

March 6, 2000

Mr. M. L. Mantha  
Secretary  
National Energy Board  
444 - Seventh Avenue S.W.  
Calgary, Alberta  
T2P 0X8

Dear Mr. Mantha:

**RE: National Energy Board Order TG-6-81**

Enclosed for filing with the National Energy Board are twenty (20) copies of the following document:

**Foothills Pipe Lines Ltd.  
Quarterly Surveillance Report  
Financial and Throughput Information  
Quarter Ending December 31, 1999**

This material is submitted by Foothills Pipe Lines Ltd. in response to the requirements of National Energy Board Order TG-6-81, as amended, for the period covering the fourth quarter of 1999.

Foothills will post a copy of this document on its website [www.foothillspipe.com](http://www.foothillspipe.com). Copies of this letter are being served to Foothills' list of interested parties and paper copies of the filing will be provided upon request.

If you have any questions regarding this matter, please contact the undersigned at (403) 294-4495 or fax (403) 294-4174.

Yours truly,

*Original signed by*

Phil Cochrane  
Senior Supervisor  
Customer Service &  
Regulatory Affairs

Encl.

Cc: Interested Parties TG-6-81

**FOOTHILLS PIPE LINES LTD.  
Quarterly Surveillance Report  
Financial and Throughput Information  
Quarter Ending December 31, 1999**

**March 2000**

Schedule 1 (a)

**FOOTHILLS PIPE LINES (ALTA.) LTD. - ZONE 6**  
**INCOME SUMMARY**  
(For Twelve Months Ended December 31, 1999)

| Particulars                                  | NEB<br>Accounts | Year-to-Date<br>Actual | NEB Decision<br>or Initial<br>Forecast | Variance<br>Col. (c) - (d) |
|--|-----------------|------------------------|--|----------------------------|
| (a)  | (b)             | (c)                    | (d)                                    | (e)                        |
| <b>Revenue</b>                               |                 |                        |  |                            |
| Transportation Revenue                       | 300             | 61,108,040             |  |                            |
| Special Charge                               |                 | <u>3,784,000</u>       |  |                            |
| Total Revenue                                |                 | <u>64,892,040</u>      |  |                            |
| <b>Operating Expenses</b>                    |                 |                        |  |                            |
| Salaries & Wages                             | 301             | 1,975,232              | 2,028,399                              | (53,167)                   |
| Fuel & Power                                 | 301             | 8,630,340              | 9,600,000                              | (969,660)                  |
| Other Operating & Maintenance                | 301             | 8,641,830              | 8,599,801                              | 42,029                     |
| NEB & NPA Cost Recovery                      | 301             | 1,049,992              | 1,061,300                              | (11,308)                   |
| Depreciation                                 | 303             | 15,396,704             |  |                            |
| Income Taxes                                 | 306             | -                      |  |                            |
| Taxes Other than Income                      | 305             | <u>3,723,941</u>       |  |                            |
| Total Operating Expenses                     |                 | <u>39,418,040</u>      |  |                            |
| <b>Operating Income</b>                      |                 | 25,474,000             |  |                            |
| <b>Less:</b>                                 |                 |                        |  |                            |
| Financial Charges                            |                 | 12,859,000             |  |                            |
| Special Charge                               |                 | <u>3,784,000</u>       |  |                            |
| <b>Equity Return</b>                         |                 | <u>8,831,000</u>       |  |                            |
| <b>Rate of Return on Rate Base (Average)</b> |                 | <u>7.52%</u>           |  |                            |
| <b>Rate of Return on Common Equity</b>       |                 | <u>9.58%</u>           |  |                            |

**NOTE:**

Foothills tolls are determined on a Cost of Service basis and accordingly there is no Forward Test Year forecast approved by the NEB; with the exception that the NEB reviews and approves Foothills Operating & Maintenance expense budget for the forecast year.

