

GAS TRANSMISSION NORTHWEST CORPORATION

Comparison and Reconciliation of Estimated Revenue with Cost of Service  
For the Twelve Months Ended March 31, 2006, As Adjusted  
GTN Mainline

Line No.	Description (a)	Total (b)	Non-Mileage Reservation (c)	Mileage Reservation (d)	Delivery (e)
1	Operating Revenues				
2	Estimated Operating Revenue				
3	Total FTS-1 Revenues	\$ 285,539,694	\$ 37,925,771	\$ 236,070,193	\$ 11,543,730
4	Total ITS-1 Revenues	1,747,951	0	0	1,747,951
5	STF Delivery Revenues	392,465	0	0	392,465
6	Total Revenues	<u>\$ 287,680,110</u>	<u>\$ 37,925,771</u>	<u>\$ 236,070,193</u>	<u>\$ 13,684,145</u>
7	Operation and Maintenance Expense				
8	Transmission	\$ 34,711,628	\$ 3,908,190	\$ 19,386,355	\$ 11,417,084
9	Administrative and General	35,906,196	35,906,196	0	0
10	Total Operation and Maintenance Expense	<u>\$ 70,617,824</u>	<u>\$ 39,814,385</u>	<u>\$ 19,386,355</u>	<u>\$ 11,417,084</u>
11	Depreciation Expense	\$ 64,320,309	\$ 0	\$ 64,320,309	\$ 0
12	Taxes Other Than Income Taxes	11,966,037	0	11,224,637	741,400
13	Return	98,369,495	0	98,369,495	0
14	Federal Income Tax	42,692,347	0	42,692,347	0
15	State Income Taxes	6,861,619	0	6,861,619	0
16	Revenue Credit	(218,988)	0	(218,988)	0
17	Total Cost of Service	<u>\$ 294,608,644</u>	<u>\$ 39,814,385</u>	<u>\$ 242,635,774</u>	<u>\$ 12,158,484</u>
18	Less: GTN Unsubscribed Capacity Risk Sharing Allocation <sup>1</sup>	\$ (5,580,260)	\$ (703,427)	\$ (4,876,833)	\$ 0
19	Total Cost of Service Prior to Allocation to Short-Term Services (line 17 + line 18)	<u>\$ 289,028,384</u>	<u>\$ 39,110,959</u>	<u>\$ 237,758,941</u>	<u>\$ 12,158,484</u>
20	Less: Costs Allocated to Short-Term Services <sup>2</sup>	\$ (1,393,988)	\$ (196,916)	\$ (1,197,072)	\$ 0
21	Net Cost of Service for Rate Design (line 19 + line 20)	<u>\$ 287,634,396</u>	<u>\$ 38,914,042</u>	<u>\$ 236,561,869</u>	<u>\$ 12,158,484</u>
22	Variance (line 6 - line 21) <sup>3</sup>	<u>\$ 45,714</u>	<u>\$ (988,271)</u>	<u>\$ (491,676)</u>	<u>\$ 1,525,661</u>

<sup>1</sup>This adjustment reflects a reduction in the cost of service equal to GTN's share of the cost of unsubscribed capacity (see Schedule I-3, Workpaper 1).

<sup>2</sup>Reflects revenues from discounted STF service under Rate Schedule FTS-1 in addition to discounted hub service revenues (see Schedule I-3).

<sup>3</sup>Variance created by rate rounding to six places.