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October 30, 2018

National Energy Board
Suite 210, 517 Tenth Avenue SW
Calgary, Alberta T2R 0A8

Filed Electronically

Attention: Ms. Sheri Young, Secretary of the Board

Dear Ms. Young:

**Re: Foothills Pipe Lines Ltd. (Foothills)
Statement of Rates and Charges effective January 1, 2019**

Foothills encloses for filing pursuant to section 60(1)(a) of the *National Energy Board Act*¹ rates and charges for transportation service on Foothills Zones 6, 7, 8 and 9 to be effective January 1, 2019 (Effective 2019 Rates).

The following attachments are included with this letter:

- Attachment 1 consists of supporting Schedules A through G
- Attachments 2 and 3 are black-lined and clean copies, respectively, of the Table of Effective Rates for 2019

The rates and charges are based on the methodology approved by the Board in Decision TG-8-2004, as amended by Order TG-03-2007.

The filing also includes the Foothills' Abandonment Surcharges effective January 1, 2019, which are included in the Table of Effective Rates for 2019. The supporting information on the Abandonment Surcharges calculation is provided in the attached Schedule G.

Under Foothills' current Abandonment Trust (Trust) Statement of Investment Policy and Procedures (SIPP), funds within the Trust are invested in Government of Canada bonds at a forecast annual return of 3.1%. Foothills is in discussion with its shippers and the Canada Revenue Agency regarding a possible change in investment approach. Subject to the outcome of these discussions, Foothills may file an amended SIPP during 2019, at which time it may also seek to prospectively revise Abandonment Surcharges to reflect a higher anticipated return.

¹ R.S.C. 1985, c. N-7, as amended, and the regulations made thereunder.

Foothills met with shippers and interested parties on October 18, 2018, and presented the preliminary 2019 revenue requirement and preliminary Effective 2019 Rates. Based on this consultation, Foothills is not aware of any objections to its proposal for establishing the Effective 2019 Rates.

Foothills understands that any party that is opposed to the rates and charges will advise the Board accordingly.

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

<http://www.tccustomerexpress.com/934.html>

Communication regarding this application should be directed to:

Mark Manning
Senior Project Manager, Tolls and Tariffs
Canadian Natural Gas Pipelines
TransCanada PipeLines Limited
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Calgary, Alberta T2P 5H1
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Joel Forrest
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Natural Gas Pipelines
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Yours truly,
Foothills Pipe Lines Ltd.

Original signed by

Bernard Pelletier
Director, Regulatory Tolls and Tariffs
Canadian Natural Gas Pipelines

Attachments

cc: Foothills Firm Shippers
Interruptible Shippers and Interested Parties

Attachment 1

**Foothills Pipe Lines Ltd.
Supporting Schedules A through G
Effective 2019 Rates**

SUMMARY

Foothills Pipe Lines Ltd.

TRANSPORTATION RATES

Effective: January 1, 2019

REVENUE REQUIREMENT	Schedule	Amount (\$000)			
		Zone 6	Zone 7	Zone 8	Zone 9
Estimated Costs of Service:					
Operating & Maintenance	A	30,326	3,962	18,717	8,653
Return on Rate Base	B	3,825	112	9,688	6,744
Depreciation & Amortization	C	10,847	700	22,259	20,614
Taxes: Income and Other	D	6,554	895	13,996	11,804
Emissions Compliance Costs		3,300	n/a	15,000	5,000
Fuel Tax		n/a	n/a	5,611	703
Methane Emissions Costs		1,667	255	863	525
Sub-Total		56,519	5,924	86,134	54,043
Adjustments:					
Previous (Over) / Under	E	(2,728)	(1,394)	4,069	9,934
Total Revenue Requirement		53,791	4,530	90,203	63,977
Other Service Revenue					
STFT		-	-	(662)	(1,713)
Interruptible/Overrun		-	-	(4,866)	(8,513)
SGS		-	-	-	(5)
FT Service Revenue Requirement		53,791	4,530	84,675	53,746

BILLING DETERMINANTS

FT Contract MDQ (TJ/d)	F	2,205.89	1,028.37	2,533.01	1,235.08
Total FT MDQ x Distance	F	834,908.82	127,548.73	432,384.34	263,490.68
Estimated STFT MDQ (TJ/d)		-	-	19.81	32.43
Estimated Interruptible/Overrun Deliveries (TJ)		-	-	48,297.50	55,924.45
Estimated SGS Deliveries (TJ)		-	-	-	63.14

TRANSPORTATION RATES

Effective Rates					
Demand Rate (\$/GJ / Km / Month)		0.0053689132	0.0029594363	0.0163193182	0.0169980422
Overrun Service (\$/GJ / Km)		0.0001941634	0.0001070262	n/a	n/a
Interruptible Rate (\$/GJ / Km)		n/a	n/a	0.0005901781	0.0006147237
Full Haul Rates					
Demand Rate (\$/GJ)		0.0668081082	0.0120676893	0.0915849079	0.1447227284
Overrun Service (\$/GJ)		0.0734889053	0.0132744596	n/a	n/a
Interruptible Rate (\$/GJ)		n/a	n/a	0.1007434017	0.1591950012

