

**SUMMARY**

**Foothills Pipe Lines Ltd.**

**TRANSPORTATION RATES**

Effective: January 1, 2006

REVENUE REQUIREMENT	Schedule	Amount (\$000)			
		Zone 6	Zone 7	Zone 8	Zone 9
Estimated Costs of Service:					
Operating & Maintenance	A	40,415	2,061	3,447	12,585
Return on Rate Base	B	EQ =36% 13,998	1,800	6,382	20,066
Depreciation (3%) & Amortization		16,250	3,216	6,739	18,344
Taxes: Income and Other	C	11,332	2,381	6,338	16,388
Special Charge		1,253	143	295	578
Fuel Tax		n/a	n/a	n/a	2,417
Sub-Total		83,248	9,601	23,201	70,378
Adjustments:					
Previous (Over) Under	D	(2,676)	(440)	(347)	1,622
G&A Settlement Savings <sup>1</sup>		(740)	(79)	(169)	(371)
Total Revenue Requirement		<u>79,832</u>	<u>9,082</u>	<u>22,685</u>	<u>71,629</u>
Other Service Revenue					
STFT Revenue		-	-	-	(13,948)
Interruptible/Ovrrun Revenue		-	-	-	(11,582)
SGS-1 Revenue		-	-	-	(1)
T-1 Service Revenue Requirement		<u>79,832</u>	<u>9,082</u>	<u>22,685</u>	<u>46,098</u>

**BILLING DETERMINANTS**

T-1 Contract MDQ (10 <sup>6</sup> m <sup>3</sup> /d)	E	63.16	20.42	31.59	39.66
Maximum Haul Distance (Km)		378.49	124.03	165.96	258.97
Total T-1 MDQ x Distance	E	22,250.66	2,532.44	5,241.96	10,270.49
Estimated STFT MDQ (10 <sup>6</sup> m <sup>3</sup> /d)		-	-	-	12.00
Estimated Interruptible/Ovrrun Deliveries (10 <sup>6</sup> m <sup>3</sup> )		-	-	-	3,306.13
Estimated SGS-1 Deliveries(10 <sup>6</sup> m <sup>3</sup> )		-	-	-	2.24

**TRANSPORTATION RATES**

Effective Rates					
Demand Rate (\$/10 <sup>3</sup> m <sup>3</sup> / Km / Month)		0.298988	0.298863	0.360639	0.374035
Ovrrun Service (\$/10 <sup>3</sup> m <sup>3</sup> / Km)		0.010813	0.010808	0.013042	n/a
Interruptible Rate (\$/10 <sup>3</sup> m <sup>3</sup> / Km)		n/a	n/a	n/a	0.013527
Full Haul Rates (100% Load Factor)					
Demand Rate (\$/10 <sup>3</sup> m <sup>3</sup> )		3.72	1.22	1.97	3.18
Ovrrun Service (\$/10 <sup>3</sup> m <sup>3</sup> )		4.09	1.34	2.16	n/a
Interruptible Rate (\$/10 <sup>3</sup> m <sup>3</sup> )		n/a	n/a	n/a	3.50

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

Note(s):

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

## SCHEDULE A

## OPERATING AND MAINTENANCE EXPENSES

For the 12-month period: January 1, 2006 to December 31, 2006

(\$000)

	<u>Total</u>	<u>Zone 6</u>	<u>Zone 7</u>	<u>Zone 8</u>	<u>Zone 9</u>
<b>FIELD OPERATIONS EXPENSE</b>					
TCPL OPERATING AGREEMENT	5,705	2,005	119	594	2,987
BP CANADA OPERATING AGREEMENT	<u>1,976</u>	<u>1,976</u>	-	-	-
	7,681	3,981	119	594	2,987
<b>ELECTRICAL POWER</b>					
JENNER, ACME AND CRAWLING VALLEY	12,169	12,169	-	-	-
DE/RE FACILITIES AT EMPRESS	9,071	9,071	-	-	-
SASKATCHEWAN	<u>749</u>	-	-	-	749
	21,989	21,240	-	-	749
<b>MAINTENANCE &amp; INTEGRITY PROGRAM</b>					
INVENTORY & MAINTENANCE PARTS	1,367	815	-	65	487
MAINTENANCE PROJECTS	4,825	2,590	-	-	2,235
COMMUNICATIONS	180	90	-	-	90
INTEGRITY PROGRAM	<u>1,534</u>	<u>118</u>	<u>222</u>	<u>248</u>	<u>946</u>
	7,906	3,613	222	313	3,758
<b>G&amp;A SETTLEMENT<sup>1</sup></b>	14,181	7,831	891	1,845	3,614
<b>LAND PAYMENTS</b>	1,452	802	494	-	156
<b>INSURANCE &amp; PENSION OBLIGATIONS</b>	1,662	925	105	218	414
<b>GOVERNMENT AGENCY COSTS RECOVERY</b>	<u>3,637</u>	<u>2,023</u>	<u>230</u>	<u>477</u>	<u>907</u>
<b>TOTAL</b>	<u>58,508</u>	<u>40,415</u>	<u>2,061</u>	<u>3,447</u>	<u>12,585</u>

