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March 2, 2015

National Energy Board  
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)  
Annual Surveillance Report  
For the Period Ended December 31, 2014**

Enclosed for filing with the Board is a copy of Foothills' Annual Surveillance Report for the period ended December 31, 2014.

Foothills is notifying shippers of the availability of this filing in the Board's repository as well as on TransCanada's Foothills System website at the following address:

<http://www.transcanada.com/customerexpress/934.html>

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

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

*Original signed by*

Eman Tadayoni  
Regulatory Project Manager  
Regulatory Services

Attachment

cc: Foothills Firm and Interruptible Shippers

# **Foothills Pipe Lines Ltd.**

## **Annual Surveillance Report**

For the Year Ended December 31, 2014

The National Energy Board (NEB or Board) Annual Surveillance Report is a special purpose financial summary intended for the use of the NEB and its staff. The Report is provided to enable the Board to monitor the Company's utility operations in comparison with the revenues and expenditures used to determine tolls for the test year.

Pursuant to Guide BB of the Board's Filing Manual, Foothills submits its year-end report for 2014.

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**FOOTHILLS PIPE LINES (ALTA.) LTD. - ZONE 6**  
**INCOME SUMMARY**  
**For the Year Ended December 31, 2014**  
**(\$000s)**

| <b>Particulars</b>             | <b>NEB</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>(d)</b>      | <b>(e)</b>       |             |
| <b>Revenue</b>                 |                 |               |                 |                  |             |
| Transportation Revenue         | 300             | 60,763        | 64,507          | (3,744)          |             |
| Special Charge                 |                 | 1,397         | 1,405           | (8)              |             |
| Total Revenue                  |                 | <u>62,160</u> | <u>65,912</u>   | <u>(3,752)</u>   |             |
| <b>Operating Expenses</b>      |                 |               |                 |                  |             |
| Salaries, Wages & Benefits     | 301             | 6,015         | 5,865           | 150              |             |
| Fuel & Power                   | 301             | 11,335        | 13,395          | (2,060)          | (1)         |
| Emissions Compliance Costs     | 301             | 10            | -               | 10               |             |
| Other Operating & Maintenance  | 301             | 10,464        | 11,671          | (1,207)          | (2)         |
| Depreciation & Amortization    | 303-304         | 17,059        | 17,034          | 25               |             |
| Income Taxes                   | 306             | 4,574         | 4,023           | 551              | (3)         |
| Taxes Other than Income        | 305             | 3,596         | 3,535           | 61               |             |
| NEB & NPA Cost Recovery        | 301             | 2,322         | 2,550           | (228)            | (4)         |
| Total Operating Expenses       |                 | <u>55,375</u> | <u>58,073</u>   | <u>(2,698)</u>   |             |
| <b>Operating Income</b>        |                 | 6,785         | 7,839           | (1,054)          |             |
| Financial Charges              |                 | 1,008         | 2,006           | (998)            | (5)         |
| Special Charge                 |                 | 1,397         | 1,405           | (8)              |             |
| <b>Equity Return</b>           |                 | <u>4,380</u>  | <u>4,428</u>    | <u>(48)</u>      |             |
| <b>Return on Rate Base</b>     |                 | 4.97%         | 5.87%           |                  |             |
| <b>Return on Common Equity</b> |                 | 10.10%        | 10.10%          |                  |             |
| <b>Average Rate Base</b>       |                 | 108,399       | 109,627         |                  |             |

**Note:**

- 1) Variance is primarily due to lower spot power prices than forecast.
- 2) Variance is primarily due to lower pipe integrity, overhaul activities and field operation costs than forecast.
- 3) Variance is primarily due to lower tax deductions for capitalized repair and overhaul costs than forecast.
- 4) Variance is due to lower NEB Cost Recovery levies than forecast.
- 5) Variance is primarily due to lower financing rates than forecast.

