations, underground storage compressor stations, transmission compressor stations, distribution compressor stations, and other compressor stations.

2. For column (a), indicate the production areas where such stations are used. Group relatively small field compressor stations by production areas. Show the number of stations grouped. Identify any station held under a title other than full ownership. State in a footnote the name of owner or co-owner, the nature of respondent's title, and percent of ownership if jointly owned.

Line No.	Name of Station and Location  (a)	Number of Units at Station  (b)	Certificated Horsepower for Each Station  (c)	Plant Cost  (d)
1	Transmission: Transmission Compressor Stations			
2	Transmission: Muddy Creek, Lincoln County, Wyoming	6	95,500	135,431,040
3	Transmission: Painter, Uinta County, Wyoming	2	11,000	19,476,380
4	Transmission: Anschutz, Uinta County, Wyoming	2	720	4,883,006
5	Transmission: Coyote Creek, Uinta Couty, Wyoming	2	31,000	58,731,064
6	Transmission: Salt Lake City, Salt Lake County, Utah	2	30,000	42,172,857
7	Transmission: Elberta, Utah County, Utah	2	31,000	55,357,452
8	Transmission: Fillmore, Millard County, Utah	2	30,000	48,064,115
9	Transmission: Milford, Beaver County, Utah	1	30,000	62,184,765
10	Transmission: Veyo, Washington County, Utah	3	45,000	64,596,761
11	Transmission: Dry Lake, Clark County, Nevada	2	3,100	53,535,507
12	Transmission: Goodsprings, Clark County, Nevada	3	45,000	71,977,043
13	Transmission: Daggett, San Bernardino County, California	1	4,000	24,202,020
14				
15	Transmission Total	28	384,220	640,612,010
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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### Compressor Stations

Designate any station that was not operated during the past year. State in a footnote whether the book cost of such station has been retired in the books of account, or what disposition of the station and its book cost are contemplated. Designate any compressor units in transmission compressor stations installed and put into operation during the year and show in a footnote each unit's size and the date the unit was placed in operation.

3. For column (e), include the type of fuel or power, if other than natural gas. If two types of fuel or power are used, show separate entries for natural gas and the other fuel or power.

Line No.	Expenses (except depreciation and taxes)  Fuel (e)	Expenses (except depreciation and taxes)  Power (f)	Expenses (except depreciation and taxes)  Other (g)	Gas for Compressor Fuel in Dth (h)	Electricity for Compressor Station in kWh (i)	Operational Data  Total Compressor Hours of Operation During Year (j)	Operational Data  Number of Compressors Operated at Time of Station Peak (k)	Date of Station Peak (l)
1								
2	11,775,124		495,268	4,377,638	3,459,360	43,885	6	02/21/2018
3	652,731		256,537	243,326	294,420	8,943	2	08/10/2018
4	100		10,483	36	47,840			
5	2,947,282		243,757	1,036,918	587,680	11,149	2	02/21/2018
6	3,066,583		27,763	1,251,698	552,240	13,036	2	02/21/2018
7	3,207,819		24,761	1,119,353	710,480	11,492	2	03/05/2018
8	4,297,171		239,883	1,591,333	469,000	16,740	2	03/05/2018
9	1,120,672		429,155	447,875	1,195,200	2,826	1	03/05/2018
10	6,147,976		173,369	2,251,807	1,103,040	23,592	3	03/05/2018
11	3,162,488		80,212	1,084,257	877,715	10,757	2	03/05/2018
12	4,951,187		50,004	1,849,222	704,823	19,198	3	03/05/2018
13		434,400	14,179		1,717,981	1,472	1	03/21/2018
14								
15	41,329,133	434,400	2,295,238	15,253,463	11,719,779	16,390	26	
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Transmission Lines**

1. Report below, by state, the total miles of transmission lines of each transmission system operated by respondent at end of year.
2. Report separately any lines held under a title other than full ownership. Designate such lines with an asterisk, in column (b) and in a footnote state the name of owner, or co-owner, nature of respondent's title, and percent ownership if jointly owned.
3. Report separately any line that was not operated during the past year. Enter in a footnote the details and state whether the book cost of such a line, or any portion thereof, has been retired in the books of account, or what disposition of the line and its book costs are contemplated.
4. Report the number of miles of pipe to one decimal point.

Line No.	Designation (Identification) of Line or Group of Lines (a)	*	Total Miles of Pipe (c)
1	Op by resp - Wyoming		154.00
2			
3	Op by resp - Utah		740.90
4			
5	Op by resp - Nevada		275.60
6			
7	Op by resp - California		246.90
8			
9	Total Op by resp		1,417.40
10			
11	Op by others - California operated by Mojave Pipeline Operating Company	*	300.70
12			
13	Grand Total		1,718.10
14			
15			
16			
17			
18			
19			
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22			
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24			
25			



Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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### Transmission System Peak Deliveries

1. Report below the total transmission system deliveries of gas (in Dth), excluding deliveries to storage, for the period of system peak deliveries indicated below, during the 12 months embracing the heating season overlapping the year's end for which this report is submitted. The season's peak normally will be reached before the due date of this report, April 30, which permits inclusion of the peak information required on this page. Add rows as necessary to report all data. Number additional rows 6.01, 6.02, etc.

Line No.	Description	Dth of Gas Delivered to Interstate Pipelines (b)	Dth of Gas Delivered to Others (c)	Total (b) + (c) (d)
	SECTION A: SINGLE DAY PEAK DELIVERIES			
1	Date: January 3, 2019			
2	Volumes of Gas Transported			
3	No-Notice Transportation			
4	Other Firm Transportation	68,762	2,708,239	2,777,001
5	Interruptible Transportation		124,319	124,319
6	Other (Describe) (footnote details)			
7	TOTAL	68,762	2,832,558	2,901,320
8	Volumes of gas Withdrawn from Storage under Storage Contract			
9	No-Notice Storage			
10	Other Firm Storage			
11	Interruptible Storage			
12	Other (Describe) (footnote details)			
13	TOTAL			
14	Other Operational Activities			
15	Gas Withdrawn from Storage for System Operations			
16	Reduction in Line Pack		( 15,716)	( 15,716)
17	Other (Describe) (footnote details)			
18	TOTAL		( 15,716)	( 15,716)
19	SECTION B: CONSECUTIVE THREE-DAY PEAK DELIVERIES			
20	Dates: February 19-21, 2019			
21	Volumes of Gas Transported			
22	No-Notice Transportation			
23	Other Firm Transportation	23,698	8,186,534	8,210,232
24	Interruptible Transportation		100,684	100,684
25	Other (Describe) (footnote details)			
26	TOTAL	23,698	8,287,218	8,310,916
27	Volumes of Gas Withdrawn from Storage under Storage Contract			
28	No-Notice Storage			
29	Other Firm Storage			
30	Interruptible Storage			
31	Other (Describe) (footnote details)			
32	TOTAL			
33	Other Operational Activities			
34	Gas Withdrawn from Storage for System Operations			
35	Reduction in Line Pack		3,000	3,000
36	Other (Describe)			
37	TOTAL		3,000	3,000

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Gas Account - Natural Gas**

1. The purpose of this schedule is to account for the quantity of natural gas received and delivered by the respondent.
2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.
3. Enter in column (c) the year to date Dth as reported in the schedules indicated for the items of receipts and deliveries.
4. Enter in column (d) the respective quarter's Dth as reported in the schedules indicated for the items of receipts and deliveries.
5. Indicate in a footnote the quantities of bundled sales and transportation gas and specify the line on which such quantities are listed.
6. If the respondent operates two or more systems which are not interconnected, submit separate pages for this purpose.
7. Indicate by footnote the quantities of gas not subject to Commission regulation which did not incur FERC regulatory costs by showing (1) the local distribution volumes another jurisdictional pipeline delivered to the local distribution company portion of the reporting pipeline (2) the quantities that the reporting pipeline transported or sold through its local distribution facilities or intrastate facilities and which the reporting pipeline received through gathering facilities or intrastate facilities, but not through any of the interstate portion of the reporting pipeline, and (3) the gathering line quantities that were not destined for interstate market or that were not transported through any interstate portion of the reporting pipeline.
8. Indicate in a footnote the specific gas purchase expense account(s) and related to which the aggregate volumes reported on line No. 3 relate.
9. Indicate in a footnote (1) the system supply quantities of gas that are stored by the reporting pipeline, during the reporting year and also reported as sales, transportation and compression volumes by the reporting pipeline during the same reporting year, (2) the system supply quantities of gas that are stored by the reporting pipeline during the reporting year which the reporting pipeline intends to sell or transport in a future reporting year, and (3) contract storage quantities.
10. Also indicate the volumes of pipeline production field sales that are included in both the company's total sales figure and the company's total transportation figure. Add additional information as necessary to the footnotes.

Line No.	Item (a)	Ref. Page No. of (FERC Form Nos. 2/2-A) (b)	Total Amount of Dth Year to Date (c)	Current Three Months Ended Amount of Dth Quarterly Only
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**01 Name of System: Kern River Gas Transmission Mainline and Common Facilities**

2	GAS RECEIVED			
3	Gas Purchases (Accounts 800-805)			
4	Gas of Others Received for Gathering (Account 489.1)	303		
5	Gas of Others Received for Transmission (Account 489.2)	305	822,341,078	204,264,342
6	Gas of Others Received for Distribution (Account 489.3)	301		
7	Gas of Others Received for Contract Storage (Account 489.4)	307		
8	Gas of Others Received for Production/Extraction/Processing (Account 490 and 491)			
9	Exchanged Gas Received from Others (Account 806)	328	( 188,721)	( 240,615)
10	Gas Received as Imbalances (Account 806)	328	24,750	( 3,812)
11	Receipts of Respondent's Gas Transported by Others (Account 858)	332		
12	Other Gas Withdrawn from Storage (Explain)			
13	Gas Received from Shippers as Compressor Station Fuel		15,509,182	3,703,689
14	Gas Received from Shippers as Lost and Unaccounted for		1,436,004	394,525
15	Other Receipts (Specify) (footnote details)		12,501	12,501
16	Total Receipts (Total of lines 3 thru 15)		839,134,794	208,130,630
17	GAS DELIVERED			
18	Gas Sales (Accounts 480-484)			
19	Deliveries of Gas Gathered for Others (Account 489.1)	303		
20	Deliveries of Gas Transported for Others (Account 489.2)	305	822,341,078	204,264,342
21	Deliveries of Gas Distributed for Others (Account 489.3)	301		
22	Deliveries of Contract Storage Gas (Account 489.4)	307		
23	Gas of Others Delivered for Production/Extraction/Processing (Account 490 and 491)			
24	Exchange Gas Delivered to Others (Account 806)	328	149,896	196,605
25	Gas Delivered as Imbalances (Account 806)	328	( 23,056)	( 26,384)
26	Deliveries of Gas to Others for Transportation (Account 858)	332		
27	Other Gas Delivered to Storage (Explain)			
28	Gas Used for Compressor Station Fuel	509	15,253,463	3,529,805
29	Other Deliveries and Gas Used for Other Operations		33,130	( 158,121)
30	Total Deliveries (Total of lines 18 thru 29)		837,754,511	207,806,247
31	GAS LOSSES AND GAS UNACCOUNTED FOR			
32	Gas Losses and Gas Unaccounted For		1,380,283	324,383
33	TOTALS			
34	Total Deliveries, Gas Losses & Unaccounted For (Total of lines 30 and 32)		839,134,794	208,130,630

Name of Respondent Kern River Gas Transmission Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
Gas Account - Natural Gas (continued)					
Line No.	Item (a)	Ref. Page No. of (FERC Form Nos. 2/2-A) (b)	Total Amount of Dth Year to Date (c)	Current Three Months Ended Amount of Dth Quarterly Only	
01 Name of System: Kern River High Desert Lateral					
2	GAS RECEIVED				
3	Gas Purchases (Accounts 800-805)				
4	Gas of Others Received for Gathering (Account 489.1)	303			
5	Gas of Others Received for Transmission (Account 489.2)	305	25,274,214	9,537,528	
6	Gas of Others Received for Distribution (Account 489.3)	301			
7	Gas of Others Received for Contract Storage (Account 489.4)	307			
8	Gas of Others Received for Production/Extraction/Processing (Account 490 and 491)				
9	Exchanged Gas Received from Others (Account 806)	328	( 237,826)	( 136,106)	
10	Gas Received as Imbalances (Account 806)	328			
11	Receipts of Respondent's Gas Transported by Others (Account 858)	332			
12	Other Gas Withdrawn from Storage (Explain)				
13	Gas Received from Shippers as Compressor Station Fuel				
14	Gas Received from Shippers as Lost and Unaccounted for		38,336	16,318	
15	Other Receipts (Specify) (footnote details)				
16	Total Receipts (Total of lines 3 thru 15)		25,074,724	9,417,740	
17	GAS DELIVERED				
18	Gas Sales (Accounts 480-484)				
19	Deliveries of Gas Gathered for Others (Account 489.1)	303			
20	Deliveries of Gas Transported for Others (Account 489.2)	305	25,274,214	9,537,528	
21	Deliveries of Gas Distributed for Others (Account 489.3)	301			
22	Deliveries of Contract Storage Gas (Account 489.4)	307			
23	Gas of Others Delivered for Production/Extraction/Processing (Account 490 and 491)				
24	Exchange Gas Delivered to Others (Account 806)	328	( 270,293)	( 149,872)	
25	Gas Delivered as Imbalances (Account 806)	328			
26	Deliveries of Gas to Others for Transportation (Account 858)	332			
27	Other Gas Delivered to Storage (Explain)				
28	Gas Used for Compressor Station Fuel	509			
29	Other Deliveries and Gas Used for Other Operations		7,090	2,452	
30	Total Deliveries (Total of lines 18 thru 29)		25,011,011	9,390,108	
31	GAS LOSSES AND GAS UNACCOUNTED FOR				
32	Gas Losses and Gas Unaccounted For		63,713	27,632	
33	TOTALS				
34	Total Deliveries, Gas Losses & Unaccounted For (Total of lines 30 and 32)		25,074,724	9,417,740	

