

GENERAL TERMS AND CONDITIONS
(Continued)

14. CAPACITY RELEASE (Continued)

14.2 General Provisions: (Continued)

minimum rate for combination bids shall be evaluated using the formula specified in Section 14.1(m) hereof: The Monthly Rate, when added to the reservation rate bid, shall not be more than nor less than the posted maximum and minimum currently effective reservation rates, respectively. The maximum rate for bids on a reservation rate basis shall be Paiute's maximum currently effective reservation rate. The Releasing Shipper should specify which one of the following methods is acceptable for bidding on a given capacity release offer: (1) non-index-based release - dollars and cents, (2) non-index-based release - percentage of maximum rate, or (3) index-based formula as detailed in the capacity release offer. The bids for the given capacity release offer should adhere to the method specified by the Releasing Shipper. The Bidder may bid the maximum reservation rate, in Paiute's tariff or general terms and conditions, as an alternative to the method specified by the Releasing Shipper, except when the release is index-based for a term of one year or less or utilizes market-based rates. [NAESB WGQ 5.3.26] Notwithstanding the foregoing, a Releasing Shipper may release capacity at a rate that exceeds Paiute's applicable maximum tariff rate for capacity release transactions of one year or less if the release is to take effect on or before one year from the date on which Paiute is notified of the release.

- (g) All bids shall be submitted in amounts which a Replacement Shipper or Prearranged Replacement Shipper agrees to pay to Paiute for the right to demand firm service; such bids shall exclude Paiute's commodity surcharges and usage charges applicable to each service as included in Paiute's rates, which rate components must be paid to Paiute by the successful bidding Replacement Shipper or Prearranged Replacement Shipper in addition to the bid amounts. The Releasing Shipper shall not be responsible for continuing to pay such usage charge and commodity surcharge rate components included in Paiute's rates for the capacity released during the term of each release.