**FOOTHILLS PIPE LINES (ALTA.) LTD. - ZONE 7**  
**INCOME SUMMARY**  
For the Year Ended December 31, 2014  
(\$000s)

| Particulars<br>(a)                    | NEB<br>Accounts<br>(b) | Period<br>Actual<br>(c) | Decision<br>(d) | Variance<br>(c) - (d)<br>(e) | Note |
|---------------------------------------|------------------------|-------------------------|-----------------|------------------------------|------|
| <b>Revenue</b>                        |                        |                         |                 |                              |      |
| Transportation Revenue                | 300                    | 9,796                   | 10,436          | (640)                        |      |
| Special Charge                        |                        | 194                     | 195             | (1)                          |      |
| Total Revenue                         |                        | <u>9,990</u>            | <u>10,631</u>   | <u>(641)</u>                 |      |
| <b>Operating Expenses</b>             |                        |                         |                 |                              |      |
| Salaries, Wages & Benefits            | 301                    | 835                     | 814             | 21                           |      |
| Other Operating & Maintenance         | 301                    | 3,749                   | 4,374           | (625)                        | (1)  |
| Depreciation & Amortization           | 303-304                | 2,967                   | 2,990           | (23)                         |      |
| Income Taxes                          | 306                    | 761                     | 693             | 68                           |      |
| Taxes Other than Income               | 305                    | 915                     | 880             | 35                           |      |
| NEB & NPA Cost Recovery               | 301                    | 322                     | 354             | (32)                         |      |
| Total Operating Expenses              |                        | <u>9,549</u>            | <u>10,105</u>   | <u>(556)</u>                 |      |
| <b>Operating Income</b>               |                        | 441                     | 526             | (85)                         |      |
| Financial Charges                     |                        | 49                      | 102             | (53)                         |      |
| Special Charge & Incentive Settlement |                        | 194                     | 195             | (1)                          |      |
| <b>Equity Return</b>                  |                        | <u>198</u>              | <u>229</u>      | <u>(31)</u>                  |      |
| <b>Return on Rate Base</b>            |                        | 5.04%                   | 5.85%           |                              |      |
| <b>Return on Common Equity</b>        |                        | 10.10%                  | 10.10%          |                              |      |
| <b>Average Rate Base</b>              |                        | 4,890                   | 5,657           |                              |      |

**Note:**

1) Variance is primarily due to lower land payments partially offset by higher pipe integrity activities than forecast.

**FOOTHILLS PIPE LINES (SOUTH B.C.) LTD. - ZONE 8**  
**INCOME SUMMARY**  
**For the Year Ended December 31, 2014**  
**(\$000s)**

| Particulars                           | NEB      | Period        | Decision      | Variance       | Note |
|---------------------------------------|----------|---------------|---------------|----------------|------|
| (a)                                   | Accounts | Actual        | (d)           | (c) - (d)      |      |
|                                       | (b)      | (c)           | (d)           | (e)            |      |
| <b>Revenue</b>                        |          |               |               |                |      |
| Transportation Revenue                | 300      | 63,154        | 64,387        | (1,233)        |      |
| Special Charge                        |          | 533           | 530           | 3              |      |
| Total Revenue                         |          | <u>63,687</u> | <u>64,917</u> | <u>(1,230)</u> |      |
| <b>Operating Expenses</b>             |          |               |               |                |      |
| Salaries, Wages & Benefits            | 301      | 2,296         | 2,214         | 82             |      |
| Fuel & Power                          | 301      | 495           | 457           | 38             |      |
| Emissions Compliance Costs            | 301      | 6,059         | 5,371         | 688            | (1)  |
| Other Operating & Maintenance         | 301      | 11,016        | 10,133        | 883            | (2)  |
| Depreciation & Amortization           | 303-304  | 18,677        | 18,020        | 657            | (3)  |
| Income Taxes                          | 306      | 4,255         | 6,167         | (1,912)        | (4)  |
| Taxes Other than Income               | 305      | 7,718         | 7,770         | (52)           |      |
| Fuel Tax                              | 305      | 2,476         | 2,236         | 240            | (1)  |
| NEB & NPA Cost Recovery               | 301      | 894           | 961           | (67)           |      |
| Total Operating Expenses              |          | <u>53,886</u> | <u>53,329</u> | <u>557</u>     |      |
| <b>Operating Income</b>               |          | 9,801         | 11,588        | (1,787)        |      |
| Financial Charges                     |          | 1,719         | 3,448         | (1,729)        | (5)  |
| Special Charge & Incentive Settlement |          | 533           | 530           | 3              |      |
| <b>Equity Return</b>                  |          | <u>7,549</u>  | <u>7,610</u>  | <u>(61)</u>    |      |
| <b>Return on Rate Base</b>            |          | 4.96%         | 5.87%         |                |      |
| <b>Return on Common Equity</b>        |          | 10.10%        | 10.10%        |                |      |
| <b>Average Rate Base</b>              |          | 186,877       | 188,393       |                |      |

