

GENERAL TERMS AND CONDITIONS
(Continued)

4. OPERATING PROCEDURES (Continued)

4.2 Scheduling of Gas Receipts and Deliveries: (Continued)

such prior months. Paiute shall have the right to adjust the percentage to reflect the actual quantity of system-wide Gas Used by Paiute, so as not to create an imbalance on Paiute's system.

For quantities transported from the Jade Flats Receipt Point to Delivery Location 8 - Adobe, Paiute shall establish a stand-alone percentage based on prior months' lost and unaccounted for quantities, as adjusted for any over- or under-retention of such quantities of Shippers' gas which occurred during such prior months. Paiute shall have the right to adjust the percentage to reflect the quantity of lost and unaccounted for gas, so as not to create an imbalance.

In the interests of minimizing any volatility in the monthly percentages of system-wide Gas Used by Paiute and providing some degree of predictability for Shippers' gas acquisition planning purposes, Paiute will use the following parameters in establishing the monthly percentages of system-wide Gas Used by Paiute. For the months of October through March, inclusive, the average of the six monthly percentages of system-wide Gas Used by Paiute shall be no less than 0.8% and no greater than 2.4%; for the months of April through September, inclusive, the average of the six monthly percentages of system-wide Gas Used by Paiute shall be no less than 0.65% and no greater than 1.95%; provided, however, that the average of the six monthly percentages of system-wide Gas Used by Paiute may deviate from the above-prescribed seasonal ranges if (1) Paiute deems it necessary in order to avoid exacerbating its over- or under-retention of system-wide Gas Used by Paiute or an imbalance between Paiute's system and an upstream pipeline system, and (2) Paiute first confers with its affected firm Shippers and explains in detail the reasons for such deviation. In no event will the system-wide percentage for any month exceed 3.0%.

- (2) On or before October 25 of each year, Paiute will provide to each firm Shipper a report presenting the following information for each of the prior twelve (12) calendar months: