

## SUMMARY

## Foothills Pipe Lines Ltd.

## TRANSPORTATION RATES

Effective: January 1, 2005

REVENUE REQUIREMENT	Schedule	Amount (\$000)			
		Zone 6	Zone 7	Zone 8	Zone 9
Estimated Costs of Service:					
Operating & Maintenance	A	27,296	2,022	3,066	12,078
Return on Rate Base	B	14,229	1,892	6,555	20,239
Depreciation (3%) & Amortization		16,456	3,291	6,827	18,851
Taxes: Income and Other	C	3,756	881	4,759	3,851
Special Charge		1,283	145	302	539
Fuel Tax		-	-	-	2,043
Sub-Total		63,020	8,230	21,510	57,601
Adjustments:					
Previous (Over) Under	D	-	-	-	-
Interruptible/Overrun Revenue		-	-	-	(24,057)
SGS-1 Revenue		-	-	-	(2)
G&A Settlement Savings <sup>1</sup>		(537)	(55)	(120)	(328)
Total Firm Revenue Requirement		62,483	8,175	21,390	33,215

## BILLING DETERMINANTS

Total Contract MDQ (10 <sup>6</sup> m <sup>3</sup> /d)	E	58.77	20.42	31.59	36.0897
Maximum Haul Distance (Km)		378.49	124.03	165.96	258.97
Total Contract MDQ x Distance	E	22,250.66	2,532.44	5,241.96	9,346.1464
Estimated Interruptible/Overrun Deliveries (10 <sup>6</sup> m <sup>3</sup> )		-	-	-	8,673.59
Estimated SGS-1 Deliveries(10 <sup>6</sup> m <sup>3</sup> )		-	-	-	1.22

## TRANSPORTATION RATES

Effective Rates					
Demand Rate (\$/10 <sup>3</sup> m <sup>3</sup> / Km / Month)		0.234011	0.269015	0.340040	0.296154
Overrun Service (\$/10 <sup>3</sup> m <sup>3</sup> / Km)		0.008463	0.009729	0.012297	n/a
Interruptible Rate (\$/10 <sup>3</sup> m <sup>3</sup> / Km)		n/a	n/a	n/a	0.010710
Full Haul Rates (100% Load Factor)					
Demand Rate (\$/10 <sup>3</sup> m <sup>3</sup> )		2.91	1.10	1.86	2.52
Overrun Service (\$/10 <sup>3</sup> m <sup>3</sup> )		3.20	1.21	2.04	n/a
Interruptible Rate (\$/10 <sup>3</sup> m <sup>3</sup> )		n/a	n/a	n/a	2.77

## Note(s):

- Forecasted Shippers' Savings with respect to Foothills' General & Administrative Expenses Settlement Agreement dated January 13, 2003 as approved in Board Order TG-2-2003.

**DEEMED AVERAGE CAPITALIZATION AND  
RETURN ON RATEBASE  
FOR THE YEAR ENDING DECEMBER 31, 2005**

(\$000)

**ZONE 6**

	AMOUNT (\$000)	RATIO %	COST RATE %	COST COMPONENT %
Debt	162,310	69.69	4.80	3.35
Common Equity	<u>70,583</u>	<u>30.31</u>	9.61	<u>2.91</u>
Total Capitalization	<u><u>232,893</u></u>	<u><u>100.00</u></u>		<u><u>6.26</u></u>
Return on Rate Base	<u><u>14,229</u></u>			

**ZONE 7**

	AMOUNT (\$000)	RATIO %	COST RATE %	COST COMPONENT %
Debt	22,229	69.71	4.80	3.35
Common Equity	<u>9,659</u>	<u>30.29</u>	9.61	<u>2.91</u>
Total Capitalization	<u><u>31,888</u></u>	<u><u>100.00</u></u>		<u><u>6.26</u></u>
Return on Rate Base	<u><u>1,892</u></u>			

**DEEMED AVERAGE CAPITALIZATION AND  
RETURN ON RATEBASE  
FOR THE YEAR ENDING DECEMBER 31, 2005**

(\$000)

