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October 31, 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)
Application for Approval of Interim 2013 Rates and Charges (Application)**

Foothills applies to the Board pursuant to s.19(2) and Part IV of the *National Energy Board Act* for approval of interim rates and charges for services on Foothills Zones 6, 7, 8 and 9, effective January 1, 2013 (Interim 2013 Rates).

Foothills currently provides services under interim 2012 rates and charges (Interim 2012 Rates) that were approved by Board Order TGI-005-2011 on December 9, 2011. Concurrent with the filing of this Application, Foothills filed its Statement of Final 2012 Rates and Charges.

On June 2, 2010, the Canadian Association of Petroleum Producers (CAPP), TransCanada PipeLines Limited (TransCanada) and Foothills reached an agreement that specified a 9.7% return on 40% equity for the term of January 1, 2010 to December 31, 2012 (the Agreement). The Agreement expires on December 31, 2012. Accordingly, the appropriate cost of capital applicable to Foothills effective January 1, 2013 has not been determined. Foothills intends to undertake discussions with shippers and interested parties concerning the 2013 cost of capital.

In addition, as the Board is aware, Foothills is a co-applicant to the Business and Services Restructuring Proposal and 2012-2013 Mainline Final Tolls Application filed with the Board on September 1, 2011.¹ Given the inter-relationship between Foothills' rates and charges and that application, the Board set Foothills 2012 rates and charges as interim.

As a result, the nature of a subsequent filing for Foothills' final 2013 rates will depend on the outcomes of the above-noted discussions and a determination from the Board regarding the Business and Services Restructuring Proposal and 2012-2013 Mainline Final Tolls Application.

Pending a determination of its final 2013 rates, Foothills is seeking approval of Interim 2013 Rates based on the forecast 2013 Revenue Requirement adjusted for previous over under

¹ NEB File Number: OF-Tolls-Group1-T211-2011-04 01.

collections and 2013 billing determinants. The methodology proposed to determine Interim 2013 Rates has been applied without prejudice to any positions that Foothills or any party may advance in respect of the determination of final 2013 rates.

The following attachments are included with this letter:

- Attachment 1 includes supporting Schedules A through F;
- Attachment 2 is a black-line copy of the relevant section of the Tariff illustrating the rates effective January 1, 2013; and
- Attachment 3 is a clean copy of the relevant section of the Tariff incorporating the amendments.

The Interim 2013 Rates were determined based on methodology approved by the Board in Decision TG-8-2004, as amended by Order TG-03-2007 and reflect Foothills' last approved rate of return on equity and capital structure.

Foothills will notify its shippers and interested parties of the filing and post a copy of this filing on TransCanada's Foothills System website at:

<http://www.transcanada.com/customerexpress/934.html>

In preparing this filing, Foothills provided the Interim 2013 Rates effective January 1, 2013 to Foothills System shippers and interested parties, and met with shippers and interested parties on October 16, 2012. Foothills understands that any party that is opposed to the Interim 2013 Rates will advise the Board accordingly.

Please direct all notices and communications regarding this filing to:

Ms. Carolyn Shaw
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October 31, 2012
Ms. S. Young
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Yours truly,
Foothills Pipe Lines Ltd.

Original Signed by

Kristine Delkus
Senior Vice-President,
Pipelines and Regulatory Affairs

Enclosures

cc: Foothills Firm and Interruptible Shippers

Attachment 1

**Foothills Pipe Lines Ltd.
Supporting Schedules A through F**

SUMMARY

Foothills Pipe Lines Ltd.

TRANSPORTATION RATES

Effective: January 1, 2013

REVENUE REQUIREMENT	Schedule	Amount (\$000)			
		Zone 6	Zone 7	Zone 8	Zone 9
Estimated Costs of Service:					
Operating & Maintenance	A	35,372	4,489	12,589	4,806
Return on Rate Base	B	8,482	518	13,784	13,737
Depreciation & Amortization	C	16,586	3,000	17,827	19,156
Taxes: Income and Other	D	7,769	1,701	12,730	8,179
Special Charge		1,430	198	535	106
Carbon Taxes		-	n/a	4,575	n/a
Fuel Tax		n/a	n/a	1,905	498
Sub-Total		69,638	9,906	63,945	46,482
Adjustments:					
Previous (Over) Under	E	1,588	(522)	(9,770)	(18,904)
G&A Settlement Savings					
Total Revenue Requirement		71,226	9,385	54,176	27,578
Other Service Revenue					
STFT Revenue		-	-	(3,289)	(18,730)
Interruptible/Overrun Revenue		-	-	(898)	(5,375)
SGS Revenue		-	-	-	(1)
FT Service Revenue Requirement		71,226	9,385	49,988	3,473

BILLING DETERMINANTS

FT Contract MDQ (TJ/d)	F	2,173.16	920.47	1,804.19	271.84
Total FT MDQ x Distance	F	822,520.09	114,165.27	307,975.86	60,860.23
Estimated STFT MDQ (TJ/d)		-	-	119	1,267
Estimated Interruptible/Overrun Deliveries (TJ)		-	-	10,783	131,092
Estimated SGS Deliveries (TJ)		-	-	-	47

TRANSPORTATION RATES

Effective Rates					
Demand Rate (\$/GJ / Km / Month)		0.0072162549	0.0068502712	0.0135260538	0.0047553671
Overrun Service (\$/GJ / Km)		0.0002602584	0.0002470590	n/a	n/a
Interruptible Rate (\$/GJ / Km)		n/a	n/a	0.0004878249	0.0001715050
Full Haul Rates (100% Load Factor)					
Demand Rate (\$/GJ)		0.0897955173	0.0279333415	0.0759089551	0.0404875863
Overrun Service (\$/GJ)		0.0985052018	0.0306427278	n/a	n/a
Interruptible Rate (\$/GJ)		n/a	n/a	0.0832717104	0.0444146499

SCHEDULE A

OPERATING AND MAINTENANCE EXPENSES

For the 12-month period: January 1, 2013 to December 31, 2013

(\$000)

	<u>Total</u>	<u>Zone 6</u>	<u>Zone 7</u>	<u>Zone 8</u>	<u>Zone 9</u>
OPERATIONS, MAINTENANCE AND ADMINISTRATIVE COSTS	27,465	15,465	2,171	6,863	2,967
ELECTRICAL POWER					
JENNER, ACME AND CRAWLING VALLEY	5,754	5,754	-	-	-
DE/RE FACILITIES AT EMPRESS	10,147	10,147	-	-	-
BC	420	-	-	420	-
SASKATCHEWAN	696	-	-	-	696
	<u>17,017</u>	<u>15,900</u>	<u>-</u>	<u>420</u>	<u>696</u>
COMPRESSOR REPAIR	1,132	283	-	327	522
PIPELINE INTEGRITY PROGRAM	6,265	336	1,848	3,711	370
GOVERNMENT AGENCY COSTS RECOVERY	5,376	3,387	470	1,268	251
TOTAL	<u>57,255</u>	<u>35,372</u>	<u>4,489</u>	<u>12,589</u>	<u>4,806</u>

SCHEDULE B

**DEEMED AVERAGE CAPITALIZATION AND
RETURN ON RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2013**

(\$000)

ZONE 6

	AMOUNT (\$000)	RATIO %	COST RATE %	COST COMPONENT %
Debt - Funded	77,406	63.46	5.19	3.29
- Unfunded (Prefunded)	<u>(4,222)</u>	<u>(3.46)</u>	5.19	<u>(0.18)</u>
	73,184	60.00		3.11
Common Equity	<u>48,790</u>	<u>40.00</u>	9.70	<u>3.88</u>
Total Capitalization	<u><u>121,974</u></u>	<u><u>100.00</u></u>		<u><u>6.99</u></u>
Rate Base	121,340			
GPUC	<u>634</u>			
Total Capitalization	<u><u>121,974</u></u>			
Return on Rate Base	<u><u>8,482</u></u>	= 121,340	X 6.99%	

ZONE 7

	AMOUNT (\$000)	RATIO %	COST RATE %	COST COMPONENT %
Debt - Funded	6,989	90.98	5.19	4.72
- Unfunded (Prefunded)	<u>(2,380)</u>	<u>(30.98)</u>	5.19	<u>(1.61)</u>
	4,609	60.00		3.11
Common Equity	<u>3,073</u>	<u>40.00</u>	9.70	<u>3.88</u>
Total Capitalization	<u><u>7,682</u></u>	<u><u>100.00</u></u>		<u><u>6.99</u></u>
Rate Base	7,412			
GPUC	<u>270</u>			
Total Capitalization	<u><u>7,682</u></u>			
Return on Rate Base	<u><u>518</u></u>	= 7,412	X 6.99%	

SCHEDULE B

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**DEEMED AVERAGE CAPITALIZATION AND
RETURN ON RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2013**

(\$000)

ZONE 8

	AMOUNT (\$000)	RATIO %	COST RATE %	COST COMPONENT %
Debt - Funded	117,883	59.40	5.19	3.08
- Unfunded (Prefunded)	<u>1,181</u>	<u>0.60</u>	1.45	<u>0.01</u>
	119,064	60.00		3.09
Common Equity	<u>79,376</u>	<u>40.00</u>	9.70	<u>3.88</u>
Total Capitalization	<u><u>198,440</u></u>	<u><u>100.00</u></u>		<u><u>6.97</u></u>
Rate Base	197,759			
GPUC	<u>681</u>			
Total Capitalization	<u><u>198,440</u></u>			
Return on Rate Base	<u><u>13,784</u></u>	=	197,759	X
				6.97%