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2018/Q4</u>
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### Shipper Supplied Gas for the Current Quarter

- Report monthly (1) shipper supplied gas for the current quarter and gas consumed in pipeline operations, (2) the disposition of any excess, the accounting recognition given to such disposition and the specific account(s) charged or credited, and (3) the source of gas used to meet any deficiency, the accounting recognition given to the gas used to meet the deficiency, including the accounting basis of the gas and the specific account(s) charged or credited.
- On lines 7, 14, 22 and 30 report only the dekatherms of gas provided by shippers under tariff terms and conditions for gathering , production/ extraction/processing, transmission, distribution and storage service and the use of that gas for compressor fuel, other operational purposes and lost and unaccounted for. The dekatherms must be broken out by functional categories on Lines 2-6, 9-13, 16-21 and 24-29. The dekatherms must be reported in column (d) unless the company has discounted or negotiated rates which should be reported in columns (b) and (c).
- On lines 7, 14, 22 and 30 report only the dollar amounts of gas provided by shippers under tariff terms and conditions for gathering, production/ extraction/processing, transmission, distribution and storage service and the use of that gas for compressor fuel, other operational purposes and lost and unaccounted for. The dollar amounts must be broken out by functional categories on Lines 2-6, 9-13, 16-21 and 23-29. The dollar amounts must be reported in column (h) unless the company has discounted or negotiated rates which should be reported in columns (f) and (g). The accounting should disclose the account(s) debited and credited in columns (m) and (n).
- Indicate in a footnote the basis for valuing the gas reported in Columns (f), (g) and (h).
- Report in columns (j), (k) and (l) the amount of fuel waived, discounted or reduced as part of a negotiated rate agreement.
- On lines 32-37 report the dekatherms and dollar value of the excess or deficiency in shipper supplied gas broken out by functional category and whether recourse rate, discounted or negotiated rate.
- On lines 39 through 51 report the dekatherms, the dollar amount and the account(s) credited in Column (o) for the dispositions of gas listed in column (a).
- On lines 53 through 65 report the dekatherms, the dollar amount and the account(s) debited in Column (n) for the sources of gas reported in column (a).
- On lines 66 and 67, report forwardhaul and backhaul volume in Dths of throughput.
- Where appropriate, provide a full explanation of the allocation process used in reported numbers in a footnote.

Line No.	Item (a)	Month 1 Discounted rate Dth (b)	Month 1 Negotiated Rate Dth (c)	Month 1 Recourse Rate Dth (d)	Month 1 Total Dth (e)
1	<b>SHIPPER SUPPLIED GAS (LINES 13 AND 14 , PAGE 520)</b>				
2	Gathering				
3	Production/Extraction/Processing				
4	Transmission	389,495	141,242	590,855	1,121,592
5	Distribution				
6	Storage				
7	<b>Total Shipper Supplied Gas</b>	389,495	141,242	590,855	1,121,592
8	<b>LESS GAS USED FOR COMPRESSOR STATION FUEL (LINE 28, PAGE 520)</b>				
9	Gathering				
10	Production/Extraction/Processing				
11	Transmission	346,691	115,283	505,581	967,555
12	Distribution				
13	Storage				
14	<b>Total gas used in compressors</b>	346,691	115,283	505,581	967,555
15	<b>LESS GAS USED FOR OTHER DELIVERIES AND GAS USED FOR OTHER OPERATIONS (LINE 29, PAGE 520) (Footnote)</b>				
16	Gathering				
17	Production/Extraction/Processing				
18	Transmission				
19	Distribution				
20	Storage				
21	Other Deliveries (specify) (footnote details)				
22	<b>Total Gas Used For Other Deliveries And Gas Used For Other Operations</b>				
23	<b>LESS GAS LOST AND UNACCOUNTED FOR (LINE 32, PAGE 520)</b>				
24	Gathering				
25	Production/Extraction/Processing				
26	Transmission	23,021	19,479	53,210	95,710
27	Distribution				
28	Storage				
29	Other Losses (specify) (footnote details)				
30	<b>Total Gas Lost And Unaccounted For</b>	23,021	19,479	53,210	95,710

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2018/Q4</u>
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**Shipper Supplied Gas for the Current Quarter (continued)**

Line No.	Amount Collected (Dollars)				Volume (in Dth) Not Collected				Month 1 Account(s) Debited (n)	Month 1 Account(s) Credited (o)
	Month 1 Discounted Rate Amount (f)	Month 1 Negotiated Rate Amount (g)	Month 1 Recourse rate Amount (h)	Month 1 Total Amount (i)	Month 1 Waived Dth (j)	Month 1 Discounted Dth (k)	Month 1 Negotiated Dth (l)	Month 1 Total Dth (m)		
1										
2										
3										
4	907,523	329,094	1,376,692	2,613,309						
5										
6										
7	907,523	329,094	1,376,692	2,613,309						
8										
9										
10										
11	807,790	268,609	1,178,004	2,254,403					854	810
12										
13										
14	807,790	268,609	1,178,004	2,254,403						
15										
16										
17										
18										
19										
20										
21										
22										
23										
24										
25										
26	53,639	45,386	123,979	223,004						
27										
28										
29										
30	53,639	45,386	123,979	223,004						

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Shipper Supplied Gas for the Current Quarter (continued)**

Line No.	Item (a)	Month 1 Discounted rate Dth (b)	Month 1 Negotiated Rate Dth (c)	Month 1 Recourse Rate Dth (d)	Month 1 Total Dth (e)
	<b>NET EXCESS OR (DEFICIENCY)</b>				
31	Other Losses				
32	Gathering				
33	Production/Extraction				
34	Transmission	19,783	6,480	32,064	58,327
35	Distribution				
36	Storage				
37	<b>Total Net Excess Or (Deficiency)</b>	19,783	6,480	32,064	58,327
38	<b>DISPOSITION OF EXCESS GAS:</b>				
39	Gas sold to others				
40	Gas used to meet imbalances				
41	Gas added to system gas				
42	Gas returned to shippers				
43	Other (list)				
44	Line Pack	19,783	6,480	32,064	58,327
45					
46					
47					
48					
49					
50					
51	<b>Total Disposition Of Excess Gas</b>	19,783	6,480	32,064	58,327
52	<b>GAS ACQUIRED TO MEET DEFICIENCY:</b>				
53	System gas				
54	Purchased gas				
55	Other (list)				
56					
57					
58					
59					
60					
61					
62					
63					
64					
65	<b>Total Gas Acquired To Meet Deficiency</b>				

**SEPARATION OF FORWARDHAUL AND BACKHAUL THROUGHPUT**

66	Forwardhaul Volume in Dths for the Quarter	204,123,351
67	Backhaul Volume in Dths for the Quarter	9,674,707
68	<b>TOTAL (Lines 66 and 67)</b>	213,798,058

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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Shipper Supplied Gas for the Current Quarter (continued)

Line No.	Amount Collected (Dollars)				Volume (in Dth) Not Collected				Month 1 Account(s) Debited (n)	Month 1 Account(s) Credited (o)
	Month 1 Discounted Rate Amount (f)	Month 1 Negotiated Rate Amount (g)	Month 1 Recourse rate Amount (h)	Month 1 Total Amount (i)	Month 1 Waived Dth (j)	Month 1 Discounted Dth (k)	Month 1 Negotiated Dth (l)	Month 1 Total Dth (m)		
31										
32										
33										
34	46,094	15,099	74,709	135,902						
35										
36										
37	46,094	15,099	74,709	135,902						
38										
39										
40										
41										
42										
43										
44	46,094	15,099	74,709	135,902						
45										
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51	46,094	15,099	74,709	135,902						
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Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2018/Q4</u>
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**Shipper Supplied Gas for the Current Quarter**

- Report monthly (1) shipper supplied gas for the current quarter and gas consumed in pipeline operations, (2) the disposition of any excess, the accounting recognition given to such disposition and the specific account(s) charged or credited, and (3) the source of gas used to meet any deficiency, the accounting recognition given to the gas used to meet the deficiency, including the accounting basis of the gas and the specific account(s) charged or credited.
- On lines 7, 14, 22 and 30 report only the dekatherms of gas provided by shippers under tariff terms and conditions for gathering, production/ extraction/processing, transmission, distribution and storage service and the use of that gas for compressor fuel, other operational purposes and lost and unaccounted for. The dekatherms must be broken out by functional categories on Lines 2-6, 9-13, 16-21 and 24-29. The dekatherms must be reported in column (d) unless the company has discounted or negotiated rates which should be reported in columns (b) and (c).
- On lines 7, 14, 22 and 30 report only the dollar amounts of gas provided by shippers under tariff terms and conditions for gathering, production/ extraction/processing, transmission, distribution and storage service and the use of that gas for compressor fuel, other operational purposes and lost and unaccounted for. The dollar amounts must be broken out by functional categories on Lines 2-6, 9-13, 16-21 and 23-29. The dollar amounts must be reported in column (h) unless the company has discounted or negotiated rates which should be reported in columns (f) and (g). The accounting should disclose the account(s) debited and credited in columns (m) and (n).
- Indicate in a footnote the basis for valuing the gas reported in Columns (f), (g) and (h).
- Report in columns (j), (k) and (l) the amount of fuel waived, discounted or reduced as part of a negotiated rate agreement.
- On lines 32-37 report the dekatherms and dollar value of the excess or deficiency in shipper supplied gas broken out by functional category and whether recourse rate, discounted or negotiated rate.
- On lines 39 through 51 report the dekatherms, the dollar amount and the account(s) credited in Column (o) for the dispositions of gas listed in column (a).
- On lines 53 through 65 report the dekatherms, the dollar amount and the account(s) debited in Column (n) for the sources of gas reported in column (a).
- On lines 66 and 67, report forwardhaul and backhaul volume in Dths of throughput.
- Where appropriate, provide a full explanation of the allocation process used in reported numbers in a footnote.

Line No.	Item (a)	Month 2 Discounted rate Dth (p)	Month 2 Negotiated Rate Dth (q)	Month 2 Recourse Rate Dth (r)	Month 2 Total Dth (s)
1	<b>SHIPPER SUPPLIED GAS (LINES 13 AND 14 , PAGE 520)</b>				
2	Gathering				
3	Production/Extraction/Processing				
4	Transmission	430,306	270,151	581,424	1,281,881
5	Distribution				
6	Storage				
7	<b>Total Shipper Supplied Gas</b>	430,306	270,151	581,424	1,281,881
8	<b>LESS GAS USED FOR COMPRESSOR STATION FUEL (LINE 28, PAGE 520)</b>				
9	Gathering				
10	Production/Extraction/Processing				
11	Transmission	384,428	228,210	501,251	1,113,889
12	Distribution				
13	Storage				
14	<b>Total gas used in compressors</b>	384,428	228,210	501,251	1,113,889
15	<b>LESS GAS USED FOR OTHER DELIVERIES AND GAS USED FOR OTHER OPERATIONS (LINE 29, PAGE 520) (Footnote)</b>				
16	Gathering				
17	Production/Extraction/Processing				
18	Transmission				
19	Distribution				
20	Storage				
21	Other Deliveries (specify) (footnote details)				
22	<b>Total Gas Used For Other Deliveries And Gas Used For Other Operations</b>				
23	<b>LESS GAS LOST AND UNACCOUNTED FOR (LINE 32, PAGE 520)</b>				
24	Gathering				
25	Production/Extraction/Processing				
26	Transmission	28,085	29,529	55,357	112,971
27	Distribution				
28	Storage				
29	Other Losses (specify) (footnote details)				
30	<b>Total Gas Lost And Unaccounted For</b>	28,085	29,529	55,357	112,971



Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Shipper Supplied Gas for the Current Quarter (continued)**

Line No.	Amount Collected (Dollars)				Volume (in Dth) Not Collected				Month 2 Account(s) Debited (bb)	Month 2 Account(s) Credited (cc)
	Month 2 Discounted Rate Amount (t)	Month 2 Negotiated Rate Amount (u)	Month 2 Recourse rate Amount (v)	Month 2 Total Amount (w)	Month 2 Waived Dth (x)	Month 2 Discounted Dth (y)	Month 2 Negotiated Dth (z)	Month 2 Total Dth (aa)		
1										
2										
3										
4	1,389,888	872,588	1,878,000	4,140,476						
5										
6										
7	1,389,888	872,588	1,878,000	4,140,476						
8										
9										
10										
11	1,241,702	737,118	1,619,041	3,597,861					854	810
12										
13										
14	1,241,702	737,118	1,619,041	3,597,861						
15										
16										
17										
18										
19										
20										
21										
22										
23										
24										
25										
26	90,715	95,379	178,803	364,897						
27										
28										
29										
30	90,715	95,379	178,803	364,897						

