

PAIUTE PIPELINE COMPANY
SUMMARY OF STATEMENT D ADJUSTMENTS

Adjustment Number	Title	Explanation	Effect Upon Rate Base
4	Remove Accumulated Depreciation associated with Plant in Excess of Agreement.	Adjust the Reserve for Depreciation for capital costs incurred in excess of the agreed-upon project cost cap amount set forth in the related transportation service agreements between Paiute Pipeline Company and the Lake Tahoe Expansion Project shippers.	\$ (844,474)
5	Additional Accumulated Depreciation through 8/31/09.	Adjust the Reserve for Depreciation through the end of the test period.	4,285,949

PAUTE PIPELINE COMPANY
ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION
TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED

Line No.	Description	Account Number	Balance as Recorded at 11/30/2007	Provision	Salvage Less Cost of Removal	Retirements	Transfers and Adjustments	Balance as Recorded at 11/30/2008	Remove Accum. Depr. for Plant in Excess of Agreement Adj. No. 4 [1]	Additional Accumulated Depreciation Through 8/31/2009 Adj. No. 5 [2]	Accumulated Depreciation Reserve As Adjusted	Line No.
		(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	
1	Intangible											1
2	Organization	301	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2
3	Franchise & Consent	302	60,639	0	0	0	0	60,639	0	0	60,639	3
4	Miscellaneous Intangible	303	1,719,329	0	0	0	0	1,719,329	0	3,746	1,723,076	4
	Total Intangible		\$ 1,779,968	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,779,968	\$ 0	\$ 3,746	\$ 1,783,714	
5	Production											5
6	Other Land & Land Rights	304	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	6
7	Structures - Reno	305.23	0	0	0	0	0	0	0	0	0	7
8	Other Power Equipment	307	0	0	0	0	0	0	0	0	0	8
9	LPG Equipment - Reno	311.23	0	0	0	0	0	0	0	0	0	9
10	Gas Mixing Equipment	319	0	0	0	0	0	0	0	0	0	10
11	Other Equipment	320	0	0	0	0	0	0	0	0	0	11
	Total Production		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
12	Storage Plant											12
13	Land and Land Rights	360	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	13
14	Structures	361	1,517,309	116,931	0	0	0	1,622,565	0	90,992	1,713,557	14
15	Gas Holders	362	788,662	270,386	0	(11,675)	0	1,059,060	0	202,799	1,261,859	15
16	Vaporization Equipment	363.2	(12,160)	22,392	0	0	0	10,232	0	38,636	48,868	16
17	Other Equipment	363.5	2,461,755	487,122	0	(4,717)	0	2,944,160	0	411,236	3,355,397	17
	Total Storage Plant		\$ 4,755,566	\$ 896,843	\$ 0	\$ (16,392)	\$ 0	\$ 5,636,017	\$ 0	\$ 743,664	\$ 6,379,681	
18	Transmission											18
19	Land and Land Rights	365.1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	19
20	Rights of Way	365.2	173,430	12,852	0	0	0	186,282	0	12,050	198,332	20
21	Structures - Compressor Station	366.1	532,570	30,262	0	0	0	562,833	0	24,306	587,138	21
22	Structures	366.2	61,193	1,212	(649)	(75,998)	0	62,405	0	909	63,314	22
23	Mains	367	31,832,053	2,128,768	0	0	0	33,884,175	0	1,609,846	35,494,020	23
24	Mains - Lake Tahoe Expansion	367.01	2,697,759	401,800	0	0	0	3,099,560	(792,680)	229,654	2,536,534	24
25	Mains - Carson Lateral	367.02	428,223	91,004	0	0	0	519,227	0	68,253	587,480	25
26	Mains - 2003 Paiute Expansion	367.03	702,780	242,721	0	0	0	945,501	0	182,041	1,127,542	26
27	Compressor Station - System	368	10,616,145	716,174	0	(157,380)	0	11,174,939	0	549,207	11,724,146	27
28	Compressor Station - Eko Lateral	368.01	1,051,353	85,193	0	0	0	1,136,546	0	63,900	1,200,445	28
29	Meas/Reg Station Equipment	369	4,259,656	238,836	0	(514,367)	0	3,984,125	0	209,075	4,193,199	29
30	Meas/Reg Station Equip. - Lake Tahoe	369.01	133,708	9,029	0	0	0	142,737	(51,794)	7,197	98,139	30
31	Communication Equipment	370	40,453	8,542	0	0	0	48,995	0	6,406	55,401	31
32	Other Equipment	371	3,201,794	139,677	0	(683,268)	0	2,678,202	0	102,868	2,781,070	32
	Total Transmission		\$ 55,784,414	\$ 4,109,209	\$ (649)	\$ (1,411,013)	\$ 0	\$ 58,481,962	\$ (844,474)	\$ 2,354	\$ 58,791	
34	General											34
35	Land and Land Rights	389	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	35
36	Structures & Improvements	390.1	170,291	124,898	0	0	0	295,189	0	93,693	388,881	36
37	Office Furniture & Equipment	391	0	6,418	0	0	0	6,418	0	4,297	10,714	37
38	Computer Equipment	391.1	22,075	81,016	0	(22,290)	0	80,800	0	72,896	153,696	38
39	Transportation Equipment - Light	392.11	556,815	140,576	23,990	(245,202)	21,574	497,753	0	136,383	634,135	39
40	Transportation Equipment - Heavy	392.12	961,543	12,581	0	0	0	974,123	0	60,923	1,035,046	40
41	Stores Equipment	393	746	1,683	0	0	0	2,429	0	1,217	3,646	41
42	Tools, Shop, & Garage Equipment	394	109,797	51,718	4,050	(18,989)	0	146,576	0	42,144	188,720	42
43	Laboratory Equipment	395	(6,392)	9,060	0	(1,466)	0	1,179	0	7,344	6,523	43
44	Power Operated Equipment	396	231,657	56,977	0	(32,637)	(3,976)	254,021	0	48,569	302,590	44
45	Communication Equipment	397.1	(50,415)	2,298	0	0	0	(48,117)	0	2,013	(46,104)	45
46	Telemetering Equipment	397.2	27,733	352	0	(33,833)	0	(5,748)	0	0	(5,748)	46
47	Miscellaneous Equipment	398	5,541	1,330	0	0	0	6,871	0	998	7,869	47
	Total General		\$ 2,029,390	\$ 490,906	\$ 28,040	\$ (354,439)	\$ 17,597	\$ 2,211,494	\$ 0	\$ 470,475	\$ 2,681,970	48
	Total Accumulated Depreciation and Amortization		\$ 64,349,338	\$ 5,496,959	\$ 27,391	\$ (1,781,844)	\$ 17,597	\$ 68,109,442	\$ (844,474)	\$ 4,285,949	\$ 71,550,917	49

