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December 6, 2016

Filed Electronically

National Energy Board
Suite 210, 517 Tenth Avenue SW
Calgary, AB T2R 0A8

Attention: Ms. Sheri Young, Secretary of the Board

Dear Ms. Young:

Re: Foothills Pipe Lines Ltd. (Foothills) Application for Approval of Reimbursement for Reclamation Obligations Related to the Decommissioning of the Leach Creek Segment (Application)

Foothills encloses for filing pursuant to directions contained in the MH-001-2013 Decision and Sections 4.04 and 4.05(a)(i) of the Amended and Restated Foothills Pipeline Trust Agreement (Trust Agreement),¹ an application for Board approval of reimbursement from the Foothills Pipeline Trust established in accordance with the Trust Agreement for Reclamation Obligations² performed in relation to the decommissioning of the Leach Creek Segment.

If the Board has questions about the Application, please contact me or TransCanada's representatives listed in the Application.

Yours truly,
Foothills Pipe Lines Ltd.

Original signed by

Bernard Pelletier
Director, Regulatory Tolls and Tariffs

Enclosure

cc: Foothills System Shippers

¹ The Trust Agreement was approved by, and included in, the letter decision of the Board on October 15, 2015 [NEB Filing ID: A73237].

² As defined in subsection 1.01(y) of the Trust Agreement.

NATIONAL ENERGY BOARD

IN THE MATTER OF the *National Energy Board Act* and
the Regulations made thereunder;

AND IN THE MATTER OF an Application by
Foothills Pipe Lines Ltd. pursuant to directions contained in the
MH-001-2013 Decision and Sections 4.04 and 4.05(a)(i) of the
Amended and Restated Foothills Pipeline Trust Agreement for
Board approval of reimbursement from the Foothills Pipeline
Trust for Reclamation Obligations related to the
Decommissioning of the Leach Creek Segment.

**APPLICATION FOR APPROVAL OF REIMBURSEMENT FOR RECLAMATION
OBLIGATIONS RELATED TO THE DECOMMISSIONING OF THE LEACH CREEK
SEGMENT**

December 6, 2016

To: The Secretary
National Energy Board
Suite 210, 517 Tenth Avenue SW
Calgary, Alberta
T2R 0A8

APPLICATION

1. Foothills Pipe Lines Ltd. (Foothills) hereby applies to the National Energy Board (Board or NEB) pursuant to directions contained in the MH-001-2013 Decision and Sections 4.04 and 4.05(a)(i) of the Amended and Restated Foothills Pipeline Trust Agreement (Trust Agreement)¹ for Board approval of reimbursement from the Foothills Pipeline Trust (Trust) established in accordance with the Trust Agreement for Reclamation Obligations performed in relation to the decommissioning of the Leach Creek Segment (Application).
2. Foothills is a wholly owned subsidiary of TransCanada PipeLines Limited (TransCanada). Foothills is a “company” as that term is defined in the National Energy Board Act, R.S.C. 1985, c. N-7, as amended (NEB Act).
3. Foothills is a natural gas transmission system comprising approximately 1,241 km of pipeline and associated compression and other facilities (Foothills System).
4. TransCanada operates the Foothills System pursuant to an operating agreement between TransCanada and Foothills. TransCanada applies its corporate policies in its operation of the Foothills System that are common to TransCanada’s operation of its other federally regulated pipelines.
5. The Foothills System is subject to federal jurisdiction and regulation by the Board.

Background

6. In compliance with the MH-001-2013 Decision, Foothills established the Trust for the purpose of setting aside funds to pay the Reclamation Obligations of Foothills for the operation of the Foothills System.
7. These Reclamation Obligations include the duty to carry out the physical Abandonment, Decommissioning or Deactivation of the Foothills System, including costs incurred to satisfy any conditions imposed by the Board, in any order or direction approving the Decommissioning or Deactivation of the Pipeline or for granting leave to Abandon the Pipeline, as these terms are defined in the Trust Agreement.
8. Board approval is required before the Trustee to the Trust can release funds to reimburse Foothills for the costs of Reclamation Obligations.

¹ The Trust Agreement was approved by, and included in, the letter decision of the Board on October 15, 2015 [NEB Filing ID: A73237].

9. Foothills applied to decommission the Leach Creek Segment on September 25, 2015² and received Board approval through Order MO-070-2015 on December 22, 2015.³ As part of the decommissioning application, Foothills informed the Board of its intention to fund the majority of the decommissioning costs from the Trust.⁴
10. As at November 30, 2016, Foothills incurred a total of \$1,668,821 of costs to perform the Reclamation Obligations in relation to the decommissioning of the Leach Creek Segment, including carrying charges, the amount for which Foothills is seeking reimbursement from the Trust as part of this Application (Leach Creek Reclamation Obligations).
11. To the extent Foothills incurs additional costs in relation to the decommissioning of the Leach Creek Segment beyond the Leach Creek Reclamation Obligations incurred as at November 30, 2016 that are subject to this Application, Foothills would seek reimbursement through a separate application to the Board.
12. Foothills had access to sufficient funds to pre-fund the costs of the Leach Creek Reclamation Obligations. Through the Application, Foothills now seeks authorization from the Board for reimbursement of these costs from the Trust.
13. Foothills submits that the Leach Creek Reclamation Obligations, which consists of decommissioning activities, are appropriately funded through the Trust irrespective of the availability of other revenues sufficient to undertake the work. Decommissioning requires the same types of activities that would also be required for final abandonment. The decommissioning activities performed in advance of final abandonment will therefore reduce the extent and cost of any eventual additional work that may be required for final abandonment. In that context, Foothills submits that both decommissioning and abandonment activities should be funded in the same manner through the Trust.⁵
14. The cost of decommissioning of the Leach Creek Segment and funding from the Trust is reflected in Foothills' Preliminary Decommissioning, Abandonment and Funding Plan filed with the Board as part of the 2016 Review of Abandonment Cost Estimates.⁶ The Leach Creek Reclamation Obligations will not have a material impact on the coverage for other future costs incurred for Reclamation Obligations.

² NEB Filing ID: A72790.

³ NEB Filing ID: A74913.

⁴ NEB Filing ID: A72790, paragraph 32.

⁵ As further addressed in Foothills Preliminary Decommissioning, Abandonment and Funding Plan filed as part of the 2016 Review of Abandonment Cost Estimates [NEB Filing ID: A79686, Page 3-2].

⁶ NEB Filing ID: A79686, Section 3.0

Conclusion

15. The costs of the Leach Creek Reclamation Obligations were prudently incurred and reflect qualifying activities intended to be funded from the Trust. Authorizing the reimbursement of these costs is appropriate and will not have a material impact on the coverage for other future costs incurred for Reclamation Obligations.

Relief Requested

16. Foothills requests an order of the Board:
- (a) authorizing the Trustee of the Trust to release \$1,668,821 to Foothills for reimbursement of the costs of the Leach Creek Reclamation Obligations; and
 - (b) granting such further and other relief as Foothills may request or the Board may consider appropriate.

Respectfully submitted,

Calgary, Alberta
December 6, 2016

Foothills Pipe Lines Ltd.

Original signed by

Bernard Pelletier
Director, Regulatory Tolls and Tariffs
Canadian Gas Pipelines

Please direct all communications related to this Application to:

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