

**DESCRIPTION OF COMPANY AND SERVICES RENDERED**

Foothills Pipe Lines Ltd., (hereinafter referred to as “Company”) is the parent company responsible for the Canadian portion of the Alaska Natural Gas Transportation System (“ANGTS”), also referred to as the Alaska Highway Project. Company is currently owned 100% by TransCanada PipeLines Limited of Calgary, Alberta and its transportation system is segmented into six federally incorporated subsidiaries.

1. Foothills Pipe Lines (South Yukon) Ltd., owned 100% by Company, will construct, own, operate and manage the approximately 830 km of pipeline through southern Yukon.
2. Foothills Pipe Lines (North B.C.) Ltd., owned 51% by Company and 49% by TransCanada PipeLines Limited will construct, own, operate and manage the approximately 720 km of pipeline through northeastern British Columbia.
3. Foothills Pipe Lines (Alta.) Ltd., owned 51% by Company and 49% by TransCanada PipeLines Limited, owns, operates and manages the approximately 1,335 km of pipeline through Alberta.
4. Foothills Pipe Lines (Sask.) Ltd., owned 51% by Company and 49% by TransCanada PipeLines Limited, owns, operates and manages the approximately 260 km of pipeline through Saskatchewan.
5. Foothills Pipe Lines (South B.C.) Ltd., owned 51% by Company and 49% by TransCanada PipeLines Limited, owns, operates and manages the approximately 170 km of pipeline through southeastern British Columbia.
6. Foothills Pipe Lines (North Yukon) Ltd., owned 100% by Company, will construct, own, operate and manage the approximately 1,200 km of pipeline through the Yukon and Northwest Territories.

Company, through its Subsidiary Companies described above, was established primarily to render natural gas transportation service to Shippers of United States gas from the State of Alaska. Company may render natural gas transportation service to Shippers of Canadian gas

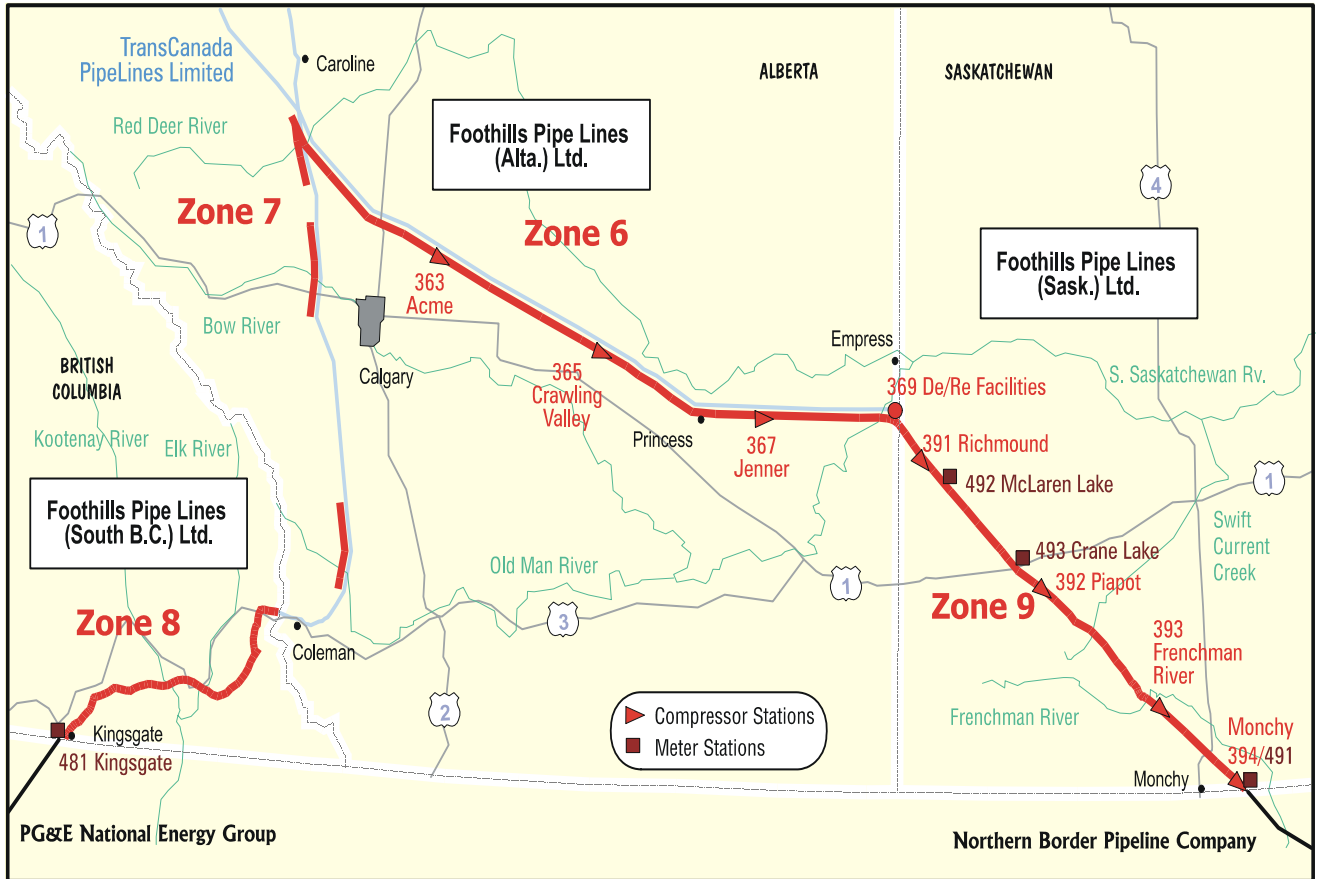
from the Mackenzie Delta, Beaufort Basin areas and other areas in the Provinces of Alberta, British Columbia and Saskatchewan. This Gas Transportation Tariff sets forth the Rate Schedules, the General Terms and Conditions and the Service Agreements applicable to this gas transportation service related to Phase I facilities currently in place.

Foothills Pipe Lines (Alta.) Ltd.

Foothills Pipe Lines (South B.C.) Ltd.

Foothills Pipe Lines (Sask.) Ltd.

GAS TRANSPORTATION SYSTEM  
PHASE I



**SUMMARY OF RATE SCHEDULES**

For the purposes of this tariff schedule abbreviations are defined as follows:

| SCHEDULES | DESCRIPTION                                                                                                                                                                                                             |
|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FT        | <u>Firm Transportation Service</u> - Applies to the firm transportation of gas from Receipt Points in the Provinces of Alberta, British Columbia and Saskatchewan to Delivery Points in Canada or at the 49th Parallel. |
| STFT      | <u>Short Term Firm Transportation Service</u> – Applies to the short term firm transportation of gas in the Provinces of Saskatchewan and British Columbia only.                                                        |
| OT        | <u>Overrun Transportation Service</u> - Applies to the transportation of overrun gas in the Province of Alberta.                                                                                                        |
| SGS       | <u>Small General Service</u> - Applies to the transportation of gas to Delivery Points in Saskatchewan only, to be sold to customers on farms or in small communities.                                                  |
| IT        | <u>Interruptible Service</u> - Applies to the interruptible transportation of gas in the Provinces of Saskatchewan and British Columbia only.                                                                           |