

PAIUTE
PIPELINE COMPANY

Edward C. McMurtrie, Vice President/General Manager

November 2, 2011

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Dear Ms. Bose:

Re: Paiute Pipeline Company
Docket No. RP12- -000

Pursuant to Section 4 of the Natural Gas Act and Part 154 of the regulations of the Federal Energy Regulatory Commission (Commission), Paiute Pipeline Company (Paiute) hereby tenders for filing and acceptance its entire FERC Gas Tariff, Fourth Revised Volume No. 1-A, which replaces and supersedes Third Revised Volume No. 1-A. Paiute is submitting this filing to (1) update its tariff with respect to various Commission policies and accepted principles and to reflect contemporary industry practices; (2) add, enhance, clarify, improve, update and/or remove various tariff provisions; and (3) make miscellaneous minor "housekeeping" changes. The specific tariff revisions are more fully explained in the accompanying Statement of the Nature, the Reasons and the Basis for the Proposed Changes.

Paiute respectfully requests that the Commission accept the proposed tariff sheets, and proposes an effective date of December 2, 2011. In recent discussions with its shippers concerning this filing, several shippers expressed a desire that the substantial tariff revisions proposed herein not become effective during the winter heating season. Although Paiute is proposing an effective date herein of December 2, 2011, Paiute is willing to defer to its shippers' desire. Paiute therefore requests that the Commission accept the tariff sheets and suspend the effectiveness of the sheets for five months to May 2, 2012. To the extent required, if any, Paiute requests that the Commission grant such waivers as it

may deem necessary to accept and implement the tendered tariff sheets in the manner described herein.¹

In accordance with the Commission's regulations, Paiute submits herewith an eTariff.xml filing package that contains the following:

- (1) Proposed tariff sheets in electronic format, with metadata attached; and
- (2) Clean and marked versions of the proposed tariff sheets in PDF format.

The undersigned hereby certifies that he has read and knows the contents of this filing, and that the matters and facts set forth therein are true to the best of his information, knowledge and belief.

It is respectfully requested that correspondence and orders concerning this filing, as well as communications and pleadings with respect hereto filed by other parties, be served upon the following persons:

* Edward C. McMurtrie
Vice President/General Manager
Paiute Pipeline Company
P.O. Box 94197
Las Vegas, Nevada 89193-4197
Phone: (702) 876-7109
edward.mcmurtrie@swgas.com

* Douglas M. Canter, Esq.
McCarthy, Sweeney & Harkaway
1825 K Street, N.W., #700
Washington, D.C. 20006
Phone: (202) 775-5560
dmcwash@mshpc.com

Mark A. Litwin
Senior Manager/Federal
Regulatory Affairs
Paiute Pipeline Company
P.O. Box 94197
Las Vegas, Nevada 89193-4197
Phone: (702) 364-3195
mark.litwin@swgas.com

Keith A. Layton
Senior Counsel
Paiute Pipeline Company
P.O. Box 94197
Las Vegas, Nevada 89193-4197
Phone: (702) 876-7107
keith.layton@swgas.com

* Designated for receipt of official service.

¹ Specifically, if the Commission deems it necessary, Paiute requests waiver of Section 154.207 of the Commission's regulations.

Kimberly D. Bose
November 2, 2011
Page 3

A copy of this filing is being posted as described in Section 154.2(d) of the Commission's regulations. In addition, the undersigned certifies that copies of this filing are being served upon all of Paiute's customers and interested state regulatory commissions.

Respectfully submitted,

PAIUTE PIPELINE COMPANY

A handwritten signature in black ink that reads "Edward C. McMurtrie". The signature is written in a cursive style with a prominent initial "E".

Edward C. McMurtrie
Vice President/General Manager

PAIUTE PIPELINE COMPANY

Docket No. RP12-____-000

November 2, 2011

Statement of the Nature, the Reasons and the Basis
For the Proposed Changes

The purpose of this filing is to update Paiute's tariff from beginning to end, including the Rate Schedules, General Terms and Conditions (GT&C), and Forms of Service Agreements. Paiute has engaged in an extensive effort to review its tariff and identify provisions that are in need of improvement. In some areas the existing tariff provisions have become antiquated and do not reflect the evolution of Commission-accepted principles or pipeline industry business practices. In other areas existing tariff provisions have needed to be improved or clarified, for example, to more specifically define or describe procedures that Paiute has long employed in administering its system, or to remove procedures that have long been specified in the tariff but which have not been utilized by Paiute or its shippers. Accordingly, Paiute is submitting this filing to: (1) update its tariff with respect to various Commission policies and accepted principles and to reflect contemporary industry business practices; (2) add, enhance, clarify, improve, update and/or remove various tariff provisions; and (3) make miscellaneous minor "housekeeping" changes.

