

GENERAL TERMS AND CONDITIONS
(Continued)

4. OPERATING PROCEDURES (Continued)

4.7 Operating Procedures for Rate Schedules LGS-1 and LGS-2 Service:
(Continued)

- (2) Paiute's LNG Plant was designed as a peaking facility to be used in vaporization mode during the Winter Period. During the Summer Period, the LNG Plant is designed to be in a continuous liquefaction mode for extended periods of time. It is inefficient to switch back and forth between liquefaction and vaporization, therefore, the LNG Plant will not be used to accommodate imbalances in transportation quantities. Shippers may nominate to schedule vaporization during the Summer Period, but only on an emergency basis. Paiute, at its sole discretion, will determine if a Nomination for vaporization during the Summer Period can be scheduled, based on the operational status of the LNG Plant, the time that would be required to place the LNG Plant into vaporization mode, and whether vaporization would otherwise adversely affect LNG Plant operations or Paiute's service obligations. Nothing in this subparagraph shall limit in any manner Shipper's right to tender LNG for receipt into storage at the LNG truck unloading facility subject to Section 4.7(b) hereof.
- (3) Shipper is solely responsible for scheduling the daily use of the service provided under Rate Schedules LGS-1 and LGS-2 within the parameters outlined in Sections 4.7(d)(1) and 4.7(d)(2) hereof. On any day when Paiute cannot accept all of the Nominations for service under Rate Schedules LGS-1 and LGS-2, service shall be provided first on a pro rata basis to LGS-1 Nominations in proportion to the ratio of the Shipper's Nominations to the total of the Nominations of all LGS-1 Shippers nominating, then on a pro rata basis to LGS-2 Nominations in proportion to the ratio of the Shipper's Nominations to the total of the Nominations of all LGS-2 Shippers nominating.
- (4) Paiute shall have the right to adjust Shipper's scheduling of vaporization and delivery of gas from the LNG Plant to reflect the withdrawal of Shipper's inventory pursuant to Section 4.7(c)(4) hereof. Paiute shall notify Shipper of any adjustment as soon as practical.