



PAIUTE PIPELINE COMPANY  
COST OF SERVICE SUMMARY  
AS ADJUSTED

Line No.	Description (a)	Reference (b)	Amount (c)	Line No.
1	LGS-1 Expenses Transmission	Stmt A	\$ 2,154,770	1
2	- Fuel		0	2
3	- Other	Stmt A	7,217,014	3
4	Total O & M Expenses		\$ 9,371,784	4
5	Admin. & Gen. Expenses	Sch I-1(d)	5,698,250	5
6	Depreciation Expenses	Stmt H-2	5,892,394	6
7	Other Taxes	Sch I-1(a)	735,538	7
8	Total Expenses		\$ 21,697,965	8
9	Federal Income Tax @ 35%	Stmt H-3	\$ 3,436,354	9
10	Tax Adjustment	Stmt H-3	209,882	10
11	Total Federal Income Tax Provision		\$ 3,646,235	11
12	Return - Debt		2,859,929	12
13	- Equity		6,381,800	13
14	Total Return	Stmt B	\$ 9,241,728	14
15	Adjusted Cost of Service		\$ 34,585,928	15
16	Total Rate Base	Stmt B	\$ 84,864,356	16
17	Equity Return		7.52%	17
18	Overall Return		10.89%	18

PAIUTE PIPELINE COMPANY  
FUNCTIONALIZED COST OF SERVICE  
AS ADJUSTED

Line No.	Description (a)	Reference (b)	Transmission (c)	Storage (d)	Line No.
1	LGS-1 Expenses Transmission	Stmt A		\$ 2,154,770	1
2	- Fuel		\$ -		2
3	- Other	Stmt A	7,217,014		3
4	Total O & M Expenses		\$ 7,217,014	\$ 2,154,770	4
5	Admin. & Gen. Expenses	Sch I-1(d)	4,329,105	1,369,145	5
6	Depreciation Expenses	Stmt H-2	4,751,050	1,141,344	6
7	Other Taxes	Sch I-1(b)	631,031	104,506	7
8	Total Expenses		\$ 16,928,200	\$ 4,769,765	8
9	Federal Income Tax @ 35%	Stmt H-3	\$ 2,863,667	\$ 572,687	9
10	Tax Adjustment	Stmt H-3	209,882	-	10
11	Total Federal Income Tax Provision		\$ 3,073,549	\$ 572,687	11
12	Total Return	Stmt B	\$ 7,701,545	\$ 1,540,183	12
13	Adjusted Cost of Service		\$ 27,703,293	\$ 6,882,635	13

PAIUTE PIPELINE COMPANY  
INCREMENTAL AND NON-INCREMENTAL COST-OF SERVICE  
AS ADJUSTED

Line No.	Description (a)	Reference (b)	Transmission					Line No.
			Lake Tahoe Exp. (Incremental) (c)	Carson Lateral (Incremental) (d)	2003 Paiute Exp. (Incremental) (e)	Elko Lateral (Incremental) (f)	System (Non-incremental) (g)	
1	Transmission	Stmnt H-1	\$ 13,678	\$ 4,304	\$ 3,234	\$ 30,028	\$ 7,165,769	1
2	Total O & M Expenses		\$ 13,678	\$ 4,304	\$ 3,234	\$ 30,028	\$ 7,165,769	2
3	Admin. & Gen. Expenses	Sch I-1(d)	126,334	17,093	81,472	69,764	4,034,441	3
4	Depreciation Expenses	Stmnt H-2	357,910	51,267	281,231	93,979	3,966,663	4
5	Other Taxes	Sch H-4	57,442	8,332	45,719	7,423	512,115	5
6	Total Expenses		\$ 555,364	\$ 80,996	\$ 411,657	\$ 201,195	\$ 15,678,988	6
7	Federal Income Tax @ 35%	Stmnt H-3	\$ 247,513	\$ 38,933	\$ 202,612	\$ 32,179	\$ 2,342,430	7
8	Tax Adjustment	Stmnt H-3	-	-	-	-	209,882	8
9	Total Federal Income Tax Provision		\$ 247,513	\$ 38,933	\$ 202,612	\$ 32,179	\$ 2,552,312	9
10	Total Return	Stmnt B	\$ 665,661	\$ 104,706	\$ 544,904	\$ 86,542	\$ 6,299,732	10
11	Adjusted Cost of Service		\$ 1,468,538	\$ 224,636	\$ 1,159,173	\$ 319,916	\$ 24,531,031	11

PAIUTE PIPELINE COMPANY  
ZONE RATE METHODOLOGY

Paiute does not maintain records of cost by zone nor does Paiute propose zone rates in this rate filing.