**FOOTHILLS PIPE LINES (ALTA.) LTD. - ZONE 7**  
**INCOME SUMMARY**  
(For Twelve Months Ended December 31, 1999)

| Particulars                                  | NEB<br>Accounts | Year-to-Date<br>Actual | NEB Decision<br>or Initial<br>Forecast | Variance<br>Col. (c) - (d) |
|--|-----------------|------------------------|--|----------------------------|
| (a)  | (b)             | (c)                    | (d)                                    | (e)                        |
| <b>Revenue</b>                               |                 |                        |  |                            |
| Transportation Revenue                       | 300             | 9,136,988              |  |                            |
| Special Charge                               |                 | <u>430,000</u>         |  |                            |
| Total Revenue                                |                 | <u>9,566,988</u>       |  |                            |
| <b>Operating Expenses</b>                    |                 |                        |  |                            |
| Salaries & Wages                             | 301             | 224,783                | 230,839                                | (6,056)                    |
| Other Operating & Maintenance                | 301             | 964,571                | 874,161                                | 90,410                     |
| NEB & NPA Cost Recovery                      | 301             | 119,500                | 120,800                                | (1,300)                    |
| Depreciation                                 | 303             | 2,980,240              |  |                            |
| Amortization                                 | 304             | 79,044                 |  |                            |
| Income Taxes                                 | 306             | 669,000                |  |                            |
| Taxes Other than Income                      | 305             | <u>852,849</u>         |  |                            |
| Total Operating Expenses                     |                 | <u>5,889,988</u>       |  |                            |
| <b>Operating Income</b>                      |                 | 3,677,000              |  |                            |
| <b>Less:</b>                                 |                 |                        |  |                            |
| Financial Charges                            |                 | 1,876,000              |  |                            |
| Special Charge                               |                 | <u>430,000</u>         |  |                            |
| <b>Equity Return</b>                         |                 | <u>1,371,000</u>       |  |                            |
| <b>Rate of Return on Rate Base (Average)</b> |                 | <u>7.54%</u>           |  |                            |
| <b>Rate of Return on Common Equity</b>       |                 | <u>9.58%</u>           |  |                            |

Schedule 1 (c)

**FOOTHILLS PIPE LINES (SOUTH B.C.) LTD. - ZONE 8**  
**INCOME SUMMARY**  
(For Twelve Months Ended December 31, 1999)

| Particulars                                  | NEB<br>Accounts | Year-to-Date<br>Actual | NEB Decision<br>or Initial<br>Forecast | Variance<br>Col. (c) - (d) |
|--|-----------------|------------------------|--|----------------------------|
| (a)  | (b)             | (c)                    | (d)                                    | (e)                        |
| <b>Revenue</b>                               |                 |                        |  |                            |
| Transportation Revenue                       | 300             | 25,745,719             |  |                            |
| Special Charge                               |                 | <u>918,000</u>         |  |                            |
| Total Revenue                                |                 | <u>26,663,719</u>      |  |                            |
| <b>Operating Expenses</b>                    |                 |                        |  |                            |
| Salaries & Wages                             | 301             | 478,769                | 491,572                                | (12,803)                   |
| Other Operating & Maintenance                | 301             | 2,016,433              | 2,061,828                              | (45,395)                   |
| NEB & NPA Cost Recovery                      | 301             | 68,186                 | 71,000                                 | (2,814)                    |
| Depreciation                                 | 303             | 5,966,200              |  |                            |
| Amortization                                 | 304             | 208,440                |  |                            |
| Income Taxes                                 | 306             | 2,319,000              |  |                            |
| Taxes Other than Income                      | 305             | <u>3,311,691</u>       |  |                            |
| Total Operating Expenses                     |                 | <u>14,368,719</u>      |  |                            |
| <b>Operating Income</b>                      |                 | 12,295,000             |  |                            |
| <b>Less:</b>                                 |                 |                        |  |                            |
| Financial Charges                            |                 | 7,515,000              |  |                            |
| Special Charge                               |                 | <u>918,000</u>         |  |                            |
| <b>Equity Return</b>                         |                 | <u>3,862,000</u>       |  |                            |
| <b>Rate of Return on Rate Base (Average)</b> |                 | <u>8.64%</u>           |  |                            |
| <b>Rate of Return on Common Equity</b>       |                 | <u>9.58%</u>           |  |                            |

Schedule 1 (d)