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

## Note(s):

1. Agreed to amount for Foothills' General & Administrative Expenses pursuant to the 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, 2006**

(\$000)

**ZONE 6**

	<u>AMOUNT</u> <u>(\$000)</u>	<u>RATIO</u> <u>%</u>	<u>COST</u> <u>RATE</u> <u>%</u>	<u>COST</u> <u>COMPONENT</u> <u>%</u>
Debt	136,572	63.84	5.00	3.19
Common Equity	<u>77,354</u>	<u>36.16</u>	9.27	<u>3.35</u>
Total Capitalization	<u><u>213,926</u></u>	<u><u>100.00</u></u>		<u><u>6.54</u></u>
Return on Rate Base	<u><u>13,998</u></u>			

**ZONE 7**

	<u>AMOUNT</u> <u>(\$000)</u>	<u>RATIO</u> <u>%</u>	<u>COST</u> <u>RATE</u> <u>%</u>	<u>COST</u> <u>COMPONENT</u> <u>%</u>
Debt	17,598	63.96	5.00	3.20
Common Equity	<u>9,919</u>	<u>36.05</u>	9.27	<u>3.34</u>
Total Capitalization	<u><u>27,517</u></u>	<u><u>100.01</u></u>		<u><u>6.54</u></u>
Return on Rate Base	<u><u>1,800</u></u>			

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

**DEEMED AVERAGE CAPITALIZATION AND  
RETURN ON RATEBASE  
FOR THE YEAR ENDING DECEMBER 31, 2006**

(\$000)

**ZONE 8**

	<u>AMOUNT</u> <u>(\$000)</u>	<u>RATIO</u> <u>%</u>	<u>COST</u> <u>RATE</u> <u>%</u>	<u>COST</u> <u>COMPONENT</u> <u>%</u>
Debt	62,490	64.00	5.00	3.20
Common Equity	<u>35,150</u>	<u>36.00</u>	9.27	<u>3.34</u>
Total Capitalization	<u><u>97,640</u></u>	<u><u>100.00</u></u>		<u><u>6.54</u></u>
Return on Rate Base	<u><u>6,382</u></u>			

**ZONE 9**

	<u>AMOUNT</u> <u>(\$000)</u>	<u>RATIO</u> <u>%</u>	<u>COST</u> <u>RATE</u> <u>%</u>	<u>COST</u> <u>COMPONENT</u> <u>%</u>
Debt	195,957	63.89	5.00	3.19
Common Equity	<u>110,777</u>	<u>36.12</u>	9.27	<u>3.35</u>
Total Capitalization	<u><u>306,734</u></u>	<u><u>100.00</u></u>		<u><u>6.54</u></u>
Return on Rate Base	<u><u>20,066</u></u>			

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

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	EQ =36% 13,998	1,800	6,382	20,066
Add:				
Depreciation and Amortization	16,250	3,216	6,739	18,344
Large Corporation Tax	197	85	105	411
Deferred Tax Payback	-	-	-	-
Deduct:				
Return on Debt	6,829	879	3,126	9,797
Capital Cost Allowance	7,044	1,116	3,672	9,972
TAXABLE INCOME EXCLUDING PROVISION	<u>16,572</u>	<u>3,106</u>	<u>6,428</u>	<u>19,052</u>
INCOME TAX RATE	33.62%	33.62%	34.12%	39.12%
INCOME TAX PROVISION (at R/(1-R) x Taxable Income Excluding Provision)	8,393	1,573	3,329	12,242
Deduct:				
Deferred Tax Payback	-	-	-	-
TOTAL INCOME TAXES	<u>8,393</u>	<u>1,573</u>	<u>3,329</u>	<u>12,242</u>
Taxes - Other than Income Tax	2,939	808	3,009	4,146
TOTAL TAXES: INCOME AND OTHER	<u>11,332</u>	<u>2,381</u>	<u>6,338</u>	<u>16,388</u>

