

GENERAL TERMS AND CONDITIONS
(Continued)

16. PREGRANTED ABANDONMENT AND RIGHT-OF-FIRST-REFUSAL (Continued)

16.2 Right-of-First-Refusal: (Continued)

- (5) Paiute will notify the existing Shipper if no acceptable bids were received for all or a portion of the contract entitlement quantity. Following such notification, the existing Shipper and Paiute will have twenty (20) Business Days in which to mutually agree to an acceptable new firm Service Agreement for any portion of the contract entitlement quantity for which no acceptable bids were received. The existing Shipper will be entitled to firm service under a new Service Agreement upon the termination of its expiring agreement, if Shipper agrees to pay the applicable maximum tariff rate for all or a portion of the contract entitlement quantity for which no acceptable bid was received. However, to retain a right-of-first-refusal, Shipper must agree to a new Service Agreement for such capacity at the applicable maximum tariff rate for a term of at least one year. If Shipper and Paiute fail to reach a mutually acceptable agreement within the twenty (20) Business Day period, Shipper's right-of-first-refusal will terminate, and Paiute will post the capacity on its Internet website as unsubscribed capacity in accordance with Section 7.1(b) of the General Terms and Conditions.

16.3 Extension of Existing Firm Service Agreements

- (a) Paiute and Shipper may mutually agree to the early termination of one or more existing firm Service Agreements in exchange for Shipper's extension of the use of all or part of the underlying capacity under new terms. To the extent that Paiute and Shipper have mutually agreed to such an arrangement, Shipper need not participate in a competitive bid process for the extension, nor must the underlying capacity be posted on Paiute's Internet website as unsubscribed available capacity prior to the extension.

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16.3 Extension of Existing Firm Service Agreements (Continued)

- (b) Prior to the expiration of the term of an existing firm Service Agreement, Paiute and Shipper may mutually agree to an extension of the term of the Service Agreement with respect to all or part of the underlying capacity (the exact terms of which are to be negotiated on a case-by-case basis in a not unduly discriminatory manner). If an existing firm Service Agreement is subject to a right-of-first-refusal under Section 16.2 of the General Terms and Conditions, the mutual agreement of the parties to extend the existing Service Agreement must be reached prior to the receipt by Paiute of an acceptable bid submitted pursuant to the right-of-first-refusal procedures described in Section 16.2.