

GENERAL TERMS AND CONDITIONS
(Continued)

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

5.4 General Provisions: (Continued)

- (b) Unauthorized Daily Overrun charges and Scheduling Overrun, Scheduling Underrun and balancing penalties will be assessed in addition to all otherwise applicable charges under Rate Schedules FT-1, IT-1, LGS-1 and LGS-2. In the event that more than one of the charges or penalties specified in Sections 5.1, 5.2 and 5.3(c) of the General Terms and Conditions are applicable to the same volume of gas, Paiute shall assess only one charge or penalty, which shall be the highest of such applicable charges or penalties, upon such gas. No imbalance penalty should be imposed when a prior period adjustment applied to the current period causes or increases a current monthly penalty. [NAESB WGQ 2.3.31]

- (c) One hundred percent (100%) of all net penalty revenues received by Paiute pursuant to Sections 5.1(c), 5.2(a), and 5.3(c)(3) of the General Terms and Conditions of this tariff will be credited to Shippers receiving service under Rate Schedules FT-1 and IT-1. Paiute shall first net against such penalty revenue any amounts that (1) it must pay to an upstream pipeline for penalties assessed to Paiute arising from a restricted entitlement or cumulative imbalance period as described in Sections 5.2(b) and 5.3(c)(1), where Paiute would have collected penalties under Section 5.2(b) and/or 5.3(c)(1) but for the application of Section 5.4(b), and (2) represent transportation service revenues to Paiute in accordance with the provisions of Section 5.1(c)(3). The credits will be allocated pro rata based on the total revenues received from each Shipper under Rate Schedules FT-1 and IT-1 during the calendar year, excluding revenues from ACA surcharges, compared to the total revenues received from all Shippers under Rate Schedules FT-1 and IT-1 during the calendar year, excluding revenues from ACA surcharges. Penalty revenue credits will be allocated only to those Shippers that were not assessed penalties on the day(s) for which such penalty revenues are to be credited. Penalty revenue credits will be reflected as a credit billing adjustment to each billing for March services for credits accrued during the prior calendar year.