

PAIUTE PIPELINE COMPANY
SUMMARY OF STATEMENT H-1 ADJUSTMENTS

| Adjustment Number | Title | Explanation | Effect Upon Deficiency |
|----------------------|---|--|------------------------------|
| 7 | Labor | Annualize labor and labor loadings to reflect the impact of the proposed 2009 wage movement and projected employee benefits expense. | \$ 425,499 |
| 8 | Non-Labor Operation & Maintenance Expense | Reflects the additional non-labor operation and maintenance expense that is expected to be incurred in the test period. | 118,595 |
| 9 | LNG Maintenance Expenses | Adjust LNG maintenance expenses to reflect additional expense expected to be incurred in the test period. | 251,500 |
| 10 | TRIMP Expenses | Normalize TRIMP maintenance expenses to a representative level based on recent years' experience. | 110,827 |
| 11 | Annualized Allocation of Administrative and General Expenses to Paiute Pipeline | To annualize the Southwest Gas administrative and general expenses allocated to Paiute Pipeline. | 276,318 |
| 12 | Rent Expense for Use of Southwest Gas General Plant | Annualizes the rent expense for use of Southwest Gas general plant. | 79,014 |
| 13 | Regulatory Commission Expenses | Computes the expected increase in regulatory commission expenses to be amortized over 3 years. | 56,680 |
| 14 | Remove FERC ACA Expense | Remove FERC ACA expense that is surcharged to Paiute's customers. | (70,233) |

PAUTE PIPELINE COMPANY
OPERATION AND MAINTENANCE EXPENSES
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED

| Line No. | Description (a) | Account Number (b) | Recorded Balance | Recorded Balance 2008 | | | | | | | | | | | | Total 12 Months (o) | Total Adjustments (p) | Adjusted Balance at 09/1/09 (q) | Line No. |
|-----------------------------|--|--------------------|------------------|-----------------------|--------------|------------|------------|------------|------------|------------|------------|---------------|-------------|--------------|--------------|---------------------|-----------------------|---------------------------------|----------|
| | | | December (c) | January (d) | February (e) | March (f) | April (g) | May (h) | June (i) | July (j) | August (k) | September (l) | October (m) | November (n) | | | | | |
| Manufactured Gas Production | | | | | | | | | | | | | | | | | | | |
| Operation | | | | | | | | | | | | | | | | | | | |
| 1 | Operation Supervision and Engineering | 710 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 1 | |
| 2 | Other Power Expenses | 712 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | |
| 3 | Liquefied Petroleum Gas Expenses | 717 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | |
| 4 | Total Operation Expenses | | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 4 | |
| Maintenance | | | | | | | | | | | | | | | | | | | |
| 5 | Maintenance Supervision and Engineering | 740 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 5 | |
| 6 | Maintenance of Structures and Improvements | 741 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6 | |
| 7 | Maintenance of Production Equipment | 742 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7 | |
| 8 | Total Maintenance Expenses | | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 8 | |
| 9 | Total Manufactured Gas Production | | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 9 | |
| Other Storage Expenses | | | | | | | | | | | | | | | | | | | |
| Operation | | | | | | | | | | | | | | | | | | | |
| 10 | Operation Supervision and Engineering | 840 | \$ 11,464 | \$ 11,000 | \$ 18,348 | \$ 20,055 | \$ 13,111 | \$ 13,728 | \$ 13,415 | \$ 14,369 | \$ 9,859 | \$ 11,542 | \$ 12,787 | \$ 12,375 | \$ 162,053 | \$ 10,292 | \$ 172,345 | 10 | |
| 11 | Operation Labor and Expenses | 841 | 50,839 | 83,735 | 117,049 | 78,890 | 110,796 | 94,282 | 88,269 | 82,200 | 118,735 | 81,311 | 79,218 | 82,851 | 1,068,175 | 69,774 | 1,137,949 | 11 | |
| 12 | Rents | 842 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12 | |
| 13 | Fuel | 842.1 | 553 | 305 | 0 | 252 | 0 | 0 | 428 | 314 | 0 | 348 | 0 | 392 | 2,593 | 0 | 2,593 | 13 | |
| 14 | Power | 842.2 | 8,648 | 8,881 | 8,017 | 7,728 | 8,545 | 60 | 24,413 | 93 | 17,611 | 27,141 | (8,891) | 10,000 | 112,245 | 3,367 | 115,612 | 14 | |
| 15 | Total Operation Expenses | | \$ 71,504 | \$ 103,922 | \$ 143,414 | \$ 106,926 | \$ 132,452 | \$ 108,070 | \$ 126,525 | \$ 96,976 | \$ 146,204 | \$ 120,342 | \$ 83,114 | \$ 105,616 | \$ 1,345,067 | \$ 83,433 | \$ 1,428,499 | 15 | |
| Maintenance | | | | | | | | | | | | | | | | | | | |
| 16 | Supervision and Engineering | 843.1 | \$ 7,559 | \$ 7,648 | \$ 11,473 | \$ 9,800 | \$ 8,989 | \$ 9,788 | \$ 8,092 | \$ 7,873 | \$ 13,601 | \$ 7,352 | \$ 9,237 | \$ 9,190 | \$ 110,602 | \$ 7,694 | \$ 118,296 | 16 | |
| 17 | Structures and Improvements | 843.2 | (550) | 843 | 310 | 764 | 6,103 | 6,463 | 1,361 | 557 | 649 | 0 | 1,065 | 498 | 18,053 | 141,812 | 159,875 | 17 | |
| 18 | Gas Holders | 843.3 | 0 | 4,588 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,588 | 138 | 4,726 | 18 | |
| 19 | Purification Equipment | 843.4 | (441) | 2,083 | 0 | 0 | 0 | 0 | 89 | 0 | 1,679 | 2,044 | 0 | 0 | 5,454 | 228 | 5,682 | 19 | |
| 20 | Liquefaction Equipment | 843.5 | 678 | 0 | 153 | 2,641 | 8,599 | 9,656 | 6,759 | 5,025 | 2,564 | 427 | 54 | 0 | 36,555 | 102,305 | 138,860 | 20 | |
| 21 | Vaporizing Equipment | 843.6 | 3,896 | 9,299 | 36,522 | 8,935 | 916 | 377 | 720 | 5,933 | 360 | 599 | 4,007 | 71,563 | 3,368 | 74,931 | 21 | | |
| 22 | Compressor Equipment | 843.7 | 1,649 | 8,572 | 4,799 | 4,763 | 1,134 | 1,689 | 2,531 | 2,472 | 437 | 1,245 | 2,908 | 7,034 | 39,233 | 12,028 | 51,261 | 22 | |
| 23 | Measuring and Regulating Equipment | 843.8 | 0 | 0 | 0 | 83 | 0 | 0 | 1,550 | 0 | 0 | 0 | 0 | 0 | 1,633 | 110 | 1,743 | 23 | |
| 24 | Other Equipment | 843.9 | 2,351 | 6,246 | 32,965 | 14,427 | 11,055 | 10,628 | 8,157 | 7,071 | 25,083 | 16,876 | 16,011 | 10,393 | 161,262 | 9,635 | 170,896 | 24 | |
| 25 | Total Maintenance Expenses | | \$ 15,141 | \$ 39,280 | \$ 86,222 | \$ 41,412 | \$ 36,795 | \$ 38,600 | \$ 28,539 | \$ 23,718 | \$ 49,945 | \$ 28,303 | \$ 29,874 | \$ 31,122 | \$ 448,953 | \$ 277,318 | \$ 726,271 | 25 | |
| 26 | Total Other Storage Expenses | | \$ 86,645 | \$ 143,202 | \$ 229,635 | \$ 148,338 | \$ 169,247 | \$ 146,671 | \$ 155,064 | \$ 120,695 | \$ 196,150 | \$ 148,646 | \$ 112,988 | \$ 136,740 | \$ 1,794,020 | \$ 360,750 | \$ 2,154,770 | 26 | |

PAUTE PIPELINE COMPANY
OPERATION AND MAINTENANCE EXPENSES
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED

| Line No. | Description (a) | Account Number (b) | Recorded Balance | Recorded Balance 2008 | | | | | | | | | | | | Total 12 Months (o) | Total Adjustments (p) | Adjusted Balance at 09/1/09 (q) | Line No. |
|----------------------------|--|--------------------|-------------------|-----------------------|--------------|------------|------------|------------|------------|------------|------------|---------------|-------------|--------------|--------------|---------------------|-----------------------|---------------------------------|----------|
| | | | 2007 December (c) | January (d) | February (e) | March (f) | April (g) | May (h) | June (i) | July (j) | August (k) | September (l) | October (m) | November (n) | | | | | |
| Transmission Expenses | | | | | | | | | | | | | | | | | | | |
| Operation | | | | | | | | | | | | | | | | | | | |
| 1 | Operation Supervision and Engineering | 850 | \$ 47,263 | \$ 49,063 | \$ 76,803 | \$ 188,719 | \$ 66,549 | \$ 50,962 | \$ 65,627 | \$ 55,523 | \$ 74,909 | \$ 59,865 | \$ 52,375 | \$ 76,870 | \$ 864,529 | \$ 46,126 | \$ 910,654 | 1 | |
| 2 | System Control and Load Dispatching | 851 | 44,074 | 54,368 | 128,625 | 68,986 | 63,592 | 80,817 | 72,668 | 102,598 | 87,141 | 73,253 | 75,007 | 61,265 | 912,394 | 57,213 | 969,607 | 2 | |
| 3 | Communication System Expenses | 852 | 6,278 | 14,333 | 14,775 | 7,823 | 10,547 | 5,486 | 6,785 | 7,890 | 8,444 | 7,829 | 17,563 | 5,812 | 113,354 | 4,257 | 117,611 | 3 | |
| 4 | Compressor Station Labor and Expenses | 853 | 1,865 | 311 | 4,030 | 12,962 | 3,692 | 187 | 19,656 | 156 | 156 | 261 | 346 | 30 | 43,653 | 1,260 | 44,913 | 4 | |
| 5 | Other Fuel and Power for Compressor Stations | 855 | 5,127 | 5,238 | 5,553 | 5,657 | 4,878 | 6,333 | 4,586 | 3,577 | 7,106 | 3,384 | 7,102 | 4,354 | 62,892 | 1,887 | 64,779 | 5 | |
| 6 | Mains Expenses - System | 856 | 5,572 | 2,140 | 998 | (502) | 4,051 | 7,029 | 2,547 | 2,471 | 6,613 | 23,710 | 7,730 | 6,542 | 68,900 | 113,578 | 182,478 | 6 | |
| 7 | Mains Expenses - Lake Tahoe Expansion | 856 | 2,248 | 0 | 0 | 562 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,124 | 3,934 | 0 | 3,934 | 7 | |
| 8 | Mains Expenses - Carson Lateral | 856 | 2,344 | 0 | 0 | 586 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,172 | 4,102 | 0 | 4,102 | 8 | |
| 9 | Mains Expenses - 2003 Paiute Expansion | 856 | 756 | 0 | 0 | 189 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 378 | 1,323 | 0 | 1,323 | 9 | |
| 10 | Operation Supplies and Expenses | 857 | 3,743 | 3,901 | 4,188 | 2,046 | 1,777 | 6,584 | 2,068 | 3,568 | 3,268 | 4,608 | 3,388 | 4,185 | 43,322 | 2,468 | 45,790 | 10 | |
| 11 | Other Transmission Expenses | 859 | 18,485 | 18,217 | 29,201 | 20,446 | 21,637 | 12,578 | 14,161 | 5,334 | 18,604 | 17,091 | 16,285 | 26,596 | 218,634 | 11,874 | 230,508 | 11 | |
| 12 | Rents | 860 | 11,774 | 2,009 | 2,214 | 2,055 | 1,714 | 2,093 | 1,335 | 2,065 | 2,914 | 3,036 | 2,321 | 2,463 | 35,989 | 1,080 | 37,069 | 12 | |
| 13 | Total Operation Expenses | | \$ 149,529 | \$ 149,580 | \$ 266,387 | \$ 309,327 | \$ 178,435 | \$ 172,068 | \$ 189,432 | \$ 183,171 | \$ 209,153 | \$ 193,038 | \$ 182,116 | \$ 190,792 | \$ 2,373,027 | \$ 239,741 | \$ 2,612,768 | 13 | |
| Maintenance | | | | | | | | | | | | | | | | | | | |
| 14 | Supervision and Engineering | 861 | \$ 29,322 | \$ 30,360 | \$ 53,515 | \$ 36,208 | \$ 37,062 | \$ 38,677 | \$ 33,828 | \$ 41,554 | \$ 55,840 | \$ 38,192 | \$ 34,719 | \$ 33,200 | \$ 462,477 | \$ 31,879 | \$ 494,356 | 14 | |
| 15 | Structures and Improvements | 862 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15 | |
| 16 | Mains - System | 863 | 266,410 | 67,319 | 142,448 | 74,920 | 138,442 | 127,598 | 123,571 | 153,002 | 142,381 | 932,474 | (92,327) | 395,156 | 2,471,394 | 96,978 | 2,568,372 | 16 | |
| 17 | Mains - Lake Tahoe Expansion | 863 | 5,100 | 0 | 0 | 1,275 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,550 | 8,925 | 0 | 8,925 | 17 | |
| 18 | Mains - Carson Lateral | 863 | 2,500 | 0 | 0 | 625 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,250 | 4,375 | 131 | 4,506 | 18 | |
| 19 | Mains - 2003 Paiute Expansion | 863 | 1,060 | 0 | 0 | 265 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 530 | 1,855 | 56 | 1,911 | 19 | |
| 20 | Mains - Elko Lateral | 863 | 1,482 | 0 | 0 | 373 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 746 | 2,611 | 0 | 2,611 | 20 | |
| 21 | Compressor Station Equipment - System | 864 | 29,334 | 30,845 | 62,796 | 53,403 | 59,576 | 43,716 | 25,951 | 38,701 | 56,924 | 51,292 | 34,505 | 36,671 | 523,714 | 31,492 | 555,205 | 21 | |
| 22 | Compressor Station Equip - Elko Lateral | 864 | 292 | 1,131 | 5,951 | 2,368 | 730 | 4,158 | 1,095 | 752 | 3,458 | 1,128 | 3,728 | 2,618 | 27,411 | 7 | 27,417 | 22 | |
| 23 | Meas and Reg Sta Equip - System | 865 | 51,636 | 69,041 | 74,432 | 60,070 | 69,889 | 54,068 | 78,089 | 75,780 | 83,789 | 78,505 | 62,666 | 50,095 | 808,058 | 42,322 | 850,381 | 23 | |
| 24 | Meas and Reg Sta Equip - Lake Tahoe Expansic | 865 | 488 | 0 | 0 | 117 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 234 | 819 | 0 | 819 | 24 | |
| 25 | Communication Equipment | 866 | 300 | 3,964 | 13,120 | 7,609 | 2,775 | 7,972 | 13,109 | 5,234 | 7,320 | 894 | 3,462 | 3,252 | 69,010 | 3,897 | 72,907 | 25 | |
| 26 | Total Maintenance Expenses | | \$ 387,914 | \$ 202,659 | \$ 352,261 | \$ 237,233 | \$ 308,473 | \$ 276,189 | \$ 275,643 | \$ 315,024 | \$ 349,712 | \$ 1,102,485 | \$ 46,753 | \$ 526,302 | \$ 4,380,648 | \$ 206,761 | \$ 4,587,410 | 26 | |
| 27 | Total Transmission Expenses | | \$ 537,443 | \$ 352,239 | \$ 618,648 | \$ 546,560 | \$ 486,909 | \$ 448,257 | \$ 465,075 | \$ 498,195 | \$ 558,865 | \$ 1,295,523 | \$ 228,869 | \$ 717,093 | \$ 6,753,675 | \$ 446,503 | \$ 7,200,178 | 27 | |
| Customer Accounts Expenses | | | | | | | | | | | | | | | | | | | |
| Operation | | | | | | | | | | | | | | | | | | | |
| 28 | Meter Reading Expenses | 902 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 28 | |
| 29 | Customer Records and Collection Expenses | 903 | 4,683 | 232 | 232 | 232 | 3,889 | 232 | 232 | 2,044 | 244 | 244 | 244 | 3,746 | 16,253 | 582 | 18,836 | 29 | |
| 30 | Total Operation Expenses | | \$ 4,683 | \$ 232 | \$ 232 | \$ 232 | \$ 3,889 | \$ 232 | \$ 232 | \$ 2,044 | \$ 244 | \$ 244 | \$ 244 | \$ 3,746 | \$ 16,253 | \$ 582 | \$ 18,836 | 30 | |
| 31 | Total Customer Accounts Expenses | | \$ 4,683 | \$ 232 | \$ 232 | \$ 232 | \$ 3,889 | \$ 232 | \$ 232 | \$ 2,044 | \$ 244 | \$ 244 | \$ 244 | \$ 3,746 | \$ 16,253 | \$ 582 | \$ 18,836 | 31 | |