The filing includes clean and redline versions of the proposed tariff sheets. The redline sheets show the proposed changes from Third Revised Volume No. 1-A to Fourth Revised Volume No. 1-A. Paiute notes that only modifications to the tariff are shown in redline. Tariff language that has not been modified but merely moved from one sheet to another generally does not appear in redline.

The following sets forth a section-by-section description and explanation of the proposed changes:

TITLE PAGE

Adds Paiute's website address to Title Page.

SYSTEM MAP (Sheet No. 4)

Updated to add new interconnection with Ruby Pipeline LLC (Ruby) to map.

RATE SCHEDULE FT-1

Section 1 - Availability

Adds more specific language to the conditions governing the availability of service under Rate Schedule FT-1. The new language references newly revised provisions addressing procedures for obtaining service (GT&C Section 7) and the circumstances under which Paiute will construct facilities to provide service (Rate Schedule FT-1, Section 6); clarifies that Paiute will not be obligated to construct facilities in order to provide service; and clarifies that Shipper has a responsibility to assure that its facilities upstream or downstream of Paiute's facilities comply with government requirements.

Section 3 - Rates

Section 3.1 has been revised to (1) remove the outdated language regarding the filing of reports of discounted rates, and (2) add language clarifying that the provision of a discounted rate will not constitute a material deviation from Paiute's form of service agreement.

Section 6 - Facility Additions

Replaces existing language regarding the addition of facilities by Paiute in connection with the provision of service under Rate Schedule FT-1 with entirely new language. Consistent with established Commission policy, the new provision provides the ability for Paiute and a shipper to negotiate among several options for the assurance of payment by the shipper of the costs for new receipt or delivery facilities. The options will provide Paiute and shippers with the flexibility to negotiate mutually agreeable arrangements that will better enable Paiute to add new loads to its system, which in turn should benefit Paiute's other shippers. The provision does not apply to mainline transportation facilities.

Section 6.1 - Adds language defining the term "facilities" to include laterals and receipt and delivery point equipment. Facilities do not include mainline compression, mainline

looping or replacement, or any facilities that increase mainline capacity.

Section 6.2 - Adds language allowing for construction of new "facilities" under mutually agreeable terms. Shipper can pay all of the costs, including applicable tax gross-ups, or Paiute can incur the cost of installing the facilities and shipper can pay, in addition to the Rate Schedule FT-1 rate, a prorated cost of service surcharge, based on reserved capacity. Shipper can cease paying the cost of service surcharge at any time by paying Paiute the remaining net book value of the facilities, including applicable tax gross-ups. Paiute may waive the facility cost reimbursement requirement if Shipper provides Paiute adequate assurance of transportation revenue to make the construction of facilities economical to Paiute.

Section 9 - Filing Fees

Removes outdated language.

Section 11 - Reservation Charge Adjustments

This section has been revised to comport with the Commission's recently enunciated policy in *Natural Gas Supply Association, et al.*, Docket No. RP11-1538, and *Southern Natural Gas Co.*, Docket No. RP11-60.

In addition, language has been added quantifying the appropriate reservation charge adjustments applicable to capacity release volumes and segmented transportation transactions. Reservation charge adjustments under segmentation will not exceed the reservation charge adjustment had there been no segmentation.

RATE SCHEDULE IT-1

Section 1 - Availability

Adds more specific language to the conditions governing the availability of service under Rate Schedule IT-1. The new language references newly revised provisions addressing procedures for obtaining service (GT&C Section 7) and the circumstances under which Paiute will construct facilities to provide service (Rate Schedule IT-1, Section 5); and clarifies that Paiute will not be obligated to construct facilities in order to provide service.

Section 3 - Rates

Section 3.1 has been revised to (1) remove the outdated language regarding the filing of reports of discounted rates, and (2) add language clarifying that the provision of a discounted rate will not constitute a material deviation from Paiute's form of service agreement.

Section 5 - Facility Additions

Replaces existing language regarding the addition of facilities by Paiute in connection with the provision of service under Rate Schedule IT-1 with entirely new language. The provision does not apply to mainline transportation facilities.

