



# 2022 Rates and Abandonment Surcharge

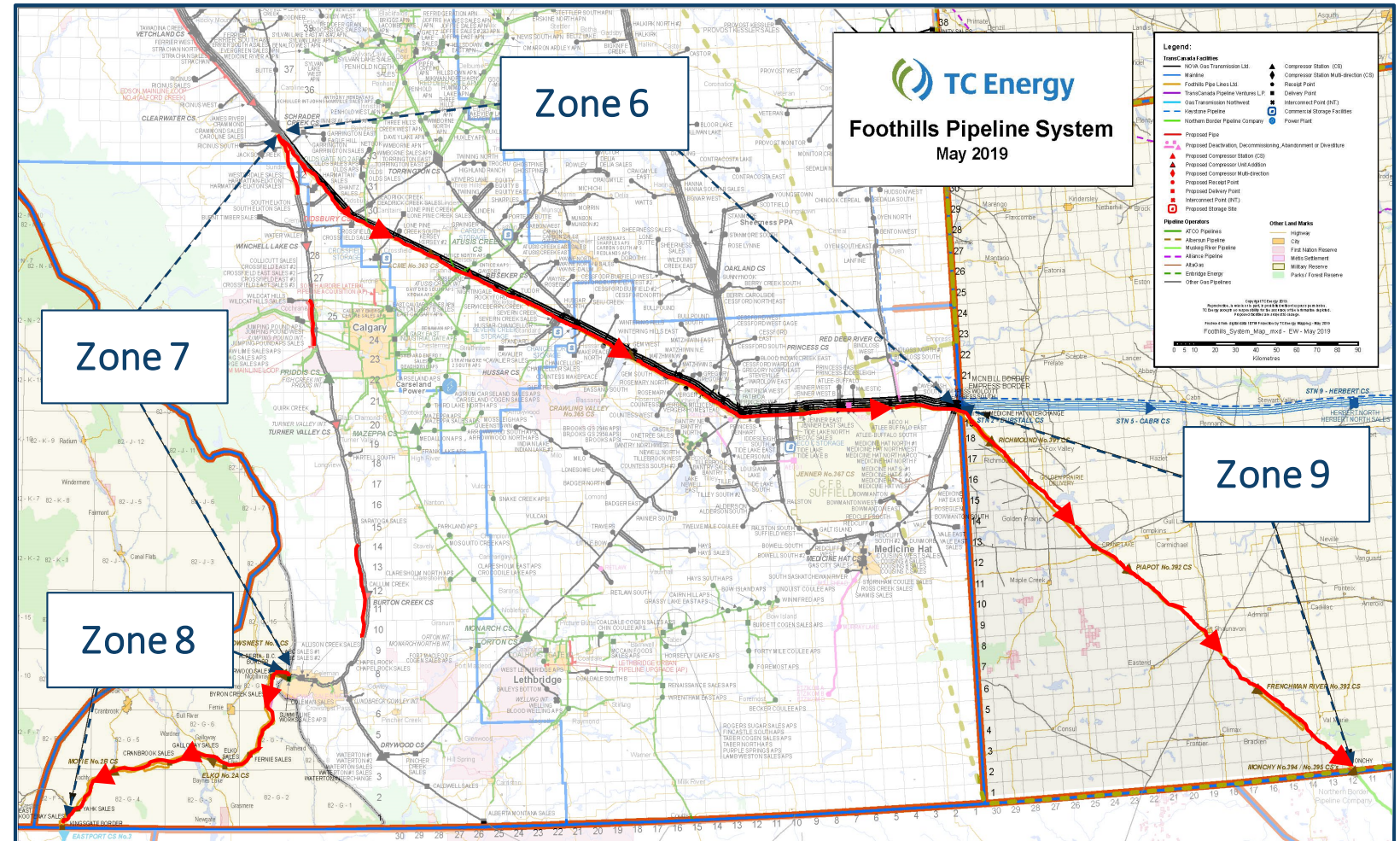


For information purposes only



# 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
- Foothills Zone 6 (AB)
  - Costs & Revenue
  - Rule of Thumb
- Foothills Zone 7 (AB)
- Abandonment Surcharge
- Filing Timeline



# Introduction

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- Currently under 2021 Effective Rates
- Foothills Pipe Lines Ltd. will be filing 2022 Rates to be effective on January 1, 2022
- Foothills 2022 Effective Rates are based on:
  - 2022 forecast of contracts / throughput
  - 2022 forecast of costs
  - 2021 projected deferrals
- Updated 2022 Rates filing format

# Cost of Capital

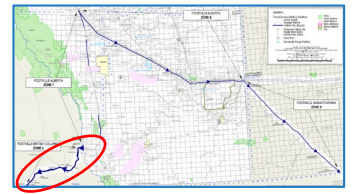
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## For 2022 Rates:

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



# Overview of Zone 8 (BC)



## The Revenue Requirement:

- 2022 - \$96.7 MM (2021 Rate Filing: \$83.9 MM)
- After adjustments for (over)/under: 2022 - \$93.4 MM (2021 Rate Filing: \$64.9 MM)