PAUTE PIPELINE COMPANY
OPERATION AND MAINTENANCE EXPENSES
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED

| Line No. | Description (a) | Account Number (b) | Recorded Balance | | | | | | | | | | | | Total 12 Months (o) | Total Adjustments (p) | Adjusted Balance at 08/31/09 (q) | Line No. |
|----------|--|--------------------|----------------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|-------------|--------------|---------------------|-----------------------|----------------------------------|----------|
| | | | 2007 December (c) | January (d) | February (e) | March (f) | April (g) | May (h) | June (i) | July (j) | August (k) | September (l) | October (m) | November (n) | | | | |
| 1 | Administrative and General Expenses | 920 | \$ 153,910 | \$ 218,705 | \$ 264,026 | \$ 194,779 | \$ 184,368 | \$ 183,307 | \$ 174,654 | \$ 179,436 | \$ 276,483 | \$ 183,985 | \$ 193,355 | \$ 185,238 | \$ 2,392,247 | \$ 249,070 | \$ 2,641,316 | 1 |
| 2 | Office Supplies and Expenses | 921 | 47,134 | 34,479 | 59,754 | 30,810 | 39,806 | 35,289 | 38,173 | 36,892 | 38,774 | 43,816 | 58,130 | 28,262 | 491,318 | 28,850 | 520,168 | 2 |
| 3 | Administrative Expenses Transferred - Credit | 922 | (41,953) | 0 | (4,775) | (7,873) | (7,033) | (11,856) | (4,463) | (12,043) | (8,787) | (6,414) | 0 | 0 | (104,998) | (3,553) | (108,550) | 3 |
| 4 | Outside Services Employed | 923 | 35,639 | 18,816 | 42,039 | 39,548 | 32,049 | 65,263 | 29,787 | 30,628 | 28,447 | 94,869 | 8,310 | 51,532 | 482,302 | 26,032 | 488,334 | 4 |
| 5 | Property Insurance | 924 | 7,872 | 7,797 | 7,797 | 7,797 | 7,797 | 7,224 | 7,224 | 7,224 | 7,224 | 8,317 | 8,310 | 8,310 | 92,892 | 22,133 | 115,025 | 5 |
| 6 | Injuries and Damages | 925 | 40,756 | 32,671 | 36,643 | 33,350 | 45,991 | 32,761 | 32,189 | 30,868 | 32,399 | 31,096 | 28,909 | 32,992 | 410,644 | 24,031 | 434,675 | 6 |
| 7 | Regulatory Commission Expenses | 928 | 6,040 | 6,040 | 6,040 | 6,040 | 6,040 | 6,040 | 6,040 | 76,273 | 0 | 0 | 0 | 0 | 118,553 | (13,553) | 105,000 | 7 |
| 8 | Miscellaneous General Expenses | 930 | 9,275 | 29,794 | 11,574 | 20,415 | 26,599 | 20,060 | 12,746 | 21,855 | 5,527 | 14,663 | 13,736 | 16,045 | 202,289 | 11,965 | 214,254 | 8 |
| 9 | Rents | 931 | 89,466 | 89,719 | 81,835 | 83,455 | 93,504 | 82,900 | 83,322 | 87,477 | 85,603 | 90,513 | 87,631 | 81,933 | 1,037,361 | 89,960 | 1,127,322 | 9 |
| 10 | Total Operation Expenses | | \$ 348,139 | \$ 438,021 | \$ 504,935 | \$ 408,520 | \$ 429,121 | \$ 421,007 | \$ 379,673 | \$ 458,610 | \$ 465,669 | \$ 460,846 | \$ 383,756 | \$ 404,313 | \$ 5,102,608 | \$ 434,936 | \$ 5,537,544 | 10 |
| 11 | Maintenance of General Plant | 935 | \$ 16,779 | \$ 13,760 | \$ 14,079 | \$ 12,590 | \$ 6,306 | \$ 15,213 | \$ 12,388 | \$ 10,951 | \$ 14,185 | \$ 12,537 | \$ 12,783 | \$ 13,706 | \$ 155,278 | \$ 5,428 | \$ 160,705 | 11 |
| 12 | Total Administrative and General Expenses | | \$ 364,918 | \$ 451,781 | \$ 519,014 | \$ 421,110 | \$ 435,426 | \$ 436,220 | \$ 392,061 | \$ 469,561 | \$ 479,854 | \$ 473,383 | \$ 396,539 | \$ 418,019 | \$ 5,257,886 | \$ 440,364 | \$ 5,698,250 | 12 |
| 13 | Total Operation and Maintenance Expenses | | \$ 993,689 | \$ 947,453 | \$ 1,367,528 | \$ 1,116,239 | \$ 1,095,471 | \$ 1,031,379 | \$ 1,012,432 | \$ 1,090,494 | \$ 1,235,113 | \$ 1,917,795 | \$ 738,640 | \$ 1,275,599 | \$ 13,821,834 | \$ 1,248,200 | \$ 15,070,033 | 13 |

Administrative and General Expenses

Operation

PAIUTE PIPELINE COMPANY
SUMMARY OF OPERATION AND MAINTENANCE EXPENSE ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED

| Line No. | Description | (a) | Account Number | (b) | Labor Adj. No. 7 | (c) | Other Non-Labor O&M Expenses Adj. No. 8 | (d) | LNG Maintenance Expense Adj. No. 9 | (e) | TRIMP Expense Adj. No. 10 | (f) | Allocate SWG A & G Exp. to Paiute Adj. No. 11 | (g) | Rent on Southwest Gas General Plant Adj. No. 12 | (h) | Regulatory Commission Expenses Adj. No. 13 | (i) | Line No. |
|-----------------------------|--|-----|----------------|-----|------------------|-----|---|-----|------------------------------------|-----|---------------------------|-----|---|-----|---|-----|--|-----|----------|
| Manufactured Gas Production | | | | | | | | | | | | | | | | | | | |
| Operation | | | | | | | | | | | | | | | | | | | |
| 1 | Operation Supervision and Engineering | | 710 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 1 |
| 2 | Other Power Expenses | | 712 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 2 |
| 3 | Liquefied Petroleum Gas Expenses | | 717 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 3 |
| 4 | Total Operation Expenses | | | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 4 |
| Maintenance | | | | | | | | | | | | | | | | | | | |
| 5 | Maintenance Supervision and Engineering | | 740 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 5 |
| 6 | Maintenance of Structures and Improvements | | 741 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 6 |
| 7 | Maintenance of Production Equipment | | 742 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 7 |
| 8 | Total Maintenance Expenses | | | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 8 |
| 9 | Total Manufactured Gas Production | | | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 9 |
| Other Storage Expenses | | | | | | | | | | | | | | | | | | | |
| Operation | | | | | | | | | | | | | | | | | | | |
| 10 | Operation Supervision and Engineering | | 840 | \$ | 9,376 | \$ | 916 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 10 |
| 11 | Operation Labor and Expenses | | 841 | | 65,246 | | 4,528 | | 0 | | 0 | | 0 | | 0 | | 0 | | 11 |
| 12 | Rents | | 842 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 12 |
| 13 | Fuel | | 842.1 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 13 |
| 14 | Power | | 842.2 | | 0 | | 3,367 | | 0 | | 0 | | 0 | | 0 | | 0 | | 14 |
| 15 | Total Operation Expenses | | | \$ | 74,621 | \$ | 8,811 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 15 |
| Maintenance | | | | | | | | | | | | | | | | | | | |
| 16 | Supervision and Engineering | | 843.1 | \$ | 7,589 | \$ | 105 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 16 |
| 17 | Structures and Improvements | | 843.2 | | 469 | | 343 | | 141,000 | | 0 | | 0 | | 0 | | 0 | | 17 |
| 18 | Gas Holders | | 843.3 | | 0 | | 138 | | 0 | | 0 | | 0 | | 0 | | 0 | | 18 |
| 19 | Purification Equipment | | 843.4 | | 112 | | 116 | | 0 | | 0 | | 0 | | 0 | | 0 | | 19 |
| 20 | Liquefaction Equipment | | 843.5 | | 2,095 | | 210 | | 100,000 | | 0 | | 0 | | 0 | | 0 | | 20 |
| 21 | Vaporizing Equipment | | 843.6 | | 2,117 | | 1,251 | | 0 | | 0 | | 0 | | 0 | | 0 | | 21 |
| 22 | Compressor Equipment | | 843.7 | | 609 | | 919 | | 10,500 | | 0 | | 0 | | 0 | | 0 | | 22 |
| 23 | Measuring and Regulating Equipment | | 843.8 | | 106 | | 4 | | 0 | | 0 | | 0 | | 0 | | 0 | | 23 |
| 24 | Other Equipment | | 843.9 | | 8,318 | | 1,316 | | 0 | | 0 | | 0 | | 0 | | 0 | | 24 |
| 25 | Total Maintenance Expenses | | | \$ | 21,416 | \$ | 4,402 | \$ | 251,500 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 25 |
| 26 | Total Other Storage Expenses | | | \$ | 96,037 | \$ | 13,213 | \$ | 251,500 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 26 |

PAIUTE PIPELINE COMPANY
SUMMARY OF OPERATION AND MAINTENANCE EXPENSE ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED

| Line No. | Description | Account Number | Labor Adj. No. 7 (c) | Other Non-Labor O&M Expenses Adj. No. 8 (d) | LNG Maintenance Expense Adj. No. 9 (e) | TRIMP Expense Adj. No. 10 (f) | Allocate SWG A & G Exp. to Paiute Adj. No. 11 (g) | Rent on Southwest General Plant Adj. No. 12 (h) | Regulatory Commission Expenses Adj. No. 13 (i) | Line No. |
|------------------------------|--|----------------|----------------------|---|--|-------------------------------|---|---|--|----------|
| Transmission Expenses | | | | | | | | | | |
| <u>Operation</u> | | | | | | | | | | |
| 1 | Operation Supervision and Engineering | 850 | \$ 34,852 | \$ 11,273 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 1 |
| 2 | System Control and Load Dispatching | 851 | 52,415 | 4,798 | 0 | 0 | 0 | 0 | 0 | 2 |
| 3 | Communication System Expenses | 852 | 1,386 | 2,871 | 0 | 0 | 0 | 0 | 0 | 3 |
| 4 | Compressor Station Labor and Expenses | 853 | 4 | 1,256 | 0 | 0 | 0 | 0 | 0 | 4 |
| 5 | Other Fuel and Power for Compressor Stations | 855 | 0 | 1,887 | 0 | 0 | 0 | 0 | 0 | 5 |
| 6 | Mains Expenses - System | 856 | 701 | 2,051 | 0 | 110,827 | 0 | 0 | 0 | 6 |
| 7 | Mains Expenses - Lake Tahoe Expansion | 856 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7 |
| 8 | Mains Expenses - Carson Lateral | 856 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8 |
| 9 | Mains Expenses - 2003 Paiute Expansion | 856 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 9 |
| 10 | Operation Supplies and Expenses | 857 | 2,008 | 459 | 0 | 0 | 0 | 0 | 0 | 10 |
| 11 | Other Transmission Expenses | 859 | 9,152 | 2,722 | 0 | 0 | 0 | 0 | 0 | 11 |
| 12 | Rents | 860 | 0 | 1,080 | 0 | 0 | 0 | 0 | 0 | 12 |
| 13 | Total Operation Expenses | | \$ 100,518 | \$ 28,397 | \$ 0 | \$ 110,827 | \$ 0 | \$ 0 | \$ 0 | 13 |
| <u>Maintenance</u> | | | | | | | | | | |
| 14 | Supervision and Engineering | 861 | \$ 31,103 | \$ 777 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 14 |
| 15 | Structures and Improvements | 862 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15 |
| 16 | Mains - System | 863 | 38,837 | 58,141 | 0 | 0 | 0 | 0 | 0 | 16 |
| 17 | Mains - Lake Tahoe Expansion | 863 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 17 |
| 18 | Mains - Carson Lateral | 863 | 0 | 131 | 0 | 0 | 0 | 0 | 0 | 18 |
| 19 | Mains - 2003 Paiute Expansion | 863 | 0 | 56 | 0 | 0 | 0 | 0 | 0 | 19 |
| 20 | Mains - Elko Lateral | 863 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20 |
| 21 | Compressor Station Equipment - System | 864 | 25,856 | 5,636 | 0 | 0 | 0 | 0 | 0 | 21 |
| 22 | Compressor Station Equip - Elko Lateral | 864 | 0 | 7 | 0 | 0 | 0 | 0 | 0 | 22 |
| 23 | Meas and Reg Sta Equip - System | 865 | 31,216 | 11,106 | 0 | 0 | 0 | 0 | 0 | 23 |
| 24 | Meas and Reg Sta Equip - Lake Tahoe Expansio | 865 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 24 |
| 25 | Communication Equipment | 866 | 3,168 | 729 | 0 | 0 | 0 | 0 | 0 | 25 |
| 26 | Total Maintenance Expenses | | \$ 130,179 | \$ 76,582 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 26 |
| 27 | Total Transmission Expenses | | \$ 230,697 | \$ 104,979 | \$ 0 | \$ 110,827 | \$ 0 | \$ 0 | \$ 0 | 27 |

PAIUTE PIPELINE COMPANY
SUMMARY OF OPERATION AND MAINTENANCE EXPENSE ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED

| Line No. | Description | (a) | Account Number | (b) | Labor Adj. No. 7 | (c) | Other Non-Labor O&M Expenses Adj. No. 8 | (d) | LNG Maintenance Expense Adj. No. 9 | (e) | TRIMP Expense Adj. No. 10 | (f) | Allocate SWG A & G Exp. to Paiute Adj. No. 11 | (g) | Rent on Southwest General Plant Adj. No. 12 | (h) | Regulatory Commission Expenses Adj. No. 13 | (i) | Line No. |
|----------|--|-----|----------------|-----|------------------|-----|---|-----|------------------------------------|-----|---------------------------|-----|---|-----|---|-----|--|-----|----------|
| | <u>Customer Accounts Expenses</u> | | | | | | | | | | | | | | | | | | |
| | <u>Operation</u> | | | | | | | | | | | | | | | | | | |
| 1 | Meter Reading Expenses | | 902 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 1 |
| 2 | Customer Records and Collection Expenses | | 903 | \$ | 179 | | 404 | | 0 | | 0 | | 0 | | 0 | | 0 | | 2 |
| 3 | Total Operation Expenses | | | \$ | 179 | \$ | 404 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 3 |
| 4 | Total Customer Accounts Expenses | | | \$ | 179 | \$ | 404 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 4 |
| | <u>Administrative and General Expenses</u> | | | | | | | | | | | | | | | | | | |
| | <u>Operation</u> | | | | | | | | | | | | | | | | | | |
| 5 | Administrative and General Salaries | | 920 | \$ | 101,475 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 147,595 | \$ | 0 | \$ | 5 |
| 6 | Office Supplies and Expenses | | 921 | | 0 | | 0 | | 0 | | 0 | | 0 | | 28,850 | | 0 | | 6 |
| 7 | Administrative Expenses Transferred - Credit | | 922 | | (3,553) | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 7 |
| 8 | Outside Services Employed | | 923 | | 0 | | 0 | | 0 | | 0 | | 26,032 | | 0 | | 0 | | 8 |
| 9 | Property Insurance | | 924 | | 0 | | 0 | | 0 | | 0 | | 22,133 | | 0 | | 0 | | 9 |
| 10 | Injuries and Damages | | 925 | | 0 | | 0 | | 0 | | 0 | | 24,031 | | 0 | | 0 | | 10 |
| 11 | Regulatory Commission Expenses | | 928 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 56,680 | | 11 |
| 12 | Miscellaneous General Expenses | | 930 | | 0 | | 0 | | 0 | | 0 | | 11,965 | | 0 | | 0 | | 12 |
| 13 | Rents | | 931 | | 0 | | 0 | | 0 | | 0 | | 10,946 | | 79,014 | | 0 | | 13 |
| 14 | Total Operation Expenses | | | \$ | 97,922 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 271,553 | \$ | 79,014 | \$ | 56,680 | \$ | 14 |
| 15 | Maintenance of General Plant | | 935 | \$ | 663 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 4,765 | \$ | 0 | \$ | 0 | \$ | 15 |
| 16 | Total Administrative and General Expenses | | | \$ | 98,585 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 276,318 | \$ | 79,014 | \$ | 56,680 | \$ | 16 |
| 17 | Total Operation and Maintenance Expenses | | | \$ | 425,499 | \$ | 118,595 | \$ | 251,500 | \$ | 110,827 | \$ | 276,318 | \$ | 79,014 | \$ | 56,680 | \$ | 17 |

PAUTE PIPELINE COMPANY
SUMMARY OF OPERATION AND MAINTENANCE EXPENSE ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED

| Line No. | Description (a) | Account Number (b) | Remove FERC ACA Expense Adj. No. 14 (c) | Total Adjustments (d) | Line No. |
|------------------------------------|--|--------------------|---|-----------------------|----------|
| <u>Manufactured Gas Production</u> | | | | | |
| <u>Operation</u> | | | | | |
| 1 | Operation Supervision and Engineering | 710 | \$ 0 \$ | 0 | 1 |
| 2 | Other Power Expenses | 712 | 0 | 0 | 2 |
| 3 | Liquefied Petroleum Gas Expenses | 717 | 0 | 0 | 3 |
| 4 | Total Operation Expenses | | \$ 0 \$ | 0 | 4 |
| <u>Maintenance</u> | | | | | |
| 5 | Maintenance Supervision and Engineering | 740 | \$ 0 \$ | 0 | 5 |
| 6 | Maintenance of Structures and Improvements | 741 | 0 | 0 | 6 |
| 7 | Maintenance of Production Equipment | 742 | 0 | 0 | 7 |
| 8 | Total Maintenance Expenses | | \$ 0 \$ | 0 | 8 |
| 9 | Total Manufactured Gas Production | | \$ 0 \$ | 0 | 9 |
| <u>Other Storage Expenses</u> | | | | | |
| <u>Operation</u> | | | | | |
| 10 | Operation Supervision and Engineering | 840 | \$ 0 \$ | 10,292 | 10 |
| 11 | Operation Labor and Expenses | 841 | 0 | 69,774 | 11 |
| 12 | Rents | 842 | 0 | 0 | 12 |
| 13 | Fuel | 842.1 | 0 | 0 | 13 |
| 14 | Power | 842.2 | 0 | 3,367 | 14 |
| 15 | Total Operation Expenses | | \$ 0 \$ | 83,433 | 15 |
| <u>Maintenance</u> | | | | | |
| 16 | Supervision and Engineering | 843.1 | \$ 0 \$ | 7,694 | 16 |
| 17 | Structures and Improvements | 843.2 | 0 | 141,812 | 17 |
| 18 | Gas Holders | 843.3 | 0 | 138 | 18 |
| 19 | Purification Equipment | 843.4 | 0 | 228 | 19 |
| 20 | Liquefaction Equipment | 843.5 | 0 | 102,305 | 20 |
| 21 | Vaporizing Equipment | 843.6 | 0 | 3,368 | 21 |
| 22 | Compressor Equipment | 843.7 | 0 | 12,028 | 22 |
| 23 | Measuring and Regulating Equipment | 843.8 | 0 | 110 | 23 |
| 24 | Other Equipment | 843.9 | 0 | 9,635 | 24 |
| 25 | Total Maintenance Expenses | | \$ 0 \$ | 277,318 | 25 |
| 26 | Total Other Storage Expenses | | \$ 0 \$ | 360,750 | 26 |

