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October 31, 2016

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)
Statement of Rates and Charges effective January 1, 2017**

Foothills encloses for filing pursuant to section 60(1)(a) of the *National Energy Board Act*¹ rates and charges for transportation service on Foothills Zones 6, 7, 8 and 9 to be effective January 1, 2017 (Effective 2016 Rates).

The following attachments are included with this letter:

- Attachment 1 consists of supporting Schedules A through G
- Attachments 2 and 3 are black-lined and clean copies, respectively, of the relevant section of the Tariff showing the Effective 2017 Rates

The rates and charges are based on the methodology approved by the Board in Decision TG-8-2004, as amended by Order TG-03-2007.

The filing is also made in accordance with the MH-001-2013 Decision² with respect to Foothills' Abandonment Surcharges effective January 1, 2017, which are also included in the Table of Effective 2017 Rates. The supporting information on the Abandonment Surcharges calculation is provided in the attached Schedule G.

Foothills met with shippers and interested parties on October 12, 2016, and presented the preliminary 2017 revenue requirement and preliminary Effective 2017 Rates. On the basis of this consultation, Foothills is not aware of any objections to its proposal for establishing the Effective 2017 Rates.

¹ R.S.C. 1985, c. N-7, as amended, and the regulations made thereunder.

² See MH-001-2013 Decision, page 75.

Foothills understands that any party that is opposed to the rates and charges will advise the Board accordingly.

Foothills will notify its shippers and interested parties of this filing and post a copy of it on TransCanada's Foothills System website at:

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

Communication regarding this application should be directed to:

Mark Manning
Senior Project Manager, Tolls and Tariffs
Canadian Gas Pipelines
TransCanada PipeLines Limited
450 – 1 Street SW
Calgary, Alberta T2P 5H1
Telephone: (403) 920-6098
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Email: mark_manning@transcanada.com

Joel Forrest
Director Canadian Law
Natural Gas Pipelines
TransCanada PipeLines Limited
450 – 1 Street SW
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Yours truly,
Foothills Pipe Lines Ltd.

Original signed by

Bernard Pelletier
Director, Regulatory Tolls and Tariffs
Canadian Gas Pipelines

Attachments

cc: Foothills Firm Shippers
Interruptible Shippers and Interested Parties

Attachment 1

**Foothills Pipe Lines Ltd.
Supporting Schedules A through G
Effective 2017 Rates**

SUMMARY

Foothills Pipe Lines Ltd.

TRANSPORTATION RATES

Effective: January 1, 2017

REVENUE REQUIREMENT	Schedule	Amount (\$000)			
		Zone 6	Zone 7	Zone 8	Zone 9
Estimated Costs of Service:					
Operating & Maintenance	A	32,997	6,567	15,807	11,936
Return on Rate Base	B	3,769	115	8,015	7,054
Depreciation & Amortization	C	9,404	314	21,100	20,466
Taxes: Income and Other	D	5,775	738	15,138	10,978
Carbon Taxes		n/a	n/a	9,463	n/a
Fuel Tax		n/a	n/a	3,940	319
Sub-Total		51,945	7,734	73,463	50,753
Adjustments:					
Previous (Over) / Under	E	(10,553)	(971)	(8,801)	(4,270)
Total Revenue Requirement		41,392	6,763	64,662	46,483
Other Service Revenue					
STFT		-	-	(1,397)	(21,851)
Interruptible/Overrun		-	-	(2,854)	(10,255)
SGS		-	-	-	(2)
FT Service Revenue Requirement		41,392	6,763	60,411	14,375

BILLING DETERMINANTS

FT Contract MDQ (TJ/d)	F	2,187.83	1,393.39	2,357.23	673.36
Total FT MDQ x Distance	F	828,071.02	172,822.29	402,378.59	136,586.15
Estimated STFT MDQ (TJ/d)		-	-	54.53	801.73
Estimated Interruptible/Overrun Deliveries (TJ)		-	-	36,954.01	136,374.96
Estimated SGS Deliveries (TJ)		-	-	-	46.15

TRANSPORTATION RATES

Effective Rates					
Demand Rate (\$/GJ / Km / Month)		0.0041655042	0.0032610571	0.0125111530	0.0087703201
Overrun Service (\$/GJ / Km)		0.0001506429	0.0001179341	n/a	n/a
Interruptible Rate (\$/GJ / Km)		n/a	n/a	0.0004524581	0.0003171732
Full Haul Rates (100% Load Factor)					
Demand Rate (\$/GJ)		0.0518334800	0.0132976081	0.0702132762	0.0746712262
Overrun Service (\$/GJ)		0.0570168312	0.0146273664	n/a	n/a
Interruptible Rate (\$/GJ)		n/a	n/a	0.0772345977	0.0821383436

SCHEDULE A

OPERATING AND MAINTENANCE EXPENSES

For the year ended December 31, 2017

(\$000)

