



**ORDER MO-03-2007**

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

**IN THE MATTER OF** an application made pursuant to section 59 and paragraphs 74(1)(a) and 74(1)(b) of the Act by TransCanada Pipelines Limited (TransCanada), Foothills Pipe Lines Ltd. (Foothills) and Foothills Pipe Lines (South B.C.) Ltd. (Foothills South) for leave to transfer certain pipeline facilities and related orders, filed with the National Energy Board under File OF-FAC-GAS-F111-2006-0101.

**BEFORE** the Board on 9 February 2007.

**WHEREAS** TransCanada owns the TransCanada B.C. System pursuant to Board Order MO-47-98 dated 5 November 1998;

**AND WHEREAS** the Board received an application from TransCanada, Foothills and Foothills South (jointly the Applicants) dated 21 December 2006 relating to the transfer of B.C. System facilities;

**AND WHEREAS** TransCanada requested an order of the Board:

- (a) granting leave to TransCanada pursuant to paragraph 74(1)(a) of the Act to sell an approximate 80 percent interest in the B.C. System to Foothills; and
- (b) granting leave to TransCanada pursuant to paragraph 74(1)(a) of the Act to sell an approximate 20 percent interest in the B.C. System to Foothills South; and
- (c) authorizing TransCanada pursuant to section 59 of the Act to reduce the B.C. System rate base by the net book value (NBV) of the B.C. System facilities effective the first day of the month following the Closing Date.

**AND WHEREAS** Foothills requested an order of the Board:

- (a) granting leave to TransCanada pursuant to paragraph 74(1)(b) of the Act to purchase an approximate 80 percent interest in the B.C. System; and
- (b) granting leave to TransCanada pursuant to paragraph 74(1)(a) of the Act to immediately sell its approximate 80 percent interest in the B.C. System Facilities to Foothills South.

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**AND WHEREAS** Foothills South requested an order of the Board:

- (a) granting leave to Foothills South pursuant to paragraph 74(1)(b) of the Act to purchase an approximate 80 percent interest in the B.C. System from Foothills; and
- (b) granting leave to Foothills South pursuant to paragraph 74(1)(b) of the Act to purchase an approximate 20 percent interest in the B.C. System from TransCanada; and
- (c) authorizing Foothills South, pursuant to section 59 of the Act, to include the NBV of the B.C. System facilities in its rate base effective the first day of the month following the Closing Date.

**AND WHEREAS** the application is supported by Pacific Gas and Electric Company and the Integration Settlement has been approved by the Canadian Association of Petroleum Producers;

**AND WHEREAS** the Board letter of 11 January 2007 sought comments from interested parties on the application;

**AND WHEREAS** no party has opposed the application;

**AND WHEREAS** the Board has examined the application and considers it to be in the public interest to grant leave with respect to the transfer;

**IT IS ORDERED THAT:**

1. Pursuant to paragraph 74(1)(a) and 74(1)(b) of the Act respectively, that the sale and purchase of an approximate 80 percent interest in the B.C. System from TransCanada to Foothills is approved.
2. Pursuant to paragraph 74(1)(a) and 74(1)(b) of the Act respectively, that the sale and purchase of an approximate 80 percent interest in the B.C. System Facilities from Foothills to Foothills South is approved.
3. Pursuant to paragraphs 74(1)(a) and 74(1)(b) of the Act respectively, that the sale and purchase of an approximate 20 percent interest of the B.C. System facilities from TransCanada to Foothills South is approved.

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**IT IS FURTHER ORDERED**, pursuant to section 59 of the Act, that TransCanada may reduce the B.C. System rate base by the NBV of the B.C. System facilities upon their transfer to Foothills South and that Foothills South may include that NBV in its rate base.

NATIONAL ENERGY BOARD

A handwritten signature in black ink, appearing to read "Mantha", with a long horizontal stroke extending to the right.

Michel L. Mantha  
Secretary