PAIUTE PIPELINE COMPANY
SUMMARY OF OPERATION AND MAINTENANCE EXPENSE ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED

| Line No. | Description (a) | Account Number (b) | Remove FERC ACA Expense Adj. No. 14 (c) | Total Adjustments (d) | Line No. |
|------------------------------|---|--------------------|---|-----------------------|----------|
| <u>Transmission Expenses</u> | | | | | |
| <u>Operation</u> | | | | | |
| 1 | Operation Supervision and Engineering | 850 | \$ 0 | \$ 46,126 | 1 |
| 2 | System Control and Load Dispatching | 851 | 0 | 57,213 | 2 |
| 3 | Communication System Expenses | 852 | 0 | 4,257 | 3 |
| 4 | Compressor Station Labor and Expenses | 853 | 0 | 1,260 | 4 |
| 5 | Other Fuel and Power for Compressor Stations | 855 | 0 | 1,887 | 5 |
| 6 | Mains Expenses - System | 856 | 0 | 113,578 | 6 |
| 7 | Mains Expenses - Lake Tahoe Expansion | 856 | 0 | 0 | 7 |
| 8 | Mains Expenses - Carson Lateral | 856 | 0 | 0 | 8 |
| 9 | Mains Expenses - 2003 Paiute Expansion | 856 | 0 | 0 | 9 |
| 10 | Operation Supplies and Expenses | 857 | 0 | 2,468 | 10 |
| 11 | Other Transmission Expenses | 859 | 0 | 11,874 | 11 |
| 12 | Rents | 860 | 0 | 1,080 | 12 |
| 13 | Total Operation Expenses | | \$ 0 | \$ 239,741 | 13 |
| <u>Maintenance</u> | | | | | |
| 14 | Supervision and Engineering | 861 | \$ 0 | \$ 31,879 | 14 |
| 15 | Structures and Improvements | 862 | 0 | 0 | 15 |
| 16 | Mains - System | 863 | 0 | 96,978 | 16 |
| 17 | Mains - Lake Tahoe Expansion | 863 | 0 | 0 | 17 |
| 18 | Mains - Carson Lateral | 863 | 0 | 131 | 18 |
| 19 | Mains - 2003 Paiute Expansion | 863 | 0 | 56 | 19 |
| 20 | Mains - Elko Lateral | 863 | 0 | 0 | |
| 21 | Compressor Station Equipment - System | 864 | 0 | 31,492 | 21 |
| 22 | Compressor Station Equip - Elko Lateral | 864 | 0 | 7 | 22 |
| 23 | Meas and Reg Sta Equip - System | 865 | 0 | 42,322 | 23 |
| 24 | Meas and Reg Sta Equip - Lake Tahoe Expansion | 865 | 0 | 0 | 24 |
| 25 | Communication Equipment | 866 | 0 | 3,897 | 25 |
| 26 | Total Maintenance Expenses | | \$ 0 | \$ 206,761 | 26 |
| 27 | Total Transmission Expenses | | \$ 0 | \$ 446,503 | 27 |

PAUTE PIPELINE COMPANY
SUMMARY OF OPERATION AND MAINTENANCE EXPENSE ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED

| Line No. | Description (a) | Account Number (b) | Remove FERC ACA Expense Adj. No. 14 (c) | Total Adjustments (d) | Line No. |
|--|--|--------------------|---|-----------------------|----------|
| <u>Customer Accounts Expenses</u> | | | | | |
| | <u>Operation</u> | | | | |
| 1 | Meter Reading Expenses | 902 | \$ 0 \$ | 0 | 1 |
| 2 | Customer Records and Collection Expenses | 903 | 0 | 582 | 2 |
| 3 | Total Operation Expenses | | 0 \$ | 582 | 3 |
| 4 | Total Customer Accounts Expenses | | 0 \$ | 582 | 4 |
| <u>Administrative and General Expenses</u> | | | | | |
| | <u>Operation</u> | | | | |
| 5 | Administrative and General Salaries | 920 | \$ 0 \$ | 249,070 | 5 |
| 6 | Office Supplies and Expenses | 921 | 0 | 28,850 | 6 |
| 7 | Administrative Expenses Transferred - Credit | 922 | 0 | (3,553) | 7 |
| 8 | Outside Services Employed | 923 | 0 | 26,032 | 8 |
| 9 | Property Insurance | 924 | 0 | 22,133 | 9 |
| 10 | Injuries and Damages | 925 | 0 | 24,031 | 10 |
| 11 | Regulatory Commission Expenses | 928 | (70,233) | (13,553) | 11 |
| 12 | Miscellaneous General Expenses | 930.2 | 0 | 11,965 | 12 |
| 13 | Rents | 931 | 0 | 89,960 | 13 |
| 14 | Total Operation Expenses | | (70,233) \$ | 434,936 | 14 |
| 15 | Maintenance of General Plant | 935 | 0 \$ | 5,428 | 15 |
| 16 | Total Administrative and General Expenses | | (70,233) \$ | 440,364 | 16 |
| 17 | Total Operation and Maintenance Expenses | | (70,233) \$ | 1,248,200 | 17 |

**PAIUTE PIPELINE COMPANY
LABOR AND LABOR LOADING ADJUSTMENT
ADJUSTMENT NO. 7**

| Line No. | Description (a) | Labor [1] (b) | Loading [1] (c) | Total (d) (b) + (c) | Line No. |
|--------------------|----------------------------------|------------------|--------------------|---------------------------|-------------|
| <u>Operations</u> | | | | | |
| 1 | Account 840 | \$ 7,371 | \$ 2,005 | \$ 9,376 | 1 |
| 2 | Account 841 | 51,123 | 14,122 | 65,246 | 2 |
| 3 | Account 850 | 27,414 | 7,439 | 34,852 | 3 |
| 4 | Account 851 | 41,747 | 10,667 | 52,415 | 4 |
| 5 | Account 852 | 1,093 | 293 | 1,386 | 5 |
| 6 | Account 853 | 3 | 1 | 4 | 6 |
| 7 | Account 856 | 545 | 155 | 701 | 7 |
| 8 | Account 857 | 1,593 | 415 | 2,008 | 8 |
| 9 | Account 859 | 7,236 | 1,916 | 9,152 | 9 |
| 10 | Account 903 | 151 | 27 | 179 | 10 |
| 11 | Account 920 | 85,538 | 15,937 | 101,475 | 11 |
| 12 | Account 922 | (2,995) | (558) | (3,553) | 12 |
| 13 | Account 930 | 0 | 0 | 0 | 13 |
| 14 | Total Operating Expense | \$ 220,820 | \$ 52,421 | \$ 273,240 | 14 |
| <u>Maintenance</u> | | | | | |
| 15 | Account 843 | \$ 16,681 | \$ 4,735 | \$ 21,416 | 15 |
| 16 | Account 861 | 24,428 | 6,675 | 31,103 | 16 |
| 17 | Account 863 | 30,524 | 8,312 | 38,837 | 17 |
| 18 | Account 864 | 20,298 | 5,558 | 25,856 | 18 |
| 19 | Account 865 | 24,475 | 6,741 | 31,216 | 19 |
| 20 | Account 866 | 2,467 | 701 | 3,168 | 20 |
| 21 | Account 935 | 560 | 103 | 663 | 21 |
| 22 | Total Maintenance Expense | \$ 119,433 | \$ 32,825 | \$ 152,258 | 22 |
| 23 | Total Operations and Maintenance | \$ 340,253 | \$ 85,246 | \$ 425,499 | 23 |

Explanation

To annualize labor and related loadings as of November 30, 2008.

[1] Adjustment detail provided in WP Sh 1-2.

**PAIUTE PIPELINE COMPANY
OPERATION AND MAINTENANCE EXPENSES
MATERIALS AND OTHER CHARGES
ADJUSTMENT NO. 8**

| Line No. | Description | Account Number | Balance at 11/30/08 | Adjustment | Adjusted Balance 11/30/2008 | Line No. |
|------------------------------------|--|----------------|---------------------|------------|-----------------------------|----------|
| | (a) | (b) | (c) | (d) | (e) (c) + (d) | |
| <u>Manufactured Gas Production</u> | | | | | | |
| <u>Operation</u> | | | | | | |
| 1 | Operation Supervision and Engineering | 710 | \$ 0 | \$ 0 | \$ 0 | 1 |
| 2 | Other Power Expenses | 712 | 0 | 0 | 0 | 2 |
| 3 | Liquefied Petroleum Gas Expenses | 717 | 0 | 0 | 0 | 3 |
| 4 | Total Operation Expenses | | \$ 0 | \$ 0 | \$ 0 | 4 |
| <u>Maintenance</u> | | | | | | |
| 5 | Maintenance Supervision and Engineering | 740 | \$ 0 | \$ 0 | \$ 0 | 5 |
| 6 | Maintenance of Structures and Improvements | 741 | 0 | 0 | 0 | 6 |
| 7 | Maintenance of Production Equipment | 742 | 0 | 0 | 0 | 7 |
| 8 | Total Maintenance Expenses | | \$ 0 | \$ 0 | \$ 0 | 8 |
| 9 | Total Manufactured Gas Production | | \$ 0 | \$ 0 | \$ 0 | 9 |
| <u>Other Storage Expenses</u> | | | | | | |
| <u>Operation</u> | | | | | | |
| 10 | Operation Supervision and Engineering | 840 | \$ 30,532 | \$ 916 | \$ 31,448 | 10 |
| 11 | Operation Labor and Expenses | 841 | 150,928 | 4,528 | 155,456 | 11 |
| 12 | Rents | 842 | 0 | 0 | 0 | 12 |
| 13 | Fuel | 842.1 | 0 | 0 | 0 | 13 |
| 14 | Power | 842.2 | 112,245 | 3,367 | 115,612 | 14 |
| 15 | Total Operation Expenses | | \$ 293,705 | \$ 8,811 | \$ 302,516 | 15 |
| <u>Maintenance</u> | | | | | | |
| 16 | Supervision and Engineering | 843.1 | \$ 3,506 | \$ 105 | \$ 3,611 | 16 |
| 17 | Structures and Improvements | 843.2 | 11,444 | 343 | 11,787 | 17 |
| 18 | Gas Holders | 843.3 | 4,588 | 138 | 4,726 | 18 |
| 19 | Purification Equipment | 843.4 | 3,875 | 116 | 3,992 | 19 |
| 20 | Liquefaction Equipment | 843.5 | 6,984 | 210 | 7,193 | 20 |
| 21 | Vaporizing Equipment | 843.6 | 41,688 | 1,251 | 42,938 | 21 |
| 22 | Compressor Equipment | 843.7 | 30,634 | 919 | 31,553 | 22 |
| 23 | Measuring and Regulating Equipment | 843.8 | 139 | 4 | 143 | 23 |
| 24 | Other Equipment | 843.9 | 43,873 | 1,316 | 45,189 | 24 |
| 25 | Total Maintenance Expenses | | \$ 146,732 | \$ 4,402 | \$ 151,134 | 25 |
| 26 | Total Other Storage Expenses | | \$ 440,437 | \$ 13,213 | \$ 453,650 | 26 |

**PAIUTE PIPELINE COMPANY
OPERATION AND MAINTENANCE EXPENSES
MATERIALS AND OTHER CHARGES
ADJUSTMENT NO. 8**

| Line No. | Description (a) | Account Number (b) | Balance at 11/30/08 (c) | Adjustment (d) | Adjusted Balance 11/30/2008 (e) (c) + (d) | Line No. |
|-----------------------------------|--|-----------------------|----------------------------|-------------------|---|----------|
| <u>Transmission Expenses</u> | | | | | | |
| <u>Operation</u> | | | | | | |
| 1 | Operation Supervision and Engineering | 850 | \$ 375,773 | \$ 11,273 | \$ 387,046 | 1 |
| 2 | System Control and Load Dispatching | 851 | 159,946 | 4,798 | 164,744 | 2 |
| 3 | Communication System Expenses | 852 | 95,695 | 2,871 | 98,565 | 3 |
| 4 | Compressor Station Labor and Expenses | 853 | 41,858 | 1,256 | 43,113 | 4 |
| 5 | Other Fuel and Power for Compressor Stations | 855 | 62,892 | 1,887 | 64,779 | 5 |
| 6 | Mains Expenses - System | 856 | 68,365 | 2,051 | 70,416 | 6 |
| 7 | Mains Expenses - Lake Tahoe Expansion | 856 | 0 | 0 | 0 | 7 |
| 8 | Mains Expenses - Carson Lateral | 856 | 0 | 0 | 0 | 8 |
| 9 | Mains Expenses - 2003 Paiute Expansion | 856 | 0 | 0 | 0 | 9 |
| 10 | Operation Supplies and Expenses | 857 | 15,314 | 459 | 15,774 | 10 |
| 11 | Other Transmission Expenses | 859 | 90,723 | 2,722 | 93,445 | 11 |
| 12 | Rents | 860 | 35,989 | 1,080 | 37,069 | 12 |
| 13 | Total Operation Expenses | | \$ 946,554 | \$ 28,397 | \$ 974,951 | 13 |
| <u>Maintenance</u> | | | | | | |
| 14 | Supervision and Engineering | 861 | \$ 25,889 | \$ 777 | \$ 26,665 | 14 |
| 15 | Structures and Improvements | 862 | 0 | 0 | 0 | 15 |
| 16 | Mains - System | 863 | 1,938,037 | 58,141 | 1,996,179 | 16 |
| 17 | Mains - Lake Tahoe Expansion | 863 | 0 | 0 | 0 | 17 |
| 18 | Mains - Carson Lateral | 863 | 4,375 | 131 | 4,506 | 18 |
| 19 | Mains - 2003 Paiute Expansion | 863 | 1,855 | 56 | 1,911 | 19 |
| 20 | Mains - Elko Lateral | 863 | 0 | 0 | 0 | 20 |
| 21 | Compressor Station Equipment - System | 864 | 187,851 | 5,636 | 193,487 | 21 |
| 22 | Compressor Station Equip - Elko Lateral | 864 | 220 | 7 | 227 | 22 |
| 23 | Meas and Reg Sta Equip - System | 865 | 370,214 | 11,106 | 381,320 | 23 |
| 24 | Meas and Reg Sta Equip - Lake Tahoe Expansio | 865 | 0 | 0 | 0 | 24 |
| 25 | Communication Equipment | 866 | 24,291 | 729 | 25,020 | 25 |
| 26 | Total Maintenance Expenses | | \$ 2,552,732 | \$ 76,582 | \$ 2,629,314 | 26 |
| 27 | Total Transmission Expenses | | \$ 3,499,286 | \$ 104,979 | \$ 3,604,265 | 27 |
| <u>Customer Accounts Expenses</u> | | | | | | |
| <u>Operation</u> | | | | | | |
| 28 | Meter Reading Expenses | 902 | \$ 0 | \$ 0 | \$ 0 | 28 |
| 29 | Customer Records and Collection Expenses | 903 | 13,453 | 404 | 13,857 | 29 |
| 30 | Total Operation Expenses | | \$ 13,453 | \$ 404 | \$ 13,857 | 30 |
| 31 | Total Customer Accounts Expenses | | \$ 13,453 | \$ 404 | \$ 13,857 | 31 |
| 32 | Total Operation and Maintenance Expenses | | \$ 3,953,177 | \$ 118,595 | \$ 4,071,772 | 32 |

**PAIUTE PIPELINE COMPANY
LNG MAINTENANCE
ADJUSTMENT NO. 9**

| Line No. | Description (a) | Account Number (b) | Amount (c) | Line No. |
|-------------|----------------------------------|--------------------------|-------------------|-------------|
| 1 | Maintenance Painting of LNG Tank | 843.2 | \$ 100,000 | 1 |
| 2 | Mixed Refrigerant Loop Flush | 843.5 | 141,000 | 2 |
| 3 | Emissions Testing of Engines | 843.7 | 10,500 | 3 |
| 4 | Total | | \$ <u>251,500</u> | 4 |

Explanation:

This adjustment reflects additional LNG maintenance expense that is expected to be incurred in the test period.

**PAIUTE PIPELINE COMPANY
TRIMP EXPENSES
ADJUSTMENT NO. 10**

| Line No. | Description (a) | Account 856 Adjusted Total (b) | Line No. |
|-------------|---------------------------------------|--------------------------------------|-------------|
| 1 | Twelve Months Ended November 30, 2006 | \$ 199,344 | 1 |
| 2 | Twelve Months Ended November 30, 2007 | 225,826 | 2 |
| 3 | Twelve Months Ended November 30, 2008 | <u>46,344</u> | 3 |
| 4 | 3-Year Average | \$ 157,171 | 4 |
| 5 | Recorded November 30, 2008 | <u>46,344</u> | 5 |
| 6 | Adjustment No. 10 | <u><u>\$ 110,827</u></u> | 6 |

Explanation:

This adjustment normalizes Transmission Integrity Management Program (TRIMP) contractor-related costs to reflect the most recent 3-year average of such costs.

PAIUTE PIPELINE COMPANY
ANNUALIZED ALLOCATION OF ADMINISTRATIVE AND
GENERAL EXPENSES TO PAIUTE PIPELINE
ADJUSTMENT NO. 11

| Line No. | Description (a) | FERC Account Number (b) | Southwest Gas Corporation 12 Months Ended 11/30/08 | | | | Allocation Percentage (f) | Paiute Annualized (g) e x f | Increase/ (Decrease) to A and G Expenses (h) g - d | Line No. |
|----------|-------------------------------------|-------------------------|---|-------------------------------|--------------------|--|---------------------------|--------------------------------|---|----------|
| | | | Recorded Net (c) | Charged to Paiute (d) | Gross Recorded (e) | | | | | |
| | | | Co. Records | WP Sch H-1, (2)(i) Sh 2 Col h | | | | | | |
| 1 | Administrative and General Salaries | 920 | \$ 59,263,168 | \$ 2,392,247 | \$ 61,655,415 | | 4.12% | \$ 2,539,841 | \$ 147,595 | 1 |
| 2 | Office Supplies | 921 | 12,135,925 | 491,318 | 12,627,243 | | 4.12% | 520,168 | 28,850 | 2 |
| 3 | Outside Services Employed | 923 | 10,802,111 | 436,951 | 11,239,062 | | 4.12% | 462,983 | 26,032 | 3 |
| 4 | Property Insurance | 924 | 379,698 | 92,892 | 472,590 | | 24.34% | 115,025 | 22,133 | 4 |
| 5 | Injuries and Damages | 925 | 10,141,232 | 410,644 | 10,551,876 | | 4.12% | 434,675 | 24,031 | 5 |
| 6 | Miscellaneous General Expenses | 930.2 | 4,828,845 | 194,987 | 5,023,832 | | 4.12% | 206,952 | 11,965 | 6 |
| 7 | Rents | 931 | 4,583,694 | 185,517 | 4,769,211 | | 4.12% | 196,464 | 10,946 | 7 |
| 8 | Maintenance of General Plant | 935 | 2,107,757 | 85,588 | 2,193,345 | | 4.12% | 90,353 | 4,765 | 8 |
| 9 | Total | | \$ 104,242,430 | \$ 4,290,144 | \$ 108,532,574 | | | \$ 4,566,462 | \$ 276,318 | 9 |

Explanation:

This adjustment annualizes the recorded Southwest Gas administrative and general expenses to be allocated to Paiute Pipeline. Accounts 920, 921, 923, 925, 930.2, 931, and 935 are allocated based upon the Modified Massachusetts Formula (MMF), computed on Schedule I-1(d), Sheet 2, Line 8(d). Account 924 uses the Property Insurance Allocation Percentage (PIA) calculated on Schedule I-1(d), Sheet 4, Line 5(d). Both the MMF and the PIA are based upon the base period ended November 30, 2008, as adjusted.