SCHEDULE A

**OPERATING AND MAINTENANCE EXPENSES
FOR THE YEAR ENDING DECEMBER 31, 2019**

(\$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	32,211	16,217	2,478	8,398	5,118
Electrical power					
Jenner, Acme and Crawling Valley	5,312	5,312	-	-	-
De/re Facilities at Empress	5,625	5,625	-	-	-
BC	744	-	-	744	-
Saskatchewan	651	-	-	-	651
	<u>12,332</u>	<u>10,937</u>	<u>-</u>	<u>744</u>	<u>651</u>
Compressor Repair	1,537	500	-	572	465
Pipeline Integrity Program	12,278	1,028	1,233	8,141	1,876
Government Agency Costs Recovery	<u>3,300</u>	<u>1,644</u>	<u>251</u>	<u>862</u>	<u>543</u>
Total	<u><u>61,658</u></u>	<u><u>30,326</u></u>	<u><u>3,962</u></u>	<u><u>18,717</u></u>	<u><u>8,653</u></u>

SCHEDULE B

**DEEMED AVERAGE CAPITALIZATION AND
RETURN ON RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2019**

ZONE 6

	AMOUNT (\$000)	RATIO %	COST RATE %	COST COMPONENT %
Debt - Funded	38,625	56.51	2.80	1.58
- Unfunded/(Prefunded)	2,386	3.49	3.08	0.11
	<u>41,011</u>	<u>60.00</u>		<u>1.69</u>
Common Equity	27,340	40.00	10.10	4.04
Total Capitalization	<u><u>68,351</u></u>	<u><u>100.00</u></u>		<u><u>5.73</u></u>
Rate Base	66,757			
GPUC	<u>1,594</u>			
Total Capitalization	<u><u>68,351</u></u>			
Return on Rate Base	<u><u>3,825</u></u>	=	66,757	X 5.73%

ZONE 7

	AMOUNT (\$000)	RATIO %	COST RATE %	COST COMPONENT %
Debt - Funded	956	49.00	2.80	1.37
- Unfunded/(Prefunded)	215	11.00	3.08	0.34
	<u>1,171</u>	<u>60.00</u>		<u>1.71</u>
Common Equity	781	40.00	10.10	4.04
Total Capitalization	<u><u>1,952</u></u>	<u><u>100.00</u></u>		<u><u>5.75</u></u>
Rate Base	1,949			
GPUC	<u>3</u>			
Total Capitalization	<u><u>1,952</u></u>			
Return on Rate Base	<u><u>112</u></u>	=	1,949	X 5.75%

SCHEDULE B

**DEEMED AVERAGE CAPITALIZATION AND
RETURN ON RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2019**

ZONE 8

	AMOUNT (\$000)	RATIO %	COST RATE %	COST COMPONENT %
Debt - Funded	91,451	53.89	2.80	1.51
- Unfunded/(Prefunded)	10,361	6.11	3.08	0.19
	<u>101,812</u>	<u>60.00</u>		<u>1.70</u>
Common Equity	67,874	40.00	10.10	4.04
	<u>169,686</u>	<u>100.00</u>		<u>5.74</u>
Rate Base	168,775			
GPUC	911			
	<u>169,686</u>			
Total Capitalization	<u>169,686</u>			
Return on Rate Base	<u>9,688</u>	=	168,775	X 5.74%

ZONE 9

	AMOUNT (\$000)	RATIO %	COST RATE %	COST COMPONENT %
Debt - Funded	68,969	57.38	2.80	1.61
- Unfunded/(Prefunded)	3,153	2.62	3.08	0.08
	<u>72,122</u>	<u>60.00</u>		<u>1.69</u>
Common Equity	48,081	40.00	10.10	4.04
	<u>120,203</u>	<u>100.00</u>		<u>5.73</u>
Rate Base	117,692			
GPUC	2,511			
	<u>120,203</u>			
Total Capitalization	<u>120,203</u>			
Return on Rate Base	<u>6,744</u>	=	117,692	X 5.73%

SCHEDULE B-1

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RATE BASE - 2019

(\$000)

ZONE 6

Month	Net Plant Month End	Materials Supplies & Prepaid	Working Capital	Linepack	Rate Base End Month
January Opening Balance	61,729	977	4,785	2,577	70,068
January	61,046	976	3,613	2,577	68,212
February	60,924	976	4,147	2,577	68,624
March	60,793	976	3,840	2,577	68,186
April	60,571	975	3,930	2,577	68,053
May	59,645	975	4,366	2,577	67,563
June	59,075	974	5,482	2,577	68,108
July	58,407	974	4,022	2,577	65,980
August	57,758	974	4,443	2,577	65,752
September	57,073	973	4,320	2,577	64,943
October	56,379	973	4,473	2,577	64,402
November	55,629	972	4,772	2,577	63,950
December	54,921	972	5,531	2,577	64,001
Average Rate Base - 13 Month					<u><u>66,757</u></u>

ZONE 7

Month	Net Plant Month End	Materials Supplies & Prepaid	Working Capital	Linepack	Rate Base End Month
January Opening Balance	237	-	1,936	1,039	3,212
January	237	-	343	1,039	1,619
February	237	-	409	1,039	1,685
March	234	-	366	1,039	1,639
April	259	-	374	1,039	1,672
May	236	-	445	1,039	1,720
June	263	-	658	1,039	1,960
July	270	-	455	1,039	1,764
August	303	-	567	1,039	1,909
September	333	-	617	1,039	1,989
October	340	-	652	1,039	2,031
November	325	-	672	1,039	2,036
December	299	-	767	1,039	2,105
Average Rate Base - 13 Month					<u><u>1,949</u></u>

SCHEDULE B-1

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RATE BASE - 2019

(\$000)

ZONE 8

Month	Net Plant Month End	Materials Supplies & Prepaid	Working Capital	Linepack	Rate Base End Month
January Opening Balance	156,104	2,106	5,151	1,473	164,834
January	156,597	2,106	3,948	1,473	164,124
February	156,726	2,106	4,123	1,473	164,428
March	160,192	2,105	3,974	1,473	167,744
April	160,620	2,105	4,068	1,473	168,266
May	161,065	2,104	6,268	1,473	170,910
June	161,719	2,104	5,632	1,473	170,928
July	161,603	2,103	5,680	1,473	170,859
August	161,691	2,103	7,179	1,473	172,446
September	161,608	2,103	5,239	1,473	170,423
October	161,330	2,102	4,708	1,473	169,613
November	161,753	2,102	4,625	1,473	169,953
December	161,123	2,101	4,844	1,473	169,541
Average Rate Base - 13 Month					<u><u>168,775</u></u>

ZONE 9

Month	Net Plant Month End	Materials Supplies & Prepaid	Working Capital	Linepack	Rate Base End Month
January Opening Balance	120,157	659	1,388	2,316	124,520
January	118,624	658	1,481	2,316	123,079
February	117,122	658	1,751	2,316	121,847
March	115,697	657	1,685	2,316	120,355
April	114,630	657	1,616	2,316	119,219
May	113,470	657	1,700	2,316	118,143
June	112,635	656	2,337	2,316	117,944
July	111,785	656	1,954	2,316	116,711
August	111,177	655	1,828	2,316	115,976
September	110,559	655	1,750	2,316	115,280
October	108,916	654	1,955	2,316	113,841
November	107,265	654	2,020	2,316	112,255
December	105,611	654	2,247	2,316	110,828
Average Rate Base - 13 Month					<u><u>117,692</u></u>

**DEPRECIATION AND AMORTIZATION
FOR THE PERIOD ENDING DECEMBER 31, 2019**

(\$000)

ZONE 6

Month	Depreciation	Amortization	Depreciation & Amortization
January	1,198	-	1,198
February	741	-	741
March	746	-	746
April	749	-	749
May	1,173	-	1,173
June	888	-	888
July	916	-	916
August	909	-	909
September	912	-	912
October	906	-	906
November	889	-	889
December	820	-	820
TOTAL	<u><u>10,847</u></u>	<u><u>-</u></u>	<u><u>10,847</u></u>

ZONE 7

Month	Depreciation	Amortization	Depreciation & Amortization
January	7	-	7
February	7	-	7
March	7	-	7
April	8	-	8
May	36	-	36
June	16	-	16
July	48	-	48
August	60	-	60
September	98	-	98
October	133	-	133
November	145	-	145
December	135	-	135
TOTAL	<u><u>700</u></u>	<u><u>-</u></u>	<u><u>700</u></u>

**DEPRECIATION AND AMORTIZATION
FOR THE PERIOD ENDING DECEMBER 31, 2019**

(\$000)

ZONE 8

Month	Depreciation	Amortization	Depreciation & Amortization
January	1,870	-	1,870
February	1,867	-	1,867
March	1,872	-	1,872
April	1,887	-	1,887
May	1,893	-	1,893
June	1,899	-	1,899
July	1,840	-	1,840
August	1,817	-	1,817
September	1,822	-	1,822
October	1,826	-	1,826
November	1,830	-	1,830
December	1,836	-	1,836
TOTAL	<u><u>22,259</u></u>	<u><u>-</u></u>	<u><u>22,259</u></u>

ZONE 9

Month	Depreciation	Amortization	Depreciation & Amortization
January	1,710	-	1,710
February	1,710	-	1,710
March	1,711	-	1,711
April	1,712	-	1,712
May	1,714	-	1,714
June	1,716	-	1,716
July	1,718	-	1,718
August	1,720	-	1,720
September	1,723	-	1,723
October	1,726	-	1,726
November	1,727	-	1,727
December	1,727	-	1,727
TOTAL	<u><u>20,614</u></u>	<u><u>-</u></u>	<u><u>20,614</u></u>

DEPRECIATION BY ACCOUNT - 2019

(\$000)