[1] Stmt D Sh 4 Col (c)
[2] Stmt D Pg 5 Col (g)

PAIUTE PIPELINE COMPANY
SUMMARY OF ADJUSTMENTS TO DEPRECIATION RESERVE
AS OF NOVEMBER 30, 2008, AS ADJUSTED

Line No.	Description (a)	Balance as Recorded at 11/30/08 (b)	Remove Accum. Depr. for Plant in Excess of Agreement Adj. No. 4 [1] (c)	Depreciation Reserve Additions Adj. No. 5 [2] (d)	Allocate Intangible Plant [3] (e)	Allocate General Plant [3] (f)	Balance as Adjusted (g)	Line No.
1	Intangible	\$ 1,779,968	\$ 0	\$ 3,746	\$ (1,783,714)	\$ 0	\$ 0	1
2	Production	0	0	0	0	0	0	2
3	Storage	5,636,017	0	743,664	220,778	331,959	6,932,417	3
4	Transmission-System	52,589,397	0	2,510,613	1,316,451	1,979,398	58,395,860	4
5	Transmission-Lake Tahoe Expansion	3,242,296	(844,474)	236,851	112,347	168,923	2,915,943	5
6	Transmission-Carson Lateral	519,227	0	68,253	30,761	46,252	664,492	6
7	Transmission-2003 Paiute Expansion	994,496	0	188,447	79,956	120,220	1,383,119	7
8	Transmission-Elko Lateral	1,136,546	0	63,900	23,422	35,217	1,259,085	8
9	General	2,211,494	0	470,475	0	(2,681,970)	0	9
10	Totals	\$ 68,109,442	\$ (844,474)	\$ 4,285,949	\$ 0	\$ 0	\$ 71,550,917	10