## Total Firm Contracts:

- 2022 – 3,005 TJ/d (2021 Rate Filing: 2,981 TJ/d)

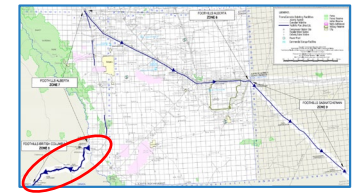
## Total Throughput:

- 2022 – 2,844 TJ/d (2021 Rate Filing: 2,641 TJ/d)

## Results in an FT Rate of:

- 2022 – 8.3 ¢/GJ (2021 Rate: 5.8 ¢/GJ)

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



	<b>2021</b>	<b>2022</b>	<b>Difference</b>
	<b>Rates Filing</b>	<b>Preliminary</b>	
<b>Cost of Service</b>			
O&M	16,743	23,244	6,501
Return & Depreciation	33,099	34,501	1,402
Taxes	9,965	5,749	(4,216)
Emissions Compliance Costs	19,203	26,651	7,448
Other	4,916	6,593	1,677
Sub-Total	<u>83,926</u>	<u>96,738</u>	<u>12,812</u>
<b>Adjustments</b>			
Previous (Over) Under	(19,072)	(3,339)	15,733
<b>Total Revenue Requirement</b>	<u>64,854</u>	<u>93,399</u>	<u>28,545</u>
<b>Other Revenue</b>			
STFT / IT	(1,257)	(2,153)	(896)
<b>Firm Revenue Requirement</b>	<u><u>63,597</u></u>	<u><u>91,246</u></u>	<u><u>27,649</u></u>

*\*For informational purposes only. Actual results could be significantly different because of assumptions, risks or uncertainties related to the business or events that happen after the release of this information. Totals may not add due to rounding.*

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

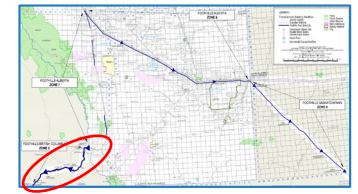


	<b>2021 Rates Filing</b>	<b>2022 Preliminary</b>	<b>Difference</b>
<b>Firm Contract Demand</b>	2,981	3,005	24
<b>Throughput to Services</b>			
Firm Volumes	2,587	2,780	193
STFT / IT Volumes	54	64	10
<b>Total Throughput</b>	<u>2,641</u>	<u>2,844</u>	<u>203</u>

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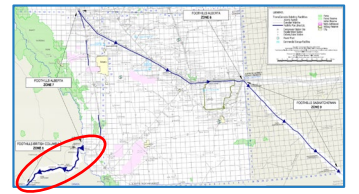
# Zone 8 (BC) – Waste Heat



- 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 Customers
- OM&A Credits to Zone 8 Shippers:

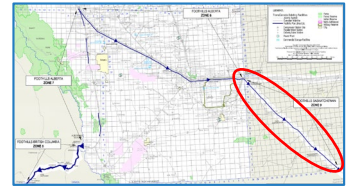
(\$Thousands)	Heat Access	Backpressure and Land Lease	Total
2018	217	25	242
2019	245	41	286
2020	262	42	304
2021 (Jan-Aug)	118	23	141

# Zone 8 (BC) – 2022 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 0.26¢/GJ decrease (increase) in the Firm Transportation rate

# Overview of Zone 9 (SK)



## The Revenue Requirement:

- 2022 - \$46.5 Million (2021 Rate Filing: \$48.4 Million)
- After adjustments for (over)/under: 2022 - \$42.2 Million (2021 Rate Filing: \$51.2 Million)

## Total Firm Contract:

- 2022 – 954 TJ/d (2021 Rate Filing: 1,006 TJ/d)

## Total Throughput:

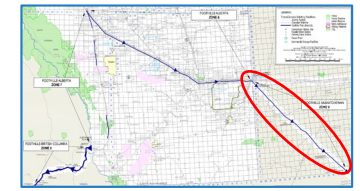
- 2022 – 996 TJ/d (2021 Rate Filing: 889 TJ/d )

## Results in an FT Rate of:

- 2022 – 12.7 ¢/GJ (2021 Rate: 18.1 ¢/GJ)



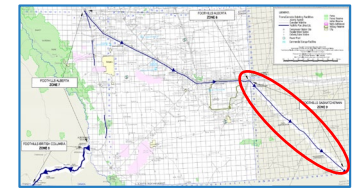
# Zone 9 (SK) – Costs and Revenue (\$Thousands)