ZONE 6

NEB Account No and Description	Depreciation Rate	Gross Plant at 31-Dec-2018	Additions & Retirements	Gross Plant at 31-Dec-2019	Depreciation For Year
460-Land	0.00%	222	-	222	-
461-Land Rights	3.00%	3,412	-	3,412	-
462-Compressor Structures	3.00%	34,621	-	34,621	1,039
465-Pipeline Mains	3.00%	308,579	1,608	310,187	1,986
466-Compressor Equipment	3.00%	175,413	600	176,013	5,272
466-Compressor Overhaul	7.69%	23,231	1,393	24,624	1,876
468-Communications	3.00%	62	144	206	5
482-Leasehold Improvements	10.00%	906	47	953	86
483-Computer Equipment	24.41%	3,521	(131)	3,390	294
483-Office Furniture & Equipment	8.90%	314	7	321	28
484-Transportation Equipment	30.00%	133	-	133	-
485-Heavy Work Equipment	2.19%	80	-	80	-
486-Tools & Work Equipment	2.01%	607	(8)	599	12
488-Communication STR	5.21%	128	9	137	7
496-Unclassified Plant	3.00%	8,836	-	8,836	242
TOTAL Gas Plant in Service		<u>560,065</u>	<u>3,669</u>	<u>563,734</u>	<u>10,847</u>
Composite Depreciation Rate	1.93%				

DEPRECIATION BY MONTH - 2019

(\$000)

Month	Gross Plant Start Month	Additions In Month	Retirements In Month	Gross Plant End Month	Depreciation By Month
January	560,065	512	-	560,577	1,198
February	560,577	616	-	561,193	741
March	561,193	611	-	561,804	746
April	561,804	524	-	562,328	749
May	562,328	244	-	562,572	1,173
June	562,572	315	-	562,887	888
July	562,887	245	-	563,132	916
August	563,132	256	-	563,388	909
September	563,388	224	-	563,612	912
October	563,612	209	-	563,821	906
November	563,821	135	-	563,956	889
December	563,956	108	(330)	563,734	820
TOTAL		<u>3,999</u>	<u>(330)</u>		<u>10,847</u>

DEPRECIATION BY ACCOUNT - 2019

(\$000)

ZONE 7

NEB Account No and Description	Depreciation Rate	Gross Plant at 31-Dec-2018	Additions & Retirements	Gross Plant at 31-Dec-2019	Depreciation For Year
461-Land Rights	3.00%	1,081	-	1,081	-
465-Pipeline Mains	3.00%	74,440	715	75,155	609
482-Leasehold Improvements	10.00%	130	2	132	-
483-Computer Equipment	24.41%	670	(25)	645	84
483-Office Furniture & Equipment	8.90%	47	8	55	5
486-Tools & Work Equipment	2.01%	29	(2)	27	1
488-Communication STR	5.21%	23	2	25	1
496-Unclassified Plant	3.00%	23,072	-	23,072	-
TOTAL Gas Plant in Service		<u>99,492</u>	<u>700</u>	<u>100,192</u>	<u>700</u>
Composite Depreciation Rate	0.70%				

DEPRECIATION BY MONTH - 2019

(\$000)

Month	Gross Plant Start Month	Additions In Month	Retirements In Month	Gross Plant End Month	Depreciation By Month
January	99,492	7	-	99,499	7
February	99,499	7	-	99,506	7
March	99,506	5	-	99,511	7
April	99,511	32	-	99,543	8
May	99,543	13	-	99,556	36
June	99,556	43	-	99,599	16
July	99,599	55	-	99,654	48
August	99,654	93	-	99,747	60
September	99,747	128	-	99,875	98
October	99,875	140	-	100,015	133
November	100,015	130	-	100,145	145
December	100,145	109	(62)	100,192	135
TOTAL		<u>762</u>	<u>(62)</u>		<u>700</u>

SCHEDULE C-1

DEPRECIATION BY ACCOUNT - 2019

(\$000)

ZONE 8

NEB Account No and Description	Depreciation Rate	Gross Plant at 31-Dec-2018	Additions & Retirements	Gross Plant at 31-Dec-2019	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%	21,375	-	21,375	641
463-Meas & Reg Structures	3.00%	1,773	-	1,773	53
465-Pipeline Mains	3.00%	300,040	20,333	320,373	9,281
466-Compressor Equipment	3.00%	247,036	3,534	250,570	7,479
466-Compressor Overhaul	7.69%	37,979	2,261	40,240	3,070
467-Meas & Reg Equipment	3.00%	14,053	419	14,472	430
468-Communications	3.00%	2,762	342	3,104	90
482-Leasehold Improvements	10.00%	324	103	427	-
482-Leasehold Improvements	6.67%	205	-	205	15
482-Leasehold Improvements	5.61%	597	-	597	25
483-Computer Equipment	24.41%	7,430	(2,782)	4,648	821
483-Office Furniture & Equipment	8.90%	217	-	217	2
484-Transportation Equipment	30.00%	635	-	635	17
485-Heavy Work Equipment	2.19%	918	-	918	20
486-Tools & Work Equipment	2.01%	2,428	(2)	2,426	49
488-Communication STR	5.21%	594	8	602	31
496-Unclassified Plant	3.00%	4,469	-	4,469	134
TOTAL Gas Plant in Service		<u>647,595</u>	<u>24,216</u>	<u>671,811</u>	<u>22,259</u>
Composite Depreciation Rate	3.37%				

DEPRECIATION BY MONTH - 2019

(\$000)

