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Filed Electronically

Canada Energy Regulator  
Suite 210, 517 Tenth Avenue SW  
Calgary, Alberta T2R 0A8

**Attention: Ramona Sladic, Secretary of the Commission**

Dear Ramona Sladic:

**Re: Foothills Pipe Lines Ltd. (Foothills)  
Quarterly Surveillance Report  
For the Fourth Quarter Ended December 31, 2023**

Please find enclosed the Foothills System's Quarterly Surveillance Report for the period ended December 31, 2023.

Foothills is notifying customers of the availability of this filing on the Commission's repository as well as on TC Energy's Foothills System website at the following address:

<http://www.tccustomerexpress.com/934.html>

Should the Commission require additional information regarding this filing, please contact me by phone at (403) 920-4512 or by email at eman\_tadayoni@tcenergy.com.

Yours truly,  
**Foothills Pipe Lines Ltd.**

*Original signed by*

Eman Tadayoni  
Senior Regulatory Project Manager, Regulatory Tolls and Tariffs  
Canadian Natural Gas Pipelines

Enclosure

cc: Foothills Firm and Interruptible Customers

**Foothills Pipe Lines Ltd. - Foothills System**  
**Quarterly Surveillance Report**  
**Commission of the Canada Energy Regulator (CER or Commission)**

For the Year Ended December 31, 2023

Pursuant to the Toll Information Regulations and Guide BB of the Filing Manual, as revised in December 2016, Letter Decision of June 2, 2000 attaching Order TG-2-2000 and Order MO-036-2017 dated July 10, 2017, Foothills Pipe Lines Ltd. (Foothills) submits its year-end report for 2023.

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*Numbers within the attached schedules may not add due to rounding*

**Foothills Pipe Lines (Alta.) Ltd. - Zone 6**  
**INCOME SUMMARY**

For the Year Ended December 31, 2023

(\$000s)

Line No.	Particulars	CER Account(s)	Period Actual	Decision	Variance (c) - (d)	Note
	(a)	(b)	(c)	(d)	(e)	(f)
<b>Revenues</b>						
1	Transportation Revenue <sup>(i)</sup>	300	48,414	50,947	(2,533)	
<b>Operating Expenses</b>						
2	Operating, Maintenance & Administrative	301	15,242	16,284	(1,042)	(1)
3	Fuel & Power	301	7,883	7,874	9	
4	Emissions Compliance Costs	301	2,378	2,725	(347)	
5	Depreciation & Amortization	303/304	12,740	14,728	(1,988)	(2)
6	Income Taxes	306	66	(731)	797	(3)
7	Other Taxes	305	3,685	3,841	(156)	
8	CER & NPA Cost Recovery	301	1,800	2,106	(306)	
9	Methane Emissions Costs	301	108	100	8	
10	<b>Total Operating Expenses</b>		43,902	46,927	(3,025)	
11	<b>Operating Income</b>		4,512	4,020	492	
12	Financial Charges	320	1,923	1,632	291	
13	<b>Net Income Applicable to Common Equity</b>		2,589	2,388	201	
14	Rate Base (Schedule 2.0 (a))		64,097	59,125	4,972	(4)
15	Return on Rate Base		7.04%	6.80%		
16	Return on Common Equity		10.10%	10.10%		

(i) Transportation Revenue reflects Total Revenue Requirement

**Note:**

- (1) Decrease primarily due to lower pipe integrity costs and lower repair and overhaul costs.
- (2) Decrease primarily due to lower additions to a fully depreciated asset class.
- (3) Increase primarily due to lower capitalized repair and overhaul costs deductions.
- (4) See Schedule 2.0 for rate base variance explanations.

**Foothills Pipe Lines (Alta.) Ltd. - Zone 7**  
**INCOME SUMMARY**  
For the Year Ended December 31, 2023  
(\$000s)

Line No.	Particulars (a)	CER Account(s) (b)	Period Actual (c)	Decision (d)	Variance (c) - (d) (e)	Note (f)
<b>Revenues</b>						
1	Transportation Revenue <sup>(i)</sup>	300	3,618	4,238	(620)	
<b>Operating Expenses</b>						
2	Operating, Maintenance & Administrative	301	2,307	2,840	(533)	(1)
3	Depreciation & Amortization	303/304	49	63	(14)	
4	Income Taxes	306	(86)	(113)	27	
5	Other Taxes	305	914	951	(37)	
6	CER & NPA Cost Recovery	301	317	371	(54)	
7	Methane Emissions Costs	301	14	15	(1)	
8	<b>Total Operating Expenses</b>		<b>3,515</b>	<b>4,127</b>	<b>(612)</b>	
9	<b>Operating Income</b>		<b>103</b>	<b>111</b>	<b>(8)</b>	
10	Financial Charges		43	44	(1)	
11	<b>Net Income Applicable to Common Equity</b>		<b>60</b>	<b>67</b>	<b>(7)</b>	
12	Rate Base (Sch 2.0 (b))		1,481	1,644	(163)	
13	Return on Rate Base		6.97%	6.73%		
14	Return on Common Equity		10.10%	10.10%		

(i) Transportation Revenue reflects Total Revenue Requirement

**Note:**

(1) Decrease primarily due to lower pipeline integrity costs.