PAIUTE PIPELINE COMPANY
RENT EXPENSE FOR USE OF SOUTHWEST GAS GENERAL PLANT
ADJUSTMENT NO. 12

| Line No. | Description (a) | Reference (b) | Amount (c) | Line No. |
|-------------|---|---------------------------|-------------------------|-------------|
| 1 | Annualized Rent Expense for use of Northern Nevada and System Allocable General Plant | Sch I-1(d), Sh 6, Ln 4(c) | \$ 930,858 | 1 |
| 2 | Recorded Rent Expense for use of Northern Nevada and System Allocable General Plant | Co. Records | <u>851,844</u> | 2 |
| 3 | Increase (Decrease) to Rent Expense | A/C 931 | \$ <u><u>79,014</u></u> | 3 |

Explanation:

This adjustment annualizes the rent expense for use of the Southwest Gas northern Nevada division, and system allocable general plant.

**PAIUTE PIPELINE COMPANY
REGULATORY COMMISSION EXPENSES
ADJUSTMENT NO. 13**

| Line No. | Description (a) | Reference (b) | Amount (c) | Line No. |
|-------------|---|--------------------------------|-------------------------|-------------|
| 1 | Depreciation Study | | \$ 40,000 | 1 |
| 2 | Legal | | 185,000 | 2 |
| 3 | Travel | | 80,000 | 3 |
| 4 | Other | | <u>10,000</u> | 4 |
| 5 | Total Regulatory Commission Expenses | Ln 1 thru Ln 4 | \$ 315,000 | 5 |
| 6 | Amortization Period (Years) | | <u>3</u> | 6 |
| 7 | Test Year Amortization | Ln 5/Ln 6 | \$ 105,000 | 7 |
| 8 | Recorded Rate Case Expenses | W/P Sch H-1, (2)(g) Ln 1(c) | <u>48,320</u> | 8 |
| 9 | Adjustment to Recorded Regulatory Commission Expenses | A/C 928 | \$ <u><u>56,680</u></u> | 9 |

Explanation:

This adjustment annualizes the estimated regulatory commission expenses expected to be incurred with this filing.

**PAIUTE PIPELINE COMPANY
REMOVE FERC ACA EXPENSE
ADJUSTMENT NO. 14**

| Line No. | Description (a) | Reference (b) | Amount (c) | Line No. |
|-------------|--------------------|--------------------------------|--------------------|-------------|
| 1 | FERC ACA Expense | W/P Sch H-1, (2)(g) Ln 2(c) | \$ <u>(70,233)</u> | 1 |

Explanation:

This adjustment removes from A/C 928, Regulatory Commission Expenses, the base period expenses for the FERC Annual Charge Adjustment (ACA) expense.

**PAIUTE PIPELINE COMPANY
OPERATION AND MAINTENANCE EXPENSES
GAS USED BY SOUTHWEST GAS TRANSMISSION ASSOCIATED
WITH EXPENSE ACCOUNTS 810, 811, 812
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED**

All gas used by Paiute Pipeline is provided in-kind by the shippers on the Paiute system, therefore, this workpaper schedule is not applicable.

PAUTE PIPELINE COMPANY
OPERATION AND MAINTENANCE EXPENSES
LABOR COSTS
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED

| Line No. | Description (a) | Account Number (b) | Recorded Balance | Recorded Balance 2008 | | | | | | | | | | | | Twelve Month Total | | Adjusted Balance at 09/31/09 (q) |
|-----------------------------|--|--------------------|------------------|-----------------------|--------------|-----------|-----------|---------|----------|----------|------------|---------------|-------------|--------------|-----------|--------------------|-----------|----------------------------------|
| | | | 2007 (c) | January (d) | February (e) | March (f) | April (g) | May (h) | June (i) | July (j) | August (k) | September (l) | October (m) | November (n) | (o) | (p) | | |
| Manufactured Gas Production | | | | | | | | | | | | | | | | | | |
| Operation | | | | | | | | | | | | | | | | | | |
| 1 | Operation Supervision and Engineering | 710 | \$ 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 | |
| 2 | Other Power Expenses | 712 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | |
| 3 | Liquefied Petroleum Gas Expenses | 717 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | |
| 4 | Total Operation Expenses | | \$ 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 4 | |
| Maintenance | | | | | | | | | | | | | | | | | | |
| 5 | Maintenance Supervision and Engineering | 740 | \$ 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 5 | |
| 6 | Maintenance of Structures and Improvements | 741 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6 | |
| 7 | Maintenance of Production Equipment | 742 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7 | |
| 8 | Total Maintenance Expenses | | \$ 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 8 | |
| 9 | Total Manufactured Gas Production | | \$ 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 0 \$ | 9 | |
| Other Storage Expenses | | | | | | | | | | | | | | | | | | |
| Operation | | | | | | | | | | | | | | | | | | |
| 10 | Operation Supervision and Engineering | 840 | \$ 8,944 | 9,758 | 16,647 | 11,193 | 11,480 | 11,480 | 10,906 | 11,343 | 8,731 | 10,074 | 11,263 | 9,701 | 131,522 | 9,376 | 140,887 | |
| 11 | Operation Labor and Expenses | 841 | 42,135 | 74,809 | 107,429 | 71,702 | 70,368 | 71,077 | 70,376 | 76,306 | 111,171 | 74,824 | 71,883 | 75,168 | 917,247 | 65,246 | 982,493 | |
| 12 | Rents | 842 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12 | |
| 13 | Fuel | 842.1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 13 | |
| 14 | Power | 842.2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 14 | |
| 15 | Total Operation Expenses | | \$ 51,079 | 84,567 | 124,075 | 82,896 | 81,848 | 82,557 | 81,283 | 87,649 | 119,901 | 84,898 | 83,146 | 84,869 | 1,048,769 | 74,621 | 1,123,390 | |
| Maintenance | | | | | | | | | | | | | | | | | | |
| 16 | Supervision and Engineering | 843.1 | \$ 7,245 | 7,392 | 11,089 | 9,472 | 8,663 | 9,476 | 7,854 | 7,648 | 13,213 | 7,142 | 8,974 | 8,928 | 107,096 | 7,589 | 114,685 | |
| 17 | Structures and Improvements | 843.2 | (1,328) | 0 | 0 | 0 | 5,838 | 0 | 939 | 206 | 579 | 0 | 385 | 0 | 6,619 | 469 | 7,088 | |
| 18 | Gas Holders | 843.3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 18 | |
| 19 | Purification Equipment | 843.4 | (425) | 2,003 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,578 | 112 | 1,690 | |
| 20 | Liquefaction Equipment | 843.5 | (4,028) | 0 | 0 | 2,529 | 8,247 | 9,277 | 6,535 | 4,208 | 2,344 | 413 | 47 | 0 | 29,571 | 2,095 | 31,667 | |
| 21 | Vaporizing Equipment | 843.6 | (1,365) | 8,947 | 11,437 | 8,169 | 0 | 0 | 0 | 0 | 2,341 | 346 | 0 | 0 | 29,875 | 2,117 | 31,992 | |
| 22 | Compressor Equipment | 843.7 | 764 | 5,832 | 2,003 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8,599 | 609 | 9,209 | |
| 23 | Measuring and Regulating Equipment | 843.8 | 0 | 0 | 0 | 0 | 0 | 0 | 1,494 | 0 | 0 | 0 | 0 | 0 | 1,494 | 106 | 1,599 | |
| 24 | Other Equipment | 843.9 | 1,234 | 3,286 | 15,033 | 6,744 | 8,176 | 7,675 | 6,924 | 6,538 | 22,015 | 15,658 | 15,201 | 8,905 | 117,389 | 8,318 | 125,707 | |
| 25 | Total Maintenance Expenses | | \$ 2,096 | 27,461 | 39,562 | 26,913 | 30,923 | 26,428 | 23,747 | 18,600 | 40,491 | 23,559 | 24,607 | 17,833 | 302,221 | 21,416 | 323,637 | |
| 26 | Total Other Storage Expenses | | \$ 53,178 | 112,028 | 163,637 | 109,809 | 112,771 | 108,985 | 105,029 | 106,248 | 160,393 | 108,457 | 107,753 | 102,702 | 1,350,990 | 96,037 | 1,447,027 | |

PAUTE PIPELINE COMPANY
OPERATION AND MAINTENANCE EXPENSES
LABOR COSTS
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED

| Line No. | Description (a) | Account Number (b) | Recorded Balance 2008 | | | | | | | | | | | | Twelve Month Total (o) | Total Adjustments (p) | Adjusted Balance at 09/31/09 (q) | Line No. |
|----------------------------|---|--------------------|-----------------------|-------------|--------------|------------|------------|------------|------------|------------|------------|---------------|-------------|--------------|------------------------|-----------------------|----------------------------------|----------|
| | | | 2007 December (c) | January (d) | February (e) | March (f) | April (g) | May (h) | June (i) | July (j) | August (k) | September (l) | October (m) | November (n) | | | | |
| Transmission Expenses | | | | | | | | | | | | | | | | | | |
| Operation | | | | | | | | | | | | | | | | | | |
| 1 | Operation Supervision and Engineering | 850 | \$ 34,940 | \$ 31,851 | \$ 56,481 | \$ 37,347 | \$ 40,016 | \$ 44,075 | \$ 33,969 | \$ 38,488 | \$ 58,140 | \$ 36,994 | \$ 38,032 | \$ 38,405 | \$ 488,756 | \$ 34,852 | \$ 523,608 | 1 |
| 2 | System Control and Load Dispatching | 851 | 42,754 | 52,517 | 86,027 | 67,994 | 62,949 | 57,509 | 58,661 | 59,080 | 86,646 | 58,438 | 60,763 | 59,110 | 752,448 | 52,415 | 804,863 | 2 |
| 3 | Communication System Expenses | 852 | 0 | 1,800 | 6,524 | 953 | 435 | 0 | 1,292 | 748 | 2,411 | 619 | 1,208 | 1,670 | 17,880 | 1,386 | 19,045 | 3 |
| 4 | Compressor Station Labor and Expenses | 853 | 1,739 | 0 | 0 | 57 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,796 | 4 | 1,800 | 4 |
| 5 | Other Fuel and Power for Compressor Stations | 855 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 |
| 6 | Mains Expenses - System | 856 | (5,348) | 0 | 812 | (954) | 0 | 5,104 | 2,221 | 0 | 0 | 0 | 962 | (2,261) | 535 | 701 | 1,235 | 6 |
| 7 | Mains Expenses - Lake Tahoe Expansion | 856 | 2,248 | 0 | 0 | 562 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,124 | 3,934 | 0 | 3,934 | 7 |
| 8 | Mains Expenses - Carson Lateral | 856 | 2,344 | 0 | 0 | 586 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,172 | 4,102 | 0 | 4,102 | 8 |
| 9 | Mains Expenses - 2003 Paute Expansion | 856 | 755 | 0 | 0 | 189 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 378 | 1,323 | 0 | 1,323 | 9 |
| 10 | Operation Supplies and Expenses | 857 | 3,573 | 3,689 | 3,768 | 1,836 | 1,588 | 1,159 | 939 | 3,161 | 2,975 | 2,046 | 1,824 | 1,452 | 28,008 | 2,008 | 30,016 | 10 |
| 11 | Other Transmission Expenses | 859 | 13,542 | 51 | 21,742 | 12,851 | 13,030 | 8,304 | 10,625 | 4,014 | 10,650 | 5,308 | 10,870 | 15,925 | 127,911 | 9,152 | 137,063 | 11 |
| 12 | Rents | 860 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12 |
| 13 | Total Operation Expenses | | \$ 96,548 | \$ 89,908 | \$ 175,353 | \$ 121,420 | \$ 118,018 | \$ 116,151 | \$ 107,727 | \$ 105,491 | \$ 160,821 | \$ 104,404 | \$ 113,658 | \$ 116,974 | \$ 1,428,472 | \$ 100,518 | \$ 1,526,990 | 13 |
| Maintenance | | | | | | | | | | | | | | | | | | |
| 14 | Supervision and Engineering | 861 | \$ 26,845 | \$ 28,741 | \$ 51,017 | \$ 34,415 | \$ 35,211 | \$ 36,681 | \$ 31,960 | \$ 39,173 | \$ 51,883 | \$ 36,216 | \$ 32,961 | \$ 31,498 | \$ 436,588 | \$ 31,103 | \$ 467,691 | 14 |
| 15 | Structures and Improvements | 862 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15 |
| 16 | Mains - System | 863 | 29,599 | 33,803 | 63,595 | 45,463 | 41,652 | 40,689 | 46,083 | 89,137 | 49,535 | 28,647 | 34,035 | 31,121 | 533,357 | 38,837 | 572,193 | 16 |
| 17 | Mains - Lake Tahoe Expansion | 863 | 5,100 | 0 | 0 | 1,275 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,550 | 8,925 | 0 | 8,925 | 17 |
| 18 | Mains - Carson Lateral | 863 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 18 |
| 19 | Mains - 2003 Paute Expansion | 863 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 19 |
| 20 | Mains - Elko Lateral | 863 | 1,492 | 0 | 0 | 373 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 746 | 2,611 | 25,856 | 28,467 | 20 |
| 21 | Compressor Station Equipment - System | 864 | 20,920 | 22,052 | 52,642 | 29,418 | 29,418 | 24,063 | 19,087 | 27,814 | 35,514 | 30,023 | 24,463 | 20,342 | 335,862 | 0 | 335,862 | 21 |
| 22 | Compressor Station Equip - Elko Lateral | 864 | 292 | 1,131 | 5,951 | 2,368 | 730 | 4,158 | 1,095 | 752 | 3,458 | 1,128 | 3,728 | 2,398 | 27,191 | 31,216 | 58,407 | 22 |
| 23 | Meas and Reg Sta Equip - System | 865 | 21,528 | 38,367 | 43,847 | 37,727 | 30,177 | 33,235 | 40,238 | 46,790 | 53,520 | 35,590 | 28,396 | 28,429 | 437,845 | 0 | 437,845 | 23 |
| 24 | Meas and Reg Sta Equip - Lake Tahoe Expansion | 865 | 468 | 0 | 0 | 117 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 234 | 819 | 3,168 | 3,987 | 24 |
| 25 | Communication Equipment | 866 | 240 | 1,645 | 11,457 | 4,375 | 2,184 | 2,003 | 7,475 | 4,581 | 6,400 | 0 | 2,729 | 1,620 | 44,719 | 0 | 44,719 | 25 |
| 26 | Total Maintenance Expenses | | \$ 106,483 | \$ 125,738 | \$ 228,509 | \$ 155,637 | \$ 139,382 | \$ 140,830 | \$ 145,938 | \$ 208,247 | \$ 200,310 | \$ 131,604 | \$ 126,314 | \$ 118,925 | \$ 1,827,916 | \$ 130,179 | \$ 1,958,095 | 26 |
| 27 | Total Transmission Expenses | | \$ 203,031 | \$ 215,645 | \$ 403,861 | \$ 277,057 | \$ 257,399 | \$ 256,981 | \$ 253,665 | \$ 313,738 | \$ 361,130 | \$ 236,008 | \$ 239,972 | \$ 235,899 | \$ 3,254,389 | \$ 230,697 | \$ 3,485,086 | 27 |
| Customer Accounts Expenses | | | | | | | | | | | | | | | | | | |
| Operation | | | | | | | | | | | | | | | | | | |
| 28 | Meter Reading Expenses | 902 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 28 |
| 29 | Customer Records and Collection Expenses | 903 | 188 | 232 | 232 | 232 | 232 | 232 | 232 | 244 | 244 | 244 | 244 | 244 | 2,800 | 179 | 2,979 | 29 |
| 30 | Total Operation Expenses | | \$ 188 | \$ 232 | \$ 232 | \$ 232 | \$ 232 | \$ 232 | \$ 232 | \$ 244 | \$ 244 | \$ 244 | \$ 244 | \$ 244 | \$ 2,800 | \$ 179 | \$ 2,979 | 30 |
| 31 | Total Customer Accounts Expenses | | \$ 188 | \$ 232 | \$ 232 | \$ 232 | \$ 232 | \$ 232 | \$ 232 | \$ 244 | \$ 244 | \$ 244 | \$ 244 | \$ 244 | \$ 2,800 | \$ 179 | \$ 2,979 | 31 |

