



Foothills Shipper Meeting

October 16, 2012

2013 Preliminary Rates



2013 Forecast Key Notes



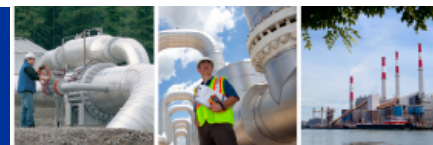
- The Foothills system will be filing for:
 - 2013 interim rates for January 1, 2013
- The Foothills system interim rates are based on:
 - 2013 forecast contracts / throughput
 - 2013 forecast of costs
- For the purpose of setting the interim toll, the rates are based on:
 - Assumed return on equity of 9.7% on 40% for 2013
 - The return on equity to be reflected in final rates will be subject to settlement discussions
 - Current settlement expires December 2012

Overview of Zone 9



- **The Revenue Requirement:**
 - 2013 - \$27.6 Million (2012 Rate Filing: \$46.1 Million)
- **Total Throughput:**
 - 2013 – 1,892 TJ/d (2012 Rate Filing: 1,594 TJ/d)
- **Results in an FT Rate of:**
 - 2013 – 4.0 ¢/GJ (2012 Rate: 7.7 ¢/GJ)

Zone 9 - Costs and Revenue (\$000)



	2012 Rate Filing	2013 Rate Filing	Difference	%
Cost				
O&M	5,700	4,806	(894)	
Return & Depr	33,104	32,893	(211)	
Taxes (income + Other)	10,693	8,677	(2,016)	
Special Charge	103	106	3	
	<u>49,600</u>	<u>46,482</u>	<u>(3,118)</u>	
Adjustments				
Previous (Over) Under	(3,549)	(18,904)	(15,355)	
Total	<u>46,051</u>	<u>27,578</u>	<u>(18,473)</u>	-40%
Other Revenue				
STFT	(28,988)	(18,730)	10,258	
IT & SGS	(10,595)	(5,375)	5,219	
Firm Rev Rqmt¹	<u>6,468</u>	<u>3,473</u>	<u>(2,995)</u>	-46%

1. Totals may not add due to rounding

Zone 9 - Contracts and Throughput (TJ/d)



	2012	2013	
	Rate Forecast	Rate Forecast	Difference
Firm Contract Demand¹	230	272	42
Throughput to Services:			
Firm Volumes	225	268	43
STFT Volumes	1,027	1,265	238
Interruptible Volumes	342	359	17
Total²	1,594	1,892	298

1. Annualized contract demand quantity

2. Totals may not add due to rounding

Zone 9 Rate Sensitivity – Rule of Thumb



- A \$1 million dollar increase (decrease) in revenue requirement results in approximately a 0.15¢/GJ increase (decrease) in the Firm Transportation rate
- A 100 TJ/d increase (decrease) in throughput results in approximately a 0.2¢ /GJ decrease (increase) in the Firm Transportation rate

Overview of Zone 8



- **The Revenue Requirement:**
 - 2013 - \$54.2 Million (2012 Rate Filing: \$ 65.1 Million)

- **Total Firm Contract :**
 - 2013 – 1,804 TJ/d (2012 Rate Filing: 1,829 TJ/d)

- **Results in an FT Rate of:**
 - 2013 – 7.6 ¢/GJ (2012 Rate: 9.4 ¢/GJ)

Zone 8 – Costs and Revenue (\$000)



	2012 Rate Filing	2013 Rate Filing	Difference	%
Cost				
O&M	19,167	12,589	(6,578)	
Return & Depr	32,815	31,611	(1,204)	
Taxes (income + Other)	18,404	19,210	806	
Special Charge	542	535	(7)	
	<u>70,926</u>	<u>63,945</u>	<u>(6,981)</u>	
Adjustments				
Previous (Over) Under	(5,845)	(9,770)	(3,925)	
Total	<u>65,081</u>	<u>54,176</u>	<u>(10,905)</u>	-17%
Other Revenue				
STFT	(1,360)	(3,289)	(1,929)	
IT	(923)	(898)	25	
Firm Rev Rqmt¹	<u>62,798</u>	<u>49,988</u>	<u>(12,810)</u>	-20%

1. Totals may not add due to rounding

Zone 8 - Contract and Throughput (TJ/d)



	2012	2013	
	Rate Forecast	Rate Forecast	Difference
Firm Contract Demand¹	1,829	1,804	(25)
Throughput to Services:			
Firm Volumes	1,829	1,749	(80)
STFT Volumes	40	118	79
Interruptible Volumes	24	30	5
Total²	1,893	1,896	3

1. Annualized contract demand quantity

2. Totals may not add due to rounding

Zone 8 Rate Sensitivity – Rule of Thumb



- A \$1 million dollar increase (decrease) in revenue requirement results in approximately a 0.14¢/GJ increase (decrease) in the average Firm Transportation rate
- A 100 TJ/d increase (decrease) in contract level results in approximately a 0.4¢ decrease (increase) in the average Firm Transportation rate

Filing Timeline



- **Presentation material posted on web site on October 16, 2012.**
- **Review of 2013 preliminary rates at October 16, 2012 customer meeting.**
- **In the event of changes to the 2013 preliminary rates:**
 - Posted on web site with email and NRG notification:
<http://www.transcanada.com/customerexpress/935.html>
- **File for 2013 interim rates the week of October 29th.**
- **Concurrent with this filing Foothills will seek approval to make 2012 interim rates final**

Foothills Tariff Clean-Up



Foothills will file the following tariff changes by the end of October:

Foothills Tariff	Tariff Reference	Description	Reason to Amend
Phase 1	GT&C 1.52	Revised definition	Tariff alignment
Phase 1	GT&C 5.1(b)	Revised reference to Rate Schedule FT	Incorrect
Phase 1	GT&C 5.8.3(b)	Revised reference to Capacity Allocation Procedures	Incorrect
Phase 1	Capacity Allocation Procedures, 4.1.2(b)	Revised word error	Incorrect
Phase 1	Pro Forma Service Agreements FT, IT, SGS and STFT, 4.4 and 4.5	Revised references to Appendix A	Incorrect
Alta, Sask and South BC	GT&C 1.18; 1.23; 1.31; 1.34; 3.1 and 3.13	Added MC G-14 provisions (previously added to Phase 1 tariff on Jan 1/2010)	Tariff alignment
Alta, Sask and South BC	GT&C 1.33	Revised definition	Tariff alignment
Alta, Sask and South BC	Pro Forma Service Agreement, 4.3 and 4.4	Revised references to Appendix A	Incorrect

2013 Preliminary Rates - Contacts



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