**Note:**

- 1) Variance is due to higher compressor fuel use than forecast.
- 2) Variance is primarily due to higher pipe integrity and overhaul activities partially offset by higher capital related activities than forecast.
- 3) Variance is primarily due to higher capitalized overhaul expenditures than forecast.
- 4) Variance is primarily due to higher tax deductions for capitalized repair and overhaul costs than forecast.
- 5) Variance is primarily due to lower financing rates than forecast.

**FOOTHILLS PIPE LINES (SASK) LTD. - ZONE 9**  
**INCOME SUMMARY**  
**For the Year Ended December 31, 2014**  
**(\$000s)**

| <b>Particulars</b>                    | <b>NEB</b>      | <b>Period</b> | <b>Variance</b> | <b>Note</b>      |
|---------------------------------------|-----------------|---------------|-----------------|------------------|
| <b>(a)</b>                            | <b>Accounts</b> | <b>Actual</b> | <b>Decision</b> | <b>(c) - (d)</b> |
| <b>(a)</b>                            | <b>(b)</b>      | <b>(c)</b>    | <b>(d)</b>      | <b>(e)</b>       |
| <b>Revenue</b>                        |                 |               |                 |                  |
| Transportation Revenue                | 300             | 45,796        | 48,317          | (2,521)          |
| Special Charge                        |                 | 146           | 140             | 6                |
| Total Revenue                         |                 | <u>45,942</u> | <u>48,457</u>   | <u>(2,515)</u>   |
| <b>Operating Expenses</b>             |                 |               |                 |                  |
| Salaries, Wages & Benefits            | 301             | 628           | 584             | 44               |
| Fuel & Power                          | 301             | 594           | 767             | (173)            |
| Other Operating & Maintenance         | 301             | 3,891         | 5,003           | (1,112) (1)      |
| Depreciation & Amortization           | 303-304         | 19,446        | 19,557          | (111)            |
| Income Taxes                          | 306             | 6,952         | 6,303           | 649 (2)          |
| Taxes Other than Income               | 305             | 4,451         | 4,438           | 13               |
| Fuel Tax                              | 305             | 613           | 737             | (124)            |
| NEB & NPA Cost Recovery               | 301             | 273           | 245             | 28               |
| Total Operating Expenses              |                 | <u>36,848</u> | <u>37,634</u>   | <u>(786)</u>     |
| <b>Operating Income</b>               |                 | 9,094         | 10,823          | (1,729)          |
| Financial Charges                     |                 | 1,660         | 3,330           | (1,670) (3)      |
| Special Charge & Incentive Settlement |                 | 146           | 140             | 6                |
| <b>Equity Return</b>                  |                 | <u>7,288</u>  | <u>7,353</u>    | <u>(65)</u>      |
| <b>Return on Rate Base</b>            |                 | 4.96%         | 5.87%           |                  |
| <b>Return on Common Equity</b>        |                 | 10.10%        | 10.10%          |                  |
| <b>Average Rate Base</b>              |                 | 180,397       | 181,981         |                  |

**Note:**

- 1) Variance is primarily due to lower pipe integrity and overhaul activities than forecast.
- 2) Variance is primarily due to lower capitalized repair and overhaul, and CCA deductions, than forecast.
- 3) Variance is primarily due to lower financing rates than forecast.

