

**SUMMARY**

**Foothills Pipe Lines Ltd.**

**TRANSPORTATION RATES**

Effective: January 1, 2005

REVENUE REQUIREMENT	Schedule	Amount (\$000)			
		Zone 6	Zone 7	Zone 8	Zone 9
Estimated Costs of Service:					
Operating & Maintenance	A	27,655	2,042	3,406	12,404
Return on Rate Base	B	14,141	1,880	6,511	19,990
Depreciation (3%) & Amortization		16,456	3,287	6,810	18,665
Taxes: Income and Other	C	3,926	917	4,772	3,871
Special Charge		1,262	144	297	566
Fuel Tax		n/a	n/a	n/a	2,043
Sub-Total		63,440	8,270	21,797	57,538
Adjustments:					
Previous (Over) Under	D	-	-	-	-
Interruptible/Overrun Revenue		-	-	-	(22,025)
SGS-1 Revenue		-	-	-	(2)
G&A Settlement Savings <sup>1</sup>		(719)	(40)	(127)	(285)
Total Firm Revenue Requirement		62,721	8,230	21,670	35,227

**BILLING DETERMINANTS**

Total Contract MDQ (10 <sup>6</sup> m <sup>3</sup> /d)	E	63.16	20.42	31.59	38.51
Maximum Haul Distance (Km)		378.49	124.03	165.96	258.97
Total Contract MDQ x Distance	E	22,250.66	2,532.44	5,241.96	9,972.24
Estimated Interruptible/Overrun Deliveries (10 <sup>6</sup> m <sup>3</sup> )		-	-	-	7,989.50
Estimated SGS-1 Deliveries(10 <sup>6</sup> m <sup>3</sup> )		-	-	-	1.22

**TRANSPORTATION RATES**

Effective Rates					
Demand Rate (\$/10 <sup>3</sup> m <sup>3</sup> / Km / Month)		0.234903	0.270816	0.344493	0.294375
Overrun Service (\$/10 <sup>3</sup> m <sup>3</sup> / Km)		0.008495	0.009794	0.012458	n/a
Interruptible Rate (\$/10 <sup>3</sup> m <sup>3</sup> / Km)		n/a	n/a	n/a	0.010646
Full Haul Rates (100% Load Factor)					
Demand Rate (\$/10 <sup>3</sup> m <sup>3</sup> )		2.92	1.10	1.88	2.51
Overrun Service (\$/10 <sup>3</sup> m <sup>3</sup> )		3.22	1.21	2.07	n/a
Interruptible Rate (\$/10 <sup>3</sup> m <sup>3</sup> )		n/a	n/a	n/a	2.76

Note(s):

1. Forecasted Shippers' Savings with respect to Foothills' General & Administrative Expenses Settlement Agreement dated January 13, 2003 as approved in Board Order TG-2-2003.

## SCHEDULE A

## OPERATING AND MAINTENANCE EXPENSES

For the 12-month period: January 1, 2005 to December 31, 2005

(\$000)

	<u>Total</u>	<u>Zone 6</u>	<u>Zone 7</u>	<u>Zone 8</u>	<u>Zone 9</u>
<b>FIELD OPERATIONS EXPENSE</b>					
TCPL OPERATING AGREEMENT	5,705	2,005	119	594	2,987
BP CANADA OPERATING AGREEMENT	<u>1,976</u>	<u>1,976</u>	-	-	-
	7,681	3,981	119	594	2,987
<b>ELECTRICAL POWER</b>					
JENNER, ACME AND CRAWLING VALLEY	396	396	-	-	-
DE/RE FACILITIES AT EMPRESS	8,256	8,256	-	-	-
SASKATCHEWAN	<u>749</u>	-	-	-	749
	9,401	8,652	-	-	749
<b>MAINTENANCE &amp; INTEGRITY PROGRAM</b>					
INVENTORY & MAINTENANCE PARTS	1,367	815	-	65	487
MAINTENANCE PROJECTS	4,825	2,590	-	-	2,235
COMMUNICATIONS	180	90	-	-	90
INTEGRITY PROGRAM	<u>1,534</u>	<u>118</u>	<u>222</u>	<u>248</u>	<u>946</u>
	7,906	3,613	222	313	3,758
<b>G&amp;A SETTLEMENT<sup>1</sup></b>	13,768	7,659	872	1,804	3,433
<b>LAND PAYMENTS</b>	1,452	802	494	-	156
<b>INSURANCE &amp; PENSION OBLIGATIONS</b>	1,662	925	105	218	414
<b>GOVERNMENT AGENCY COSTS RECOVERY</b>	<u>3,637</u>	<u>2,023</u>	<u>230</u>	<u>477</u>	<u>907</u>
<b>TOTAL</b>	<u>45,507</u>	<u>27,655</u>	<u>2,042</u>	<u>3,406</u>	<u>12,404</u>

Note(s):

1. Agreed to amount for Foothills' General & Administrative Expenses pursuant to the Settlement Agreement dated January 13, 2003 as approved in Board Order TG-2-2003.

