



450 - 1st Street, S.W.
Calgary, Alberta, Canada T2P 5H1

Tel: (403) 920.2161
Fax: (403) 920.2409
E-mail: kristine_delkus@transcanada.com

June 9, 2010

Filed Electronically

National Energy Board
444 Seventh Avenue S.W.
Calgary, Alberta
T2P 0X8

Attention: Ms. Anne-Marie Erickson, Secretary of the Board

Dear Ms. Erickson:

**Re: Foothills Pipe Lines Ltd. (“Foothills”)
Statement of Rates and Charges effective July 1, 2010**

Foothills encloses for filing pursuant to section 60(1)(a) of the *National Energy Board Act* (“NEB Act”) new rates and charges for transportation service on Foothills Zones 6, 7, 8 and 9, to be effective July 1, 2010. Foothills also proposes under section 60(1)(a) of the NEB Act that the existing interim rates and charges for services to these Zones provided between January 1, 2010 to June 30, 2010 be made final at that time.

Foothills currently provides service under 2010 interim rates and charges that were filed with the National Energy Board (the “Board”) on November 30, 2009 and approved in Board Order TGI-6-2009. Foothills sought approval of rates and charges on an interim basis so that Foothills could undertake discussions with its shippers and interested parties on the 2010 cost of capital.

On January 29, 2010, Foothills invited its shippers and interested parties to participate in discussions regarding the cost of capital. These discussions resulted in an agreement on June 2, 2010 between Canadian Association of Petroleum Producers (“CAPP”), TransCanada PipeLines Limited (“TransCanada”) and Foothills. These parties agreed to replace their November 17, 2005 Foothills System and B.C. System Capital Structure agreement with a new agreement, the Foothills Pipe Lines Ltd. Cost of Capital Agreement. This new agreement specifies a 9.7% return on 40% equity for the term of January 1, 2010 to December 31, 2012.

The following attachments are included with this letter:

- Attachment 1 includes supporting Schedules A through F showing revised 2010 rates on an annual basis;

- Attachment 2 is the calculation of 2010 rates effective July 1, 2010 inclusive of an adjustment to account for rates in place from January 1, 2010 to June 30, 2010;
- Attachment 3 is a black-line copy of the relevant section of the Tariff illustrating the rates effective July 1, 2010;
- Attachment 4 is a clean copy of the relevant section of the Tariff incorporating the amendments; and
- Attachment 5 is a copy of the agreement between CAPP, Foothills and TransCanada with respect to the capital structure and rate of return on equity.

Foothills provided shippers with a notice of this rate change on June 2, 2010.

A copy of this Application in its entirety will be posted on TransCanada's Foothills System website at:

http://www.transcanada.com/Foothills/regulatory/reg_filings/index.html

Please direct all notices and communications regarding this filing to Bernard Pelletier by e-mail at bernard_pelletier@transcanada.com or by phone at (403) 920-2603.

Yours truly,
Foothills Pipe Lines Ltd.

[Original signed by Patrick Keys for]

Kristine Delkus
Deputy General Counsel
Pipelines and Regulatory Affairs

Attachments

cc: Foothills Firm and Interruptible Shippers

Attachment 1
Revised 2010 Rates Expressed on an Annual Basis
and Schedules A through F

SUMMARY

Foothills Pipe Lines Ltd.

TRANSPORTATION RATES

REVISED 2010 TRANSPORTATION RATES

REVENUE REQUIREMENT	Schedule	Amount (\$000)			
		Zone 6	Zone 7	Zone 8	Zone 9
Estimated Costs of Service:					
Operating & Maintenance	A	42,229	3,860	17,101	7,391
Return on Rate Base	B	11,082	1,123	16,409	16,174
Depreciation & Amortization	C	16,292	2,990	17,522	18,129
Taxes: Income and Other	D	10,053	2,022	15,015	11,869
Special Charge		1,313	184	616	157
Carbon Taxes		100	n/a	2,724	n/a
Fuel Tax		n/a	n/a	1,913	757
Sub-Total		81,068	10,180	71,299	54,478
Adjustments:					
Previous (Over) Under	E	(23,197)	(164)	(3,834)	3,574
G&A Settlement Savings ¹		(2,691)	(367)	(1,099)	(446)
Total Revenue Requirement		55,180	9,649	66,366	57,606
Other Service Revenue					
STFT Revenue		-	-	(1,412)	(27,528)
Interruptible/Overrun Revenue		-	-	(82)	(16,572)
SGS Revenue		-	-	-	(3)
FT Service Revenue Requirement		55,180	9,649	64,872	13,504

BILLING DETERMINANTS

FT Contract MDQ (TJ/d)	F	2,207.99	943.61	2,296.64	386.55
Maximum Haul Distance (Km)		378.49	124.03	170.70	258.97
Total FT MDQ x Distance	F	835,701.76	117,035.70	392,035.85	100,106.00
Estimated STFT MDQ (TJ/d)		-	-	50.00	788.00
Estimated Interruptible/Overrun Deliveries (TJ)		-	-	965.00	157,411.00
Estimated SGS Deliveries (TJ)		-	-	-	53.00

TRANSPORTATION RATES²

Effective Rates					
Demand Rate (\$/GJ / Km / Month)		0.0055023203	0.0068705140	0.0137895295	0.0112411566
Overrun Service (\$/GJ / Km)		0.0001989880	0.0002484679	n/a	n/a
Interruptible Rate (\$/GJ / Km)		n/a	n/a	0.0004986898	0.0004065295
Full Haul Rates (100% Load Factor)					
Demand Rate (\$/GJ)		0.0684681603	0.0280158855	0.0773875951	0.0957081312
Overrun Service (\$/GJ)		0.0753149681	0.0308174736	n/a	n/a
Interruptible Rate (\$/GJ)		n/a	n/a	0.0851263489	0.1052789446

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, as amended November 3, 2006 and approved in Board Order TG-03-2007.
2. 2010 revised annual rates. See 'Revised 2010 Rates Effective July 1, 2010' attachment for 2010 revised rates effective July 1, 2010.