ZONE 9

	AMOUNT (\$000)	RATIO %	COST RATE %	COST COMPONENT %
Debt - Funded	117,106	58.77	5.19	3.05
- Unfunded (Prefunded)	<u>2,459</u>	<u>1.23</u>	1.45	<u>0.02</u>
	119,566	60.00		3.07
Common Equity	<u>79,710</u>	<u>40.00</u>	9.70	<u>3.88</u>
Total Capitalization	<u><u>199,276</u></u>	<u><u>100.00</u></u>		<u><u>6.95</u></u>
Rate Base	197,655			
GPUC	<u>1,621</u>			
Total Capitalization	<u><u>199,276</u></u>			
Return on Rate Base	<u><u>13,737</u></u>	=	197,655	X
				6.95%

SCHEDULE B-1

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RATE BASE - 2013

(\$000)

ZONE 6

Month	Net Plant Month End	Materials Supplies & Prepaid	Working Capital	Linepack	Rate Base End Month
January Opening Balance	120,348	652	4,604	2,577	128,181
January	119,040	651	4,421	2,577	126,690
February	117,743	651	4,421	2,577	125,392
March	116,446	650	4,421	2,577	124,095
April	115,148	650	4,421	2,577	122,796
May	114,412	649	4,421	2,577	122,060
June	113,106	649	4,421	2,577	120,754
July	111,803	649	4,421	2,577	119,450
August	111,913	648	4,421	2,577	119,559
September	110,734	648	4,421	2,577	118,380
October	109,421	647	4,421	2,577	117,067
November	108,121	647	4,421	2,577	115,766
December	109,584	647	4,421	2,577	117,229
Average Rate Base - 13 Month					<u><u>121,340</u></u>

ZONE 7

Month	Net Plant Month End	Materials Supplies & Prepaid	Working Capital	Linepack	Rate Base End Month
January Opening Balance	7,254	-	421	1,039	8,714
January	7,011	-	561	1,039	8,611
February	6,770	-	561	1,039	8,370
March	6,530	-	561	1,039	8,130
April	6,289	-	561	1,039	7,889
May	6,049	-	561	1,039	7,648
June	5,807	-	561	1,039	7,407
July	5,566	-	561	1,039	7,165
August	5,323	-	561	1,039	6,923
September	5,081	-	561	1,039	6,681
October	4,841	-	561	1,039	6,441
November	4,600	-	561	1,039	6,200
December	4,580	-	561	1,039	6,180
Average Rate Base - 13 Month					<u><u>7,412</u></u>

SCHEDULE B-1

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RATE BASE - 2013

(\$000)

ZONE 8

Month	Net Plant Month End	Materials Supplies & Prepaid	Working Capital	Linepack	Rate Base End Month
January Opening Balance	197,047	2,024	3,261	1,473	203,805
January	195,697	2,023	2,384	1,473	201,576
February	194,349	2,022	2,384	1,473	200,228
March	193,005	2,021	2,384	1,473	198,883
April	194,466	2,020	2,384	1,473	200,343
May	193,108	2,019	2,384	1,473	198,984
June	191,795	2,019	2,384	1,473	197,671
July	190,433	2,018	2,384	1,473	196,307
August	189,084	2,017	2,384	1,473	194,958
September	189,134	2,016	2,384	1,473	195,007
October	187,773	2,015	2,384	1,473	193,645
November	186,384	2,014	2,384	1,473	192,255
December	191,339	2,014	2,384	1,473	197,209
Average Rate Base - 13 Month					<u><u>197,759</u></u>

ZONE 9

Month	Net Plant Month End	Materials Supplies & Prepaid	Working Capital	Linepack	Rate Base End Month
January Opening Balance	193,140	697	661	2,316	196,813
January	194,071	696	663	2,316	197,746
February	196,213	696	663	2,316	199,888
March	198,335	695	663	2,316	202,009
April	197,283	695	663	2,316	200,957
May	195,846	695	663	2,316	199,520
June	194,394	694	663	2,316	198,067
July	193,617	694	663	2,316	197,290
August	192,136	693	663	2,316	195,808
September	193,436	693	663	2,316	197,108
October	191,953	692	663	2,316	195,625
November	190,754	692	663	2,316	194,425
December	190,585	692	663	2,316	194,255
Average Rate Base - 13 Month					<u><u>197,655</u></u>

SCHEDULE C

DEPRECIATION AND AMORTIZATION

(\$000)

ZONE 6

Month	Depreciation	Amortization	Depreciation & Amortization
January	1,372	-	1,372
February	1,373	-	1,373
March	1,374	-	1,374
April	1,375	-	1,375
May	1,376	-	1,376
June	1,380	-	1,380
July	1,381	-	1,381
August	1,382	-	1,382
September	1,392	-	1,392
October	1,393	-	1,393
November	1,394	-	1,394
December	1,395	-	1,395
TOTAL	<u><u>16,586</u></u>	<u><u>-</u></u>	<u><u>16,586</u></u>

ZONE 7

Month	Depreciation	Amortization	Depreciation & Amortization
January	250	-	250
February	250	-	250
March	250	-	250
April	251	-	251
May	251	-	251
June	251	-	251
July	251	-	251
August	250	-	250
September	249	-	249
October	249	-	249
November	249	-	249
December	249	-	249
TOTAL	<u><u>3,000</u></u>	<u><u>-</u></u>	<u><u>3,000</u></u>