PAUTE PIPELINE COMPANY
OPERATION AND MAINTENANCE EXPENSES
LABOR COSTS
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED

| Line No. | Description (a) | Account Number (b) | Recorded Balance 2007 December (c) | Recorded Balance | | | | | | | | | | | | Twelve Month Total (o) | Total Adjustments (p) | Adjusted Balance at 08/31/09 (q) | Line No. |
|--|--|--------------------|------------------------------------|------------------|--------------|------------|------------|------------|------------|------------|------------|---------------|-------------|--------------|--------------|------------------------|-----------------------|----------------------------------|----------|
| | | | | January (d) | February (e) | March (f) | April (g) | May (h) | June (i) | July (j) | August (k) | September (l) | October (m) | November (n) | | | | | |
| <u>Administrative and General Expenses</u> | | | | | | | | | | | | | | | | | | | |
| <u>Operation</u> | | | | | | | | | | | | | | | | | | | |
| 1 | Administrative and General Salaries | 920 | \$ 153,910 | \$ 218,705 | \$ 264,026 | \$ 194,779 | \$ 184,368 | \$ 183,307 | \$ 174,654 | \$ 179,436 | \$ 276,483 | \$ 183,985 | \$ 193,355 | \$ 185,238 | \$ 2,392,247 | \$ 249,070 | \$ 2,641,316 | 1 | |
| 2 | Office Supplies and Expenses | 921 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | |
| 3 | Administrative Expenses Transferred - Credit | 922 | (32,117) | 0 | (3,894) | (6,625) | (5,784) | (9,942) | (3,662) | (9,989) | (7,707) | (5,180) | 0 | 0 | (84,901) | (3,553) | (88,454) | 3 | |
| 4 | Outside Services Employed | 923 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | |
| 5 | Property Insurance | 924 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | |
| 6 | Injuries and Damages | 925 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6 | |
| 7 | Regulatory Commission Expenses | 928 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7 | |
| 8 | Miscellaneous General Expenses | 930.2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8 | |
| 9 | Rents | 931 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 9 | |
| 10 | Total Operation Expenses | | \$ 121,793 | \$ 218,705 | \$ 260,132 | \$ 188,154 | \$ 178,584 | \$ 173,365 | \$ 170,992 | \$ 169,446 | \$ 268,776 | \$ 178,805 | \$ 193,355 | \$ 185,238 | \$ 2,307,345 | \$ 245,517 | \$ 2,552,862 | 10 | |
| 11 | Maintenance of General Plant | 935 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 11 | |
| 12 | Total Administrative and General Expenses | | \$ 121,793 | \$ 218,705 | \$ 260,132 | \$ 188,154 | \$ 178,584 | \$ 173,365 | \$ 170,992 | \$ 169,446 | \$ 268,776 | \$ 178,805 | \$ 193,355 | \$ 185,238 | \$ 2,307,345 | \$ 245,517 | \$ 2,552,862 | 12 | |
| 13 | Total Operation and Maintenance Expenses | | \$ 378,190 | \$ 546,610 | \$ 827,862 | \$ 575,252 | \$ 548,996 | \$ 539,563 | \$ 529,918 | \$ 589,677 | \$ 790,544 | \$ 523,515 | \$ 541,325 | \$ 524,083 | \$ 6,915,523 | \$ 572,430 | \$ 7,487,954 | 13 | |

PAUTE PIPELINE COMPANY
OPERATION AND MAINTENANCE EXPENSES
MATERIALS AND OTHER CHARGES
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED

| Line No. | Description (a) | Account Number (b) | Recorded Balance 2007 December (c) | Recorded Balance 2008 | | | | | | | | | | | | Total 12 Months (o) | Total Adjustments (p) | Adjusted Balance at 08/31/09 (q) | Line No. |
|-----------------------------|--|--------------------|---------------------------------------|-----------------------|--------------|-----------|-----------|-----------|-----------|-----------|------------|---------------|-------------|--------------|------------|---------------------|-----------------------|----------------------------------|----------|
| | | | | January (d) | February (e) | March (f) | April (g) | May (h) | June (i) | July (j) | August (k) | September (l) | October (m) | November (n) | | | | | |
| Manufactured Gas Production | | | | | | | | | | | | | | | | | | | |
| Operation | | | | | | | | | | | | | | | | | | | |
| 1 | Operation Supervision and Engineering | 710 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 1 | | |
| 2 | Other Power Expenses | 712 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | | |
| 3 | Liquefied Petroleum Gas Expenses | 717 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | | |
| 4 | Total Operation Expenses | | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 4 | | |
| Maintenance | | | | | | | | | | | | | | | | | | | |
| 5 | Maintenance Supervision and Engineering | 740 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 5 | | |
| 6 | Maintenance of Structures and Improvements | 741 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6 | | |
| 7 | Maintenance of Production Equipment | 742 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7 | | |
| 8 | Total Maintenance Expenses | | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 8 | | |
| 9 | Total Manufactured Gas Production | | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 9 | | |
| Other Storage Expenses | | | | | | | | | | | | | | | | | | | |
| Operation | | | | | | | | | | | | | | | | | | | |
| 10 | Operation Supervision and Engineering | 840 | \$ 2,520 | \$ 1,242 | \$ 1,702 | \$ 8,862 | \$ 1,631 | \$ 2,248 | \$ 2,509 | \$ 3,027 | \$ 1,128 | \$ 1,468 | \$ 1,524 | \$ 2,674 | \$ 2,674 | \$ 30,532 | \$ 916 | 10 | |
| 11 | Operation Labor and Expenses | 841 | 8,704 | 8,926 | 9,620 | 7,188 | 40,428 | 23,205 | 17,893 | 5,894 | 7,564 | 6,487 | 7,335 | 7,683 | 7,683 | 150,928 | 4,528 | 11 | |
| 12 | Rents | 842 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12 | |
| 13 | Fuel | 842.1 | 553 | 305 | 0 | 252 | 0 | 0 | 428 | 314 | 0 | 348 | 0 | 392 | 392 | 2,593 | 0 | 13 | |
| 14 | Power | 842.2 | 8,648 | 8,881 | 8,017 | 7,728 | 8,545 | 60 | 24,413 | 93 | 17,611 | 27,141 | (8,891) | 10,000 | 112,245 | 3,367 | 14 | | |
| 15 | Total Operation Expenses | | \$ 20,425 | \$ 19,354 | \$ 19,338 | \$ 24,030 | \$ 50,604 | \$ 25,513 | \$ 45,242 | \$ 9,328 | \$ 26,303 | \$ 35,444 | \$ (32) | \$ 20,749 | \$ 296,298 | \$ 8,811 | 15 | | |
| Maintenance | | | | | | | | | | | | | | | | | | | |
| 16 | Supervision and Engineering | 843.1 | \$ 314 | \$ 256 | \$ 384 | \$ 328 | \$ 326 | \$ 312 | \$ 238 | \$ 225 | \$ 389 | \$ 210 | \$ 263 | \$ 263 | \$ 263 | \$ 3,506 | \$ 105 | 16 | |
| 17 | Structures and Improvements | 843.2 | 778 | 843 | 310 | 764 | 265 | 6,463 | 422 | 351 | 70 | 0 | 681 | 488 | 488 | 11,444 | 141,343 | 17 | |
| 18 | Gas Holders | 843.3 | 0 | 4,588 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,588 | 138 | 18 | |
| 19 | Purification Equipment | 843.4 | (16) | 80 | 0 | 0 | 0 | 0 | 89 | 0 | 1,679 | 2,044 | 0 | 0 | 0 | 3,875 | 19 | 19 | |
| 20 | Liquefaction Equipment | 843.5 | 4,705 | 0 | 153 | 112 | 352 | 380 | 224 | 817 | 220 | 14 | 8 | 0 | 0 | 6,984 | 107,193 | 20 | |
| 21 | Vaporizing Equipment | 843.6 | 5,260 | 352 | 25,086 | 766 | 916 | 377 | 0 | 720 | 3,592 | 14 | 599 | 4,007 | 41,688 | 1,251 | 21 | | |
| 22 | Compressor Equipment | 843.7 | 685 | 2,740 | 2,796 | 4,763 | 1,134 | 1,689 | 2,531 | 2,472 | 437 | 1,245 | 2,908 | 7,034 | 30,634 | 11,419 | 22 | | |
| 23 | Measuring and Regulating Equipment | 843.8 | 0 | 0 | 0 | 83 | 0 | 0 | 56 | 0 | 0 | 0 | 0 | 0 | 139 | 4 | 23 | | |
| 24 | Other Equipment | 843.9 | 1,117 | 2,960 | 17,932 | 7,683 | 2,879 | 2,953 | 1,233 | 533 | 3,068 | 1,217 | 810 | 1,488 | 43,873 | 1,316 | 24 | | |
| 25 | Total Maintenance Expenses | | \$ 13,043 | \$ 11,819 | \$ 46,660 | \$ 14,499 | \$ 5,872 | \$ 12,173 | \$ 4,793 | \$ 5,118 | \$ 9,454 | \$ 4,744 | \$ 5,267 | \$ 13,290 | \$ 146,732 | \$ 255,902 | 25 | | |
| 26 | Total Other Storage Expenses | | \$ 33,468 | \$ 31,174 | \$ 65,998 | \$ 38,529 | \$ 56,476 | \$ 37,686 | \$ 50,035 | \$ 14,446 | \$ 35,757 | \$ 40,188 | \$ 5,235 | \$ 34,039 | \$ 443,030 | \$ 264,713 | 26 | | |

PAIUTE PIPELINE COMPANY
OPERATION AND MAINTENANCE EXPENSES
MATERIALS AND OTHER CHARGES
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED

| Line No. | Description (a) | Account Number (b) | Recorded Balance | | | | | | | | | | | | Total 12 Months (c) | Adjustments (d) | Adjusted Balance at 08/31/09 (e) | |
|----------------------------|--|--------------------|-------------------|-------------|--------------|------------|------------|------------|------------|------------|------------|---------------|-------------|--------------|---------------------|-----------------|----------------------------------|----|
| | | | 2008 | | | | | | | | | | | | | | | |
| | | | 2007 December (f) | January (g) | February (h) | March (i) | April (j) | May (k) | June (l) | July (m) | August (n) | September (o) | October (p) | November (q) | | | | |
| Transmission Expenses | | | | | | | | | | | | | | | | | | |
| Operation | | | | | | | | | | | | | | | | | | |
| 1 | Operation Supervision and Engineering | 850 | \$ 12,323 | \$ 17,213 | \$ 20,323 | \$ 151,372 | \$ 26,533 | \$ 6,887 | \$ 31,639 | \$ 17,035 | \$ 16,770 | \$ 22,871 | \$ 14,343 | \$ 38,465 | \$ 375,773 | \$ 11,273 | \$ 387,046 | 1 |
| 2 | System Control and Load Dispatching | 851 | 1,320 | 1,851 | 42,598 | 991 | 643 | 23,308 | 14,007 | 43,518 | 495 | 14,815 | 14,244 | 2,155 | 159,946 | 4,798 | 164,744 | 2 |
| 3 | Communication System Expenses | 852 | 6,278 | 12,533 | 8,252 | 6,670 | 10,112 | 5,486 | 5,493 | 7,132 | 6,033 | 7,210 | 16,355 | 4,142 | 95,695 | 2,871 | 98,565 | 3 |
| 4 | Compressor Station Labor and Expenses | 853 | 126 | 311 | 4,030 | 12,906 | 3,692 | 187 | 19,656 | 156 | 156 | 261 | 346 | 30 | 41,858 | 1,256 | 43,113 | 4 |
| 5 | Other Fuel and Power for Compressor Stations | 855 | 5,127 | 5,238 | 5,553 | 5,657 | 4,878 | 6,333 | 4,586 | 3,577 | 7,106 | 3,384 | 7,102 | 4,354 | 62,892 | 1,887 | 64,779 | 5 |
| 6 | Mains Expenses - System | 856 | 10,920 | 2,140 | 186 | 452 | 4,051 | 1,925 | 326 | 2,471 | 6,613 | 23,710 | 6,768 | 8,804 | 68,365 | 112,878 | 181,243 | 6 |
| 7 | Mains Expenses - Lake Tahoe Expansion | 856 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7 |
| 8 | Mains Expenses - Carson Lateral | 856 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8 |
| 9 | Mains Expenses - 2003 Paiute Expansion | 856 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 9 |
| 10 | Operation Supplies and Expenses | 857 | 170 | 212 | 420 | 210 | 189 | 5,424 | 1,129 | 407 | 293 | 2,563 | 1,564 | 2,733 | 15,314 | 459 | 15,774 | 10 |
| 11 | Other Transmission Expenses | 859 | 4,943 | 18,166 | 7,459 | 7,595 | 8,806 | 4,274 | 3,536 | 1,320 | 7,954 | 10,763 | 5,415 | 10,671 | 90,723 | 2,722 | 93,445 | 11 |
| 12 | Rents | 860 | 11,774 | 2,009 | 2,214 | 2,055 | 1,714 | 2,093 | 1,335 | 2,065 | 2,914 | 3,036 | 2,321 | 2,463 | 35,989 | 1,080 | 37,069 | 12 |
| 13 | Total Operation Expenses | | \$ 52,981 | \$ 59,672 | \$ 91,034 | \$ 187,907 | \$ 60,418 | \$ 55,917 | \$ 81,705 | \$ 77,680 | \$ 48,332 | \$ 88,634 | \$ 68,457 | \$ 73,818 | \$ 946,554 | \$ 139,223 | \$ 1,085,778 | 13 |
| Maintenance | | | | | | | | | | | | | | | | | | |
| 14 | Supervision and Engineering | 861 | \$ 2,477 | \$ 1,619 | \$ 2,498 | \$ 1,793 | \$ 1,852 | \$ 1,996 | \$ 1,868 | \$ 2,382 | \$ 3,957 | \$ 1,976 | \$ 1,757 | \$ 1,714 | \$ 25,889 | \$ 777 | \$ 26,665 | 14 |
| 15 | Structures and Improvements | 862 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15 |
| 16 | Mains - System | 863 | 236,811 | 33,517 | 78,853 | 29,457 | 96,790 | 86,909 | 77,488 | 63,866 | 92,847 | 903,827 | (126,362) | 364,035 | 1,938,037 | 58,141 | 1,996,179 | 16 |
| 17 | Mains - Lake Tahoe Expansion | 863 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 17 |
| 18 | Mains - Carson Lateral | 863 | 2,500 | 0 | 0 | 625 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,250 | 4,375 | 131 | 4,506 | 18 |
| 19 | Mains - 2003 Paiute Expansion | 863 | 1,060 | 0 | 0 | 265 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 530 | 1,855 | 56 | 1,911 | 19 |
| 20 | Mains - Elko Lateral | 863 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20 |
| 21 | Compressor Station Equipment - System | 864 | 8,414 | 8,793 | 10,154 | 23,879 | 30,157 | 19,653 | 6,864 | 10,888 | 21,410 | 21,269 | 10,041 | 16,329 | 187,851 | 5,636 | 193,487 | 21 |
| 22 | Compressor Station Equip - Elko Lateral | 864 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 220 | 7 | 227 | 22 |
| 23 | Meas and Reg Sta Equip - System | 865 | 30,108 | 30,673 | 30,584 | 22,343 | 39,711 | 20,833 | 37,851 | 28,989 | 30,269 | 42,916 | 34,270 | 21,666 | 370,214 | 11,106 | 381,320 | 23 |
| 24 | Meas and Reg Sta Equip - Lake Tahoe Expans | 865 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 24 |
| 25 | Communication Equipment | 866 | 60 | 2,319 | 1,653 | 3,234 | 581 | 5,968 | 5,634 | 653 | 920 | 894 | 733 | 1,632 | 24,291 | 729 | 25,020 | 25 |
| 26 | Total Maintenance Expenses | | \$ 281,430 | \$ 76,921 | \$ 123,753 | \$ 81,595 | \$ 169,092 | \$ 135,359 | \$ 129,705 | \$ 106,777 | \$ 149,402 | \$ 970,881 | \$ (79,561) | \$ 407,376 | \$ 2,552,732 | \$ 76,582 | \$ 2,629,314 | 26 |
| 27 | Total Transmission Expenses | | \$ 334,412 | \$ 136,593 | \$ 214,787 | \$ 269,502 | \$ 229,510 | \$ 191,275 | \$ 211,411 | \$ 184,457 | \$ 197,735 | \$ 1,059,515 | \$ (11,103) | \$ 481,194 | \$ 3,499,286 | \$ 215,805 | \$ 3,715,092 | 27 |
| Customer Accounts Expenses | | | | | | | | | | | | | | | | | | |
| Operation | | | | | | | | | | | | | | | | | | |
| 28 | Meter Reading Expenses | 902 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 28 |
| 29 | Customer Records and Collection Expenses | 903 | 4,494 | 0 | 0 | 0 | 3,657 | 0 | 0 | 1,800 | 0 | 0 | 0 | 3,502 | 13,453 | 404 | 13,857 | 29 |
| 30 | Total Operation Expenses | | \$ 4,494 | \$ 0 | \$ 0 | \$ 0 | \$ 3,657 | \$ 0 | \$ 0 | \$ 1,800 | \$ 0 | \$ 0 | \$ 0 | \$ 3,502 | \$ 13,453 | \$ 404 | \$ 13,857 | 30 |
| 31 | Total Customer Accounts Expenses | | \$ 4,494 | \$ 0 | \$ 0 | \$ 0 | \$ 3,657 | \$ 0 | \$ 0 | \$ 1,800 | \$ 0 | \$ 0 | \$ 0 | \$ 3,502 | \$ 13,453 | \$ 404 | \$ 13,857 | 31 |

