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Filed Electronically

Canada Energy Regulator  
Suite 210, 517 Tenth Avenue SW  
Calgary, Alberta T2R 0A8

**Attention: Ms. L. George, Secretary of the Commission**

Dear Ms. George:

**Re: Foothills Pipe Lines Ltd. (Foothills)  
Quarterly Surveillance Report  
For the Fourth Quarter Ended December 31, 2019**

Please find enclosed the Foothills Quarterly Surveillance Report for the period ended December 31, 2019.

Foothills is notifying shippers of the availability of this filing on the Commission's repository as well as on TC Energy's Foothills System website at the following address:  
<http://www.tccustomerexpress.com/934.html>

Should the Commission require additional information regarding this filing, please contact me by phone at (403) 920-4512 or by email at eman\_tadayoni@tcenergy.com.

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

***Original signed by***

Eman Tadayoni  
Regulatory Project Manager, Tolls and Tariffs  
Canadian Natural Gas Pipelines

Attachment

cc: Foothills Firm and Interruptible Shippers

**Foothills Pipe Lines Ltd.**

**Commission of the Canada Energy Regulator (CER)**

**For the Year Ended December 31, 2019**

Pursuant to the Toll Information Regulations and Guide BB of the Filing Manual, as revised in December 2016, Letter Decision of June 2, 2000 attaching Order TG-2-2000 and Order MO-036-2017 dated July 10, 2017, Foothills submits its year-end report for 2019.

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**FOOTHILLS PIPE LINES (ALTA.) LTD. - ZONE 6**  
**INCOME SUMMARY**  
**For the Year Ended December 31, 2019**  
**(\$000s)**

<b>Particulars</b>	<b>CER</b>	<b>Period</b>	<b>Decision</b>	<b>Variance</b>	<b>Note</b>
<b>(a)</b>	<b>Accounts</b>	<b>Actual</b>	<b>(d)</b>	<b>(c) - (d)</b>	
	<b>(b)</b>	<b>(c)</b>		<b>(e)</b>	
<b>Revenue</b>					
Transportation Revenue	300	47,257	56,519	(9,262)	(*)
<b>Operating Expenses</b>					
Operating, Maintenance & Administrative	301	13,823	17,745	(3,922)	(1)
Fuel & Power	301	8,012	10,937	(2,925)	(2)
Emissions Compliance Costs	301	3,673	3,300	373	
Depreciation & Amortization	303-304	10,119	10,847	(728)	(3)
Income Taxes	306	2,352	3,111	(759)	(4)
Taxes Other than Income	305	3,497	3,443	54	
CER & NPA Cost Recovery	301	1,837	1,644	193	
Methane Emissions Costs	301	425	1,667	(1,242)	(5)
Total Operating Expenses		<u>43,738</u>	<u>52,694</u>	<u>(8,956)</u>	
<b>Operating Income</b>		3,519	3,825	(306)	
Financial Charges		896	1,128	(232)	
<b>Equity Return</b>		<u>2,623</u>	<u>2,697</u>	<u>(74)</u>	
<b>Return on Rate Base</b>		5.42%	5.73%		
<b>Return on Common Equity</b>		10.10%	10.10%		
<b>Average Rate Base</b>		64,919	66,757		

(\*) Transportation Revenue reflects Total Revenue Requirement.

**Notes:**

- (1) Variance primarily due to lower pipe integrity, repair & overhaul expenses and other costs.
- (2) Variance primarily due to lower utilization of electric compression.
- (3) Variance primarily due to fewer assets placed in-service.
- (4) Variance primarily due to lower depreciation, higher capitalized repair and overhaul and higher CCA deductions resulting from the Canadian federal government's accelerated tax depreciation measures enacted in June 2019.
- (5) Variance primarily due to changes to work required to meet new methane emissions regulations.

