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Filed Electronically

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

**Attention: Mr. Jean-Denis Charlebois, Secretary of the Commission**

Dear Mr. Charlebois:

**Re: Foothills Pipe Lines Ltd. (Foothills)  
Quarterly Surveillance Report  
For the Fourth Quarter Ended December 31, 2020**

Enclosed for filing with the Commission of the Canada Energy Regulator (CER) is a copy of the Foothills System's Quarterly Surveillance Report for the period ended December 31, 2020.

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

Should the CER require additional information regarding this filing, please contact me by phone at (403) 920-7934 or by email at kevin\_musial@tcenergy.com.

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

*Original signed by*

Kevin Musial  
Analyst, Regulatory Tolls and Tariffs East and Regulatory Research  
Canadian Natural Gas Pipelines

Attachment

cc: Foothills Firm and Interruptible Customers

**Foothills Pipe Lines Ltd.  
Foothills System  
Quarterly Surveillance Report  
Commission of the Canada Energy Regulator (CER)**

For the Year Ended December 31, 2020

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 2020.

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## FOOTHILLS PIPE LINES (ALTA.) LTD. - ZONE 6

## INCOME SUMMARY

For the Year Ended December 31, 2020

(\$000s)

Line No.	Particulars	CER Account(s)	Period Actual	Decision	Variance (c) - (d)	Note
(a)		(b)	(c)	(d)	(e)	(f)
<b>Revenue</b>						
1	Transportation Revenue	300	47,469	60,670	(13,201)	(*)
<b>Operating Expenses</b>						
2	Operating, Maintenance & Administrative	301	15,017	19,516	(4,499)	(1)
3	Fuel & Power	301	7,991	10,831	(2,840)	(2)
4	Emissions Compliance Costs	301	3,474	4,407	(933)	(3)
5	Depreciation & Amortization	303/304	9,900	11,836	(1,936)	(4)
6	Income Taxes	306	1,476	3,405	(1,929)	(5)
7	Taxes Other than Income	305	3,498	3,546	(48)	
8	CER & NPA Cost Recovery	301	2,172	2,135	37	
9	Methane Emissions Costs	301	545	1,605	(1,060)	(6)
10	<b>Total Operating Expenses</b>		<u>44,073</u>	<u>57,281</u>	<u>(13,208)</u>	
11	<b>Operating Income</b>		3,396	3,389	7	
12	Financial Charges		897	922	(25)	
13	<b>Net Income Applicable to Common Equity</b>		<u>2,499</u>	<u>2,467</u>	<u>32</u>	
14	Rate Base (Sch 2.0(a), line 7)		61,837	61,064		
15	Return on Rate Base		5.49%	5.55%		
16	Return on Common Equity		10.10%	10.10%		

(\*) Transportation Revenue reflects Total Revenue Requirement.

**Notes:**

- (1) Lower Operating, Maintenance & Administrative expenses primarily due to lower pipeline integrity costs.
- (2) Lower Fuel & Power expenses due to lower utilization of electric compressors.
- (3) Lower Emissions Compliance Costs due to the Technology Innovation Emissions Reduction regulation program parameters.
- (4) Lower Depreciation & Amortization due to fewer assets placed in-service.
- (5) Lower Income Taxes primarily due to higher capitalized repair and overhaul cost deductions.
- (6) Lower Methane Emissions Costs primarily due to changes in work schedule to meet new regulations.

## FOOTHILLS PIPE LINES (ALTA.) LTD. - ZONE 7

## INCOME SUMMARY

For the Year Ended December 31, 2020

(\$000s)