SCHEDULE A

OPERATING AND MAINTENANCE EXPENSES

For the 12-month period: January 1, 2010 to December 31, 2010

(\$000)

	<u>Total</u>	<u>Zone 6</u>	<u>Zone 7</u>	<u>Zone 8</u>	<u>Zone 9</u>
FIELD OPERATIONS EXPENSE					
TCPL OPERATING AGREEMENT	8,263	2,745	174	3,360	1,984
BP CANADA OPERATING AGREEMENT	<u>2,312</u>	<u>2,312</u>	-	-	-
	10,575	5,057	174	3,360	1,984
ELECTRICAL POWER					
JENNER, ACME AND CRAWLING VALLEY	10,492	10,492	-	-	-
DE/RE FACILITIES AT EMPRESS	5,726	5,726	-	-	-
BC	397	-	-	397	-
SASKATCHEWAN	<u>1,075</u>	-	-	-	1,075
	17,690	16,218	-	397	1,075
MAINTENANCE & INTEGRITY PROGRAM					
INVENTORY & MAINTENANCE PARTS	847	533	-	175	139
MAINTENANCE PROJECTS	2,419	600	-	977	842
COMMUNICATIONS	415	115	-	164	135
INTEGRITY PROGRAM	<u>7,988</u>	<u>2,130</u>	<u>879</u>	<u>3,994</u>	<u>986</u>
	11,668	3,378	879	5,310	2,102
G&A SETTLEMENT¹	24,081	13,928	1,951	6,534	1,668
LAND PAYMENTS	1,038	450	409	-	179
INSURANCE & PENSION OBLIGATIONS	878	508	71	238	61
GOVERNMENT AGENCY COSTS RECOVERY	4,650	2,690	377	1,262	322
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL	<u><u>70,581</u></u>	<u><u>42,229</u></u>	<u><u>3,860</u></u>	<u><u>17,101</u></u>	<u><u>7,391</u></u>

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, as amended November 3, 2006 and approved in Board Order TG-03-2007.

SCHEDULE B

**DEEMED AVERAGE CAPITALIZATION AND
RETURN ON RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2010**

(\$000)

ZONE 6

	AMOUNT (\$000)	RATIO %	COST RATE %	COST COMPONENT %
Debt - Funded	83,793	51.78	5.59	2.89
- Unfunded (Prefunded)	<u>13,307</u>	<u>8.22</u>	1.00	<u>0.08</u>
	97,101	60.00		2.97
Common Equity	<u>64,734</u>	<u>40.00</u>	9.70	<u>3.88</u>
Total Capitalization	<u><u>161,834</u></u>	<u><u>100.00</u></u>		<u><u>6.85</u></u>
Rate Base	161,781			
GPUC	<u>53</u>			
Total Capitalization	<u><u>161,834</u></u>			
Return on Rate Base	<u><u>11,082</u></u>	=	161,781	X
			6.85%	

ZONE 7

	AMOUNT (\$000)	RATIO %	COST RATE %	COST COMPONENT %
Debt - Funded	9,115	57.96	5.59	3.24
- Unfunded (Prefunded)	<u>321</u>	<u>2.04</u>	1.00	<u>0.02</u>
	9,436	60.00		3.26
Common Equity	<u>6,291</u>	<u>40.00</u>	9.70	<u>3.88</u>
Total Capitalization	<u><u>15,727</u></u>	<u><u>100.00</u></u>		<u><u>7.14</u></u>
Rate Base	15,721			
GPUC	<u>6</u>			
Total Capitalization	<u><u>15,727</u></u>			
Return on Rate Base	<u><u>1,123</u></u>	=	15,721	X
			7.14%	

**DEEMED AVERAGE CAPITALIZATION AND
RETURN ON RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2010**

(\$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 - Funded	122,107	50.60	5.59	2.83
- Unfunded (Prefunded)	<u>22,680</u>	<u>9.40</u>	1.00	<u>0.09</u>
	144,787	60.00		2.92
Common Equity	<u>96,524</u>	<u>40.00</u>	9.70	<u>3.88</u>
Total Capitalization	<u><u>241,311</u></u>	<u><u>100.00</u></u>		<u><u>6.80</u></u>
Rate Base	241,311			
GPUC	<u>0</u>			
Total Capitalization	<u><u>241,310</u></u>			
Return on Rate Base	<u><u>16,409</u></u>	= 241,311	X 6.80%	

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 - Funded	120,984	50.97	5.59	2.85
- Unfunded (Prefunded)	<u>21,431</u>	<u>9.03</u>	1.00	<u>0.09</u>
	142,415	60.00		2.94
Common Equity	<u>94,943</u>	<u>40.00</u>	9.70	<u>3.88</u>
Total Capitalization	<u><u>237,358</u></u>	<u><u>100.00</u></u>		<u><u>6.82</u></u>
Rate Base	237,158			
GPUC	<u>200</u>			
Total Capitalization	<u><u>237,358</u></u>			
Return on Rate Base	<u><u>16,174</u></u>	= 237,158	X 6.82%	

SCHEDULE B-1

Page 1 of 2

RATE BASE - 2010

(\$000)

ZONE 6

Month	Net Plant Month End	Materials Supplies & Prepaid	Working Capital	Linepack	Rate Base End Month
January Opening Balance	160,047	1,240	5,906	2,577	169,770
January	158,779	811	4,450	2,577	166,618
February	157,514	769	4,450	2,577	165,310
March	156,465	727	4,450	2,577	164,220
April	157,112	684	4,450	2,577	164,824
May	155,842	642	4,450	2,577	163,512
June	154,573	600	4,450	2,577	162,200
July	153,299	558	4,450	2,577	160,884
August	152,022	516	4,450	2,577	159,565
September	150,748	473	4,450	2,577	158,249
October	149,668	431	4,450	2,577	157,127
November	148,612	389	4,450	2,577	156,028
December	147,474	347	4,450	2,577	154,849
Average Rate Base - 13 Month ¹					<u><u>161,781</u></u>