	<u>Total</u>	<u>Zone 6</u>	<u>Zone 7</u>	<u>Zone 8</u>	<u>Zone 9</u>
Operations, Maintenance and Administrative Costs	27,936	13,465	2,497	7,468	4,506
Electrical power					
Jenner, Acme and Crawling Valley	4,842	4,842	-	-	-
De/re Facilities at Empress	4,823	4,823	-	-	-
BC	597	-	-	597	-
Saskatchewan	651	-	-	-	651
	<u>10,913</u>	<u>9,665</u>	<u>-</u>	<u>597</u>	<u>651</u>
Compressor Repair	1,418	557	-	406	455
Pipeline Integrity Program	23,326	7,160	3,724	6,413	6,029
				-	
Government Agency Costs Recovery	<u>3,714</u>	<u>2,150</u>	<u>346</u>	<u>923</u>	<u>295</u>
Total	<u>67,307</u>	<u>32,997</u>	<u>6,567</u>	<u>15,807</u>	<u>11,936</u>

**DEEMED AVERAGE CAPITALIZATION AND
RETURN ON RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2017**

ZONE 6

	AMOUNT (\$000)	RATIO %	COST RATE %	COST COMPONENT %
Debt - Funded	41,254	55.80	1.80	1.00
- Unfunded/(Prefunded)	3,102	4.20	1.50	0.06
	<u>44,356</u>	<u>60.00</u>		<u>1.06</u>
Common Equity	29,570	40.00	10.10	4.04
Total Capitalization	<u><u>73,926</u></u>	<u><u>100.00</u></u>		<u><u>5.10</u></u>
Rate Base	73,907			
GPUC	<u>19</u>			
Total Capitalization	<u><u>73,926</u></u>			
Return on Rate Base	<u><u>3,769</u></u>	=	73,907	X 5.10%

ZONE 7

	AMOUNT (\$000)	RATIO %	COST RATE %	COST COMPONENT %
Debt - Funded	1,450	64.33	1.80	1.16
- Unfunded/(Prefunded)	(98)	(4.33)	1.80	(0.08)
	<u>1,352</u>	<u>60.00</u>		<u>1.08</u>
Common Equity	902	40.00	10.10	4.04
Total Capitalization	<u><u>2,254</u></u>	<u><u>100.00</u></u>		<u><u>5.12</u></u>
Rate Base	2,247			
GPUC	<u>7</u>			
Total Capitalization	<u><u>2,254</u></u>			
Return on Rate Base	<u><u>115</u></u>	=	2,247	X 5.12%

**DEEMED AVERAGE CAPITALIZATION AND
RETURN ON RATE BASE
FOR THE YEAR ENDING DECEMBER 31, 2017**

ZONE 8

	AMOUNT (\$000)	RATIO %	COST RATE %	COST COMPONENT %
Debt - Funded	82,990	51.43	1.80	0.93
- Unfunded/(Prefunded)	<u>13,824</u>	<u>8.57</u>	1.50	<u>0.13</u>
	96,814	60.00		1.06
Common Equity	<u>64,542</u>	<u>40.00</u>	10.10	<u>4.04</u>
Total Capitalization	<u><u>161,356</u></u>	<u><u>100.00</u></u>		<u><u>5.10</u></u>
Rate Base	157,148			
GPUC	<u>4,208</u>			
Total Capitalization	<u><u>161,356</u></u>			
Return on Rate Base	<u><u>8,015</u></u>	=	157,148	X
			5.10%	

ZONE 9

	AMOUNT (\$000)	RATIO %	COST RATE %	COST COMPONENT %
Debt - Funded	74,307	53.66	1.80	0.97
- Unfunded/(Prefunded)	<u>8,775</u>	<u>6.34</u>	1.50	<u>0.10</u>
	83,082	60.00		1.07
Common Equity	<u>55,388</u>	<u>40.00</u>	10.10	<u>4.04</u>
Total Capitalization	<u><u>138,470</u></u>	<u><u>100.00</u></u>		<u><u>5.11</u></u>
Rate Base	138,049			
GPUC	<u>421</u>			
Total Capitalization	<u><u>138,470</u></u>			
Return on Rate Base	<u><u>7,054</u></u>	=	138,049	X
			5.11%	

SCHEDULE B-1

Page 1 of 2

RATE BASE - 2017

(\$000)

ZONE 6

Month	Net Plant Month End	Materials Supplies & Prepaid	Working Capital	Linepack	Rate Base End Month
January Opening Balance	69,934	975	6,206	2,577	79,692
January	68,715	974	3,771	2,577	76,037
February	68,043	974	3,200	2,577	74,794
March	67,381	974	3,381	2,577	74,313
April	66,716	973	3,639	2,577	73,905
May	66,042	973	3,092	2,577	72,684
June	65,360	972	3,267	2,577	72,176
July	66,027	972	3,236	2,577	72,812
August	65,337	972	3,552	2,577	72,438
September	64,788	971	6,809	2,577	75,145
October	64,210	971	5,600	2,577	73,358
November	63,515	970	4,347	2,577	71,409
December	62,879	970	5,604	2,577	72,030
Average Rate Base - 13 Month					<u><u>73,907</u></u>