**FOOTHILLS PIPE LINES (SASK) LTD. - ZONE 9**  
**INCOME SUMMARY**  
(For Twelve Months Ended December 31, 1999)

| Particulars<br>(a)                           | NEB<br>Accounts<br>(b) | Year-to-Date<br>Actual<br>(c) | NEB Decision<br>or Initial<br>Forecast<br>(d) | Variance<br>Col. (c) - (d)<br>(e) |
|--|------------------------|-------------------------------|---|-----------------------------------|
| <b>Revenue</b>                               |                        |                               |   |                                   |
| Transportation Revenue                       | 300                    | 51,383,305                    |   |                                   |
| Special Charge                               |                        | <u>2,738,000</u>              |   |                                   |
| Total Revenue                                |                        | <u>54,121,305</u>             |   |                                   |
| <b>Operating Expenses</b>                    |                        |                               |   |                                   |
| Salaries & Wages                             | 301                    | 1,432,075                     | 1,471,633                                     | (39,558)                          |
| Other Operating & Maintenance                | 301                    | 7,940,068                     | 8,726,167                                     | (786,099)                         |
| NEB & NPA Cost Recovery                      | 301                    | 761,234                       | 770,000                                       | (8,766)                           |
| Depreciation                                 | 303                    | 17,854,336                    |   |                                   |
| Amortization                                 | 304                    | 97,428                        |   |                                   |
| Income Taxes                                 | 306                    | (9,431,417)                   |   |                                   |
| Taxes Other than Income                      | 305                    | <u>4,291,581</u>              |   |                                   |
| Total Operating Expenses                     |                        | <u>22,945,305</u>             |   |                                   |
| <b>Operating Income</b>                      |                        | 31,176,000                    |   |                                   |
| <b>Less:</b>                                 |                        |                               |   |                                   |
| Financial Charges                            |                        | 17,085,000                    |   |                                   |
| Special Charge                               |                        | <u>2,738,000</u>              |   |                                   |
| <b>Equity Return</b>                         |                        | <u>11,353,000</u>             |   |                                   |
| <b>Rate of Return on Rate Base (Average)</b> |                        | <u>7.49%</u>                  |   |                                   |
| <b>Rate of Return on Common Equity</b>       |                        | <u>9.58%</u>                  |   |                                   |

**FOOTHILLS PIPE LINES LTD.**  
**AVERAGE RATE BASE**  
**(For Twelve Months Ended December 31, 1999)**  
**(\$000's)**

| <b>Particulars</b>                   | <b>Zone 6</b>  | <b>Zone 7</b> | <b>Zone 8</b>  | <b>Zone 9</b>  | <b>Special Charge</b> |
|--------------------------------------|----------------|---------------|----------------|----------------|-----------------------|
| <b>(a)</b>                           | <b>(b)</b>     | <b>(c)</b>    | <b>(d)</b>     | <b>(e)</b>     | <b>(f)</b>            |
| <b>Plant in Service</b>              |                |               |                |                |                       |
| Net Plant                            | 307,831        | 46,873        | 136,236        | 420,622        | 56,210                |
| Contributions in Aid of Construction | <u>-</u>       | <u>-</u>      | <u>-</u>       | <u>(302)</u>   | <u>-</u>              |
| Total Plant                          | <u>307,831</u> | <u>46,873</u> | <u>136,236</u> | <u>420,320</u> | <u>56,210</u>         |
| <b>Working Capital</b>               |                |               |                |                |                       |
| Prepayments and Deposits             | 72             | 419           | 929            | 434            | -                     |
| Other - 150% of O&M Expense          | 2,501          | 164           | 321            | 1,290          | -                     |
| Inventory                            | <u>2,135</u>   | <u>-</u>      | <u>-</u>       | <u>1,558</u>   | <u>-</u>              |
| Total Working Capital                | <u>4,708</u>   | <u>583</u>    | <u>1,250</u>   | <u>3,282</u>   | <u>-</u>              |
| <b>Deferrals</b>                     |                |               |                |                |                       |
| Deferred Taxes                       | <u>30,346</u>  | <u>5,961</u>  | <u>6,662</u>   | <u>48,906</u>  | <u>-</u>              |
| <b>Total Average Rate Base</b>       | <u>282,193</u> | <u>41,495</u> | <u>130,824</u> | <u>374,696</u> | <u>56,210</u>         |

