

GENERAL TERMS AND CONDITIONS  
(Continued)

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

5.3 Balancing: (Continued)

(3) If the total quantities delivered by Paiute to a Receiving Party during the month have created a cumulative imbalance such that cumulative delivered quantities are less than ninety-five percent (95%) or greater than one hundred five percent (105%) of the total of the cumulative daily quantities scheduled by Paiute for delivery to the Receiving Party under Paiute's Rate Schedules FT-1 and IT-1 at the end of that month, the following shall apply:

a. Any Receiving Party whose cumulative monthly imbalance falls outside a tolerance range of plus or minus five percent (5%) of the sum of the daily scheduled quantities for delivery to Receiving Party's Delivery Location(s) at the end of the month shall be notified by Paiute. Receiving Party shall have forty-five (45) days after notification by Paiute to reduce its cumulative imbalance to a level that is within such acceptable tolerance range. The makeup of imbalance gas in the forty-five (45) day period shall include any further monthly cumulative imbalance quantities incurred after the notification to Receiving Party through the forty-fifth (45th) day.

b. In the event the Receiving Party fails to reduce its cumulative imbalance as prescribed pursuant to Section 5.3(c)(3)a. above, Receiving Party shall be assessed a penalty equal to \$10.00 per Dth of any remaining imbalance that is greater than the five percent (5%) tolerance.

(d) Paiute shall waive any penalty payments that may otherwise be due pursuant to this Section 5.3 for any imbalance caused by an event of force majeure, as defined in Section 6.1 of the General Terms and Conditions of this tariff, occurring on Paiute's system and which interferes with the receipt or delivery by Paiute of Shipper's gas. In addition, Paiute will waive any such penalty payments otherwise due from interruptible shippers and capacity release Replacement Shippers whose scheduled gas is bumped during a non-critical period, for the day of the bump.