**PAIUTE PIPELINE COMPANY**  
**FUNCTIONAL CLASSIFICATION OF ADMINISTRATIVE & GENERAL EXPENSES**  
**USING THE KANSAS-NEBRASKA ALLOCATION METHOD**

The Kansas-Nebraska allocation methodology is used to classify administrative and general expenses into the functional account classifications of Storage and Transmission.

Line No.	Description	FERC Account Number	Total as Adjusted	Labor	Plant in Service	Materials and Other Costs	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	
			Stmnt H-1				
1	Administrative and General Salaries	920	\$ 2,641,316	\$ 2,641,316	\$		1
2	Office Supplies	921	520,168	520,168			2
3	Administrative Expenses Transferred - Cr.	922	(108,550)	(108,550)			3
4	Outside Services Employed	923	488,334			488,334	4
5	Property Insurance	924	115,025		115,025		5
6	Injuries and Damages	925	434,675			434,675	6
7	Regulatory Commission Expenses	928	105,000			105,000	7
8	Miscellaneous General Expenses	930.2	214,254			214,254	8
9	Rents	931	1,127,322		1,127,322		9
10	Maintenance of General Plant	935	160,705		160,705		10
11	Total Adjusted A & G Expenses and Other Deductions		\$ 5,698,250	\$ 3,052,934	\$ 1,403,052	\$ 1,242,264	11
12	Allocation of Materials & Other Costs [1]		0	851,113	391,150	(1,242,264)	12
13	Total Adjusted A & G Expenses and Other Deductions Allocated to Labor and Gas Plant		\$ 5,698,250	\$ 3,904,048	\$ 1,794,202	\$ 0	13
Development of Functionalization Percentages			Labor	Percent to Total	Plant in Service	Percent to Total	
14	Storage		\$ 1,450,005	29.38%	\$ 21,876,835	12.38%	14
15	Transmission System		3,404,408	68.98%	130,446,888	73.80%	15
16	Lake Tahoe Expansion		16,846	0.34%	11,132,423	6.30%	16
17	Carson Lateral		4,102	0.08%	3,048,099	1.72%	17
18	2003 Paiute Expansion		1,323	0.03%	7,922,795	4.48%	18
19	Elko Lateral Expansion		58,407	1.18%	2,320,905	1.31%	19
20	Total		\$ 4,935,091	100.00%	\$ 176,747,945	100.00%	20
Functional Classification of A & G Expenses [2]			Labor	Plant in Service	Total		
21	Storage		\$ 1,147,069	\$ 222,076	\$ 1,369,145		21
22	Transmission System		2,693,156	1,324,191	4,017,347		22
23	Lake Tahoe Expansion		13,327	113,007	126,334		23
24	Carson Lateral		3,245	30,942	34,187		24
25	2003 Paiute Expansion		1,047	80,426	81,472		25
26	Elko Lateral Expansion		46,204	23,560	69,764		26
27	Total Reclassification of A & G Expenses		\$ 3,904,048	\$ 1,794,202	\$ 5,698,250		27

[1] The allocation of materials and other costs is based upon a percent to total of line 11(d) and line 11(e), times line 11(f).

[2] The functionalization of A & G expenses is the product of the percentages for labor, lines 14(d) through 19(d), and plant in service, lines 14(f) through 19(f), multiplied by the amounts on lines 13(d) for labor, and 13(e) for materials and other costs.

