

Northern Border Pipeline Company
Summary of Adjustments to Operation and Maintenance Expenses

Adjustment No. 1 - Gas Supply Expenses

Adjustment eliminates entries related to gas purchase and storage accounts in accordance with Order No. 581

| <u>Account No.</u> | <u>Description</u> | <u>Adjustment</u> |
|--------------------|------------------------------------|------------------------------|
| 806 | Exchange Gas | (1,250,555) |
| 808.1 | Gas Withdrawn from Storage - Debit | (2,501,672) |
| 808.2 | Gas Delivered to Storage - Credit | 3,752,227 |
| 813 | Other Gas Supply Expenses | (18,751,043) |
| | | <u><u>(\$18,751,043)</u></u> |

Adjustment No. 2 - Gas Used in Utility Operations

Adjustment eliminates the cost of gas used in utility operations which is recovered separately via NBPL's Company Use Gas provision set forth in Section 1 of the General Terms and Conditions of its FERC Gas Tariff.

| <u>Account No.</u> | <u>Description</u> | <u>Adjustment</u> |
|--------------------|--|----------------------------|
| 810 | Gas Used for Compressor Station Fuel - Credit | \$138,656,382 |
| 812 | Gas Used for Other Utility Operations - Credit | 19,664,915 |
| 853 | Compressor Station Expense | (236,461) |
| 854 | Gas Used for Compressor Station Fuel | (138,656,382) |
| 856 | Mains Expense | (1,078,098) |
| 857 | Measuring & Regulating Station Expenses | 400,686 |
| | | <u><u>\$18,751,043</u></u> |

Adjustment No. 3 - ACA

Adjustment eliminates expenses collected separately via NBPL's FERC Annual Charge Adjustment set forth in Section 16 of the General Terms and Conditions of its FERC Gas Tariff.

| <u>Account No.</u> | <u>Description</u> | <u>Adjustment</u> |
|--------------------|-------------------------------|-----------------------------|
| 928 | Regulatory Commission Expense | <u><u>(\$1,758,567)</u></u> |

Adjustment No. 4 - Employee Pensions and Benefits

Adjustment annualizes base period pension and benefit costs and increased test period pension and benefit costs.

| <u>Account No.</u> | <u>Description</u> | <u>Adjustment</u> |
|--------------------|--------------------------------|-------------------------|
| 926 | Employee Pensions and Benefits | <u><u>\$784,274</u></u> |

Northern Border Pipeline Company
Summary of Adjustments to Operation and Maintenance Expenses

Adjustment No. 5 - Salaries and Wages

Adjustment annualizes salary and wage increases that became effective during the base period and annualizes increases that will be effective during the test period.

| <u>Account No.</u> | <u>Description</u> | <u>Adjustment</u> |
|------------------------|---|-------------------|
| 850 | Supervision and Engineering | \$532,709 |
| 851 | System Control and Load Dispatching | 210 |
| 852 | Communication System Expense | 19,675 |
| 853 | Compressor Station Labor and Expense | 29,710 |
| 856 | Mains Expense | 33,429 |
| 857 | Measuring & Regulating Station Expenses | 12,663 |
| 862 | Maintenance of Structures & Improvements | (1,569) |
| 863 | Maintenance of Mains | 13,295 |
| 864 | Maintenance of Compressor Station Equipment | 3,464 |
| 865 | Maintenance of M&R Station Equipment | 15,257 |
| 920 | Administrative and General Salaries | (175,082) |
| | | <u>\$493,761</u> |

Adjustment No. 6 - Other Fuel and Power

Adjustment transfers the base period cost of electricity used in utility operations to the Compressor Usage Surcharge sponsored by NB witness Neopl.

| <u>Account No.</u> | <u>Description</u> | <u>Adjustment</u> |
|------------------------|--|----------------------|
| 855 | Other Fuel and Power for Compressor Stations | <u>(\$9,788,654)</u> |

Adjustment No. 7 - Uncollectible Accounts

Adjustment eliminates an out of period bad debt expense.

| <u>Account No.</u> | <u>Description</u> | <u>Adjustment</u> |
|------------------------|------------------------|-------------------|
| 904 | Uncollectible Accounts | <u>1,746,269</u> |

Adjustment No. 8 - Rent

Adjustment reflects annual rent expense increase for NBPL's office building located in Omaha, NE.

| <u>Account No.</u> | <u>Description</u> | <u>Adjustment</u> |
|------------------------|--------------------|-------------------|
| 931 | Rent | <u>\$129,795</u> |

Northern Border Pipeline Company
Summary of Adjustments to Operation and Maintenance Expenses

Adjustment No. 9 - Ft. Peck Amortization

Adjustment eliminates Ft. Peck amortization expense recorded during the base period consistent with the adjustment to reflect the total lease option payments as capitalized to plant in Schedule C-1.

| <u>Account No.</u> | <u>Description</u> | <u>Adjustment</u> |
|------------------------|--------------------------------|-----------------------------|
| 930.2 | Miscellaneous General Expenses | <u><u>(\$3,354,096)</u></u> |

Adjustment No. 10 - Transition Costs

Adjustment eliminates Transition Cost incurred during the base period.

| <u>Account No.</u> | <u>Description</u> | <u>Adjustment</u> |
|------------------------|--------------------------------|-----------------------------|
| 930.2 | Miscellaneous General Expenses | <u><u>(\$1,404,219)</u></u> |

Adjustment No. 11 - Vehicle Fuel

Adjustment annualizes test period increase in company vehicle fuel expense

| <u>Account No.</u> | <u>Description</u> | <u>Adjustment</u> |
|------------------------|---|------------------------|
| 850 | Supervision and Engineering | \$8,449 |
| 851 | System Control and Load Dispatching | 174 |
| 852 | Communication System Expense | 7,104 |
| 853 | Compressor Station Labor and Expense | 42,291 |
| 856 | Mains Expense | 5,031 |
| 857 | Measuring & Regulating Station Expenses | 1,442 |
| 921 | Supplies And Expenses | <u>\$148</u> |
| | | <u><u>\$64,639</u></u> |

Adjustment No. 12 - Pipeline Research Council International, Inc.

Adjustment annualizes Pipeline Research Council International, Inc. membership subscription fee

| <u>Account No.</u> | <u>Description</u> | <u>Adjustment</u> |
|------------------------|-----------------------------|------------------------|
| 850 | Supervision and Engineering | <u><u>\$60,327</u></u> |

Northern Border Pipeline Company
Summary of Adjustments to Operation and Maintenance Expenses

Adjustment No. 13 - INGAA Dues

Adjustment annualizes test period increase in INGAA dues.

| <u>Account No.</u> | <u>Description</u> | <u>Adjustment</u> |
|------------------------|--------------------------------|-------------------|
| 930.2 | Miscellaneous General Expenses | <u>\$195,250</u> |

Adjustment No. 14 - Rate Case Expense

Adjustment reflects the annual expense based on a 5 year amortization of the total regulatory expenses to be incurred for the preparation, processing and litigation of this rate case filing

| <u>Account No.</u> | <u>Description</u> | <u>Adjustment</u> |
|------------------------|--------------------------------|-------------------|
| 928 | Regulatory Commission Expenses | <u>\$ 700,000</u> |