

GENERAL TERMS AND CONDITIONS  
(Continued)

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

5.3 Balancing: (Continued)

Imbalances shall accrue to the Receiving Party for the Delivery Points where gas is delivered. For each Gas Day, the total quantities of gas scheduled to the Receiving Party's Delivery Location(s) shall be compared with the total quantities of gas taken from Paiute at the Receiving Party's associated Delivery Points to determine a single imbalance quantity for that Gas Day applicable to the Receiving Party. For purposes of determining imbalance quantities, the quantities of gas scheduled on any Gas Day for Shippers who are not Receiving Parties will be deemed to have been delivered on that Gas Day. Each Receiving Party shall be subject to penalty payments as set forth below for any cumulative imbalances between quantities scheduled and amounts taken from Paiute at such Receiving Party's Delivery Point(s) that are outside the imbalance tolerance ranges set forth in Section 5.3(c). For administering and resolving imbalances at the respective Delivery Point(s) each Receiving Party must either (a) have at least one transportation Service Agreement with Paiute, or (b) designate a Service Agreement held by a Shipper for resolving imbalances as may be required.

A Receiving Party shall eliminate any cumulative imbalance between amounts scheduled and amounts actually taken from Paiute at such Receiving Party's Delivery Point(s) within sixty (60) days after its designated Service Agreement is terminated.

- (b) Responsibility of Receiving Party: It is the responsibility of each Receiving Party to control, and if necessary, adjust amounts scheduled for receipt by Paiute at the Receipt Point(s) and amounts taken at Receiving Party's Delivery Point(s) in order to maintain a daily balance between the two quantities. Paiute shall not be obligated to receive or deliver gas in excess of the quantities scheduled for transportation to Receiving Party's Delivery Location(s). Paiute will monitor, to the best of its ability, amounts