Section 5.1 - Adds language defining the term "facilities" to include laterals and receipt and delivery point equipment. Facilities do not include mainline compression, mainline looping or replacement, or any facilities that increase mainline capacity.

Section 5.2 - Adds language stating that Paiute is not obligated to install additional facilities. Paiute will install facilities if Shipper pays all of the costs, including applicable tax gross-ups. Paiute may waive the facility cost reimbursement requirement if Shipper provides Paiute adequate assurance of transportation revenue to make the construction of facilities economical to Paiute.

Section 8 - Filing Fees

Removes outdated language.

RATE SCHEDULE LGS-1

Section 1 - Availability

Adds a condition that references the newly revised provisions addressing procedures for obtaining service in GT&C Section 7.

Section 2 - Applicability and Character of Service

Section 2.3 - This section, which governs the release of firm storage capacity entitlements, is being moved to GT&C Section 14.2(a)(1).

Section 3 - Rates

Section 3.1 has been revised to (1) remove the outdated language regarding the filing of reports of discounted rates, and (2) add language clarifying that the provision of a discounted rate will not constitute a material deviation from Paiute's form of service agreement.

Section 5 - Gas Used by Paiute

Section 5.3 has been added to clarify that on days when the LNG Plant is in standby mode, the fuel consumed in the plant's operations will be deducted from daily boil-off quantities.

Section 7 - Boil-Off Gas

Section 7 has been revised to clarify that on days when the LNG Plant is in standby mode, boil-off quantities will be allocated net of fuel consumed at the LNG Plant.

Section 9 - Filing Fees

Removes outdated language.

RATE SCHEDULE LGS-2

Section 1 - Availability

Adds a condition that references the newly revised provisions addressing procedures for obtaining service in GT&C Section 7.

Section 3 - Rates

Section 3.1 has been revised to (1) remove the outdated language regarding the filing of reports of discounted rates, and (2) add language clarifying that the provision of a discounted rate will not constitute a material deviation from Paiute's form of service agreement.

Section 5 - Gas Used by Paiute

Section 5.3 has been added to clarify that on days when the LNG Plant is in standby mode, the fuel consumed in the plant's operations will be deducted from daily boil-off quantities.

Section 7 - Boil-Off Gas

Section 7 has been revised to clarify that on days when the LNG Plant is in standby mode, boil-off quantities will be allocated net of fuel consumed at the LNG Plant.

Section 9 - Filing Fees

Removes outdated language.

Section 10 - General Terms and Conditions

Removes language no longer applicable to the rate schedule.

GENERAL TERMS & CONDITIONS

Section 1 - Definitions

This section has been updated to reflect the definition of terms that have current significance on the Paiute system and in the tariff. Several terms have been added that require definition within the context of the tariff, such as definitions of Delivery Point, Delivery Location, Primary, and Secondary. The definition of Receipt Point has been revised to add the Opal Valley Receipt Point, which is the new interconnection with Ruby. Terms that no longer have significance on the Paiute system have been removed. Most of these terms pertain to the "curtailment plan" provisions that are being removed from the current Section 4.6 of the GT&C, which is now proposed to be Section 4.5. See the discussion of Section 4.5 below.

Section 2 - Gas Measurement and Measuring Equipment

Section 2.1 - This section has been updated to (1) add language describing measured volumes and related calculations; (2) add additional descriptive language related to measurement equipment, atmospheric pressure, flowing temperature, and heating value and specific gravity; (3) add language to clarify that Shipper or Receiving Party can add equipment or facilities downstream of a delivery point, at its own expense, on its own facilities, provided that such facilities do not interfere with the operation of Paiute's facilities; (4) add language governing the retesting of equipment recently tested; and (5) add language addressing compressibility and supercompressibility. Also removed certain NAESB standard allocation language which is now incorporated by reference in Section 18.

Section 3 - Quality

Section 3.1 - Adds clarifying language to the subsection addressing dust, gums, and other impurities. Inserts new subsections to address toxic or hazardous substances, and bacteria or microbiological organisms.

Section 3.2 - Adds clarifying language to the subsection addressing impurities. Adds language to clarify Paiute's legal obligations related to the delivery of odorized gas, maintaining levels of odorant in delivered gas, and the provision of any warnings concerning the delivered gas.