SCHEDULE C

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DEPRECIATION AND AMORTIZATION

(\$000)

ZONE 8

Month	Depreciation	Amortization	Depreciation & Amortization
January	1,464	-	1,464
February	1,466	-	1,466
March	1,468	-	1,468
April	1,469	-	1,469
May	1,489	-	1,489
June	1,492	-	1,492
July	1,494	-	1,494
August	1,496	-	1,496
September	1,497	-	1,497
October	1,508	-	1,508
November	1,510	-	1,510
December	1,475	-	1,475
TOTAL	<u><u>17,827</u></u>	<u><u>-</u></u>	<u><u>17,827</u></u>

ZONE 9

Month	Depreciation	Amortization	Depreciation & Amortization
January	1,537	-	1,537
February	1,555	-	1,555
March	1,579	-	1,579
April	1,597	-	1,597
May	1,600	-	1,600
June	1,603	-	1,603
July	1,605	-	1,605
August	1,609	-	1,609
September	1,611	-	1,611
October	1,619	-	1,619
November	1,621	-	1,621
December	1,621	-	1,621
TOTAL	<u><u>19,156</u></u>	<u><u>-</u></u>	<u><u>19,156</u></u>

SCHEDULE C-1

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DEPRECIATION BY ACCOUNT - 2013

(\$000)

ZONE 6

NEB Account No and Description	Depreciation Rate	Gross Plant at 31-Dec-2012	Additions & Retirements	Gross Plant at 31-Dec-2013	Depreciation For Year
460-Land	0.00%	222	-	222	-
461-Land Rights	3.00%	3,412	-	3,412	102
462-Compressor Structures	3.00%	34,465	-	34,465	1,034
465-Pipeline Mains	3.00%	302,714	-	302,714	9,081
466-Compressor Equipment	3.00%	172,339	185	172,524	5,171
466-Compressor Overhaul	7.69%	6,366	4,048	10,414	566
468-Communications	3.00%	435	53	488	14
482-Leasehold Improvements	10.00%	486	-	486	32
483-Computer Equipment	24.41%	1,082	1,227	2,309	307
483-Office Furniture & Eqmt	8.90%	124	-	124	11
484-Transportation Eqmt	30.00%	66	-	66	(0)
485-Heavy Work Equipment	2.19%	80	-	80	-
486-Tools & Work Equipment	2.01%	538	-	538	-
488-Communication STR	5.21%	34	4	39	2
496-Unclassified Plant	3.00%	8,836	-	8,836	265
TOTAL Gas Plant in Service		<u>531,200</u>	<u>5,518</u>	<u>536,717</u>	<u>16,586</u>
Composite Depreciation Rate	3.11%				

DEPRECIATION BY MONTH - 2013

(\$000)

Month	Gross Plant Start Month	Additions In Month	Retirements In Month	Gross Plant End Month	Depreciation For Month
January	531,200	64	-	531,264	1,372
February	531,264	75	-	531,339	1,373
March	531,339	77	-	531,416	1,374
April	531,416	77	-	531,493	1,375
May	531,493	640	-	532,133	1,376
June	532,133	74	-	532,207	1,380
July	532,207	78	-	532,285	1,381
August	532,285	1,492	-	533,777	1,382
September	533,777	213	-	533,990	1,392
October	533,990	81	-	534,071	1,393
November	534,071	93	-	534,164	1,394
December	534,164	2,859	(305)	536,717	1,395
TOTAL		<u>5,823</u>	<u>(305)</u>		<u>16,586</u>

SCHEDULE C-1

DEPRECIATION BY ACCOUNT - 2013

(\$000)

ZONE 7

NEB Account No and Description	Depreciation Rate	Gross Plant at 31-Dec-2012	Additions & Retirements	Gross Plant at 31-Dec-2013	Depreciation For Year
461-Land Rights	3.00%	1,081	-	1,081	20
462-Compressor Structures	3.00%	490	-	490	15
465-Pipeline Mains	3.00%	73,367	-	73,367	2,201
466-Compressor Equipment	3.00%	299	-	299	9
467-Meas & Reg Equipment	3.00%	-	1	1	0
468-Communications	3.00%	0	10	10	0
482-Leasehold Improvements	10.00%	69	-	69	-
483-Computer Equipment	24.41%	203	257	460	60
483-Office Furniture & Eqmt	8.90%	21	-	21	2
486-Tools & Work Equip	2.01%	11	-	11	-
488-Communication STR	5.21%	6	1	7	0
496-Unclassified Plant	3.00%	23,072	-	23,072	692
TOTAL Gas Plant in Service		<u>98,619</u>	<u>269</u>	<u>98,888</u>	<u>3,000</u>
Composite Depreciation Rate	3.04%				

DEPRECIATION BY MONTH - 2013

(\$000)