Line No.	Particulars	CER Account(s)	Period Actual	Decision	Variance (c) - (d)	Note
(a)		(b)	(c)	(d)	(e)	(f)
<b>Revenue</b>						
1	Transportation Revenue	300	5,295	9,612	(4,317)	(*)
<b>Operating Expenses</b>						
2	Operating, Maintenance & Administrative	301	3,888	6,617	(2,729)	(1)
3	Depreciation & Amortization	303/304	83	1,186	(1,103)	(2)
4	Income Taxes	306	(114)	228	(342)	
5	Taxes Other than Income	305	885	859	26	
6	CER & NPA Cost Recovery	301	369	326	43	
7	Methane Emissions Costs	301	93	273	(180)	
8	<b>Total Operating Expenses</b>		<u>5,204</u>	<u>9,489</u>	<u>(4,285)</u>	
9	<b>Operating Income</b>		91	123	(31)	
10	Financial Charges		21	34	(13)	
11	<b>Net Income Applicable to Common Equity</b>		<u>70</u>	<u>89</u>	<u>(18)</u>	
12	Rate Base (Sch 2.0(b), line 7)		1,738	2,204		
13	Return on Rate Base		5.24%	5.59%		
14	Return on Common Equity		10.10%	10.10%		

(\*) Transportation Revenue reflects Total Revenue Requirement.

**Notes:**

(1) Lower Operating, Maintenance &amp; Administrative expenses primarily due to lower pipeline integrity costs.

(2) Lower Depreciation &amp; Amortization due to fewer assets placed in-service.

**FOOTHILLS PIPE LINES (SOUTH B.C.) LTD. - ZONE 8**  
**INCOME SUMMARY**

For the Year Ended December 31, 2020

(\$000s)

Line No.	Particulars	CER Account(s)	Period Actual	Decision	Variance (c) - (d)	Note
(a)		(b)	(c)	(d)	(e)	(f)
<b>Revenue</b>						
1	Transportation Revenue	300	72,703	91,340	(18,637)	(*)
<b>Operating Expenses</b>						
2	Operating, Maintenance & Administrative	301	13,309	15,599	(2,290)	(1)
3	Fuel & Power	301	668	923	(255)	
4	Emissions Compliance Costs	301	13,441	20,511	(7,070)	(2)
5	Depreciation & Amortization	303/304	22,042	22,603	(561)	(3)
6	Income Taxes	306	1,658	6,684	(5,026)	(4)
7	Taxes Other than Income	305	7,775	7,706	69	
8	Fuel Tax	305	4,559	5,611	(1,052)	(5)
9	CER & NPA Cost Recovery	301	1,188	1,119	69	
10	Methane Emissions Costs	301	298	878	(580)	(6)
11	<b>Total Operating Expenses</b>		<u>64,938</u>	<u>81,634</u>	<u>(16,696)</u>	
12	<b>Operating Income</b>		7,765	9,706	(1,941)	
13	Financial Charges		1,812	2,666	(854)	
14	<b>Net Income Applicable to Common Equity</b>		<u>5,953</u>	<u>7,040</u>	<u>(1,087)</u>	
15	Rate Base (Sch 2.0(c), line 7)		147,336	174,261		
16	Return on Rate Base		5.27%	5.57%		
17	Return on Common Equity		10.10%	10.10%		

(\*) Transportation Revenue reflects Total Revenue Requirement.

**Notes:**

- (1) Lower Operating, Maintenance & Administrative expenses primarily due to lower pipeline integrity costs.
- (2) Lower Emissions Compliance Costs due to lower fuel consumption.
- (3) Lower Depreciation & Amortization due to fewer assets placed in-service.
- (4) Lower Income Taxes primarily due to higher capitalized repair and overhaul cost deductions.
- (5) Lower Fuel Tax primarily due to lower fuel consumption.
- (6) Lower Methane Emissions Costs primarily due to changes in work schedule to meet new regulations.

## FOOTHILLS PIPE LINES (SASK) LTD. - ZONE 9

## INCOME SUMMARY

For the Year Ended December 31, 2020

(\$000s)