## Foothills Pipe Lines (South B.C.) Ltd. - Zone 8

### INCOME SUMMARY

For the Year Ended December 31, 2023

(\$000s)

Line No.	Particulars	CER Account(s)	Period Actual	Decision	Variance (c) - (d)	Note
	(a)	(b)	(c)	(d)	(e)	(f)
<b>Revenues</b>						
1	Transportation Revenue <sup>(i)</sup>	300	91,697	105,147	(13,450)	
<b>Operating Expenses</b>						
2	Operating, Maintenance & Administrative	301	16,344	19,500	(3,156)	(1)
3	Fuel & Power	301	788	672	116	
4	Emissions Compliance Costs	301	16,061	27,757	(11,696)	(2)
5	Depreciation & Amortization	303/304	33,904	33,563	341	
6	Income Taxes	306	(23,516)	(22,325)	(1,191)	(3)
7	Other Taxes	305	8,636	8,556	80	
8	Fuel Tax	305	4,441	5,383	(942)	(4)
9	CER & NPA Cost Recovery	301	1,298	1,519	(221)	
10	Methane Emissions Costs	301	215	76	139	
11	<b>Total Operating Expenses</b>		58,171	74,701	(16,530)	
12	<b>Operating Income</b>		33,526	30,445	3,081	
13	Financial Charges		14,635	12,304	2,331	
14	<b>Net Income Applicable to Common Equity</b>		18,891	18,141	749	
15	Rate Base (Sch 2.0 (c))		467,583	449,052	18,531	(5)
16	Return on Rate Base		7.17%	6.78%		
17	Return on Common Equity		10.10%	10.10%		

(i) Transportation Revenue reflects Total Revenue Requirement

**Note:**

- (1) Decrease primarily due to lower pipe integrity costs and lower repair and overhaul costs, partially offset by higher personnel costs.
- (2) Decrease primarily due to lower fuel usage and the CleanBC Industrial Incentive Program grant.
- (3) Decrease primarily due to higher Capitalized Cost Allowance deductions related to the West Path Delivery Program.
- (4) Decrease primarily due to lower fuel consumption.
- (5) See Schedule 2.0 for rate base variance explanations.

**Foothills Pipe Lines (Sask.) Ltd. - Zone 9**

**INCOME SUMMARY**

For the Year Ended December 31, 2023

(\$000s)

Line No.	Particulars	CER Accounts	Period Actual	Decision	Variance (c) - (d)	Note
	(a)	(b)	(c)	(d)	(e)	(f)
<b>Revenues</b>						
1	Transportation Revenue <sup>(i)</sup>	300	45,901	48,471	(2,570)	
<b>Operating Expenses</b>						
2	Operating, Maintenance & Administrative	301	7,091	6,909	182	
3	Fuel & Power	301	649	702	(53)	
4	Emissions Compliance Costs	301	915	1,517	(602)	(1)
5	Depreciation & Amortization	303/304	22,215	22,363	(148)	
6	Income Taxes	306	4,619	5,751	(1,132)	(2)
7	Other Taxes	305	3,873	4,016	(143)	
8	Fuel Tax	305	376	1,064	(688)	(3)
9	CER & NPA Cost Recovery	301	391	458	(67)	
10	Methane Emissions Costs	301	75	33	42	
11	<b>Total Operating Expenses</b>		40,203	42,813	(2,609)	
12	<b>Operating Income</b>		5,698	5,658	40	
13	Financial Charges	320	2,395	2,302	93	
14	<b>Net Income Applicable to Common Equity</b>		3,303	3,356	(53)	
15	Rate Base (Sch 2.0 (d))		81,742	83,088	(1,346)	(4)
16	Return on Rate Base		6.97%	6.81%		
17	Return on Common Equity		10.10%	10.10%		

(i) Transportation Revenue reflects Total Revenue Requirement

**Note:**

- (1) Decrease primarily due to lower fuel consumption.
- (2) Decrease primarily due to higher Capitalized Cost Allowance deductions.
- (3) Decrease primarily due to lower fuel consumption.
- (4) See Schedule 2.0 for rate base variance explanations.

**Foothills Pipe Lines (Alta.) Ltd. - Zone 6**  
**AVERAGE PIPELINE RATE BASE**  
For the Year Ended December 31, 2023  
(\$000s)

Line No.	Particulars	Period Actual	Decision	Variance (b) - (c)	Note
	(a)	(b)	(c)	(d)	(e)
	<b>Utility Investment</b>				
1	Net Plant	54,478	52,026	2,452	(1)
	<b>Working Capital</b>				
2	Cash	3,584	3,612	(28)	
3	Materials and Supplies	1,116	811	305	
4	Linepack	2,577	2,577	—	
5	Prepayments and Deposits	99	99	—	
6	Greenhouse Gas (GHG) Emissions Credits	2,243	—	2,243	(2)
7	Total Working Capital	9,619	7,099	2,520	
8	<b>Total Rate Base</b>	64,097	59,125	4,972	

**Note:**

- (1) Variance due to a lower 2023 opening Net Plant balance resulting from placing fewer assets in service in 2022.  
(2) Variance due to inclusion of banked GHG emissions credits.

**Foothills Pipe Lines (Alta.) Ltd. - Zone 7**  
**AVERAGE PIPELINE RATE BASE**  
For the Year Ended December 31, 2023  
(\$000s)

Line No.	Particulars (a)	Period Actual (b)	Decision (c)	Variance (b) - (c) (d)
	<b>Utility Investment</b>			
1	Net Plant	119	183	(64)
	<b>Working Capital</b>			
2	Cash	323	422	(99)
3	Linepack	1,039	1,039	—
4	Total Working Capital	1,362	1,461	(99)
5	<b>Total Rate Base</b>	1,481	1,644	(163)



**Foothills Pipe Lines (South B.C.) Ltd. - Zone 8**

**AVERAGE PIPELINE RATE BASE**

For the Year Ended December 31, 2023

(\$000s)

Line No.	Particulars	Period Actual	Decision	Variance (b) - (c)	Note
	(a)	(b)	(c)	(d)	(e)
	<b>Utility Investment</b>				
1	Net Plant	457,520	438,009	19,511	(1)
	<b>Working Capital</b>				
2	Cash	5,037	6,812	(1,775)	(2)
3	Materials and Supplies	3,553	2,758	795	(3)
4	Linepack	1,473	1,473	—	
5	Total Working Capital	10,063	11,043	(980)	
6	<b>Total Rate Base</b>	467,583	449,052	18,531	

**Note:**

- (1) Variance due to timing and higher spend on the West Path Delivery Program.
- (2) Variance due to a lower operating expense.
- (3) Variance due to increase in critical spares.

**Foothills Pipe Lines (Sask.) Ltd. - Zone 9**  
**AVERAGE PIPELINE RATE BASE**  
For the Year Ended December 31, 2023  
(\$000s)

Line No.	Particulars	Period Actual	Decision	Variance (b) - (c)	Note
	(a)	(b)	(c)	(d)	(e)
	<b>Utility Investment</b>				
1	Net Plant	75,761	77,448	(1,687)	(1)
	<b>Working Capital</b>				
2	Cash	1,468	1,619	(151)	
3	Materials and Supplies	2,197	1,705	492	
4	Linepack	2,316	2,316	—	
5	Total Working Capital	5,981	5,640	341	
6	<b>Total Rate Base</b>	81,742	83,088	(1,346)	

**Note:**

(1) Variance due to a lower 2023 opening Net Plant balance resulting from placing fewer assets in service in 2022.

**Foothills Pipe Lines Ltd. - Foothills System**  
**DEFERRED BALANCES**  
For the Year Ended December 31, 2023

Foothills Pipe Lines Ltd. is regulated on a cost of service basis and over or under-collections are adjusted in tolls annually.