**FOOTHILLS PIPE LINES LTD. - Zone 6**  
**AVERAGE RATE BASE**  
**For the Year Ended December 31, 2014**  
**(\$000s)**

| <b>Particulars</b>             | <b>Period<br/>Actual</b> | <b>Decision</b> | <b>Variance<br/>(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                      | 100,884                  | 101,856         | (972)                         | (1)         |
| <b>Working Capital</b>         |                          |                 |                               |             |
| Linepack                       | 2,577                    | 2,577           | -                             |             |
| Prepayments and Deposits       | 99                       | 99              | -                             |             |
| Cash                           | 4,053                    | 4,307           | (254)                         | (2)         |
| Inventory                      | 786                      | 788             | (2)                           |             |
| Total Working Capital          | <u>7,515</u>             | <u>7,771</u>    | <u>(256)</u>                  |             |
| <b>Total Average Rate Base</b> | <u>108,399</u>           | <u>109,627</u>  | <u>(1,228)</u>                |             |

**Note:**

- 1) Variance is primarily due to lower opening Net Plant balance than forecast.
- 2) Variance is primarily due to lower operating and maintenance costs than forecast.

**FOOTHILLS PIPE LINES LTD. - Zone 7**  
**AVERAGE RATE BASE**  
**For the Year Ended December 31, 2014**  
**(\$000s)**

| <b>Particulars</b>             | <b>Period<br/>Actual</b> | <b>Decision</b> | <b>Variance<br/>(b) - (c)</b> |     |
|--------------------------------|--------------------------|-----------------|-------------------------------|-----|
| <b>(a)</b>                     | <b>(b)</b>               | <b>(c)</b>      | <b>(d)</b>                    |     |
| <b>Plant in Service</b>        |                          |                 |                               |     |
| Net Plant                      | 3,206                    | 3,929           | (723)                         | (1) |
| <b>Working Capital</b>         |                          |                 |                               |     |
| Linepack                       | 1,039                    | 1,039           | -                             |     |
| Cash                           | 645                      | 689             | (44)                          |     |
| Total Working Capital          | <u>1,684</u>             | <u>1,728</u>    | <u>(44)</u>                   |     |
| <b>Total Average Rate Base</b> | <u>4,890</u>             | <u>5,657</u>    | <u>(767)</u>                  |     |

**Note:**

1) Variance is primarily due to lower capital additions than forecast.



**FOOTHILLS PIPE LINES LTD. - Zone 8  
AVERAGE RATE BASE  
For the Year Ended December 31, 2014  
(\$000s)**

| <b>Particulars</b>             | <b>Period<br/>Actual</b> | <b>Decision</b> | <b>Variance<br/>(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                      | 180,189                  | 182,042         | (1,853)                       | (1)         |
| <b>Working Capital</b>         |                          |                 |                               |             |
| Linepack                       | 1,473                    | 1,473           | -                             |             |
| Cash                           | 3,096                    | 2,705           | 391                           | (2)         |
| Inventory                      | 2,119                    | 2,173           | (54)                          |             |
| Total Working Capital          | <u>6,688</u>             | <u>6,351</u>    | <u>337</u>                    |             |
| <b>Total Average Rate Base</b> | <u>186,877</u>           | <u>188,393</u>  | <u>(1,516)</u>                |             |

**Note:**

- 1) Variance is primarily due to lower opening Net Plant balances partially offset by higher capital additions than forecast.
- 2) Variance is primarily due to higher operating and maintenance costs than forecast.

**FOOTHILLS PIPE LINES LTD. - Zone 9**  
**AVERAGE RATE BASE**  
**For the Year Ended December 31, 2014**  
**(\$000s)**

| <b>Particulars</b>             | <b>Period</b> | <b>Decision</b> | <b>Variance</b>  | <b>Note</b> |
|--------------------------------|---------------|-----------------|------------------|-------------|
| <b>(a)</b>                     | <b>Actual</b> | <b>(c)</b>      | <b>(b) - (c)</b> |             |
|                                | <b>(b)</b>    | <b>(c)</b>      | <b>(d)</b>       |             |
| <b>Plant in Service</b>        |               |                 |                  |             |
| Net Plant                      | 176,623       | 178,037         | (1,414)          | (1)         |
| <b>Working Capital</b>         |               |                 |                  |             |
| Linepack                       | 2,316         | 2,316           | -                |             |
| Cash                           | 773           | 938             | (165)            |             |
| Inventory                      | 685           | 690             | (5)              |             |
| Total Working Capital          | 3,774         | 3,944           | (170)            |             |
| <b>Total Average Rate Base</b> | 180,397       | 181,981         | (1,584)          |             |

**Note:**

1) Variance is primarily due to timing of capital additions and lower opening Net Plant balance than forecast.