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2018/Q4</u>
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**Shipper Supplied Gas for the Current Quarter (continued)**

Line No.	Item (a)	Month 2 Discounted rate Dth (p)	Month 2 Negotiated Rate Dth (q)	Month 2 Recourse Rate Dth (r)	Month 2 Total Dth (s)
	<b>NET EXCESS OR (DEFICIENCY)</b>				
31	Other Losses				
32	Gathering				
33	Production/Extraction				
34	Transmission	17,793	12,412	24,816	55,021
35	Distribution				
36	Storage				
37	<b>Total Net Excess Or (Deficiency)</b>	17,793	12,412	24,816	55,021
38	<b>DISPOSITION OF EXCESS GAS:</b>				
39	Gas sold to others				
40	Gas used to meet imbalances				
41	Gas added to system gas				
42	Gas returned to shippers				
43	Other (list)				
44	Line Pack	17,793	12,412	24,816	55,021
45					
46					
47					
48					
49					
50					
51	<b>Total Disposition Of Excess Gas</b>	17,793	12,412	24,816	55,021
52	<b>GAS ACQUIRED TO MEET DEFICIENCY:</b>				
53	System gas				
54	Purchased gas				
55	Other (list)				
56					
57					
58					
59					
60					
61					
62					
63					
64					
65	<b>Total Gas Acquired To Meet Deficiency</b>				

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2018/Q4</u>
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**Shipper Supplied Gas for the Current Quarter (continued)**

Line No.	Amount Collected (Dollars)				Volume (in Dth) Not Collected				Month 2 Account(s) Debited (bb)	Month 2 Account(s) Credited (cc)
	Month 2 Discounted Rate Amount (t)	Month 2 Negotiated Rate Amount (u)	Month 2 Recourse rate Amount (v)	Month 2 Total Amount (w)	Month 2 Waived Dth (x)	Month 2 Discounted Dth (y)	Month 2 Negotiated Dth (z)	Month 2 Total Dth (aa)		
31										
32										
33										
34	57,471	40,091	80,156	177,718						
35										
36										
37	57,471	40,091	80,156	177,718						
38										
39										
40										
41										
42										
43										
44	57,471	40,091	80,156	177,718						
45										
46										
47										
48										
49										
50										
51	57,471	40,091	80,156	177,718						
52										
53										
54										
55										
56										
57										
58										
59										
60										
61										
62										
63										
64										
65										

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2018/Q4</u>
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**Shipper Supplied Gas for the Current Quarter**

- Report monthly (1) shipper supplied gas for the current quarter and gas consumed in pipeline operations, (2) the disposition of any excess, the accounting recognition given to such disposition and the specific account(s) charged or credited, and (3) the source of gas used to meet any deficiency, the accounting recognition given to the gas used to meet the deficiency, including the accounting basis of the gas and the specific account(s) charged or credited.
- On lines 7, 14, 22 and 30 report only the dekatherms of gas provided by shippers under tariff terms and conditions for gathering, production/ extraction/processing, transmission, distribution and storage service and the use of that gas for compressor fuel, other operational purposes and lost and unaccounted for. The dekatherms must be broken out by functional categories on Lines 2-6, 9-13, 16-21 and 24-29. The dekatherms must be reported in column (d) unless the company has discounted or negotiated rates which should be reported in columns (b) and (c).
- On lines 7, 14, 22 and 30 report only the dollar amounts of gas provided by shippers under tariff terms and conditions for gathering, production/ extraction/processing, transmission, distribution and storage service and the use of that gas for compressor fuel, other operational purposes and lost and unaccounted for. The dollar amounts must be broken out by functional categories on Lines 2-6, 9-13, 16-21 and 23-29. The dollar amounts must be reported in column (h) unless the company has discounted or negotiated rates which should be reported in columns (f) and (g). The accounting should disclose the account(s) debited and credited in columns (m) and (n).
- Indicate in a footnote the basis for valuing the gas reported in Columns (f), (g) and (h).
- Report in columns (j), (k) and (l) the amount of fuel waived, discounted or reduced as part of a negotiated rate agreement.
- On lines 32-37 report the dekatherms and dollar value of the excess or deficiency in shipper supplied gas broken out by functional category and whether recourse rate, discounted or negotiated rate.
- On lines 39 through 51 report the dekatherms, the dollar amount and the account(s) credited in Column (o) for the dispositions of gas listed in column (a).
- On lines 53 through 65 report the dekatherms, the dollar amount and the account(s) debited in Column (n) for the sources of gas reported in column (a).
- On lines 66 and 67, report forwardhaul and backhaul volume in Dths of throughput.
- Where appropriate, provide a full explanation of the allocation process used in reported numbers in a footnote.

Line No.	Item (a)	Month 3 Discounted rate Dth (dd)	Month 3 Negotiated Rate Dth (ee)	Month 3 Recourse Rate Dth (ff)	Month 3 Total Dth (gg)
1	<b>SHIPPER SUPPLIED GAS (LINES 13 AND 14 , PAGE 520)</b>				
2	Gathering				
3	Production/Extraction/Processing				
4	Transmission	572,682	310,306	828,071	1,711,059
5	Distribution				
6	Storage				
7	<b>Total Shipper Supplied Gas</b>	572,682	310,306	828,071	1,711,059
8	<b>LESS GAS USED FOR COMPRESSOR STATION FUEL (LINE 28, PAGE 520)</b>				
9	Gathering				
10	Production/Extraction/Processing				
11	Transmission	496,879	258,496	692,986	1,448,361
12	Distribution				
13	Storage				
14	<b>Total gas used in compressors</b>	496,879	258,496	692,986	1,448,361
15	<b>LESS GAS USED FOR OTHER DELIVERIES AND GAS USED FOR OTHER OPERATIONS (LINE 29, PAGE 520) (Footnote)</b>				
16	Gathering				
17	Production/Extraction/Processing				
18	Transmission				
19	Distribution				
20	Storage				
21	Other Deliveries (specify) (footnote details)				
22	<b>Total Gas Used For Other Deliveries And Gas Used For Other Operations</b>				
23	<b>LESS GAS LOST AND UNACCOUNTED FOR (LINE 32, PAGE 520)</b>				
24	Gathering				
25	Production/Extraction/Processing				
26	Transmission	37,582	29,205	76,547	143,334
27	Distribution				
28	Storage				
29	Other Losses (specify) (footnote details)				
30	<b>Total Gas Lost And Unaccounted For</b>	37,582	29,205	76,547	143,334

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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**Shipper Supplied Gas for the Current Quarter (continued)**

Line No.	Amount Collected (Dollars)				Volume (in Dth) Not Collected				Month 3 Account(s) Debited (pp)	Month 3 Account(s) Credited (qq)
	Month 3 Discounted Rate Amount (hh)	Month 3 Negotiated Rate Amount (ii)	Month 3 Recourse rate Amount (jj)	Month 3 Total Amount (kk)	Month 3 Waived Dth (ll)	Month 3 Discounted Dth (mm)	Month 3 Negotiated Dth (nn)	Month 3 Total Dth (oo)		
1										
2										
3										
4	3,361,643	1,821,496	4,860,777	10,043,916						
5										
6										
7	3,361,643	1,821,496	4,860,777	10,043,916						
8										
9										
10										
11	2,916,680	1,517,372	4,067,828	8,501,880					854	810
12										
13										
14	2,916,680	1,517,372	4,067,828	8,501,880						
15										
16										
17										
18										
19										
20										
21										
22										
23										
24										
25										
26	220,606	171,433	449,331	841,370						
27										
28										
29										
30	220,606	171,433	449,331	841,370						

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2018/Q4</u>
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**Shipper Supplied Gas for the Current Quarter (continued)**

Line No.	Item (a)	Month 3 Discounted rate Dth (dd)	Month 3 Negotiated Rate Dth (ee)	Month 3 Recourse Rate Dth (ff)	Month 3 Total Dth (gg)
	<b>NET EXCESS OR (DEFICIENCY)</b>				
31	Other Losses				
32	Gathering				
33	Production/Extraction				
34	Transmission	38,221	22,605	58,538	119,364
35	Distribution				
36	Storage				
37	<b>Total Net Excess Or (Deficiency)</b>	38,221	22,605	58,538	119,364
38	<b>DISPOSITION OF EXCESS GAS:</b>				
39	Gas sold to others				
40	Gas used to meet imbalances				
41	Gas added to system gas				
42	Gas returned to shippers				
43	Other (list)				
44	Line Pack	38,221	22,605	58,538	119,364
45					
46					
47					
48					
49					
50					
51	<b>Total Disposition Of Excess Gas</b>	38,221	22,605	58,538	119,364
52	<b>GAS ACQUIRED TO MEET DEFICIENCY:</b>				
53	System gas				
54	Purchased gas				
55	Other (list)				
56					
57					
58					
59					
60					
61					
62					
63					
64					
65	<b>Total Gas Acquired To Meet Deficiency</b>				

Name of Respondent Kern River Gas Transmission Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2018/Q4</u>
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Shipper Supplied Gas for the Current Quarter (continued)

Line No.	Amount Collected (Dollars)				Volume (in Dth) Not Collected				Month 3 Account(s) Debited (pp)	Month 3 Account(s) Credited (qq)
	Month 3 Discounted Rate Amount (hh)	Month 3 Negotiated Rate Amount (ii)	Month 3 Recourse rate Amount (jj)	Month 3 Total Amount (kk)	Month 3 Waived Dth (ll)	Month 3 Discounted Dth (mm)	Month 3 Negotiated Dth (nn)	Month 3 Total Dth (oo)		
31										
32										
33										
34	224,357	132,691	343,618	700,666						
35										
36										
37	224,357	132,691	343,618	700,666						
38										
39										
40										
41										
42										
43										
44	224,357	132,691	343,618	700,666						
45										
46										
47										
48										
49										
50										
51	224,357	132,691	343,618	700,666						
52										
53										
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60										
61										
62										
63										
64										
65										

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Kern River Gas Transmission Company			2018/Q4
<b>System Maps</b>			

1. Furnish five copies of a system map (one with each filed copy of this report) of the facilities operated by the respondent for the production, gathering, transportation, and sale of natural gas. New maps need not be furnished if no important change has occurred in the facilities operated by the respondent since the date of the maps furnished with a previous year's annual report. If, however, maps are not furnished for this reason, reference should be made in the space below to the year's annual report with which the maps were furnished.

2. Indicate the following information on the maps:









- (a) Transmission lines.
- (b) Incremental facilities.
- (c) Location of gathering areas.
- (d) Location of zones and rate areas.
- (e) Location of storage fields.
- (f) Location of natural gas fields.
- (g) Location of compressor stations.
- (h) Normal direction of gas flow (indicated by arrows).
- (i) Size of pipe.
- (j) Location of products extraction plants, stabilization plants, purification plants, recycling areas, etc.
- (k) Principal communities receiving service through the respondent's pipeline.

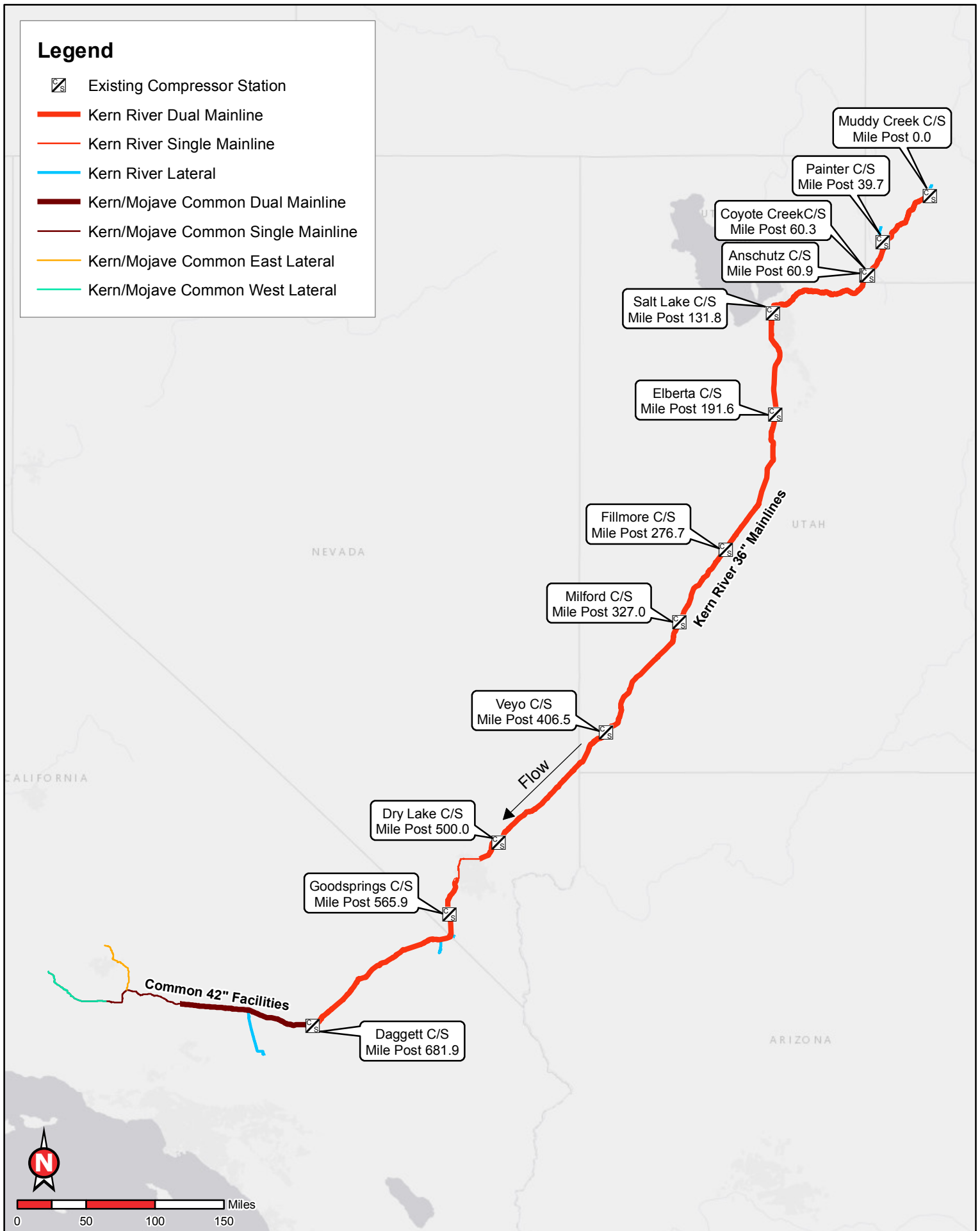
3. In addition, show on each map: graphic scale of the map; date of the facts the map purports to show; a legend giving all symbols and abbreviations used; designations of facilities leased to or from another company, giving name of such other company.