**PAIUTE PIPELINE COMPANY  
MODIFIED MASSACHUSETTS FORMULA  
AT NOVEMBER 30, 2008, AS ADJUSTED**

Line No.	Description (a)	Reference (b)	SWG LDC Operations (c)	Paiute Pipeline (d)	SGTC (e)	Total (f) Col (c + d + e)	Line No.
1	Total Direct Labor	Co. Records	\$ 89,805,379	\$ 3,148,588	\$ 0	\$ 92,953,967	1
2	Percent to Total	Ln 1 / Ln 1(f)	96.61%	3.39%	0.00%	100.00%	2
3	Margin	Co. Records	\$ 710,466,697	\$ 34,585,930	\$ 465,121	\$ 745,517,748	3
4	Percent to Total	Ln 3 / Ln 3(f)	95.30%	4.64%	0.06%	100.00%	4
5	Gross Plant	Co. Records	\$ 3,901,336,362	\$ 176,747,945	\$ 2,156,495	\$ 4,080,240,802	5
6	Percent to Total	Ln 5 / Ln 5(f)	95.62%	4.33%	0.05%	100.00%	6
7	Total	Ln 2 + Ln4 + Ln 6	287.53%	12.36%	0.12%	300.00%	7
8	Total Modified Mass Formula (MMF)	Ln 7 / 3	95.44%	4.12%	0.04%	100.00%	8

Explanation:

This MMF percentage is used to allocate system allocable expenses between Southwest Gas and Paiute Pipeline.  
See Adjustment Number 11, the Annualized Allocation of A & G Expenses to Paiute Pipeline.

**PAIUTE PIPELINE COMPANY  
MODIFIED MASSACHUSETTS FORMULA  
AT NOVEMBER 30, 2008, AS ADJUSTED**

Line No.	Description (a)	Reference (b)	Southwest Gas Division				Paiute Pipeline (f)	Total (g) Col (c + d + e + f)	Line No.
			Northern Nevada (c)	Northern California (d)	South Lake Tahoe (e)				
1	Total Direct Labor	Co. Records	\$ 5,610,737	\$ 1,044,026	\$ 908,617	\$	3,148,588	\$ 10,711,969	1
2	Percent to Total	Ln 1 / Ln 1(f)	52.38%	9.75%	8.48%		29.39%	100.00%	2
3	Margin	Co. Records	\$ 42,456,695	\$ 16,806,804	\$ 4,204,807	\$	34,585,930	\$ 98,054,236	3
4	Percent to Total	Ln 3 / Ln 3(f)	43.30%	17.14%	4.29%		35.27%	100.00%	4
5	Gross Plant	Co. Records	\$ 194,957,883 [1]	\$ 87,994,072	\$ 23,591,580	\$	176,747,945	\$ 483,291,480	5
6	Percent to Total	Ln 5 / Ln 5(f)	40.34%	18.21%	4.88%		36.57%	100.00%	6
7	Total	Ln 2 + Ln 4 + Ln 6	136.02%	45.09%	18%		101.23%	300.00%	7
8	Total Modified Mass Formula	Ln 7 / 3	45.34%	15.03%	6%		33.74%	100.00%	8

Explanation:

This MMF percentage is used to allocate the square footage of the District 22 Carson City Operations Center into the areas serving Northern Nevada, Northern California, South Lake Tahoe and Paiute Pipeline. See Sch I-1(d), Sh 8, Ln 20, Col (d) thru (g).

[1] Excludes \$7,658,201 of general plant that is the subject of allocation amongst the three jurisdictions.



**PAIUTE PIPELINE COMPANY  
MODIFIED MASSACHUSETTS FORMULA  
AT NOVEMBER 30, 2008, AS ADJUSTED**

Line No.	Description (a)	Reference (b)	Southwest Gas Division				Total (g) Col (c + d + e)	Line No.
			Northern Nevada (c)	Northern California (d)	South Lake Tahoe (e)			
1	Total Direct Labor	Co. Records	\$ 5,610,737	\$ 1,044,026	\$ 908,617	\$ 7,563,381	1	
2	Percent to Total	Ln 1 / Ln 1(f)	74.1829%	13.80%	12.01%	100.00%	2	
3	Margin	Co. Records	\$ 42,456,695	\$ 16,806,804	\$ 4,204,807	\$ 63,468,306	3	
4	Percent to Total	Ln 3 / Ln 3(f)	66.8943%	26.48%	6.63%	100.00%	4	
5	Gross Plant	Co. Records	\$ 194,957,883 [1]	\$ 87,994,072	\$ 23,591,580	\$ 306,543,535	5	
6	Percent to Total	Ln 5 / Ln 5(f)	63.5988%	28.71%	7.70%	100.00%	6	
7	Total	Ln 2 + Ln 4 + Ln 6	204.68%	68.99%	26.33%	300.00%	7	
8	Total Modified Mass Formula	Ln 7 / 3	68.23%	23.00%	8.78%	100.00%	8	