Line No.	Particulars	CER Account(s)	Period Actual	Decision	Variance (c) - (d)	Note
(a)		(b)	(c)	(d)	(e)	(f)
<b>Revenue</b>						
1	Transportation Revenue	300	49,070	49,461	(391)	(*)
<b>Operating Expenses</b>						
2	Operating, Maintenance & Administrative	301	10,818	7,045	3,773	(1)
3	Fuel & Power	301	617	787	(170)	
4	Emissions Compliance Costs	301	(552)	2,485	(3,037)	(2)
5	Depreciation & Amortization	303/304	20,817	20,564	253	
6	Income Taxes	306	6,172	6,327	(155)	
7	Taxes Other than Income	305	4,434	4,765	(331)	
8	Fuel Tax	305	360	703	(343)	
9	CER & NPA Cost Recovery	301	555	704	(149)	
10	Methane Emissions Costs	301	139	410	(271)	
11	<b>Total Operating Expenses</b>		<u>43,360</u>	<u>43,790</u>	<u>(430)</u>	
12	<b>Operating Income</b>		5,710	5,671	39	
13	Financial Charges		1,591	1,543	48	
14	<b>Net Income Applicable to Common Equity</b>		<u>4,119</u>	<u>4,128</u>	<u>(9)</u>	
15	Rate Base (Sch 2.0(d), line 7)		101,967	102,181		
16	Return on Rate Base		5.60%	5.55%		
17	Return on Common Equity		10.10%	10.10%		

(\*) Transportation Revenue reflects Total Revenue Requirement.

**Notes:**

(1) Higher Operating, Maintenance &amp; Administrative expenses primarily due to higher repair and overhaul and pipeline integrity costs.

(2) Lower Emissions Compliance Costs due to adjustment to 2019 billings completed in 2020.

**FOOTHILLS PIPE LINES (ALTA.) LTD. - ZONE 6**  
**AVERAGE PIPELINE RATE BASE**  
For the Year Ended December 31, 2020  
(\$000s)

Line No.	Particulars	Period Actual	Decision	Variance (b) - (c)
(a)		(b)	(c)	(d)
	<b>Utility Investment</b>			
1	Net Plant	54,441	52,594	1,847
	<b>Working Capital</b>			
2	Linepack	2,577	2,577	-
3	Prepayments and Deposits	99	99	-
4	Cash	3,866	4,903	(1,037)
5	Inventory	854	891	(37)
6	Total Working Capital	7,396	8,470	(1,074)
7	<b>Total Rate Base</b>	61,837	61,064	773

**FOOTHILLS PIPE LINES (ALTA.) LTD. - ZONE 7**  
**AVERAGE PIPELINE RATE BASE**  
For the Year Ended December 31, 2020  
(\$000s)

Line No.	Particulars	Period Actual	Decision	Variance (b) - (c)
(a)		(b)	(c)	(d)
	<b>Utility Investment</b>			
1	Net Plant	164	286	(122)
	<b>Working Capital</b>			
2	Linepack	1,039	1,039	-
3	Prepayments and Deposits	-	-	-
4	Cash	535	879	(344)
5	Total Working Capital	1,574	1,918	(344)
6	<b>Total Rate Base</b>	1,738	2,204	(466)



**FOOTHILLS PIPE LINES (SOUTH B.C.) LTD. - ZONE 8**  
**AVERAGE PIPELINE RATE BASE**  
For the Year Ended December 31, 2020  
(\$000s)

Line No.	Particulars	Period Actual	Decision	Variance (b) - (c)	Note
(a)		(b)	(c)	(d)	
	<b>Utility Investment</b>				
1	Net Plant	139,415	164,967	(25,552)	(1)
	<b>Working Capital</b>				
2	Linepack	1,473	1,473	-	
3	Prepayments and Deposits	-	-	-	
4	Cash	4,212	5,794	(1,582)	
5	Inventory	2,236	2,027	209	
6	Total Working Capital	7,921	9,294	(1,373)	
7	<b>Total Rate Base</b>	147,336	174,261	(26,925)	

**Note:**

- (1) Variance due to a lower 2020 opening Net Plant balance resulting from project delays, having placed fewer assets in service in 2019. This is partially offset by the amount and timing of capital additions in 2020.

