



450 - 1 Street SW
Calgary, Alberta T2P 5H1

Tel: (403) 920-7934
Fax: (403) 920-2347
E-mail: kevin_musial@tcenergy.com

March 1, 2022

Filed Electronically

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

Attention: Ms. Ramona Sladic, Secretary of the Commission

Dear Ms. Sladic:

**Re: Foothills Pipe Lines Ltd. (Foothills)
Quarterly Surveillance Report
For the Fourth Quarter Ended December 31, 2021**

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, 2021.

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
Regulatory Project Manager, Regulatory Tolls and Tariffs
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 or Commission)

For the Year Ended December 31, 2021

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 Pipe Lines Ltd. (Foothills) submits its year-end report for 2021.

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Foothills Pipe Lines (Alta.) Ltd. - Zone 6**INCOME SUMMARY**

For the Year Ended December 31, 2021

(\$000s)

Line No.	Particulars	CER Account(s)	Period Actual	Decision	Variance (c) - (d)	Note
	(a)	(b)	(c)	(d)	(e)	(f)
Revenues						
1	Transportation Revenue ⁽ⁱ⁾	300	45,903	53,614	(7,711)	
Operating Expenses						
2	Operating, Maintenance and Administrative	301	19,144	22,740	(3,596)	(1)
3	Electrical Power	301	5,871	8,212	(2,341)	(2)
4	Emissions Compliance Costs	301	1,335	3,765	(2,430)	(3)
5	Depreciation and Amortization	303/304	9,120	9,323	(203)	
6	Income Taxes	306	1,796	397	1,399	(4)
7	Other Taxes	305	3,620	3,699	(79)	
8	Government Agency Cost Recovery	301	2,124	2,124	—	
9	Methane Emissions Costs	301	169	112	57	
10	Total Operating Expenses		43,179	50,372	(7,193)	
11	Operating Income		2,724	3,242	(518)	
12	Financial Charges	320	446	713	(267)	
13	Net Income Applicable to Common Equity		2,278	2,529	(251)	
14	Rate Base (Schedule 2.0 (a))		56,408	62,580		
15	Return on Rate Base		4.83%	5.18%		
16	Return on Common Equity		10.10%	10.10%		

(i) Transportation Revenue reflects Total Revenue Requirement

Note:

- (1) Decrease primarily due to lower pipeline integrity costs and lower personnel costs.
- (2) Decrease primarily due to lower utilization of electric compressors.
- (3) Decrease primarily due to 2020 Emissions Compliance Costs true-up as a result of lower actual emissions and a change in methodology for calculating allowable emissions.
- (4) Increase primarily due to lower Capital Cost Allowance (CCA) deductions and capitalized repair and overhaul cost deductions.

Foothills Pipe Lines (Alta.) Ltd. - Zone 7**INCOME SUMMARY**

For the Year Ended December 31, 2021

(\$000s)

Line No.	Particulars (a)	CER Account(s) (b)	Period Actual (c)	Decision (d)	Variance (c) - (d) (e)
Revenues					
1	Transportation Revenue ⁽ⁱ⁾	300	6,264	5,902	362
Operating Expenses					
2	Operating, Maintenance and Administrative	301	4,886	4,514	372
3	Depreciation and Amortization	303/304	71	71	—
4	Income Taxes	306	(92)	(120)	28
5	Other Taxes	305	896	933	(37)
6	Government Agency Cost Recovery	301	387	387	—
7	Methane Emissions Costs	301	31	21	10
8	Total Operating Expenses		6,179	5,806	373
9	Operating Income		85	96	(11)
10	Financial Charges	320	12	19	(7)
11	Net Income Applicable to Common Equity		73	77	(4)
12	Rate Base (Sch 2.0 (b))		1,821	1,914	
13	Return on Rate Base		4.67%	5.04%	
14	Return on Common Equity		10.10%	10.10%	

(i) Transportation Revenue reflects Total Revenue Requirement

Foothills Pipe Lines (South B.C.) Ltd. - Zone 8

INCOME SUMMARY

For the Year Ended December 31, 2021

(\$000s)

Line No.	Particulars	CER Account(s)	Period Actual	Decision	Variance (c) - (d)	Note
	(a)	(b)	(c)	(d)	(e)	(f)
Revenues						
1	Transportation Revenue ⁽ⁱ⁾	300	75,142	83,926	(8,784)	
Operating Expenses						
2	Operating, Maintenance and Administrative	301	15,444	14,622	822	(1)
3	Electrical Power	301	672	850	(178)	
4	Emissions Compliance Costs	301	11,437	19,203	(7,766)	(2)
5	Depreciation and Amortization	303/304	23,773	24,380	(607)	(3)
6	Income Taxes	306	2,467	2,098	369	
7	Other Taxes	305	7,942	7,867	75	
8	Fuel Tax	305	4,399	4,849	(450)	
9	Government Agency Cost Recovery	301	1,271	1,271	—	
10	Methane Emissions Costs	301	101	67	34	
11	Total Operating Expenses		67,506	75,207	(7,701)	
12	Operating Income		7,636	8,719	(1,083)	
13	Financial Charges	320	1,058	1,839	(781)	(4)
14	Net Income Applicable to Common Equity		6,578	6,880	(302)	
15	Rate Base (Sch 2.0 (c))		162,823	170,295		
16	Return on Rate Base		4.69%	5.12%		
17	Return on Common Equity		10.10%	10.10%		