ZONE 7

Month	Net Plant Month End	Materials Supplies & Prepaid	Working Capital	Linepack	Rate Base End Month
January Opening Balance	560	-	570	1,039	2,169
January	420	-	287	1,039	1,746
February	416	-	429	1,039	1,884
March	413	-	582	1,039	2,034
April	409	-	806	1,039	2,254
May	403	-	2,598	1,039	4,040
June	398	-	1,395	1,039	2,832
July	393	-	752	1,039	2,184
August	386	-	515	1,039	1,940
September	380	-	1,245	1,039	2,664
October	374	-	501	1,039	1,914
November	367	-	447	1,039	1,853
December	360	-	294	1,039	1,693
Average Rate Base - 13 Month					<u><u>2,247</u></u>

SCHEDULE B-1

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RATE BASE - 2017

(\$000)

ZONE 8

Month	Net Plant Month End	Materials Supplies & Prepaid	Working Capital	Linepack	Rate Base End Month
January Opening Balance	159,938	2,117	4,316	1,473	167,844
January	158,237	2,117	3,501	1,473	165,328
February	156,536	2,116	3,318	1,473	163,443
March	154,837	2,116	3,210	1,473	161,636
April	153,216	2,115	3,233	1,473	160,037
May	151,513	2,115	3,254	1,473	158,355
June	149,811	2,115	7,337	1,473	160,736
July	148,106	2,114	3,842	1,473	155,535
August	146,399	2,114	3,852	1,473	153,838
September	144,694	2,113	3,101	1,473	151,381
October	142,986	2,113	2,525	1,473	149,097
November	141,273	2,113	3,267	1,473	148,126
December	140,600	2,112	3,377	1,473	147,562
Average Rate Base - 13 Month					<u>157,148</u>

ZONE 9

Month	Net Plant Month End	Materials Supplies & Prepaid	Working Capital	Linepack	Rate Base End Month
January Opening Balance	141,783	683	1,286	2,316	146,068
January	140,164	682	626	2,316	143,788
February	138,543	682	1,136	2,316	142,677
March	136,924	681	852	2,316	140,773
April	135,302	681	843	2,316	139,142
May	133,678	681	822	2,316	137,497
June	132,055	680	756	2,316	135,807
July	133,491	680	761	2,316	137,248
August	131,833	679	815	2,316	135,643
September	130,175	679	954	2,316	134,124
October	128,514	678	6,936	2,316	138,444
November	126,851	678	915	2,316	130,760
December	126,695	678	2,972	2,316	132,661
Average Rate Base - 13 Month					<u>138,049</u>

**DEPRECIATION AND AMORTIZATION
FOR THE PERIOD ENDING DECEMBER 31, 2017**

(\$000)

ZONE 6

Month	Depreciation	Amortization	Depreciation & Amortization
January	1,281	-	1,281
February	733	-	733
March	726	-	726
April	728	-	728
May	729	-	729
June	738	-	738
July	731	-	731
August	743	-	743
September	753	-	753
October	746	-	746
November	748	-	748
December	748	-	748
TOTAL	<u><u>9,404</u></u>	<u><u>-</u></u>	<u><u>9,404</u></u>

ZONE 7

Month	Depreciation	Amortization	Depreciation & Amortization
January	150	-	150
February	14	-	14
March	14	-	14
April	14	-	14
May	14	-	14
June	15	-	15
July	15	-	15
August	15	-	15
September	15	-	15
October	15	-	15
November	16	-	16
December	17	-	17
TOTAL	<u><u>314</u></u>	<u><u>-</u></u>	<u><u>314</u></u>

**DEPRECIATION AND AMORTIZATION
FOR THE PERIOD ENDING DECEMBER 31, 2016
(\$000)**

ZONE 8

Month	Depreciation	Amortization	Depreciation & Amortization
January	1,756	-	1,756
February	1,757	-	1,757
March	1,759	-	1,759
April	1,759	-	1,759
May	1,757	-	1,757
June	1,757	-	1,757
July	1,758	-	1,758
August	1,758	-	1,758
September	1,758	-	1,758
October	1,759	-	1,759
November	1,760	-	1,760
December	1,762	-	1,762
TOTAL	<u><u>21,100</u></u>	<u><u>-</u></u>	<u><u>21,100</u></u>

ZONE 9

Month	Depreciation	Amortization	Depreciation & Amortization
January	1,687	-	1,687
February	1,688	-	1,688
March	1,690	-	1,690
April	1,691	-	1,691
May	1,692	-	1,692
June	1,693	-	1,693
July	1,694	-	1,694
August	1,724	-	1,724
September	1,725	-	1,725
October	1,726	-	1,726
November	1,727	-	1,727
December	1,729	-	1,729
TOTAL	<u><u>20,466</u></u>	<u><u>-</u></u>	<u><u>20,466</u></u>