Month	Gross Plant Start Month	Additions In Month	Retirements In Month	Gross Plant End Month	Depreciation For Month
January	98,619	8	-	98,627	250
February	98,627	9	-	98,636	250
March	98,636	10	-	98,646	250
April	98,646	10	-	98,656	251
May	98,656	10	-	98,666	251
June	98,666	9	-	98,675	251
July	98,675	10	-	98,685	251
August	98,685	7	-	98,692	250
September	98,692	7	-	98,699	249
October	98,699	9	-	98,708	249
November	98,708	8	-	98,716	249
December	98,716	229	(57)	98,888	249
TOTAL		<u>326</u>	<u>(57)</u>		<u>3,000</u>

SCHEDULE C-1

DEPRECIATION BY ACCOUNT - 2013

(\$000)

ZONE 8

NEB Account No and Description	Depreciation Rate	Gross Plant at 31-Dec-2012	Additions & Retirements	Gross Plant at 31-Dec-2013	Depreciation For Year
401-Franchises and Consents	0.00%	468	-	468	-
402-Other Intangibles	3.00%	3,367	-	3,367	101
460-Land	0.00%	51	-	51	-
461-Land Rights	3.00%	874	-	874	-
462-Compressor Structures	3.00%	20,973	(15,000)	5,973	592
463-Meas & Reg Structures	3.00%	1,773	-	1,773	53
465-Pipeline Mains	3.00%	278,731	86	278,818	8,363
466-Compressor Equipment	3.00%	235,306	117	235,423	7,061
466-Compressor Overhaul	7.69%	4,067	4,278	8,345	486
467-Meas & Reg Equipment	3.00%	13,427	-	13,427	403
468-Communications	3.00%	2,657	58	2,715	81
482-Leasehold Improvements	10.00%	113	-	113	-
482-Leasehold Improvements	6.67%	151	180	331	16
482-Leasehold Improvements	5.61%	589	-	589	33
483-Computer Equipment	24.41%	1,212	1,990	3,202	413
483-Office Furniture & Eqmt	8.90%	1,310	68	1,378	-
484-Transportation Eqmt	30.00%	242	-	242	0
485-Heavy Work Equipment	2.19%	918	-	918	20
486-Tools & Work Equip	2.01%	2,387	-	2,387	48
488-Communication STR	5.21%	476	5	481	25
496-Unclassified Plant	3.00%	4,469	-	4,469	134
TOTAL Gas Plant in Service		<u>573,563</u>	<u>(8,218)</u>	<u>565,345</u>	<u>17,827</u>
Composite Depreciation Rate	3.13%				

DEPRECIATION BY MONTH - 2013

(\$000)

Month	Gross Plant Start Month	Additions In Month	Retirements In Month	Gross Plant End Month	Depreciation For Month
January	573,563	113	-	573,676	1,464
February	573,676	118	-	573,794	1,466
March	573,794	123	-	573,918	1,468
April	573,918	2,930	-	576,848	1,469
May	576,848	132	-	576,979	1,489
June	576,979	179	-	577,158	1,492
July	577,158	131	-	577,289	1,494
August	577,289	147	-	577,436	1,496
September	577,436	1,547	-	578,983	1,497
October	578,983	147	-	579,131	1,508
November	579,131	121	(15,000)	564,252	1,510
December	564,252	1,430	(336)	565,345	1,475
TOTAL		<u>7,118</u>	<u>(15,336)</u>		<u>17,827</u>

SCHEDULE C-1

DEPRECIATION BY ACCOUNT - 2013

(\$000)

ZONE 9

NEB Account No and Description	Depreciation Rate	Gross Plant at 31-Dec-2012	Additions & Retirements	Gross Plant at 31-Dec-2013	Depreciation For Year
460-Land	0.00%	130	-	130	-
461-Land Rights	3.00%	1,307	-	1,307	35
462-Compressor Structures	3.00%	40,405	-	40,405	1,212
463-Meas & Reg Structures	3.00%	5,575	2,389	7,964	220
464-Other Structures	3.00%	1,632	-	1,632	49
465-Pipeline Mains	3.00%	326,272	50	326,322	9,788
466-Compressor Equipment	3.00%	197,244	1,013	198,257	5,927
466-Compressor Overhaul	7.69%	3,718	7,888	11,606	786
467-Meas & Reg Equipment	3.00%	11,541	2,769	14,310	367
468-Communications	3.00%	658	61	719	21
482-Leasehold Improvements	10.00%	340	-	340	-
483-Computer Equipment	24.41%	1,225	2,075	3,300	425
483-Office Furniture & Eqmt	8.90%	100	-	100	9
484-Transportation Eqmt	30.00%	333	-	333	-
485-Heavy Work Equip	2.19%	172	-	172	-
486-Tools & Work Equip	2.01%	498	-	498	-
488-Communication STR	5.21%	35	5	40	2
496-Unclassified Plant	3.00%	10,509	-	10,509	315
TOTAL Gas Plant in Service		<u><u>601,694</u></u>	<u><u>16,250</u></u>	<u><u>617,943</u></u>	<u><u>19,156</u></u>
Composite Depreciation Rate	3.14%				