Section 4 - Operating Procedures

Section 4.2 of the GT&C, which governs the scheduling of gas receipts and deliveries on the Paiute system, has been revised to define more specifically in the tariff the procedure that Paiute employs for the daily nomination and scheduling process, and to make the tariff provisions more readable. Paiute requires its shippers to nominate transportation service from a receipt point to a "Delivery Location." The term "Delivery Location" is defined in new Section 1.9 of the GT&C as "any of several specific geographic areas served by Paiute's system in which certain Delivery Points are aggregated for purposes of nominating, scheduling, and allocating transportation capacity on a daily basis." In updating its tariff in this filing, Paiute is adding language to describe this specific aspect of the nomination and scheduling process. In addition, in order to make Section 4.2 more readable, Paiute has removed significant passages of NAESB standard language previously incorporated verbatim into the tariff, and instead has now incorporated such standards by reference in Section 18 of the GT&C.

Section 4.2(a)(2) - Adds language describing the nominating and scheduling of gas from receipt points to Delivery Locations. Adds language to clarify that the quantity of gas Paiute will schedule for Shipper will be limited to the lowest of the quantity: (1) nominated by Shipper, (2) confirmed by the applicable upstream pipeline, or (3) confirmed by the applicable Receiving Parties.

Section 4.2(a)(3) - Revised to present the nomination cycle timeline in a more readable format and to incorporate certain NAESB standard language by reference in Section 18.

Section 4.2(b) - Adds language to describe in the tariff Paiute's existing practice for reflecting in the scheduling system hourly changes to LNG vaporization quantities.

Section 4.2(c) - Revises language to clarify the daily allocation of capacity for scheduling purposes (this proposed subsection consolidates and revises existing subsections 4.2(d) and (f)). The language clarifies Paiute's existing practice of assigning equal priority to Authorized Overrun Gas and interruptible transportation gas. As described in this subsection, Paiute is proposing herein to change how it allocates interruptible transportation capacity among shippers, from its previous practice based upon each shipper's contracting priority date to a new practice based upon the rate being paid, from highest to lowest. As among interruptible shippers who are paying the same rate, capacity on a given day will be allocated pro rata based on such shippers' nominated quantities for that day.

Section 4.2(d) - Adds language to describe in the tariff Paiute's existing practice of assessing transportation fuel for gas being transported from Paiute's three upstream pipeline interconnection receipt points. Removes certain NAESB standard language and incorporates the standards by reference in Section 18.

Section 4.3(a) - Adds clarifying language to the existing principle that Paiute's obligation to transport gas on a given day is limited to the quantity scheduled for a shipper.

Section 4.3(b) - This section has been relocated from existing Section 4.5. Revised to define "hour" and update the name and MDQ associated with the South Lake Tahoe City Gate delivery point.

Section 4.3(c) - Adds clarifying language related to changes in receipt and delivery point rights, including references to Delivery Locations.

Section 4.4 - Adds and removes language for clarity.

Section 4.5 [existing Section 4.6] - Revises language to update and improve wording. Adds subsection to make clear that Paiute may take steps to prevent flows of gas to a shipper (e.g., by flow control devices) under certain circumstances involving unscheduled interruptions or curtailments. Removes subsections pertaining to catastrophic failures of gas supply or capacity. These provisions were included in Paiute's tariff as part of its Order 636

restructuring proceeding in Docket No. RS92-75, during which Paiute's shippers expressed a desire to maintain a form of old-fashioned "curtailment plan." However, the provisions are now antiquated and have rarely, if ever, been applied. The other provisions of this section generally apply to situations involving unscheduled interruptions or curtailments. The language in the existing section pertaining to Operational Flow Order (OFO) procedures has been revised and incorporated into new Section 4.6.

Section 4.6 - Adds language to describe circumstances under which Paiute will issue an OFO.

Section 4.7(b) (5) - Adds language that LNG delivered by truck must be compatible with LNG already in inventory at LNG Plant.

Section 4.7(c) (4) - Removes language applicable to crediting LNG owner for use of LNG vaporized on behalf of non-LNG holder; this language has never been applied or needed. Adds language clarifying accounting for withdrawn LNG when Paiute initiates the withdrawal.

Section 4.7(d) (2) revises existing language and clarifies the circumstances under which vaporization of LNG may occur during the Summer Period.

Section 4.7(d) (3) revises language governing the allocation of vaporization capacity during the nominating and scheduling process.

