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October 31, 2017

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, 2018**

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, 2018 (Effective 2018 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 2018

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 is also made in accordance with the MH-001-2013 Decision with respect to Foothills' Abandonment Surcharges effective January 1, 2018, which are also included in the Table of Effective Rates for 2018. The supporting information on the Abandonment Surcharges calculation is provided in the attached Schedule G.

Foothills met with shippers and interested parties on October 18, 2017, and presented the preliminary 2018 revenue requirement and preliminary Effective 2018 Rates. Based on this consultation, Foothills is not aware of any objections to its proposal for establishing the Effective 2018 Rates.

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

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 Gas Pipelines
TransCanada PipeLines Limited
450 – 1 Street SW
Calgary, Alberta T2P 5H1
Telephone: (403) 920-6098
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Joel Forrest
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Natural Gas Pipelines
TransCanada PipeLines Limited
450 – 1 Street SW
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Yours truly,
Foothills Pipe Lines Ltd.

Original signed by

Bernard Pelletier
Director, Regulatory Tolls and Tariffs
Canadian Gas Pipelines

Attachments

cc: Foothills Firm Shippers
Interruptible Shippers and Interested Parties

Attachment 1

**Foothills Pipe Lines Ltd.
Supporting Schedules A through G
Effective 2018 Rates**

SUMMARY

Foothills Pipe Lines Ltd.
TRANSPORTATION RATES
Effective: January 1, 2018

REVENUE REQUIREMENT	Schedule	Amount (\$000)			
		Zone 6	Zone 7	Zone 8	Zone 9
Estimated Costs of Service:					
Operating & Maintenance	A	30,094	5,466	14,580	7,940
Return on Rate Base	B	3,359	109	7,671	5,886
Depreciation & Amortization	C	11,798	1,509	21,799	20,184
Taxes: Income and Other	D	6,483	1,183	12,695	9,668
Carbon Taxes		4,000	n/a	10,719	n/a
Fuel Tax		n/a	n/a	4,463	554
Sub-Total		<u>55,734</u>	<u>8,267</u>	<u>71,927</u>	<u>44,232</u>
Adjustments:					
Previous (Over) / Under	E	(1,893)	(2,501)	(6,587)	(3,587)
Total Revenue Requirement		<u><u>53,841</u></u>	<u><u>5,766</u></u>	<u><u>65,340</u></u>	<u><u>40,645</u></u>
Other Service Revenue					
STFT		-	-	(813)	(2,618)
Interruptible/Ovrrun		-	-	(1,663)	(26,091)
SGS		-	-	-	(2)
FT Service Revenue Requirement		<u><u>53,841</u></u>	<u><u>5,766</u></u>	<u><u>62,864</u></u>	<u><u>11,934</u></u>

BILLING DETERMINANTS

FT Contract MDQ (TJ/d)	F	2,232.88	1,575.19	2,357.90	671.25
Total FT MDQ x Distance	F	845,124.27	195,370.20	402,493.74	128,480.78
Estimated STFT MDQ (TJ/d)		-	-	30.51	108.83
Estimated Interruptible/Ovrrun Deliveries (TJ)		-	-	20,691.10	368,138.79
Estimated SGS Deliveries (TJ)		-	-	-	52.22

TRANSPORTATION RATES

Effective Rates					
Demand Rate (\$/GJ / Km / Month)		0.0053089826	0.0024594335	0.0130154360	0.0077406397
Ovrrun Service (\$/GJ / Km)		0.0001919961	0.0000889439	n/a	n/a
Interruptible Rate (\$/GJ / Km)		n/a	n/a	0.0004706952	0.0002799355
Full Haul Rates					
Demand Rate (\$/GJ)		0.0660623613	0.0100288286	0.0730433400	0.0659044426
Ovrrun Service (\$/GJ)		0.0726686039	0.0110317119	n/a	n/a
Interruptible Rate (\$/GJ)		n/a	n/a	0.0803476706	0.0724948964

SCHEDULE A

OPERATING AND MAINTENANCE EXPENSES

For the year ended December 31, 2018

(\$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	27,776	13,390	2,583	7,228	4,575
Electrical power					
Jenner, Acme and Crawling Valley	6,725	6,725	-	-	-
De/re Facilities at Empress	6,690	6,690	-	-	-
BC	597	-	-	597	-
Saskatchewan	651	-	-	-	651
	<u>14,663</u>	<u>13,415</u>	<u>-</u>	<u>597</u>	<u>651</u>
Compressor Repair	2,028	510	-	860	658
Pipeline Integrity Program	9,913	915	2,487	4,989	1,522
Government Agency Costs Recovery	<u>3,700</u>	<u>1,864</u>	<u>396</u>	<u>906</u>	<u>534</u>
Total	<u><u>58,080</u></u>	<u><u>30,094</u></u>	<u><u>5,466</u></u>	<u><u>14,580</u></u>	<u><u>7,940</u></u>