**ZONE 8**

	AMOUNT (\$000)	RATIO %	COST RATE %	COST COMPONENT %
Debt	75,690	69.99	4.80	3.36
Common Equity	<u>32,454</u>	<u>30.01</u>	9.61	<u>2.88</u>
Total Capitalization	<u><u>108,144</u></u>	<u><u>100.00</u></u>		<u><u>6.24</u></u>
Return on Rate Base	<u><u>6,555</u></u>			

**ZONE 9**

	AMOUNT (\$000)	RATIO %	COST RATE %	COST COMPONENT %
Debt	230,584	69.80	4.80	3.35
Common Equity	<u>99,766</u>	<u>30.20</u>	9.61	<u>2.90</u>
Total Capitalization	<u><u>330,350</u></u>	<u><u>100.00</u></u>		<u><u>6.25</u></u>
Return on Rate Base	<u><u>20,239</u></u>			

**SCHEDULE C**

**TAXES: INCOME AND OTHER**

(\$000)

	<u>Zone 6</u>	<u>Zone 7</u>	<u>Zone 8</u>	<u>Zone 9</u>
RETURN ON RATEBASE	14,229	1,892	6,555	20,239
Add:				
Depreciation and Amortization	16,456	3,291	6,827	18,851
Large Corporation Tax	380	41	162	595
Deferred Tax Payback	(4,632)	(901)	(1,014)	(7,008)
Deduct:				
Return on Debt	7,606	1,014	3,527	10,846
Capital Cost Allowance	7,920	1,164	3,864	11,100
TAXABLE INCOME EXCLUDING PROVISION	<u>10,907</u>	<u>2,145</u>	<u>5,139</u>	<u>10,731</u>
INCOME TAX RATE	32.50%	32.50%	34.50%	38.00%
INCOME TAX PROVISION (at R/(1-R) x Taxable Income Excluding Provision)	5,252	1,033	2,707	6,577
Deduct:				
Deferred Tax Payback	(4,632)	(901)	(1,014)	(7,008)
TOTAL INCOME TAXES	<u>620</u>	<u>132</u>	<u>1,693</u>	<u>(431)</u>
Taxes - Other than Income Tax	3,136	749	3,066	4,282
TOTAL TAXES: INCOME AND OTHER	<u><u>3,756</u></u>	<u><u>881</u></u>	<u><u>4,759</u></u>	<u><u>3,851</u></u>

**ADJUSTMENT FOR (OVER) OR UNDER COLLECTION**

(\$000)

**ZONE 6**

	<u>2003 Forecast</u> <sup>1</sup>	<u>2003 Actual</u>	<u>2004 Forecast</u> <sup>2</sup>		
<b>Cost of Service</b>					
Operating & Maintenance	-	-	25,658		
Return on Rate Base	-	-	18,241		
Depreciation & Amortization	-	-	16,277		
Taxes - Income + Other	-	-	3,683		
Special Charge	-	-	1,093		
Fuel Tax	-	-	-		
Sub-Total	<u>-</u>	<u>-</u>	<u>64,951</u>		
Adjustments:					
Previous (Over) Under	-	-	-		
G&A Settlement Savings	-	-	(301)		
IT/OT-1/SGS-1 Service	-	-	-		
Total Firm Revenue Requirement	<u>-</u>	<u>-</u>	<u>64,650</u>		
<b>Service Revenue</b>					
T-1 Service	-	-	64,650		
Total Revenue Generated	<u>-</u>	<u>-</u>	<u>64,650</u>		
<b>Variance</b>			<u>2003</u> <sup>3</sup>	<u>2004</u> <sup>4</sup>	<u>Total</u> <sup>5</sup>
Revenue Required minus Revenue Generated	-	-	-	-	-
Interest on Variance	-	-	-	-	-
BILLING ADJUSTMENT FOR TEST YEAR	-	-	-	-	-