Section 5 - Overrun and Underrun, Balancing and Penalty Payments

Section 5.1(b) - Revises wording to clarify that Authorized Overrun Gas must be scheduled; delineates that scheduling and interruption or curtailment of Authorized Overrun Gas are under the same priorities as interruptible service.

Section 5.1(c) - Revises and restructures language to remove unnecessary wording and to add language quantifying the volumes includible in Receiving Party's Daily Authorized Quantity. Adds language to prescribe a charge for the first 2% of Unauthorized Overrun Gas taken when Paiute has issued an OFO. Adds language to permit Paiute to retain an amount equal to one times the Rate Schedule IT-1 maximum usage charge for each dekatherm of Unauthorized Overrun Gas delivered.

Section 5.2(a)(2)(d) - Adds clarifying language that Scheduling Overrun or Scheduling Underrun penalties will accrue to the Receiving Party at the Delivery Point(s) where gas is delivered.

Section 5.2(b)(1) - Removes antiquated and never-used language.

Section 5.3 of the GT&C sets forth provisions governing the balancing of receipts and deliveries on Paiute's system. A number of edits have been made throughout Section 5.3 to reflect the long-standing practice on Paiute's system that imbalances accrue to the Receiving Parties, who are the parties who control the facilities into which gas is delivered from Paiute's system. Essentially, those parties currently are the three local distribution companies served by Paiute: Sierra Pacific Power Company, Southwest Gas Corporation-Northern California, and Southwest Gas Corporation-Northern Nevada. Paiute also proposes to add certain provisions in Section 5.3 to provide Paiute with a greater ability to control imbalances on its system.

Section 5.3(a) - Adds language to reflect more explicitly in the tariff Paiute's long-standing practice that (1) all imbalances accrue to the Receiving Party at the Delivery Point where gas is delivered; (2) for purposes of determining imbalance quantities, the quantities of gas scheduled on any day for shippers who are not Receiving Parties will be deemed to have been delivered on that day; and (3) imbalance quantities will be separately recorded as accruing under Rate Schedule FT-1 or IT-1, and will be classified in accordance with the provisions of Section 4.4(b) of the GT&C. Adds language to require each Receiving Party to have a transportation service agreement (TSA) with Paiute or to designate an existing shipper's TSA for administering and resolving imbalances.

Existing Section 5.3(c) - Removes daily imbalance provision. This provision, as written, is antiquated and has rarely been used.

Section 5.3(c)(3) - Adds new monthly cumulative imbalance requirement. Subsections 5.3(c)(1)-(2) set forth monthly cumulative imbalance provisions that apply to imbalances between Paiute and its upstream pipelines. Proposed new Section 5.3(c)(3) sets forth similar provisions to apply to imbalances between Paiute and each of its Receiving Parties. This new provision will enhance Paiute's ability to control

imbalances on its system and to maintain imbalances within a reasonable level. Furthermore, a monthly balancing requirement, as opposed to a daily balancing requirement, will provide Paiute's shippers with sufficient flexibility to manage their imbalances.

Section 5.3(d) - As stated in proposed Section 5.3(a), imbalance quantities for each Receiving Party are separately recorded as accruing under Rate Schedule FT-1 and IT-1. Paiute does not record imbalances for each service agreement. Section 5.3(d) is revised to clarify that a Receiving Party's imbalance netting involves netting between its Rate Schedule FT-1 and IT-1 imbalances, and not between its service agreements. This section is also revised to require that a Receiving Party's Rate Schedule FT-1 and IT-1 imbalances be netted at least once each calendar quarter. This new requirement is necessary to control these imbalances and to ensure that Paiute receives the transportation revenues to which it is entitled.

Section 5.4(a) - Removes language that is duplicative of other provisions and potentially ambiguous.

Section 5.4(c) - Adds language clarifying that transportation service revenues related to Unauthorized Overrun Gas are excluded from penalty revenues to be credited to Shippers.

Section 7 - Procedures for Obtaining Service

In this filing, Paiute is proposing virtually all new tariff provisions in Section 7 to govern how it will sell capacity on its system. Paiute's existing provisions were adopted twenty years ago, and have not been updated to reflect evolving industry practices and principles accepted by the Commission. For example, Paiute's existing Section 7 contains no provisions specifying how available capacity will be sold, no provisions providing for posting and competitive bidding, and no provisions for how bids will be evaluated. In redrafting its Section 7 tariff provisions, Paiute has reviewed the currently effective tariffs of a number of other interstate pipelines and believes that its proposed provisions are consistent with Commission precedents.