DEPRECIATION BY ACCOUNT - 2017

(\$000)

ZONE 6

NEB Account No and Description	Depreciation Rate	Gross Plant at 31-Dec-2016	Additions & Retirements	Gross Plant at 31-Dec-2017	Depreciation For Year
460-Land	0.00%	222	-	222	-
461-Land Rights	3.00%	3,412	-	3,412	-
462-Compressor Structures	3.00%	34,604	-	34,604	1,038
465-Pipeline Mains	3.00%	303,270	-	303,270	556
466-Compressor Equipment	3.00%	173,171	62	173,233	5,195
466-Compressor Overhaul	7.69%	17,289	1,640	18,929	1,378
468-Communications	3.00%	450	-	450	13
482-Leasehold Improvements	10.00%	945	-	945	86
483-Computer Equipment	24.41%	3,379	431	3,810	817
483-Office Furniture & Eqmt	8.90%	290	-	290	26
484-Transportation Eqmt	30.00%	66	44	110	14
485-Heavy Work Equipment	2.19%	80	-	80	-
486-Tools & Work Equipment	2.01%	608	-	608	12
488-Communication STR	5.21%	66	7	73	4
496-Unclassified Plant	3.00%	8,836	-	8,836	265
TOTAL Gas Plant in Service		<u>546,688</u>	<u>2,184</u>	<u>548,872</u>	<u>9,404</u>
Composite Depreciation Rate	1.72%				

DEPRECIATION BY MONTH - 2017

(\$000)

Month	Gross Plant Start Month	Additions In Month	Retirements In Month	Gross Plant End Month	Depreciation By Month
January	546,688	60	-	546,748	1,281
February	546,748	61	-	546,809	733
March	546,809	65	-	546,874	726
April	546,874	63	-	546,937	728
May	546,937	55	-	546,992	729
June	546,992	57	-	547,049	738
July	547,049	1,398	-	548,447	731
August	548,447	53	-	548,500	743
September	548,500	204	-	548,704	753
October	548,704	168	-	548,872	746
November	548,872	53	-	548,925	748
December	548,925	113	(166)	548,872	748
TOTAL		<u>2,350</u>	<u>(166)</u>		<u>9,404</u>

DEPRECIATION BY ACCOUNT - 2017

(\$000)

ZONE 7

NEB Account No and Description	Depreciation Rate	Gross Plant at 31-Dec-2016	Additions & Retirements	Gross Plant at 31-Dec-2017	Depreciation For Year
461-Land Rights	3.00%	1,081	-	1,081	-
465-Pipeline Mains	3.00%	74,422	-	74,422	137
482-Leasehold Improvements	10.00%	138	-	138	5
483-Computer Equipment	24.41%	631	86	717	167
483-Office Furniture & Eqmt	8.90%	45	-	45	4
486-Tools & Work Equip	2.01%	30	-	30	-
488-Communication STR	5.21%	11	1	12	1
496-Unclassified Plant	3.00%	23,072	-	23,072	-
TOTAL Gas Plant in Service		<u>99,430</u>	<u>87</u>	<u>99,517</u>	<u>314</u>
Composite Depreciation Rate	0.32%				

DEPRECIATION BY MONTH - 2017

(\$000)

Month	Gross Plant Start Month	Additions In Month	Retirements In Month	Gross Plant End Month	Depreciation By Month
January	99,430	10	-	99,440	150
February	99,440	10	-	99,450	14
March	99,450	10	-	99,460	14
April	99,460	10	-	99,470	14
May	99,470	9	-	99,479	14
June	99,479	10	-	99,489	15
July	99,489	9	-	99,498	15
August	99,498	9	-	99,507	15
September	99,507	9	-	99,516	15
October	99,516	9	-	99,525	15
November	99,525	9	-	99,534	16
December	99,534	9	(26)	99,517	17
TOTAL		<u>113</u>	<u>(26)</u>		<u>314</u>

DEPRECIATION BY ACCOUNT - 2017

(\$000)

ZONE 8

NEB Account No and Description	Depreciation Rate	Gross Plant at 31-Dec-2016	Additions & Retirements	Gross Plant at 31-Dec-2017	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%	51	-	51	-
461-Land Rights	3.00%	874	-	874	-
462-Compressor Structures	3.00%	21,140	-	21,140	634
463-Meas & Reg Structures	3.00%	1,773	-	1,773	53
465-Pipeline Mains	3.00%	288,982	(905)	288,077	8,638
466-Compressor Equipment	3.00%	237,989	301	238,290	7,141
466-Compressor Overhaul	7.69%	22,173	-	22,173	1,705
467-Meas & Reg Equipment	3.00%	13,459	(3)	13,456	404
468-Communications	3.00%	2,785	133	2,918	84
482-Leasehold Improvements	10.00%	359	-	359	6
482-Leasehold Improvements	6.67%	197	-	197	71
482-Leasehold Improvements	5.61%	596	-	596	25
483-Computer Equipment	24.41%	7,319	429	7,748	1,860
483-Office Furniture & Eqmt	8.90%	208	-	208	-
484-Transportation Eqmt	30.00%	528	-	528	158
485-Heavy Work Equipment	2.19%	918	-	918	20
486-Tools & Work Equip	2.01%	2,427	-	2,427	49
488-Communication STR	5.21%	521	8	529	17
496-Unclassified Plant	3.00%	4,469	-	4,469	134
TOTAL Gas Plant in Service		<u>610,603</u>	<u>(37)</u>	<u>610,566</u>	<u>21,100</u>
Composite Depreciation Rate	3.46%				