PAUTE PIPELINE COMPANY
OPERATION AND MAINTENANCE EXPENSES
MATERIALS AND OTHER CHARGES
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED

| Line No. | Account Number | Description (a) | Recorded Balance | | | | | | | | | | | | Total 12 Months (c) | Total Adjustments (p) | Adjusted Balance at 08/31/09 (q) | Line No. | | | | | | | | | | | | | | | | |
|-------------------------------------|----------------|--|-------------------|-------------|--------------|-----------|-----------|---------|----------|----------|------------|---------------|-------------|--------------|---------------------|-----------------------|----------------------------------|----------|----|---------|----|-----------|----|---------|----|----------|----|-----------|----|---------|----|-----------|--|----|
| | | | 2007 December (c) | January (d) | February (e) | March (f) | April (g) | May (h) | June (i) | July (j) | August (k) | September (l) | October (m) | November (n) | | | | | | | | | | | | | | | | | | | | |
| Administrative and General Expenses | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Operation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 | 920 | Administrative and General Salaries | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | 1 | | | | | | | | | | | | | | | |
| 2 | 921 | Office Supplies and Expenses | | 47,134 | | 34,479 | | 59,754 | | 30,810 | | 39,806 | | 35,289 | | 38,173 | | 43,816 | | 58,130 | | 28,262 | | 491,318 | | 28,850 | | 520,188 | | 2 | | | | |
| 3 | 922 | Administrative Expenses Transferred - Credit | | (9,836) | | 0 | | (891) | | (1,048) | | (1,249) | | (1,914) | | (800) | | (2,054) | | (1,081) | | 0 | | 0 | | (20,096) | | 0 | | 3 | | | | |
| 4 | 923 | Outside Services Employed | | 35,639 | | 18,816 | | 42,039 | | 39,548 | | 32,049 | | 65,263 | | 29,787 | | 30,628 | | 28,447 | | 94,869 | | 51,532 | | 462,302 | | 26,032 | | 488,334 | | 4 | | |
| 5 | 924 | Property Insurance | | 7,872 | | 7,797 | | 7,797 | | 7,797 | | 7,797 | | 7,224 | | 7,224 | | 7,224 | | 7,224 | | 8,317 | | 8,310 | | 92,892 | | 22,133 | | 115,025 | | 5 | | |
| 6 | 925 | Injuries and Damages | | 40,756 | | 32,671 | | 36,643 | | 33,350 | | 45,991 | | 32,781 | | 32,189 | | 30,868 | | 32,399 | | 31,096 | | 28,909 | | 32,992 | | 61,441 | | 434,675 | | 6 | | |
| 7 | 926 | Regulatory Commission Expenses | | 6,040 | | 6,040 | | 6,040 | | 6,040 | | 6,040 | | 6,040 | | 6,040 | | 76,273 | | 0 | | 0 | | 0 | | 118,553 | | (13,553) | | 105,000 | | 7 | | |
| 8 | 930.2 | Miscellaneous General Expenses | | 9,275 | | 29,794 | | 11,574 | | 20,415 | | 28,599 | | 20,060 | | 12,746 | | 21,655 | | 5,527 | | 14,663 | | 13,736 | | 18,045 | | 202,289 | | 214,254 | | 8 | | |
| 9 | 931 | Rents | | 89,465 | | 89,719 | | 81,636 | | 83,455 | | 83,504 | | 82,900 | | 83,322 | | 87,477 | | 85,603 | | 90,513 | | 87,631 | | 81,933 | | 1,037,361 | | 89,960 | | 1,127,322 | | 9 |
| 10 | | Total Operation Expenses | \$ | 226,347 | \$ | 219,316 | \$ | 244,803 | \$ | 220,366 | \$ | 250,537 | \$ | 247,642 | \$ | 208,681 | \$ | 289,163 | \$ | 196,893 | \$ | 282,040 | \$ | 190,400 | \$ | 219,076 | \$ | 2,795,263 | \$ | 189,419 | \$ | 2,984,682 | | 10 |
| 11 | 935 | Maintenance of General Plant | \$ | 16,779 | \$ | 13,760 | \$ | 14,079 | \$ | 12,590 | \$ | 6,306 | \$ | 15,213 | \$ | 12,388 | \$ | 10,951 | \$ | 14,185 | \$ | 12,537 | \$ | 12,783 | \$ | 13,706 | \$ | 155,278 | \$ | 5,428 | \$ | 160,705 | | 11 |
| 12 | | Total Administrative and General Expenses | \$ | 243,125 | \$ | 233,076 | \$ | 259,881 | \$ | 232,956 | \$ | 256,842 | \$ | 262,655 | \$ | 221,069 | \$ | 300,114 | \$ | 211,078 | \$ | 294,577 | \$ | 203,184 | \$ | 232,782 | \$ | 2,950,540 | \$ | 194,847 | \$ | 3,145,387 | | 12 |
| 13 | | Total Operation and Maintenance Expenses | \$ | 615,499 | \$ | 400,843 | \$ | 539,666 | \$ | 540,987 | \$ | 546,485 | \$ | 491,816 | \$ | 482,514 | \$ | 500,817 | \$ | 444,570 | \$ | 1,394,281 | \$ | 197,315 | \$ | 751,516 | \$ | 6,906,310 | \$ | 675,769 | \$ | 7,582,079 | | 13 |

**PAIUTE PIPELINE COMPANY
OPERATION AND MAINTENANCE EXPENSES
QUANTITY OF GAS USED BY PAIUTE PIPELINE ASSOCIATED
WITH EXPENSE ACCOUNTS 810, 811, 812
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED**

All gas used by Paiute Pipeline is provided in-kind by the shippers on the Paiute system, therefore, this workpaper schedule is not applicable.

PAIUTE PIPELINE COMPANY
OPERATION AND MAINTENANCE EXPENSES
FUEL USE - ACCOUNTS 806, 808.1, 808.2, 809.1, 809.2, 813, AND 823
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED

| Line No. | Service Provider (a) | Description of Services Received (b) | Quantity (Gals) (c) | Recorded Amount (d) | Adjustments (e) | Adjusted Amount (f) | Line No. |
|-------------|-------------------------|---|---------------------------|---------------------------|--------------------|---------------------------|-------------|
|-------------|-------------------------|---|---------------------------|---------------------------|--------------------|---------------------------|-------------|

All gas used by Paiute Pipeline is provided in-kind by the shippers on the Paiute system, therefore, there are no costs associated with fuel use on the Paiute system.

PAIUTE PIPELINE COMPANY
OPERATION AND MAINTENANCE EXPENSES
ADVERTISING EXPENSES - ACCOUNTS 913 AND 930.1
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED

| Line No. | Service Provider (a) | Services Received (b) | Recorded Amount (c) | Adjustments (d) | Adjusted Amount (e) | Line No. |
|-------------|---------------------------|--------------------------|---------------------------|--------------------|---------------------------|-------------|
| | <u>Account 930.1</u> | | | | | |
| 1 | Various | Safety Advertising | \$ 7,301 | 0 | 7,301 | 1 |
| 2 | Total Advertising Expense | | \$ 7,301 | - | 7,301 | 2 |

PAIUTE PIPELINE COMPANY
OPERATION AND MAINTENANCE EXPENSES
OFFICE SUPPLIES AND EXPENSES - ACCOUNT 921
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED

| Line No. | Service Provider (a) | Services Received (b) | Recorded Amount (c) | Adjustments (d) | Adjusted Amount (e) | Line No. |
|-------------|-------------------------|--------------------------|---------------------------|--------------------|---------------------------|-------------|
|-------------|-------------------------|--------------------------|---------------------------|--------------------|---------------------------|-------------|

No direct charges or credits were made to office supplies and expenses, account 921, during the test year. Allocated amounts from Southwest Gas are reported on Workpaper Schedule H-1 (2)(j).

PAIUTE PIPELINE COMPANY
OPERATION AND MAINTENANCE EXPENSES
ADMINISTRATIVE EXPENSES TRANSFERRED CREDIT - ACCOUNT 922
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED

| Line No. | Service Provider (a) | Services Received (b) | Recorded Amount (c) | Adjustments (d) | Adjusted Amount (e) | Line No. |
|-------------|-------------------------|---------------------------------|---------------------------|--------------------|---------------------------|-------------|
| 1 | | Expenses Transferred to Capital | \$ (104,998) | \$ (3,553) | \$ (108,550) | 1 |

PAIUTE PIPELINE COMPANY
OPERATION AND MAINTENANCE EXPENSES
OUTSIDE SERVICES EMPLOYED - ACCOUNT 923
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED

| Line No. | Service Provider (a) | Services Received (b) | Recorded Amount (c) | Adjustments (d) | Adjusted Amount (e) | Line No. |
|-------------|-------------------------------|--------------------------|---------------------------|--------------------|---------------------------|-------------|
| 1 | McCarthy, Sweeney, & Harkaway | Legal | \$ 9,916 | \$ 0 | \$ 9,916 | 1 |
| 2 | PriceWaterhouseCoopers | Audit | 15,435 | 0 | 15,435 | 2 |
| 3 | Total Outside Services | | \$ 25,351 | \$ 0 | \$ 25,351 | 3 |

Note: Allocated amounts from Southwest Gas are reported on Workpaper Schedule H-1 (2)(j).

**PAIUTE PIPELINE COMPANY
OPERATION AND MAINTENANCE EXPENSES
EMPLOYEE PENSIONS AND BENEFITS - ACCOUNT 926
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED**

| Line No. | Service Provider (a) | Services Received (b) | Recorded Amount (c) | Adjustments (d) | Adjusted Amount (e) | Line No. |
|-------------|-------------------------|--------------------------|---------------------------|--------------------|---------------------------|-------------|
|-------------|-------------------------|--------------------------|---------------------------|--------------------|---------------------------|-------------|

No direct or allocated, charges or credits, were made to employee pensions and benefits account 926 during the test year.

Explanation:

No charges are recorded in Paiute's Account 926, Employee Pensions and Benefits, as pensions and benefits expenses are distributed to all accounts that labor is charged to through a labor loading process. For each labor dollar charged to an account, an additional amount of labor loading is charged to that account to distribute pensions, benefits, and payroll taxes.

PAIUTE PIPELINE COMPANY
OPERATION AND MAINTENANCE EXPENSES
REGULATORY COMMISSION EXPENSES - ACCOUNT 928
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED

| Line No. | Service Provider (a) | Services Received (b) | Recorded Amount (c) | Adjustments (d) | Adjusted Amount (e) | Line No. |
|-------------|--------------------------------------|--------------------------|-----------------------------------|--------------------|---------------------------|-------------|
| 1 | Various | | FERC Rate Case Expenses \$ 48,320 | \$ 56,680 | \$ 105,000 | 1 |
| 2 | Federal Energy Regulatory Comm. | | 2008 Annual Charges 70,233 | (70,233) | 0 | 2 |
| 3 | Total Regulatory Commission Expenses | | \$ 118,553 | \$ (13,553) | \$ 105,000 | 3 |

PAIUTE PIPELINE COMPANY
OPERATION AND MAINTENANCE EXPENSES
DUPLICATE CHARGES, CREDIT - ACCOUNT 929
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED

| Line No. | Service Provider (a) | Services Received (b) | Recorded Amount (c) | Adjustments (d) | Adjusted Amount (e) | Line No. |
|-------------|-------------------------|--------------------------|---------------------------|--------------------|---------------------------|-------------|
|-------------|-------------------------|--------------------------|---------------------------|--------------------|---------------------------|-------------|

This account is not used by Paiute Pipeline.

PAIUTE PIPELINE COMPANY
OPERATION AND MAINTENANCE EXPENSES
MISCELLANEOUS GENERAL EXPENSES - ACCOUNT 930.2
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED

| Line No. | Service Provider (a) | Services Received (b) | Recorded Amount (c) | Adjustments (d) | Adjusted Amount (e) | Line No. |
|-------------|-------------------------|--------------------------|---------------------------|--------------------|---------------------------|-------------|
|-------------|-------------------------|--------------------------|---------------------------|--------------------|---------------------------|-------------|

No direct charges or credits were made to miscellaneous general expenses, account 930.2, during the test year.
Allocated amounts from Southwest Gas are reported on Workpaper Schedule H-1 (2)(i).

PAIUTE PIPELINE COMPANY
OPERATION AND MAINTENANCE EXPENSES
INTERCOMPANY TRANSACTIONS
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED

| Line No. | Description (a) | Account Number (b) | Recorded Balance | | | | | | | Line No. |
|----------|-------------------------------------|-----------------------|-------------------------|----------------|-----------------|--------------|--------------|------------|-------------|----------|
| | | | 2007 December (c) | January (d) | February (e) | March (f) | April (g) | May (h) | June (i) | |
| 1 | Allocation from Southwest Gas | 920 | \$ 153,910 | \$ 218,705 | \$ 264,026 | \$ 194,779 | \$ 184,368 | \$ 183,307 | \$ 174,654 | 1 |
| 2 | Allocation from Southwest Gas | 921 | 47,134 | 34,479 | 59,754 | 30,810 | 39,806 | 35,289 | 38,173 | 2 |
| 3 | Allocation from Southwest Gas | 923 | 35,639 | 18,816 | 42,039 | 39,548 | 31,924 | 65,263 | 29,787 | 3 |
| 4 | Allocation from Southwest Gas | 924 | 7,872 | 7,797 | 7,797 | 7,797 | 7,797 | 7,224 | 7,224 | 4 |
| 5 | Allocation from Southwest Gas | 925 | 40,756 | 32,671 | 36,643 | 33,350 | 45,991 | 32,781 | 32,189 | 5 |
| 6 | Allocation from Southwest Gas | 930.2 | 9,275 | 29,794 | 11,574 | 20,415 | 26,599 | 20,060 | 10,949 | 6 |
| 7 | Allocation from Southwest Gas | 931 | 12,608 | 19,266 | 11,383 | 13,002 | 23,051 | 12,446 | 12,869 | 7 |
| 8 | Rent for Use of General Plant | 931 | 76,858 | 70,453 | 70,453 | 70,453 | 70,453 | 70,453 | 70,453 | 8 |
| 9 | Allocation from Southwest Gas | 935 | 12,576 | 9,058 | 4,107 | 6,631 | 5,651 | 6,174 | 5,001 | 9 |
| 10 | Total Allocation from Southwest Gas | | \$ 396,628 | \$ 441,038 | \$ 507,777 | \$ 416,784 | \$ 435,639 | \$ 432,997 | \$ 381,299 | 10 |

Explanation:

This schedule reports the administrative and general expenses allocated to Paiute Pipeline from Southwest Gas Corporation. These expenses are allocated based upon the Modified Massachusetts Formula (MMF), except for A/C 924, which is allocated based on insurable property. See Schedule I-1(d), Sh 2 for the calculation of the MMF, and Schedule I-1(d), Sh 5 for the property insurance allocation factor.

Since Paiute Pipeline does not have any employees, expenses other than administrative and general are charged directly to Paiute Pipeline by Southwest Gas personnel doing work for Paiute Pipeline. Rent expense charged to account 931, Rents, for Paiute's use of northern Nevada division and system allocable general plant is calculated on Schedule I-1(d), Sh 9, Sh 10, and Sh 11 and the rental charge is annualized on Adjustment 12.

PAIUTE PIPELINE COMPANY
OPERATION AND MAINTENANCE EXPENSES
INTERCOMPANY TRANSACTIONS
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED

| Line No. | Description (a) | Account Number (b) | Recorded Balance 2008 | | | | | Total 12 Months (h) | Total Adjustments (i) | Adjusted Balance 11/30/2008 (j) | Line No. |
|----------|-------------------------------------|--------------------|-----------------------|------------|---------------|-------------|--------------|---------------------|-----------------------|---------------------------------|----------|
| | | | July (c) | August (d) | September (e) | October (f) | November (g) | | | | |
| 1 | Allocation from Southwest Gas | 920 | \$ 179,436 | \$ 276,483 | \$ 183,985 | \$ 193,355 | \$ 185,238 | \$ 2,392,247 | \$ 249,070 | \$ 2,641,316 | 1 |
| 2 | Allocation from Southwest Gas | 921 | 36,892 | 38,774 | 43,816 | 58,130 | 28,262 | 491,318 | 28,850 | 520,168 | 2 |
| 3 | Allocation from Southwest Gas | 923 | 30,628 | 28,447 | 79,434 | (6,316) | 41,742 | 436,951 | 26,032 | 462,983 | 3 |
| 4 | Allocation from Southwest Gas | 924 | 7,224 | 7,224 | 8,317 | 8,310 | 8,310 | 92,892 | 22,133 | 115,025 | 4 |
| 5 | Allocation from Southwest Gas | 925 | 30,868 | 32,399 | 31,096 | 28,909 | 32,992 | 410,644 | 24,031 | 434,675 | 5 |
| 6 | Allocation from Southwest Gas | 930.2 | 21,855 | 5,527 | 11,798 | 11,096 | 16,045 | 194,987 | 11,965 | 206,952 | 6 |
| 7 | Allocation from Southwest Gas | 931 | 17,023 | 15,150 | 20,060 | 17,178 | 11,480 | 185,517 | 10,946 | 196,464 | 7 |
| 8 | Rent for Use of General Plant | 931 | 70,453 | 70,453 | 70,453 | 70,453 | 70,453 | 851,844 | 79,014 | 930,858 | 8 |
| 9 | Allocation from Southwest Gas | 935 | 6,976 | 8,153 | 8,447 | 6,655 | 6,161 | 85,588 | 5,428 | 91,016 | 9 |
| 10 | Total Allocation from Southwest Gas | | \$ 401,356 | \$ 482,609 | \$ 457,407 | \$ 387,770 | \$ 400,683 | \$ 5,141,988 | \$ 457,470 | \$ 5,599,458 | 10 |

Account 920 - compensation of officers, executives, and other employees of the utility chargeable to utility operations but not chargeable to a particular operating function.

Account 921 - office supplies and expenses incurred during the general administration of the utility's operations by the various administrative and general departments, the salaries and wages of which are includible in account 920.

Account 923 - fees and expenses of professional consultants and others for general services which do not apply to a particular operating function

Account 924 - the cost of insurance or reserve accruals incurred to protect the utility against losses and damages to owned or leased property used in utility operations, also, the labor and related expenses resulting from property insurance activities.

Account 925 - the cost of insurance or reserve accruals incurred to protect the utility against injuries and damages claims of employees or others, also, the labor and related expenses resulting from injuries and damages activities.

Account 930.2 - labor and related expenses resulting from the general management of the company and not provided for elsewhere. Examples of the costs included are industry association dues, trustee, registrar, and transfer agent fees and expenses, stockholder meeting expenses, dividend expenses, annual report expenses, and director's fees and expenses.

Account 931 - rents for the property of others used, occupied, or operated in connection with the customer service and informational, sales, and general and administrative functions of the utility.

Account 935 - maintenance of general plant items such as structures and improvements, office furniture and equipment, communication equipment, and miscellaneous equipment, used in general, commercial, and sales offices.

PAIUTE PIPELINE COMPANY
OPERATION AND MAINTENANCE EXPENSES
LEASE EXPENSES - ACCOUNTS 842, 853, AND 860
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED

| Line No. | Service Provider (a) | Services Received (b) | Recorded Amount (c) | Adjustments (d) | Adjusted Amount (e) | Line No. |
|-------------|-------------------------|----------------------------------|---------------------------|--------------------|---------------------------|-------------|
| | | | | | | |
| | | <u>Account 860</u> | | | | |
| 1 | Various | Right-Of-Way Fees | \$ 15,426 | \$ 0 | \$ 15,426 | 1 |
| 2 | | Total Account 860 Lease Expenses | \$ 15,426 | \$ 0 | \$ 15,426 | 2 |

Note: There were no lease expenses charged to Account 842 or 853 during the base period.