**FOOTHILLS PIPE LINES (ALTA.) LTD. - ZONE 7**  
**INCOME SUMMARY**  
**For the Year Ended December 31, 2019**  
**(\$000s)**

<b>Particulars</b>	<b>CER</b>	<b>Period</b>	<b>Decision</b>	<b>Variance</b>	<b>Note</b>
<b>(a)</b>	<b>Accounts</b>	<b>Actual</b>	<b>(d)</b>	<b>(c) - (d)</b>	
	<b>(b)</b>	<b>(c)</b>		<b>(e)</b>	
<b>Revenue</b>					
Transportation Revenue	300	6,050	5,924	126	(*)
<b>Operating Expenses</b>					
Operating, Maintenance & Administrative	301	4,447	3,711	736	(1)
Depreciation & Amortization	303-304	323	700	(377)	
Income Taxes	306	(41)	61	(102)	
Taxes Other than Income	305	879	834	45	
CER & NPA Cost Recovery	301	281	251	30	
Methane Emissions Costs	301	65	255	(190)	
Total Operating Expenses		<u>5,954</u>	<u>5,812</u>	<u>142</u>	
<b>Operating Income</b>		96	112	(16)	
Financial Charges		22	34	(12)	
<b>Equity Return</b>		<u>74</u>	<u>78</u>	<u>(4)</u>	
<b>Return on Rate Base</b>		5.25%	5.75%		
<b>Return on Common Equity</b>		10.10%	10.10%		
<b>Average Rate Base</b>		1,828	1,949		

(\*) Transportation Revenue reflects Total Revenue Requirement.

**Notes:**

(1) Variance primarily due to higher pipe integrity costs.

**FOOTHILLS PIPE LINES (SOUTH B.C.) LTD. - ZONE 8**  
**INCOME SUMMARY**  
**For the Year Ended December 31, 2019**  
**(\$000s)**

Particulars	CER Accounts	Period Actual	Decision	Variance (c) - (d)	Note
(a)	(b)	(c)	(d)	(e)	
<b>Revenue</b>					
Transportation Revenue	300	78,764	86,134	(7,370)	(*)
<b>Operating Expenses</b>					
Operating, Maintenance & Administrative	301	16,672	17,111	(439)	
Fuel & Power	301	773	744	29	
Emissions Compliance Costs	301	12,995	15,000	(2,005)	(1)
Depreciation & Amortization	303-304	21,411	22,259	(848)	(2)
Income Taxes	306	5,960	6,514	(554)	(3)
Taxes Other than Income	305	7,415	7,482	(67)	
Fuel Tax	305	4,535	5,611	(1,076)	(4)
CER & NPA Cost Recovery	301	953	862	91	
Methane Emissions Costs	301	220	863	(643)	(5)
Total Operating Expenses		<u>70,934</u>	<u>76,446</u>	<u>(5,512)</u>	
<b>Operating Income</b>		7,830	9,688	(1,858)	
Financial Charges		<u>1,961</u>	<u>2,886</u>	<u>(925)</u>	(6)
<b>Equity Return</b>		<u>5,869</u>	<u>6,802</u>	<u>(933)</u>	
<b>Return on Rate Base</b>		5.39%	5.74%		
<b>Return on Common Equity</b>		10.10%	10.10%		
<b>Average Rate Base</b>		145,269	168,775		

(\*) Transportation Revenue reflects Total Revenue Requirement.

**Notes:**

- (1) Variance due to lower fuel consumption.
- (2) Variance primarily due to lower in-service additions.
- (3) Variance primarily due to lower return, lower depreciation and higher CCA deductions resulting from the Canadian federal government's accelerated tax depreciation measures enacted in June 2019, partially offset by lower capitalized repair and overhaul.
- (4) Variance primarily due to lower compressor fuel use than anticipated.
- (5) Variance primarily due to changes to work required to meet new methane emissions regulations.
- (6) Variance primarily due to lower rate base and cost of debt.

**FOOTHILLS PIPE LINES (SASK) LTD. - ZONE 9**  
**INCOME SUMMARY**  
**For the Year Ended December 31, 2019**  
**(\$000s)**

Particulars	CER Accounts	Period Actual	Decision	Variance (c) - (d)	Note
(a)	(b)	(c)	(d)	(e)	
<b>Revenue</b>					
Transportation Revenue	300	48,509	54,043	(5,534)	(*)
<b>Operating Expenses</b>					
Operating, Maintenance & Administrative	301	8,065	7,459	606	(1)
Fuel & Power	301	783	651	132	
Emissions Compliance Costs	301	1,102	5,000	(3,898)	(2)
Depreciation & Amortization	303-304	20,535	20,614	(79)	
Income Taxes	306	6,225	7,178	(953)	(3)
Taxes Other than Income	305	4,516	4,626	(110)	
Fuel Tax	305	342	703	(361)	
CER & NPA Cost Recovery	301	573	543	30	
Methane Emissions Costs	301	134	525	(391)	
Total Operating Expenses		<u>42,275</u>	<u>47,299</u>	<u>(5,024)</u>	
<b>Operating Income</b>		6,234	6,744	(510)	
Financial Charges		<u>1,579</u>	<u>1,977</u>	<u>(398)</u>	
<b>Equity Return</b>		<u>4,655</u>	<u>4,767</u>	<u>(112)</u>	
<b>Return on Rate Base</b>		5.41%	5.73%		
<b>Return on Common Equity</b>		10.10%	10.10%		
<b>Average Rate Base</b>		115,237	117,692		

