

GENERAL TERMS AND CONDITIONS
(Continued)

13. SEGMENTATION AND BACKHAUL TRANSPORTATION (Continued)

13.2 Segmentation Without Capacity Release: (Continued)

- (b) A Shipper that wishes to segment its capacity into separate parts for its own use is subject to the same procedures as apply to the temporary capacity release of segmented capacity under Sections 14 and 15 of the General Terms and Conditions hereof, except that the Shipper's segmentation of capacity for its own use will not be biddable. Such transactions will be treated in the same manner as temporary capacity releases, except for the bidding, with the Shipper acting as both the Releasing Shipper and the Replacement Shipper. New Service Agreements will be deemed to be executed with the Shipper for all new segments, as described in the capacity release procedures set forth in Section 14.2(p) of the General Terms and Conditions. Each such agreement created as a result of segmentation will be effective for a specified period of time. Subject to the provisions of Section 13.2(a), each such agreement will identify (1) a Receipt Point and a Delivery Location, with specified maximum daily quantities that may not exceed Shipper's applicable Reserved Capacity for the segment, and (2) whether, and to what extent, the capacity rights at each Receipt Point and Delivery Location are primary or secondary firm in nature. Shipper's service at each Receipt Point or Delivery Location will be primary firm only if (1) that point is designated as a primary point in the new segment transportation contract, and (2) only to the extent capacity is available at the point on a primary basis. To the extent primary firm point capacity is not available, Shipper may obtain secondary firm point rights, which are subject to the scheduling priority provisions set forth in Section 4 of the General Terms and Conditions of this tariff. Shipper will have the right to use any available alternate Receipt Points and Delivery Locations on a secondary firm basis, provided that Shipper's total Nominations for any segment cannot exceed Shipper's applicable Reserved Capacity under its agreement, except as provided in Section 13.2(c) hereof.
- (c) To the extent that Delivery Location capacity is available, Paiute will permit a Shipper to schedule forward hauls up to the lesser of its applicable Reserved Capacity or applicable LCL, and Backhaul Transportation up to its applicable Reserved Capacity, to the same Delivery Location at the same time for segmented capacity.