ZONE 7

Month	Net Plant Month End	Materials Supplies & Prepaid	Working Capital	Linepack	Rate Base End Month
January Opening Balance	15,797	-	187	1,039	17,023
January	15,552	-	368	1,039	16,958
February	15,307	-	368	1,039	16,714
March	15,063	-	368	1,039	16,470
April	14,819	-	368	1,039	16,225
May	14,574	-	368	1,039	15,981
June	14,330	-	368	1,039	15,737
July	14,085	-	368	1,039	15,492
August	13,840	-	368	1,039	15,247
September	13,595	-	368	1,039	15,002
October	13,350	-	368	1,039	14,757
November	13,105	-	368	1,039	14,511
December	12,847	-	368	1,039	14,253
Average Rate Base - 13 Month ¹					<u><u>15,721</u></u>

Note(s):

1. Average ratebase calculations reflect a 13 month average rather than a 12 month average utilized in previous years. The 13 month average calculation is consistent with other NEB regulated pipelines. This change does not result in a material difference.

SCHEDULE B-1

Page 2 of 2

RATE BASE - 2010

(\$000)

ZONE 8

Month	Net Plant Month End	Materials Supplies & Prepaid	Working Capital	Linepack	Rate Base End Month
January Opening Balance	243,051	2,299	2,790	1,473	249,613
January	241,668	2,285	2,374	1,473	247,799
February	240,837	2,270	2,374	1,473	246,954
March	239,519	2,256	2,374	1,473	245,621
April	238,123	2,241	2,374	1,473	244,211
May	236,719	2,226	2,374	1,473	242,792
June	235,427	2,212	2,374	1,473	241,485
July	234,018	2,197	2,374	1,473	240,062
August	232,600	2,183	2,374	1,473	238,630
September	231,186	2,168	2,374	1,473	237,201
October	229,750	2,154	2,374	1,473	235,751
November	228,365	2,139	2,374	1,473	234,351
December	226,600	2,124	2,374	1,473	232,571
Average Rate Base - 13 Month ¹					<u>241,311</u>

ZONE 9

Month	Net Plant Month End	Materials Supplies & Prepaid	Working Capital	Linepack	Rate Base End Month
January Opening Balance	242,099	701	1,044	2,243	246,087
January	240,613	707	879	2,243	244,441
February	239,129	656	879	2,243	242,908
March	237,654	655	879	2,243	241,432
April	236,178	655	879	2,243	239,954
May	234,699	654	879	2,243	238,475
June	233,220	653	879	2,243	236,995
July	231,982	652	879	2,243	235,756
August	230,572	651	879	2,243	234,345
September	229,121	650	879	2,243	232,893
October	227,660	650	879	2,243	231,431
November	226,178	649	879	2,243	229,949
December	224,615	648	879	2,243	228,385
Average Rate Base - 13 Month ¹					<u>237,158</u>

Note(s):

1. Average ratebase calculations reflect a 13 month average rather than a 12 month average utilized in previous years. The 13 month average calculation is consistent with other NEB regulated pipelines. This change does not result in a material difference.

SCHEDULE C

DEPRECIATION AND AMORTIZATION

(\$000)

ZONE 6

Month	Depreciation	Amortization	Amortization & Depreciation
January	1,326	14	1,340
February	1,327	14	1,341
March	1,328	14	1,342
April	1,331	14	1,345
May	1,344	14	1,358
June	1,345	14	1,360
July	1,347	14	1,361
August	1,348	14	1,362
September	1,349	14	1,363
October	1,350	14	1,364
November	1,353	14	1,367
December	1,356	33	1,389
TOTAL	<u><u>16,104</u></u>	<u><u>188</u></u>	<u><u>16,292</u></u>

ZONE 7

Month	Depreciation	Amortization	Amortization & Depreciation
January	249	-	249
February	249	-	249
March	249	-	249
April	249	-	249
May	249	-	249
June	249	-	249
July	249	-	249
August	249	-	249
September	249	-	249
October	249	-	249
November	249	-	249
December	250	-	250
TOTAL	<u><u>2,990</u></u>	<u><u>-</u></u>	<u><u>2,990</u></u>

SCHEDULE C

DEPRECIATION AND AMORTIZATION

(\$000)

ZONE 8

Month	Depreciation	Amortization	Amortization & Depreciation
January	1,459	(5)	1,454
February	1,459	(5)	1,455
March	1,463	(5)	1,459
April	1,464	(5)	1,460
May	1,465	(5)	1,460
June	1,465	(5)	1,461
July	1,466	(5)	1,461
August	1,466	(5)	1,461
September	1,466	(5)	1,462
October	1,467	(5)	1,462
November	1,467	(5)	1,463
December	1,469	(5)	1,464
TOTAL	<u><u>17,577</u></u>	<u><u>(55)</u></u>	<u><u>17,522</u></u>

ZONE 9

Month	Depreciation	Amortization	Amortization & Depreciation
January	1,509	(1)	1,508
February	1,509	(1)	1,509
March	1,510	(1)	1,509
April	1,510	(1)	1,509
May	1,511	(1)	1,510
June	1,511	(1)	1,510
July	1,511	(1)	1,511
August	1,512	(1)	1,512
September	1,513	(1)	1,512
October	1,513	(1)	1,513
November	1,514	(1)	1,513
December	1,514	(1)	1,513
TOTAL	<u><u>18,138</u></u>	<u><u>(9)</u></u>	<u><u>18,129</u></u>

SCHEDULE C-1

DEPRECIATION BY ACCOUNT - 2010

(\$000)

