

GENERAL TERMS AND CONDITIONS  
(Continued)

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

5.2 Restricted Entitlement Events: (Continued)

d. All Scheduling Overrun or Scheduling Underrun penalties shall accrue to the Receiving Party at the Delivery Points where gas is delivered. The total of all volumes scheduled to the Receiving Party's Delivery Points shall be compared with the total volumes taken from Paiute at such points to determine the quantity of Scheduling Overrun or Scheduling Underrun gas applicable to the Receiving Party in a., b., and c. above.

(b) Restricted Entitlements by Upstream Pipelines

- (1) Applicability: This section applies to both firm and interruptible transportation service when an upstream pipeline has invoked a Declared Entitlement Period or similar tariff provisions limiting overrun or underrun quantities, and Paiute, as the receiving party, has incurred or may incur penalties from such upstream pipeline. Upon notice from the upstream pipeline of such invocation, Paiute will notify each Shipper, using the OFO procedures set forth in Section 4.6 of the General Terms and Conditions, that a Declared or Restricted Entitlement Period exists, and shall specify each period as either an overrun or an underrun entitlement such that only one penalty condition may exist at one time.
- (2) For each day of an overrun entitlement period, any quantity taken by Shipper in excess of its Daily Scheduled Quantity, as defined in Section 4.3(a) of the General Terms and Conditions, shall constitute a Scheduling Overrun, and shall be subject to a penalty, but only in the event that Paiute has been assessed penalties by the upstream pipeline for the Declared or Restricted Entitlement Period. In such event, Paiute shall recover from its Shippers an amount of penalty revenues equal to the amount that Paiute has been assessed by the upstream pipeline. Paiute shall allocate such penalty amount among