(\*) Transportation Revenue reflects Total Revenue Requirement.

**Notes:**

- (1) Variance primarily due to higher pipe integrity costs.
- (2) Variance primarily due to the finalization of federal Output-Based Pricing System regulations under the Greenhouse Gas Pollution Pricing Act, released in June 2019.
- (3) Variance primarily due to higher deductions on capitalized repair and overhaul and higher CCA deductions resulting from the Canadian federal government's accelerated tax depreciation measures enacted in June 2019.

**FOOTHILLS PIPE LINES (ALTA.) LTD. - ZONE 6**  
**AVERAGE RATE BASE**  
**For the Year Ended December 31, 2019**  
**(\$000s)**

<b>Particulars</b>	<b>Period Actual</b>	<b>Decision</b>	<b>Variance (b) - (c)</b>
<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>
<b>Plant in Service</b>			
Net Plant	57,675	58,765	(1,090)
<b>Working Capital</b>			
Linepack	2,577	2,577	-
Prepayments and Deposits	99	99	-
Cash	3,652	4,440	(788)
Inventory	916	876	40
Total Working Capital	<u>7,244</u>	<u>7,992</u>	<u>(748)</u>
<b>Total Average Rate Base</b>	<u>64,919</u>	<u>66,757</u>	<u>(1,838)</u>

**FOOTHILLS PIPE LINES (ALTA.) LTD. - ZONE 7**  
**AVERAGE RATE BASE**  
**For the Year Ended December 31, 2019**  
**(\$000s)**

<b>Particulars</b>	<b>Period Actual</b>	<b>Decision</b>	<b>Variance (b) - (c)</b>
<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>
<b>Plant in Service</b>			
Net Plant	212	275	(63)
<b>Working Capital</b>			
Linepack	1,039	1,039	-
Cash	577	635	(58)
Total Working Capital	<u>1,616</u>	<u>1,674</u>	<u>(58)</u>
<b>Total Average Rate Base</b>	<u>1,828</u>	<u>1,949</u>	<u>(121)</u>



**FOOTHILLS PIPE LINES (SOUTH B.C.) LTD. - ZONE 8**  
**AVERAGE RATE BASE**  
**For the Year Ended December 31, 2019**  
**(\$000s)**

<b>Particulars</b>	<b>Period Actual</b>	<b>Decision</b>	<b>Variance (b) - (c)</b>	<b>Note</b>
<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>	
<b>Plant in Service</b>				
Net Plant	137,190	160,164	(22,974)	(1)
<b>Working Capital</b>				
Linepack	1,473	1,473	-	
Cash	4,481	5,034	(553)	
Inventory	2,125	2,104	21	
Total Working Capital	<u>8,079</u>	<u>8,611</u>	<u>(532)</u>	
<b>Total Average Rate Base</b>	<u>145,269</u>	<u>168,775</u>	<u>(23,506)</u>	

**Note:**

(1) Variance primarily due to timing of maintenance projects compared to Decision.

**FOOTHILLS PIPE LINES (SASK) LTD. - ZONE 9**  
**AVERAGE RATE BASE**  
**For the Year Ended December 31, 2019**  
**(\$000s)**

<b>Particulars</b>	<b>Period Actual</b>	<b>Decision</b>	<b>Variance (b) - (c)</b>
<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>
<b>Plant in Service</b>			
Net Plant	110,793	112,896	(2,103)
<b>Working Capital</b>			
Linepack	2,316	2,316	-
Cash	1,367	1,824	(457)
Inventory	761	656	105
<b>Total Working Capital</b>	<b>4,444</b>	<b>4,796</b>	<b>(352)</b>
<b>Total Average Rate Base</b>	<b>115,237</b>	<b>117,692</b>	<b>(2,455)</b>

FOOTHILLS PIPE LINES LTD.  
DEFERRAL ACCOUNTS  
For the Year Ended December 31, 2019

**Particulars**

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Foothills Pipe Lines Ltd. is regulated on a cost of service basis and over or under-collections are adjusted in tolls annually.

