

Slide Addition/Revision – November 5, 2019

- Slide 2 was added to reflect takeaways from the October 24, 2019 meeting
- Slide 20 has been revised to reflect an update to the Annual Contribution Amount (ACA)

Foothills takeaways from October 24 meeting

1. A customer asked Foothills to explain why emission compliance costs are rising in BC due to the \$5/tonne increase in carbon price, but overall emissions costs in SK are declining

- The \$5/tonne increase is specific to FH BC (increased from \$35/tonne to \$40/tonne during 2019), while the FH SK emissions compliance costs declined due to a refinement in the application of the Government of Canada's federal carbon price to FH SK assets

2. A customer asked Foothills to provide more insight into the 2-3 year pipeline integrity cost outlook for Foothills SK and BC

- For both FH BC and FH SK, the overall cost of pipeline integrity activities is expected to remain relatively stable over the next few years. Costs will fluctuate from year to year due to our inspection cycle, and generally speaking there are more pipeline integrity activities planned for 2021 and 2022 compared to 2020

Safety

- In case of emergency, use the nearest exit
- Muster point - across the street at 5th Avenue Place

Safety moment

Driving safely on Halloween

- Night-time visibility and increased pedestrian traffic are both added risks to trick-or-treaters and motorists.
- Tips:
 - Slow down and pay special attention to children walking on roadways, medians and curbs
 - Turn headlights on earlier in the day
 - Get rid of in-vehicle distractions