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

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

(\$000)

**ZONE 6**

	<u>2004 Forecast</u> <sup>1</sup>	<u>2004 Actual</u>	<u>2005 Forecast</u> <sup>2</sup>		
<b>Cost of Service</b>					
Operating & Maintenance	-	-	25,396		
Return on Rate Base	-	-	14,025		
Depreciation & Amortization	-	-	16,250		
Taxes - Income + Other	-	-	3,845		
Special Charge	-	-	1,235		
Fuel Tax	-	-	-		
Sub-Total	-	-	60,751		
<b>Adjustments:</b>					
Previous (Over) Under	-	-	-		
G&A Settlement Savings	-	-	(706)		
OT-1 Service	-	-	-		
Total Firm Revenue Requirement	-	-	60,045		
<b>Service Revenue</b>					
T-1 Service	-	-	62,721		
Total Revenue Generated	-	-	62,721		
<b>Variance</b>				<u>2004</u> <sup>3</sup>	<u>2005</u> <sup>4</sup>
Revenue Required minus Revenue Generated	-	-	-	-	(2,676)
Interest on Variance	-	-	-	-	-
BILLING ADJUSTMENT FOR TEST YEAR	-	-	-	-	(2,676)
					<u>Total</u> <sup>5</sup>
					(2,676)

**ZONE 7**

	<u>2004 Forecast</u> <sup>1</sup>	<u>2004 Actual</u>	<u>2005 Forecast</u> <sup>2</sup>		
<b>Cost of Service</b>					
Operating & Maintenance	-	-	1,858		
Return on Rate Base	-	-	1,882		
Depreciation & Amortization	-	-	3,268		
Taxes - Income + Other	-	-	717		
Special Charge	-	-	140		
Fuel Tax	-	-	-		
Sub-Total	-	-	7,865		
<b>Adjustments:</b>					
Previous (Over) Under	-	-	-		
G&A Settlement Savings	-	-	(75)		
OT-1 Service	-	-	-		
Total Firm Revenue Requirement	-	-	7,790		
<b>Service Revenue</b>					
T-1 Service	-	-	8,230		
Total Revenue Generated	-	-	8,230		
<b>Variance</b>				<u>2004</u> <sup>3</sup>	<u>2005</u> <sup>4</sup>
Revenue Required minus Revenue Generated	-	-	-	-	(440)
Interest on Variance	-	-	-	-	-
BILLING ADJUSTMENT FOR TEST YEAR	-	-	-	-	(440)
					<u>Total</u> <sup>5</sup>
					(440)

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

Note(s):

- Forecast of 2004 as included in the 2005 rates application. Place holder for future years.
- Forecast of 2005 includes 9 months of actuals.
- Estimate/Actual (over) under collection from 2004. No adjustments as all under and overcollections have been credited or debited to shippers as of March 31, 2005.
- 2005 estimated (over) under collection.
- Total adjustment from 2004 and 2005.

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

(\$000)

**ZONE 8**

	<u>2004 Forecast</u> <sup>1</sup>	<u>2004 Actual</u>	<u>2005 Forecast</u> <sup>2</sup>		
<b>Cost of Service</b>					
Operating & Maintenance	-	-	3,096		
Return on Rate Base	-	-	6,511		
Depreciation & Amortization	-	-	6,809		
Taxes - Income + Other	-	-	4,777		
Special Charge	-	-	291		
Fuel Tax	-	-	-		
Sub-Total	<u>-</u>	<u>-</u>	<u>21,484</u>		
<b>Adjustments:</b>					
Previous (Over) Under	-	-	-		
G&A Settlement Savings	-	-	(161)		
OT-1 Service	-	-	-		
Total Firm Revenue Requirement	<u>-</u>	<u>-</u>	<u>21,323</u>		
<b>Service Revenue</b>					
T-1 Service	-	-	21,670		
Total Revenue Generated	<u>-</u>	<u>-</u>	<u>21,670</u>		
<b>Variance</b>				<u>2004</u> <sup>3</sup>	<u>2005</u> <sup>4</sup>
Revenue Required minus Revenue Generated	-	-	-	-	(347)
Interest on Variance	-	-	-	-	-
BILLING ADJUSTMENT FOR TEST YEAR	-	-	-	-	<u>(347)</u>

