

GENERAL TERMS AND CONDITIONS  
(Continued)

16. PREGRANTED ABANDONMENT AND RIGHT-OF-FIRST-REFUSAL

16.1 Pregranted Abandonment:

Unless otherwise provided in Shipper's Service Agreement, Paiute shall be entitled to make use of pregranted abandonment under Section 7(b) of the Natural Gas Act for transportation and storage services, as authorized by Section 284.221(d) of the Commission's regulations, upon the expiration of the contractual term or upon termination of each individual service arrangement, unless Shipper exercises a right-of-first-refusal, as provided below.

16.2 Right-of-First-Refusal:

A Shipper under an expiring or terminating firm Service Agreement may avoid pregranted abandonment of service in accordance with the right-of-first-refusal provisions of Section 284.221(d) of the Commission's regulations, provided that (1) the Service Agreement is expiring under its own terms or because Paiute or Shipper has provided termination notice under an evergreen provision, and (2) service is not being provided on an interim basis using capacity reserved for future service under Section 7.1(d) of the General Terms and Conditions. For Shipper to be eligible for a right-of-first-refusal, the expiring or terminating firm Service Agreement must provide for a primary term of twelve (12) months or more and for service at the applicable maximum tariff rate. Such Shipper may continue receiving the contracted service by matching the economic value of competing bid(s) in accordance with the procedures described below; provided, however, that in no event will Shipper be required to match a bid that exceeds the applicable maximum tariff rate for such service.

If Shipper's firm Service Agreement contains an evergreen provision, the provisions of this Section 16 will not apply until one party provides notice of termination. When either Paiute or Shipper elects termination under an evergreen provision, Paiute shall not be obligated to continue Shipper's evergreen rights on a contract extended through the right-of-first-refusal process.

(a) Notice of Intent to Exercise Right-of-First-Refusal:

To avail itself of its right-of-first-refusal, an eligible Shipper must give Paiute written notice of its intent to exercise such right-of-first-refusal not later than (1) the date of commencement of the contract termination notice period