**FOOTHILLS PIPE LINES LTD.**  
**THROUGHPUT DETAIL**  
**For the Year Ended December 31, 2014**  
**(TJ)**

| Particulars<br>(a)    | Service | Zone | 2014           | 2014                           | Variance         | Note |
|-----------------------|---------|------|----------------|--------------------------------|------------------|------|
|                       |         |      | Actual<br>(b)  | Decision <sup>(1)</sup><br>(c) | (b-c)<br>(d)     |      |
| Canadian Volumes:     | FT      | 8    | 34,903         | -                              | 34,903           | (2)  |
|                       | STFT    | 8    | 77             | -                              | 77               |      |
|                       | IT      | 8    | 2,919          | -                              | 2,919            | (2)  |
| Export Volumes:       | FT      | 8    | 567,590        | 661,466                        | (93,876)         | (3)  |
|                       | STFT    | 8    | 63,445         | 29,509                         | 33,936           | (3)  |
|                       | IT      | 8    | 21,908         | 9,836                          | 12,072           | (3)  |
| <b>Total Volumes:</b> |         |      | <b>690,842</b> | <b>700,811</b>                 | <b>(9,969)</b>   |      |
| Canadian Volumes:     | FT      | 9    | 13,704         | -                              | 13,704           | (2)  |
|                       | SGS-1   | 9    | 60             | 56                             | 4                |      |
|                       | IT      | 9    | 3,047          | -                              | 3,047            | (2)  |
| Export Volumes:       | FT      | 9    | 116,045        | 127,248                        | (11,203)         | (3)  |
|                       | STFT    | 9    | 342,870        | 502,440                        | (159,570)        | (3)  |
|                       | IT      | 9    | 98,571         | 126,353                        | (27,782)         | (3)  |
| <b>Total Volumes:</b> |         |      | <b>574,297</b> | <b>756,097</b>                 | <b>(181,800)</b> |      |
| Other Volumes:        | FT      | 6    |                |                                |                  | (4)  |
|                       | FT      | 7    |                |                                |                  | (4)  |

**Note:**

- 1) Forecast prepared based on contracts as at October 1, 2013.
- 2) The forecast for Canadian volumes was included in the forecast for export volumes.
- 3) Throughput is dependent on customer contracting behaviours and market conditions and therefore can fluctuate.
- 4) All capacity is contracted to NOVA Gas Transmission Ltd.

**FOOTHILLS PIPE LINES LTD.**  
**PAYROLL STATISTICS**  
**Salaries, Wages and Employee Benefits**  
**For the Year Ended December 31, 2014**  
**(\$000s)**

| <b>Particulars</b>                        | <b>Period</b>  | <b>Decision</b> | <b>Variance</b>  | <b>Note</b> |
|---|----------------|-----------------|------------------|-------------|
| <b>(a)</b>                                | <b>Actual</b>  | <b>(c)</b>      | <b>(b) - (c)</b> |             |
|   | <b>(b)</b>     | <b>(c)</b>      | <b>(d)</b>       |             |
| <b><u>Salaries &amp; Wages</u></b>        |                |                 |                  |             |
| Total Regular Salaries & Wages            | 6,736          | 8,855           | (2,119)          | (1)         |
| Incentive compensation                    | 3,252          | 3,231           | 21               |             |
| Ancillary and other                       | 870            | 761             | 109              |             |
| Total Gross Salaries                      | <u>10,858</u>  | <u>12,847</u>   | <u>(1,989)</u>   |             |
| Charged to Construction & Other           | <u>(3,084)</u> | <u>(5,894)</u>  | <u>2,810</u>     | (2)         |
| Gross Salaries Charged to Cost of Service | <u>7,774</u>   | <u>6,953</u>    | <u>821</u>       |             |
| <b><u>Employee Benefits</u></b>           |                |                 |                  |             |
| Total Benefits                            | 1,953          | 2,524           | (571)            | (1)         |
| Pension/Benefit Adjustment                | <u>47</u>      | <u>-</u>        | <u>47</u>        |             |
| Benefits Charged to Cost of Service       | <u>2,000</u>   | <u>2,524</u>    | <u>(524)</u>     |             |

