

Details for Zones 1 - 9 are shown in the following table:

Filed Capital Costs for the Pipeline in Canada

| Zone | 48" | 48" | 54" |
|-----------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | 1260 psi \$ million (Canadian) | 1680 psi \$ million (Canadian) | 1120 psi \$ million (Canadian) |
| 1 | 707 | 707 | 707 |
| 2 | 721 | 864 | 805 |
| 3 | 738 | 850 | 803 |
| 4 | 380 | 488 | 456 |
| 5 | 677 | 859 | 813 |
| 6 | 236 | 236 | 236 |
| 7 | 126 | 126 | 126 |
| 8 | 83 | 83 | 83 |
| 9* | 205 | 205 | 205 |
| Total Zones 1-9 | 3,873 | 4,418 | 4,234 |

It is recognized that the above are estimates of capital costs. They do not include working capital, property taxes or the provision for road maintenance in the Yukon Territory (not to exceed \$30 million Canadian).

If at the time construction is authorized, both Governments have agreed to a starting date for the operation of the Pipeline different from January 1, 1983, then the capital cost estimates shall be adjusted for the difference in time using the GNP price deflator from January 1, 1983. Similarly at the time construction is authorized for the Dempster Line, if the starting date for the operation agreed to by the Canadian Government is different from January 1, 1985, then the capital cost estimate shall be adjusted for the difference in timing using the GNP price deflator from January 1, 1985. The diameter of the pipeline in Zone 11, for purposes of cost allocation, may be 30", 36" or 42", so long as the same diameter pipe is used from the Delta to Dawson (Zone 10).

The actual capital cost, for purposes of this Annex, shall be the booked cost as of the date "leave to open" is granted plus amounts still outstanding to be accrued on a basis to be approved by the National Energy Board. Actual capital costs shall exclude working capital, property taxes and direct charges for road maintenance of up to \$30 million Canadian in the Yukon as specifically provided herein.

For purposes of this Annex, actual capital costs will exclude the effect of increases in cost or delays caused by actions attributable to the U.S. shippers, related U.S. pipeline companies, Alaskan producers, the Prudhoe Bay deliverability or gas conditioning plant construction and the United States or State Governments. If the appropriate regulatory bodies of the two countries are unable to agree upon the amount of such costs to be excluded, the determination shall be made in accordance with the procedures set forth in Article IX of the Transit Pipeline Treaty.

The filed capital costs of facilities in Zones 7 and 8 will be included in calculations pursuant to this Annex only to the extent that such facilities are constructed to meet the requirements of U.S. shippers.

*The last compression station in Zone 9 includes facilities to provide compression up to 1440 psi.