Section 7.1 - Sets forth procedures, including posting, bidding, bid evaluation, awarding, and contracting requirements, for requests for new firm transportation and storage service, unsubscribed capacity, prearranged capacity, and capacity under expiring or terminating agreements (which may include TSAs functioning under evergreen provisions).

The new provisions modify the existing (and now antiquated) provisions which provide a first-come, first-served basis for contracting for existing capacity to require that such capacity be previously offered for purchase under a competitive bid process prior to being sold on a first-come, first-served basis. The new language also allows for Paiute to reserve expiring or terminating capacity for future service.

Section 7.2 - Revises procedures for obtaining interruptible transportation or storage service. Eliminates existing tariff language that provides for priority in interruptible service based on a contracting date.

Existing Section 7.3 - Existing language related to requests for transportation service has been eliminated. Information requested in this existing section has been incorporated into the new Transportation/Storage Service Request Form, which is set forth in revised Section 25.1 of the GT&C.

Existing Section 7.5 - Existing language, which is antiquated and superseded by the new provisions proposed herein, has been removed.

Section 7.4 [existing Section 7.6] - Replaces existing creditworthiness standards with new standards consistent with those approved by the Commission for other pipelines. Paiute's existing provision is antiquated, and Paiute has been harmed in the past by shippers declaring bankruptcy before Paiute's provision would enable Paiute to obtain security. Under the provision proposed herein, a Shipper will be deemed creditworthy if it is rated investment grade or higher by rating agencies (S&P, Moody's) with a stable or positive long-term outlook, and the sum of twelve months of anticipated charges under a TSA is less than 10% of the Shipper's tangible net worth. If Shipper is not rated by rating agencies, Paiute may request financial statements and other financial information in order to determine a Shipper's creditworthiness. If a Shipper is deemed to be not creditworthy it must provide payment in advance of one month's anticipated charges and provide three months of credit assurance via an irrevocable letter of credit to Paiute, a prepayment or deposit to Paiute, or other guarantees or credit arrangements acceptable to Paiute.

Section 9 - Warranty of Title

Section 9.2 - Eliminates buy/sell grandfathering language as these arrangements no longer exist among Paiute's shippers.

Section 10 - Billing and Payment

Section 10.1 - Removes certain NAESB standard language which is now incorporated by reference in Section 18.

Section 10.3 - Revises language to provide a Shipper with options for payment of disputed amounts invoiced to Shipper by Paiute. Shipper can pay the disputed amount, and if the dispute is resolved in Shipper's favor, Shipper will receive a refund of the disputed amount plus interest. Alternatively, until the dispute is resolved, Shipper can decline to pay the disputed amount and furnish a sufficient surety bond for the amount under dispute, plus interest.

Section 10.5 - Adds language requiring the payment of interest related to any undercharges on invoices, and to clarify that NAESB time limits apply to adjustments resulting from a Paiute error in billing.

Section 10.7 - Adds clarifying language on adjustments for invoicing errors. Removes NAESB standard language related to prior period adjustments, which language is now incorporated by reference in Section 18. Removes NAESB standard language which has been relocated to Section 10.1.

Section 12 - Lateral Pipelines Policy

Section 12, which reflects an antiquated policy, has been removed. Paiute's policy on constructing lateral pipelines to shippers is now reflected in the Facilities Additions sections of Rate Schedules FT-1 and IT-1.

Section 13 - Segmentation and Backhaul Transportation

Section 13.1 - Removes language regarding the issuance of new service agreements for each segment. The procedures for segmentation transactions follow capacity release procedures, under which service agreements are deemed to be executed as set forth in Section 14.2(p) of the GT&C.

Section 13.2(a) - Adds language clarifying that segmented transportation quantities are subject to applicable Delivery Location rights.

Section 13.2(b) - Adds clarifying language to be consistent with capacity release procedures.

Existing Section 13.2(c) has been relocated to Section 13.5.

Section 13.3(d) - Adds clarifying language to be consistent with capacity release procedures.

Section 13.5 - Removes outdated language and relocates backhaul transportation language from existing Section 13.2(c).

Section 14 - Capacity Release

Section 14.2(a)(1) - Inserts language governing the release of firm storage capacity entitlements relocated from existing Section 2.3 of Rate Schedule LGS-1.

Section 14.2(a)(2) - Inserts language relocated from existing Section 14.2(u).