**Note:**

- (1) Variance is primarily due to lower allocated salaried employees than forecast.  
(2) Mainly due to lower charge-outs to other TransCanada business lines than forecast.

**FOOTHILLS PIPE LINES LTD.**  
**PAYROLL STATISTICS**  
**Average Allocated Employees**  
**For the Year Ended December 31, 2014**

| <b>Particulars</b><br>(a)            | <b>Period<br/>Actual</b><br>(b) | <b>Decision</b><br>(c) | <b>Variance<br/>(b) - (c)</b><br>(d) | <b>Note</b> |
|--------------------------------------|---------------------------------|------------------------|--------------------------------------|-------------|
| Total Regular Employees              | 61                              | 81                     | (20)                                 | (1)         |
| Charged to Construction & Other      | (15)                            | (29)                   | 14                                   | (2)         |
| Employees Charged to Cost of Service | 46                              | 52                     | (6)                                  |             |

**Note:**

- 1) Variance is primarily due to salaried employees redeployed to other lines of business.  
2) Mainly due to lower charge-outs to other TransCanada business lines than forecast.

**FOOTHILLS PIPE LINES LTD.**  
**DEFERRAL ACCOUNTS**  
**For the Year Ended December 31, 2014**

**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.  
YEAR END REPORT - PERFORMANCE MEASURES

Revised  
Schedule 7

|   | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>Note</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>A. Total Revenue Requirement per Throughput Km (\$/10<sup>6</sup>m<sup>3</sup>-km)</b>   | 11.4        | 11.3        | 10.9        | 10.8        | 11.2        |             |
| <b>B. Operating Expenses per Throughput Km (\$/10<sup>6</sup>m<sup>3</sup>-km)</b>  | 7.2         | 7.3         | 7.3         | 7.7         | 8.6         |             |
| <b>C. Operating Expenses per Average Gross Plant in Service (%)</b>   | 7.2%        | 6.9%        | 7.3%        | 7.5%        | 7.6%        |             |
| <b>D. Administrative and General Expenses per Employee (\$'000s)</b>  | 201.2       | 219.2       | 253.4       | 264.8       | 380.0       |             |
| <b>E. Administrative and General Expenses per Throughput Km (\$/10<sup>6</sup>m<sup>3</sup>-km)</b>   | 0.7         | 0.8         | 0.9         | 0.9         | 1.1         |             |
| <b>F. Net Plant per Throughput Km (\$/10<sup>6</sup>m<sup>3</sup>-km)</b>   | 36.5        | 35.5        | 31.3        | 29.0        | 29.7        |             |
| <b>G. Throughput Km per Employee (10<sup>6</sup>m<sup>3</sup>-km)</b>   | 276,325     | 270,512     | 292,654     | 303,021     | 351,706     |             |
| <b>H. Fuel and Power Costs per Throughput Km (\$/10<sup>6</sup>m<sup>3</sup>-km)</b>  | 0.79        | 1.03        | 1.00        | 1.07        | 0.77        |             |
| <b>I. Average Salary per Employee (\$'000s)</b><br>In this measure employees excludes contract personnel directly involved in the operation of Foothills.   | 103.6       | 107.2       | 109.4       | 112.6       | 113.0       | (1)         |
| <b>J. Average Benefits per Employee (\$'000s)</b><br>In this measure employees excludes contract personnel directly involved in the operation of Foothills. | 27.0        | 27.6        | 30.1        | 30.9        | 33.1        | (1)         |
| <b>K. Actual and Approved Rates of Return on Equity</b>   | 9.70%       | 9.70%       | 9.70%       | 10.10%      | 10.10%      |             |
| <b>L. Actual Rate of Return on Rate Base</b>  | 6.78%       | 6.97%       | 7.37%       | 6.85%       | 4.96%       |             |
| <b>Approved Rate of Return on Rate Base</b>   | 6.83%       | 7.06%       | 7.22%       | 6.99%       | 5.87%       |             |

**Note:**

- 1) Average salary and associated benefits for a TransCanada employee.

