

Docket No. RP06-\_\_\_\_  
Statement I

Northern Border Pipeline Company  
Explanatory Notes  
Cost Allocation and Rate Design

All of Northern Border's facilities are used to provide transmission service so there are no schedules showing a functionalization of cost of service.

Statement I-1 allocates the cost of service to the proposed Supply Zone and Market Area and Statement I-2 classifies the cost between fixed and variable.

Other revenues are allocated on Schedule I-3 and then deducted from the cost of service to arrive at the Rate Schedule T-1 cost of Service.