[1] Stmt D Sh 4 Ln 3(d)

[2] Stmt D Sh 5 Col (g)

[3] Allocation calculation on Sch I-1(d) Sh 12

PAIUTE PIPELINE COMPANY
ACCUMULATED DEPRECIATION RESERVE - LAKE TAHOE EXPANSION INCREMENTAL PROJECT
FOR THE PERIOD ENDED NOVEMBER 30, 2008, AS ADJUSTED

Line No.	Description (a)	Account (b)	Balance as Recorded at at 11/30/08 (c)	Remove Accum. Depr. for Plant in Excess of Agreement Adj. No. 4 (d)	Balance as Adjusted (e)	Line No.
	<u>Transmission - Lake Tahoe Expansion</u>					
1	Mains	367.01	\$ 3,099,560	\$ (792,680)	\$ 2,306,880	1
2	Measuring & Regulating Station Equipment	369.01	142,737	(51,794)	90,943	2
3	Total Accumulated Depreciation		<u>\$ 3,242,296</u>	<u>\$ (844,474)</u>	<u>\$ 2,397,822</u>	3

Explanation:

This adjustment removes the Depreciation Reserve associated with capital costs incurred in excess of the agreed-upon project cost cap amount set forth in the related transportation service agreements between Paiute Pipeline Company and the Lake Tahoe Expansion Project shippers.