	<b>2021</b>	<b>2022</b>	<b>Difference</b>
	<b>Rates Filing</b>	<b>Preliminary</b>	
<b>Cost of Service</b>			
O&M	11,161	12,018	857
Return & Depreciation	26,439	25,350	(1,089)
Taxes	9,493	7,857	(1,636)
Emissions Compliance Costs	892	621	(271)
Other	434	648	214
Sub-Total	<u>48,420</u>	<u>46,494</u>	<u>(1,925)</u>
<b>Adjustments</b>			
Previous (Over) Under	2,773	(4,279)	(7,052)
<b>Total Revenue Requirement</b>	<u>51,193</u>	<u>42,215</u>	<u>(8,978)</u>
<b>Other Revenue</b>			
STFT / IT / SGS	(4,687)	(12,401)	(7,714)
<b>Firm Revenue Requirement</b>	<u><u>46,506</u></u>	<u><u>29,814</u></u>	<u><u>(16,692)</u></u>

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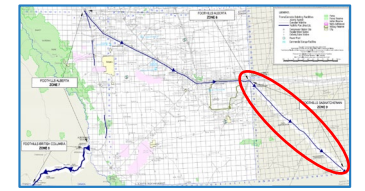
# Zone 9 (SK) – Contract & Throughput (TJ/d)



	2021 Rates Filing	2022 Preliminary	Difference
<b>Firm Contract Demand</b>	1,006	954	(52)
<b>Throughput to Services</b>			
Firm Volumes	822	753	(69)
STFT / IT / SGS Volumes	67	243	176
<b>Total Throughput</b>	<b>889</b>	<b>996</b>	<b>107</b>

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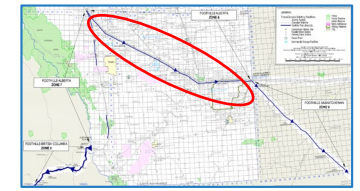
# Zone 9 (SK) – 2022 Rate Sensitivity – Rule of Thumb



- A \$1 million increase (decrease) in revenue requirement results in approximately a 0.30¢/GJ increase (decrease) in the Full Path Firm Transportation rate
- A 100 TJ/d increase (decrease) in throughput results in approximately a 1.26¢/GJ decrease (increase) in the Full Path Firm Transportation rate



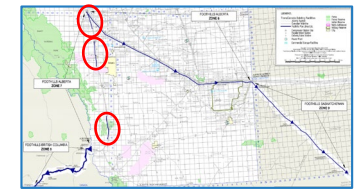
# Zone 6 (AB) – Costs and Revenue (\$Thousands)



	<b>2021</b>	<b>2022</b>	<b>Difference</b>
	<b>Rates Filing</b>	<b>Preliminary</b>	
<b>Cost of Service</b>			
O&M	33,076	23,954	(9,121)
Return & Depreciation	12,565	15,067	2,502
Taxes	4,096	5,852	1,756
Emissions Compliance Costs	3,765	3,261	(504)
Other	112	97	(15)
Sub-Total	<u>53,614</u>	<u>48,231</u>	<u>(5,383)</u>
<b>Adjustments</b>			
Previous (Over) Under	(18,048)	(7,482)	10,566
<b>Total Revenue Requirement</b>	<u>35,566</u>	<u>40,749</u>	<u>5,183</u>
<b>Other Revenue</b>			
STFT / IT / SGS	-	-	-
<b>Firm Revenue Requirement</b>	<u><u>35,566</u></u>	<u><u>40,749</u></u>	<u><u>5,183</u></u>

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# Zone 7 (AB) – Costs and Revenue (\$Thousands)



	<b>2021</b>	<b>2022</b>	<b>Difference</b>
	<b>Rates Filing</b>	<b>Preliminary</b>	
<b>Cost of Service</b>			
O&M	4,901	5,499	598
Return & Depreciation	167	163	(4)
Taxes	813	804	(9)
Emissions Compliance Costs	n/a	n/a	-
Other	21	17	(4)
Sub-Total	<u>5,902</u>	<u>6,484</u>	<u>582</u>
<b>Adjustments</b>			
Previous (Over) Under	<u>(3,000)</u>	<u>(252)</u>	<u>2,747</u>
<b>Total Revenue Requirement</b>	<u>2,903</u>	<u>6,232</u>	<u>3,329</u>
<b>Other Revenue</b>			
STFT / IT / SGS	<u>-</u>	<u>-</u>	<u>-</u>
<b>Firm Revenue Requirement</b>	<u><u>2,903</u></u>	<u><u>6,232</u></u>	<u><u>3,329</u></u>

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# Abandonment Surcharges

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## Based on forecast of 2022 Billing Determinants: 2,564 PJ/year

- Adjusted Annual Contribution Amount \$7.90 million
  - Annual Contribution Amount \$7.83 million
  - Plus ~\$65K for Tax True-Ups
- Applicable to all Foothills Zones
  - NGTL pays Zone 6 & 7 Surcharges

## 2022 Abandonment Collection

- Daily Abandonment Surcharge 0.31 ¢/GJ
- Monthly Abandonment Surcharge 9.37 ¢/GJ

# Filing Timeline

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- Foothills intends to file for 2022 Effective Rates and 2022 abandonment surcharges on October 29, 2021
- In the event of changes to the 2022 preliminary rates, updates will be posted on Customer Express with an email and NRG notifications to follow

<http://www.tccustomerexpress.com/935.html>

# Contacts

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