Month	Gross Plant Start Month	Additions In Month	Retirements In Month	Gross Plant End Month	Depreciation By Month
January	647,595	2,359	-	649,954	1,870
February	649,954	1,986	-	651,940	1,867
March	651,940	5,334	-	657,274	1,872
April	657,274	2,299	-	659,573	1,887
May	659,573	2,329	-	661,902	1,893
June	661,902	2,550	-	664,452	1,899
July	664,452	1,719	-	666,171	1,840
August	666,171	1,902	-	668,073	1,817
September	668,073	1,736	-	669,809	1,822
October	669,809	1,545	-	671,354	1,826
November	671,354	2,251	-	673,605	1,830
December	673,605	1,203	(2,997)	671,811	1,836
TOTAL		<u>27,213</u>	<u>(2,997)</u>		<u>22,259</u>

DEPRECIATION BY ACCOUNT - 2019

(\$000)

ZONE 9

NEB Account No and Description	Depreciation Rate	Gross Plant at 31-Dec-2018	Additions & Retirements	Gross Plant at 31-Dec-2019	Depreciation For Year
460-Land	0.00%	130	-	130	-
461-Land Rights	3.00%	1,307	-	1,307	-
462-Compressor Structures	3.00%	40,528	-	40,528	1,216
463-Meas & Reg Structures	3.00%	4,496	-	4,496	135
464-Other Structures	3.00%	1,632	-	1,632	49
465-Pipeline Mains	3.00%	333,633	535	334,168	10,015
466-Compressor Equipment	3.00%	205,494	4,951	210,445	6,231
466-Compressor Overhaul	7.69%	20,652	-	20,652	1,588
467-Meas & Reg Equipment	3.00%	17,095	-	17,095	513
468-Communications	3.00%	623	238	861	23
482-Leasehold Improvements	10.00%	504	9	513	2
483-Computer Equipment	24.41%	4,004	(154)	3,850	509
483-Office Furniture & Equipment	8.90%	167	45	212	17
484-Transportation Equipment	30.00%	399	-	399	-
485-Heavy Work Equipment	2.19%	172	-	172	-
486-Tools & Work Equipment	2.01%	770	(41)	729	-
488-Communication STR	5.21%	153	9	162	8
496-Unclassified Plant	3.00%	10,254	-	10,254	308
TOTAL Gas Plant in Service		<u>642,013</u>	<u>5,592</u>	<u>647,605</u>	<u>20,614</u>
Composite Depreciation Rate	3.20%				

DEPRECIATION BY MONTH - 2019

(\$000)

Month	Gross Plant Start Month	Additions In Month	Retirements In Month	Gross Plant End Month	Depreciation By Month
January	642,013	172	-	642,185	1,710
February	642,185	202	-	642,387	1,710
March	642,387	280	-	642,667	1,711
April	642,667	640	-	643,307	1,712
May	643,307	549	-	643,856	1,714
June	643,856	875	-	644,731	1,716
July	644,731	861	-	645,592	1,718
August	645,592	1,108	-	646,700	1,720
September	646,700	1,100	-	647,800	1,723
October	647,800	78	-	647,878	1,726
November	647,878	70	-	647,948	1,727
December	647,948	68	(411)	647,605	1,727
TOTAL		<u>6,003</u>	<u>(411)</u>		<u>20,614</u>

SCHEDULE D

**TAXES: INCOME AND OTHER
FOR THE YEAR ENDING DECEMBER 31, 2019**

(\$000)

	<u>Zone 6</u>	<u>Zone 7</u>	<u>Zone 8</u>	<u>Zone 9</u>
Return on Rate Base	3,825	112	9,688	6,744
Add:				
Depreciation and Amortization	10,847	700	22,259	20,614
Deduct:				
Return on Debt	1,128	34	2,886	1,977
Capital Cost Allowance	3,740	614	9,188	5,975
Compressor Overhaul Capitalized	1,393	-	2,261	-
Total Taxable Amount	<u>8,411</u>	<u>164</u>	<u>17,612</u>	<u>19,406</u>
Income Tax Rate (R)	27.00%	27.00%	27.00%	27.00%
Income Tax Provision (at R/(1-R) x Taxable Amount)	3,111	61	6,514	7,178
Taxes - Other than Income Tax	3,443	834	7,482	4,626
Total Taxes: Income and Other	<u><u>6,554</u></u>	<u><u>895</u></u>	<u><u>13,996</u></u>	<u><u>11,804</u></u>

ADJUSTMENT FOR (OVER) OR UNDER COLLECTION

(\$000)