4. Maps not larger than 24 inches square are desired. If necessary, however, submit larger maps to show essential information. Fold the maps to a size not larger than this report. Bind the maps to the report.



## Legend

-  Existing Compressor Station
-  Kern River Dual Mainline
-  Kern River Single Mainline
-  Kern River Lateral
-  Kern/Mojave Common Dual Mainline
-  Kern/Mojave Common Single Mainline
-  Kern/Mojave Common East Lateral
-  Kern/Mojave Common West Lateral





Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Kern River Gas Transmission Company			2018/Q4
FOOTNOTE DATA			

**Schedule Page: 110 Line No.: 33 Column: c**

Description	As of December 31, 2018	As of December 31, 2017
Other Special Deposits - Cash and Cash Equivalents - Funds Held for Retainage	2,188	3,860
Other Special Deposits - Restricted Cash - Customer Deposits	580,570	574,406
Other Special Deposits - Restricted Cash - Escrows	876,227	862,369
Other Special Deposits - Cash and Cash Equivalents - Funds Held for Long Term Incentive Plan	211,678	-
Total	1,670,663	1,440,635

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2018/Q4
Kern River Gas Transmission Company			
FOOTNOTE DATA			

**Schedule Page: 117 Line No.: 5 Column: g**  
The \$615,779 pertains to natural gas commodity swaps.

**Schedule Page: 117 Line No.: 10 Column: g**  
The \$1,997,100 pertains to natural gas commodity swaps.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Kern River Gas Transmission Company			2018/Q4
FOOTNOTE DATA			

**Schedule Page: 118 Line No.: 12 Column: c**

Dividends		
January 23, 2018	\$	18,000,000
February 26, 2018		25,000,000
March 23, 2018		6,000,000
April 23, 2018		18,000,000
May 22, 2018		14,000,000
June 25, 2018		10,000,000
August 21, 2018		45,000,000
August 28, 2018		20,000,000
September 28, 2018		26,000,000
October 23, 2018		8,000,000
December 26, 2018		10,000,000
	\$	<u>200,000,000</u>

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Kern River Gas Transmission Company			2018/Q4
FOOTNOTE DATA			

**Schedule Page: 120 Line No.: 5 Column: b**

Description	Current	Prior
Amortization of regulatory assets and liabilities	(13,329,712)	16,096,358
Amortization of debt discount and expense	-	48,117
Amortization of loss on reacquired debt	1,725,055	3,765,495
Total	(11,604,657)	19,909,970

**Schedule Page: 120 Line No.: 16 Column: b**

Description	Current	Prior
Loss on reacquired debt	-	(5,490,548)
VEBA contributions	(458,383)	(458,383)
Other	(23,897)	434,444
Total	(482,280)	(5,514,487)

**Schedule Page: 120 Line No.: 27 Column: b**

Description	Current	Prior
Net increase in payables and accrued expenses	3,543,892	1,645,709
Salvage Proceeds, net of removal costs	17,037,050	13,784,595
Total	20,580,942	15,430,304

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2018/Q4
Kern River Gas Transmission Company			
FOOTNOTE DATA			

**Schedule Page: 204 Line No.: 125 Column: c**

Below is the supplemental statement showing the account distributions of tentative classifications for Account 106 Completed Construction Not Classified for Column ( c ), as required by instruction 5 for pages 204-209. (Only affected groups are reported.)

Pages 204 - 209	Account 106, Completed Construction Not Classified - Gas					
Line Number	Account	Beginning Balance	Additions	Classified	Transfers	Ending Balance
	(A)	(B)	(C )	(D)	(E)	( F )
	Form 2 Column for Pages 204 - 209	(b)	( c )	( c )	(f)	(g)
1	<b>INTANGIBLE PLANT</b>					
4	303 Miscellaneous Intangible Plant	269,952	1,502,298	(1,100,965)	-	671,285
5	<b>Total Intangible Plant</b>	<b>269,952</b>	<b>1,502,298</b>	<b>(1,100,965)</b>	-	<b>671,285</b>
82	<b>TRANSMISSION PLANT</b>					
83	365.1 Land and Land Rights	-	-	-	-	-
85	366 Structures and Improvements	4,799,164	2,491,890	(1,851,032)	-	5,440,022
86	367 Mains	18,405,058	1,079,352	(8,995,187)	-	10,489,223
87	368 Compressor Station Equip.	9,582,456	42,399,337	(41,593,223)	-	10,388,570
88	369 Measure/Reg Station Equip.	4,648,727	243,793	(1,628)	-	4,890,892
89	370 Communication Equip.	4,002,774	111,784	-	-	4,114,558
92	<b>Total Transmission Plant</b>	<b>41,438,179</b>	<b>46,326,156</b>	<b>(52,441,070)</b>	-	<b>35,323,265</b>
110	<b>GENERAL PLANT</b>					
113	391 Office Furniture and Equip.	275,802	152,174	(427,976)	-	-
114	392 Transportation Equip.	-	35,634	(35,634)	-	-
116	394 Tools, Shop and Garage Equip.	416,906	1,104,015	(1,520,921)	-	-
119	397 Communication Equip	131,140	129,918	(248,164)	-	12,894
124	<b>Total General Plant</b>	<b>823,848</b>	<b>1,548,767</b>	<b>(2,359,721)</b>		<b>12,894</b>
129	<b>Total Gas Plant In Service</b>	<b>42,531,979</b>	<b>49,377,221</b>	<b>(55,901,756)</b>		<b>36,007,444</b>

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Kern River Gas Transmission Company			2018/Q4
FOOTNOTE DATA			

**Schedule Page: 214 Line No.: 1 Column: a**  
Both the Lateral and the Meter Station are located in San Bernardino County, California.

**Schedule Page: 214 Line No.: 1 Column: c**  
The Mountain Pass Lateral is the lateral line built from Kern River's mainline to the Molycorp Minerals, LLC (Molycorp) rare earth minerals plant. Because the market is uncertain for rare earth minerals and it is not known whether Kern River will again receive a request to serve the Molycorp plant, Kern River transferred the original cost of the Mountain Pass Lateral from Account 101 Gas Plant in Service to Account 105 Gas Plant Held for Future Use in March 2016. Should market conditions change, the plant will be transferred back to Account 101. If a request for service has not been received or a decision to retire has not been made by December 31, 2019, Kern River will reevaluate market conditions to determine whether to retire the plant or continue to hold for future use. If it is determined that future use of the plant is probable, the plant will remain in Account 105 for a period to be determined under a new plan to hold for future use.



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**Schedule Page: 217 Line No.: 1 Column: b**

The Commission authorized the Respondent's 2003 Expansion in Docket No. CP01-422 and the Respondent's 2010 Expansion in Docket No. CP08-429. The Commission's June 4, 2009 order in Docket No. CP08-429 authorized rolled-in rate treatment, allowing the 2010 Expansion to be rolled into the Respondent's incremental 2003 Expansion rates.

**Schedule Page: 217 Line No.: 4 Column: b**

The Commission authorized the Respondent's Original System in Docket Nos. CP89-2047 and CP89-2048, and the Respondent's 2002 Expansion in Docket No. CP01-31. The Commission's July 26, 2001 order in Docket No. CP01-31 authorized rolled-in rate treatment, allowing the 2002 Expansion to be rolled into the Respondent's incremental Original System rates.

**Schedule Page: 217 Line No.: 1 Column: d**

Plant in service for Respondent's 2003 and 2010 Expansions includes tangible plant in the amount of \$1,264,585,287 and intangible plant in the amount of \$35,780,663 for total reported plant in service of \$1,300,365,950.

**Schedule Page: 217 Line No.: 1 Column: e**

Accumulated depreciation reported of \$520,584,782 reflects depreciation accrued on tangible plant in service of \$1,264,585,287 for the Respondent's 2003 and 2010 Expansions. In addition to accumulated depreciation, the Respondent has recorded accumulated amortization in the amount of \$13,269,516 on intangible plant in service of \$35,780,663. Total accumulated depreciation and amortization is \$533,854,298 for Respondent's 2003 and 2010 Expansions.

**Schedule Page: 217 Line No.: 1 Column: i**

Depreciation expense reported of \$30,073,225 reflects depreciation accrued on tangible plant in service of \$1,264,585,287 for Respondent's 2003 and 2010 Expansions. In addition to depreciation expense, the Respondent has recorded amortization expense in the amount of \$677,291 on intangible plant in service of \$35,780,663. Total depreciation and amortization expense for Respondent's 2003 and 2010 Expansions is \$30,750,516.

**Schedule Page: 217 Line No.: 2 Column: d**

Plant in service for the Respondent's High Desert Lateral includes tangible plant in the amount of \$28,302,563 and intangible plant in the amount of \$2,484,514 for total reported plant in service of \$30,787,077.

**Schedule Page: 217 Line No.: 2 Column: e**

Accumulated depreciation reported of \$18,781,044 reflects depreciation accrued on tangible plant in service of \$28,302,563 for the Respondent's High Desert Lateral. In addition to accumulated depreciation, the Respondent has recorded accumulated amortization in the amount of \$1,754,634 on intangible plant in service of \$2,484,514. Total accumulated depreciation and amortization is \$20,535,678 for the Respondent's High Desert Lateral.

**Schedule Page: 217 Line No.: 2 Column: i**

Depreciation expense reported of \$327,487 reflects depreciation accrued on tangible plant in service of \$28,302,563 for Respondent's High Desert Lateral. In addition to depreciation expense, the Respondent has recorded amortization expense in the amount of \$28,820 on intangible plant in service of \$2,484,514. Total depreciation and amortization expense for Respondent's High Desert Lateral is \$356,307.

**Schedule Page: 217 Line No.: 3 Column: d**

Plant in service for the Respondent's Apex Expansion includes tangible plant in the amount of \$324,626,348 and intangible plant in the amount of \$10,066,982 for total reported plant in service of \$334,693,330.

**Schedule Page: 217 Line No.: 3 Column: e**

Accumulated depreciation reported of \$72,623,006 reflects depreciation accrued on tangible plant in service of \$324,626,348 for the Respondent's Apex Expansion. In addition to accumulated depreciation, the Respondent has recorded accumulated amortization in the amount of \$1,725,566 on intangible plant in service of \$10,066,982. Total accumulated amortization and depreciation is \$74,348,573 for the Respondent's Apex Expansion.

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Depreciation expense reported of \$10,036,549 reflects depreciation accrued on tangible plant in service of \$324,626,348 for the Respondent's Apex Expansion. In addition to depreciation expense, the respondent has recorded amortization expense in the amount of \$235,567 on intangible plant in service of \$10,066,982. Total depreciation and amortization expense for Respondent's Apex Expansion is \$10,272,117.

**Schedule Page: 217 Line No.: 4 Column: d**

Plant in service for the Respondent's Original System and 2002 Expansion includes tangible plant in the amount of \$1,135,870,800 and intangible plant in the amount of \$46,683,643 for total reported plant in service of \$1,182,554,443.

**Schedule Page: 217 Line No.: 4 Column: e**

Accumulated depreciation reported of \$708,064,902 reflects depreciation accrued on tangible plant in service of \$1,135,870,800 for the Respondent's Original System and 2002 Expansion. In addition to accumulated depreciation, the Respondent has recorded accumulated amortization in the amount of \$27,097,258 on intangible plant in service of \$46,683,643. Total accumulated amortization and depreciation is \$735,162,160 for the Respondent's Original System and 2002 Expansion.

**Schedule Page: 217 Line No.: 4 Column: i**

Depreciation expense reported of \$17,814,204 reflects depreciation accrued on tangible plant in service of \$1,135,870,800 for the Respondent's Original System and 2002 Expansion. In addition to depreciation expense, the respondent has recorded amortization expense in the amount of \$545,233 on intangible plant in service of \$46,683,643. Total depreciation and amortization expense for Respondent's Original System and 2002 Expansion is \$18,359,437.

