

RATE SCHEDULE FT-1
FIRM TRANSPORTATION SERVICE
(Continued)

2. APPLICABILITY AND CHARACTER OF SERVICE (Continued)

- (b) The transportation of gas up to Shipper's applicable Reserved Capacity through Paiute's system; and
- (c) The delivery by Paiute at the Delivery Point(s) of the thermally equivalent quantity of Shipper's gas received at the Receipt Point(s), less Gas Used by Paiute.

2.2 The service provided under this rate schedule shall be firm up to Shipper's applicable Reserved Capacity. Such service shall not be subject to curtailment, except due to operating conditions or conditions of force majeure on Paiute's system as set forth in Section 4.5 and Section 6.1 of the General Terms and Conditions of this tariff. In the event of such curtailment, Paiute shall provide service as follows:

- (a) Paiute shall provide Shipper with as much advance notice as is practical of any curtailment or interruption of service;
- (b) Shipper's service under this rate schedule shall be curtailed in accordance with Section 4 of the General Terms and Conditions of this tariff; and
- (c) Paiute may, to the extent feasible, and in a manner which is not unduly discriminatory, continue to receive Shipper's gas at the Receipt Point(s) during the period of curtailment, and shall, when feasible, redeliver such gas at the Delivery Point(s). Paiute shall waive any penalty payments that may otherwise be due pursuant to Section 5 of the General Terms and Conditions of this tariff for any imbalance occurring as a result of such curtailment, or that are associated with correction of such imbalance during a subsequent period.

3. RATES

3.1 The rates and charges for service under this schedule shall be set forth in the Statement of Rates, and if, applicable, any charges pursuant to Section 3 of this Rate Schedule. A Shipper's Reservation Charge and applicable Incremental Facilities Surcharges, shown below in subsection 3.2, shall be based on the term-differentiated rate, i.e. Category 1 Rates or Category 2 Rates, applicable to the remaining primary term of the Firm Transportation Agreement. Category 1 rates are applicable to contracts that are either currently in evergreen status or have a remaining primary term of less than 5 years. Category 2 rates are applicable to contracts that have a remaining primary term of at least 5 years.