**Explanation:**

This MMF percentage is used to allocate the square footage of the District 22 Carson City Operations Center into the areas serving Northern Nevada, Northern California and South Lake Tahoe. See Sch I-1(d), Sh 8, Ln 21, Col (d), (f) and (g).

[1] Excludes \$7,658,201 of general plant that is the subject of allocation amongst the three jurisdictions.

**PAIUTE PIPELINE COMPANY**  
**PROPERTY INSURANCE ALLOCATION PERCENTAGE**  
**AT NOVEMBER 30, 2008, AS ADJUSTED**

Line No.	Description (a)	Reference (b)	Detail (c)	Percentage (d)	Line No.
1	Paiute Property Insurance Allocation	Sch I-1(d), Sh 6		22.86%	1
2	System Allocable Property Insurance	Sch I-1(d), Sh 6	36.03%		2
3	MMF Percentage	Sch I-1(d), Sh 2	4.12%		3
4	Allocated System Allocable Property Insurance	Ln 2 * Ln 3		1.48%	4
5	Total	Ln 1 + Ln 4		24.34%	5

Explanation:

This percentage is used to allocate account 924, Property Insurance, to Paiute Pipeline.  
See Adjustment Number 11, the Annualized Allocation of A & G Expenses to Paiute Pipeline.

**PAIUTE PIPELINE COMPANY**  
**PROPERTY INSURANCE ALLOCATION PERCENTAGE**  
**AT NOVEMBER 30, 2008, AS ADJUSTED**

Line No.	Description (a)	Account No. (101) (b)	Southwest Gas			Paiute Pipeline (e)	SGTC (f)	Total (g) (c+d+e+f)	Line No.
			Operations (c)	System Allocable (d)					
1	Storage		\$ 0	\$ 0	\$ 0	\$ 20,461,074	\$ 0	\$ 20,461,074	1
<u>Transmission</u>									
2	Structures/Comp St	366.1	\$ 647,857	\$ 0	\$ 805,418	\$ 0	\$ 0	\$ 1,453,275	2
3	Structures	366.2	241,326	0	70,058	0	0	311,384	3
4	Compressor Stations	368.0	4,706,777	0	21,309,206	0	0	26,015,983	4
5	Communication Equip	370.0	251,108	0	3,724,734	127,676	0	4,103,518	5
6	Other Equipment	371.0	18,823	0	81,112	20,152	0	120,086	6
7	Total Transmission		\$ 5,865,890	\$ 0	\$ 25,990,527	\$ 147,828	\$ 0	\$ 32,004,245	7
<u>Distribution</u>									
8	Structures	375.0	\$ 120,297	\$ 0	\$ 0	\$ 0	\$ 0	\$ 120,297	8
9	Other Prop on Cust Prem	386.0	0	0	0	0	0	0	9
10	Other Equipment	387.0	476,583	0	0	0	0	476,583	10
11	Total Distribution		\$ 596,880	\$ 0	\$ 0	\$ 0	\$ 0	\$ 596,880	11
<u>General Plant</u>									
12	Structures	390.1	\$ 41,042,720	\$ 45,916,813	\$ 3,123,092	\$ 0	\$ 0	\$ 90,082,626	12
13	Leasehold Improvements	390.2	1,489,770	4,281,694	0	0	0	5,771,465	13
14	Office Furniture & Equip	391.0	5,795,604	8,762,432	115,885	0	0	14,673,921	14
15	Computer Equipment	391.1	17,707,766	13,852,219	490,721	0	0	32,050,706	15
16	Stores Equipment	393.0	1,471,842	24,106	40,580	0	0	1,536,527	16
17	Tools, Shop & Garage Equip	394.0	9,172,739	264,802	651,173	0	0	10,088,714	17
18	Laboratory Equipment	395.0	748,677	323,466	58,738	0	0	1,130,881	18
19	Communication/Telemetering	397.0	6,299,913	6,055,288	26,837	0	0	12,382,038	19
20	Miscellaneous Equipment	398.0	1,384,481	890,486	26,604	0	0	2,301,570	20
21	Total General Plant		\$ 85,113,513	\$ 80,371,306	\$ 4,533,630	\$ 0	\$ 0	\$ 170,018,449	21
22	Total Insured Property		\$ 91,576,283	\$ 80,371,306	\$ 50,985,232	\$ 147,828	\$ 0	\$ 223,080,648	22
23	Percent of Total		41.05%	36.03%	22.86%	0.07%		100.00%	23

