

GENERAL TERMS AND CONDITIONS
(Continued)

13. SEGMENTATION AND BACKHAUL TRANSPORTATION (Continued)

13.3 Segmentation With Capacity Release:

To the extent operationally feasible, a Shipper from time to time may segment its capacity up to the lesser of its applicable Reserved Capacity or applicable LCL in any segment, and release one or more of such capacity segments to a Replacement Shipper. A Shipper subject to an LCL may nominate transportation quantities in excess of its LCL, up to its applicable Reserved Capacity, on a secondary firm basis.

- (a) For each segment that is released, the Releasing Shipper must identify the primary Receipt Point and primary Delivery Location entitlements that it will retain and the primary Receipt Point and primary Delivery Location entitlements that it will release; provided, however, that a Releasing Shipper may not retain entitlements at a primary Receipt Point or a primary Delivery Location if such point cannot be accessed by the primary capacity pathway rights that it retains. Entitlements at Receipt Points and Delivery Locations that are not primary points in Releasing Shipper's original Service Agreement will be secondary firm, except to the extent that Paiute determines that physical capacity is available at such point(s).
- (b) For each segment that is acquired, the Replacement Shipper must have Receipt Point and Delivery Location entitlements that are no greater than its applicable Reserved Capacity.

Such Replacement Shipper may utilize the primary Receipt Point and/or primary Delivery Location entitlements that are being relinquished by the Releasing Shipper or may select other Receipt Points and/or Delivery Locations, where Replacement Shipper's entitlements will be secondary firm except to the extent that Paiute determines that primary firm capacity is available at such points. Replacement 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 Replacement Shipper's 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.