(i) Transportation Revenue reflects Total Revenue Requirement

Note:

- (1) Increase primarily due to higher pipeline integrity costs, partially offset by lower personnel costs.
- (2) Decrease primarily due to lower fuel consumption and a change in methodology for calculating allowable emissions.
- (3) Decrease due to fewer assets placed in service.
- (4) Decrease primarily due to lower weighted average cost of debt.

Foothills Pipe Lines (Sask.) Ltd. - Zone 9

INCOME SUMMARY

For the Year Ended December 31, 2021

(\$000s)

Line No.	Particulars	CER Accounts	Period Actual	Decision	Variance (c) - (d)	Note
	(a)	(b)	(c)	(d)	(e)	(f)
Revenues						
1	Transportation Revenue ⁽ⁱ⁾	300	46,045	48,420	(2,375)	
Operating Expenses						
2	Operating, Maintenance & Administrative	301	8,319	9,926	(1,607)	(1)
3	Fuel & Power	301	557	795	(238)	
4	Emissions Compliance Costs	301	471	892	(421)	
5	Depreciation & Amortization	303/304	20,930	21,423	(493)	
6	Income Taxes	306	6,385	4,594	1,791	(2)
7	Taxes Other than Income	305	3,785	4,899	(1,114)	(3)
8	Fuel Tax	305	814	411	403	
9	CER & NPA Cost Recovery	301	440	440	—	
10	Methane Emissions Costs	301	35	24	11	
11	Total Operating Expenses		41,736	43,404	(1,668)	
12	Operating Income		4,309	5,016	(707)	
13	Financial Charges	320	727	1,185	(458)	
14	Net Income Applicable to Common Equity		3,582	3,831	(249)	
15	Rate Base (Sch 2.0 (d))		88,643	94,813		
16	Return on Rate Base		4.86%	5.29%		
17	Return on Common Equity		10.10%	10.10%		

(i) Transportation Revenue reflects Total Revenue Requirement

Note:

- (1) Decrease primarily due to lower pipeline integrity costs, partially offset by higher personnel costs.
- (2) Increase primarily due to lower CCA deductions and capitalized repair and overhaul cost deductions.
- (3) Decrease due to lower than expected tax rates.

Foothills Pipe Lines (Alta.) Ltd. - Zone 6
AVERAGE PIPELINE RATE BASE
For the Year Ended December 31, 2021
(\$000s)

Line No.	Particulars	Period Actual	Decision	Variance (b) - (c)	Note
	(a)	(b)	(c)	(d)	(e)
	Utility Investment				
1	Net Plant	49,255	54,168	(4,913)	(1)
	Working Capital				
2	Cash	3,706	4,761	(1,055)	
3	Materials and Supplies	771	975	(204)	
4	Linepack	2,577	2,577	—	
5	Prepayments and Deposits	99	99	—	
6	Total Working Capital	7,153	8,412	(1,259)	
7	Total Rate Base	56,408	62,580	(6,172)	

Note:

(1) Lower primarily due to a lower 2021 opening balance resulting from placing fewer assets in service in 2020.

Foothills Pipe Lines (Alta.) Ltd. - Zone 7
AVERAGE PIPELINE RATE BASE
For the Year Ended December 31, 2021
(\$000s)

Line No.	Particulars (a)	Period Actual (b)	Decision (c)	Variance (b) - (c) (d)
	Utility Investment			
1	Net Plant	146	226	(80)
	Working Capital			
2	Cash	636	649	(13)
3	Linepack	1,039	1,039	—
4	Total Working Capital	1,675	1,688	(13)
5	Total Rate Base	1,821	1,914	(93)

Foothills Pipe Lines (South B.C.) Ltd. - Zone 8

AVERAGE PIPELINE RATE BASE

For the Year Ended December 31, 2021

(\$000s)

Line No.	Particulars	Period Actual	Decision	Variance (b) - (c)	Note
	(a)	(b)	(c)	(d)	(e)
	Utility Investment				
1	Net Plant	154,417	161,175	(6,758)	(1)
	Working Capital				
2	Cash	4,212	5,436	(1,224)	
3	Materials and Supplies	2,721	2,211	510	
4	Linepack	1,473	1,473	—	
5	Total Working Capital	8,406	9,120	(714)	
6	Total Rate Base	162,823	170,295	(7,472)	

Note:

(1) Lower primarily due to a lower 2021 opening balance resulting from placing fewer assets in service in 2020.