PAIUTE PIPELINE COMPANY
ADDITIONS TO DEPRECIATION RESERVE
AS OF NOVEMBER 30, 2008, AS ADJUSTED

Line No.	Description (a)	Account Number (b)	Plant as Adjusted at 11/30/2008 (c)	CWIP Additions At 50% (d)	Plant as Adjusted (e)	[1] Depreciation Rate * .75 (f)	Addition to Depreciation Reserve Adj. No. 5 (g)	Line No.
<u>Intangible</u>								
1	Organization	301	\$ 0	\$ 0	\$ 0		\$ 0	1
2	Franchise & Consent	302	60,639	0	60,639	Various	0	2
3	Miscellaneous Intangible	303	1,719,329	15,000	1,734,329	Various	3,746	3
4	Total Intangible		\$ 1,779,968	\$ 15,000	\$ 1,794,968		\$ 3,746	4
<u>Production</u>								
5	Other Land & Land Rights	304	\$ 0	\$ 0	\$ 0		\$ 0	5
6	Structures - Reno	305.23	0	0	0	0.00%	0	6
7	Other Power Equipment	307	0	0	0	0.00%	0	7
8	LPG Equipment - Reno	311.23	0	0	0	0.00%	0	8
9	Gas Mixing Equipment	319	0	0	0	0.00%	0	9
10	Other Equipment	320	0	0	0	0.00%	0	10
11	Total Production		\$ 0	\$ 0	\$ 0		\$ 0	11
<u>Storage Plant</u>								
12	Land and Land Rights	360	\$ 78,389	\$ 0	\$ 78,389		\$ 0	12
13	Structures	361	3,122,742	112,542	3,235,284	2.81%	90,992	13
14	Gas Holders	362	4,506,639	0	4,506,639	4.50%	202,799	14
15	Vaporization Equipment	363.2	1,030,306	0	1,030,306	3.75%	38,636	15
17	Other Equipment	363.5	10,356,303	610,000	10,966,303	3.75%	411,236	17
18	Total Storage Plant		\$ 19,094,379	\$ 722,542	\$ 19,816,921		\$ 743,664	18
<u>Transmission</u>								
18	Land and Land Rights	365.1	\$ 661	\$ 0	\$ 661		\$ 0	18
19	Rights of Way	365.2	654,676	6,500	661,176	1.82%	12,050	19
20	Structures - Compressor Station	366.1	705,418	50,000	755,418	3.22%	24,306	20
21	Structures	366.2	70,058	0	70,058	1.30%	909	21
22	Mains	367	86,103,050	798,193	86,901,243	1.85%	1,609,846	22
23	Mains - Lake Tahoe Expansion [2]	367.01	10,172,928	0	10,172,928	2.26%	229,654	23
24	Mains - Carson Lateral	367.02	2,861,763	0	2,861,763	2.39%	68,253	24
25	Mains - 2003 Paiute Expansion	367.03	7,223,852	0	7,223,852	2.52%	182,041	25
26	Compressor Station - System	368	18,326,368	401,907	18,728,275	2.93%	549,207	26
27	Compressor Station - Elko Lateral	368.01	2,179,024	0	2,179,024	2.93%	63,900	27
28	Measuring & Regulating Station Equipment	369	8,107,281	1,092,933	9,200,214	2.27%	209,075	28
29	Meas/Reg Station Equip. - Lake Tahoe [2]	369.01	278,949	0	278,949	2.58%	7,197	29
30	Meas/Reg Station Equip. - Paiute Expansion	369.03	214,607	0	214,607	2.99%	6,406	30
31	Communication Equipment	370	3,532,234	96,250	3,628,484	2.84%	102,868	31
32	Other Equipment	371	81,112	0	81,112	2.90%	2,354	32
33	Total Transmission		\$ 140,511,980	\$ 2,445,783	\$ 142,957,763		\$ 3,068,064	33
<u>General</u>								
34	Land and Land Rights	389	\$ 288,136	\$ 0	\$ 288,136		\$ 0	34
35	Structures & Improvements	390.1	3,123,092	0	3,123,092	3.00%	93,693	35
36	Office Furniture & Equipment	391	107,026	4,429	111,455	3.86%	4,297	36
37	Computer Equipment	391.1	481,221	4,750	485,971	15.00%	72,896	37
39	Transportation Equipment	392.11	1,290,610	164,137	1,454,747	9.38%	136,383	39
40	Transportation Equipment	392.12	943,556	71,821	1,015,377	6.00%	60,923	40
41	Stores Equipment	393	40,580	0	40,580	3.00%	1,217	41
42	Tools, Shop, & Garage Equipment	394	585,173	33,000	618,173	6.82%	42,144	42
43	Laboratory Equipment	395	58,738	0	58,738	12.50%	7,344	43
44	Power Operated Equipment	396	1,430,389	18,366	1,448,754	3.35%	48,569	44
45	Communication Equipment	397.1	26,837	0	26,837	7.50%	2,013	45
46	Telemetry Equipment	397.2	0	0	0	9.38%	0	46
47	Miscellaneous Equipment	398	26,604	0	26,604	3.75%	998	47
48	Total General		\$ 8,401,961	\$ 296,503	\$ 8,698,464		\$ 470,475	48
49	Total Accumulated Depreciation and Amortization		\$ 169,788,289	\$ 3,479,828	\$ 173,268,117		\$ 4,285,949	49

[1] Authorized Depreciation Rates can be found on Schedule H-2(1) Sh 1 Col (d).

[2] The adjusted Gas Plant in Service balance can be found on Schedule C-2 Sh 2 Col (e).

**PAIUTE PIPELINE COMPANY
DEPRECIATION RESERVE IMPACT
FOR DEPRECIATION RATES NOT YET APPROVED
BY THE FERC
TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED**

Paiute does not have a depreciation reserve book balance applicable to any depreciation rate not yet approved by the Commission.

**PAIUTE PIPELINE COMPANY
METHODS AND PROCEDURES FOLLOWED IN
DEPRECIATING, DEPLETING OR AMORTIZING
PLANT AND RECORDING ABANDONMENTS
TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED**

No change in policy has been made effective since Paiute's last FERC Form 2-A filing.