PAIUTE PIPELINE COMPANY
SUMMARY OF STATEMENT H-2 ADJUSTMENTS

| Adjustment Number | Title | Explanation | Effect Upon Expenses |
|----------------------|--|---|----------------------------|
| 15 | Depreciation Expense at Current Rates | Annualizes depreciation expense at current rates on estimated plant balances at 8/31/09. | \$ 363,114 |
| 16 | Other Preliminary Survey and Investigation | Amortization of preliminary survey and investigation costs related to the LNG studies over 3 years. | 32,321 |

PAIUTE PIPELINE COMPANY
DEPRECIATION AND AMORTIZATION EXPENSES
TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED

| Line No. | Description (a) | Account Number (b) | Basis For Depreciation/Amortization (c) | Depreciation Method (d) | Annual Rate Per Book [1] (e) | Recorded At 11/30/08 (f) | Adjustment [2] (g) | As Adjusted (h) | Line No. |
|----------|-------------------------------------|--------------------|---|-------------------------|------------------------------|--------------------------|--------------------|-----------------|----------|
| 1 | Production Plant | 403 | \$ 0 | SLM | \$ | 0 \$ | 0 \$ | 0 | 1 |
| 2 | Liquified Natural Gas Storage | 403 | 20,461,074 | SLM | 4.38% | 896,843 | 129,429 | 1,026,272 | 2 |
| 3 | Transmission-System | 403 | 122,471,763 | SLM | 2.67% | 3,270,920 | 151,051 | 3,421,971 | 3 |
| 4 | Transmission-Lake Tahoe Expansion | 403 | 10,451,877 | SLM | 3.93% | 410,829 | (95,028) | 315,801 | 4 |
| 5 | Transmission-Carson Lateral | 403 | 2,861,763 | SLM | 3.18% | 91,004 | 0 | 91,004 | 5 |
| 6 | Transmission-2003 Paiute Expansion | 403 | 7,438,459 | SLM | 3.38% | 251,264 | (1) | 251,263 | 6 |
| 7 | Transmission-Elko Lateral | 403 | 2,179,024 | SLM | 3.91% | 85,193 | 7 | 85,200 | 7 |
| 8 | General Plant | 403 | 8,706,831 | SLM | 5.64% | 490,906 | 167,655 | 658,561 | 8 |
| 9 | Total - Account 403 | 403 | \$ 174,570,791 | | | \$ 5,496,959 | \$ 353,114 | \$ 5,850,072 | 9 |
| 10 | Intangible | 404 | \$ 1,809,968 | SLM | Various | 0 \$ | 10,000 \$ | 10,000 | 10 |
| 11 | Total - Account 404 | 404 | \$ 1,809,968 | | | 0 \$ | 10,000 \$ | 10,000 | 11 |
| 12 | Total Depreciable Plant | | \$ 176,380,759 | | | | | | 12 |
| 13 | Amortization of LNG Study Costs [3] | 407 | \$ 96,964 | 3 Yr Amort | | 0 \$ | 32,321 \$ | 32,321 | 13 |
| 14 | Total Regulatory Amortization | 407 | \$ 96,964 | | | 0 \$ | 32,321 \$ | 32,321 | 14 |
| 15 | Total Depreciation and Amortization | | | | | \$ 5,496,959 | \$ 395,435 | \$ 5,892,394 | 15 |

Note: Depreciation Reserve shown on Stmt D Pg 1 Col (h)

- [1] Paiute does not depreciate gas plant on a functional basis. These rates are developed using the account depreciation rates shown on Schedules H-2(1) Sh 1 and H-2(1) Sh 3.
[2] Adjustment No. 15, Schedule H-2(1) Sh 1
[3] Adjustment No. 16, Schedule H-2(1) Sh 3.

PAIUTE PIPELINE COMPANY
DEPRECIATION AND AMORTIZATION EXPENSE FUNCTIONALIZED
TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED

| Line No. | Description (a) | Account Number (b) | As Adjusted (c) | Allocate General Plant [1] (d) | Allocate Intangible Plant [1] (e) | Allocate Other PS&I Charges (f) | Total (g) | Line No. |
|----------|--|--------------------|-----------------|--------------------------------|-----------------------------------|---------------------------------|--------------|----------|
| 1 | Production Plant | 403 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 | 1 |
| 2 | Liquified Natural Gas Storage | 403 | 1,026,272 | 81,513 | 1,238 | 32,321 | 1,141,344 | 2 |
| 3 | Transmission-System | 403 | 3,421,971 | 486,044 | 7,380 | 0 | 3,915,396 | 3 |
| 4 | Transmission-Lake Tahoe Expansion | 403 | 315,801 | 41,479 | 630 | 0 | 357,910 | 4 |
| 5 | Transmission-Carson Lateral | 403 | 91,004 | 11,357 | 172 | 0 | 102,534 | 5 |
| 6 | Transmission-2003 Paiute Expansion | 403 | 251,263 | 29,520 | 448 | 0 | 281,231 | 6 |
| 7 | Transmission-Elko Lateral | 403 | 85,200 | 8,648 | 131 | 0 | 93,979 | 7 |
| 8 | General Plant | 403 | 658,561 | (658,561) | 0 | 0 | 0 | 8 |
| 9 | Total - Account 403 | 403 | \$ 5,850,072 | \$ 0 | \$ 10,000 | \$ 32,321 | \$ 5,892,394 | 9 |
| 10 | Intangible | 404 | \$ 10,000 | \$ 0 | \$ (10,000) | \$ 0 | \$ 0 | 10 |
| 11 | Total - Account 404 | 404 | \$ 10,000 | \$ 0 | \$ (10,000) | \$ 0 | \$ 0 | 11 |
| 12 | Amortization of Preliminary Survey and Investigation Charges | 407 | \$ 32,321 | \$ 0 | \$ 0 | \$ (32,321) | \$ 0 | 12 |
| 13 | Total - Account 407 | 407 | \$ 32,321 | \$ 0 | \$ 0 | \$ (32,321) | \$ 0 | 13 |
| 14 | Grand Total | | \$ 5,892,394 | \$ 0 | \$ 0 | \$ 0 | \$ 5,892,394 | 14 |

[1] Allocation calculation on Sch-1(d), Sh 12.

PAIUTE PIPELINE COMPANY
DEPRECIATION AND AMORTIZATION EXPENSE
ANNUALIZED AT CURRENT RATES
TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED
ADJUSTMENT NO. 15

| Line No. | Description | Account Number | Depreciable Gas Plant As Adjusted 11/30/2008 | Current Rate | Depreciation & Amortization Expense As Annualized | Depreciation & Amortization Expense As Recorded | Depreciation & Amortization Expense Adj. No. 15 | Line No. |
|----------|--|----------------|--|--------------|---|---|---|----------|
| | (a) | (b) | (c) | (d) | (e) c x d | (f) | (g) e - f | |
| | <u>Intangible</u> | | | | | | | |
| 1 | Organization | 301 | \$ 0 | | \$ 0 | \$ 0 | \$ 0 | 1 |
| 2 | Franchise & Consent | 302 | 60,639 | Various | 0 | 0 | 0 | 2 |
| 3 | Miscellaneous Intangible | 303 | 1,749,329 | Various | 10,000 | 0 | 10,000 | 3 |
| 4 | Total Intangible | | \$ 1,809,968 | | \$ 10,000 | \$ 0 | \$ 10,000 | 4 |
| | <u>Production</u> | | | | | | | |
| 5 | Other Land & Land Rights | 304 | \$ 0 | | \$ 0 | \$ 0 | \$ 0 | 5 |
| 6 | Structures - Reno | 305.23 | 0 | 0.00% | 0 | 0 | 0 | 6 |
| 7 | Other Power Equipment | 307 | 0 | 0.00% | 0 | 0 | 0 | 7 |
| 8 | LPG Equipment - Reno | 311.23 | 0 | 0.00% | 0 | 0 | 0 | 8 |
| 9 | Gas Mixing Equipment | 319 | 0 | 0.00% | 0 | 0 | 0 | 9 |
| 10 | Other Equipment | 320 | 0 | 0.00% | 0 | 0 | 0 | 10 |
| 11 | Total Production | | \$ 0 | | \$ 0 | \$ 0 | \$ 0 | 11 |
| | <u>Storage Plant</u> | | | | | | | |
| 12 | Land and Land Rights | 360 | \$ 0 | | \$ 0 | \$ 0 | \$ 0 | 12 |
| 13 | Structures | 361 | 3,347,826 | 3.75% | 125,543 | 116,931 | 8,613 | 13 |
| 14 | Gas Holders | 362 | 4,506,639 | 6.00% | 270,398 | 270,398 | (0) | 14 |
| 15 | Vaporization Equipment | 363.2 | 1,030,306 | 5.00% | 51,515 | 22,392 | 29,123 | 15 |
| 16 | Other Equipment | 363.5 | 11,576,304 | 5.00% | 578,815 | 487,122 | 91,693 | 16 |
| 17 | Total Storage Plant | | \$ 20,461,074 | | \$ 1,026,272 | \$ 896,843 | \$ 129,429 | 17 |
| | <u>Transmission</u> | | | | | | | |
| 18 | Land and Land Rights | 365.1 | \$ 0 | | \$ 0 | \$ 0 | \$ 0 | 18 |
| 19 | Rights of Way | 365.2 | 667,676 | 2.43% | 16,225 | 12,852 | 3,373 | 19 |
| 20 | Structures - Compressor Station | 366.1 | 805,418 | 4.29% | 34,552 | 30,262 | 4,290 | 20 |
| 21 | Structures | 366.2 | 70,058 | 1.73% | 1,212 | 1,212 | (0) | 21 |
| 22 | Mains | 367 | 87,699,436 | 2.47% | 2,166,176 | 2,128,768 | 37,408 | 22 |
| 23 | Mains - Lake Tahoe Expansion | 367.01 | 10,172,928 | 3.01% | 306,205 | 401,800 | (95,595) | 23 |
| 24 | Mains - Carson Lateral | 367.02 | 2,861,763 | 3.18% | 91,004 | 91,004 | 0 | 24 |
| 25 | Mains - 2003 Paiute Expansion | 367.03 | 7,223,852 | 3.36% | 242,721 | 242,721 | (0) | 25 |
| 26 | Compressor Station-System | 368 | 19,130,182 | 3.91% | 747,990 | 716,174 | 31,816 | 26 |
| 27 | Compressor Station-Elko Lateral | 368.1 | 2,179,024 | 3.91% | 85,200 | 85,193 | 7 | 27 |
| 28 | Measuring & Regulating Station Equipment | 369 | 10,293,148 | 3.03% | 311,882 | 238,836 | 73,047 | 28 |
| 29 | Meas/Reg Station Equip. - Lake Tahoe | 369.01 | 278,949 | 3.44% | 9,596 | 9,029 | 567 | 29 |
| 30 | Meas/Reg Station Equip. - Paiute Expansion | 369.03 | 214,607 | 3.98% | 8,541 | 8,542 | (1) | 30 |
| 31 | Communication Equipment | 370 | 3,724,734 | 3.78% | 140,795 | 139,677 | 1,118 | 31 |
| 32 | Other Equipment | 371 | 81,112 | 3.87% | 3,139 | 3,139 | (0) | 32 |
| 33 | Total Transmission | | \$ 145,402,885 | | \$ 4,165,239 | \$ 4,109,209 | \$ 56,030 | 33 |
| | <u>General</u> | | | | | | | |
| 34 | Land and Land Rights | 389 | \$ 0 | | \$ 0 | \$ 0 | \$ 0 | 34 |
| 35 | Structures & Improvements | 390.1 | 3,123,092 | 4.00% | 124,924 | 124,898 | 26 | 35 |
| 36 | Office Furniture & Equipment | 391 | 115,885 | 5.14% | 5,956 | 6,418 | (461) | 36 |
| 37 | Computer Equipment | 391.1 | 490,721 | 20.00% | 98,144 | 81,016 | 17,128 | 37 |
| 38 | Transportation Equipment - Light | 392.11 | 1,618,884 | 12.50% | 202,360 | 140,576 | 61,785 | 38 |
| 39 | Transportation Equipment - Heavy | 392.12 | 1,087,198 | 8.00% | 86,976 | 12,581 | 74,395 | 39 |
| 40 | Stores Equipment | 393 | 40,580 | 4.00% | 1,623 | 1,683 | (60) | 40 |
| 41 | Tools, Shop, & Garage Equipment | 394 | 651,173 | 9.09% | 59,192 | 51,718 | 7,474 | 41 |
| 42 | Laboratory Equipment | 395 | 58,738 | 16.67% | 9,792 | 9,060 | 732 | 42 |
| 43 | Power Operated Equipment | 396 | 1,467,120 | 4.47% | 65,580 | 58,977 | 6,603 | 43 |
| 44 | Communication Equipment | 397.1 | 26,837 | 10.00% | 2,684 | 2,298 | 386 | 44 |
| 45 | Telemetering Equipment | 397.2 | 0 | 12.50% | 0 | 352 | (352) | 45 |
| 46 | Miscellaneous Equipment | 398 | 26,604 | 5.00% | 1,330 | 1,330 | (0) | 46 |
| 47 | Total General | | \$ 8,706,831 | | \$ 658,561 | \$ 490,906 | \$ 167,655 | 47 |
| 48 | Totals | | \$ 176,380,759 | | \$ 5,860,072 | \$ 5,496,959 | \$ 363,114 | 48 |

**PAIUTE PIPELINE COMPANY
RECONCILIATION OF GAS PLANT SHOWN ON
STATEMENT C TO DEPRECIABLE GAS PLANT
SHOWN ON STATEMENT H-2 SHEET 1**

| Line No. | Description (a) | Account Number (b) | Gas Plant In Service (c) | Line No. |
|-------------|--|--------------------------|-----------------------------------|-------------|
| 1 | Balance as Shown on Statement H-2 Sh 2 Col (c) Ln 12 | | \$ 176,380,759 | 1 |
| | Add: Gas Plant in Service not Depreciable | | | |
| 2 | Storage Plant - Land and Land Rights | 360 | \$ 78,389 | 2 |
| 3 | Transmission Plant - Land and Land Rights | 365.1 | 661 | 3 |
| 4 | General Plant - Land and Land Rights | 389 | 288,136 | 4 |
| 5 | Total Non-Depreciable Plant | | \$ 367,186 | 5 |
| 6 | Total Gas Plant in Service as Shown on Stmt C Col (j) Ln 10 | | \$ 176,747,945 | 6 |

**PAIUTE PIPELINE COMPANY
AMORTIZATION OF LNG STUDY COSTS
ADJUSTMENT NO. 16**

| Line No. | Description (a) | Reference (b) | Amount (c) | Line No. |
|-------------|-----------------------------|------------------|-------------------------|-------------|
| 1 | LNG Study Costs | Co. Records | \$ 96,964 | 1 |
| 2 | Amortization Period (Years) | | <u>3</u> | 2 |
| 3 | Total Included in Test Year | Ln 1/Ln 2 | \$ <u><u>32,321</u></u> | 3 |

Explanation:

This adjustment amortizes preliminary survey and investigation charges for the LNG Plant Integrity Study and the LNG Plant Ethane Extraction Study.

**PAUTE PIPELINE COMPANY
INCOME TAXES**

**CALCULATION OF FEDERAL INCOME TAX
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED**

| Line No. | Description (a) | Reference (b) | As Recorded (c) | Adjusted Recorded (d) | After Rate Relief (e) | Line No. |
|----------|--|------------------|--------------------|--------------------------|--------------------------|----------|
| 1 | Rate Base | Stmt A | \$ 83,580,352 \$ | 84,864,356 \$ | 84,864,356 | 1 |
| 2 | Overall Return on Capital | Stmt F | 9.54% | 7.93% | 10.89% | 2 |
| 3 | Overall Return on Rate Base | | \$ 7,972,278 \$ | 6,728,040 \$ | 9,241,728 | 3 |
| 4 | Rate Base | Stmt A | \$ 83,580,352 \$ | 84,864,356 \$ | 84,864,356 | 4 |
| 5 | Weighted Cost of Debt | Stmt F | 3.37% | 3.37% | 3.37% | 5 |
| 6 | Less Interest Expense | Lns (4 * 5) | \$ 2,816,658 \$ | 2,859,929 \$ | 2,859,929 | 6 |
| 7 | Net Return Before Tax Adjustments | Lns (3 - 6) | \$ 5,155,620 \$ | 3,868,111 \$ | 6,381,800 | 7 |
| 8 | Federal Income Tax Including Gross-Up | Stmt A | \$ 2,776,103 \$ | 2,082,829 \$ | 3,436,354 | 8 |
| 9 | Tax Adjustments | | | | | 9 |
| 10 | South Georgia Amortization | Stmt H-3, Sh 2 | \$ 144,366 \$ | 144,366 \$ | 144,366 | 10 |
| 11 | ARAM Excess Turnaround | Stmt H-3, Sh 2 | (7,943) | (7,943) | (7,943) | 11 |
| 12 | Net Tax Adjustments | Lns (9 + 10) | \$ 136,423 \$ | 136,423 \$ | 136,423 | 12 |
| 13 | Tax Adjustments Gross-up | Stmt A | \$ 73,459 \$ | 73,459 \$ | 73,459 | 13 |
| 14 | Total Tax Adjustment and gross up | Lns (11 + 12) | \$ 209,882 \$ | 209,882 \$ | 209,882 | 14 |
| 15 | Total Federal Income and Tax Adjustments | Lns (8 + 13) | \$ 2,985,985 \$ | 2,292,711 \$ | 3,646,235 | 15 |

PAUTE PIPELINE COMPANY
AMORTIZATION OF UNFUNDED FEDERAL INCOME TAX LIABILITY
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008