ZONE 6

NEB Account No and Description	Depreciation Rate	Gross Plant at 31-Dec-2009	Additions & Retirements	Gross Plant at 31-Dec-2010	Depreciation For Year
460-Land	0.00%	222	-	222	-
461-Land Rights	3.00%	3,412	-	3,412	102
462-Compressor Structures	3.00%	34,412	-	34,412	1,032
465-Pipeline Mains	3.00%	303,943	-	303,943	9,118
466-Compressor Equipment	3.00%	171,260	-	171,260	5,138
466-Repair and Overhaul	7.69%	-	2,750	2,750	113
468-Communications	3.00%	435	31	466	14
482-Leasehold Improvements	10.00%	331	70	401	34
483-Computer Equipment	24.41%	1,096	574	1,670	285
483-Office Furniture & Eqmt	8.90%	12	18	30	2
484-Transportation Eqmt	30.00%	-	26	26	1
485-Heavy Work Equipment	2.19%	80	-	80	-
486-Tools & Work Equipment	2.01%	686	-	686	-
488-Communication STR	5.21%	20	25	45	-
496-Unclassified Plant	3.00%	8,836	-	8,836	265
496-Engineering Adj. Unclassified	0.00%	-	-	-	-
TOTAL Gas Plant in Service		<u>524,745</u>	<u>3,494</u>	<u>528,240</u>	<u>16,104</u>
Composite Depreciation Rate	3.06%				

DEPRECIATION BY MONTH - 2010

(\$000)

Month	Gross Plant Start Month	Additions In Month	Retirements In Month	Gross Plant End Month	Depreciation For Month
January	524,745	56	-	524,801	1,326
February	524,801	59	-	524,860	1,327
March	524,860	276	-	525,136	1,328
April	525,136	1,974	-	527,110	1,331
May	527,110	71	-	527,181	1,344
June	527,181	73	-	527,254	1,345
July	527,254	69	-	527,323	1,347
August	527,323	69	-	527,392	1,348
September	527,392	72	-	527,464	1,349
October	527,464	267	-	527,731	1,350
November	527,731	293	-	528,024	1,353
December	528,024	321	(106)	528,240	1,356
TOTAL		<u>3,601</u>	<u>(106)</u>		<u>16,104</u>

SCHEDULE C-1

DEPRECIATION BY ACCOUNT - 2010

(\$000)

ZONE 7

NEB Account No and Description	Depreciation Rate	Gross Plant at 31-Dec-2009	Additions & Retirements	Gross Plant at 31-Dec-2010	Depreciation For Year
461-Land Rights	3.00%	1,081	-	1,081	32
462-Compressor Structures	3.00%	490	-	490	15
465-Pipeline Mains	3.00%	73,367	-	73,367	2,201
468-Communications	3.00%	0	-	1	0
482-Leasehold Improvements	10.00%	45	13	58	-
483-Computer Equipment	24.41%	186	22	208	49
483-Office Furniture & Eqmt	8.90%	2	4	6	0
486-Tools & Work Equip	2.01%	18	-	18	-
488-Communication STR	5.21%	3	1	4	0
496-Unclassified Plant	3.00%	23,072	-	23,072	692
496-Engineering Adj. Unclassified	0.00%	-	-	-	-
TOTAL Gas Plant in Service		<u>98,264</u>	<u>40</u>	<u>98,304</u>	<u>2,990</u>
Composite Depreciation Rate	3.04%				

DEPRECIATION BY MONTH - 2010

(\$000)

Month	Gross Plant Start Month	Additions In Month	Retirements In Month	Gross Plant End Month	Depreciation For Month
January	98,264	4	-	98,268	249
February	98,268	4	-	98,272	249
March	98,272	5	-	98,277	249
April	98,277	5	-	98,282	249
May	98,282	5	-	98,286	249
June	98,286	5	-	98,291	249
July	98,291	5	-	98,295	249
August	98,295	4	-	98,300	249
September	98,300	4	-	98,304	249
October	98,304	4	-	98,308	249
November	98,308	4	-	98,312	249
December	98,312	4	(13)	98,304	250
TOTAL		<u>52</u>	<u>(13)</u>		<u>2,990</u>

DEPRECIATION BY ACCOUNT - 2010

(\$000)

ZONE 8

NEB Account No and Description	Depreciation Rate	Gross Plant at 31-Dec-2009	Additions & Retirements	Gross Plant at 31-Dec-2010	Depreciation For Year
401-Franchises and Consents	0.00%	468	-	468	-
402-Other Intangibles	3.00%	3,367	-	3,367	101
460-Land	0.00%	113	-	113	-
461-Land Rights	3.00%	874	-	874	26
462-Compressor Structures	3.00%	20,973	-	20,973	629
463-Meas & Reg Structures	3.00%	1,747	-	1,747	52
465-Pipeline Mains	3.00%	279,835	-	279,835	8,395
466-Compressor Equipment	3.00%	235,119	288	235,407	7,058
466-Repair and Overhaul	7.69%	-	750	750	48
467-Meas & Reg Equipment	3.00%	13,162	-	13,162	395
468-Communications	3.00%	2,997	-	2,997	90
469-Other Equipment	3.00%	343	-	343	5
482-Leasehold Improvements	10.00%	113	-	113	-
482-Leasehold Improvements	6.67%	448	-	448	-
482-Other Structures	2.19%	4,215	-	4,215	-
482-Leasehold Improvements	5.61%	589	78	667	35
483-Computer Equipment	24.41%	1,796	(121)	1,676	461
483-Office Furniture & Eqmt	8.90%	1,212	20	1,231	-
484-Transportation Eqmt	30.00%	2,022	53	2,075	23
485-Heavy Work Equipment	2.19%	2,411	-	2,411	53
486-Tools & Work Equip	2.01%	2,394	-	2,394	46
488-Communication STR	5.21%	467	4	470	24
496-Unclassified Plant	3.00%	4,469	-	4,469	134
TOTAL Gas Plant in Service		<u>579,135</u>	<u>1,071</u>	<u>580,206</u>	<u>17,577</u>
Composite Depreciation Rate	3.03%				

DEPRECIATION BY MONTH - 2010

(\$000)