**ZONE 7**

	<u>2003 Forecast</u> <sup>1</sup>	<u>2003 Actual</u>	<u>2004 Forecast</u> <sup>2</sup>		
<b>Cost of Service</b>					
Operating & Maintenance	-	-	2,554		
Return on Rate Base	-	-	2,475		
Depreciation & Amortization	-	-	3,276		
Taxes - Income + Other	-	-	945		
Special Charge	-	-	124		
Fuel Tax	-	-	-		
Sub-Total	<u>-</u>	<u>-</u>	<u>9,375</u>		
Adjustments:					
Previous (Over) Under	-	-	-		
G&A Settlement Savings	-	-	(39)		
IT/OT-1/SGS-1 Service	-	-	-		
Total Firm Revenue Requirement	<u>-</u>	<u>-</u>	<u>9,336</u>		
<b>Service Revenue</b>					
T-1 Service	-	-	9,336		
Total Revenue Generated	<u>-</u>	<u>-</u>	<u>9,336</u>		
<b>Variance</b>			<u>2003</u> <sup>3</sup>	<u>2004</u> <sup>4</sup>	<u>Total</u> <sup>5</sup>
Revenue Required minus Revenue Generated	-	-	-	-	-
Interest on Variance	-	-	-	-	-
BILLING ADJUSTMENT FOR TEST YEAR	-	-	-	-	-

Note(s):

- Forecast of 2003 as included in the 2004 tolls application. Place holder for future years.
- Forecast of 2004 includes 8 months of actuals.
- Estimate/Actual (over) under collection from 2003.
- 2004 estimated (over) under collection.
- Total adjustment from 2003 and 2004. No adjustments as all under and overcollections will be credited or debited to shippers by March 31,2005.

ADJUSTMENT FOR (OVER) OR UNDER COLLECTION

(\$000)

**ZONE 8**

	<u>2003 Forecast</u> <sup>1</sup>	<u>2003 Actual</u>	<u>2004 Forecast</u> <sup>2</sup>		
<b>Cost of Service</b>					
Operating & Maintenance	-	-	2,875		
Return on Rate Base	-	-	8,973		
Depreciation & Amortization	-	-	6,814		
Taxes - Income + Other	-	-	4,838		
Special Charge	-	-	265		
Fuel Tax	-	-	-		
Sub-Total	<u>-</u>	<u>-</u>	<u>23,765</u>		
Adjustments:					
Previous (Over) Under	-	-	-		
G&A Settlement Savings	-	-	(80)		
IT/OT-1/SGS-1 Service	-	-	-		
Total Firm Revenue Requirement	<u>-</u>	<u>-</u>	<u>23,685</u>		
<b>Service Revenue</b>					
T-1 Service	-	-	23,685		
Total Revenue Generated	<u>-</u>	<u>-</u>	<u>23,685</u>		
<b>Variance</b>			<u>2003</u> <sup>3</sup>	<u>2004</u> <sup>4</sup>	<u>Total</u> <sup>5</sup>
Revenue Required minus Revenue Generated	-	-	-	-	-
Interest on Variance	-	-	-	-	-
BILLING ADJUSTMENT FOR TEST YEAR	-	-	-	-	-

**ZONE 9**

	<u>2003 Forecast</u> <sup>1</sup>	<u>2003 Actual</u>	<u>2004 Forecast</u> <sup>2</sup>		
<b>Cost of Service</b>					
Operating & Maintenance	-	-	12,078		
Return on Rate Base	-	-	25,395		
Depreciation & Amortization	-	-	18,763		
Taxes - Income + Other	-	-	3,839		
Special Charge	-	-	787		
Fuel Tax	-	-	2,109		
Sub-Total	<u>-</u>	<u>-</u>	<u>62,970</u>		
Adjustments:					
Previous (Over) Under	-	-	-		
G&A Settlement Savings	-	-	(164)		
IT/OT-1/SGS-1 Service	-	-	(4,500)		
Total Firm Revenue Requirement	<u>-</u>	<u>-</u>	<u>58,306</u>		
<b>Service Revenue</b>					
T-1 Service	-	-	58,306		
Total Revenue Generated	<u>-</u>	<u>-</u>	<u>58,306</u>		
<b>Variance</b>			<u>2003</u> <sup>3</sup>	<u>2004</u> <sup>4</sup>	<u>Total</u> <sup>5</sup>
Revenue Required minus Revenue Generated	-	-	-	-	-
Interest on Variance	-	-	-	-	-
BILLING ADJUSTMENT FOR TEST YEAR	-	-	-	-	-

Note(s):

- Forecast of 2003 as included in the 2004 tolls application. Place holder for future years.
- Forecast of 2004 includes 8 months of actuals.
- Estimate/Actual (over) under collection from 2003.
- 2004 estimated (over) under collection.
- Total adjustment from 2003 and 2004. No adjustments as all under and overcollections will be credited or debited to shippers by March 31,2005.