**DEEMED AVERAGE CAPITALIZATION AND
RETURN ON RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2018**

ZONE 6

	AMOUNT (\$000)	RATIO %	COST RATE %	COST COMPONENT %
Debt - Funded	39,800	58.17	1.50	0.87
- Unfunded/(Prefunded)	1,255	1.83	1.75	0.03
	<u>41,055</u>	<u>60.00</u>		<u>0.90</u>
Common Equity	27,370	40.00	10.10	4.04
Total Capitalization	<u><u>68,425</u></u>	<u><u>100.00</u></u>		<u><u>4.94</u></u>
Rate Base	68,001			
GPUC	<u>424</u>			
Total Capitalization	<u><u>68,425</u></u>			
Return on Rate Base	<u><u>3,359</u></u>	=	68,001	X 4.94%

ZONE 7

	AMOUNT (\$000)	RATIO %	COST RATE %	COST COMPONENT %
Debt - Funded	1,000	45.79	1.50	0.69
- Unfunded/(Prefunded)	310	14.21	1.75	0.25
	<u>1,310</u>	<u>60.00</u>		<u>0.94</u>
Common Equity	874	40.00	10.10	4.04
Total Capitalization	<u><u>2,184</u></u>	<u><u>100.00</u></u>		<u><u>4.98</u></u>
Rate Base	2,179			
GPUC	<u>5</u>			
Total Capitalization	<u><u>2,184</u></u>			
Return on Rate Base	<u><u>109</u></u>	=	2,179	X 4.98%

**DEEMED AVERAGE CAPITALIZATION AND
RETURN ON RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2018**

ZONE 8

	AMOUNT (\$000)	RATIO %	COST RATE %	COST COMPONENT %
Debt - Funded	85,240	54.40	1.50	0.82
- Unfunded/(Prefunded)	8,768	5.60	1.75	0.10
	<u>94,008</u>	<u>60.00</u>		<u>0.92</u>
Common Equity	62,672	40.00	10.10	4.04
Total Capitalization	<u><u>156,680</u></u>	<u><u>100.00</u></u>		<u><u>4.96</u></u>
Rate Base	154,649			
GPUC	<u>2,031</u>			
Total Capitalization	<u><u>156,680</u></u>			
Return on Rate Base	<u><u>7,671</u></u>	=	154,649	X 4.96%

ZONE 9

	AMOUNT (\$000)	RATIO %	COST RATE %	COST COMPONENT %
Debt - Funded	73,960	61.23	1.50	0.92
- Unfunded/(Prefunded)	(1,485)	(1.23)	1.50	(0.02)
	<u>72,475</u>	<u>60.00</u>		<u>0.90</u>
Common Equity	48,317	40.00	10.10	4.04
Total Capitalization	<u><u>120,792</u></u>	<u><u>100.00</u></u>		<u><u>4.94</u></u>
Rate Base	119,147			
GPUC	<u>1,645</u>			
Total Capitalization	<u><u>120,792</u></u>			
Return on Rate Base	<u><u>5,886</u></u>	=	119,147	X 4.94%

SCHEDULE B-1

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RATE BASE - 2018

(\$000)

ZONE 6

Month	Net Plant Month End	Materials Supplies & Prepaid	Working Capital	Linepack	Rate Base End Month
January Opening Balance	64,716	981	4,811	2,577	73,085
January	63,265	981	3,690	2,577	70,513
February	61,823	981	4,091	2,577	69,472
March	60,369	980	4,071	2,577	67,997
April	59,730	960	4,056	2,577	67,323
May	59,139	979	4,122	2,577	66,817
June	60,638	979	4,113	2,577	68,307
July	60,095	978	4,037	2,577	67,687
August	59,561	978	4,529	2,577	67,645
September	58,318	978	4,143	2,577	66,016
October	58,303	977	4,121	2,577	65,978
November	57,732	977	4,613	2,577	65,899
December	58,166	976	5,559	2,577	67,278
Average Rate Base - 13 Month					<u><u>68,001</u></u>

