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March 1, 2023

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, 2022**

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, 2022.

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, 2022

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 2022.

**CONTENTS**

Schedule	Surveillance Report
1.0	Income Summary
(a)	Foothills Pipe Lines (Alta.) Ltd. - Zone 6
(b)	Foothills Pipe Lines (Alta.) Ltd. - Zone 7
(c)	Foothills Pipe Lines (South B.C.) Ltd. - Zone 8
(d)	Foothills Pipe Lines (Sask.) Ltd. - Zone 9
2.0	Average Pipeline Rate Base
(a)	Foothills Pipe Lines (Alta.) Ltd. - Zone 6
(b)	Foothills Pipe Lines (Alta.) Ltd. - Zone 7
(c)	Foothills Pipe Lines (South B.C.) Ltd. - Zone 8
(d)	Foothills Pipe Lines (Sask.) Ltd. - Zone 9
3.0	Deferred Balances
4.0	Historical Annual Integrity Spending
5.0	Actual and Approved Rate of Return
6.0 - 6.3	Intercorporate Transactions
7.0	Traffic Data

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

For the Year Ended December 31, 2022

(\$000s)

Line No.	Particulars	CER Account(s)	Period Actual	Decision	Variance (c) - (d)	Note
	(a)	(b)	(c)	(d)	(e)	(f)
<b>Revenues</b>						
1	Transportation Revenue <sup>(i)</sup>	300	50,212	48,231	1,981	
<b>Operating Expenses</b>						
2	Operating, Maintenance & Administrative	301	13,162	14,657	(1,495)	(1)
3	Fuel & Power	301	8,217	7,255	962	(2)
4	Emissions Compliance Costs	301	5,957	3,261	2,696	(3)
5	Depreciation & Amortization	303/304	13,067	12,313	754	(4)
6	Income Taxes	306	1,902	2,142	(240)	
7	Other Taxes	305	3,705	3,710	(5)	
8	CER & NPA Cost Recovery	301	1,486	2,042	(556)	(5)
9	Methane Emissions Costs	301	171	97	74	
10	<b>Total Operating Expenses</b>		47,667	45,477	2,189	
11	<b>Operating Income</b>		2,545	2,754	(209)	
12	Financial Charges	320	300	361	(61)	
13	<b>Net Income Applicable to Common Equity</b>		2,245	2,393	(147)	
14	Rate Base (Schedule 2.0 (a))		55,561	59,226		
15	Return on Rate Base		4.58%	4.65%		
16	Return on Common Equity		10.10%	10.10%		

(i) Transportation Revenue reflects Total Revenue Requirement

\* Numbers may not add up to totals due to rounding

**Note:**

- (1) Decrease primarily due to lower severance and personnel costs and lower repair and overhaul.
- (2) Increase primarily due to higher than forecasted electricity prices.
- (3) Increase primarily due to higher utilization of compressors and 2021 emissions compliance costs true-up.
- (4) Increase primarily due to additions to a fully depreciated asset class.
- (5) Decrease primarily due to lower than planned 2020 CER true-up.

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

**INCOME SUMMARY**

For the Year Ended December 31, 2022

(\$000s)

Line No.	Particulars	CER Account(s)	Period Actual	Decision	Variance (c) - (d)	Note
	(a)	(b)	(c)	(d)	(e)	(f)
<b>Revenues</b>						
1	Transportation Revenue <sup>(i)</sup>	300	5,563	6,484	(921)	
<b>Operating Expenses</b>						
2	Operating, Maintenance & Administrative	301	4,222	5,127	(905)	(1)
3	Depreciation & Amortization	303/304	62	75	—	
4	Income Taxes	306	(87)	(135)	48	
5	Other Taxes	305	947	939	8	
6	CER & NPA Cost Recovery	301	305	372	(67)	
7	Methane Emissions Costs	301	25	17	8	
8	<b>Total Operating Expenses</b>		5,474	6,395	(921)	
9	<b>Operating Income</b>		89	89	—	
10	Financial Charges		18	8	10	
11	<b>Net Income Applicable to Common Equity</b>		71	81	(10)	
12	Rate Base (Sch 2.0 (b))		1,771	1,989		
13	Return on Rate Base		5.04%	4.49%		
14	Return on Common Equity		10.00%	10.20%		

(i) Transportation Revenue reflects Total Revenue Requirement

\* Numbers may not add up to totals due to rounding

**Note:**

(1) Decrease primarily due to lower pipeline integrity costs due to fewer digs than planned.