**FOOTHILLS PIPE LINES LTD.**  
**INTERCORPORATE TRANSACTIONS**  
**For the Year Ended December 31, 2014**  
(includes total transactions greater than \$100,000)

**- Summary Receipts -**

| Contracting Party          | Nature of Service                             | (\$000s)      | Ref.<br>Sch.# |
|----------------------------|---|---------------|---------------|
| NOVA Gas Transmission Ltd. | Transportation Service and Sales of Inventory | 75,478        | 8.2           |
| <b>Grand Total</b>         |   | <b>75,478</b> |               |



**FOOTHILLS PIPE LINES LTD.  
INTERCORPORATE TRANSACTIONS  
For the Year Ended December 31, 2014**  
(includes total transactions greater than \$100,000)

**- Summary Payments -**

| Contracting Party                               | Nature of Service                    | (\$000s)     | Ref.<br>Sch.# |
|---|--------------------------------------|--------------|---------------|
| TransCanada PipeLines Limited                   | Interest Payments                    | 3,480        | 8.3           |
| TransCanada Turbines                            | Repair and Overhaul                  | 1,028        | 8.3           |
| Gas Transmission Northwest Corporation          | Gas Nominations & Scheduling Service | 288          | 8.3           |
| TransCanada PipeLines Limited Canadian Mainline | Purchase of Inventory                | 245          | 8.3           |
| NOVA Gas Transmission Ltd.                      | Purchase of Inventory                | 437          | 8.3           |
| <b>Grand Total</b>                              |                                      | <b>5,478</b> |               |

**FOOTHILLS PIPE LINES LTD.  
INTERCORPORATE TRANSACTIONS  
For the Year Ended December 31, 2014  
(\$000s)**

**- Receipts -**

Contracting Parties: NOVA Gas Transmission Ltd.

Nature Of Service: Gas Transportation and Sales of Inventory

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

|        | Gas<br>Transportation | Sale of Inventory | Total  |
|--------|-----------------------|-------------------|--------|
| Amount | 75,359                | 119               | 75,478 |

**FOOTHILLS PIPE LINES LTD.  
INTERCORPORATE TRANSACTIONS  
For the Year Ended December 31, 2014  
(\$000s)**

**- Payments -**

Contracting Parties: TransCanada PipeLines Limited

Nature Of Service: Interest Payments

Description: Interest payments on Long-term Debt

|        | Interest<br>Payments |
|--------|----------------------|
| Amount | 3,480                |

Contracting Parties: TransCanada Turbines

Nature Of Service: Repair and Overhaul

Description: Repair and Overhaul of Compressor Units

|        | Repair and Overhaul |
|--------|---------------------|
| Amount | 1,028               |

Contracting Parties: Gas Transmission Northwest Corporation (GTNC)

Nature Of Service: Gas Nominations & Scheduling Service

Description: Agreement with GTNC to provide nomination and scheduling services to Zone 8 customers.

|        | Gas Nominations &<br>Scheduling Service |
|--------|---|
| Amount | 288                                     |

Contracting Parties: TransCanada Pipelines Limited Canadian Mainline

Nature Of Service: Purchase of Inventory

Description: Purchase of Inventory

|        | Purchase of Inventory |
|--------|-----------------------|
| Amount | 245                   |

Contracting Parties: NOVA Gas Transmission Ltd.

Nature Of Service: Purchase of Inventory

Description: Purchase of Inventory

|        | Purchase of Inventory |
|--------|-----------------------|
| Amount | 437                   |