Month	Gross Plant Start Month	Additions In Month	Retirements In Month	Gross Plant End Month	Depreciation For Month
January	579,135	71	-	579,205	1,459
February	579,205	624	-	579,829	1,459
March	579,829	141	-	579,970	1,463
April	579,970	64	-	580,034	1,464
May	580,034	56	-	580,090	1,465
June	580,090	169	-	580,259	1,465
July	580,259	53	-	580,312	1,466
August	580,312	43	-	580,355	1,466
September	580,355	48	-	580,403	1,466
October	580,403	26	-	580,429	1,467
November	580,429	77	-	580,506	1,467
December	580,506	25	(326)	580,206	1,469
TOTAL		<u>1,396</u>	<u>(326)</u>		<u>17,577</u>

SCHEDULE C-1

DEPRECIATION BY ACCOUNT - 2010

(\$000)

ZONE 9

NEB Account No and Description	Depreciation Rate	Gross Plant at 31-Dec-2009	Additions & Retirements	Gross Plant at 31-Dec-2010	Depreciation For Year
460-Land	0.00%	130	-	130	-
461-Land Rights	3.00%	1,307	-	1,307	39
462-Compressor Structures	3.00%	40,361	-	40,361	1,211
463-Meas & Reg Structures	3.00%	6,016	-	6,016	180
464-Other Structures	3.00%	1,632	-	1,632	49
465-Pipeline Mains	3.00%	326,467	-	326,467	9,794
466-Compressor Equipment	3.00%	196,753	372	197,125	5,907
467-Meas & Reg Equipment	3.00%	11,063	-	11,063	332
468-Communications	3.00%	540	1	541	16
469-Other Equipment	3.00%	-	-	-	315
482-Leasehold Improvements	10.00%	233	79	312	-
483-Computer Equipment	24.41%	1,098	140	1,238	292
483-Office Furniture & Eqmt	8.90%	13	20	33	2
484-Transportation Eqmt	30.00%	282	-	282	-
485-Heavy Work Equip	2.19%	132	-	132	-
486-Tools & Work Equip	2.01%	850	30	880	-
488-Communication STR	5.21%	16	4	20	1
496-Unclassified Plant	3.00%	10,509	-	10,509	-
TOTAL Gas Plant in Service		<u><u>597,401</u></u>	<u><u>646</u></u>	<u><u>598,046</u></u>	<u><u>18,138</u></u>
Composite Depreciation Rate	3.03%				

DEPRECIATION BY MONTH - 2010

(\$000)

Month	Gross Plant Start Month	Additions In Month	Retirements In Month	Gross Plant End Month	Depreciation For Month
January	597,401	22	-	597,423	1,509
February	597,423	25	-	597,448	1,509
March	597,448	34	-	597,482	1,510
April	597,482	33	-	597,515	1,510
May	597,515	32	-	597,546	1,511
June	597,546	31	-	597,578	1,511
July	597,578	272	-	597,850	1,511
August	597,850	102	-	597,951	1,512
September	597,951	61	-	598,013	1,513
October	598,013	51	-	598,064	1,513
November	598,064	32	-	598,096	1,514
December	598,096	25	(74)	598,046	1,514
TOTAL		<u><u>720</u></u>	<u><u>(74)</u></u>		<u><u>18,138</u></u>

SCHEDULE D

TAXES: INCOME AND OTHER

(\$000)

	<u>Zone 6</u>	<u>Zone 7</u>	<u>Zone 8</u>	<u>Zone 9</u>
RETURN ON RATE BASE	11,082	1,123	16,409	16,174
Add:				
Depreciation and Amortization	16,292	2,990	17,522	18,129
Non-allowed Amortization of Debt Discount and Expense	27	3	258	37
Deduct:				
Return on Debt	4,805	512	7,046	6,972
Capital Cost Allowance	5,979	857	8,306	7,096
TAXABLE INCOME EXCLUDING PROVISION	<u>16,616</u>	<u>2,747</u>	<u>18,836</u>	<u>20,272</u>
INCOME TAX RATE	28.00%	28.00%	28.50%	30.00%
INCOME TAX PROVISION (at R/(1-R) x Taxable Income Excluding Provision)	6,462	1,068	7,508	8,688
Taxes - Other than Income Tax	3,591	954	7,507	3,181
TOTAL TAXES: INCOME AND OTHER	<u><u>10,053</u></u>	<u><u>2,022</u></u>	<u><u>15,015</u></u>	<u><u>11,869</u></u>

ADJUSTMENT FOR (OVER) OR UNDER COLLECTION

(\$000)

ZONE 6

	<u>2008 Forecast¹</u>	<u>2008 Actual</u>	<u>2009 Actual</u>	
Cost of Service				
Operating & Maintenance	35,849	32,259	33,786	
Return on Rate Base	11,737	11,599	10,356	
Depreciation & Amortization	15,835	15,784	16,067	
Taxes - Income + Other	9,609	9,565	9,560	
Special Charge	1,162	1,162	1,292	
Carbon Tax	346	346	761	
Fuel Tax	n/a	n/a	n/a	
Sub-Total	<u>74,538</u>	<u>70,715</u>	<u>71,822</u>	
Adjustments:				
Previous (Over) Under	(8,597)	(8,597)	167	
G&A Settlement Savings	(1,177)	(1,424)	(2,447)	
Overrun Service	-	-	-	
Total Firm Revenue Requirement	<u>64,764</u>	<u>60,694</u>	<u>69,542</u>	
Service Revenue				
FT Service	<u>66,899</u>	<u>66,899</u>	<u>88,460</u>	
Total Revenue Generated	<u>66,899</u>	<u>66,899</u>	<u>88,460</u>	
Variance	<u>2008</u>		<u>2008²</u>	<u>2009³</u>
Revenue Required minus Revenue Generated	(2,135)	(6,205)	(4,069)	(18,918)
Interest on Variance	(70)	(205)	(134)	(76)
BILLING ADJUSTMENT FOR TEST YEAR	<u>(2,206)</u>	<u>(6,409)</u>	<u>(4,203)</u>	<u>(18,994)</u>
				<u>Total⁴</u>
				<u>(22,987)</u>
				<u>(210)</u>
				<u>(23,197)</u>