DEPRECIATION BY MONTH - 2017

(\$000)

Month	Gross Plant Start Month	Additions In Month	Retirements In Month	Gross Plant End Month	Depreciation By Month
January	610,603	56	-	610,659	1,756
February	610,659	56	-	610,715	1,757
March	610,715	60	-	610,775	1,759
April	610,775	137	(1,588)	609,324	1,759
May	609,324	54	-	609,378	1,757
June	609,378	56	-	609,434	1,757
July	609,434	53	-	609,487	1,758
August	609,487	51	-	609,538	1,758
September	609,538	53	-	609,591	1,758
October	609,591	51	-	609,642	1,759
November	609,642	47	-	609,689	1,760
December	609,689	1,089	(212)	610,566	1,762
TOTAL		<u>1,763</u>	<u>(1,800)</u>		<u>21,100</u>

DEPRECIATION BY ACCOUNT - 2017

(\$000)

ZONE 9

NEB Account No and Description	Depreciation Rate	Gross Plant at 31-Dec-2016	Additions & Retirements	Gross Plant at 31-Dec-2017	Depreciation For Year
460-Land	0.00%	130	-	130	-
461-Land Rights	3.00%	1,307	-	1,307	-
462-Compressor Structures	3.00%	40,405	-	40,405	1,212
463-Meas & Reg Structures	3.00%	4,279	-	4,279	128
464-Other Structures	3.00%	1,632	-	1,632	49
465-Pipeline Mains	3.00%	327,646	1,420	329,066	9,829
466-Compressor Equipment	3.00%	199,178	63	199,241	5,975
466-Compressor Overhaul	7.69%	15,686	3,150	18,836	1,308
467-Meas & Reg Equipment	3.00%	17,283	24	17,307	518
468-Communications	3.00%	689	-	689	21
482-Leasehold Improvements	10.00%	549	-	549	27
483-Computer Equipment	24.41%	3,880	436	4,316	1,020
483-Office Furniture & Eqmt	8.90%	157	-	157	14
484-Transportation Eqmt	30.00%	320	39	359	46
485-Heavy Work Equip	2.19%	172	-	172	-
486-Tools & Work Equip	2.01%	591	20	611	-
488-Communication STR	5.21%	77	9	86	4
496-Unclassified Plant	3.00%	10,509	-	10,509	315
TOTAL Gas Plant in Service		<u>624,490</u>	<u>5,161</u>	<u>629,651</u>	<u>20,466</u>
Composite Depreciation Rate	3.26%				

DEPRECIATION BY MONTH - 2017

(\$000)

Month	Gross Plant Start Month	Additions In Month	Retirements In Month	Gross Plant End Month	Depreciation By Month
January	624,490	67	-	624,557	1,687
February	624,557	67	-	624,624	1,688
March	624,624	71	-	624,695	1,690
April	624,695	69	-	624,764	1,691
May	624,764	68	-	624,832	1,692
June	624,832	70	-	624,902	1,693
July	624,902	3,132	-	628,034	1,694
August	628,034	65	-	628,099	1,724
September	628,099	67	-	628,166	1,725
October	628,166	65	-	628,231	1,726
November	628,231	65	-	628,296	1,727
December	628,296	1,572	(217)	629,651	1,729
TOTAL		<u>5,378</u>	<u>(217)</u>		<u>20,466</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	3,769	115	8,015	7,054
Add:				
Depreciation and Amortization	9,404	314	21,100	20,466
Non-allowed Amortization of Debt Discount and Expense	14	0	31	27
Deduct:				
Return on Debt	746	23	1,571	1,394
Capital Cost Allowance	4,978	710	7,625	6,666
Compressor Overhaul Capitalized	1,640	-	-	3,150
Total Taxable Amount	<u>5,823</u>	<u>(304)</u>	<u>19,950</u>	<u>16,337</u>
Income Tax Rate	27.00%	27.00%	26.00%	27.00%
Income Tax Provision (at R/(1-R) x Taxable Amount)	2,154	(112)	7,009	6,042
Taxes - Other than Income Tax	3,621	850	8,129	4,936
Total Taxes: Income and Other	<u><u>5,775</u></u>	<u><u>738</u></u>	<u><u>15,138</u></u>	<u><u>10,978</u></u>