**Schedule Page: 217 Line No.: 5 Column: d**

Plant in service for the Respondent's Big Horn includes tangible plant in the amount of \$3,749,514 and intangible plant in the amount of \$71,950 for total reported plant in service of \$3,821,464.

**Schedule Page: 217 Line No.: 5 Column: e**

Accumulated depreciation reported of \$3,303,133 reflects depreciation accrued on tangible plant in service of \$3,749,514 for the Respondent's Big Horn. In addition to accumulated depreciation, the Respondent has recorded accumulated amortization in the amount of \$68,522 on intangible plant in service of \$71,950. Total accumulated amortization and depreciation is \$3,371,655 for the Respondent's Big Horn.

**Schedule Page: 217 Line No.: 5 Column: i**

Depreciation expense reported of \$19,475 reflects depreciation accrued on tangible plant in service of \$3,749,514 for the Respondent's Big Horn. In addition to depreciation expense, the respondent has recorded amortization expense in the amount of \$374 on intangible plant in service of \$71,950. Total depreciation and amortization expense for Respondent's Big Horn is \$19,849.

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The 11.55% rate of return was established by the Commission on January 15, 2009 when it issued Opinion No. 486-B in regard to Respondent's RP04-274 rate case proceedings.

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The capital structure of the Respondent was used in the computation of allowance for funds used during construction. For Period Two rates the equity component is 100%, pursuant to the FERC order in Docket No. RP04-274.

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Miscellaneous prepayments include:

Right of way lease	\$	555,463
Software licenses & maintenance contracts		373,276
Platts subscription		48,211
Total	\$	<u>976,950</u>

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Schedule Page: 232 Line No.: 1 Column: a

Line No.	Description	Regulatory Citation	Amortization Period
1	Levelized depreciation:		
	Apex Expansion certificate	CP10-14	(1)
	High Desert Expansion certificate	CP01-405	(1)
3	Income taxes related to equity AFUDC	RP04-274	(1)
5	Deferred regulatory commission expense	RP04-274	Over 60 months
7	Deferred FERC annual charge	18 CFR SEC 154.402	Over 12 months ending September
9	State tax rate change - apportionment	18 CFR SEC 154.305	Straight-line over 386 months
11	Depreciation on incremental Plant Additions	RP04-274	Not applicable
13	Daggett electrical surcharge	CP01-31	Not applicable
(1) Based on levelized depreciation rates in effect			

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**Schedule Page: 234 Line No.: 7 Column: k**

The Respondent estimates that the following amounts of deferred income taxes in account 190 could be included in the development of jurisdictional recourse rates.

	<u>12/31/18</u>	<u>12/31/17</u>
Deferred income taxes related to:		
Regulatory liabilities	131,953,205	135,880,345
Contribution in aid of construction	2,873,543	1,905,162
Net operating losses	7,740,750	14,272,429
Total	<u>\$ 142,567,498</u>	<u>\$ 152,057,936</u>

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Depreciation & Amortization	\$ 62,359,055
Levelized Depreciation Adjustment	(14,896,844)
Regulatory Asset/Liability, Net of Amortization	(6,863,176)
Loss of reacquired debt	1,725,055
Change in Prepaid Expenses	1,916,361
Provision for Rate Refund	595,518
Interest Expense - FIN 48 Correction	459,610
Current State Income Taxes - FIN 48 Correction	449,285
Other	1,122,769
Total	\$ 46,867,633

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**BHE Sub-Group:**

ABA Holding, LLC	CE Butte Energy LLC	FRTC, LLC
ABA Management, L.L.C.	CE Electric (NY), Inc	Geronimo Community Solar Gardens Holding Company, LLC
Alamo 6 Solar Holdings, LLC	CE Gen Oil Company	Geronimo Community Solar Gardens, LLC
Alamo 6, LLC	CE Gen Pipeline Corporation	Gibraltar Title Services, LLC
Alaska Gas Transmission Company, LLC	CE Gen Power Corporation	Glenrock Coal Company
Allie Beth Allman Real Estate, Ltd	CE Generation LLC	GPWH Holdings, LLC
Ambassador Real Estate Company	CE Geothermal, Inc.	Grande Prairie Land Holding, LLC
Ambassador Real Estate-Lincoln, LLC	CE International Investments, Inc	Grande Prairie Wind Holdings, LLC
Apex Home Maintenance, LLC	CE Leathers Company	Grande Prairie Wind II, LLC
ARE Commercial Real Estate, LLC	CE Obsidian Energy LLC	Grande Prairie Wind, LLC
ARE Iowa, LLC	CE Obsidian Holding LLC	Greystone Partners of Virginia, LLC
Arizona HomeServices, LLC	CE Red Island Energy Holdings LLC	Guarantee Appraisal Corporation
Attorneys Title Holdings, Incorporated	CE Red Island Energy LLC	Guarantee Real Estate
Berkshire Hathaway Energy Company	CE Salton Sea Inc	HMSV Financial Services, Inc
BG Energy Holding Company LLC	CE Texas Energy, LLC	HN Real Estate Group N.C., Inc
BH2H Holdings, LLC	CE Texas Fuel LLC	HN Real Estate Group, LLC
BHE AC Holding, LLC	CE Texas Pipeline LLC	HN Referral Corporation
BHE America Transco, LLC	CE Texas Power LLC	Home Service Connections, LLC
BHE Canada LLC	CE Texas Resources LLC	HomeServices Insurance Agency, LLC
BHE Community Solar, LLC	CE Turbo LLC	HomeServices Insurance, Inc
BHE Gas, Inc.	Champion Realty, Inc	HomeServices Lending, LLC
BHE Geothermal, LLC	Chancellor Title Services, Inc	HomeServices MidAtlantic, LLC
BHE Hydro, LLC	Columbia Title of Florida, Inc	HomeServices Northeast, LLC
BHE Midcontinent Transmission Holdings LLC	Commonsite, Inc.	HomeServices of Alabama, Inc.
BHE Pearl Solar Holdings, LLC	Conejo Energy Company	HomeServices of America, Inc
BHE Pearl Solar, LLC	Cordova Energy Company, LLC	HomeServices of California, Inc
BHE Renewables, LLC	CTHM, L.L.C.	HomeServices of Colorado, LLC
BHE Solar, LLC	CTRE, L.L.C.	HomeServices of Connecticut, LLC
BHE Southwest Transmission Holdings LLC	Dakota Dunes Development Company	HomeServices of Florida, Inc
BHE Texas Transco, LLC	DCCO, Inc	HomeServices of Georgia, LLC
BHE U.K. Electric, Inc	Del Ranch Company	HomeServices of Illinois Holdings, LLC
BHE U.K. Inc	Denver Rental, LLC	HomeServices of Illinois, LLC
BHE U.K. Power, Inc	Desert Valley Company	HomeServices of Iowa, Inc
BHE U.S. Transmission, LLC	DG-SB Project Holdings, LLC	HomeServices of Kentucky Real Estate Academy, LLC
BHE Wind, LLC	Ebby Alumni Group, Inc	HomeServices of Kentucky, Inc

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BHER Power Resources, Inc.	Ebby Halliday Properties, Inc	HomeServices of Minnesota, LLC
BHER Santa Rita Holdings, LLC	Ebby Halliday Real Estate, Inc.	HomeServices of MOKAN, LLC
BHER Santa Rita Investment, LLC	Edina Financial Services, Inc	HomeServices of Nebraska, Inc
BHER Santa Rita Tax, Inc.	Edina Realty Insurance, LLC	HomeServices of New Jersey, LLC
BHES CSG Holdings, LLC	Edina Realty Referral Network, Inc	HomeServices of New York, LLC
BHES Pearl Solar Holdings, LLC	Edina Realty Title, Inc	HomeServices of Oregon, LLC
BHH KC Real Estate, LLC	Edina Realty, Inc	HomeServices of Texas, LLC
Big Spring Pipeline Company	Elmore Company	HomeServices of the Carolinas, Inc
Bishop Hill Energy II, LLC	Energy West Mining Company	HomeServices of Washington, LLC
Bishop Hill II Holdings, LLC	Esslinger-Wooten-Maxwell, Inc	HomeServices of Wisconsin, LLC
CalEnergy Company, Inc	E-W-M Referral Services, Inc.	HomeServices Referral Network, LLC
CalEnergy Generation Operating Company	F&R/T LLC	HomeServices Relocation, LLC
CalEnergy International Services, Inc	Falcon Power Operating Company	Houlihan/Lawrence Inc.
CalEnergy Minerals LLC	FFR, Inc	HS Franchise Holding, LLC
CalEnergy Operating Corporation	First Network Realty, Inc.	HSF Affiliates LLC
CalEnergy Pacific Holdings Corp	First Realty Group, Inc.	HSGA Real Estate Group, L.L.C.
California Energy Development Corporation	First Realty, Ltd	HSN Holding, LLC
California Energy Management Company	First Reserve Insurance, Inc	HSTX Title, LLC
California Energy Yuma Corporation	First Weber Illinois, LLC	HSW Affiliates Holding, LLC
California Utility Holdco, LLC	First Weber, Inc.	Huff Commercial Group, LLC
Capitol Title Company	Florida Network LLC	Huff-Drees Realty, Inc
CBSHome Real Estate Company	Florida Network Property Management, LLC	IES Holding II LLC
CBSHome Real Estate of Iowa, Inc	For Rent, Inc	IMO Company, Inc
CE Black Rock Holdings LLC	Fort Dearborn Land Title Company, LLC	Imperial Magma LLC
CE Butte Energy Holdings LLC	Fossil Rock Fuels, LLC	Intero Franchise Services, Inc.

With respect to members of the BHE Sub-Group, Berkshire Hathaway Energy Co. (BHE) requires all subsidiaries to pay to or receive from BHE an amount of tax based primarily on the stand-alone method of allocation. The computation includes all tax benefits from tax deductions stemming from cost borne by utility customers.

**BHE Sub-Group Continued:**

Intero Real Estate Holdings, Inc.	Midwest Capital Group, Inc	Referral Network of IL LLC
Intero Real Estate Services, Inc.	Midwest Power Midcontinent Transmission Development, LLC	Referral Network of NY/NJ, LLC
Intero Referral Services, Inc.	Midwest Power Transmission Arkansas LLC	Relocation Advantage Partners, LLC
Interwest Mining Company	Midwest Power Transmission Iowa LLC	RGS Settlements of Pennsylvania, LLC
Iowa Realty Company, Inc	Midwest Power Transmission Kansas, LLC	RGS Title of Baltimore, LLC
Iowa Realty Insurance Agency, Inc	Midwest Power Transmission Oklahoma, LLC	RGS Title, LLC
Iowa Title Company	Midwest Power Transmission Texas, LLC	RHL Referral Company, LLC
JBRC, Inc	Midwest Preferred Realty, Inc	Roberts Brothers, Inc
Jim Huff Realty, Inc.	Midwest Realty Ventures, LLC	Roy H. Long Realty Company, Inc
JRHBW Realty, Inc d/b/a/ RealtySouth	MPT Heartland Development, LLC	S.W. Hydro, Inc.
Jumbo Road Holdings, LLC	MTL Canyon Holdings LLC	Sage Title Group, LLC
Kansas City Title, Inc	Nebraska Land Title & Abstract Company	Salton Sea Brine Processing Company
Kanstar Transmission, LLC	Nebraska Referral, Inc.	Salton Sea Funding Corporation
Kentucky Residential Referral Service, LLC	Nevada Power Company dba NV Energy	Salton Sea Minerals Corporation
Kentwood City Properties, LLC	Niguel Energy Company	Salton Sea Power Company
Kentwood Commercial, LLC	NNGC Acquisition LLC	Salton Sea Power Generation Company
Kentwood DTC, LLC	Norcon Holdings, Inc	Salton Sea Power LLC
Kentwood Real Estate Services, LLC	Northeast Referral Group, LLC	Salton Sea Royalty Company
Kentwood, LLC	Northern Consolidated Power, Inc	San Felipe Energy Company
Kern River Gas Transmission Company	Northern Natural Gas Company	Santa Rita Wind Energy LLC
Keystone Partners, LLC	NRS Referral Services, LLC	Saranac Energy Company, Inc