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

### INCOME SUMMARY

For the Year Ended December 31, 2022

(\$000s)

Line No.	Particulars	CER Account(s)	Period Actual	Decision	Variance (c) - (d)	Note
	(a)	(b)	(c)	(d)	(e)	(f)
<b>Revenues</b>						
1	Transportation Revenue <sup>(i)</sup>	300	88,092	96,738	(8,646)	
<b>Operating Expenses</b>						
2	Operating, Maintenance & Administrative	301	20,724	21,322	(598)	(1)
3	Fuel & Power	301	803	700	103	
4	Emissions Compliance Costs	301	13,998	26,651	(12,653)	(2)
5	Depreciation & Amortization	303/304	24,975	25,444	(469)	
6	Income Taxes	306	5,588	(2,499)	8,087	(3)
7	Other Taxes	305	8,108	8,248	(140)	
8	Fuel Tax	305	4,495	6,519	(2,024)	(4)
9	CER & NPA Cost Recovery	301	1,067	1,222	(155)	
10	Methane Emissions Costs	301	108	74	34	
11	<b>Total Operating Expenses</b>		79,867	87,681	(7,815)	
12	<b>Operating Income</b>		8,225	9,057	(831)	
13	Financial Charges		1,526	1,120	406	
14	<b>Net Income Applicable to Common Equity</b>		6,699	7,937	(1,237)	
15	Rate Base (Sch 2.0 (c))		165,821	196,461		
16	Return on Rate Base		4.96%	4.61%		
17	Return on Common Equity		10.10%	10.10%		

(i) Transportation Revenue reflects Total Revenue Requirement

\* Numbers may not add up to totals due to rounding

**Note:**

- (1) Decrease due to lower severance and personnel costs offset by higher repair and overhaul and pipe integrity costs.
- (2) Decrease primarily due to lower compressor utilization than planned and the CleanBC Industrial Incentive Program grant.
- (3) Increase primarily due to lower Capitalized Cost Allowance deductions.
- (4) Decrease primarily due to lower fuel consumption.

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

### INCOME SUMMARY

For the Year Ended December 31, 2022

(\$000s)

Line No.	Particulars	CER Accounts	Period Actual	Decision	Variance (c) - (d)	Note
	(a)	(b)	(c)	(d)	(e)	(f)
<b>Revenues</b>						
1	Transportation Revenue <sup>(i)</sup>	300	45,378	46,494	(1,116)	
<b>Operating Expenses</b>						
2	Operating, Maintenance & Administrative	301	9,599	10,800	(1,201)	(1)
3	Fuel & Power	301	698	795	(97)	
4	Emissions Compliance Costs	301	1,435	621	814	(2)
5	Depreciation & Amortization	303/304	21,429	21,424	5	
6	Income Taxes	306	3,313	3,153	160	
7	Other Taxes	305	3,781	4,704	(923)	(3)
8	Fuel Tax	305	976	613	363	
9	CER & NPA Cost Recovery	301	371	424	(53)	
10	Methane Emissions Costs	301	51	35	16	
11	<b>Total Operating Expenses</b>		41,653	42,569	(916)	
12	<b>Operating Income</b>		3,725	3,925	(200)	
13	Financial Charges	320	410	537	(127)	
14	<b>Net Income Applicable to Common Equity</b>		3,315	3,388	(73)	
15	Rate Base (Sch 2.0 (d))		82,037	83,890		
16	Return on Rate Base		4.54%	4.68%		
17	Return on Common Equity		10.10%	10.10%		

(i) Transportation Revenue reflects Total Revenue Requirement

\* Numbers may not add up to totals due to rounding

**Note:**

- (1) Decrease primarily due to lower pipe integrity costs, partially offset by higher personnel costs and higher repair and overhaul.
- (2) Increase primarily due to higher fuel consumption and 2021 emissions compliance costs true-up.
- (3) Decrease primarily due to a re-assessment and tax rate changes.

**Foothills Pipe Lines (Alta.) Ltd. - Zone 6**  
**AVERAGE PIPELINE RATE BASE**  
For the Year Ended December 31, 2022  
(\$000s)

Line No.	Particulars	Period Actual	Decision	Variance (b) - (c)	Note
	(a)	(b)	(c)	(d)	(e)
	<b>Utility Investment</b>				
1	Net Plant	48,196	52,277	(4,081)	(1)
	<b>Working Capital</b>				
2	Cash	3,886	3,541	345	
3	Materials and Supplies	803	732	71	
4	Linepack	2,577	2,577	—	
5	Prepayments and Deposits	99	99	—	
6	Total Working Capital	7,365	6,949	416	
7	<b>Total Rate Base</b>	55,561	59,226	(3,665)	

**Note:**

(1) Variance due to a lower opening Net Plant balance.