ADJUSTMENT FOR (OVER) OR UNDER COLLECTION

(\$000)

ZONE 6

	<u>2015 Forecast</u>	<u>2015 Actual</u>	<u>2016 Forecast</u>	
Cost of Service				
Operating & Maintenance	32,461	30,637	29,329	
Return on Rate Base	4,776	4,746	4,161	
Depreciation & Amortization	17,363	17,343	16,561	
Taxes: Income and Other	8,533	8,739	7,363	
Special Charge	1,329	1,329	-	
Carbon Tax	337	279	-	
Fuel Tax	-	-	-	
Sub-Total	<u>64,799</u>	<u>63,073</u>	<u>57,414</u>	
Adjustments:				
Previous (Over) / Under	(1,713)	(1,713)	(3,249)	
Overrun Service	-	-	-	
Total Firm Revenue Requirement	<u>63,086</u>	<u>61,360</u>	<u>54,165</u>	
Service Revenue				
FT Service	<u>65,220</u>	<u>64,970</u>	<u>63,086</u>	
Total Revenue Generated	<u>65,220</u>	<u>64,970</u>	<u>63,086</u>	
Variance	<u>2015¹</u>	<u>2015</u>	<u>2015²</u>	<u>2016³</u>
Revenue Required minus Revenue Generated	(2,134)	(3,610)	(1,476)	(8,921)
Interest on Variance	(17)	(39)	(22)	(134)
BILLING ADJUSTMENT FOR TEST YEAR	<u>(2,151)</u>	<u>(3,649)</u>	<u>(1,498)</u>	<u>(9,055)</u>
				<u>Total⁴</u>
				<u>(10,397)</u>
				<u>(156)</u>
				<u>(10,553)</u>

ZONE 7

	<u>2015 Forecast</u>	<u>2015 Actual</u>	<u>2016 Forecast</u>	
Cost of Service				
Operating & Maintenance	4,067	3,182	5,296	
Return on Rate Base	129	123	111	
Depreciation & Amortization	1,559	1,562	154	
Taxes: Income and Other	1,202	1,215	641	
Special Charge	189	189	-	
Fuel Tax	-	-	-	
Sub-Total	<u>7,146</u>	<u>6,271</u>	<u>6,202</u>	
Adjustments:				
Previous (Over) / Under	(278)	(278)	(526)	
Overrun Service	-	-	-	
Total Firm Revenue Requirement	<u>6,868</u>	<u>5,993</u>	<u>5,676</u>	
Service Revenue				
FT Service	<u>7,089</u>	<u>7,244</u>	<u>5,606</u>	
Total Revenue Generated	<u>7,089</u>	<u>7,244</u>	<u>5,606</u>	
Variance	<u>2015¹</u>	<u>2015</u>	<u>2015²</u>	<u>2016³</u>
Revenue Required minus Revenue Generated	(221)	(1,251)	(1,030)	70
Interest on Variance	(2)	(14)	(12)	1
BILLING ADJUSTMENT FOR TEST YEAR	<u>(223)</u>	<u>(1,265)</u>	<u>(1,042)</u>	<u>71</u>
				<u>Total⁴</u>
				<u>(960)</u>
				<u>(11)</u>
				<u>(971)</u>

Note(s):

1. Forecast 2015 as identified in the 2016 rates application.
2. Estimate/Actual (over)/under collection from 2015.
3. 2016 estimated (over)/under collection.
4. Total adjustment from 2015 and 2016.

ADJUSTMENT FOR (OVER) OR UNDER COLLECTION

(\$000)

ZONE 8

	<u>2015 Forecast</u>	<u>2015 Actual</u>	<u>2016 Forecast</u>		
Cost of Service					
Operating & Maintenance	15,358	13,450		14,192	
Return on Rate Base	8,878	8,818		8,381	
Depreciation & Amortization	19,892	19,865		20,459	
Taxes: Income and Other	13,508	13,233		12,761	
Special Charge	572	572		-	
Carbon Tax	5,566	5,862		8,616	
Fuel Tax	2,291	2,392		3,549	
Sub-Total	<u>66,065</u>	<u>64,192</u>		<u>67,958</u>	
Adjustments:					
Previous (Over) / Under	(6,035)	(6,035)		(3,866)	
STFT & IT Service	<u>(3,552)</u>	<u>(3,470)</u>		<u>(5,787)</u>	
Total Firm Revenue Requirement	<u>56,478</u>	<u>54,687</u>		<u>58,305</u>	
Service Revenue					
FT Service	<u>59,604</u>	<u>61,819</u>		<u>62,978</u>	
Total Revenue Generated	<u>59,604</u>	8-1 <u>61,819</u>		<u>62,978</u>	
Variance	<u>2015¹</u>	<u>2015</u>	<u>2015²</u>	<u>2016³</u>	<u>Total⁴</u>
Revenue Required minus Revenue Generated	(3,126)	(7,132)	(4,006)	(4,673)	(8,679)
Interest on Variance	(25)	(77)	(52)	(70)	(122)
BILLING ADJUSTMENT FOR TEST YEAR	<u>(3,151)</u>	<u>(7,209)</u>	<u>(4,058)</u>	<u>(4,743)</u>	<u>(8,801)</u>