ZONE 7

	<u>2008 Forecast¹</u>	<u>2008 Actual</u>	<u>2009 Actual</u>	
Cost of Service				
Operating & Maintenance	2,123	2,137	2,885	
Return on Rate Base	1,368	1,368	1,111	
Depreciation & Amortization	2,973	2,973	2,977	
Taxes - Income + Other	1,970	2,062	1,992	
Special Charge	132	132	153	
Fuel Tax	n/a	n/a	n/a	
Sub-Total	<u>8,566</u>	<u>8,672</u>	<u>9,118</u>	
Adjustments:				
Previous (Over) Under	(289)	(289)	(77)	
G&A Settlement Savings	(122)	(152)	(282)	
Overrun Service	-	-	-	
Total Firm Revenue Requirement	<u>8,155</u>	<u>8,231</u>	<u>8,759</u>	
Service Revenue				
FT Service	<u>8,319</u>	<u>8,319</u>	<u>9,000</u>	
Total Revenue Generated	<u>8,319</u>	<u>8,319</u>	<u>9,000</u>	
Variance	<u>2008</u>		<u>2008²</u>	<u>2009³</u>
Revenue Required minus Revenue Generated	(164)	(88)	76	(241)
Interest on Variance	(5)	(3)	3	(1)
BILLING ADJUSTMENT FOR TEST YEAR	<u>(170)</u>	<u>(91)</u>	<u>78</u>	<u>(242)</u>
				<u>Total⁴</u>
				<u>(165)</u>
				<u>2</u>
				<u>(164)</u>

Note(s):

- Forecast of 2008 as included in the 2009 rates application.
- Estimate/Actual (over) under collection from 2008.
- 2009 (over) under collection.
- Total adjustment from 2008 and 2009.

ADJUSTMENT FOR (OVER) OR UNDER COLLECTION

(\$000)

ZONE 8

	<u>2008 Forecast¹</u>	<u>2008 Actual</u>	<u>2009 Actual</u>	
Cost of Service				
Operating & Maintenance	16,030	14,203	19,436	
Return on Rate Base	17,191	17,161	15,221	
Depreciation & Amortization	17,523	17,506	17,579	
Taxes - Income + Other	14,254	14,113	14,307	
Special Charge	555	555	600	
Carbon Tax	900	908	3,035	
Fuel Tax	2,662	2,488	2,813	
Sub-Total	<u>69,115</u>	<u>66,933</u>	<u>72,990</u>	
Adjustments:				
Previous (Over) Under	9,277	9,277	(4,751)	
G&A Settlement Savings	(496)	78	(939)	
Calpine Settlement	(23,500)	(23,500)	(22,296)	
STFT & IT Service	<u>(3,137)</u>	<u>(3,759)</u>	<u>(2,087)</u>	
Total Firm Revenue Requirement	<u>51,259</u>	<u>49,029</u>	<u>42,918</u>	
Service Revenue				
FT Service	<u>55,925</u>	<u>56,037</u>	<u>44,326</u>	
Total Revenue Generated	<u>55,925</u>	<u>56,037</u>	<u>44,326</u>	
Variance	<u>2008</u>		<u>2008²</u>	<u>2009³</u>
Revenue Required minus Revenue Generated	(4,666)	(7,008)	(2,342)	(1,408)
Interest on Variance	<u>(154)</u>	<u>(231)</u>	<u>(77)</u>	<u>(6)</u>
BILLING ADJUSTMENT FOR TEST YEAR	<u>(4,820)</u>	<u>(7,239)</u>	<u>(2,419)</u>	<u>(1,414)</u>
				<u>Total⁴</u>
				(3,751)
				(83)
				(3,834)

ZONE 9

	<u>2008 Forecast¹</u>	<u>2008 Actual</u>	<u>2009 Actual</u>	
Cost of Service				
Operating & Maintenance	10,283	9,794	10,720	
Return on Rate Base	17,331	17,322	15,041	
Depreciation & Amortization	17,947	17,940	18,060	
Taxes - Income + Other	11,288	11,627	11,057	
Special Charge	420	420	224	
Fuel Tax	1,434	1,284	522	
Sub-Total	<u>58,703</u>	<u>58,387</u>	<u>55,625</u>	
Adjustments:				
Previous (Over) Under	1,165	1,165	7,148	
G&A Settlement Savings	(532)	(577)	(527)	
STFT, IT & SGS Service	<u>(20,410)</u>	<u>(22,159)</u>	<u>(38,653)</u>	
Total Firm Revenue Requirement	<u>38,926</u>	<u>36,816</u>	<u>23,593</u>	
Service Revenue				
FT Service	<u>31,649</u>	<u>30,102</u>	<u>19,454</u>	
Total Revenue Generated	<u>31,649</u>	<u>30,102</u>	<u>19,454</u>	
Variance	<u>2008</u>		<u>2008²</u>	<u>2009³</u>
Revenue Required minus Revenue Generated	7,277	6,714	(563)	4,139
Interest on Variance	<u>240</u>	<u>222</u>	<u>(19)</u>	<u>17</u>
BILLING ADJUSTMENT FOR TEST YEAR	<u>7,517</u>	<u>6,935</u>	<u>(582)</u>	<u>4,155</u>
				<u>Total⁴</u>
				3,576
				(2)
				3,574

Note(s):

- Forecast of 2008 as included in the 2009 rates application.
- Estimate/Actual (over) under collection from 2008.
- 2009 (over) under collection.
- Total adjustment from 2008 and 2009.

