

GENERAL TERMS AND CONDITIONS  
(Continued)

7. PROCEDURES FOR OBTAINING SERVICE (Continued)

7.4 Creditworthiness of Shipper or Persons Requesting Service

(a) Criteria for Creditworthiness Determination

- (1) Acceptance of a Shipper's request for service and the continuation of service are contingent upon the Shipper satisfying, both initially at the time of any service request and on an ongoing basis, a credit appraisal by Paiute. Paiute may require a higher level of credit demonstration (which would be described in the Service Agreement) for requests for service that require the construction of initial or expansion facilities.
- (2) Paiute shall apply consistent evaluation practices to all similarly situated Shippers to determine the Shipper's financial ability to satisfy the payment obligations due to Paiute over the term of the requested Service Agreement.
- (3) A Shipper will be deemed creditworthy if: (i) its senior unsecured debt securities are rated at least BBB- by Standard & Poor's Corporation ("S&P") or Baa3 by Moody's Investor Service ("Moody's") or Shipper's long-term issuer rating is at least A- by S&P or A3 by Moody's (in the event of multiple agency ratings, the lowest is used), (ii) Shipper's short-term and long-term outlook opinion is Stable or Positive from S&P or Moody's, and (iii) the sum of twelve (12) Months of anticipated charges under a firm or interruptible Service Agreement is less than 10% of Shipper's tangible net worth. In the event Shipper is rated by multiple agencies, the lowest rating shall be used. If the Shipper has multiple Service Agreements with Paiute, then the total of all such Service Agreements shall be considered in determining creditworthiness.
- (4) If Shipper is not rated by S&P or Moody's but has a parent that can satisfy the requirements of Section 7.4(a)(3), then a Shipper may use its parent's credit rating and financial strength if a guarantee acceptable to Paiute is provided.