ZONE 9

	<u>2015 Forecast</u>	<u>2015 Actual</u>	<u>2016 Forecast</u>		
Cost of Service					
Operating & Maintenance	8,271	4,976		7,623	
Return on Rate Base	8,323	8,272		7,691	
Depreciation & Amortization	19,847	19,825		20,009	
Taxes: Income and Other	11,590	11,728		10,768	
Special Charge	179	179		-	
Fuel Tax	421	426		303	
Sub-Total	<u>48,631</u>	<u>45,406</u>		<u>46,394</u>	
Adjustments:					
Previous (Over) / Under	5,734	5,734		(4,118)	
STFT, IT & SGS Service	<u>(44,552)</u>	<u>(39,987)</u>		<u>(35,739)</u>	
Total Firm Revenue Requirement	<u>9,813</u>	<u>11,153</u>		<u>6,537</u>	
Service Revenue					
FT Service	<u>12,311</u>	<u>14,651</u>		<u>9,741</u>	
Total Revenue Generated	<u>12,311</u>	<u>14,651</u>		<u>9,741</u>	
Variance	<u>2015¹</u>	<u>2015</u>	<u>2015²</u>	<u>2016³</u>	<u>Total⁴</u>
Revenue Required minus Revenue Generated	(2,498)	(3,498)	(1,000)	(3,204)	(4,204)
Interest on Variance	(20)	(38)	(18)	(48)	(66)
BILLING ADJUSTMENT FOR TEST YEAR	<u>(2,518)</u>	<u>(3,536)</u>	<u>(1,018)</u>	<u>(3,252)</u>	<u>(4,270)</u>

Note(s):

1. Forecast 2015 as identified in the 2016 rates application.
2. Estimate/Actual (over)/under collection from 2015.
3. 2016 estimated (over)/under collection.
4. Total adjustment from 2015 and 2016.

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.	2,187.828	378.49	828,071.0197	
	<u>2,187.828</u>		<u>828,071.0197</u>	53.78%
Zone 7				
NOVA Gas Transmission Ltd.	1,393.391	124.03	172,822.2857	
	<u>1,393.391</u>		<u>172,822.2857</u>	11.22%
Zone 8				
Access Gas Services Inc.	0.350	170.70	59.7450	
Avista Corporation	216.237	170.70	36,911.6559	
BP Canada Energy Group ULC	26.850	170.70	4,583.2950	
British Columbia Hydro and Power Authority	43.673	170.70	7,454.9811	
Canadian Natural Resources	17.925	170.70	3,059.7975	
Cargill Limited	7.000	170.70	1,194.9000	
Cascade Natural Gas Corporation	29.411	170.70	5,020.4719	
Chevron Canada Resources	21.932	170.70	3,743.7924	
City of Glendale	4.362	170.70	744.5934	
City of Pasadena	4.362	170.70	744.5934	
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	
Encana Corporation	67.948	170.70	11,598.7236	
FortisBC Energy Inc.	150.175	170.70	25,634.8867	
Husky Oil Operations Limited	12.500	170.70	2,133.7500	
Iberdrola Canada Energy Services Ltd.	82.623	170.70	14,103.7461	
Intermountain Gas Company	113.278	170.70	19,336.4693	
Jupiter Resources Inc.	49.250	170.70	8,406.9750	
Noble Americas Gas & Power Corp.	178.500	170.70	30,469.9500	
Northern California Power Agency	2.967	170.70	506.4669	
Northwest Natural Gas Company	157.267	170.70	26,845.4769	
Pacific Gas and Electric Company	386.355	170.70	65,950.7985	
PacifiCorp	16.142	170.70	2,755.4394	
Paramount Resources Ltd.	21.187	170.70	3,616.6209	
Portland General Electric Company	128.122	170.70	21,870.4254	
Powerex Corp.	35.000	170.70	5,974.5000	
Puget Sound Energy, Inc.	126.160	170.70	21,535.5120	
Repsol Canada Energy Partnership	4.406	170.70	752.1042	
Sacramento Municipal Utility District	13.217	170.70	2,256.1419	
Shell Energy North America (Canada) Inc.	59.963	170.70	10,235.6841	
Sierra Pacific Power Company	136.031	170.70	23,220.4917	
Southern California Gas Company	56.783	170.70	9,692.8581	
Tourmaline Oil Corp.	111.800	170.70	19,084.2600	
Turlock Irrigation District	17.098	170.70	2,918.6286	
United States Gypsum Company	6.452	170.70	1,101.3564	
	<u>2,357.227</u>		<u>402,378.592</u>	26.13%
Zone 9				
Husky Oil Operations Limited	158.103	258.97	40,943.9339	
MDU Resources Group, Inc.	10.656	258.97	2,759.5843	
Tenaska Marketing Canada, a division of TMV Corp.	145.410	258.97	37,656.9356	
BP Canada Energy Group ULC	51.762	258.97	13,404.8051	
Canadian Enterprise Gas Products, Ltd.	39.211	258.97	10,154.4727	
Cargill Limited	25.000	258.97	6,474.2500	
Tidal Energy Marketing Inc.	43.218	258.97	11,192.1655	
TransGas Limited	100.000	92.00	9,200.0000	
TransGas Limited	100.000	48.00	4,800.0000	
	<u>673.360</u>		<u>136,586.147</u>	8.87%