SOUTH GEORGIA AMORTIZATION OF PRE-1981 UNFUNDED FEDERAL INCOME TAX LIABILITY

| Line No. | Description | Annual Amortization Authorized | | | | Reference | Pre-81 Plant | | | Funded Deficiency 1982-Nov 2008 (k) |
|-------------------------|--|----------------------------------|--------------|-------------------------------|----------|------------------------|----------------------------|---------------------|---------------------|-------------------------------------|
| | | Flow-thru Timing Differences (b) | Tax Rate (c) | Funding of Tax Deficiency (d) | Date (e) | | Unfunded Excess Book Basis | | | |
| | (a) | (b) | (c) | (d) | (e) | (f) | Storage (g) | Transmission (h) | Totals (i) (g + h) | Income Tax Deficiency (j) (i * 35%) |
| DOCKET RP 96-306 | | | | | | | | | | |
| 1 | Cumulative Differences and Deferred Tax Deficiency | | | | Oct-04 | Co. Records | \$ | 0 \$ | 3,470,005 \$ | 1,214,502 \$ |
| 2 | Annual Amortization Stipulated [1] | | | | | Remaining 8 Years | | | | |
| 3 | Transmission | 412,474 | 35% | 144,366 | | | | | | |
| 4 | Storage | - | 35% | 0 | | | | | | |
| 5 | Annual Amortization | <u>\$ 412,474</u> | | <u>\$ 144,366</u> | | | | | | |
| | | | | | | Smt H-3, Sh 1, Ln 9(c) | | | | |
| 6 | Amortization Recorded | | | | | Nov 2004 - Nov 2008 | 0 | (1,770,594) | (1,770,594) | (619,708) |
| 7 | Deferred Tax Deficiency | | | | Nov-08 | Ln 2 + Ln 7 | <u>0 \$</u> | <u>1,699,411 \$</u> | <u>1,699,411 \$</u> | <u>594,794 \$</u> |
| 8 | Annual Amortization - Continuation | | | | | Remaining 4 Years | | | | |
| 9 | Transmission | <u>\$412,474</u> | 35% | <u>\$144,366</u> | | | | | | |
| | | | | | | Smt H-3, Sh 1, Ln 9(c) | | | | |

AVERAGE RATE ASSUMPTION METHOD (ARAM) POST-1980 PLANT VINTAGES EXCESS FEDERAL INCOME TAX LIABILITY

| Line No. | Description | Annual Amortization Turnaround | | | | Reference | Post-80 Plant | | | Line No. | | |
|-------------------------|---|--------------------------------|-----|-----|--------|-----------------------|---------------|--------|--------------|--------------|--------------------------|---------------------------------------|
| | | (a) | (b) | (c) | (d) | | (e) | (g) | (h) | | Totals (i) (g + h) | Income Tax Excess Totals (j) |
| DOCKET RP 05-163 | | | | | | | | | | | | |
| 10 | Excess Deferred Tax Available for Turnaround ARAM - Amortization | | | | Oct-04 | Remaining 21 Years | \$ | 0 \$ | (164,025) \$ | (164,025) | (267,097) | 10 |
| 11 | Transmission | | | | | | | | | | | 11 |
| 12 | Storage | | | | | | | | | | | 12 |
| 13 | Annual Turnaround Authorized | | | | | | | | | | | 13 |
| 14 | ARAM - Recorded Excess Turnaround | | | | | Nov 2004 - Nov 2008 | 0 | 32,434 | 32,434 | 32,434 | (32,434) | 14 |
| 15 | Excess Deferred Tax Available for Turnaround | | | | Jan-00 | Ln 10 + Ln 14 | \$ | 0 \$ | (131,591) \$ | (131,591) \$ | (299,531) | 15 |
| 16 | ARAM Amortization - Continuation | | | | | Remaining 17 Years | | | | | | 16 |
| 17 | Annual Turnaround Authorized | | | | | | | | | | | 17 |
| Smt H-3, Sh 1, Ln 10(c) | | | | | | | | | | | | |
| 18 | NET UNFUNDED FEDERAL INCOME TAX LIABILITY | | | | | Lns 7(j) + 15(i) | | | | \$ | 463,203 | 18 |

**PAIUTE PIPELINE COMPANY
INCOME TAXES
STATE INCOME TAXES
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED**

This schedule is not applicable to Paiute Pipeline. The state of Nevada does not have a state income tax.

PAIUTE PIPELINE COMPANY
INCOME TAXES
RECONCILIATION BOOK/TAX PLANT AND RELATED DEFERRED INCOME TAXES
AS OF DECEMBER 31, 2007

| Line No. | Description | Totals | | Post-80 Plant | | Pre-81 Plant | | Line No. |
|---|--|--------------|------------------|---------------|--|--------------|------------|----------|
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | |
| Financial Books: | | | | | | | | |
| Gas Plant in Service: | | | | | | | | |
| 1 | Intangible | \$ 1,779,968 | | \$ 1,719,329 | | \$ 60,639 | | 1 |
| 2 | Storage | 17,403,364 | | 17,403,364 | | - | | 2 |
| 3 | Transmission | 143,493,751 | | 116,784,796 | | 26,708,955 | | 3 |
| 4 | General | 7,511,036 | | 7,455,195 | | 55,841 | | 4 |
| 5 | Total | | 170,188,119 | | 143,362,684 | | 26,825,435 | 5 |
| Accumulated Reserve for Depreciation | | | | | | | | |
| 6 | Intangible | \$ 1,779,968 | | \$ 1,719,329 | | \$ 60,639 | | 6 |
| 7 | Storage | 4,828,595 | | 4,828,595 | | - | | 7 |
| 8 | Transmission | 55,831,572 | | 45,439,461 | | 10,392,111 | | 8 |
| 9 | General | 1,822,288 | | 1,808,740 | | 13,548 | | 9 |
| 10 | Total | | 64,262,423 | | 53,796,125 | | 10,466,298 | 10 |
| Net Gas Plant: | | | | | | | | |
| 11 | Intangible | \$ - | | \$ - | | \$ - | | 11 |
| 12 | Storage | 12,574,769 | | 12,574,769 | | - | | 12 |
| 13 | Transmission | 87,662,179 | | 71,345,335 | | 16,316,844 | | 13 |
| 14 | General | 5,688,748 | | 5,646,455 | | 42,293 | | 14 |
| 15 | Total | | 105,925,696 | | 89,566,559 | | 16,359,137 | 15 |
| Tax Records: | | | | | | | | |
| Tax Basis - Plant in Service: | | | | | | | | |
| 16 | Intangible | \$ 1,390,356 | | \$ 1,332,494 | | \$ 57,862 | | 16 |
| 17 | Storage | 3,833,921 | | 3,833,921 | | - | | 17 |
| 18 | Transmission | 124,364,829 | | 97,111,067 | | 27,253,762 | | 18 |
| 19 | General | 3,135,377 | | 3,057,358 | | 78,019 | | 19 |
| 20 | Total | | 132,724,483 | | 105,334,840 | | 27,389,643 | 20 |
| Accumulated Tax Reserve for Depreciation: | | | | | | | | |
| 21 | Intangible | \$ 1,207,462 | | \$ 1,149,600 | | \$ 57,862 | | 21 |
| 22 | Storage | 2,355,011 | | 2,355,011 | | - | | 22 |
| 23 | Transmission | 91,165,814 | | 63,913,100 | | 27,252,714 | | 23 |
| 24 | General | 2,560,249 | | 2,495,994 | | 64,255 | | 24 |
| 25 | Total | | 97,288,536 | | 69,913,705 | | 27,374,831 | 25 |
| Net Tax Basis: | | | | | | | | |
| 26 | Intangible | \$ 182,894 | | \$ 182,894 | | \$ - | | 26 |
| 27 | Storage | 1,478,910 | | 1,478,910 | | - | | 27 |
| 28 | Transmission | 33,199,015 | | 33,197,967 | | 1,048 | | 28 |
| 29 | General | 575,128 | | 561,364 | | 13,764 | | 29 |
| 30 | Total | | 35,253,053 | | 35,238,241 | | 14,812 | 30 |
| Net Cumulative Difference: | | | | | | | | |
| 31 | Intangible | \$ (182,894) | | \$ (182,894) | | \$ - | | 31 |
| 32 | Storage | 11,095,859 | | 11,095,859 | | - | | 32 |
| 33 | Transmission | 54,463,164 | | 38,147,368 | | 16,315,796 | | 33 |
| 34 | General | 5,113,620 | | 5,085,091 | | 28,529 | | 34 |
| 35 | Total | | 70,489,749 | | 54,145,424 | | 16,344,325 | 35 |
| Deferred Federal Income Tax: | | | | | | | | |
| 36 | Intangible | \$ (60) | | - | | (60) | | 36 |
| 37 | Storage | (560,314) | | (560,314) | | - | | 37 |
| 38 | Transmission | (18,848,591) | | (18,690,382) | | (158,209) | | 38 |
| 39 | General | (578,836) | | (580,134) | | 1,298 | | 39 |
| 40 | DFIT Adjusted Balance 12/31/07 | | (19,987,801) [1] | | (19,830,830) | | (156,971) | 40 |
| 41 | [1] Per G. L. : Account 282 - 12/31/07 | | 20,199,828 | | SFAS 109 - Plant Deferred Assets/Liabilities 12/07 | | | 41 |
| 42 | True/Up Adjustment - Acufile | | (212,027) | | Regulatory Asset - A/C 18602109 | | 916,053 | 42 |
| 43 | Adjusted Account 282 - 12/31/07 | | 19,987,801 | | Regulatory Liability - A/C 2832109 | | (916,053) | 43 |

PAIUTE PIPELINE COMPANY
OTHER TAXES
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED

| Line No. | Month (a) | Recorded | | Adjustment No. 17 Property Taxes (d) | Total Other Taxes As Adjusted (e) Col (b+c+d) | Line No. |
|-------------|--|---|---|---|---|-------------|
| | | Property Taxes Account 4081.1410 (b) | Business Taxes Account 4081.1418 [1] (c) | | | |
| 1 | December 2007 | \$ 46,981 | \$ 0 | \$ 0 | \$ 46,981 | 1 |
| 2 | January 2008 | 58,454 | 0 | 0 | 58,454 | 2 |
| 3 | February | 58,455 | 0 | 0 | 58,455 | 3 |
| 4 | March | 58,455 | 0 | 0 | 58,455 | 4 |
| 5 | April | 58,455 | 0 | 0 | 58,455 | 5 |
| 6 | May | 58,455 | 0 | 0 | 58,455 | 6 |
| 7 | June | 83,031 | 0 | 0 | 83,031 | 7 |
| 8 | July | 54,486 | 0 | 0 | 54,486 | 8 |
| 9 | August | 54,487 | 0 | 0 | 54,487 | 9 |
| 10 | September | 54,487 | 0 | 0 | 54,487 | 10 |
| 11 | October | 54,381 | 100 | 0 | 54,481 | 11 |
| 12 | November | 61,817 | 0 | 0 | 61,817 | 12 |
| 13 | Total Recorded | \$ 701,944 | \$ 100 | \$ 0 | \$ 702,044 | 13 |
| 14 | Adjustment No. 17 | \$ 0 | \$ 0 | \$ 33,496 | \$ 33,496 | 14 |
| 15 | Adjusted Balance At August 31, 2009 | \$ 701,944 | \$ 100 | \$ 33,496 | \$ 735,540 Stmt A | 15 |

[1] The Business Taxes are allocated between the Transmission and Storage functions based upon the labor allocation factors found on Schedule I-1(d), Sheet 1, Lines 14 (d) thru 19 (d).

**PAIUTE PIPELINE COMPANY
PROPERTY TAXES
ADJUSTMENT NO. 17
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008, AS ADJUSTED**

| Line No. | Description (a) | Reference (b) | Taxes As Assessed (c) | Sch H-4, Sh 2 Net Plant Investment at 6/30/08 (d) | Tax Rate Per \$1 Of Net Plant Investment Col (c / d) (e) | Net Plant as Adjusted at 08/31/09 (f) | Annualized Property Taxes Col (e x f) (g) | Adjustment No. 17 (h) | Line No. |
|----------|---|----------------|-----------------------|---|--|---------------------------------------|---|-------------------------|----------|
| 1 | Paiute Pipeline Property Taxes - Direct Determination of Effective Rate | Sch H-4, Sh 3 | \$ 727,529 | \$ 104,065,392 | \$ 0.0069911 | | | | 1 |
| 2 | Paiute Pipeline Property Taxes | | | | | | | | 2 |
| 3 | Storage Property Taxes | Stmnt B Ln 2 | | | | \$ 14,944,418 | \$ 104,477 | | 3 |
| 4 | Transmission | | | | | | | | 4 |
| 5 | System | Stmnt B | | | | \$ 72,051,029 | \$ 503,714 | | 5 |
| 6 | Lake Tahoe Expansion | Stmnt B | | | | 8,216,480 | 57,442 | | 6 |
| 7 | Carson Lateral | Stmnt B | | | | 2,383,606 | 16,664 | | 7 |
| 8 | 2003 Paiute Expansion | Stmnt B | | | | 6,539,675 | 45,719 | | 8 |
| 9 | Elko Lateral | Stmnt B | | | | 1,061,820 | 7,423 | | 9 |
| 10 | Transmission Property Taxes | Ln 4 thru Ln 8 | | | | \$ 90,252,610 | \$ 630,962 | | 10 |
| 11 | Total Paiute Pipeline Property Taxes | Ln 3 + Ln 9 | | | | \$ 105,197,028 | \$ 735,440 | | 11 |
| | Less: Recorded Property Taxes [1] | Stmnt H-4 | | | | \$ 701,944 | \$ 33,496 | | |
| | Explanation: | | | | | | | Stmnt H-4 Ln 14 Col (d) | |

To compute property tax rate per dollar of net plant investment and to synchronize property taxes with plant in rate base at August 31, 2009.

**PAIUTE PIPELINE COMPANY
PROPERTY TAXES
ADJUSTMENT NO. 17
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008**

| Line No. | Description (a) | Reference (b) | Recorded at 6/30/08 (c) | Line No. |
|------------------------------------|-----------------------------------|----------------------|-------------------------------|-------------|
| Paiute Pipeline Total Plant | | | | |
| 1 | Gross Plant | G.L. Accts 101 | \$ 170,783,666 | 1 |
| 2 | Accumulated Depreciation | G.L. Accts 108 & 111 | (66,119,424) | 2 |
| 3 | Net Plant In Service | Ln 1 + Ln 2 | \$ 104,664,242 | 3 |
| 4 | Less: Company Vehicles | [1] | (598,849) | 4 |
| 5 | Total Paiute Taxable Plant | Ln 3 + Ln 4 | \$ 104,065,392 | 5 |
| | | | Sch H-4, Sh 1, Ln 1(d) | |

[1] The taxable plant in service does not include the registration value of company vehicles. Valuation taxes on vehicles are paid as part of the registration. As indicated above, Account 392, Transportation Equipment, is deducted from book value in considering the valuation of Paiute Pipeline for property tax purposes.

**PAIUTE PIPELINE COMPANY
ALLOCATION OF NEVADA PROPERTY TAX BILLS
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008**

| Line No. | Description (a) | Reference (b) | Comments (c) | Paiute (Northern) (d) | Amount to Paiute (e) | Line No. |
|----------------------------|---------------------------|------------------|-----------------|-----------------------------|----------------------------|----------|
| <u>Property Taxes</u> | | | | | | |
| 1 | Total Taxes by Division | Line 8 | | \$ 2,293,172 | | 1 |
| 2 | Allocation Factor [1] | | Based on Study | 29.78% | | 2 |
| 3 | Total Allocated | | | | \$ 682,953 | 3 |
| <u>Possessory Interest</u> | | | | | | |
| 4 | Pyramid Lake Paiute Tribe | | Actual Billing | | 44,576 | 4 |
| 5 | Total Paiute | | | | \$ <u>727,529</u> | 5 |
| | | | | | Sch H-4, Sh 1, Ln 1(c) | |

Summary of All Nevada Property Tax Bills for 2008/2009 Tax Year

| | | | Total | Northern Nevada | Southern Nevada | |
|---|-----------------------|---------------|---------------------|---------------------|---------------------|---|
| 6 | Property Tax Bill | Sch H-4, Sh 4 | \$ 5,664,797 | \$ 2,126,133 | \$ 3,538,664 | 6 |
| 7 | Supplemental Tax Bill | Sch H-4, Sh 4 | 430,457 | 167,039 | 263,417 | 7 |
| 8 | Total Tax Bills | Ln 6 + Ln 7 | \$ <u>6,095,254</u> | \$ <u>2,293,172</u> | \$ <u>3,802,081</u> | 8 |

[1] Taxes allocated to Paiute from Southwest Gas Northern Division using the methodology as authorized by the Nevada Public Utilities Commission in Docket No. 04-3011.

**PAIUTE PIPELINE COMPANY
NEVADA PROPERTY TAX BILLED DURING PERIOD
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2008**

| Line No. | County (a) | General Billing [1] (b) | Supplemental Billing [2] (c) | Total (d) | Line No |
|-----------------|---------------------|-------------------------------|------------------------------------|--------------|------------|
| <u>Northern</u> | | | | | |
| 1 | Carson | \$ 431,787 | \$ 36,998 | \$ 468,784 | 1 |
| 2 | Churchill | 225,991 | 17,183 | 243,175 | 2 |
| 3 | Douglas | 73,570 | 7,123 | 80,693 | 3 |
| 4 | Elko | 156,504 | 11,950 | 168,454 | 4 |
| 5 | Eureka | 15,649 | 1,159 | 16,808 | 5 |
| 6 | Humbolt | 198,351 | 15,072 | 213,422 | 6 |
| 7 | Lander | 45,375 | 3,445 | 48,820 | 7 |
| 8 | Lyon | 337,676 | 25,144 | 362,820 | 8 |
| 9 | Mineral | 19,162 | 1,461 | 20,623 | 9 |
| 10 | Nye | 13,234 | 984 | 14,218 | 10 |
| 11 | Pershing | 278,533 | 21,912 | 300,445 | 11 |
| 12 | Storey | 17,190 | 1,266 | 18,456 | 12 |
| 13 | Washoe | 313,111 | 23,342 | 336,453 | 13 |
| 14 | Subtotal - Northern | \$ 2,126,133 | \$ 167,039 | \$ 2,293,172 | 14 |
| <u>Southern</u> | | | | | |
| 15 | Clark | 3,538,664 | 263,417 | 3,802,081 | 15 |
| 16 | Total | \$ 5,664,797 | \$ 430,457 | \$ 6,095,254 | 16 |
| | | Sch H-4, Sh 3 Ln 6(c) | Sch H-4, Sh 3 Ln 7(c) | | |

[1] State of Nevada Department of Taxation, tax bill dated August 6, 2008.

[2] State of Nevada Department of Taxation, tax bill dated October 28, 2008.