**FOOTHILLS PIPE LINES LTD.**  
**INTEGRITY SPENDING**  
For the Year Ended December 31, 2019  
(\$000s)

<b>Particulars</b>	<b>Period Actual</b>	
	<b>Operating</b>	<b>Capital</b>
<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
Program Management	1,740	-
Surveillance, Condition Monitoring and Integrity Hazard Assessment	5,644	-
Mitigation and Remediation	4,036	11,569
Other Expenditures	49	-
<b>Total Integrity Spending</b>	<b>11,469</b>	<b>11,569</b>

**FOOTHILLS PIPE LINES LTD.  
ACTUAL AND APPROVED RATE OF RETURN  
(2015-2019)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Actual and Approved Rates of Return on Equity</b>	10.10%	10.10%	10.10%	10.10%	10.10%
<b>Actual Rate of Return on Rate Base</b>	5.02%	5.07%	4.97%	4.96%	5.40%
<b>Approved Rate of Return on Rate Base</b>	5.16%	5.07%	5.10%	4.95%	5.73%

**FOOTHILLS PIPE LINES LTD.**  
**INTERCORPORATE TRANSACTIONS**  
**For the Year Ended December 31, 2019**  
(includes total transactions greater than \$100,000)

**- Summary Receipts -**

Contracting Party	Nature of Service	(\$000s)	Ref. Sch.#
NOVA Gas Transmission Ltd.	Gas Transportation Service and Sale of Inventory	62,554	6.2
TransCanada PipeLines Limited	Sale of Inventory	110	6.2
<b>Grand Total</b>		<b>62,664</b>	

**FOOTHILLS PIPE LINES LTD.**  
**INTERCORPORATE TRANSACTIONS**  
**For the Year Ended December 31, 2019**  
(includes total transactions greater than \$100,000)

**- Summary Payments -**

Contracting Party	Nature of Service	(\$000s)	Ref. Sch.#
TransCanada PipeLines Limited	Interest Payments, Purchase of Greenhouse Gas Emissions Credits and Purchase of Inventory	6,317	6.3
NOVA Gas Transmission Ltd.	Purchase of Inventory	740	6.3
<b>Grand Total</b>		<b>7,057</b>	

**FOOTHILLS PIPE LINES LTD.  
INTERCORPORATE TRANSACTIONS  
For the Year Ended December 31, 2019  
(\$000s)**

**- Receipts -**

Contracting Parties: NOVA Gas Transmission Ltd.

Nature Of Service: Gas Transportation and Sale of Inventory

Description: Transportation services associated with movement of gas on the Foothills System, billed in accordance with Foothills Pipe Lines Ltd. tolls.  
Sale of Inventory.

	Gas Transportation	Sale of Inventory	Total
Amount	62,382	172	62,554

Contracting Parties: TransCanada PipeLines Limited

Nature Of Service: Sale of Inventory

Description: Sale of Inventory

	Sale of Inventory
Amount	110



**FOOTHILLS PIPE LINES LTD.  
INTERCORPORATE TRANSACTIONS  
For the Year Ended December 31, 2019  
(\$000s)**

**- Payments -**

Contracting Parties: TransCanada PipeLines Limited

Nature Of Service: Interest Payments and Purchase of Inventory

Description: Interest payments on long-term debt.  
Purchase of Greenhouse Gas Emissions Credits and Inventory.

	Interest Payments	Purchase of Inventory	Purchase of Greenhouse Gas Emissions Credits	Total
Amount	4,081	377	1,859	6,317

Contracting Parties: NOVA Gas Transmission Ltd.

Nature Of Service: Purchase of Inventory

Description: Purchase of Inventory

	Purchase of Inventory
Amount	740

FOOTHILLS PIPE LINES LTD.  
TRAFFIC DATA  
For the Year Ended December 31, 2019

**Particulars**

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In accordance with Section BB.2 of Guide BB of the CER Filing Manual, Traffic Data is being provided to the CER in a machine-readable format and will be posted by the CER at:  
<http://www.cer-rec.gc.ca/nrg/ntgrtd/pplnprtl/pplnprfls/index-eng.html>