Explanation:  
The percentages computed on this schedule are used to allocate property insurance recorded in the Southwest Gas A & G account 924. See Schedule I-1(d), Sheet 5, for the calculation of the allocation percentage to allocate property insurance to Paiute Pipeline.

**PAIUTE PIPELINE COMPANY**  
**RENT EXPENSE FOR USE OF SOUTHWEST GAS GENERAL PLANT**

Line No.	Description (a)	Reference (b)	Amount (c)	Line No.
	Northern Nevada Division General Plant			
1	District 22 - Carson City Operations Center	Sch I-1(d), Sh 9	\$ 70,126	1
2	District 26 - Winnemucca	Sch I-1(d), Sh 10	136,473	2
3	System Allocable Plant	Sch I-1(d), Sh 11	<u>724,259</u>	3
4	Total Rent for use of Southwest Gas Northern Nevada Division and System Allocable General Plant in Service	Sum Lns 1-3	\$ <u>930,858</u>	4

Explanation:

This schedule summarizes the rent expense owed by Paiute Pipeline to Southwest Gas for use of Southwest's Northern Nevada division, and system allocable general plant.

**PAIUTE PIPELINE COMPANY**  
**ALLOCATION OF NORTHERN NEVADA DIVISION**  
**DISTRICT 22 - CARSON CITY OPERATIONS CENTER AND FACILITIES**  
**SQUARE FOOTAGE**

Line No.	Description (a)	S. Lake Tahoe N. Nevada & Paiute (b)	S. Lake Tahoe N. Nevada & N. California (c)	N. Nevada (d)	Paiute (e)	N. California (f)	S. Lake Tahoe (g)	Common (h)	Total (i)	Line No.
1	Administration/Human Resources	3,170								1
2	Customer Assistance			3,580						2
3	Division Operations		3,296							3
4	Division Engineering		3,800							4
5	Construction/Customer Service			2,100						5
6	Meeting Room							1,700		6
7	Training Room							720		7
8	EOC Room							950		8
9	Lobby							1,292		9
10	Common Area							4,992		10
11	Total	3,170	7,096	5,680	0	0	0	9,654	25,600	11
12	Reallocate Common Areas									12
13	Total	1,919	4,296	3,439	0	0	0	(9,654)	0	13
14	Ratio Warehouse to equivalent sq ft	5,089	11,392	9,119	0	0	0	0	25,600	14
15	Vehicle Maintenance Building - Garage	1,250		12,960					12,960	15
16	Vehicle Maintenance Building - Weld Shop		750						1,250	16
17	Vehicle Storage			3,060		1,020	1,020		750	17
18	Pipe Storage		480						5,100	18
19	Total	6,339	12,622	25,139	0	1,020	1,020	0	46,140	19
20	Reallocate Area Serving Paiute, NNV, NCA & SLT	(6,339)		2,874	2,139	953	373		0	20
21	Reallocate Area Serving NNV, NCA & SLT		(12,622)	8,611		2,903	1,108		0	21
22	Total Allocated Square Feet	0	0	36,624	2,139	4,875	2,501	0	46,140	22
23	Percentage	0.00%	0.00%	79.38%	4.64%	10.57%	5.42%	0.00%	100.00%	23

**Explanation:**

This schedule allocates the square footage of the Carson City Operations Center and Facilities to the areas serving the Northern Nevada, Northern California, South Lake Tahoe and Paiute Pipeline jurisdictions.