SCHEDULE F

FIRM TRANSPORTATION VOLUMES AND HAUL DISTANCE

SHIPPER	Annual Average MDQ (TJ/d)	Haul Distance (Km)	Annual Average MDQ x Dist. (TJ x Km)	Zone Allocation (%)
Zone 6				
NOVA Gas Transmission Ltd.	2,207.989	378.49	835,701.7566	57.839%
	<u>2,207.989</u>		<u>835,701.7566</u>	
Zone 7				
NOVA Gas Transmission Ltd.	943.608	124.03	117,035.7002	8.100%
	<u>943.608</u>		<u>117,035.7002</u>	
Zone 8				
Apache Canada Ltd.	12.712	170.70	2,169.9384	27.133%
Avista Corporation	210.182	170.70	35,877.9821	
British Columbia Hydro and Power Authority	43.673	170.70	7,454.9811	
Cascade Natural Gas Corporation	29.411	170.70	5,020.4719	
Chevron Canada Resources	22.144	170.70	3,779.9808	
City of Glendale	4.362	170.70	744.5934	
City of Pasadena	4.362	170.70	744.5934	
City of Redding	8.117	170.70	1,385.5719	
Columbia Brewing Company	0.270	170.70	46.0890	
ConocoPhillips Canada (BRC) Partnership	40.816	170.70	6,967.2912	
ConocoPhillips Western Canada Partnership	10.815	170.70	1,846.1205	
Devon Canada Corporation	17.925	170.70	3,059.7975	
EnCana Oil & Gas Partnership	67.948	170.70	11,598.7236	
Hermiston Generating Company, L.P.	47.708	170.70	8,143.7556	
Husky Energy Marketing Inc.	12.630	170.70	2,155.9410	
Iberdrola Canada Energy Services Ltd.	82.623	170.70	14,103.7461	
Intermountain Gas Company	116.960	170.70	19,965.0436	
Northern California Power Agency	5.935	170.70	1,013.1045	
Northwest Natural Gas Company	157.267	170.70	26,845.4769	
Oxy Energy Canada, Inc.	38.685	170.70	6,603.5580	
Pacific Gas and Electric Company	644.696	170.70	110,049.6072	
Paramount Resources Ltd.	21.187	170.70	3,616.6209	
Portland General Electric Company	43.810	170.70	7,478.3670	
Puget Sound Energy, Inc.	82.960	170.70	14,161.2720	
Sacramento Municipal Utility District	13.217	170.70	2,256.1419	
Sempra Energy Trading LLC	0.352	170.70	60.0864	
Shell Energy North America (Canada) Inc.	61.765	170.70	10,543.2002	
Sierra Pacific Power Company	136.031	170.70	23,220.4917	
Southern California Gas Company	56.783	170.70	9,692.8581	
Suncor Energy Inc.	61.457	170.70	10,490.6530	
Talisman Energy Canada	4.406	170.70	752.1042	
Terasen Gas Inc.	117.675	170.70	20,087.1367	
Turlock Irrigation District	14.130	170.70	2,411.9910	
United States Gypsum Company	6.452	170.70	1,101.3564	
NextEra Energy Power Marketing, LLC	39.952	170.70	6,819.7495	
Pacific Gas and Electric Company,	53.720	170.70	9,170.0040	
Tembec	3.500	170.70	597.4500	
	<u>2,296.637</u>		<u>392,035.8506</u>	
Zone 9				
BP Canada Energy Company	98.020	258.97	25,384.2394	6.928%
EnCana Oil & Gas Partnership	55.000	258.97	14,243.3500	
Husky Energy Marketing Inc.	98.568	258.97	25,526.1550	
MDU Resources Group, Inc.	10.717	258.97	2,775.3815	
Nexen Inc.	22.143	258.97	5,734.3727	
Nexen Marketing	26.376	258.97	6,830.5927	
Enbridge Gas Services Inc.	10.970	258.97	2,840.9009	
Suncor Energy Inc.	64.760	258.97	16,770.8972	
	<u>386.554</u>		<u>100,105.8894</u>	

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

Attachment 2

Revised 2010 Rates Effective July 1, 2010

Revised 2010 Rates effective July 1, 2010

ZONE 6				
	2010 Current Effective Rate ¹	2010 Revised Annual Rate ²	Adjustment Formula ³	2010 Revised Effective Rate ⁴
FT Demand Rate (\$/GJ/Km/Month)	0.0071393570	0.0055023203	$=[(0.0055023203 \times 12) - (0.0071393570 \times 6)]/6$	0.0038652836
Overrun Service (\$/GJ / Km)	0.0002581904	0.0001989880	$=[(0.0001989880 \times 12) - (0.0002581904 \times 6)]/6$	0.0001397856
Full Haul Rates (100% Load Factor)				
FT Demand Rate (\$/GJ)	0.0888386377	0.0684681603	$=[(0.0684681603 \times 12) - (0.0888386377 \times 6)]/6$	0.0480976830
Overrun Service (\$/GJ)	0.0977224845	0.0753149681	$=[(0.0753149681 \times 12) - (0.0977224845 \times 6)]/6$	0.0529074517

ZONE 7				
	2010 Current Effective Rate ¹	2010 Revised Annual Rate ²	Adjustment Formula ³	2010 Revised Effective Rate ⁴
FT Demand Rate (\$/GJ/Km/Month)	0.0064532800	0.0068705140	$=[(0.0068705140 \times 12) - (0.0064532800 \times 6)]/6$	0.0072877480
Overrun Service (\$/GJ / Km)	0.0002333789	0.0002484679	$=[(0.0002484679 \times 12) - (0.0002333789 \times 6)]/6$	0.0002635569
Full Haul Rates (100% Load Factor)				
FT Demand Rate (\$/GJ)	0.0263145310	0.0280158855	$=[(0.0280158855 \times 12) - (0.0263145310 \times 6)]/6$	0.0297172400
Overrun Service (\$/GJ)	0.0289459850	0.0308174736	$=[(0.0308174736 \times 12) - (0.0289459850 \times 6)]/6$	0.0326889623