Section 14.2(c) - Updates language to reflect Paiute's existing practice by which capacity release transactions are conducted on its website, rather than by means of hard copy forms. Adds language to minimum information to be provided to include storage capacity quantity, if applicable, and Delivery Location(s). Inserts language relocated from existing Section 14.2(t). Revises procedures pertaining to the posting by a releasing shipper of an incomplete or infeasible offer. Removes language relating to a releasing shipper's withdrawal of an offer, which is already addressed in Section 14.2(n).

Section 14.2(d) - Updates language to reflect Paiute's existing practice by which capacity release transactions are conducted on its website, rather than by means of hard copy forms.

Section 14.2(f) - Adds language to clarify that bids for releases of storage capacity must be made solely on a reservation rate basis.

Section 14.2(g) - Revises wording to clarify that a releasing shipper ordinarily will not be responsible for Paiute's usage charges and any commodity surcharges during a release. Adds language to require that a releasing shipper will be responsible for guaranteeing payment to Paiute of all charges related to the released capacity when the releasing shipper elects to waive Paiute's creditworthiness requirements for the replacement shipper.

Section 14.2(h) - Revises language so that Paiute will allocate release capacity on a pro rata basis among shippers if the economic value of their bids is equal, rather than using a tie-breaking method.

Section 14.2(i) - Adds language providing a releasing shipper with the option of waiving the creditworthiness requirements for replacement shippers for temporary capacity releases for as long as the releasing shipper assumes responsibility for guaranteeing payment to Paiute.

Section 14.2(o) - Adds language to consolidate existing Section 14.2(p) into Section 14.2(o).

Section 14.2(p) - Adds language requiring replacement shipper to be creditworthy unless releasing shipper has waived this requirement. Adds new language providing terms and conditions associated with electronic contracting for capacity release transactions.

Existing Section 14.2(t) has been relocated to Section 14.2(c).

Existing Section 14.2(u) has been relocated to Section 14.2(a)(2).

Section 14.2(t) - Adds language to fully incorporate NAESB Standard 5.3.1 into tariff.

Sections 14.3(a) and 14.4(a) - Updates language to reflect Paiute's existing practice by which capacity release transactions are conducted on its website, rather than by means of hard copy forms. Removes language pertaining to capacity release contracting, which is addressed in revised Section 14.2(p).

Section 15 - Revenue Crediting for Capacity Releases

Section 15.3 - Remove antiquated language related to combined transactions, which have never been used on Paiute's system.

Section 16 - Pregranted Abandonment and Right-of-First-Refusal

As with Section 7, Paiute's tariff provisions governing a shipper's right-of-first-refusal (ROFR) with respect to an expiring or terminating service agreement are antiquated and have not been updated to reflect evolving industry practices and principles accepted by the Commission. In this filing, Paiute has substantially revised its ROFR provisions to provide both Paiute and its shippers significantly greater flexibility and definition in both the ROFR process and in related contracting processes. In redrafting its Section 16 tariff provisions, Paiute has reviewed the currently effective tariffs of a number of other interstate pipelines

and believes that its proposed provisions are consistent with Commission precedents.

Section 16.2 - Adds language to define more specifically under what circumstances a shipper qualifies for ROFR rights. A shipper who provides notice of termination of its service agreement under an evergreen provision will not be eligible for ROFR rights, nor will a shipper who is being provided service on an interim basis using capacity reserved for future service under Section 7.1(d) of the GT&C. Removes as unnecessary language citing the date of March 27, 2000 - all of Paiute's firm transportation service agreements provide for a primary term longer than twelve months and service at the applicable maximum tariff rate. Adds language with respect to service agreements containing an evergreen clause to clarify that (1) the ROFR provisions will not apply until one party provides notice of termination, and (2) when either party elects termination under the evergreen provision, Paiute will not be obligated to continue the shipper's evergreen rights on a contract extended through the ROFR process.

Section 16.2(a) - Revises to require that in any notice submitted by a shipper of its intent to exercise its ROFR, the shipper must specify the firm service capacity entitlements for which it desires to continue service. If the shipper elects to retain only a portion of its capacity, Paiute will be deemed to have authority to abandon the remaining capacity upon termination of the service agreement.