**Foothills Pipe Lines (Alta.) Ltd. - Zone 7**  
**AVERAGE PIPELINE RATE BASE**  
For the Year Ended December 31, 2022  
(\$000s)

Line No.	Particulars (a)	Period Actual (b)	Decision (c)	Variance (b) - (c) (d)
	<b>Utility Investment</b>			
1	Net Plant	128	227	(99)
	<b>Working Capital</b>			
2	Cash	604	723	(119)
3	Linepack	1,039	1,039	—
4	Total Working Capital	1,643	1,762	(119)
5	<b>Total Rate Base</b>	1,771	1,989	(218)



**Foothills Pipe Lines (South B.C.) Ltd. - Zone 8****AVERAGE PIPELINE RATE BASE**

For the Year Ended December 31, 2022

(\$000s)

Line No.	Particulars	Period Actual	Decision	Variance (b) - (c)	Note
	(a)	(b)	(c)	(d)	(e)
	<b>Utility Investment</b>				
1	Net Plant	156,749	185,173	(28,424)	(1)
	<b>Working Capital</b>				
2	Cash	4,807	7,043	(2,236)	(2)
3	Materials and Supplies	2,792	2,772	20	
4	Linepack	1,473	1,473	—	
5	Total Working Capital	9,072	11,288	(2,216)	
6	<b>Total Rate Base</b>	165,821	196,461	(30,640)	

**Note:**

- (1) Variance due to a lower opening Net Plant balance and fewer assets placed into service in 2022.
- (2) Variance due to a lower operating expense.

**Foothills Pipe Lines (Sask.) Ltd. - Zone 9**  
**AVERAGE PIPELINE RATE BASE**  
For the Year Ended December 31, 2022  
(\$000s)

Line No.	Particulars	Period Actual	Decision	Variance (b) - (c)	Note
	(a)	(b)	(c)	(d)	(e)
	<b>Utility Investment</b>				
1	Net Plant	76,391	78,035	(1,644)	(1)
	<b>Working Capital</b>				
2	Cash	1,601	1,615	(14)	
3	Materials and Supplies	1,729	1,924	(195)	
4	Linepack	2,316	2,316	—	
5	Total Working Capital	5,646	5,855	(209)	
6	<b>Total Rate Base</b>	82,037	83,890	(1,853)	

**Note:**

(1) Variance due to a lower opening Net Plant balance.

**Foothills Pipe Lines Ltd. - Foothills System**  
**DEFERRED BALANCES**  
For the Year Ended December 31, 2022

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, 2022  
(\$000s)

Line No.	Particulars (a)	Period Actual	
		Operating (b)	Capital (c)
1	Program Management	1,590	—
2	Surveillance, Condition Monitoring and Integrity Hazard Assessment	8,235	—
3	Mitigation and Remediation	5,726	30,258
4	Other Expenditures	171	—
5	<b>Total Integrity Spending</b>	<b>15,722</b>	<b>30,258</b>

**Foothills Pipe Lines Ltd. - Foothills System**  
**ACTUAL AND APPROVED RATE OF RETURN**  
 For the Year Ended December 31, 2022  
 (2018-2022)

Line No.	Particulars	2018	2019	2020	2021	2022
	(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	4.96 %	5.40 %	5.42 %	4.76 %	4.78 %
3	Approved Rate of Return on Rate Base	4.95 %	5.73 %	5.56 %	5.18 %	4.63 %

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

**INTERCORPORATE TRANSACTIONS**

For the Year Ended December 31, 2022

(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 Service and Sale of Inventory	50,685	6.2
2	TransCanada PipeLines Limited	Sale of Inventory	131	6.2
3	<b>Total</b>		<u>50,816</u>	

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

**INTERCORPORATE TRANSACTIONS**

For the Year Ended December 31, 2022

(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	4,881	6.3
2	TransCanada PipeLines Limited	Interest payments on Intercompany Debt, Purchase of Greenhouse Gas Emissions Credits and Purchase of Inventory	3,482	6.3
3	TransCanada Turbines Ltd.	Repair and Overhaul	6,613	6.3
4	TransCanada Calibrations Ltd.	System Maintenance	215	6.3
5	<b>Total</b>		<u>15,191</u>	

**Foothills Pipe Lines Ltd. - Foothills System**  
**INTERCORPORATE TRANSACTIONS**  
For the Year Ended December 31, 2022  
(\$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	50,549	136	50,685

Contracting Party: TransCanada PipeLines Limited

Nature Of Service: Sale of Inventory

Description: Sale of inventory.

	Sale of Inventory
Amount	131



**Foothills Pipe Lines Ltd. - Foothills System**  
**INTERCORPORATE TRANSACTIONS**  
For the Year Ended December 31, 2022  
(\$000s)

**-Payments-**

Contracting Party: NOVA Gas Transmission Ltd.

Nature Of Service: Purchase of Inventory

Description: Purchase of inventory.

	Purchase of Inventory
Amount	4,881

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 Costs	Purchase of Inventory	Purchase of Greenhouse Gas Emissions Credits	Total
Amount	1,980	524	978	3,482

Contracting Party: TransCanada Turbines Ltd.

Nature Of Service: Repair and Overhaul

Description: Repair and overhaul of compressor units.

	Repair and Overhaul
Amount	6,613

Contracting Party: TransCanada Calibrations Ltd.

Nature Of Service: System Maintenance

Description: System maintenance, meter repair, calibration and other measurement services.

	System Maintenance
Amount	215

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

**TRAFFIC DATA**

For the Year Ended December 31, 2022

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>