Agenda

1. Preliminary 2020 effective rates and abandonment surcharge
2. Response to requests made by Tenaska in April 2019

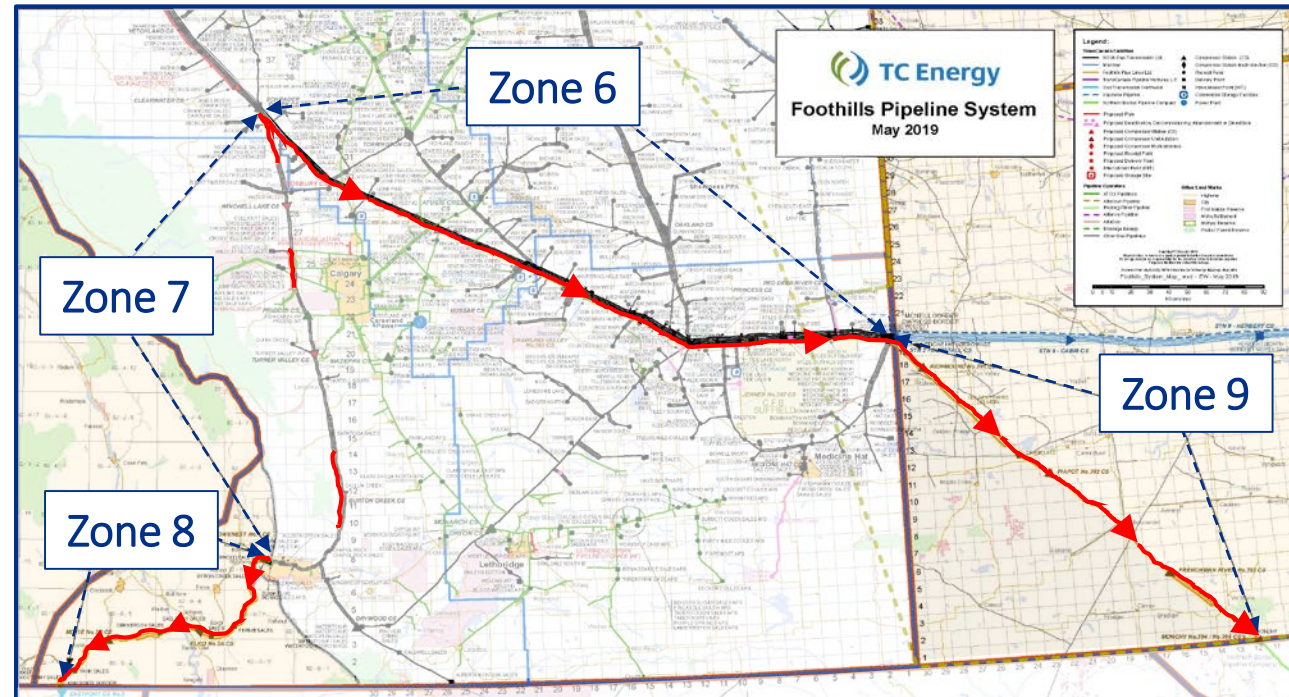


Preliminary 2020 Effective Rates and Abandonment Surcharge

Foothills Pipe Lines Customer Meeting - October 24, 2019

Agenda

- Cost of Capital
- Foothills Zone 8 (BC)
 - Cost & Revenue
 - Waste Heat Update
 - Rule of Thumb
- Foothills Zone 9 (SK)
 - Costs & Revenue
 - Rule of Thumb
- Abandonment Surcharge
- Filing Timeline



Introduction

- Currently under 2019 Effective Rates
- Foothills Pipe Lines Ltd. will be filing 2020 Rates to be effective on January 1, 2020
- Foothills 2020 Effective Rates are based on:
 - 2020 forecast of contracts / throughput
 - 2020 forecast of costs
 - 2019 projected deferrals

Cost of Capital

For 2020 Rates:

- Foothills proposes to continue the current cost of capital parameters; 10.1% ROE on 40% deemed equity
 - Parameters approved by NEB in Order TG-011-2013

Overview of Zone 8 (BC)



The Revenue Requirement:

- 2020 - \$91.3 Million (2019 Rate Filing: \$86.1 Million)
- After adjustments for (over)/under: 2020 - \$88.5 Million (2019 Rate Filing: \$90.2 Million)

Total Firm Contracts:

- 2020 – 2,844 TJ/d (2019 Rate Filing: 2,533 TJ/d)

Total Throughput:

- 2020 – 2,839 TJ/d (2019 Rate Filing: 2,609 TJ/d)

Results in an FT Rate of:

- 2020 – 8.2 ¢/GJ (2019 Rate: 9.2 ¢/GJ)

Zone 8 (BC) – Costs and Revenue (\$Thousands)



	2019 Rates Filing	2020 Preliminary	Difference
Cost of Service			
O&M	18,717	17,641	(1,076)
Return & Depreciation	31,947	32,309	362
Taxes	13,996	14,390	394
Emissions Compliance Costs	15,000	20,511	5,511
Other	6,474	6,489	15
Sub-Total	86,134	91,340	5,206
Adjustments			
Previous (Over) Under	4,069	(2,811)	(6,879)
Total Revenue Requirement	90,203	88,529	(1,674)
Other Revenue			
STFT	(662)	-	662
IT	(4,866)	(2,912)	1,954
Firm Revenue Requirement	84,675	85,617	942

Totals may not add due to rounding

Zone 8 (BC) – Contract & Throughput (TJ/d)



	2019 Rates Filing	2020 Preliminary	Difference
Firm Contract Demand	2,533	2,844	311
Throughput to Services			
Firm Volumes	2,457	2,751	294
STFT Volumes	20	-	(20)
Interruptible Volumes	132	88	(44)
Total Throughput	<u>2,609</u>	<u>2,839</u>	<u>230</u>

Totals may not add due to rounding

Zone 8 (BC) – Waste Heat



- Power plant commenced operations in December 2012 using recovered heat to produce electricity
- Foothills receives a heat access payment which is shared 50-50 between Foothills and Zone 8 Shippers
- OM&A Credits to Zone 8 Shippers:

(\$Thousands)	Heat Access	Backpressure and Land Lease	Total
2016	233	22	256
2017	239	32	271
2018	217	25	242
2019 (Jan-Aug)	157	28	185

Zone 8 (BC) – 2020 Rate Sensitivity – Rule of Thumb



- A \$1 million increase (decrease) in revenue requirement results in approximately a 0.09¢/GJ increase (decrease) in the Firm Transportation rate
- A 100 TJ/d increase (decrease) in contract level results in approximately a 0.27¢/GJ decrease (increase) in the Firm Transportation rate

Overview of Zone 9 (SK)



The Revenue Requirement:

- 2020 - \$49.5 Million (2019 Rate Filing: \$54.0 Million)
- After adjustments for (over)/under: 2020 - \$46.9 Million (2019 Rate Filing: \$64.0 Million)

Total Firm Contract:

- 2020 – 953 TJ/d (2019 Rate Filing: 1,235 TJ/d)

Total Throughput:

- 2020 – 1,055 TJ/d (2019 Rate Filing: 1,384 TJ/d)

Results in an FT Rate of:

- 2020 – 14.5 ¢/GJ (2019 Rate: 14.5 ¢/GJ)

Zone 9 (SK) – Costs and Revenue (\$Thousands)



	2019 Rates Filing	2020 Preliminary	Difference
Cost of Service			
O&M	8,653	8,536	(117)
Return & Depreciation	27,358	26,235	(1,123)
Taxes	11,804	11,092	(712)
Emissions Compliance Costs	5,000	2,485	(2,515)
Other	1,228	1,114	(114)
Sub-Total	54,043	49,461	(4,582)
Adjustments			
Previous (Over) Under	9,934	(2,550)	(12,484)
Total Revenue Requirement	63,977	46,911	(17,067)
Other Revenue			
STFT	(1,713)	(2,654)	(941)
IT	(8,513)	(5,233)	3,280
SGS	(5)	(4)	1
Firm Revenue Requirement	53,746	39,020	(14,727)

Totals may not add due to rounding

Zone 9 (SK) – Contract & Throughput (TJ/d)



	2019 Rates Filing	2020 Preliminary	Difference
Firm Contract Demand	1,235	953	(282)
Throughput to Services			
Firm Volumes	1,198	915	(284)
STFT Volumes	32	50	18
Interruptible Volumes	153	90	(63)
Total Throughput	<u>1,384</u>	<u>1,055</u>	<u>(329)</u>

Totals may not add due to rounding

Zone 9 (SK) – 2020 Rate Sensitivity – Rule of Thumb



- A \$1 million increase (decrease) in revenue requirement results in approximately a 0.31¢/GJ increase (decrease) in the Full Path Firm Transportation rate
- A 100 TJ/d increase (decrease) in throughput results in approximately a 1.6¢/GJ decrease (increase) in the Full Path Firm Transportation rate

Abandonment Surcharges – revised November 5, 2019

Based on forecast of 2020 Billing Determinants

- Adjusted Annual Contribution Amount \$7.81 million
 - Annual Contribution Amount \$7.83 million
 - Minus ~\$21k for Tax True-Ups
- Applicable to all Foothills Zones
 - NGTL pays Zone 6 & 7 Surcharges

2020 Abandonment Collection

- Daily Abandonment Surcharge 0.30 ¢/GJ
- Monthly Abandonment Surcharge 9.20 ¢/GJ

Abandonment Surcharges

Breakdown of Abandonment Billing Determinants

	Total	Zone 6	Zone 7	Zone 8 (BC)	Zone 9 (SK)
Billing Determinants (PJ/year)	2,590	790	410	1,041	349
Percentage of Total BDs	100%	30.5%	15.8%	40.2%	13.5%

Totals may not add due to rounding

Filing Timeline

- Foothills intends to file for 2020 Effective Rates and 2020 abandonment surcharges by October 31, 2019
- In the event of changes to the 2020 preliminary rates, updates will be posted on Customer Express with an email and NRG notifications to follow

<http://www.transcanada.com/customerexpress/935.html>



Requests made by Tenaska in April 2019

Foothills Pipe Lines Customer Meeting - October 24, 2019

Requests made by Tenaska in April 2019

1. Enhanced reporting – BC and SK
2. Change in tolling methodology – FH SK (distance based to full haul)
3. Change in contract term length to hold renewal rights – FH SK

Enhanced Reporting - Proposal

- Purpose of report to provide information on costs, billing determinants and throughput
- Format similar to effective rates presentation format in October
- Additional reporting in August reflective of mid-year forecast
- Foothills Customer meeting in August to present report

Enhanced Reporting – Report Format

Zone 9 (SK) – Costs and Revenue (\$Thousands)



