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March 8, 2012

National Energy Board  
444 Seventh Avenue S.W.  
Calgary, Alberta  
T2P 0X8

Filed Electronically

**Attention: Ms. Sheri Young, Secretary of the Board**

Dear Ms. Young:

**Re: Foothills Pipe Lines Ltd. (Foothills)  
2011 General and Administration (G&A) Expenses Report**

Pursuant to Section 4.6 of the Settlement Agreement with respect to the Special Charge and Certain Modifications to the Existing Cost of Service Methodology for Fixing Foothills Tolls, which was approved by Order TG-2-2003, Foothills is filing the G&A Expenses Report for the period ended December 31, 2011.

Foothills is notifying shippers of the availability of this filing in the Board's repository and TransCanada's Foothills System Website at the address below.

[http://www.transcanada.com/Foothills/regulatory/reg\\_filings/index.htm](http://www.transcanada.com/Foothills/regulatory/reg_filings/index.htm)

Should the Board require additional information regarding this filing, please contact the undersigned at (403) 920-7172 or carolyn\_shaw@transcanada.com.

Yours truly,  
**Foothills Pipe Lines Ltd.**

*Original Signed by*

Carolyn Shaw  
Regulatory Project Manager, Regulatory Services

Attachment

cc: Foothills Firm and Interruptible Shippers

FOOTHILLS PIPE LINES LTD.

REPORT ON GENERAL AND ADMINISTRATIVE EXPENSES FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2011  
PURSUANT TO SECTION 4.6 OF THE SETTLEMENT AGREEMENT WITH RESPECT TO THE SPECIAL CHARGE AND CERTAIN  
MODIFICATIONS TO THE EXISTING COST OF SERVICE METHODOLOGY FOR FIXING FOOTHILLS TOLLS DATED JANUARY 13, 2003  
(\$000's)

<u>LINE</u>	<u>2011</u>
1 Agreed Amount	24,868
2 Actual Amount	13,784
3 Incentive Saving	11,084
4 Annual Collectible Amount	2,270
5 Foothills' Share of aggregate Incentive Amount <sup>(1)</sup>	48,500

**DEFINITIONS AND INTERPRETATION**

"**Agreed Amount**" means, for any year during the Term, an initial amount equal to \$12,600,000, escalated by 3% per year commencing January 1, 2003, plus the addition of \$8,428,029 in 2011 for BC System Integration Settlement dated November 3, 2006.

"**Actual Amount**" has the meaning as defined in Section 3.1 of the Settlement; the actual amount of General and Administrative Expenses for any year.

"**Incentive Saving**" has the meaning as defined in Subsection 3.1(b)(ii) of the Settlement; the Agreed Amount less the Actual Amount for such year.

"**Collectible Amount**" has the meaning as defined in Section 2.1 of the Settlement; two-thirds (2/3) of the outstanding principal balance of the Phase II Preliminary Expenditures at November 1, 2002.

Note:

(1) Per the terms of the BC System Integration Settlement dated November 3, 2006, the maximum aggregate incentive amount of \$48.5 million was realized in June 2011.