ZONE 7

Month	Net Plant Month End	Materials Supplies & Prepaid	Working Capital	Linepack	Rate Base End Month
January Opening Balance	516	-	1,130	1,039	2,685
January	324	-	311	1,039	1,674
February	306	-	350	1,039	1,695
March	300	-	486	1,039	1,825
April	366	-	638	1,039	2,043
May	368	-	962	1,039	2,369
June	421	-	1,721	1,039	3,181
July	447	-	656	1,039	2,142
August	460	-	392	1,039	1,891
September	533	-	638	1,039	2,210
October	541	-	702	1,039	2,282
November	483	-	750	1,039	2,272
December	424	-	597	1,039	2,060
Average Rate Base - 13 Month					<u><u>2,179</u></u>

SCHEDULE B-1

Page 2 of 2

RATE BASE - 2018

(\$000)

ZONE 8

Month	Net Plant Month End	Materials Supplies & Prepaid	Working Capital	Linepack	Rate Base End Month
January Opening Balance	147,404	1,977	3,476	1,473	154,330
January	145,688	1,976	3,084	1,473	152,221
February	148,682	1,976	2,973	1,473	155,104
March	146,989	1,976	3,180	1,473	153,618
April	145,641	1,975	3,171	1,473	152,260
May	146,246	1,975	3,759	1,473	153,453
June	145,836	1,974	4,295	1,473	153,578
July	145,826	1,974	3,998	1,473	153,271
August	145,960	1,973	4,374	1,473	153,780
September	147,099	1,973	3,782	1,473	154,327
October	149,558	1,973	4,037	1,473	157,041
November	148,803	1,972	4,406	1,473	156,654
December	153,769	1,972	3,587	1,473	160,801
Average Rate Base - 13 Month					<u>154,649</u>

ZONE 9

Month	Net Plant Month End	Materials Supplies & Prepaid	Working Capital	Linepack	Rate Base End Month
January Opening Balance	122,520	660	1,791	2,316	127,287
January	120,864	659	672	2,316	124,511
February	119,238	659	1,233	2,316	123,446
March	117,629	658	767	2,316	121,370
April	116,059	658	1,005	2,316	120,038
May	114,513	658	854	2,316	118,341
June	113,032	657	804	2,316	116,809
July	111,568	657	728	2,316	115,269
August	110,081	656	948	2,316	114,001
September	108,644	656	849	2,316	112,465
October	113,406	655	1,160	2,316	117,537
November	112,784	655	1,457	2,316	117,212
December	115,383	655	2,267	2,316	120,621
Average Rate Base - 13 Month					<u>119,147</u>

**DEPRECIATION AND AMORTIZATION
FOR THE PERIOD ENDING DECEMBER 31, 2018**

(\$000)

ZONE 6

Month	Depreciation	Amortization	Depreciation & Amortization
January	1,498	-	1,498
February	1,508	-	1,508
March	1,509	-	1,509
April	744	-	744
May	708	-	708
June	709	-	709
July	723	-	723
August	724	-	724
September	1,491	-	1,491
October	725	-	725
November	729	-	729
December	730	-	730
TOTAL	<u><u>11,798</u></u>	<u><u>-</u></u>	<u><u>11,798</u></u>

ZONE 7

Month	Depreciation	Amortization	Depreciation & Amortization
January	201	-	201
February	29	-	29
March	15	-	15
April	15	-	15
May	85	-	85
June	87	-	87
July	139	-	139
August	166	-	166
September	179	-	179
October	197	-	197
November	198	-	198
December	198	-	198
TOTAL	<u><u>1,509</u></u>	<u><u>-</u></u>	<u><u>1,509</u></u>

DEPRECIATION AND AMORTIZATION
FOR THE PERIOD ENDING DECEMBER 31, 2018
(\$000)

ZONE 8

Month	Depreciation	Amortization	Depreciation & Amortization
January	1,798	-	1,798
February	1,798	-	1,798
March	1,828	-	1,828
April	1,829	-	1,829
May	1,820	-	1,820
June	1,803	-	1,803
July	1,801	-	1,801
August	1,799	-	1,799
September	1,819	-	1,819
October	1,827	-	1,827
November	1,841	-	1,841
December	1,836	-	1,836
TOTAL	<u><u>21,799</u></u>	<u><u>-</u></u>	<u><u>21,799</u></u>

ZONE 9

Month	Depreciation	Amortization	Depreciation & Amortization
January	1,706	-	1,706
February	1,697	-	1,697
March	1,698	-	1,698
April	1,699	-	1,699
May	1,689	-	1,689
June	1,660	-	1,660
July	1,661	-	1,661
August	1,662	-	1,662
September	1,664	-	1,664
October	1,665	-	1,665
November	1,690	-	1,690
December	1,693	-	1,693
TOTAL	<u><u>20,184</u></u>	<u><u>-</u></u>	<u><u>20,184</u></u>