**FOOTHILLS PIPE LINES (SASK) LTD. - ZONE 9**  
**AVERAGE PIPELINE RATE BASE**  
For the Year Ended December 31, 2020  
(\$000s)

Line No.	Particulars	Period Actual	Decision	Variance (b) - (c)
(a)		(b)	(c)	(d)
	<b>Utility Investment</b>			
1	Net Plant	97,147	97,543	(396)
	<b>Working Capital</b>			
2	Linepack	2,316	2,316	-
3	Prepayments and Deposits	-	-	-
4	Cash	1,613	1,573	40
5	Inventory	891	749	142
6	Total Working Capital	4,820	4,638	182
7	<b>Total Rate Base</b>	101,967	102,181	(214)

**FOOTHILLS PIPE LINES LTD.**  
**DEFERRED BALANCES**  
For the Year Ended December 31, 2020

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, 2020  
(\$000s)

Line No.	Particulars	Period Actual	
		Operating	Capital
(a)		(b)	(c)
1	Program Management	1,701	-
2	Surveillance, Condition Monitoring and Integrity Hazard Assessment	4,207	-
3	Mitigation and Remediation	2,098	9,120
4	Other Expenditures	92	-
5	<b>Total Integrity Spending</b>	<b>8,098</b>	<b>9,120</b>

**FOOTHILLS PIPE LINES LTD.**  
**ACTUAL AND APPROVED RATE OF RETURN**  
For the Year Ended December 31, 2020  
(2016-2020)

Line No.	Particulars	2016	2017	2018	2019	2020
	(a)	(b)	(c)	(d)	(e)	(f)
1	Actual and Approved Rates of Return on Equity	10.10%	10.10%	10.10%	10.10%	10.10%
2	Actual Rate of Return on Rate Base	5.07%	4.97%	4.96%	5.40%	5.42%
3	Approved Rate of Return on Rate Base	5.07%	5.10%	4.95%	5.73%	5.56%

**FOOTHILLS PIPE LINES LTD.**  
**INTERCORPORATE TRANSACTIONS**  
For the Year Ended December 31, 2020

(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	67,615	6.2
TransCanada PipeLines Limited	Sale of Inventory	132	6.2
<b>Total</b>		<b>67,747</b>	

**FOOTHILLS PIPE LINES LTD.**  
**INTERCORPORATE TRANSACTIONS**  
For the Year Ended December 31, 2020

(includes total transactions greater than \$100,000)

**- Summary Payments -**

Contracting Party	Nature of Service	(\$000s)	Ref. Sch.#
NOVA Gas Transmission Ltd.	Purchase of Inventory	2,466	6.3
TransCanada PipeLines Limited	Interest Payments on Intercompany Debt, Purchase of Greenhouse Gas Emissions Credits and Purchase of Inventory	5,886	6.3
TransCanada Turbines Ltd.	Repair and Overhaul	1,055	6.3
<b>Total</b>		<b>9,407</b>	

**FOOTHILLS PIPE LINES LTD.**  
**INTERCORPORATE TRANSACTIONS**  
 For the Year Ended December 31, 2020  
 (\$000s)

**- Receipts -**

Contracting Party: 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 and billed in accordance with Foothills System tolls.  
 Sale of inventory.

	Gas Transportation	Sale of Inventory	Total
Amount	67,374	241	67,615

Contracting Party: TransCanada PipeLines Limited

Nature Of Service: Sale of Inventory

Description: Sale of inventory.

	Sale of Inventory
Amount	132



**FOOTHILLS PIPE LINES LTD.**  
**INTERCORPORATE TRANSACTIONS**  
 For the Year Ended December 31, 2020  
 (\$000s)

**- Payments -**

Contracting Party: NOVA Gas Transmission Ltd.

Nature Of Service: Purchase of Inventory

Description: Purchase of inventory.

	Purchase of Inventory
Amount	2,466

Contracting Party: TransCanada PipeLines Limited

Nature Of Service: Interest Payments on Intercompany Debt, Purchase of Greenhouse Gas Emissions Credits, Purchase of Inventory.

Description: Interest costs of intercompany debt.  
Purchase of greenhouse gas emissions credits and inventory.

	Interest Payments	Purchase of Greenhouse Gas Emissions Credits	Purchase of Inventory	Total
Amount	4,375	1,019	492	5,886

Contracting Party: TransCanada Turbines Ltd.

Nature Of Service: Repair and Overhaul

Description: Repair and overhaul of compressor units.

	Repair and Overhaul
Amount	1,055

**FOOTHILLS PIPE LINES LTD.**  
**TRAFFIC DATA**  
For the Year Ended December 31, 2020

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:

<https://www.cer-rec.gc.ca/en/data-analysis/facilities-we-regulate/pipeline-profiles/index.html>