

RATE SCHEDULE FT-1
FIRM TRANSPORTATION SERVICE
(Continued)

6. FACILITY ADDITIONS (Continued)

- (a) Determination of the initial cost of service shall be consistent with the principles underlying Paiute's currently effective firm transportation rates at the time Paiute and Shipper execute an agreement for the construction of the facilities. The cost of service shall be revised to reflect updated cost factors associated with any general rate change implemented by Paiute. The revised cost of service shall be effective coincident with the date that Paiute's new general firm transportation service rates become effective.
 - (b) Shipper may elect at any time to cease paying the cost of service surcharge under this Section 6.2 by paying Paiute for the then remaining net book value of the facilities, including any gross-up for applicable state and federal income taxes.
 - (c) If Shipper elects to pay a cost of service surcharge and subsequently ceases to be a Rate Schedule FT-1 Shipper (unless its obligations hereunder have been assumed by a replacement shipper), Shipper will pay Paiute for the then remaining net book value of the facilities, including any gross-up for applicable state and federal income taxes, within 30 days after Paiute submits an invoice to Shipper.
 - (d) Paiute may waive from time to time, at its discretion, all or a portion of the facility cost reimbursement requirement set forth in this Section 6 if Shipper provides Paiute adequate assurance of transportation revenue to make the construction of facilities economical to Paiute, in Paiute's sole, good faith judgment. All requests for waiver shall be handled by Paiute in a manner which is not unduly discriminatory.
- 6.3 Paiute will not construct facilities hereunder which will compromise the operational integrity of Paiute's pipeline system or adversely affect its ability to meet its existing firm service obligations. Paiute will own and operate all facilities constructed hereunder.
- 6.4 Unless otherwise agreed to in writing, Paiute will only be responsible for the operation and maintenance of its own properties and facilities and will not be responsible for the operation and maintenance of any other properties or facilities connected in any way with the transportation of natural gas.