ZONE 8				
	2010 Current Effective Rate ¹	2010 Revised Annual Rate ²	Adjustment Formula ³	2010 Revised Effective Rate ⁴
FT Demand Rate (\$/GJ/Km/Month)	0.0135364790	0.0137895295	$=[(0.0137895295 \times 12) - (0.0135364790 \times 6)]/6$	0.0140425800
IT Interruptible Rate (\$/GJ/Km)	0.0004895384	0.0004986898	$=[(0.0004986898 \times 12) - (0.0004895384 \times 6)]/6$	0.0005078412
Full Haul Rates (100% Load Factor)				
FT Demand Rate (\$/GJ)	0.0759674619	0.0773875951	$=[(0.0773875951 \times 12) - (0.0759674619 \times 6)]/6$	0.0788077284
IT Interruptible Rate (\$/GJ)	0.0835642049	0.0851263489	$=[(0.0851263489 \times 12) - (0.0835642049 \times 6)]/6$	0.0866884928

ZONE 9				
	2010 Current Effective Rate ¹	2010 Revised Annual Rate ²	Adjustment Formula ³	2010 Revised Effective Rate ⁴
FT Demand Rate (\$/GJ/Km/Month)	0.0111666404	0.0112411566	$=[(0.0112411566 \times 12) - (0.0111666404 \times 6)]/6$	0.0113156728
IT Interruptible Rate (\$/GJ/Km)	0.0004038347	0.0004065295	$=[(0.0004065295 \times 12) - (0.0004038347 \times 6)]/6$	0.0004092243
Full Haul Rates (100% Load Factor)				
FT Demand Rate (\$/GJ)	0.0950736942	0.0957081312	$=[(0.0957081312 \times 12) - (0.0950736942 \times 6)]/6$	0.0963425683
IT Interruptible Rate (\$/GJ)	0.1045810723	0.1052789446	$=[(0.1052789446 \times 12) - (0.1045810723 \times 6)]/6$	0.1059768170

1. 2010 rates in effect from January 1 to June 30, 2010
2. 2010 revised annual rates are calculated as an annual 12 month rate
3. $[(2010 \text{ revised annual rate} \times 12) - (2010 \text{ current effective rate} \times 6)]/6$
4. 2010 revised rates are to be in effect for 6 months, from July 1 to December 31, 2010

Attachment 3
Table of Effective Rates
Black-lined

TABLE OF EFFECTIVE RATES

1. Rate Schedule FT, Firm Transportation Service

	Demand Rate (\$/GJ/Km/Month)
Zone 6	<u>0.0071393570 0.0038652836</u>
Zone 7	<u>0.0064532800 0.0072877480</u>
Zone 8*	<u>0.0135364790 0.0140425800</u>
Zone 9	<u>0.0111666404 0.0113156728</u>

2. Rate Schedule OT, Overrun Transportation Service

	Commodity Rate (\$/GJ/Km)
Zone 6	<u>0.0002581904 0.0001397856</u>
Zone 7	<u>0.0002333789 0.0002635569</u>

3. Rate Schedule IT, Interruptible Transportation Service

	Commodity Rate (\$/GJ/Km)
Zone 8*	<u>0.0004895384 0.0005078412</u>
Zone 9	<u>0.0004038347 0.0004092243</u>

*_For Zone 8, Shippers Haul Distance shall be 170.7 km.

Attachment 4
Table of Effective Rates
Clean

TABLE OF EFFECTIVE RATES**1. Rate Schedule FT, Firm Transportation Service**

	Demand Rate (\$/GJ/Km/Month)
Zone 6	0.0038652836
Zone 7	0.0072877480
Zone 8*	0.0140425800
Zone 9	0.0113156728

2. Rate Schedule OT, Overrun Transportation Service

	Commodity Rate (\$/GJ/Km)
Zone 6	0.0001397856
Zone 7	0.0002635569

3. Rate Schedule IT, Interruptible Transportation Service

	Commodity Rate (\$/GJ/Km)
Zone 8*	0.0005078412
Zone 9	0.0004092243

* For Zone 8, Shippers Haul Distance shall be 170.7 km.

Attachment 5
Agreement between CAPP and Foothills

**Foothills Pipe Lines Ltd.
Cost of Capital Agreement**

June 2, 2010

Foothills Pipe Lines Ltd. ("Foothills") and the Canadian Association of Petroleum Producers ("CAPP") agree to set the cost of capital for the Foothills pipeline system located in Alberta, Saskatchewan, and British Columbia ("Foothills System") for the term of January 1, 2010 to December 31, 2012 (the "Term") as follows:

1. The Foothills System shall have a capital structure with a 40% deemed equity ratio for the Term.
2. The Foothills System shall have a return on equity of 9.7% for the Term.
3. This agreement is not intended to set a precedent nor prejudice any position any party may take regarding the appropriate level of deemed equity or return on equity for the Foothills System in future proceedings.
4. This agreement terminates, replaces, and supersedes the "Foothills System and B.C. System Capital Structure" agreement dated November 17, 2005.
5. If section 2(I) of the NOVA Gas Transmission Ltd. 2010-2012 Revenue Requirement Settlement ("NGTL Settlement") is invoked, CAPP may provide notice to Foothills that this agreement will also terminate as of the Termination Date defined in section 2(I) of the NGTL Settlement. Foothills will then advise the NEB that this agreement has been terminated as of the Termination Date for the remainder of the Term and will request that the NEB place Foothills on interim rates effective as of the Termination Date. All parties are then free to act as they deem appropriate.

These terms and conditions are agreed to this 2 day of JUNE 2010.

Foothills Pipe Lines Ltd.

Stephen M. V. Clark
Vice President, Commercial - West
Canadian and Eastern U.S. Pipelines

Per: _____

Per: _____

Max Feldman
Chief Operating Officer
Foothills Pipe Lines Ltd.

Stephen M. V. Clark
Vice President, Commercial - West
Canadian and Eastern U.S. Pipelines

Per: _____

Per: _____

Max Feldman
Senior Vice President
Canadian and Eastern US Pipelines

Canadian Association of Petroleum Producers

Per: _____

Per: _____