

Northern Border Pipeline Company
Chicago III Expansion Project
Capital Structure, Cost of Capital and Rate of Return
(\$ 000's)

Line No.	Description	Amount	Capitalization Ratio	Cost of Capital	Weighted Average Cost of Capital
1	Long Term Debt	\$602,685	50.73%	7.01% (b)	3.56%
2	Equity	<u>585,448</u>	<u>49.27%</u>	12.00% (a)	<u>5.91%</u>
3	Total Capitalization	\$1,188,133 (b)	100.00%		
4	Rate of Return				<u>9.47%</u>

(a) Northern Border's current rates are based upon a rate of return on equity of 12% pursuant to Article II of the Stipulation and Agreement at Docket No. RP99-322.

(b) The capitalization amounts and cost of debt are taken from Exhibit F-2.