DEPRECIATION BY MONTH - 2013

(\$000)

Month	Gross Plant Start Month	Additions In Month	Retirements In Month	Gross Plant End Month	Depreciation For Month
January	601,694	2,469	-	604,162	1,537
February	604,162	3,697	-	607,859	1,555
March	607,859	3,701	-	611,560	1,579
April	611,560	545	-	612,105	1,597
May	612,105	164	-	612,269	1,600
June	612,269	151	-	612,419	1,603
July	612,419	828	-	613,247	1,605
August	613,247	127	-	613,374	1,609
September	613,374	2,910	-	616,285	1,611
October	616,285	137	-	616,422	1,619
November	616,422	421	-	616,843	1,621
December	616,843	1,452	(352)	617,943	1,621
TOTAL		<u><u>16,602</u></u>	<u><u>(352)</u></u>		<u><u>19,156</u></u>

SCHEDULE D

TAXES: INCOME AND OTHER

(\$000)

	<u>Zone 6</u>	<u>Zone 7</u>	<u>Zone 8</u>	<u>Zone 9</u>
RETURN ON RATE BASE	8,482	518	13,784	13,737
Add:				
Depreciation and Amortization	16,586	3,000	17,827	19,156
Non-allowed Amortization of Debt Discount and Expense	34	3	153	43
Deduct:				
Return on Debt	3,325	205	5,399	5,376
Capital Cost Allowance	4,736	753	6,600	6,502
Compressor Overhaul Capitalized	4,048	-	4,278	7,888
Debt Issue Costs	16	1	26	26
TOTAL TAXABLE AMOUNT	<u>12,977</u>	<u>2,561</u>	<u>15,461</u>	<u>13,144</u>
INCOME TAX RATE	25.00%	25.00%	25.00%	27.00%
INCOME TAX PROVISION (at R/(1-R) x Taxable Amount)	4,326	854	5,154	4,861
Taxes - Other than Income Tax	3,443	848	7,576	3,318
TOTAL TAXES: INCOME AND OTHER	<u><u>7,769</u></u>	<u><u>1,701</u></u>	<u><u>12,730</u></u>	<u><u>8,179</u></u>

SCHEDULE E

ADJUSTMENT FOR (OVER) OR UNDER COLLECTION

(\$000)

ZONE 6

	<u>2011 Forecast</u>	<u>2011 Actual</u>	<u>2012 Forecast</u>		
Cost of Service					
Operating & Maintenance	34,060	36,566		33,788	
Return on Rate Base	10,320	10,352		9,664	
Depreciation & Amortization	16,180	16,177		16,337	
Taxes - Income + Other	7,433	8,707		7,827	
Special Charge	1,344	1,344		1,405	
Carbon Tax	-	-		174	
Fuel Tax	n/a	n/a		n/a	
Sub-Total	<u>69,337</u>	<u>73,147</u>		<u>69,195</u>	
Adjustments:					
Previous (Over) Under	(3,780)	(3,780)		(4,835)	
G&A Settlement Savings	(1,854)	(1,854)		-	
Overrun Service	-	-		-	
Total Firm Revenue Requirement	<u>63,703</u>	<u>67,513</u>		<u>64,359</u>	
Service Revenue					
FT Service	<u>64,853</u>	<u>64,682</u>		<u>66,779</u>	
Total Revenue Generated	<u>64,853</u>	<u>64,682</u>		<u>66,779</u>	
Variance	<u>2011¹</u>	<u>2011</u>	<u>2011²</u>	<u>2012³</u>	<u>Total⁴</u>
Revenue Required minus Revenue Generated	(1,150)	2,831	3,981	(2,420)	1,561
Interest on Variance	(15)	41	56	(29)	27
BILLING ADJUSTMENT FOR TEST YEAR	<u>(1,165)</u>	<u>2,872</u>	<u>4,037</u>	<u>(2,449)</u>	<u>1,588</u>

ZONE 7

	<u>2011 Forecast</u>	<u>2011 Actual</u>	<u>2012 Forecast</u>		
Cost of Service					
Operating & Maintenance	3,098	3,218		2,917	
Return on Rate Base	914	922		716	
Depreciation & Amortization	2,992	2,992		2,996	
Taxes - Income + Other	1,848	1,816		1,693	
Special Charge	171	171		195	
Fuel Tax	n/a	n/a		n/a	
Sub-Total	<u>9,024</u>	<u>9,118</u>		<u>8,517</u>	
Adjustments:					
Previous (Over) Under	506	506		(515)	
G&A Settlement Savings	(230)	(230)		-	
Overrun Service	-	-		-	
Total Firm Revenue Requirement	<u>9,300</u>	<u>9,394</u>		<u>8,002</u>	
Service Revenue					
FT Service	<u>9,594</u>	<u>9,708</u>		<u>8,497</u>	
Total Revenue Generated	<u>9,594</u>	<u>9,708</u>		<u>8,497</u>	
Variance	<u>2011¹</u>	<u>2011</u>	<u>2011²</u>	<u>2012³</u>	<u>Total⁴</u>
Revenue Required minus Revenue Generated	(294)	(313)	(20)	(495)	(515)
Interest on Variance	(4)	(5)	(1)	(6)	(7)
BILLING ADJUSTMENT FOR TEST YEAR	<u>(297)</u>	<u>(318)</u>	<u>(21)</u>	<u>(501)</u>	<u>(522)</u>