**ZONE 9**

	<u>2004 Forecast</u> <sup>1</sup>	<u>2004 Actual</u>	<u>2005 Forecast</u> <sup>2</sup>		
<b>Cost of Service</b>					
Operating & Maintenance	-	-	10,637		
Return on Rate Base	-	-	19,917		
Depreciation & Amortization	-	-	18,694		
Taxes - Income + Other	-	-	3,707		
Special Charge	-	-	603		
Fuel Tax	-	-	2,417		
Sub-Total	<u>-</u>	<u>-</u>	<u>55,975</u>		
<b>Adjustments:</b>					
Previous (Over) Under	-	-	-		
G&A Settlement Savings	-	-	(335)		
STFT, IT & SGS-1 Service	-	-	(15,467)		
Total Firm Revenue Requirement	<u>-</u>	<u>-</u>	<u>40,173</u>		
<b>Service Revenue</b>					
T-1 Service	-	-	38,551		
Total Revenue Generated	<u>-</u>	<u>-</u>	<u>38,551</u>		
<b>Variance</b>				<u>2004</u> <sup>3</sup>	<u>2005</u> <sup>4</sup>
Revenue Required minus Revenue Generated	-	-	-	-	1,622
Interest on Variance	-	-	-	-	-
BILLING ADJUSTMENT FOR TEST YEAR	-	-	-	-	<u>1,622</u>

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

Note(s):

- Forecast of 2004 as included in the 2005 rates application. Place holder for future years.
- Forecast of 2005 includes 9 months of actuals.
- Estimate/Actual (over) under collection from 2004. No adjustments as all under and overcollections have been credited or debited to shippers as of March 31, 2005.
- 2005 estimated (over) under collection.
- Total adjustment from 2004 and 2005.

## SCHEDULE E

## FIRM GAS VOLUMES AND HAUL DISTANCE

2006 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>	55.219%
<b>Zone 7</b>				
NOVA Gas Transmission Ltd.	<u>20.4180</u>	124.03	<u>2,532.4445</u>	6.285%
<b>Zone 8</b>				
TransCanada PipeLines Limited	<u>31.5857</u>	165.96	<u>5,241.9628</u>	13.009%
<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 Energy Company	4.4913	258.97	1,163.1206	
Burlington Resources Canada	1.4615	258.97	378.4847	
Canadian Natural Resources	1.7120	258.97	443.3566	
Cargill Gas Marketing Ltd.	6.4223	258.97	1,663.1830	
Conoco Phillips Canada Limited	0.8600	258.97	222.7142	
Coral Resources Canada	0.7288	258.97	188.7460	
Devon Canada	0.0865	258.97	22.4009	
EnCana Gas Marketing	4.8700	258.97	1,261.1839	
Enermark	0.2884	258.97	74.6869	
Engage Energy Canada	0.3586	258.97	92.8666	
ExxonMobil Canada Energy	0.1682	258.97	43.5588	
Hunt Oil Company	0.1463	258.97	37.8873	
Husky Energy	3.2441	258.97	840.1246	
Middleton Energy	0.3443	258.97	89.1634	
Minnesota Corn Processors	0.1927	258.97	49.8949	
Montana Dakota Utilities	0.2875	258.97	74.4539	
Nexen Canada	0.6000	258.97	155.3820	
Nexen Marketing	0.2867	258.97	74.2467	
Oneok Energy Marketing & Trading	0.1731	258.97	44.8212	
Petro-Canada	1.7400	258.97	450.6078	
Progas	0.8800	258.97	227.8936	
Shiningbank Energy Ltd.	0.1185	258.97	30.6879	
Tenaska	0.1415	258.97	36.6443	
Estimated New Service	8.1915	258.97	2,121.3449	
	<u>39.6590</u>		<u>10,270.4856</u>	25.488%