

Northern Border Pipeline Company
Capitalization, Per Books and as Adjusted, and the Rate of Return Claimed
Resulting from the Claimed Return on Equity of 14.2%

Thousands)

Line No.	Description (a)	Amount Per Books at 07-31-05 (b)	Adjustments (c)	As Adjusted at 4-30-06 (d)	Percent of Total Capitalization (e)	Cost (f)	Weighted Cost of Capital (g)	F/N ID
1	Debt	\$602,685	\$0	\$602,685	50.73%	7.01%	3.56%	1,2
2	Equity	585,448	0	\$585,448	49.27%	14.20%	7.00%	3
3	Total	\$1,188,133	\$0	\$1,188,133	100.00%		10.56%	

Footnotes:

1 See Statement F-3 for derivation of weighted average cost of debt capital.

2	Long-Term Debt	\$600,000	\$0	\$600,000
	Unamortized Premium	3,587	0	3,587
	Unamortized Discount	(902)	0	(902)
	Total Debt	\$602,685	\$0	\$602,685

3	Equity	\$551,693	\$0	\$551,693
	Retained Earnings	30,850	0	30,850
	Other Comprehensive Income	2,905	0	2,905
	Total Equity	\$585,448	\$0	\$585,448