DEPRECIATION BY ACCOUNT - 2018

(\$000)

ZONE 6

NEB Account No and Description	Depreciation Rate	Gross Plant at 31-Dec-2017	Additions & Retirements	Gross Plant at 31-Dec-2018	Depreciation For Year
460-Land	0.00%	222	-	222	-
461-Land Rights	3.00%	3,412	-	3,412	-
462-Compressor Structures	3.00%	34,624	-	34,624	1,039
465-Pipeline Mains	3.00%	306,159	1,056	307,215	3,063
466-Compressor Equipment	3.00%	173,182	1,007	174,189	5,195
466-Compressor Overhaul	7.69%	18,282	2,625	20,907	1,493
468-Communications	3.00%	16	-	16	-
482-Leasehold Improvements	10.00%	906	2	908	86
483-Computer Equipment	24.41%	3,519	249	3,768	608
483-Office Furniture & Eqmt	8.90%	305	44	349	29
484-Transportation Eqmt	30.00%	66	-	66	-
485-Heavy Work Equipment	2.19%	80	-	80	-
486-Tools & Work Equipment	2.01%	612	(5)	607	12
488-Communication STR	5.21%	107	82	189	8
496-Unclassified Plant	3.00%	8,836	-	8,836	265
TOTAL Gas Plant in Service		<u>550,328</u>	<u>5,060</u>	<u>555,388</u>	<u>11,798</u>
Composite Depreciation Rate	2.14%				

DEPRECIATION BY MONTH - 2018

(\$000)

Month	Gross Plant Start Month	Additions In Month	Retirements In Month	Gross Plant End Month	Depreciation By Month
January	550,328	48	-	550,376	1,498
February	550,376	66	-	550,442	1,508
March	550,442	54	-	550,496	1,509
April	550,496	105	-	550,601	744
May	550,601	117	-	550,718	708
June	550,718	2,208	-	552,926	709
July	552,926	179	-	553,105	723
August	553,105	190	-	553,295	724
September	553,295	248	-	553,543	1,491
October	553,543	711	-	554,254	725
November	554,254	158	-	554,412	729
December	554,412	1,165	(189)	555,388	730
TOTAL		<u>5,249</u>	<u>(189)</u>		<u>11,798</u>

DEPRECIATION BY ACCOUNT - 2018

(\$000)

ZONE 7

NEB Account No and Description	Depreciation Rate	Gross Plant at 31-Dec-2017	Additions & Retirements	Gross Plant at 31-Dec-2018	Depreciation For Year
461-Land Rights	3.00%	1,081	-	1,081	-
465-Pipeline Mains	3.00%	74,493	1,313	75,806	1,378
482-Leasehold Improvements	10.00%	130	-	130	5
483-Computer Equipment	24.41%	662	53	715	120
483-Office Furniture & Eqmt	8.90%	46	6	52	4
486-Tools & Work Equip	2.01%	30	(1)	29	-
488-Communication STR	5.21%	19	15	34	2
496-Unclassified Plant	3.00%	23,072	-	23,072	-
TOTAL Gas Plant in Service		<u>99,533</u>	<u>1,386</u>	<u>100,919</u>	<u>1,509</u>
Composite Depreciation Rate	1.51%				

DEPRECIATION BY MONTH - 2018

(\$000)

Month	Gross Plant Start Month	Additions In Month	Retirements In Month	Gross Plant End Month	Depreciation By Month
January	99,533	9	-	99,542	201
February	99,542	11	-	99,553	29
March	99,553	9	-	99,562	15
April	99,562	81	-	99,643	15
May	99,643	87	-	99,730	85
June	99,730	140	-	99,870	87
July	99,870	166	-	100,036	139
August	100,036	179	-	100,215	166
September	100,215	251	-	100,466	179
October	100,466	205	-	100,671	197
November	100,671	139	-	100,810	198
December	100,810	139	(30)	100,919	198
TOTAL		<u>1,416</u>	<u>(30)</u>		<u>1,509</u>

DEPRECIATION BY ACCOUNT - 2018

(\$000)

