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March 14, 2005

National Energy Board

Filed Electronically

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

Attention: Mr. Michel L. Mantha, Secretary

Dear Mr. Mantha:

**Re: Foothills Pipe Lines Ltd. (Foothills)
2004 General and Administration (G&A) Expenses Report**

Pursuant to Section 4.6 of the Settlement Agreement with respect to the Special Charge and Certain Modifications to the Existing Cost of Service Methodology for Fixing Foothills Tolls, which was approved by Order TG-2-2003, Foothills is filing the G&A Expenses Report for the twelve months ended December 31, 2004.

The 2003 G&A Expenses Report, which was the first report, was part of Foothills' report on the variance between approved 2003 operating and maintenance budgets and actual expenses (O&M Variance Report) that was filed on February 27, 2004. Pursuant to Order TG-8-2004 Foothills is no longer required to file an O&M Variance Report. As a result, Foothills is filing the 2004 G&A Expenses Report separately.

Foothills has filed the report electronically with the National Energy Board by placing it in the electronic filing repository and is notifying shippers of the availability of this filing in the Board's repository as well as on TransCanada's Foothills System Website at the address below.

http://www.transcanada.com/Foothills/regulatory/reg_filings/index.htm

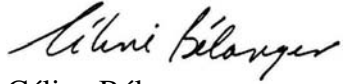
Mr. M. Mantha
Page 2
March 14, 2005

If you have any questions or concerns with respect to the enclosed, please contact Carolyn Shaw at 920-7172.

Yours truly,

Foothills Pipe Lines Ltd.

A wholly owned subsidiary of TransCanada PipeLines Limited



Céline Bélanger
Vice President, Regulatory Services

Encl.

cc. Interested Parties – TG-6-81
Foothills Firm and Interruptible Shippers

FOOTHILLS PIPE LINES LTD.
REPORT ON GENERAL AND ADMINISTRATIVE EXPENSES FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004
PURSUANT TO SECTION 4.6 OF THE SETTLEMENT AGREEMENT WITH RESPECT TO THE SPECIAL CHARGE AND CERTAIN
MODIFICATIONS TO THE EXISTING COST OF SERVICE METHODOLOGY FOR FIXING FOOTHILLS TOLLS DATED JANUARY 13, 2003
(\$000's)

<u>LINE</u>	<u>2004</u>
1 Agreed Amount	13,367.3
2 Actual Amount	7,977.5
3 Incentive Saving	5,389.8
4 Annual Collectible Amount	2,269.5
5 Foothills' Share of aggregate Incentive Amount	9,751.9

DEFINITIONS AND INTERPRETATION

"**Agreed Amount**" means, for any year during the Term, an initial amount equal to \$12,600,000, escalated by 3% per year commencing January 1, 2003.

"**Actual Amount**" has the meaning as defined in Section 3.1 of the Settlement; the actual amount of General and Administrative Expenses for any year.

"**Incentive Saving**" has the meaning as defined in Subsection 3.1(b)(ii) of the Settlement; the Agreed Amount less the Actual Amount for such year.

"**Collectible Amount**" has the meaning as defined in Section 2.1 of the Settlement; two-thirds (2/3) of the outstanding principal balance of the Phase II Preliminary Expenditures at November 1, 2003.