Foothills Pipe Lines (Sask.) Ltd. - Zone 9
AVERAGE PIPELINE RATE BASE
For the Year Ended December 31, 2021
(\$000s)

Line No.	Particulars	Period Actual	Decision	Variance (b) - (c)	Note
	(a)	(b)	(c)	(d)	(e)
	Utility Investment				
1	Net Plant	83,131	90,085	(6,954)	(1)
	Working Capital				
2	Cash	1,419	1,525	(106)	
3	Materials and Supplies	1,777	887	890	
4	Linepack	2,316	2,316	—	
5	Total Working Capital	5,512	4,728	784	
6	Total Rate Base	88,643	94,813	(6,170)	

Note:

(1) Lower primarily due to a lower 2021 opening balance resulting from placing fewer assets in service in 2020.

Foothills Pipe Lines Ltd. - Foothills System

DEFERRED BALANCES

For the Year Ended December 31, 2021

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. - Foothills System
HISTORICAL ANNUAL INTEGRITY SPENDING
For the Year Ended December 31, 2021
(\$000s)

Line No.	Particulars (a)	Period Actual	
		Operating (b)	Capital (c)
1	Program Management	2,337	—
2	Surveillance, Condition Monitoring and Integrity Hazard Assessment	11,880	—
3	Mitigation and Remediation	1,762	4,719
4	Other Expenditures	79	—
5	Total Integrity Spending	16,058	4,719

Foothills Pipe Lines Ltd. - Foothills System
ACTUAL AND APPROVED RATE OF RETURN
 For the Year Ended December 31, 2021
 (2017-2021)

Line No.	Particulars	2017	2018	2019	2020	2021
	(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	4.97%	4.96%	5.40%	5.42%	4.76%
3	Approved Rate of Return on Rate Base	5.10%	4.95%	5.73%	5.56%	5.18%

Foothills Pipe Lines Ltd. - Foothills System**INTERCORPORATE TRANSACTIONS**

For the Year Ended December 31, 2021

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

-Summary Receipts-

Line No.	Contracting Party (a)	Nature of Service (b)	(\$000s) (c)	Sch.# (d)
1	NOVA Gas Transmission Ltd.	Gas Transportation Services and Sale of Inventory	41,052	6.2
2	TransCanada PipeLines Limited	Sale of Inventory	326	6.2
3	Total		<u>41,378</u>	

Foothills Pipe Lines Ltd. - Foothills System

INTERCORPORATE TRANSACTIONS

For the Year Ended December 31, 2021

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

-Summary Payments-

Line No.	Contracting Party (a)	Nature of Service (b)	(\$000s) (c)	Sch.# (d)
1	NOVA Gas Transmission Ltd.	Purchase of Inventory	598	6.3
2	TransCanada PipeLines Limited	Interest Payments on Intercompany Debt, Purchase of Greenhouse Gas Emissions Credits and Purchase of Inventory	3,964	6.3
3	TransCanada Turbines Ltd.	Repair and Overhaul	934	6.3
4	Total		<u>5,496</u>	

Foothills Pipe Lines Ltd. - Foothills System
INTERCORPORATE TRANSACTIONS
For the Year Ended December 31, 2021
(\$000s)

-Receipts-

Contracting Party: NOVA Gas Transmission Ltd.

Nature Of Service: Gas Transportation and Sale of Inventory

Description: Gas 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	40,966	86	41,052

Contracting Party: TransCanada PipeLines Limited

Nature Of Service: Sale of Inventory

Description: Sale of inventory.

	Sale of Inventory
Amount	326

Foothills Pipe Lines Ltd. - Foothills System
INTERCORPORATE TRANSACTIONS
For the Year Ended December 31, 2021
(\$000s)

-Payments-

Contracting Party: NOVA Gas Transmission Ltd.

Nature Of Service: Purchase of Inventory

Description: Purchase of inventory.

	Purchase of Inventory
Amount	598

Contracting Party: TransCanada PipeLines Limited

Nature Of Service: Interest Payments on Intercompany Debt, Purchase of Greenhouse Gas Emissions Credits and 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	2,484	1,029	451	3,964

Contracting Party: TransCanada Turbines Ltd.

Nature Of Service: Repair and Overhaul

Description: Repair and overhaul of compressor units.

	Repair and Overhaul
Amount	934

Foothills Pipe Lines Ltd. - Foothills System

TRAFFIC DATA

For the Year Ended December 31, 2021

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>