- [1] Warehouse space construction cost is approximately 90% of the cost to construct office space. 14,400 sq ft x 90% = 12,960 equivalent sq ft.  
 [2] Approximately 2,500 square feet of the 4,000 square foot building is a garage. Construction cost is estimated at approximately 50% of the cost to construct office space.  
 [3] Approximately 1,500 square feet of the 4,000 square foot building is a weld shop. Construction cost is estimated at approximately 50% of the cost to construct office space.  
 [4] Approximately 10,200 square feet. Construction cost is estimated at approximately 50% of the cost to construct office space.  
 The square footage is allocated as follows: 75% to N NV, 12.5% to N CA and 12.5% to SLT.  
 [5] Approximately 2,400 square feet. Construction cost is estimated at approximately 20% of the cost to construct office space.  
 [6] Allocation based on MMF calculation between Paiute, Northern Nevada, Northern California and South Lake Tahoe shown on Sch I-1(d) Sh 3 Ln 8.  
 [7] Allocation based on MMF calculation between Northern Nevada, Northern California and South Lake Tahoe shown on Sch I-1(d) Sh 4 Ln 8.

**PAIUTE PIPELINE COMPANY**  
**ACCOUNT 931, RENTS, RENTAL CHARGE FOR**  
**USE OF NORTHERN NEVADA DIVISION GENERAL PLANT**  
**DISTRICT 22 - CARSON CITY OPERATIONS CENTER**

Line No.	Description (a)	Amount (b)	Line No.
<u>Rate Base</u>			
1	General Plant at 11/30/08	\$ 7,580,971	1
2	Less: Accumulated Depreciation at 11/30/08	<u>1,940,481</u>	2
3	Net General Plant at 11/30/08	\$ 5,640,490	3
4	Materials and Supplies	1,920,190	4
5	Less: Accumulated Deferred Income Taxes at 11/30/08	<u>787,633</u>	5
6	Rate Base	<u><u>\$ 6,773,047</u></u>	6
<u>Revenue Requirement</u>			
7	Rate Base	\$ 6,773,047	7
8	Return and Taxes on Investment	14.94% \$ 1,011,841	8
9	General Plant	5,640,490	9
10	Ad Valorem Rate	0.69911% 39,433	10
11	Depreciation Expense	293,826	11
12	Donations	1,003	12
13	General Plant Operations & Maintenance Expenses	<u>166,470</u>	13
14	Revenue Requirement	\$ 1,512,572	14
15	Paiute Allocation Percentage - Square Footage	<u>4.64%</u>	15
16	Paiute Rent for General Plant	<u><u>\$ 70,126</u></u>	16

Explanation:

This schedule computes a revenue requirement for Paiute's use of Northern Nevada District 22, Carson City Operations Center general plant. It then allocates a portion of that revenue requirement using the square footage allocation calculated on Schedule I-1(d), Sheet 8 to Paiute Pipeline.

**PAIUTE PIPELINE COMPANY**  
**ACCOUNT 931, RENTS, RENTAL CHARGE FOR**  
**USE OF NORTHERN NEVADA DIVISION GENERAL PLANT**  
**DISTRICT 26 - WINNEMUCCA**

Line No.	Description (a)	Amount (b)	Line No.
	<u>Rate Base</u>		
1	General Plant at 11/30/08	\$ 925,033	1
2	Less: Accumulated Depreciation at 11/30/08	<u>437,968</u>	2
3	Net General Plant at 11/30/08	\$ 487,065	3
4	Less: Accumulated Deferred Income Taxes at 11/30/08	<u>67,739</u>	4
5	Rate Base	<u><u>\$ 419,326</u></u>	5
	<u>Revenue Requirement</u>		
6	Rate Base	\$ 419,326	6
7	Return and Taxes on Investment	14.94% \$ 62,644	7
8	General Plant	487,065	8
9	Ad Valorem Rate	0.69911% 3,405	9
10	Depreciation Expense	152,279	10
11	Lease Expense	30,186	11
12	General Plant Operations & Maintenance Expenses	<u>29,750</u>	12
13	Revenue Requirement	\$ 278,264	13
14	Paiute Allocation Percentage - Labor	<u>49.04%</u>	14
15	Paiute Rent for General Plant	<u><u>\$ 136,473</u></u>	15

Explanation:

This schedule computes a revenue requirement for Paiute's use of Northern Nevada District 26, Winnemucca general plant. It then allocates a portion of that revenue requirement using the percent of Winnemucca labor expenses charged to Paiute Pipeline to total Winnemucca labor expenses.