	2020 Rates Filing	2020 mid-year Forecast (Aug)	Difference
Cost of Service			
O&M	8,536	-	-
Return & Depreciation	26,235	-	-
Taxes	11,092	-	-
Emissions Compliance Costs	2,500	-	-
Other	1,113	-	-
Sub-Total	49,476	-	-
Adjustments			
Previous (Over) Under	2,665	-	-
Total Revenue Requirement	52,141	-	-
Other Revenue			
STFT	(2,950)	-	-
IT	(5,830)	-	-
SGS	(5)	-	-
Firm Revenue Requirement	43,356	-	-
Firm Contact Demand	953	-	-
Throughput to Services	914	-	-
Firm volumes	50	-	-
STFT volumes	90	-	-
Interruptible volumes	0.17	-	-
Total Throughput	1,055	-	-

Totals may not add due to rounding

For Discussion Purposes of the Foothills Pipe Lines Ltd. Customer Meeting

Requests made by Tenaska in April 2019

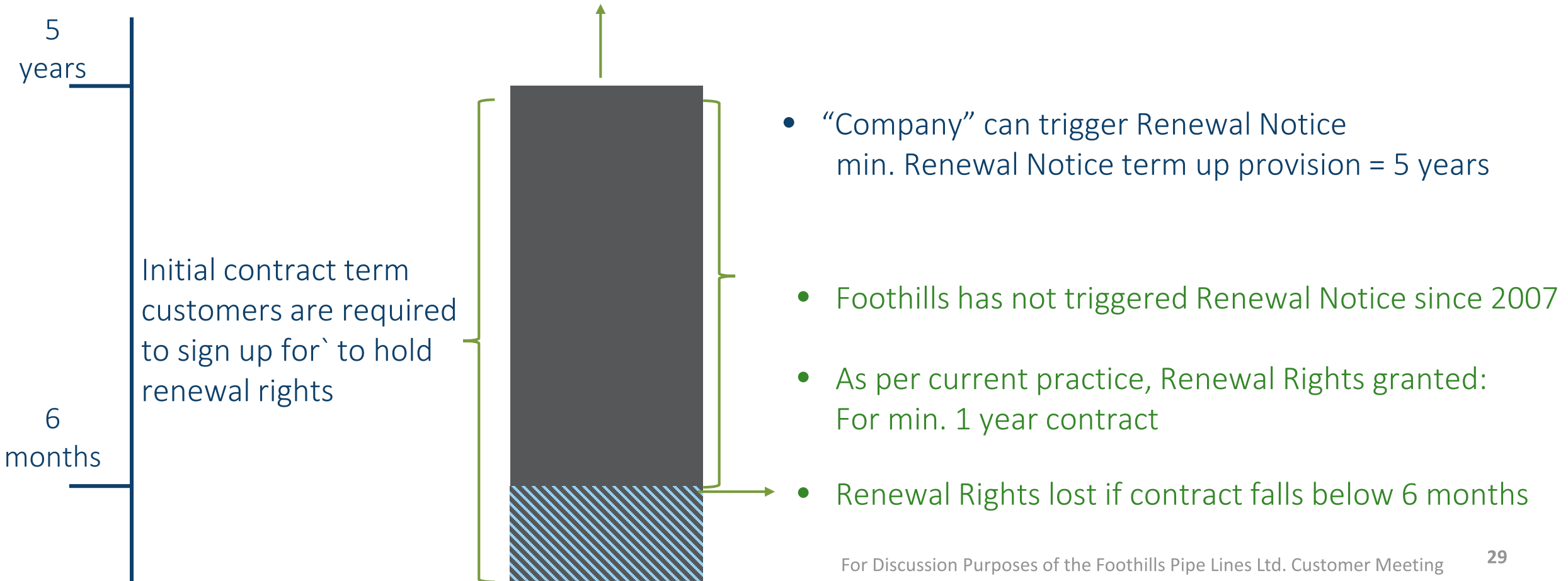
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Renewal rights on Foothills SK

“Shipper has the right to extend its Service Agreement, Firm Transportation Service one year at a time to maintain a term of at least five (5) years and thereby remain outside the period in which a Renewal Notice can be given.”



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