Note(s):

- Forecast 2011 as identified in the 2012 rates application.
- Estimate/Actual (over) under collection from 2011.
- 2012 estimated (over) under collection.
- Total adjustment from 2011 and 2012.

SCHEDULE E

Page 2 of 2

ADJUSTMENT FOR (OVER) OR UNDER COLLECTION

(\$000)

ZONE 8

	<u>2011 Forecast</u>	<u>2011 Actual</u>	<u>2012 Forecast</u>		
Cost of Service					
Operating & Maintenance	11,425	11,263		14,217	
Return on Rate Base	15,833	15,610		15,041	
Depreciation & Amortization	17,533	17,525		17,619	
Taxes - Income + Other	13,480	13,216		13,390	
Special Charge	574	574		542	
Carbon Tax	2,854	2,853		4,468	
Fuel Tax	1,588	1,549		2,085	
Sub-Total	<u>63,287</u>	<u>62,590</u>		<u>67,362</u>	
Adjustments:					
Previous (Over) Under	804	804		(5,845)	
G&A Settlement Savings	(714)	(714)		-	
STFT & IT Service	(1,020)	(1,867)		(5,429)	
Total Firm Revenue Requirement	<u>62,357</u>	<u>60,813</u>		<u>56,088</u>	
Service Revenue					
FT Service	<u>68,277</u>	<u>68,661</u>		<u>63,802</u>	
Total Revenue Generated	<u>68,277</u>	<u>68,661</u>		<u>63,802</u>	
Variance	<u>2011¹</u>	<u>2011</u>	<u>2011²</u>	<u>2012³</u>	<u>Total⁴</u>
Revenue Required minus Revenue Generated	(5,920)	(7,848)	(1,928)	(7,713)	(9,642)
Interest on Variance	(78)	(114)	(36)	(93)	(128)
BILLING ADJUSTMENT FOR TEST YEAR	<u>(5,998)</u>	<u>(7,962)</u>	<u>(1,964)</u>	<u>(7,806)</u>	<u>(9,770)</u>

ZONE 9

	<u>2011 Forecast</u>	<u>2011 Actual</u>	<u>2012 Forecast</u>		
Cost of Service					
Operating & Maintenance	5,635	5,528		4,833	
Return on Rate Base	15,314	15,303		14,684	
Depreciation & Amortization	18,243	18,241		18,379	
Taxes - Income + Other	10,922	10,555		9,797	
Special Charge	179	179		128	
Fuel Tax	587	690		586	
Sub-Total	<u>50,880</u>	<u>50,496</u>		<u>48,408</u>	
Adjustments:					
Previous (Over) Under	(15,014)	(15,014)		(3,549)	
G&A Settlement Savings	(311)	(311)		-	
STFT, IT & SGS Service	(28,232)	(30,159)		(53,122)	
Total Firm Revenue Requirement	<u>7,324</u>	<u>5,013</u>		<u>(8,264)</u>	
Service Revenue					
FT Service	<u>8,913</u>	<u>8,853</u>		<u>8,157</u>	
Total Revenue Generated	<u>8,913</u>	<u>8,853</u>		<u>8,157</u>	
Variance	<u>2011¹</u>	<u>2011</u>	<u>2011²</u>	<u>2012³</u>	<u>Total⁴</u>
Revenue Required minus Revenue Generated	(1,589)	(3,841)	(2,252)	(16,420)	(18,672)
Interest on Variance	(21)	(56)	(35)	(197)	(232)
BILLING ADJUSTMENT FOR TEST YEAR	<u>(1,610)</u>	<u>(3,896)</u>	<u>(2,286)</u>	<u>(16,618)</u>	<u>(18,904)</u>

Note(s):

- Forecast 2011 as identified in the 2012 rates application.
- Estimate/Actual (over) under collection from 2011.
- 2012 estimated (over) under collection.
- Total adjustment from 2011 and 2012.