**SCHEDULE E**

**FIRM GAS VOLUMES AND HAUL DISTANCE**

2005 Forecasted

SHIPPER	Annual Average MDQ (10 <sup>6</sup> m <sup>3</sup> )	Haul Distance (Km)	Annual Average MDQ x Dist. (10 <sup>6</sup> m <sup>3</sup> x Km)	Zone Allocation (%)
<b>Zone 6</b>				
NOVA Gas Transmission Ltd.	4.3868	1.55	6.7995	
NOVA Gas Transmission Ltd.	58.7700	378.49	22,243.8573	
	<u>63.1568</u>		<u>22,250.6568</u>	56.5%
<b>Zone 7</b>				
NOVA Gas Transmission Ltd.	<u>20.4180</u>	124.03	<u>2,532.4445</u>	6.4%
<b>Zone 8</b>				
TransCanada PipeLines Limited	<u>31.5857</u>	165.96	<u>5,241.9628</u>	13.3%
<b>Zone 9</b>				
Amerada Hess Canada Gas Ltd.	0.5734	258.97	148.4934	
Apache Canada Ltd.	1.0034	258.97	259.8505	
ARC Resources Ltd.	0.2884	258.97	74.6869	
BP Canada	1.9214	258.97	497.5970	
BP Canada Energy Company	1.4644	258.97	379.2357	
Burlington Resources Canada	0.1249	258.97	32.3535	
Burlington Resources Canada	1.1748	258.97	304.2380	
Burlington Resources Canada	0.3082	258.97	79.8115	
Canadian Natural Resources	0.9719	258.97	251.6929	
Canadian Natural Resources	0.7401	258.97	191.6637	
Cargill Gas Marketing Ltd.	6.4223	258.97	1,663.1830	
Conoco Phillips Canada Limited	0.8600	258.97	222.7142	
Coral Resources Canada	0.8746	258.97	226.4952	
Devon Canada	0.0865	258.97	22.4009	
EnCana Gas Marketing	8.5592	258.97	2,216.5831	
Enermark	0.2884	258.97	74.6869	
Engage Energy Canada	0.3586	258.97	92.8666	
ExxonMobil Canada Energy	0.8886	258.97	230.1307	
Hunt Oil Company	0.1463	258.97	37.8873	
Husky Energy	0.3420	258.97	88.5677	
Husky Energy	0.4920	258.97	127.4132	
Husky Energy	0.2884	258.97	74.6869	
Husky Energy	1.7321	258.97	448.5707	
Husky Energy	0.0256	258.97	6.6217	
Middleton Energy	0.3443	258.97	89.1634	
Minnesota Corn Processors	0.2312	258.97	59.8739	
Montana Dakota Utilities	0.2875	258.97	74.4539	
Nexen Canada	0.6000	258.97	155.3820	
Nexen Marketing	0.2794	258.97	72.3548	
Nexen Marketing	0.3550	258.97	91.9457	
Nexen Marketing	0.2867	258.97	74.2467	
Oneok Energy Marketing & Trading	0.5766	258.97	149.3222	
Petro-Canada	1.7400	258.97	450.6078	
Progas	0.4500	258.97	116.5365	
Progas	0.4300	258.97	111.3571	
Shiningbank Energy Ltd.	0.1185	258.97	30.6879	
Tenaska	0.3132	258.97	81.1158	
WPS Energy Services of Canada	0.1416	258.97	36.6673	
	<u>36.0897</u>		<u>9,346.1464</u>	23.7%