

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808.1	Gas Withdrawn from Storage - Debit	(2,501,672)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>\$18,751,042</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>

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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>\$483,761</u>

Adjustment No. 6 - Other Fuel and Power

Adjustment annualizes increases in the cost of electricity used in utility operations.

<u>Account No.</u>	<u>Description</u>	<u>Adjustment</u>
855	Other Fuel and Power for Compressor Stations	<u>\$3,359,814</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>

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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>1,448</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>

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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>