

Northern Border Pipeline Company
Statement of Income and Retained Earnings

(Unaudited)		
Line No.	Description (a)	Twelve Months Ended 07-31-05 (b)
1	Utility Operating Income:	
	Operating Revenues	<u>(\$316,184,389)</u>
	Operating Expenses	
2	Operation Expenses	40,637,206
3	Maintenance Expenses	1,511,878
4	Depreciation Expenses	57,407,997
5	Amortization and Depletion of Utility Plant	177,557
6	Amortization of Utility Plant Acquisition Adj	12,756
	Amortization of Property Losses, Unrecovered	0
7	Plant and Regulatory Study Costs	0
8	Amortization of Conversion Expenses	0
9	Regulatory Debits	446,930
10	(Less) Regulatory Credits	(3,354,096)
11	Taxes Other Than Income Taxes	30,368,319
12	Income Taxes - Federal	40,718,691
13	- Other	6,511,060
14	Provision for Deferred Income Taxes	6,268,145
15	(Less) Provision for Deferred Income Taxes-Cr.	(2,135,529)
16	Investment Tax Credit Adjustment-Net	
17	(Less) Gains from Disposition of Utility Plant	0
18	Losses from Disposition of Utility Plant	0
19	(Less) Gains from Disposition of Allowances	0
20	Losses from Disposition of Allowances	0
21	Total Utility Operating Expenses	<u>178,570,914</u>
22	Net Utility Operating Income	<u>(137,613,475)</u>
	Other Income and Deductions:	
	Other Income	
	Nonutility Operating Income	
23	Revenues from Merchandising, Jobbing and Contract Work	0
	(Less) Costs and Expenses of Merchandising, Jobbing and Contract Work	0
24		0
25	Revenues from Nonutility Operations	(1,062,980)
26	(Less) Expenses of Nonutility Operations	564,797
27	Nonoperating Rental Income	0
28	Equity in Earnings of Subsidiary Companies	0
29	Interest and Dividend Income	(430,803)
30	Allowance for Other Funds Used During Construction	(122,493)
31	Miscellaneous Nonoperating Income	(784,477)
32	Gain on Disposition of Property	0
33	Total Other Income	<u>(1,835,956)</u>
	Other Income Deductions	
34	Loss on Disposition of Property	0
35	Miscellaneous Amortization	0
36	Miscellaneous Income Deductions	(3,993,284)
37	Total Other Income Deductions	<u>(3,993,284)</u>
	Taxes Applicable to Other Income and Deductions	
38	Taxes Other Than Income Taxes	21,032
39	Income Taxes - Federal	1,739,701
40	- Other	278,184
41	Provision for Deferred Income Taxes	1,227,904
42	(Less) Provision for Deferred Income Taxes - Credit	(1,473,187)
43	Investment Tax Credit Adjustments-Net	0
44	(Less) Investment Tax Credits	0
45	Total Taxes on Other Income and Deductions	<u>1,793,633</u>
46	Net Other Income and Deductions	<u>(4,035,607)</u>
	Interest Charges:	
47	Interest on Long-Term Debt	42,414,024
48	Amortization of Debt Discount and Expense	1,054,952
49	Amortization of Loss on Reacquired Debt	751,554
50	(Less) Amortization of Premium on Debt-Credit	(1,452,373)
51	(Less) Amortization of Gain on Reacquired Debt-Credit	0
52	Interest on Debt to Associated Companies	0
53	Other Interest Expense	0
	(Less) Allowance for Borrowed Funds Used During Construction - Credit	(62,910)
54		<u>0</u>
55	Net Interest Charges	<u>42,705,247</u>
56	Income Before Extraordinary Items	<u>0</u>
	Extraordinary Items:	
57	Extraordinary Income	0
58	(Less) Extraordinary Deductions	0
59	Net Extraordinary Items	<u>0</u>
60	Income Taxes - Federal and Other	<u>0</u>
61	Extraordinary Items After Taxes	<u>0</u>
62	Net Income	<u>(98,943,835)</u>
63	Retained Earnings at Beginning of Period	<u>(11,913,217)</u>
64	Dividends Declared	<u>80,007,463</u>
65	Retained Earnings at End of Period	<u><u>(\$30,849,588)</u></u>