Section 16.2(b) - This provision replaces Paiute's existing ROFR procedures with new posting, bidding, bid evaluation, awarding, and contracting procedures. Paiute will post the subject capacity for bidding at least six months prior to the termination date of the agreement, with a bid period of not less than ten business days. Bids must satisfy all of the conditions set forth in the posting, in addition to the provisions of Section 7 of the GT&C. Paiute will determine the bid(s) having the highest economic value based on the bid evaluation criteria specified in the posting. The existing shipper will have ten business days following the bid presentation to agree to match the winning bid(s). If existing shipper does not elect to match the winning bid(s), it relinquishes all rights to the capacity upon termination of the TSA. An existing shipper may choose to retain only a portion of its existing capacity entitlements by matching the economic value of any bid submitted for that portion. If the existing shipper matches and retains only a partial quantity,

the remainder of the capacity will be allocated to the winning bidder(s). Paiute is not obligated to enter into any TSA that provides for a rate that is less than the applicable maximum tariff rate. If no acceptable bid is received, Paiute and the existing shipper will have twenty business days in which to mutually agree to a new TSA. If no agreement is reached, Paiute will post the capacity on its website as unsubscribed capacity.

Section 16.2(c) - Adds a new capacity rationalization process associated with an expansion project open season that may require affected shippers whose TSAs expire within 36 months or are in evergreen status to elect to either terminate their TSAs or extend their TSAs by matching the term and rate, up to the maximum rate, of the expansion project capacity, as further described in the tariff. Much of Paiute's firm transportation capacity is subject to service agreements that are currently in evergreen status. This provision will provide Paiute with some protection against the possibility that Paiute constructs a capacity expansion project, only to have existing shippers with similar capacity terminate their agreements following Paiute's expansion.

Section 16.3 - Adds language allowing for the termination of an existing TSA prior to its expiration date in exchange for an extension in the term of the service or for the use of all or part of the capacity under new terms.

Section 17 - Internet Website

Section 17 - Deletes multiple references to Paiute's "Electronic Bulletin Board" and changes to "Internet website."

Existing Section 17.2(g) - Removed, as there are no longer any buy/sell arrangements on Paiute's system.

Existing Section 17.2(j) - Removed, as Paiute is proposing to eliminate the interruptible transportation priority queue based on a contracting date.

Section 17.3 - Adds terms and provisions associated with electronic communications.

Section 18 - NAESB WGQ Standards

Revised to reflect that the language of certain NAESB standards that has previously been incorporated verbatim into Paiute's tariff is being removed, and the standards are now being incorporated by reference, as identified in Section 18.

Section 25 - Transportation/Storage Service Request Form

The existing, hard copy forms related to capacity release transactions - Request Form for Release of Firm Capacity (Section 25.1), Bid Form to Acquire Firm Capacity (Section 25.2), and Posting Form for No-Bid Release Transactions (Section 25.3) - are being eliminated, as such transactions are conducted electronically via Paiute's website.

The existing Standard Form for Requesting Delivery and Receipt Point Changes (Section 25.4) is being eliminated. Requests for permanent changes in receipt or delivery points will be made using the new Transportation/Storage Service Request Form.

Adds new Transportation/Storage Service Request Form at Section 25.1.

Forms of Service Agreements

Paiute is revising its Rate Schedule FT-1 Form of Service Agreement to make it more of a fill-in-the-blanks style agreement. Most of the contract-specific information to be contained in the agreement, such as Reserved Capacities, receipt and delivery point information and entitlements, Delivery Location entitlements, term and evergreen provisions, lateral capacity limitations, and hourly limitations, has been moved to a new Exhibit A for the agreement, to be filled in during the process of executing a specific agreement. Certain Articles in the existing form of service agreement that have not been used have been removed. Two new Articles have been added: new Article VI, which will identify the Commission's regulations under which authorization the service is to be provided (i.e., Subpart B or G of Part 284), and new Article VIII, which establishes the governing law for the agreement.

The Rate Schedule IT-1 Form of Service Agreement has been revised to eliminate specific listings of receipt and delivery points, and to identify instead that the interruptible shipper can request service at any receipt point, delivery point, and Delivery Location on any given day. Paiute has also added and removed the same Articles discussed above with respect to Rate Schedule FT-1.

The Form of Service Agreement for Rate Schedules LGS-1 and LGS-2 has been revised to remove Articles similar to those being removed from the transportation forms of service

agreement (i.e., Articles that have not been used), and to add the Article discussed above regarding governing law.

In addition to the above changes, Paiute has made numerous minor and editorial changes throughout the tariff that are intended to improve, clarify, and update the tariff language, and not to change substantively the import of the language.