ZONE 8

NEB Account No and Description	Depreciation Rate	Gross Plant at 31-Dec-2017	Additions & Retirements	Gross Plant at 31-Dec-2018	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%	21,342	-	21,342	640
463-Meas & Reg Structures	3.00%	1,773	-	1,773	53
465-Pipeline Mains	3.00%	286,998	17,429	304,427	8,729
466-Compressor Equipment	3.00%	240,287	1,646	241,933	7,209
466-Compressor Overhaul	7.69%	28,501	8,250	36,751	2,586
467-Meas & Reg Equipment	3.00%	13,461	179	13,640	408
468-Communications	3.00%	825	(71)	754	25
482-Leasehold Improvements	10.00%	308	38	346	1
482-Leasehold Improvements	6.67%	205	-	205	77
482-Leasehold Improvements	5.61%	597	-	597	25
483-Computer Equipment	24.41%	7,441	247	7,688	1,576
483-Office Furniture & Eqmt	8.90%	215	-	215	1
484-Transportation Eqmt	30.00%	570	41	611	133
485-Heavy Work Equipment	2.19%	918	-	918	20
486-Tools & Work Equip	2.01%	2,428	-	2,428	49
488-Communication STR	5.21%	566	90	656	32
496-Unclassified Plant	3.00%	4,469	-	4,469	134
TOTAL Gas Plant in Service		<u>615,664</u>	<u>27,849</u>	<u>643,513</u>	<u>21,799</u>
Composite Depreciation Rate	3.48%				

DEPRECIATION BY MONTH - 2018

(\$000)

Month	Gross Plant Start Month	Additions In Month	Retirements In Month	Gross Plant End Month	Depreciation By Month
January	615,664	79	-	615,743	1,798
February	615,743	4,788	-	620,531	1,798
March	620,531	134	-	620,665	1,828
April	620,665	481	-	621,146	1,829
May	621,146	2,426	-	623,572	1,820
June	623,572	1,393	-	624,965	1,803
July	624,965	1,791	-	626,756	1,801
August	626,756	1,933	-	628,689	1,799
September	628,689	2,958	-	631,647	1,819
October	631,647	4,286	-	635,933	1,827
November	635,933	1,085	-	637,018	1,841
December	637,018	6,801	(306)	643,513	1,836
TOTAL		<u>28,155</u>	<u>(306)</u>		<u>21,799</u>

DEPRECIATION BY ACCOUNT - 2018

(\$000)

ZONE 9

NEB Account No and Description	Depreciation Rate	Gross Plant at 31-Dec-2017	Additions & Retirements	Gross Plant at 31-Dec-2018	Depreciation For Year
460-Land	0.00%	130	-	130	-
461-Land Rights	3.00%	1,307	-	1,307	-
462-Compressor Structures	3.00%	40,405	-	40,405	1,212
463-Meas & Reg Structures	3.00%	4,281	-	4,281	129
464-Other Structures	3.00%	1,632	-	1,632	49
465-Pipeline Mains	3.00%	326,278	5,886	332,164	9,818
466-Compressor Equipment	3.00%	198,945	1,118	200,063	5,970
466-Compressor Overhaul	7.69%	17,335	5,300	22,635	1,362
467-Meas & Reg Equipment	3.00%	17,306	-	17,306	519
468-Communications	3.00%	562	-	562	17
482-Leasehold Improvements	10.00%	496	-	496	27
483-Computer Equipment	24.41%	4,015	256	4,271	734
483-Office Furniture & Eqmt	8.90%	159	6	165	14
484-Transportation Eqmt	30.00%	359	-	359	9
485-Heavy Work Equip	2.19%	172	-	172	-
486-Tools & Work Equip	2.01%	620	129	749	-
488-Communication STR	5.21%	122	94	216	9
496-Unclassified Plant	3.00%	10,509	-	10,509	315
TOTAL Gas Plant in Service		<u>624,633</u>	<u>12,789</u>	<u>637,422</u>	<u>20,184</u>
Composite Depreciation Rate	3.22%				

DEPRECIATION BY MONTH - 2018

(\$000)

Month	Gross Plant Start Month	Additions In Month	Retirements In Month	Gross Plant End Month	Depreciation By Month
January	624,633	49	-	624,682	1,706
February	624,682	71	-	624,753	1,697
March	624,753	89	-	624,842	1,698
April	624,842	129	-	624,971	1,699
May	624,971	143	-	625,114	1,689
June	625,114	179	-	625,293	1,660
July	625,293	197	-	625,490	1,661
August	625,490	176	-	625,666	1,662
September	625,666	226	-	625,892	1,664
October	625,892	6,427	-	632,319	1,665
November	632,319	1,068	-	633,387	1,690
December	633,387	4,293	(258)	637,422	1,693
TOTAL		<u>13,047</u>	<u>(258)</u>		<u>20,184</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	3,359	109	7,671	5,886
Add:				
Depreciation and Amortization	11,798	1,509	21,799	20,184
Deduct:				
Return on Debt	619	20	1,407	1,072
Capital Cost Allowance	3,846	707	7,074	5,489
Compressor Overhaul Capitalized	2,625	-	8,250	5,300
Total Taxable Amount	<u>8,067</u>	<u>891</u>	<u>12,739</u>	<u>14,209</u>
Income Tax Rate	27.00%	27.00%	27.00%	26.50%
Income Tax Provision (at R/(1-R) x Taxable Amount)	2,984	330	4,712	5,123
Taxes - Other than Income Tax	3,499	853	7,983	4,545
Total Taxes: Income and Other	<u><u>6,483</u></u>	<u><u>1,183</u></u>	<u><u>12,695</u></u>	<u><u>9,668</u></u>