ZONE 6

	<u>2017 Forecast</u>	<u>2017 Actual</u>	<u>2018 Forecast</u>		
Cost of Service					
Operating & Maintenance	32,584	28,898			27,526
Return on Rate Base	3,669	3,650			3,360
Depreciation & Amortization	9,577	10,849			12,051
Taxes: Income and Other	6,024	6,547			5,597
Emissions Compliance Costs	-	3,632			2,878
Sub-Total	<u>51,854</u>	<u>53,576</u>			<u>51,412</u>
Adjustments:					
Previous (Over) / Under	(10,553)	(10,553)			(1,893)
Overrun Service	-	-			-
Total Firm Revenue Requirement	<u>41,301</u>	<u>43,023</u>			<u>49,519</u>
Service Revenue					
FT Service	41,392	41,534			53,734
Total Revenue Generated	<u>41,392</u>	<u>41,534</u>			<u>53,734</u>
Variance	<u>2017¹</u>	<u>2017</u>	<u>2017²</u>	<u>2018³</u>	<u>Total⁴</u>
Revenue Required minus Revenue Generated	(91)	1,489	1,580	(4,215)	(2,635)
Interest on Variance	(2)	35	37	(130)	(93)
BILLING ADJUSTMENT FOR TEST YEAR	<u>(93)</u>	<u>1,524</u>	<u>1,617</u>	<u>(4,345)</u>	<u>(2,728)</u>

ZONE 7

	<u>2017 Forecast</u>	<u>2017 Actual</u>	<u>2018 Forecast</u>		
Cost of Service					
Operating & Maintenance	5,531	5,244			5,941
Return on Rate Base	106	103			100
Depreciation & Amortization	170	168			272
Taxes: Income and Other	646	650			710
Sub-Total	<u>6,453</u>	<u>6,165</u>			<u>7,023</u>
Adjustments:					
Previous (Over) / Under	(971)	(971)			(2,501)
Overrun Service	-	-			-
Total Firm Revenue Requirement	<u>5,482</u>	<u>5,194</u>			<u>4,522</u>
Service Revenue					
FT Service	6,763	6,910			5,435
Total Revenue Generated	<u>6,763</u>	<u>6,910</u>			<u>5,435</u>
Variance	<u>2017¹</u>	<u>2017</u>	<u>2017²</u>	<u>2018³</u>	<u>Total⁴</u>
Revenue Required minus Revenue Generated	(1,281)	(1,716)	(435)	(913)	(1,348)
Interest on Variance	(22)	(40)	(18)	(28)	(46)
BILLING ADJUSTMENT FOR TEST YEAR	<u>(1,303)</u>	<u>(1,756)</u>	<u>(453)</u>	<u>(941)</u>	<u>(1,394)</u>

Notes:

1. Forecast 2017 as identified in the 2018 rates application.
2. Estimate/Actual (over)/under collection from 2017.
3. 2018 estimated (over)/under collection.
4. Total adjustment from 2017 and 2018.

ADJUSTMENT FOR (OVER) OR UNDER COLLECTION

(\$000)

ZONE 8

	<u>2017 Forecast</u>	<u>2017 Actual</u>	<u>2018 Forecast</u>		
Cost of Service					
Operating & Maintenance	16,440	16,649			20,182
Return on Rate Base	7,855	7,838			7,599
Depreciation & Amortization	21,189	21,145			21,630
Taxes: Income and Other	14,307	12,431			12,238
Emissions Compliance Costs	8,616	9,340			11,900
Fuel Tax	<u>3,549</u>	<u>3,829</u>			<u>4,352</u>
Sub-Total	<u>71,956</u>	<u>71,232</u>			<u>77,901</u>
Adjustments:					
Previous (Over) / Under	(8,801)	(8,801)			(6,587)
STFT & IT Service	<u>(3,945)</u>	<u>(2,869)</u>			<u>(2,798)</u>
Total Firm Revenue Requirement	<u><u>59,210</u></u>	<u><u>59,562</u></u>			<u><u>68,516</u></u>
Service Revenue					
FT Service	<u>60,622</u>	<u>60,868</u>			<u>64,667</u>
Total Revenue Generated	<u><u>60,622</u></u>	<u><u>60,868</u></u>			<u><u>64,667</u></u>
Variance	<u>2017¹</u>	<u>2017</u>	<u>2017²</u>	<u>2018³</u>	<u>Total⁴</u>
Revenue Required minus Revenue Generated	(1,412)	(1,306)	106	3,849	3,955
Interest on Variance	<u>(25)</u>	<u>(30)</u>	<u>(5)</u>	<u>119</u>	<u>114</u>
BILLING ADJUSTMENT FOR TEST YEAR	<u><u>(1,437)</u></u>	<u><u>(1,336)</u></u>	<u><u>101</u></u>	<u><u>3,968</u></u>	<u><u>4,069</u></u>

ZONE 9

	<u>2017 Forecast</u>	<u>2017 Actual</u>	<u>2018 Forecast</u>		
Cost of Service					
Operating & Maintenance	10,592	11,232			9,115
Return on Rate Base	6,761	6,767			5,989
Depreciation & Amortization	20,308	20,281			20,289
Taxes: Income and Other	11,837	10,895			10,532
Fuel Tax	<u>303</u>	<u>503</u>			<u>423</u>
Sub-Total	<u>49,801</u>	<u>49,678</u>			<u>46,348</u>
Adjustments:					
Previous (Over) / Under	(4,270)	(4,270)			(3,587)
STFT, IT & SGS Service	<u>(19,688)</u>	<u>(10,634)</u>			<u>(8,339)</u>
Total Firm Revenue Requirement	<u><u>25,843</u></u>	<u><u>34,774</u></u>			<u><u>34,422</u></u>
Service Revenue					
FT Service	<u>27,000</u>	<u>34,425</u>			<u>26,273</u>
Total Revenue Generated	<u><u>27,000</u></u>	<u><u>34,425</u></u>			<u><u>26,273</u></u>
Variance	<u>2017¹</u>	<u>2017</u>	<u>2017²</u>	<u>2018³</u>	<u>Total⁴</u>
Revenue Required minus Revenue Generated	(1,157)	349	1,506	8,149	9,655
Interest on Variance	<u>(20)</u>	<u>8</u>	<u>28</u>	<u>251</u>	<u>279</u>
BILLING ADJUSTMENT FOR TEST YEAR	<u><u>(1,177)</u></u>	<u><u>357</u></u>	<u><u>1,534</u></u>	<u><u>8,400</u></u>	<u><u>9,934</u></u>