**PAIUTE PIPELINE COMPANY  
ACCOUNT 931, RENTS, RENTAL CHARGE  
FOR SYSTEM ALLOCABLE PLANT**

Line No.	Description (a)	Amount (b)	Line No.
<u>Rate Base</u>			
1	System Allocable Plant at 11/30/08	\$ 168,472,523	1
2	MMF - Total Company For Paiute	4.12% \$ 6,940,079	2
3	Less: Accumulated Depreciation at 11/30/08	\$ 120,370,619	3
4	MMF - Total Company For Paiute	4.12% <u>4,958,563</u>	4
5	Net System Allocable Plant at 11/30/08	\$ 1,981,516	5
6	Less: Accumulated Deferred Income Taxes	\$ 15,226,522	6
7	MMF - Total Company For Paiute	4.12% <u>627,243</u>	7
8	Rate Base	<u>\$ 1,354,273</u>	8
<u>Revenue Requirements</u>			
9	Rate Base	\$ 1,354,273	9
10	Return and Taxes on Investment	14.94% \$ 202,318	10
11	System Allocable Property Taxes (A/C 4081.1410)	\$ 451,533	11
12	Depreciation & Amortization Expense	11,712,180	12
13	Donations	<u>506,570</u>	13
14	Subtotal	<u>12,670,283</u>	14
15	MMF - Total Company For Paiute	4.12% <u>521,941</u>	15
16	Revenue Requirement	<u>\$ 724,259</u>	16

Explanation:

This schedule computes a revenue requirement for Paiute's use of Southeast Gas system allocable plant. It then allocates a portion of that revenue requirement using the Modified Massachusetts Formula on Schedule I-1(d), Sheet 2, to Paiute Pipeline.



**PAIUTE PIPELINE COMPANY**  
**PLANT FACTORS USED TO FUNCTIONALIZE INTANGIBLE**  
**AND GENERAL PLANT**

Line No.	Description (a)	Gross Plant (b)	Percentage (c)	Line No.
1	Storage	\$ 20,539,463	12.38%	1
2	Transmission - System	122,472,424	73.80%	2
3	Transmission - Lake Tahoe Expansion	10,451,877	6.30%	3
4	Transmission - Carson Lateral	2,861,763	1.72%	4
5	Transmission - 2003 Paiute Expansion	7,438,459	4.48%	5
6	Transmission - Elko Lateral Expansion	<u>2,179,024</u>	<u>1.31%</u>	6
7	Total	<u>\$ 165,943,009</u>	<u>100.00%</u>	7

Explanation:

These factors are used to functionalize intangible and general plant amongst the Storage and Transmission functions.

PAIUTE PIPELINE COMPANY  
CLASSIFICATION OF COST-OF-SERVICE

All elements of Paiute's cost-of-service are classified as fixed costs.

PAIUTE PIPELINE COMPANY  
ALLOCATION OF COST-OF-SERVICE [1]

Line No.	Description (a)	Billing Determinant (b)	Allocation Factor (c)	Amount (d)	Line No.
1	Total Transmission (Non-incremental) Cost-of-Service			<u>\$ 24,531,031</u>	1
	<u>Allocation by Billing Determinants</u>				
2	Firm Transportation (Non-incremental)	2,341,151	99.38%	\$ 24,379,784	2
3	Interruptible Transportation (100% L. F.) 441,786 Dth / 365 days x 12 months	<u>14,524</u>	<u>0.62%</u>	<u>\$ 151,247</u>	3
4	Totals	<u>2,355,675</u>	<u>100.00%</u>	<u>\$ 24,531,031</u>	4

[1] Paiute has no sales service, market Based Rates, or Rate Zones and none are proposed in this application.

PAIUTE PIPELINE COMPANY  
TRANSMISSION AND COMPRESSION OF GAS BY OTHERS  
ACCOUNT NO. 858

Paiute has no Account No. 858 activity.

PAIUTE PIPELINE COMPANY  
GAS BALANCE

Paiute has no gas sales and does not maintain a gas balance.