SCHEDULE F

FIRM TRANSPORTATION VOLUMES AND HAUL DISTANCE

SHIPPER	Annual Average MDQ (TJ/d)	Haul Distance (Km)	Annual Average MDQ x Dist. (TJ x Km)	Zone Allocation (%)
Zone 6				
NOVA Gas Transmission Ltd.	2,173.162	378.49	822,520.0854	
	<u>2,173.162</u>		<u>822,520.0854</u>	63.003%
Zone 7				
NOVA Gas Transmission Ltd.	920.465	124.03	114,165.2740	
	<u>920.465</u>		<u>114,165.2740</u>	8.745%
Zone 8				
Avista Corporation	199.462	170.70	34,048.0781	
British Columbia Hydro and Power Authority	43.673	170.70	7,454.9811	
Canadian Forest Products Ltd.	0.500	170.70	85.3500	
Cascade Natural Gas Corporation	29.411	170.70	5,020.4719	
Chevron Canada Resources	21.932	170.70	3,743.7924	
City of Glendale	4.362	170.70	744.5934	
City of Pasadena	4.362	170.70	744.5934	
City of Redding	8.117	170.70	1,385.5719	
Columbia Brewing Company	0.270	170.70	46.0890	
ConocoPhillips Canada (BRC) Partnership	40.816	170.70	6,967.2912	
ConocoPhillips Western Canada Partnership	10.815	170.70	1,846.1205	
Devon Canada Corporation	17.925	170.70	3,059.7975	
Encana Corporation	67.948	170.70	11,598.7236	
FortisBC Energy Inc.	117.675	170.70	20,087.1367	
Iberdrola Canada Energy Services Ltd.	82.623	170.70	14,103.7461	
Intermountain Gas Company	113.278	170.70	19,336.4693	
J.P. Morgan Commodities Canada Corporation	0.352	170.70	60.0864	
Northern California Power Agency	2.967	170.70	506.4669	
Northwest Natural Gas Company	157.267	170.70	26,845.4769	
Pacific Gas and Electric Company	386.355	170.70	65,950.7985	
Pacific Gas and Electric Company, PacifiCorp	53.720	170.70	9,170.0040	
Paramount Resources Ltd.	47.708	170.70	8,143.7556	
Portland General Electric Company	21.187	170.70	3,616.6209	
Puget Sound Energy, Inc.	47.654	170.70	8,134.5378	
Sacramento Municipal Utility District	82.960	170.70	14,161.2720	
Shell Energy North America (Canada) Inc.	13.217	170.70	2,256.1419	
Sierra Pacific Power Company	3.869	170.70	660.3530	
Southern California Gas Company	136.031	170.70	23,220.4917	
Talisman Energy Canada	56.783	170.70	9,692.8581	
Tembec	4.406	170.70	752.1042	
Turlock Irrigation District	3.000	170.70	512.1000	
United States Gypsum Company	17.098	170.70	2,918.6286	
	6.452	170.70	1,101.3564	
	<u>1,804.194</u>		<u>307,975.8589</u>	23.590%
Zone 9				
BP Canada Energy Group ULC	79.130	258.97	20,492.2961	
Citigroup Energy Canada ULC	33.340	258.97	8,634.0598	
Encana Corporation	60.000	258.97	15,538.2000	
J. Aron & Company	22.143	258.97	5,734.3727	
MDU Resources Group, Inc.	10.717	258.97	2,775.3815	
Twin Eagle Resource Management Canada, LLC	21.300	258.97	5,516.0610	
TransGas Limited	45.205	48.00	2,169.8630	
	<u>271.835</u>		<u>60,860.234</u>	4.662%

Attachment 2

**Foothills Pipe Lines Ltd.
Table of Effective Rates
Blackline**

TABLE OF EFFECTIVE RATES

1. Rate Schedule FT, Firm Transportation Service

	Demand Rate (\$/GJ/Km/Month)
Zone 6	0.0067657123 <u>0.0072162549</u>
Zone 7	0.0062022433 <u>0.0068502712</u>
Zone 8*	0.0167593368 <u>0.0135260538</u>
Zone 9	0.0090496758 <u>0.0047553671</u>

2. Rate Schedule OT, Overrun Transportation Service

	Commodity Rate (\$/GJ/Km)
Zone 6	0.0002440093 <u>0.0002602584</u>
Zone 7	0.0002236875 <u>0.0002470590</u>

3. Rate Schedule IT, Interruptible Transportation Service

	Commodity Rate (\$/GJ/Km)
Zone 8*	0.0006044351 <u>0.0004878249</u>
Zone 9	0.0003263818 <u>0.0001715050</u>

* For Zone 8, Shippers Haul Distance shall be 170.7 km.

Attachment 3

**Foothills Pipe Lines Ltd.
Table of Effective Rates
Clean Copy**

TABLE OF EFFECTIVE RATES**1. Rate Schedule FT, Firm Transportation Service**

	Demand Rate (\$/GJ/Km/Month)
Zone 6	0.0072162549
Zone 7	0.0068502712
Zone 8*	0.0135260538
Zone 9	0.0047553671

2. Rate Schedule OT, Overrun Transportation Service

	Commodity Rate (\$/GJ/Km)
Zone 6	0.0002602584
Zone 7	0.0002470590

3. Rate Schedule IT, Interruptible Transportation Service

	Commodity Rate (\$/GJ/Km)
Zone 8*	0.0004878249
Zone 9	0.0001715050

* For Zone 8, Shippers Haul Distance shall be 170.7 km.