Notes:

1. Forecast 2017 as identified in the 2018 rates application.
2. Estimate/Actual (over)/under collection from 2017.
3. 2018 estimated (over)/under collection.
4. Total adjustment from 2017 and 2018.

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.	2,205.894	378.49	834,908.8201	
	<u>2,205.894</u>		<u>834,908.8201</u>	50.35%
Zone 7				
NOVA Gas Transmission Ltd.	1,028.370	124.03	127,548.7311	
	<u>1,028.370</u>		<u>127,548.7311</u>	7.69%
Zone 8				
Access Gas Services Inc.	0.350	170.70	59.7450	
ARC Resources Ltd.	50.750	170.70	8,663.0250	
Avista Corporation	216.237	170.70	36,911.6559	
BP Canada Energy Group ULC	33.302	170.70	5,684.6514	
Canadian Natural Resources	17.925	170.70	3,059.7975	
Cascade Natural Gas Corporation	29.387	170.70	5,016.4081	
Castleton Commodities Merchant Trading L.P.	67.543	170.70	11,529.5901	
Cenovus Energy Inc.	51.631	170.70	8,813.4117	
City of Glendale	4.362	170.70	744.5934	
City of Pasadena	4.362	170.70	744.5934	
Encana Corporation	119.181	170.70	20,344.1967	
FortisBC Energy Inc.	142.826	170.70	24,380.4473	
Husky Oil Operations Limited	12.500	170.70	2,133.7500	
Intermountain Gas Company	116.894	170.70	19,953.8498	
Jupiter Resources Inc.	49.250	170.70	8,406.9750	
Labatt Brewing Company Limited	0.270	170.70	46.0890	
Mercuria Commodities Canada Corporation	133.068	170.70	22,714.7918	
Northern California Power Agency	2.967	170.70	506.4669	
Northwest Natural Gas Company	157.243	170.70	26,841.3025	
NuVista Energy Ltd.	40.000	170.70	6,828.0000	
Pacific Gas and Electric Company	386.355	170.70	65,950.7985	
PacifiCorp	16.142	170.70	2,755.4394	
Paramount Resources Ltd.	21.187	170.70	3,616.6209	
Portland General Electric Company	128.122	170.70	21,870.4254	
Powerex Corp.	43.600	170.70	7,442.5200	
Puget Sound Energy, Inc.	126.160	170.70	21,535.5120	
Repsol Canada Energy Partnership	4.406	170.70	752.1042	
Sacramento Municipal Utility District	24.034	170.70	4,102.6038	
Seven Generations Energy Ltd.	1.985	170.70	338.9120	
Shell Energy North America (Canada) Inc.	69.175	170.70	11,808.1725	
Sierra Pacific Power Company	136.031	170.70	23,220.4917	
Southern California Gas Company	56.783	170.70	9,692.8581	
Tenaska Marketing Canada, a division of TMV Corp.	22.215	170.70	3,792.1122	
Tourmaline Oil Corp.	229.665	170.70	39,203.8038	
Turlock Irrigation District	17.098	170.70	2,918.6286	
	<u>2,533.007</u>		<u>432,384.344</u>	26.07%
Zone 9				
BP Canada Energy Group ULC	33.198	258.97	8,597.3286	
ConocoPhillips Canada Marketing & Trading ULC	25.000	258.97	6,474.2500	
EDF Trading North America, LLC	100.000	258.97	25,897.0000	
Freepoint Commodities LLC	13.181	258.97	3,413.5112	
Hammerhead Resources Inc.	6.441	258.97	1,668.0258	
Husky Oil Operations Limited	131.680	258.97	34,101.2491	
Koch Canada Energy Services, LP	20.000	258.97	5,179.4000	
MDU Resources Group, Inc.	10.656	258.97	2,759.5843	
NJR Energy Services Company	54.986	258.97	14,239.8025	
Sequent Energy Canada Corp.	100.000	258.97	25,897.0000	
Shell Energy North America (Canada) Inc.	50.141	258.97	12,985.0148	
Tenaska Marketing Canada, a division of TMV Corp.	277.919	258.97	71,972.5664	
Tidal Energy Marketing Inc.	43.218	258.97	11,192.1655	
Tourmaline Oil Corp.	10.656	258.97	2,759.5843	
TransGas Limited	148.000	92.00	13,616.0000	
TransGas Limited	150.000	48.00	7,200.0000	
Twin Eagle Resource Management Canada, LLC	60.000	258.97	15,538.2000	
	<u>1,235.076</u>		<u>263,490.682</u>	15.89%

