

RATE SCHEDULE FT-1
FIRM TRANSPORTATION SERVICE
(Continued)

11. RESERVATION CHARGE ADJUSTMENTS (Continued)

For capacity release transactions, the reservation charge adjustment applicable to the Replacement Shipper shall be computed by multiplying the quantity that Paiute so failed to transport or accept for scheduling on such Day by the daily reservation charge payable by the Releasing Shipper or the daily reservation charge payable by the Replacement Shipper, whichever is less, multiplied by the Daily Reservation Charge Equity and Tax Component expressed as a percentage of the Daily Reservation Charge set forth on Sheet No. 10 of this tariff. If the Replacement Shipper is paying a volumetric rate, no reservation charge adjustment will be provided.

- 11.3 On a Day for which Paiute gives advance notice of a non-force majeure capacity limitation and it is unable to schedule all gas nominated by Shipper for that Day, Paiute will calculate a reservation charge adjustment for such Shipper. The reservation charge adjustment shall be calculated as the lesser of (i) Shipper's applicable Daily Reserved Capacity; (ii) the average of Shipper's previous seven days' daily primary firm quantities transported that occurred immediately prior to the service interruption; or (iii) such quantity as Shipper has nominated for that Day; minus the quantity scheduled for that Day, which difference, if positive, will be multiplied by the daily reservation charge set forth on Sheet No. 10 of this tariff. If Paiute's notice of non-force majeure capacity limitation is not provided until after the Timely Nomination Cycle then the seven day average criteria in (ii) above will not apply. Daily reservation charge adjustments are not applicable to any transportation quantities in (i), (ii), or (iii) above that utilized a Secondary Receipt Point or Secondary Delivery Location.

On Days when Shipper's nominations are curtailed in the Timely Nomination Cycle and, as a result, Shipper nominates volumes on another pipeline, Shipper will not be required to re-nominate quantities that have been determined to be restricted in a nomination cycle after the Timely Nomination Cycle to receive its applicable reservation charge adjustment for that Day.