**DEEMED AVERAGE CAPITALIZATION AND  
RETURN ON RATEBASE  
FOR THE YEAR ENDING DECEMBER 31, 2005**

(\$000)

**ZONE 6**

	AMOUNT (\$000)	RATIO %	COST RATE %	COST COMPONENT %
Debt	158,653	69.69	4.80	3.35
Common Equity	<u>68,993</u>	<u>30.31</u>	9.46	<u>2.87</u>
Total Capitalization	<u><u>227,646</u></u>	<u><u>100.00</u></u>		<u><u>6.22</u></u>
Return on Rate Base	<u><u>14,141</u></u>			

**ZONE 7**

	AMOUNT (\$000)	RATIO %	COST RATE %	COST COMPONENT %
Debt	21,260	69.72	4.80	3.35
Common Equity	<u>9,235</u>	<u>30.28</u>	9.46	<u>2.86</u>
Total Capitalization	<u><u>30,495</u></u>	<u><u>100.00</u></u>		<u><u>6.21</u></u>
Return on Rate Base	<u><u>1,880</u></u>			

**DEEMED AVERAGE CAPITALIZATION AND  
RETURN ON RATEBASE  
FOR THE YEAR ENDING DECEMBER 31, 2005**

(\$000)

**ZONE 8**

	AMOUNT (\$000)	RATIO %	COST RATE %	COST COMPONENT %
Debt	73,750	69.99	4.80	3.36
Common Equity	<u>31,627</u>	<u>30.01</u>	9.46	<u>2.84</u>
Total Capitalization	<u><u>105,377</u></u>	<u><u>100.00</u></u>		<u><u>6.20</u></u>
Return on Rate Base	<u><u>6,511</u></u>			

**ZONE 9**

	AMOUNT (\$000)	RATIO %	COST RATE %	COST COMPONENT %
Debt	224,427	69.80	4.80	3.35
Common Equity	<u>97,106</u>	<u>30.20</u>	9.46	<u>2.86</u>
Total Capitalization	<u><u>321,533</u></u>	<u><u>100.00</u></u>		<u><u>6.21</u></u>
Return on Rate Base	<u><u>19,990</u></u>			

SCHEDULE C

TAXES: INCOME AND OTHER

(\$000)

	<u>Zone 6</u>	<u>Zone 7</u>	<u>Zone 8</u>	<u>Zone 9</u>
RETURN ON RATEBASE	14,141	1,880	6,511	19,990
Add:				
Depreciation and Amortization	16,456	3,287	6,810	18,665
Large Corporation Tax	345	35	105	561
Deferred Tax Payback	(4,632)	(901)	(1,014)	(7,008)
Deduct:				
Return on Debt	7,616	1,014	3,528	10,789
Capital Cost Allowance	7,920	1,164	3,864	11,100
TAXABLE INCOME EXCLUDING PROVISION	<u>10,774</u>	<u>2,123</u>	<u>5,020</u>	<u>10,319</u>
INCOME TAX RATE	33.62%	33.62%	35.62%	39.12%
INCOME TAX PROVISION (at R/(1-R) x Taxable Income Excluding Provision)	5,457	1,075	2,777	6,631
Deduct:				
Deferred Tax Payback	(4,632)	(901)	(1,014)	(7,008)
TOTAL INCOME TAXES	<u>825</u>	<u>174</u>	<u>1,763</u>	<u>(377)</u>
Taxes - Other than Income Tax	3,101	743	3,009	4,248
TOTAL TAXES: INCOME AND OTHER	<u><u>3,926</u></u>	<u><u>917</u></u>	<u><u>4,772</u></u>	<u><u>3,871</u></u>

ADJUSTMENT FOR (OVER) OR UNDER COLLECTION

(\$000)

**ZONE 6**

	<u>2003 Forecast</u> <sup>1</sup>	<u>2003 Actual</u>	<u>2004 Forecast</u> <sup>2</sup>		
<b>Cost of Service</b>					
Non-G&A Settlement Operating & Maintenance	-	-	25,649		
Return on Rate Base	-	-	18,241		
Depreciation & Amortization	-	-	15,959		
Taxes - Income + Other	-	-	3,529		
Special Charge	-	-	1,124		
Fuel Tax	-	-	-		
Sub-Total	-	-	64,502		
<b>Adjustments:</b>					
Previous (Over) Under	-	-	-		
G&A Settlement Savings	-	-	(300)		
IT/OT-1/SGS-1 Service	-	-	-		
Total Firm Revenue Requirement	-	-	64,202		
<b>Service Revenue</b>					
T-1 Service	-	-	64,202		
Total Revenue Generated	-	-	64,202		
<b>Variance</b>				<u>2003</u> <sup>3</sup>	<u>2004</u> <sup>4</sup>
Revenue Required minus Revenue Generated	-	-	-	-	-
Interest on Variance	-	-	-	-	-
BILLING ADJUSTMENT FOR TEST YEAR	-	-	-	-	-

**ZONE 7**

	<u>2003 Forecast</u> <sup>1</sup>	<u>2003 Actual</u>	<u>2004 Forecast</u> <sup>2</sup>		
<b>Cost of Service</b>					
Non-G&A Settlement Operating & Maintenance	-	-	2,560		
Return on Rate Base	-	-	2,475		
Depreciation & Amortization	-	-	3,275		
Taxes - Income + Other	-	-	947		
Special Charge	-	-	128		
Fuel Tax	-	-	-		
Sub-Total	-	-	9,385		
<b>Adjustments:</b>					
Previous (Over) Under	-	-	-		
G&A Settlement Savings	-	-	(33)		
IT/OT-1/SGS-1 Service	-	-	-		
Total Firm Revenue Requirement	-	-	9,352		
<b>Service Revenue</b>					
T-1 Service	-	-	9,352		
Total Revenue Generated	-	-	9,352		
<b>Variance</b>				<u>2003</u> <sup>3</sup>	<u>2004</u> <sup>4</sup>
Revenue Required minus Revenue Generated	-	-	-	-	-
Interest on Variance	-	-	-	-	-
BILLING ADJUSTMENT FOR TEST YEAR	-	-	-	-	-

Note(s):

- Forecast of 2003 as included in the 2004 rates application. Place holder for future years.
- Forecast of 2004 includes 9 months of actuals.
- Estimate/Actual (over) under collection from 2003.
- 2004 estimated (over) under collection.
- Total adjustment from 2003 and 2004. No adjustments as all under and overcollections will be credited or debited to shippers by March 31,2005.

ADJUSTMENT FOR (OVER) OR UNDER COLLECTION

(\$000)

**ZONE 8**

	<u>2003 Forecast</u> <sup>1</sup>	<u>2003 Actual</u>	<u>2004 Forecast</u> <sup>2</sup>		
<b>Cost of Service</b>					
Non-G&A Settlement Operating & Maintenance	-	-	3,076		
Return on Rate Base	-	-	8,977		
Depreciation & Amortization	-	-	6,814		
Taxes - Income + Other	-	-	4,840		
Special Charge	-	-	271		
Fuel Tax	-	-	-		
Sub-Total	-	-	23,978		
Adjustments:					
Previous (Over) Under	-	-	-		
G&A Settlement Savings	-	-	(70)		
IT/OT-1/SGS-1 Service	-	-	-		
Total Firm Revenue Requirement	-	-	23,908		
<b>Service Revenue</b>					
T-1 Service	-	-	23,908		
Total Revenue Generated	-	-	23,908		
<b>Variance</b>					
Revenue Required minus Revenue Generated	-	-		<u>2003</u> <sup>3</sup>	<u>2004</u> <sup>4</sup>
Interest on Variance	-	-	-	-	-
BILLING ADJUSTMENT FOR TEST YEAR	-	-	-	-	<u>Total</u> <sup>5</sup>

**ZONE 9**

	<u>2003 Forecast</u> <sup>1</sup>	<u>2003 Actual</u>	<u>2004 Forecast</u> <sup>2</sup>		
<b>Cost of Service</b>					
Non-G&A Settlement Operating & Maintenance	-	-	12,828		
Return on Rate Base	-	-	25,398		
Depreciation & Amortization	-	-	18,762		
Taxes - Income + Other	-	-	3,840		
Special Charge	-	-	746		
Fuel Tax	-	-	2,109		
Sub-Total	-	-	63,683		
Adjustments:					
Previous (Over) Under	-	-	-		
G&A Settlement Savings	-	-	(191)		
IT/OT-1/SGS-1 Service	-	-	-		
Total Firm Revenue Requirement	-	-	63,492		
<b>Service Revenue</b>					
T-1 Service	-	-	63,492		
Total Revenue Generated	-	-	63,492		
<b>Variance</b>					
Revenue Required minus Revenue Generated	-	-		<u>2003</u> <sup>3</sup>	<u>2004</u> <sup>4</sup>
Interest on Variance	-	-	-	-	-
BILLING ADJUSTMENT FOR TEST YEAR	-	-	-	-	<u>Total</u> <sup>5</sup>