SCHEDULE G

ABANDONMENT SURCHARGE CALCULATION

Following the NEB approved methodology from the MH-001-2013 Decision, the Foothills System Abandonment Surcharges were calculated by dividing the 2017 Annual Collection Amount (ACA) by the total billing determinants on the Foothills System Zones 6, 7, 8, and 9. There were no changes made to the ACA for 2017 and the Foothills filing included an ACA of \$8.8 million as in 2016

	<u>Total</u>	<u>Zone 6</u>	<u>Zone 7</u>	<u>Zone 8</u>	<u>Zone 9</u>
Billing Determinants (GJ/year) ¹	2,899,217,417	798,557,220	508,587,715	917,243,370	674,829,112
Percentage of Total BDs	100%	27.5%	17.5%	31.6%	23.3%

Monthly Abandonment Surcharge Calculation

(ACA) / (Total Foothills Billing Determinants) =
 (\$8.8 Million/year) / (2,899,217,417 GJ/year) * (365/12) = 0.0923237647 \$/GJ/Month

Daily Abandonment Surcharge Calculation

(ACA) / (Total Foothills Billing Determinants)
 (\$8.8 Million/year) / (2,899,217,417 GJ/year) = 0.0030353019 \$/GJ/Month

Note(s):

1. Billing Determinants include any known contracts and forecasts for the following services: Firm Transportation Service (FT), Short Term Firm Transportation Service (STFT), Small General Service (SGS), and Interruptible Transportation Service (IT).

Attachment 2

**Foothills Pipe Lines Ltd.
Table of Effective Rates
Blackline
Effective 2017 Rates**

TABLE OF EFFECTIVE RATES

1. Rate Schedule FT, Firm Transportation Service

	Demand Rate (\$/GJ/Km/Month)
Zone 6	0.00654209220.0041655042
Zone 7	0.00361778060.0032610571
Zone 8*	0.01452169830.0125111530
Zone 9	-0.00860575820.0087703201

2. Rate Schedule OT, Overrun Transportation Service

	Commodity Rate (\$/GJ/Km)
Zone 6	0.00023594430.0001506429
Zone 7	-0.00013047730.0001179341

3. Rate Schedule IT, Interruptible Transportation Service

	Commodity Rate (\$/GJ/Km)
Zone 8*	0.00052373340.0004524581
Zone 9	0.00031037160.0003171732

4. Monthly Abandonment Surcharge**

All Zones	0.10478433620.0923237647 (\$/GJ/Month)
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5. Daily Abandonment Surcharge***

All Zones	0.00343555200.0030353019 (\$/GJ/Day)
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* For Zone 8, Shippers Haul Distance shall be 170.7 km.

**Monthly Abandonment Surcharge applicable to Rate Schedule Firm Transportation Service, and Short Term Firm Transportation Service for all zones.

***Daily Abandonment Surcharge applicable to Rate Schedule Overrun Transportation Service for zone 6 & 7, Interruptible Transportation Service for zone 8 & 9, and Small General Service for zone 9.

Attachment 3

**Foothills Pipe Lines Ltd.
Table of Effective Rates
Clean Copy
Effective 2017 Rates**

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

	Demand Rate (\$/GJ/Km/Month)
Zone 6	0.0041655042
Zone 7	0.0032610571
Zone 8*	0.0125111530
Zone 9	0.0087703201

2. Rate Schedule OT, Overrun Transportation Service

	Commodity Rate (\$/GJ/Km)
Zone 6	0.0001506429
Zone 7	0.0001179341

3. Rate Schedule IT, Interruptible Transportation Service

	Commodity Rate (\$/GJ/Km)
Zone 8*	0.0004524581
Zone 9	0.0003171732

4. Monthly Abandonment Surcharge**

All Zones	0.0923237647 (\$/GJ/Month)
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5. Daily Abandonment Surcharge***

All Zones	0.0030353019 (\$/GJ/Day)
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* For Zone 8, Shippers Haul Distance shall be 170.7 km.

**Monthly Abandonment Surcharge applicable to Rate Schedule Firm Transportation Service, and Short Term Firm Transportation Service for all zones.

***Daily Abandonment Surcharge applicable to Rate Schedule Overrun Transportation Service for zone 6 & 7, Interruptible Transportation Service for zone 8 & 9, and Small General Service for zone 9.