ADJUSTMENT FOR (OVER) OR UNDER COLLECTION

(\$000)

ZONE 6

	<u>2016 Forecast</u>	<u>2016 Actual</u>	<u>2017 Forecast</u>		
Cost of Service					
Operating & Maintenance	29,329	25,781			32,584
Return on Rate Base	4,161	4,133			3,669
Depreciation & Amortization	16,561	16,599			9,577
Taxes: Income and Other	7,363	7,633			6,024
Carbon Tax	-	1,800			-
Fuel Tax	-	-			-
Sub-Total	<u>57,414</u>	<u>55,946</u>			<u>51,854</u>
Adjustments:					
Previous (Over) / Under	(3,249)	(3,249)			(10,553)
Overrun Service	-	-			-
Total Firm Revenue Requirement	<u>54,165</u>	<u>52,697</u>			<u>41,301</u>
Service Revenue					
FT Service	<u>63,086</u>	<u>63,406</u>			<u>41,392</u>
Total Revenue Generated	<u>63,086</u>	<u>63,406</u>			<u>41,392</u>
Variance	<u>2016¹</u>	<u>2016</u>	<u>2016²</u>	<u>2017³</u>	<u>Total⁴</u>
Revenue Required minus Revenue Generated	(8,921)	(10,709)	(1,788)	(91)	(1,879)
Interest on Variance	(134)	(146)	(12)	(2)	(14)
BILLING ADJUSTMENT FOR TEST YEAR	(9,055)	(10,855)	(1,800)	(93)	<u>(1,893)</u>

ZONE 7

	<u>2016 Forecast</u>	<u>2016 Actual</u>	<u>2017 Forecast</u>		
Cost of Service					
Operating & Maintenance	5,296	4,381			5,531
Return on Rate Base	111	104			106
Depreciation & Amortization	154	158			170
Taxes: Income and Other	641	693			646
Fuel Tax	-	-			-
Sub-Total	<u>6,202</u>	<u>5,336</u>			<u>6,453</u>
Adjustments:					
Previous (Over) / Under	(526)	(526)			(971)
Overrun Service	-	-			-
Total Firm Revenue Requirement	<u>5,676</u>	<u>4,810</u>			<u>5,482</u>
Service Revenue					
FT Service	<u>5,606</u>	<u>5,922</u>			<u>6,763</u>
Total Revenue Generated	<u>5,606</u>	<u>5,922</u>			<u>6,763</u>
Variance	<u>2016¹</u>	<u>2016</u>	<u>2016²</u>	<u>2017³</u>	<u>Total⁴</u>
Revenue Required minus Revenue Generated	70	(1,112)	(1,182)	(1,281)	(2,463)
Interest on Variance	1	(15)	(16)	(22)	(38)
BILLING ADJUSTMENT FOR TEST YEAR	71	(1,127)	(1,198)	(1,303)	<u>(2,501)</u>

Note(s):

1. Forecast 2016 as identified in the 2017 rates application.
2. Estimate/Actual (over)/under collection from 2016.
3. 2017 estimated (over)/under collection.
4. Total adjustment from 2016 and 2017.

SCHEDULE E
Page 2 of 2

ADJUSTMENT FOR (OVER) OR UNDER COLLECTION

(\$000)