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KR Holding, LLC	NV Energy, Inc.	SCS Realty Investment Group, LLC
L&F/Fonville Morisey Real Estate, LLC	NVE Holdings, LLC	SECI Holdings, Inc
L&F/Fonville Morisey Title, LLC	NVE Insurance Co, Inc.	Settlement Professionals, LLC
Lands of Sierra, Inc.	NW Referral Services, LLC	Sierra Gas Holding Company
Larabee School of Real Estate, Inc	O.E. Merger Sub II, LLC	Sierra Pacific Power Company dba NV Energy
LFSS, Inc.	O.E. Merger Sub III, LLC	Silvermine Ventures LLC
Long & Foster Closing Services, LLC	O.E. Merger Sub Inc.	Solar San Antonio LLC
Long & Foster Institute of Real Estate, Inc.	Pacific Minerals, Inc	Solar Star 3, LLC
Long & Foster Insurance Agency, Inc.	PacifiCorp	Solar Star 4, LLC
Long & Foster Licensing Company, Inc.	PCG Agencies, Inc.	Solar Star California XIX, LLC
Long & Foster Mortgage Ventures, Inc.	PCRE, L.L.C.	Solar Star California XX, LLC
Long & Foster Real Estate Ventures, Inc.	Pickford Escrow Company, Inc	Solar Star Funding, LLC
Long & Foster Real Estate, Inc.	Pickford Holdings, LLC	Solar Star Projects Holdings, LLC
Long & Foster Settlement Services, LLC	Pickford Real Estate, Inc	Southwest Relocation, LLC
Lovejoy Realty Inc.	Pickford Services Company, Inc	SSC XIX, LLC
Lovejoy Referral Network, LLC	Pilot Butte, LLC	SSC XX, LLC
M & M Ranch Acquisition Company LLC	Pinyon Pines Funding, LLC	The Escrow Firm
M & M Ranch Holding Company LLC	Pinyon Pines I Holding Company, LLC	The Kentwood Company at Cherry Creek, LLC
Magma Land Company I	Pinyon Pines II Holding Company, LLC	The Long & Foster Companies, Inc.
Magma Power Company	Pinyon Pines Projects Holding, LLC	The Referral Company
Marshall Wind Energy Holdings, LLC	Pinyon Pines Wind I, LLC	Thoroughbred Title Services, LLC
Marshall Wind Energy, LLC	Pinyon Pines Wind II, LLC	TIAC LLC
MEC Construction Services Company	PNW Referral, LLC	TitleSouth, LLC
MEHC Investment, Inc	PPW Holdings LLC	TLTC LLC
MEHC Merger Sub Inc	Preferred Carolinas Realty, Inc	Topaz Solar Farms, LLC
Merlin Realty Technologies, LLC	Preferred Carolinas Title Agency, LLC	TPZ Holding, LLC
MES Holding, LLC	Premier Service Abstract, LLC	Trapper Mining, Inc.
Metro Referral Associates, Inc.	Priority Title Corporation	TRMC LLC
MHC Investment Company	Professional Referral Organization, Inc	Two Rivers, Inc
MHC, Inc	Pru-One, Inc.	TX Jumbo Road Wind, LLC
Mid-America Referral Network, Inc.	Quad Cities Energy Company	VPC Geothermal LLC
MidAmerican Central California Transco LLC	Real Estate Knowledge Services, L.L.C.	Vulcan Power Company
MidAmerican Energy Company	Real Estate Links, LLC	Vulcan/BN Geothermal Power Company
MidAmerican Energy Machining Services LLC	Real Estate Referral Network, Inc	Wailuku Holding Company LLC
MidAmerican Energy Services, LLC	Reece & Nichols Alliance, Inc	Wailuku Investment LLC
MidAmerican Funding, LLC	Reece & Nichols Insurance, LLC	Wailuku River Hydroelectric Power Co, Inc.
MidAmerican Geothermal Development Corp	Reece & Nichols Realtors, Inc	Walker Jackson Mortgage Corporation
MidAmerican Wind Tax Equity Holdings, LLC	Reece Commercial, Inc.	Walnut Ridge Wind, LLC
Midland Escrow Services, Inc	Referral Associates of Georgia, LLC	Weathervane Referral Network, Inc.
Mid-States Title Insurance Agency, Inc.	Referral Network of Gloria Nilson, LLC	

With respect to members of the BHE Sub-Group, Berkshire Hathaway Energy Co. (BHE) requires all subsidiaries to pay to or receive from BHE an amount of tax based primarily on the stand-alone method of allocation. The computation includes all tax benefits from tax deductions stemming from cost borne by utility customers.

**All Other Affiliates:**

121 Acquisition Co., LLC	Berkshire Hathaway Finance Corporation	CMH Capital, Inc.
21 SPC, Inc.	Berkshire Hathaway Global Insurance Services, LLC	CMH Hodgenville, Inc.
21st Communities, Inc.	Berkshire Hathaway Homestate Insurance Company	CMH Homes, Inc.
21st Mortgage Corporation	Berkshire Hathaway Inc.	CMH Manufacturing West, Inc.
2K Polymer Systems, Inc.	Berkshire Hathaway Life Insurance Company of Nebraska	CMH Manufacturing, Inc.

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3Wire Group Inc.	Berkshire Hathaway Specialty Concierge, LLC	CMH of KY, Inc.
A.E. COMPANY, INC.	Berkshire Hathaway Specialty Insurance Company	CMH Services, Inc.
AAA AIRCRAFT SUPPLY	Berkshire Indemnity Group Inc.	CMH Set and Finish, Inc.
ACCRA MANUFACTURING INC	BH Columbia Inc.	CMH Transport, Inc.
Accurate Installations, Inc.	BH Credit LLC	Coil Master Corporation
Acme Brick Company	BH Finance, Inc.	Columbia Insurance Company
Acme Building Brands, Inc	BH Holding LLC	Combined Claims Services, Inc.
Acme Management Company	BH Media Group, Inc.	Commercial Casualty Insurance Company
Acme Ochs Brick and Stone, Inc.	BH Shoe Holdings, Inc.	Commercial General Indemnity, Inc.
Acme Services Company, LLC	BHA Minority Interest Holdco, Inc.	COMPASS AEROSPACE NORTHWEST INC
Adalet/Scott Fetzer Company	BHG Life Insurance Company	Complementary Coatings Corporation
AEG Processing Center No. 35, Inc.	BHG Structured Settlements, Inc.	Composites Horizons LLC
AEG Processing Center No. 58, Inc.	BHSF, Inc.	Consumer Value Products, Inc.
AEROCRAFT HEAT TREATING CO INC	biBERK Insurance Services, Inc.	Continental Divide Insurance Company
AEROSPACE DYNAMICS INTERNATIONAL INC	Blue Chip Stamps, Inc.	Continental Indemnity Company
Affiliated Agency Operations Co.	BN Leasing Corporation	Cornelius Inc.
Affordable Housing Partners, Inc.	BNSF Communications, Inc.	Cornelius Renew, Inc.
AIPCF V CHI Blocker Inc	BNSF Logistics International, Inc.	Cort Business Services Corporation
AJF Warehouse Distributors, Inc.	BNSF Logistics Ocean Line, Inc.	Coverage Dynamics Group, Inc.
Albacor Shipping (USA) Inc.	BNSF Logistics, LLC	Criterion Insurance Agency
Albecca, Inc.	BNSF Railway Company	Crowd Supply, Inc.
Alexander Road Insurance Agency, Inc.	BNSF Railway International Services, Inc.	CSI Life Insurance Company
Alpha Cargo Motor Express, Inc	BNSF Spectrum, Inc.	CTB Credit Corp
Alu-Forge, Inc	Boat America Corporation	CTB Inc.
Ambucor Health Solutions, Inc.	Boat Owners Association of the United States	CTB International Corp
American All Risk Insurance Services Inc.	Boat/U.S, Inc.	CTB IW INC
American Commercial Claims Administrators Inc	Borsheim Jewelry Company, Inc	CTB Midwest Inc
American Dairy Queen Corporation	BR Agency, Inc.	CTB MN Investments
American Employers Group, Inc.	Brainy Toys, Inc.	CTB Technology Holding Inc.
AmGUARD Insurance Company	Brilliant National Services, Inc.	CTMS North America, Inc.
Andrews Laser Works Corporation	BRITAIN MACHINE INC	Cubic Designs, Inc.
Angelo Po America, Inc.	Brooks Sports, Inc.	Cumberland Asset Management, Inc.
Applied Group Insurance Holdings, Inc.	Brookwood Insurance Company	Cypress Insurance Company
Applied Investigations Inc.	BuilderMT, Inc.	D.I. Properties Inc.
Applied Logistics, Inc.	Burlington Northern Railroad Holdings, Inc.	Dairy Queen Corporate Stores, Inc.
Applied Premium Finance, Inc.	Burlington Northern Santa Fe, LLC	DaVita, Inc.
Applied Processing Center No. 60, Inc.	Business Wire, Inc.	DCI Marketing Inc.
Applied Risk Services of New York, Inc.	C Flow, Inc.	Denver Brick Company
Applied Risk Services, Inc.	CALEDONIAN ALLOYS INC	DESIGNED METAL CONNECTIONS, INC.
Applied Underwriters Captive Risk Assurance Company, Inc.	California Insurance Company	DICKSON TESTING CO INC
Applied Underwriters, Inc.	Camp Manufacturing Company	Display Technologies LLC
ARCTURUS MANUFACTURING CORPORATION	Cannon Equipment LLC	DIY Technologies, Inc.
Artform International Inc.	CANNON MUSKEGON CORPORATION	DL Trading Holdings I, Inc.
Atlanta International Insurance Company	Carefree/Scott Fetzer Company	DQ Funding Corporation
ATLANTIC PRECISION INC	CARLTON FORGE WORKS	DQF, Inc.
AU Captive Risk Assurance Co.	Cavalier Homes, Inc.	DQGC, Inc.
AU Holding Company, Inc.	CCC Lonestar LLC	DragonFly Aeronautics LLC
AVIBANK MANUFACTURING INC	Central States Indemnity Co. of Omaha	DTTF, Inc.
AzGUARD Insurance Company	Central States of Omaha Companies, Inc.	Duracell Distributing Inc.

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Bayport Systems, Inc.  
BDT I-A Plum Corp.  
Ben Bridge Jeweler, Inc.  
Benjamin Moore & Co.  
Benson Industries, Inc.  
Benson, Ltd.  
Berkshire Hathaway Assurance Corporation  
Berkshire Hathaway Automotive Inc.  
Berkshire Hathaway Credit Corporation  
Berkshire Hathaway Direct Insurance Company

Charter Brokerage Holdings Corp.  
Chemtool Incorporated  
CJE II  
Claims Services, Inc.  
Clayton Commercial Buildings, Inc.  
Clayton Education Corp.  
Clayton Homes, Inc.  
Clayton Properties Group II, Inc.  
Clayton Properties Group, Inc.  
Clayton, Inc.

Duracell Industrial Operations, Inc.  
Duracell Manufacturing Co.  
Duracell U.S. Operations Inc  
EastGUARD Insurance Company  
Eco Color Company  
Ecodyne Corporation  
Ellis & Watts Global Industries, Inc.  
Elm Street Corporation  
Empire Distributors of Colorado, Inc.  
Empire Distributors of North Carolina, Inc.

**All Other Affiliates Continued:**

Empire Distributors of Tennessee, Inc.  
Empire Distributors, Inc.  
ENVIRONMENT ONE CORPORATION  
EXACTA AEROSPACE INC  
Executive Jet Management, Inc.  
Exsif Worldwide, Inc.  
ExtruMed, Inc.  
FATIGUE TECHNOLOGY INC  
Financial Services Plus, Inc.  
Finial Holdings, Inc.  
Finial Reinsurance Company  
First Berkshire Hathaway Life Insurance Company  
FlightSafety Capital Corp.  
FlightSafety Development Corp.  
FlightSafety International Inc.  
FlightSafety International Middle East Inc.  
FlightSafety New York, Inc.  
  
FlightSafety Properties, Inc.  
FlightSafety Services Corporation  
Floors, Inc.  
Focused Technology Solutions, Inc.  
Fontaine Commercial Trailer, Inc.  
Fontaine Engineered Products, Inc.  
Fontaine Fifth Wheel Company  
Fontaine Modification Company  
Fontaine Spray Suppression Company  
Fontaine Trailer Company LLC  
Forest River Holdings, Inc.  
Forest River Manufacturing LLC  
Forest River, Inc.  
Freedom Warehouse Corp.  
Fruit of the Loom Direct, Inc.  
Fruit of the Loom Trading Company  
Fruit of the Loom, Inc.  
Fruit of the Loom, Inc. (Sub)  
FTI MANUFACTURING INC  
FTL Regional Sales Co., Inc.  
Garan Central America Corp.  
Garan Incorporated  
Garan Manufacturing Corp.  
Garan Services Corp  
Gateway Underwriters Agency, Inc.

GRD Holdings Corporation  
GREENVILLE METALS INC  
GUARDco, Inc.  
H. H. Brown Shoe Company, Inc.  
H.J. Justin & Sons, Inc.  
HACKNEY LADISH INC  
Halex/Scott Fetzer Company  
HAMILTON AVIATION INC  
Hawthorn Life International, Ltd.  
HeatPipe Technology, Inc.  
HELICOMB INTERNATIONAL INC  
Helzberg's Diamond Shops, Inc.  
  
Henley Holdings, LLC  
HG-Power Plant, Inc.  
Hohmann & Barnard, Inc.  
Home Trust Company  
Homefirst Agency, Inc.  
  
Homemakers Plaza, Inc.  
HOWELL PENNCRAFT, INC.  
HUM Marketing Group, Inc.  
HUNTINGTON ALLOYS CORPORATION  
IdeaLife Insurance Company  
Illinois Insurance Company  
Ingersoll Cutting Tool Company  
Innovative Building Products, Inc  
Innovative Coatings Technology Corporation  
Interco Tobacco Retailers, Inc.  
International Dairy Queen, Inc.  
International Insurance Underwriters, Inc.  
Intrepid JSB, Inc.  
Ironwood Plastics Inc  
Iscar Metals Inc.  
ITTI Group USA Holdings, Inc.  
ITTI Investment Holdings, Inc.  
J&L FIBER SERVICES INC  
J.L. Mining Company  
Johns Manville China, Ltd.  
Johns Manville Corporation  
Johns Manville, Inc.  
Jordan's Furniture, Inc.  
Justin Brands, Inc.  
Kahn Ventures, Inc.

