

Escalating Marginal Costs using GDPLEV from Bureau of Economic Analysis data:

- 1) Go to -> <http://www.bea.gov/national/index.htm#gdp> web page;
- 2) Click on the link for *Current-Dollar* and *"Real" Gross Domestic Product*;
- 3) Update annual GDP "current dollars" and "chained 2005 dollars" data in the table below;
- 4) Forward year GDP estimates use EIA Energy Outlook projections (1.9% in early release overview report, Table 20);
Go to -> <http://www.eia.doe.gov/oiaf/aeo/index.html> web page;
- 5) Update prior to start of each contract year.

Adjustment escalators to Marginal Costs

	GDP in billions of current dollars	GDP in billions of chained 2005 dollars	% of 2005	Marginal Cost Study Escalation Factor Calculation
1993	6,667.4	8,523.4		
1994	7,085.2	8,870.7	0.7019	
1995	7,414.7	9,093.7	0.7195	
1996	7,838.5	9,433.9	0.7464	
1997	8,332.4	9,854.3	0.7797	
1998	8,793.5	10,283.5	0.8137	
1999	9,353.5	10,779.8	0.8529	
2000	9,951.5	11,226.0	0.8882	
2001	10,286.2	11,347.2	0.8978	0.8978
2002	10,642.3	11,553.0	0.9141	
2003	11,142.1	11,840.7	0.9369	
2004	11,867.8	12,263.8	0.9704	
2005	12,638.4	12,638.4	1.0000	
2006	13,398.9	12,976.2	1.0267	
2007	14,077.6	13,254.1	1.0487	
2008	14,441.4	13,312.2	1.0533	
2009	14,258.2	12,990.3	1.0278	
2010	14,660.4	13,248.2	1.0482	1.0536
2011	15,094.4	13,315.3	1.0536	
2012			1.1937	
Calculation of 2012 Escalation Factor ->				1.1735

Marginal Cost Estimate

A	B	C	D	E	F	G
			2001 MCS	2012 Est		Notes
1	Escalation Factor			1.1735		
2	Marginal Cost Data					
3	Customer Charge					D3 x E1
4	Pressure Support					D4 x E1
5	Main Reinforcement					D5 x E1
6	Main Extension					D6 x E1
7						
8	Customer Data					
9	Annual Usage				Dth	2011 Annual Usage
10	Design Day Usage				Dth	Customer MDTQ
11						
12	Marginal Revenue Requirement					
13	Customer Charge					E3 x 12
14	Pressure Support					E4 x E10
15	Main Reinforcement					E5 x E10
16	Main Extension					E6 x E10
17	Total					Sum(E13..E16)
18						
19	Marginal Cost Floor - All Components					
20	Revenue Requirement					E17
21	Customer Charge					E3 x 12
22	Remaing Revenue					E20 - E21
23	Volumetric Charge					E22 / E9

REDACTED

Updated Schedule 1-9
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Northern Utilities, Inc.
DG 12-031 Foss Special Contract - Fifth Amendment

Go to -> http://data.bls.gov/PDQ/servlet/SurveyOutputServlet?data_tool=latest_numbers&series_id=CUUR0000SA0&output_view=pct_1mth
Filter formatting options - 12 month, February to February, html format, comma delimited

Data extracted on: March 19, 2012 (09:03:04 AM)

CPI Table Paste Area

Consumer Price Index - All Urban Consumers

12-Month Percent Change
Series Id: CUUR0000SA0

Not Seasonally Adjusted
Area: U.S. city average
Item: All items
Base Period: 1982-84=100

Year	Feb
2000	169,800
2001	175,800
2002	177,800
2003	183,100
2004	186,200
2005	191,800
2006	198,700
2007	203,499
2008	211,693
2009	212,193
2010	216,741
2011	221,309
2012	227,663

Inflation Factor Template			Annual Special Contract Rate Adjustment Template						
CPI-U Year	CPI-U, NSA, 12 months, Feb. - Feb.	Inflation Factor	March 1 Contract Rate Year	Monthly Customer Charge	First 200,000 Therms	Delivery Rate 200,001-300,000	Delivery Rate 300,001-400,000	Delivery Rate Over 400,001	Notes
2005	191.800		2005	\$	\$	\$	\$	\$	Actual billed rates
2006	198.700	3.60%	2006	\$	\$	\$	\$	\$	Actual billed rates
2007	203.499	2.42%	2007	\$	\$	\$	\$	\$	Actual billed rates
2008	211.693	4.03%	2008	\$	\$	\$	\$	\$	Actual billed rates
2009	212.193	0.24%	2009	\$	\$	\$	\$	\$	Actual billed rates
2010	216.741	2.14%	2010	\$	\$	\$	\$	\$	Actual billed rates
2011	221.309	2.11%	2011	\$	\$	\$	\$	\$	Actual billed rates
2012	227.663	2.87%	2012	\$	\$	\$	\$	\$	Actual billed rates

Note: Updated 2013 contract rates will be determined when February 2013 CPI-U data is available, approximately the end of March 2013.