Note(s):

- Forecast of 2003 as included in the 2004 rates application. Place holder for future years.
- Forecast of 2004 includes 9 months of actuals.
- Estimate/Actual (over) under collection from 2003.
- 2004 estimated (over) under collection.
- Total adjustment from 2003 and 2004. No adjustments as all under and overcollections will be credited or debited to shippers by March 31,2005.

## SCHEDULE E

## FIRM GAS VOLUMES AND HAUL DISTANCE

2005 Forecasted

SHIPPER	Annual Average MDQ (10 <sup>6</sup> m <sup>3</sup> )	Haul Distance (Km)	Annual Average MDQ x Dist. (10 <sup>6</sup> m <sup>3</sup> x Km)	Zone Allocation (%)
<b>Zone 6</b>				
NOVA Gas Transmission Ltd.	4.3868	1.55	6.7995	
NOVA Gas Transmission Ltd.	58.7700	378.49	22,243.8573	
	<u>63.1568</u>		<u>22,250.6568</u>	55.630%
<b>Zone 7</b>				
NOVA Gas Transmission Ltd.	<u>20.4180</u>	124.03	<u>2,532.4445</u>	6.332%
<b>Zone 8</b>				
TransCanada PipeLines Limited	<u>31.5857</u>	165.96	<u>5,241.9628</u>	13.106%
<b>Zone 9</b>				
Amerada Hess Canada Gas Ltd.	0.5734	258.97	148.4934	
Apache Canada Ltd.	1.0034	258.97	259.8505	
ARC Resources Ltd.	0.2884	258.97	74.6869	
BP Canada Energy Company	1.4644	258.97	379.2357	
BP Canada Energy Company	1.9214	258.97	497.5970	
Burlington Resources Canada	0.1249	258.97	32.3535	
Burlington Resources Canada	1.1748	258.97	304.2380	
Burlington Resources Canada	0.3082	258.97	79.8115	
Canadian Natural Resources	0.9719	258.97	251.6929	
Canadian Natural Resources	0.7401	258.97	191.6637	
Cargill Gas Marketing Ltd.	6.4223	258.97	1,663.1830	
Conoco Phillips Canada Limited	0.8600	258.97	222.7142	
Coral Resources Canada	0.8746	258.97	226.4952	
Coral Energy Canada Inc.	0.5109	258.97	132.3043	
Devon Canada	0.0865	258.97	22.4009	
EnCana Gas Marketing	8.5592	258.97	2,216.5831	
Enermark	0.2884	258.97	74.6869	
Engage Energy Canada	0.3586	258.97	92.8666	
ExxonMobil Canada Energy	0.8886	258.97	230.1307	
Hunt Oil Company	0.1463	258.97	37.8873	
Husky Energy	0.3414	258.97	88.4124	
Husky Energy	0.2846	258.97	73.7029	
Husky Energy	2.6181	258.97	678.0094	
Husky Energy	0.2001	258.97	51.8303	
Middleton Energy	0.3443	258.97	89.1634	
Minnesota Corn Processors	0.2312	258.97	59.8739	
Montana Dakota Utilities	0.2875	258.97	74.4539	
Nexen Canada	0.6000	258.97	155.3820	
Nexen Marketing	0.2794	258.97	72.3548	
Nexen Marketing	0.3550	258.97	91.9457	
Nexen Marketing	0.2867	258.97	74.2467	
Oneok Energy Marketing & Trading	0.6923	258.97	179.2849	
Oxy Energy Canada, LLC	1.2269	258.97	317.7331	
Petro-Canada	1.7400	258.97	450.6078	
Progas	0.4500	258.97	116.5365	
Progas	0.4300	258.97	111.3571	
Shiningbank Energy Ltd.	0.1185	258.97	30.6879	
Tenaska	0.3132	258.97	81.1158	
WPS Energy Services of Canada	0.1416	258.97	36.6673	
	<u>38.5073</u>		<u>9,972.2411</u>	24.932%