ZONE 8

	<u>2016 Forecast</u>	<u>2016 Actual</u>	<u>2017 Forecast</u>		
Cost of Service					
Operating & Maintenance	14,192	12,260	16,440		
Return on Rate Base	8,381	8,335	7,855		
Depreciation & Amortization	20,459	20,434	21,189		
Taxes: Income and Other	12,761	12,797	14,307		
Carbon Tax	8,616	8,629	8,616		
Fuel Tax	3,549	3,536	3,549		
Sub-Total	<u>67,958</u>	<u>65,991</u>	<u>71,956</u>		
Adjustments:					
Previous (Over) / Under	(3,866)	(3,866)	(8,801)		
STFT & IT Service	<u>(5,787)</u>	<u>(4,885)</u>	<u>(3,945)</u>		
Total Firm Revenue Requirement	<u>58,305</u>	<u>57,240</u>	<u>59,210</u>		
Service Revenue					
FT Service	<u>62,978</u>	<u>67,000</u>	<u>60,622</u>		
Total Revenue Generated	<u>62,978</u>	8-1 <u>67,000</u>	<u>60,622</u>		
Variance	<u>2016¹</u>	<u>2016</u>	<u>2016²</u>	<u>2017³</u>	<u>Total⁴</u>
Revenue Required minus Revenue Generated	(4,673)	(9,760)	(5,087)	(1,412)	(6,499)
Interest on Variance	<u>(70)</u>	<u>(133)</u>	<u>(63)</u>	<u>(25)</u>	<u>(88)</u>
BILLING ADJUSTMENT FOR TEST YEAR	(4,743)	(9,893)	(5,150)	(1,437)	(6,587)

ZONE 9

	<u>2016 Forecast</u>	<u>2016 Actual</u>	<u>2017 Forecast</u>		
Cost of Service					
Operating & Maintenance	7,623	6,870	10,592		
Return on Rate Base	7,691	7,669	6,761		
Depreciation & Amortization	20,009	20,009	20,308		
Taxes: Income and Other	10,768	11,232	11,837		
Fuel Tax	303	383	303		
Sub-Total	<u>46,394</u>	<u>46,163</u>	<u>49,801</u>		
Adjustments:					
Previous (Over) / Under	(4,118)	(4,118)	(4,270)		
STFT, IT & SGS Service	<u>(35,739)</u>	<u>(33,408)</u>	<u>(19,688)</u>		
Total Firm Revenue Requirement	<u>6,537</u>	<u>8,637</u>	<u>25,843</u>		
Service Revenue					
FT Service	<u>9,741</u>	<u>14,223</u>	<u>27,000</u>		
Total Revenue Generated	<u>9,741</u>	<u>14,223</u>	<u>27,000</u>		
Variance	<u>2016¹</u>	<u>2016</u>	<u>2016²</u>	<u>2017³</u>	<u>Total⁴</u>
Revenue Required minus Revenue Generated	(3,204)	(5,586)	(2,382)	(1,157)	(3,539)
Interest on Variance	<u>(48)</u>	<u>(76)</u>	<u>(28)</u>	<u>(20)</u>	<u>(48)</u>
BILLING ADJUSTMENT FOR TEST YEAR	(3,252)	(5,662)	(2,410)	(1,177)	(3,587)

Note(s):

- Forecast 2016 as identified in the 2017 rates application.
- Estimate/Actual (over)/under collection from 2016.
- 2017 estimated (over)/under collection.
- Total adjustment from 2016 and 2017.

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.	2,232.884	378.49	845,124.2652	
	<u>2,232.884</u>		<u>845,124.2652</u>	53.78%
Zone 7				
NOVA Gas Transmission Ltd.	1,575.185	124.03	195,370.1956	
	<u>1,575.185</u>		<u>195,370.1956</u>	12.43%
Zone 8				
Access Gas Services Inc.	0.350	170.70	59.7450	
ARC Resources Ltd.	8.482	170.70	1,447.7932	
Avista Corporation	216.237	170.70	36,911.6559	
BP Canada Energy Group ULC	26.850	170.70	4,583.2950	
Canadian Natural Resources	17.925	170.70	3,059.7975	
Cascade Natural Gas Corporation	29.387	170.70	5,016.4081	
Chevron Canada Resources	0.000	170.70	-	
City of Glendale	4.362	170.70	744.5934	
City of Pasadena	4.362	170.70	744.5934	
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	
Encana Corporation	76.510	170.70	13,060.2958	
FortisBC Energy Inc.	150.047	170.70	25,612.9972	
Husky Oil Operations Limited	12.500	170.70	2,133.7500	
Iberdrola Canada Energy Services Ltd.	67.543	170.70	11,529.5901	
Intermountain Gas Company	116.894	170.70	19,953.8498	
Jupiter Resources Inc.	49.250	170.70	8,406.9750	
Noble Americas Gas & Power Corp.	174.233	170.70	29,741.5521	
Northern California Power Agency	2.967	170.70	506.4669	
Northwest Natural Gas Company	157.243	170.70	26,841.3025	
NuVista Energy Ltd.	6.685	170.70	1,141.1178	
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.	64.900	170.70	11,078.4300	
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	
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.	105.114	170.70	17,942.9084	
Turlock Irrigation District	17.098	170.70	2,918.6286	
United States Gypsum Company	6.452	170.70	1,101.3564	
	<u>2,357.901</u>		<u>402,493.741</u>	25.61%
Zone 9				
BioUrja Trading, LLC	1.684	258.97	436.0083	
BP Canada Energy Group ULC	56.400	258.97	14,605.8051	
ConocoPhillips Canada Marketing & Trading ULC	15.171	258.97	3,928.8942	
EDF Trading North America, LLC	51.321	258.97	13,290.4823	
J. Aron & Company LLC	11.424	258.97	2,958.4240	
MDU Resources Group, Inc.	10.656	258.97	2,759.5843	
Sequent Energy Canada Corp.	35.000	258.97	9,063.9500	
Suncor Energy Marketing Inc.	8.712	258.97	2,256.2318	
Tenaska Marketing Canada, a division of TMV Corp.	128.790	258.97	33,352.7924	
Tidal Energy Marketing Inc.	40.398	258.97	10,461.8317	
Tourmaline Oil Corp.	8.028	258.97	2,079.1389	
TransAlta Energy Marketing Corp.	8.680	258.97	2,247.8348	
TransGas Limited	120.000	92.00	11,040.0000	
TransGas Limited	120.000	48.00	5,760.0000	
Twin Eagle Resource Management Canada, LLC	54.986	258.97	14,239.8025	
	<u>671.250</u>		<u>128,480.780</u>	8.18%

