

GENERAL TERMS AND CONDITIONS
(Continued)

5. OVERRUN AND UNDERRUN, BALANCING AND PENALTY PAYMENTS (Continued)

5.1 Daily Contract Entitlement Overrun: (Continued)

- (3) Should Paiute collect any charges related to Unauthorized Overrun Gas, Paiute shall first retain an amount equal to the quantity of Unauthorized Overrun Gas times the maximum Usage Charge applicable to Rate Schedule IT-1 of this tariff to reflect the service provided, and then shall credit the residual amounts to all applicable Shippers in accordance with the provisions of Section 5.4(c).

5.2 Restricted Entitlement Events:

(a) Restricted Delivery--Paiute System

- (1) Applicability: This section applies to both firm and interruptible transportation service under Rate Schedules FT-1 and IT-1 when Paiute initiates general system entitlement restrictions to alleviate operating conditions or events which threaten or could threaten the safe operation or integrity of Paiute's system. Conditions or events that may trigger the imposition of restricted entitlements include, but are not limited to, unscheduled interruptions or curtailments of service, force majeure events on Paiute's system and/or the systems of upstream pipelines (such as pipeline, compressor, or storage facility failures), excess linepack drafting or packing, and unexpected extreme weather conditions. An explicit operational flow order (OFO) statement (verbal or written) by Paiute is required to activate this section. The OFO may be issued at any time during the Gas Day, using the procedures set forth in Section 4.6 of the General Terms and Conditions, and will be effective immediately unless otherwise specified. The OFO may be issued for either overrun or underrun situations and may be applicable to all Shippers or to individual Shippers taking more or less gas from the system than the quantities scheduled for delivery to such Shippers. Paiute shall specify in the OFO statement whether the entitlement event is an overrun or underrun entitlement.