Lubrizol Global Management, Inc.  
Lubrizol Inter-Americas Corporation  
Lubrizol International Management Corporation  
Lubrizol Oilfield Solutions, Inc.  
Lubrizol Overseas Trading Corporation  
M & C Products, Inc.  
M&M Manufacturing, Inc.  
Mapletree Transportation, Inc.  
Marathon Suspension Systems, Inc.  
Marmon Beverage Technologies, Inc.  
Marmon Crane Services, Inc.  
Marmon Distribution Services, Inc.  
  
Marmon Energy Services Company  
Marmon Engineered Components Company  
Marmon Foodservice Technologies LLC  
Marmon Holdings, Inc.  
Marmon Retail & Highway Technologies Company LLC  
Marmon Retail Products, Inc.  
Marmon Retail Store Equipment LLC  
Marmon Retail Technologies Company  
Marmon Tubing, Fittings & Wire Products, Inc.  
Marmon Water, Inc.  
Marmon Wire & Cable, Inc.  
Marmon-Herrington Company  
Marquis Jet Holdings, Inc.  
Marquis Jet Partners, Inc.  
Maryland Ventures, Inc..  
McCarty-Hull Cigar Company, Inc.  
McLane Beverage Distribution, Inc.  
McLane Beverage Holding, Inc.  
McLane Company, Inc.  
McLane Eastern, Inc.  
McLane Express, Inc.  
McLane Foods, Inc.  
McLane Foodservice Distribution, Inc.  
McLane Foodservice, Inc.  
McLane Mid-Atlantic, Inc.  
McLane Midwest, Inc.  
McLane Minnesota, Inc.  
McLane Network Solutions, Inc.  
McLane New Jersey, Inc.  
McLane Ohio, Inc.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Kern River Gas Transmission Company			2018/Q4
FOOTNOTE DATA			

GEICO Advantage Insurance Company	Karmelkorn Shoppes, Inc.	McLane Southern, Inc.
GEICO Casualty Co.	KEN'S SPRAY EQUIPMENT, INC.	McLane Suneast, Inc.
GEICO Choice Insurance Company	Kinexo, Inc.	McLane Tri-States, Inc.
GEICO Corporation	KITCO Fiber Optics, Inc.	McLane Western, Inc.
GEICO General Insurance Co.	KLUNE HOLDINGS INC	MCWILLIAMS FORGE COMPANY
GEICO Indemnity Co.	KLUNE INDUSTRIES INC	Medical Protective Finance Corporation
GEICO Insurance Agency	Kova Solutions, Inc.	MedPro Group, Inc
GEICO Marine Insurance Company	L.A. Terminals, Inc.	MedPro Risk Retention Services, Inc.
GEICO Products, Inc.	LeachGarner, Inc.	Merit Distribution Services, Inc.
GEICO Secure Insurance Company	Lipotec USA, Inc.	METALAC FASTENERS INC
Gen Re Intermediaries Corporation	LiquidPower Specialty Products, Inc.	Meyn LLC
General Re Corporation	LJ AERO HOLDINGS INC	MFS Fleet, Inc.
General Re Financial Products Corporation	LJ SYNCH HOLDINGS INC	Midwest Northwest Properties, Inc.
General Re Life Corporation	LMG Ventures, LLC	Miller-Sage, Inc.
General Reinsurance Corporation	Lockwood Street Urban Renewal Corporation	Mindware Corporation
General Star Indemnity Company	Los Angeles Junction Railway Company	MiTek Holdings, Inc.
General Star Management Company	LSP Holding, Inc.	MiTek Industries, Inc.
General Star National Insurance Company	LSPI Holdings Inc.	MiTek USA, Inc.
Genesis Insurance Company	Lubricant Investments, Inc.	MLMIC Insurance Company
Genesis Management and Insurance Services Corporation	Lubrizol Advanced Materials China, Inc.	MLMIC Services, Inc.
Government Employees Financial Corp.	Lubrizol Advanced Materials Holding Corporation	Montana Retail Properties, Inc.
Government Employees Insurance Co.	Lubrizol Advanced Materials, Inc.	Morgantown-National Supply, Inc.
<b>All Other Affiliates Continued:</b>		
Mount Vernon Fire Insurance Company	PRIMUS INTERNATIONAL INC	SOS METALS, INC.
Mount Vernon Specialty Insurance Company	Princeton Advertising & Marketing Group, Inc.	Southern Energy Homes, Inc.
Mouser Electronics, Inc.	Princeton Insurance Company	SOUTHWEST UNITED INDUSTRIES INC
Mouser JV 1, Inc	Princeton Risk Protection, Inc.	SPECIAL METALS CORPORATION
MPP Co., Inc.	Priority One Financial Services, Inc.	SPECIALIZED PIPE SERVICES, INC.
MPP Pipeline Corporation	PRISM Holdings LLC	Spectra Contract Flooring Puerto Rico, Inc.
MS Property Company	PRISM Plastics, Inc.	SPS INTERNATIONAL INVESTMENT COMPANY
MW Wholesale, Inc.	Pro Installations, Inc.	SPS TECHNOLOGIES LLC
National Fire & Marine Insurance Company	Procrane Holdings, Inc.	SPS Technologies Mexico LLC
National Indemnity Company	PROGRESSIVE INCORPORATED	SSP-SiMatrix Inc.
National Indemnity Company of Mid-America	Promesa Health, Inc.	Stahl/Scott Fetzer Company
National Indemnity Company of the South	PROTECTIVE COATING INC	Star Furniture Company
National Liability & Fire Insurance Company	QS Partners LLC	Star Lake Railroad Company
Nationwide Uniforms	R.C. Willey Home Furnishings	Strategic Staff Management, Inc.
Nebraska Furniture Mart, Inc.	Radnor Specialty Insurance Company	STRATOFLIGHT
NetJets Aviation, Inc.	Railsolve, Inc.	Summit Distribution Services, Inc.
NetJets Europe Holdings, LLC	Railsplitter Holdings Corporation	XP CRA-OCTG Inc.
NetJets Inc.	RATHGIBSON HOLDING CO LLC	TBS USA, Inc.
NetJets International, Inc.	RCP Investment, Inc.	TEXAS HONING INC
NetJets Sales, Inc.	Redwood Fire and Casualty Insurance Company	Texas Insurance Company
NetJets Services, Inc.	RENTCO Trailer Corporation	The Ben Bridge Corporation
NetJets U.S., Inc.	Resolute Management Inc.	The Buffalo News, Inc.
New England Asset Management, Inc.	RFMW, Ltd.	The BVD Licensing Corporation
NFM of Kansas, Inc.	Richline Group, Inc	The Duracell Company
NFM SERVICES, LLC	Ringwalt & Liesche Co.	The Fechheimer Brothers Co.
NJE Holdings, LLC	Rio Grande, Inc.	The Indecor Group, Inc.
NJI Sales, Inc.	Roxell USA, Inc.	The Lubrizol Corporation

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Kern River Gas Transmission Company			2018/Q4
FOOTNOTE DATA			

Noranco Manufacturing (USA) Ltd.	Rush Air Inc	The Medical Protective Company
NorGUARD Insurance Company	Sager Electrical Supply Co. Inc	The Pampered Chef, Ltd.
North American Casualty Co.	Sales Simplicity Software, Inc.	The Scott Fetzer Company
Northern States Agency, Inc.	Santa Fe Pacific Insurance Company	The Wilkins Corporation
Noveon Hilton Davis, Inc.	Santa Fe Pacific Pipeline Holdings, Inc.	The Zia Company
NSS TECHNOLOGIES INC	Santa Fe Pacific Pipelines, Inc.	THI ACQUISITION INC
Oak River Insurance Company	Santa Fe Pacific Railroad Company	TIMET ASIA INC
Old United Casualty Company	SchILL Loans, Inc.	TIMET REAL ESTATE CORPORATION
Orange Julius Of America	Schulz Investment Corporation	TITANIUM METALS CORPORATION
Oriental Trading Company, Inc.	SCHULZ U.S.A. INC.	TMCA INTERNATIONAL INC
OTC Brands, Inc.	Scott Fetzer Financial Group, Inc.	TMI Climate Solutions, Inc.
OTC Direct, Inc.	ScottCare Corporation	Tool-Flo Manufacturing, Inc.
OTC Worldwide Holdings, Inc.	See's Candies, Inc.	Top Five Club, Inc.
Particle Sciences, Inc.	See's Candy Shops, Incorporated	Total Quality Apparel Resources
PCC FLOW TECHNOLOGIES HOLDINGS INC	Serpentec, Inc.	TPC European Holdings, LTD.
PCC FLOW TECHNOLOGIES INC.	Seventeenth Street Realty, Inc.	TPC North America, Ltd.
PCC ROLLMET INC	SFEG Corp.	Transco, Inc.
PCC STRUCTURALS INC	Shaw Contract Flooring Services, Inc.	Transportation Technology Services, Inc.
Penn Coal Land, Inc.	Shaw Diversified Services, Inc.	TRH Holding Corp.
Pennsylvania Insurance Company	Shaw Floors, Inc.	Triangle Suspension Systems, Inc.
Perfection Hy-Test Company	Shaw Funding Company	Tricycle, Inc.
PERMASWAGE HOLDINGS, INC.	Shaw Industries Group, Inc.	TSE Brakes, Inc.
Pine Canyon Land Company	Shaw Industries, Inc.	TTI, Inc.
PLASMA COATING CORPORATION	Shaw International Services, Inc.	Tucker Safety Products, Inc.
Plaza Financial Services Co.	Shaw Retail Properties, Inc.	TXFM, Inc.
Plaza Resources Co.	Shaw Sports Turf California, Inc.	U.S. Investment Corporation
PLICO	Shaw Transport, Inc.	U.S. Underwriters Insurance Co.
PLICO Financial, Inc	Shultz Steel Company	UCFS Europe Company
Polysols Holdings, Inc.	SHX Flooring, Inc.	Unified Supply Chain, Inc.
Polysols Textile Solutions, Inc.	SidePlate Systems, Inc.	Uni-Form Components Co.
Precision Brand Products, Inc.	Smilemakers Canada Inc.	Union Sales, Inc.
PRECISION CASTPARTS CORP	Smilemakers, Inc.	Union Tank Car Company
PRECISION FOUNDERS INC	SN Management, Inc.	Union Underwear Co., Inc
Precision Steel Warehouse - Charlotte	Snappy ADP, Inc.	United Consumer Financial Services Company
Precision Steel Warehouse, Inc.	Soco West, Inc.	United Direct Finance, Inc.
Press Forge Company	Sonnax Transmission Company	United States Aviation Underwriters, Incorporated
PRIMUS INTERNATIONAL HOLDING COMPANY	SOS METALS SAN DIEGO, LLC	United States Liability Insurance Company
<b>All Other Affiliates Continued:</b>		
UNIVERSITY SWAGING CORPORATION	WEAVER MANUFACTURING INC	WYMAN GORDON FORGINGS CLEVELAND INC
UTLX Company	Webb Wheel Products, Inc.	WYMAN GORDON FORGINGS INC
Van Enterprises, Inc.	Western Builders Supply, Inc.	WYMAN GORDON INVESTMENT CASTINGS INC
Vanderbilt ABS Corp.	Western Fruit Express Company	WYMAN GORDON PENNSYLVANIA LLC
Vanderbilt Mortgage and Finance, Inc.	Western/Scott Fetzer Company	X-L-Co., Inc.
Vanity Fair, Inc.	WestGUARD Insurance Company	XTRA Companies, Inc.
Velocity Freight Transport, Inc.	Whittaker, Clark & Daniels, Inc.	XTRA Corporation
Veritas Insurance Group, Inc.	WMC Corp.	XTRA Finance Corporation
Vesta Funding, Inc.	World Book Encyclopedia, Inc.	XTRA Intermodal, Inc.
Vesta Intermediate Funding, Inc.	World Book, Inc.	
VFI-Mexico, Inc.	World Book/Scott Fetzer Company	
Visilinx, Inc.	World Investments, Inc.	

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Kern River Gas Transmission Company			2018/Q4
FOOTNOTE DATA			

Vision Retailing, Inc.  
VT Insurance Acquisition Sub Inc.  
Warwick Chemicals USA, Inc.  
Wayne/Scott Fetzer Company

Worldwide Containers, Inc.  
WPLG, Inc.  
Wrightsoft Corporation  
WYMAN GORDON COMPANY

Name of Respondent Kern River Gas Transmission Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2018/Q4
FOOTNOTE DATA			

**Schedule Page: 262 Line No.: 10 Column: f**

State FIN 48 tax correction transfer from Account 186 - Miscellaneous Deferred Debits  
(363,157)

**Schedule Page: 262 Line No.: 10 Column: g**

Reserve estimate for pending changes to prior tax return years.

**Schedule Page: 262 Line No.: 40 Column: j**

Total charges distributed to Gas (408.1, 409.1)	\$56,574,145
Taxes charged to others	(1,798)
Total taxes reported on page 114, lines 14-16	<u>\$56,572,347</u>

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2018/Q4
Kern River Gas Transmission Company			
FOOTNOTE DATA			

**Schedule Page: 274 Line No.: 6 Column: b**

Reserve for pending changes to prior tax return years

**Schedule Page: 274 Line No.: 6 Column: k**

Reserve for pending changes to prior tax return years

**Schedule Page: 274 Line No.: 7 Column: k**

The Respondent estimates that that the entire amount of deferred income taxes in account 282 could be included in the development of jurisdictional recourse rates for the periods ending December 31, 2018 and 2017.



Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Kern River Gas Transmission Company			2018/Q4
FOOTNOTE DATA			

**Schedule Page: 276 Line No.: 7 Column: k**

The Respondent estimates that the following amounts of deferred income taxes in account 283 could be included in the development of jurisdictional recourse rates.

	12/31/18	12/31/17
Deferred income taxes related to:		
Regulatory assets	\$ 37,088,924	\$ 34,055,308
Reacquired debt cost amortization	-	434,173
Prepaid expenses, etc.	331,484	324,581
Total	\$ 37,420,408	\$ 34,814,062

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2018/Q4
Kern River Gas Transmission Company			
FOOTNOTE DATA			

**Schedule Page: 278 Line No.: 1 Column: a**

Line No.	Description	Regulatory Citation	Amortization Period
1	Office lease accrual	RP04-274	Over 180 months through 12/2018
3	Employee benefits	A107-1-000, RP99-274	Not applicable
5	Levelized depreciation:		
	Rolled-In Expansion certificates	CP89-2048, CP01-31, CP01-106	(1)
	2003/2010 Expansion certificates	CP01-422, CP08-429	(1)
	Big Horn Expansion certificate	CP03-159	(1)
7	Bankruptcy proceeds	N/A	Monthly through June 2019
9	Daggett electrical surcharge	CP01-31	Not applicable
11	Excess deferred Income Taxes	Order 849	31 Years
(1) Based on levelized depreciation rates in effect			

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Kern River Gas Transmission Company			2018/Q4
FOOTNOTE DATA			

**Schedule Page: 304 Line No.: 6 Column: a**

The revenue line item totals are by rate structure only. Delivery zones are not incorporated into Kern River's rate structure.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2018/Q4
Kern River Gas Transmission Company			
FOOTNOTE DATA			

**Schedule Page: 313 Line No.: 2 Column: b**

Discounted revenue and quantities are reported for all interruptible transactions that were less than the maximum interruptible rate. In addition, all firm contracts that have a discounted rate component (either for demand or for commodity or both) are reported. If a firm contract is defined as a discounted contract, all commodity quantities are shown and all revenue – both demand and commodity are reported. If a contract can be considered both a negotiated rate contract and a discounted contract, the contract quantities and revenues are all reported in the negotiated rate columns.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Kern River Gas Transmission Company			2018/Q4
FOOTNOTE DATA			

**Schedule Page: 317 Line No.: 260 Column: b**

The following is the disclosure required by RP04-274 for the qualified pension plan:

	2018	2017
Service cost	\$ 553,680	\$ 608,782
Interest cost	468,748	519,752
Expected return on assets	(916,766)	(906,522)
Prior service cost amortization	17,261	17,261
Net loss/(gain) amortization	-	-
Respondent's actual benefit cost incurred*	122,923	239,273
Less: cost included for the pension plan in RP04-274	1,305,325	1,305,325
Expense more (less) than RP04-274	(1,182,402)	(1,066,052)

\*Reported actual expenses were based upon the actuarial studies provided to the Respondent for the reporting periods shown and charged to the Respondent.

The overfunded status of the qualified pension plan was \$72k and \$2,143k as of December 31, 2018 and 2017, respectively.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Kern River Gas Transmission Company			2018/Q4
FOOTNOTE DATA			

<b>Schedule Page: 331    Line No.: 1    Column: b</b>			
Gas Used for Compressor Station Fuel (estimate)		\$	15,253,467
Adjustments for actual gas vs estimated gas			(4)
Total Gas Used for Compressor Station Fuel reported on page 520, line 28, column C		\$	15,253,463

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2018/Q4
Kern River Gas Transmission Company			
FOOTNOTE DATA			

**Schedule Page: 338 Line No.: 7 Column: b**

Depreciation basis for transmission plant as of December 31, 2018 in thousands.

<b>Transmission Plant Onshore</b>	<b>Plant as of 12/31/2018</b>	<b>Average Remaining Life</b>	<b>Rate</b>
Transmission - Vintage	\$ 1,080,087	29.5	1.15%
Transmission - 2002 Expansion	55,560	26.6	2.48%
Transmission - 2003 Expansion	1,149,604	32.3	1.80%
Transmission - 2010 Expansion	54,724	33.1	2.25%
Transmission - Big Horn	3,821	22.6	0.52%
Transmission - High Desert	30,086	28.6	1.16%
Transmission - Apex	306,791	33.7	2.34%
Transmission - Compressor Engines	135,336	6.9	9.92%
<b>Total Transmission Plant Onshore</b>	<b>\$ 2,816,009</b>		

Transmission depreciation rates are based on RP17-248-000.

## Reconciliation to Form 2 Pages 204-209:

### Non-depreciable Plant

Land (Apex, Exp 2002, Exp 2003, and Vintage)	\$ 3,160
Recoverable Line Pack (Apex, Exp 2003, Exp 2010, High Desert, and Vintage)	11,282
<b>Total Non-depreciable Plant</b>	<b>\$ 14,442</b>

**Line 92 Col. (g) Total Transmission Plant \$ 2,830,451**

**Schedule Page: 338 Line No.: 8 Column: b**

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Kern River Gas Transmission Company			2018/Q4
FOOTNOTE DATA			

Depreciation basis for transmission plant as of December 31, 2018 in thousands.

<b>General Plant</b>	<b>Plant as of 12/31/2018</b>	<b>Depreciable Life</b>	<b>Rate</b>
General Plant - Office Furniture & Equipment	1,680	15.0	6.67%
General Plant - Computers (PCs & Laptops)	453	3.0	33.33%
General Plant - Other Computer Equipment	1,369	5.0	20.00%
General Plant - Vehicles	1,057	5.6	18.00%
General Plant - Communications	1,255	10.0	10.00%
General Plant - Other	9,549	25.0	4.00%
<b>Total General Plant</b>	<b>\$ 15,363</b>		

General plant depreciation rates are based on RP04-274.

**Schedule Page: 338 Line No.: 9 Column: b**

Depreciation basis for transmission plant as of December 31, 2018 in thousands.

<b>Intangible Plant</b>	<b>Plant as of 12/31/2018</b>	<b>Average Remaining Life</b>	<b>Rate</b>
<b>Contributions in Aid of Construction</b>			
Vintage	\$ 8,426	47.3	1.15%
2003 Expansion	6,566	31.5	1.80%
2010 Expansion	6,149	35.7	2.25%
High Desert	630	25.5	1.16%
<b>Total Contributions in Aid of Construction</b>	<b>\$ 21,771</b>		
<b>Other Intangible</b>			
Software	\$ 6,605	5.0	20.00%
Leasehold Improvements	1,027	15.0	6.67%
<b>Total Other Intangible</b>	<b>\$ 7,632</b>		
<b>Total Intangible Plant</b>	<b>\$ 29,403</b>		

CIAC depreciation rates are based on RP17-248-000.

Other intangible depreciation rates are based on RP04-274.



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Kern River Gas Transmission Company			2018/Q4
FOOTNOTE DATA			

**Schedule Page: 354    Line No.: 75    Column: b**

The \$27,483 pertains to the following:

Customer requested feasibility study and preliminary engineering review (Account 182.3)	\$	(27,483)
	\$	(27,483)

Name of Respondent Kern River Gas Transmission Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2018/Q4
FOOTNOTE DATA			

**Schedule Page: 358 Line No.: 7 Column: c**

Accounts charged or credited for MEC: 242, 408.1, 426.1, 426.4, 426.5 and 923.

**Schedule Page: 358 Line No.: 8 Column: c**

Accounts charged or credited for BHE: 165, 408.1, 421, 426.1, 426.4, 426.5, 923, 924 and 925

**Schedule Page: 358 Line No.: 11 Column: a**

Amounts which are chargeable from another affiliate are assigned first by coding to the specific affiliate. These charges were based on actual labor, benefits and operational costs incurred. Amounts not directly assignable to an individual affiliate, such as work performed where multiple affiliates benefit, are assigned on the basis of allocations from Berkshire Hathaway Energy Company, MHC Inc., and MidAmerican Energy Company, as described below:

Allocator	Description
Labor and Assets	An equal weighting of each company's labor and assets expressed as a percentage of the whole ((labor % + assets %) / 2) determines the portion assigned to each company. Labor is 12 months ended through December of the prior year. Assets are total assets at December 31 of the prior year. Eight combinations of this allocator are used for allocating services that benefit different companies within the holding company organization.
Legislative and Regulatory	The Legislative and Regulatory allocator is used to allocate costs incurred by the holding company's Legislative & Regulatory groups. The Legislative & Regulatory groups work on a variety of legislative and regulatory subject matter for select groups of companies within the holding company organization. The Legislative & Regulatory allocation percentages are based on the Legislative & Regulatory groups' estimation of the time and resources that are being spent on these selected companies.
Information Technology Infrastructure	Allocates costs related to shared information technology infrastructure owned by the affiliate to other benefited affiliates based on an aggregation of various measures of usage of such infrastructure including storage capacity utilized, number of servers utilized, server processing times, etc.
Employee Count	This allocator distributes costs to benefited affiliates based on employee counts at such affiliates as of the prior year end.
Oracle Users	This allocator distributes costs of Oracle software and services based on the number of employees within each affiliate using such software and services.
Processes	This allocator distributes costs of electronic data interchange software and services based on the number of employees within each affiliate using such software or services.
Plant	This allocator distributes costs of managing the corporate insurance function based on assets for each affiliate.

**Schedule Page: 358 Line No.: 22 Column: c**

Accounts charged or credited for NVE: 408.1, 495, 853, 920, 921 and 926.

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Kern River Gas Transmission Company			2018/Q4
FOOTNOTE DATA			

**Schedule Page: 508 Line No.: 4 Column: a**

No operation of the Anschutz compressor station was required in 2018 to meet system demand. Respondent retains the compressor station in ready for service status in anticipation that operating conditions may change that would require placing the station on line to meet the certificated capacity of the pipeline system. All compressor fuel consumed in 2018 was to maintain the ready for service status.

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Kern River Gas Transmission Company			2018/Q4
FOOTNOTE DATA			

**Schedule Page: 514 Line No.: 11 Column: a**

The Respondent's ownership percentage is 75% of these California facilities with the remaining 25% owned by Mojave Pipeline Company.

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Kern River Gas Transmission Company			
FOOTNOTE DATA			

**Schedule Page: 520 Line No.: 5 Column: c**

Line 5 page 520	822,341,078
Line 10 page 520	24,750
Line 5 page 520a	25,274,214
Line 10, column J on page 305	847,640,042

The Respondent bills on net scheduled receipt quantities; therefore, it is necessary to include shipper imbalances with gross scheduled quantities to match the billable quantity booked to Account 489.2.

**Schedule Page: 520.1 Line No.: 5 Column: c**

Quantity equals lines 3 and 4 of column J on page 305.

**Schedule Page: 520 Line No.: 9 Column: c**

Exchanged gas received from others represents operational balancing agreement imbalances which are the difference between actual receipts and scheduled receipts.

Page 520 is completed after measurement and scheduling quantities are reconciled and finalized, whereas page 328 is completed before measurement and scheduling quantities are finalized, which resulted in a difference of 64,805 Dth between Page 520 and page 328.

**Schedule Page: 520.1 Line No.: 9 Column: c**

Exchanged gas received from others represents operational balancing agreement imbalances which are the difference between actual receipts and scheduled receipts.

Page 520 is completed after measurement and scheduling quantities are reconciled and finalized, whereas page 328 is completed before measurement and scheduling quantities are finalized, which resulted in a difference of 64,805 Dth between Page 520 and page 328.

**Schedule Page: 520 Line No.: 10 Column: c**

Gas received as imbalances represents transportation service agreement imbalances which are the difference between scheduled deliveries and net scheduled receipts.

Page 520 is completed after measurement and scheduling quantities are reconciled and finalized, whereas page 328 is completed before measurement and scheduling quantities are finalized, which resulted in a difference of 64,805 Dth between Page 520 and page 328.

**Schedule Page: 520 Line No.: 15 Column: c**

Line pack activity

**Schedule Page: 520 Line No.: 24 Column: c**

Exchange gas delivered to others represents operational balancing agreement imbalances which are the difference between actual deliveries and scheduled deliveries. This quantity is comprised of the delivery operational balancing agreement imbalance of (88,340) Dth, the Mojave Pipeline Operating Company (MPOC) imbalance of 153,145 Dth for a total of 64,805 Dth. The MPOC imbalance is excluded from page 328.

Page 520 is completed after measurement and scheduling quantities are reconciled and finalized, whereas page 328 is completed before measurement and scheduling quantities are finalized, which resulted in a difference of 64,805 Dth between Page 520 and page 328.

**Schedule Page: 520.1 Line No.: 24 Column: c**

Gas received as imbalances represents transportation service agreement imbalances which are the difference between scheduled deliveries and net scheduled receipts.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Kern River Gas Transmission Company			2018/Q4
FOOTNOTE DATA			

Page 520 is completed after measurement and scheduling quantities are reconciled and finalized, whereas page 328 is completed before measurement and scheduling quantities are finalized, which resulted in a difference of 64,805 Dth between Page 520 and page 328.

<b>Schedule Page: 520    Line No.: 29    Column: c</b>
Line pack activity

<b>Schedule Page: 520.1    Line No.: 29    Column: c</b>
Line pack activity