**Foothills Pipe Lines Ltd. - Foothills System**  
**HISTORICAL ANNUAL INTEGRITY SPENDING**  
For the Year Ended December 31, 2023  
(\$000s)

Line No.	Particulars (a)	Period Actual	
		Operating (b)	Capital (c)
1	Program Management	1,383	—
2	Surveillance, Condition Monitoring and Integrity Hazard Assessment	3,891	—
3	Mitigation and Remediation	3,112	25,366
4	Other Expenditures	138	—
5	<b>Total Integrity Spending</b>	<b>8,524</b>	<b>25,366</b>

**Foothills Pipe Lines Ltd. - Foothills System**  
**ACTUAL AND APPROVED RATE OF RETURN**  
For the Year Ended December 31, 2023  
(2019-2023)

Line No.	Particulars	2019	2020	2021	2022	2023
	(a)	(b)	(c)	(d)	(e)	(f)
1	Actual and Approved Rates of Return on Equity	10.10 %	10.10 %	10.10 %	10.10 %	10.10 %
2	Actual Rate of Return on Rate Base	5.40 %	5.42 %	4.76 %	4.78 %	7.13 %
3	Approved Rate of Return on Rate Base	5.73 %	5.56 %	5.18 %	4.63 %	6.79 %

**Foothills Pipe Lines Ltd. - Foothills System****INTERCORPORATE TRANSACTIONS**

For the Year Ended December 31, 2023

(includes total transactions greater than \$100,000)

**-Summary Receipts-**

Line No.	Contracting Party (a)	Nature of Service (b)	(\$000s) (c)	Sch.# (d)
1	NOVA Gas Transmission Ltd.	Gas Transportation Service, Sale of Inventory and Land Lease Agreement	60,397	6.2
2	TransCanada PipeLines Limited	Sale of Inventory	256	6.2
3	<b>Total</b>		<u>60,653</u>	

**Foothills Pipe Lines Ltd. - Foothills System**

**INTERCORPORATE TRANSACTIONS**

For the Year Ended December 31, 2023

(includes total transactions greater than \$100,000)

**-Summary Payments-**

Line No.	Contracting Party (a)	Nature of Service (b)	(\$000s) (c)	Sch.# (d)
1	NOVA Gas Transmission Ltd.	Purchase of Inventory	2,962	6.3
2	TransCanada PipeLines Limited	Interest Payments on Intercompany Debt, Purchase of Greenhouse Gas Emissions Credits and Purchase of Inventory.	17,594	6.3
3	TransCanada Turbines Ltd.	Repair and Overhaul	577	6.3
4	TransCanada Calibrations Ltd.	System Maintenance	164	6.3
5	<b>Total</b>		<u>21,298</u>	

**Foothills Pipe Lines Ltd. - Foothills System**  
**INTERCORPORATE TRANSACTIONS**  
For the Year Ended December 31, 2023  
(\$000s)

**-Receipts-**

Contracting Party: NOVA Gas Transmission Ltd.

Nature Of Service: Gas Transportation, Land Lease Agreement and Sale of Inventory.

Description: Transportation services associated with movement of gas on the Foothills System and billed in accordance with Foothills System tolls.  
Partial assignment of land lease for site offices, contractor sites and temporary access.  
Sale of inventory.

	Gas Transportation	Lease Agreement	Sale of Inventory	Total
Amount	59,708	14	675	60,397

Contracting Party: TransCanada PipeLines Limited

Nature Of Service: Sale of Inventory

Description: Sale of inventory.

	Sale of Inventory
Amount	256



**Foothills Pipe Lines Ltd. - Foothills System**  
**INTERCORPORATE TRANSACTIONS**  
For the Year Ended December 31, 2023  
(\$000s)

**-Payments-**

Contracting Party: NOVA Gas Transmission Ltd.

Nature Of Service: Purchase of Inventory

Description: Purchase of inventory.

	Purchase of Inventory
Amount	2,962

Contracting Party: TransCanada PipeLines Limited

Nature Of Service: Interest Payments on Intercompany Debt, Purchase of Greenhouse Gas Emissions Credits,  
Purchase of Inventory.

Description: Interest costs of intercompany debt.  
Purchase of greenhouse gas emissions credits and inventory.

	Interest Costs	Purchase of Greenhouse Gas Emissions Credit	Purchase of Inventory	Total
Amount	15,379	1,721	493	17,594

Contracting Party: TransCanada Turbines Ltd.

Nature Of Service: Repair and Overhaul

Description: Repair and overhaul of compressor units.

	Repair and Overhaul
Amount	577

Contracting Party: TransCanada Calibrations Ltd.

Nature Of Service: System Maintenance

Description: System maintenance, meter repair, calibration and other measurement services

	System Maintenance
Amount	164

**Foothills Pipe Lines Ltd. - Foothills System**

**TRAFFIC DATA**

For the Year Ended December 31, 2023

In accordance with Section BB.2 of Guide BB of the CER Filing Manual, Traffic Data is being provided to the CER in a machine-readable format and will be posted by the CER at:  
<https://www.cer-rec.gc.ca/en/data-analysis/facilities-we-regulate/pipeline-profiles/index.html>