SCHEDULE G

ABANDONMENT SURCHARGE CALCULATION

The derivation of the Annual Contribution Amount (ACA) and the Abandonment Surcharges has been comprehensively updated for implementation effective January 1, 2019. Specifically, the ACA has incorporated (i) the Board approved Foothills Abandonment Cost Estimate (ACE) resulting from the 2016 ACE Review of \$244.72 million,¹ (ii) a revision to the forecast company-specific tax rate on investment income to 27.00%, (iii) actual annual contributions, investment income, investment expenses and income taxes since 2015; and (iv) reimbursement to Foothills for the Reclamation Obligation Costs as approved by the Board in Order MO-051-2017. The adjusted Foothills ACA is comprised of the Foothills ACA of approximately \$10.86 million plus tax true-ups totaling \$20 thousand to be contributed by Foothills²

	Total	Zone 6	Zone 7	Zone 8	Zone 9
Billing Determinants (GJ/year) ³	2,637,949,286	805,151,310	375,355,050	952,339,466	505,103,460
Percentage of Total BDs	100.0%	30.52%	14.23%	36.10%	19.15%

Monthly Abandonment Surcharge Calculation

(ACA) / (Total Foothills Billing Determinants) =
 (\$10.84 Million/year) / (2,637,949,286 GJ/year) * (365/12) = **0.1250196175 \$/GJ/Month**

Daily Abandonment Surcharge Calculation

(ACA) / (Total Foothills Billing Determinants)
 (\$10.84 Million/year) / 2,637,949,286 GJ/year = **0.0041102340 \$/GJ/Day**

Note(s):

1. NEB Letter Decision on Group 1 ACE Review 2016 Filings dated April 18, 2018 [NEB ID: A91357].
2. Tax True-ups are amounts to be retained and/or contributed by Foothills related to (a) the tax differential arising from accrued surcharges receivable but not received in 2017, and (b) adjustment for the tax rate differential between Foothills and the Trust on income earned in the Trust.
3. Billing Determinants include any known contracts and forecasts for the following services: Firm Transportation Service (FT), Short Term Firm Transportation Service (STFT), Small General Service (SGS), and Interruptible Transportation Service (IT).

Attachment 2

**Foothills Pipe Lines Ltd.
Table of Effective Rates
Blackline Version
Effective 2019 Rates**

TABLE OF EFFECTIVE RATES

1. Rate Schedule FT, Firm Transportation Service

Demand Rate
(\$/GJ/Km/Month)

Zone 6	0.0053689132 0.0053089826
Zone 7	0.0029594363 0.0024594335
Zone 8*	0.0163193182 0.0130154360
Zone 9	0.0169980422 0.0077406397

2. Rate Schedule OT, Overrun Transportation Service

Commodity Rate
(\$/GJ/Km)

Zone 6	0.0001941634 0.0001919961
Zone 7	0.0001070262 0.0000889439

3. Rate Schedule IT, Interruptible Transportation Service

Commodity Rate
(\$/GJ/Km)

Zone 8*	0.0005901781 0.0004706952
Zone 9	0.0006147237 0.0002799355

4. Monthly Abandonment Surcharge**

All Zones	0.1250196175 0.0941626428 (\$/GJ/Month)
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5. Daily Abandonment Surcharge***

All Zones	0.0041102340 0.0030957522 (\$/GJ/Day)
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* For Zone 8, Shippers Haul Distance shall be 170.7 km.

**Monthly Abandonment Surcharge applicable to Rate Schedule Firm Transportation Service, and Short Term Firm Transportation Service for all zones.

***Daily Abandonment Surcharge applicable to Rate Schedule Overrun Transportation Service for Zone 6 & 7, Interruptible Transportation Service for Zone 8 & 9, and Small General Service for Zone 9.

Attachment 3

**Foothills Pipe Lines Ltd.
Table of Effective Rates
Clean Version
Effective 2019 Rates**

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

	Demand Rate (\$/GJ/Km/Month)
Zone 6	0.0053689132
Zone 7	0.0029594363
Zone 8*	0.0163193182
Zone 9	0.0169980422

2. Rate Schedule OT, Overrun Transportation Service

	Commodity Rate (\$/GJ/Km)
Zone 6	0.0001941634
Zone 7	0.0001070262

3. Rate Schedule IT, Interruptible Transportation Service

	Commodity Rate (\$/GJ/Km)
Zone 8*	0.0005901781
Zone 9	0.0006147237

4. Monthly Abandonment Surcharge**

All Zones	0.1250196175 (\$/GJ/Month)
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5. Daily Abandonment Surcharge***

All Zones	0.0041102340 (\$/GJ/Day)
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* For Zone 8, Shippers Haul Distance shall be 170.7 km.

**Monthly Abandonment Surcharge applicable to Rate Schedule Firm Transportation Service, and Short Term Firm Transportation Service for all zones.

***Daily Abandonment Surcharge applicable to Rate Schedule Overrun Transportation Service for Zone 6 & 7, Interruptible Transportation Service for Zone 8 & 9, and Small General Service for Zone 9.