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September 20, 2013

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

Filed Electronically

Attention: Ms. Sheri Young, Secretary of the Board

Dear Ms. Young:

**Re: Foothills Pipe Lines Ltd. (Foothills)
Application for Approval of Final 2013 Rates and Charges (Application)**

Foothills applies to the Board pursuant to Part IV of the *National Energy Board Act* (the Act) for approval of final 2013 rates and charges for transportation services on Foothills Zones 6, 7, 8 and 9 for the period of January 1, 2013 to December 31, 2013 (Final 2013 Rates) at the same level as the interim 2013 rates and charges approved by the Board in Order TGI-003-2012 on December 12, 2012 (Interim 2013 Rates).

Interim 2013 Rates were based on the forecast 2013 Revenue Requirement adjusted for previous over/under collections and 2013 billing determinants, and determined in accordance with the methodology approved by the Board in Decision TG-8-2004, as amended by Order TG-03-2007. The 2013 Revenue Requirement reflected Foothills' last approved rate of return on equity and capital structure, established pursuant to a Cost of Capital Agreement that expired on December 31, 2012.

Foothills has discussed with its shippers and interested parties a proposal for establishing Final 2013 Rates, and rates to be effective January 1, 2014. Specifically, Foothills proposes:

- Cost of capital will be determined at a rate of return on equity of 10.10% on a 40% deemed equity of ratio for the period of January 1, 2013 to December 31, 2014.
- Interim 2013 Rates approved in Order TGI-003-2012 will be made final for the period of January 1, 2013 to December 31, 2013.

- The difference in the cost of capital amount collected under Interim 2013 Rates and the amount resulting from the proposed return will be included in the 2014 revenue requirement and recovered in 2014 rates. This difference results in an increase in the proposed final 2013 revenue requirement compared to the interim 2013 revenue requirement of approximately 1% or less, with specific amounts for each zone as follows:

Zone	Revenue Requirement Change
6	\$259,000
7	\$16,000
8	\$422,000
9	\$433,000
Total	\$1,130,000

- Effective 2014 rates will be determined based on the proposed cost of capital, the differences in 2013 cost of capital expense, and on a forecast of 2014 Revenue Requirement adjusted for any other previous over/under collections and 2014 billing determinants.

On the basis of its consultation with shippers and interested parties, Foothills is not aware of any objections to its proposal for establishing Final 2013 rates and for establishing the basis upon which effective 2014 rates will be determined. Foothills understands that any party that may have concerns with the proposal can advise the Board accordingly.

Foothills believes its proposal for determining Final 2013 Rates, and for establishing the basis upon which effective 2014 rates will be determined, yields just and reasonable rates. Further, the proposal will promote rate stability and predictability. Foothills requests orders from the Board under Part IV of the Act approving Final 2013 Rates as proposed and approving carrying forward the difference in 2013 cost of capital expense for inclusion in the 2014 revenue requirement.

Foothills intends to file effective 2014 rates by December 1, 2013 under section 60(1)(a) of the Act on the basis described above, subject to the Board's adjudication of this application.

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>

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Ms. S. Young
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Please direct all notices and communications regarding this filing to me and to:

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Yours truly,
Foothills Pipe Lines Ltd.

Original signed by

M. Catharine Davis
Vice-President, Pipelines Law

cc: Foothills Firm and Interruptible Shippers