SCHEDULE G

ABANDONMENT SURCHARGE CALCULATION

Following the NEB approved methodology from the MH-001-2013 Decision, the Foothills System Abandonment Surcharges were calculated by dividing the 2018 Annual Collection Amount (ACA) by the total billing determinants on the Foothills System Zones 6, 7, 8, and 9. The Foothills filing includes a total collection amount of \$9.1 million, made up of an ACA of \$8.8 million as in 2017 and an additional \$290 Thousand representing a Tax True-up¹

	Total	Zone 6	Zone 7	Zone 8	Zone 9
Billing Determinants (GJ/year) ²	2,935,326,552	815,002,660	574,942,525	892,461,202	652,920,165
Percentage of Total BDs	100.0%	27.77%	19.59%	30.40%	22.24%

Monthly Abandonment Surcharge Calculation

(ACA) / (Total Foothills Billing Determinants) =
(\$9.1 Million/year) / (2,935,326,552 GJ/year) * (365/12) = **0.0941624628 \$/GJ/Month**

Daily Abandonment Surcharge Calculation

(ACA) / (Total Foothills Billing Determinants)
(\$9.1 Million/year) / 2,935,326,552 GJ/year = **0.0030957522 \$/GJ/Day**

Note(s):

1. Tax True-up amount on accrued 2015 and 2016 surcharges to be retained by Company
2. 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 2018 Rates**

TABLE OF EFFECTIVE RATES

1. Rate Schedule FT, Firm Transportation Service

	Demand Rate (\$/GJ/Km/Month)
Zone 6	<u>0.0053089826</u> 0.0041655042
Zone 7	<u>0.0024594335</u> 0.0032610571
Zone 8*	<u>0.0130154360</u> 0.0125111530
Zone 9	<u>0.0077406397</u> 0.0087703201

2. Rate Schedule OT, Overrun Transportation Service

	Commodity Rate (\$/GJ/Km)
Zone 6	<u>0.0001919961</u> 0.0001506429
Zone 7	<u>0.0000889439</u> 0.0001179341

3. Rate Schedule IT, Interruptible Transportation Service

	Commodity Rate (\$/GJ/Km)
Zone 8*	<u>0.0004706952</u> 0.0004524581
Zone 9	<u>0.0002799355</u> 0.0003171732

4. Monthly Abandonment Surcharge**

All Zones	<u>0.0941626428</u> 0.0923237647 (\$/GJ/Month)
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5. Daily Abandonment Surcharge***

All Zones	<u>0.0030957522</u> 0.0030353019 (\$/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 2018 Rates**

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

	Demand Rate (\$/GJ/Km/Month)
Zone 6	0.0053089826
Zone 7	0.0024594335
Zone 8*	0.0130154360
Zone 9	0.0077406397

2. Rate Schedule OT, Overrun Transportation Service

	Commodity Rate (\$/GJ/Km)
Zone 6	0.0001919961
Zone 7	0.0000889439

3. Rate Schedule IT, Interruptible Transportation Service

	Commodity Rate (\$/GJ/Km)
Zone 8*	0.0004706952
Zone 9	0.0002799355

4. Monthly Abandonment Surcharge**

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

All Zones	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.