## FOOTHILLS PIPE LINES LTD.

1999 Throughput Detail  
(Millions of Cubic Metres)

| PARTICULARS<br>(a) | CLASS OF<br>SERVICE | ZONE | Year to Date<br>ACTUAL<br>(b) | UPDATED<br>ANNUAL<br>FORECAST<br>(c) | INITIAL<br>FORECAST <sup>1/</sup><br>(d) | VARIANCE<br>(b-d)<br>(e) |
|--------------------|---------------------|------|-------------------------------|--------------------------------------|--|--------------------------|
| Canadian Volumes:  | SGS - 1             | 9    | 1.59                          | --                                   | 1.68                                     | (0.1)                    |
| Export Volumes:    | T - 1               | 8    | --                            | --                                   | --                                       | --                       |
|                    | T - 1               | 9    | 21,779.8                      | --                                   | 22,216.6                                 | (436.8)                  |
|                    | IT - 1              | 9    | 111.7                         | --                                   | 281.9                                    | (170.2)                  |
|                    | IT - 2              | 9    | 0.0                           | --                                   | 0.0                                      | 0.0                      |
| Total Volumes:     |                     |      | 21,893.1                      | --                                   | 22,500.2                                 | (607.1)                  |
| Other Volumes:     | T - 1               | 6    | 22,086.9                      | --                                   | 21,451.1                                 | 635.8                    |
|                    | T - 1               | 7    | --                            | --                                   | --                                       | --                       |

1/ Forecast prepared August 1998.

2/ As of January 1, 1995, Foothills' contract with Pan-Alberta Gas on Zone 8 was assigned to Alberta Natural Gas Company Ltd. The contract receipt capacity on Zone 8 is 31.6 Million cubic metres per day (1115 MMcfd).

3/ Actual volumes for Zone 6 include only those volumes metered at McNeill.

4/ As of January 1, 1995, Foothills' contract with Pan-Alberta Gas on Zone 7 was assigned to NOVA Gas Transmission Ltd. The contract receipt capacity on Zone 7 is 20.4 Million cubic metres per day (721 MMcfd).

**FOOTHILLS PIPE LINES LTD.**  
**PAYROLL STATISTICS**  
**Salaries, Wages and Employee Benefits**  
**(For Twelve Months Ended December 31, 1999)**  
**(\$000)**

| <b>Particulars</b>                              | <b>Year-to-Date<br/>Actual</b> | <b>NEB Decision<br/>or Initial<br/>Forecast</b> |
|---|--------------------------------|---|
| <b>(a)</b>                                      | <b>(b)</b>                     | <b>(c)</b>                                      |
| <b>Salaries &amp; Wages</b>                     |                                |   |
| Gross Salaries & Wages                          | 4,815.7                        | 4,914.8   |
| <b>Less:</b>                                    |                                |   |
| Charges to Non-Regulated                        | 272.9                          | 109.6   |
| Capitalized                                     | 432.0                          | 582.8   |
| Charged to Other Accounts                       | <u>0.0</u>                     | <u>0.0</u>                                      |
| Salaries & Wages Charged<br>to Cost of Service  | <u>4,110.8</u>                 | <u>4,222.4</u>                                  |
| <b>Employee Benefits</b>                        |                                |   |
| Gross Employee Benefits                         | 645.5                          | 686.9   |
| <b>Less:</b>                                    |                                |   |
| Charges to Non-Regulated                        | 39.5                           | 50.4  |
| Capitalized                                     | 61.8                           | 81.4  |
| Charged to Other Accounts                       | <u>0.0</u>                     | <u>0.0</u>                                      |
| Employee Benefits Charged<br>to Cost of Service | <u>544.2</u>                   | <u>555.1</u>                                    |

Schedule 5

FOOTHILLS PIPE LINES LTD.  
DEFERRAL ACCOUNTS  
(For Twelve Months Ended December 31, 1999)  
(000's)

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|                       |                   |
|-----------------------|-------------------|
| Deferred Income Taxes |                   |
| Zone 6                | 27,830            |
| Zone 7                | 5,698             |
| Zone 8                | 6,364             |
| Zone 9                | <u>46,261</u>     |
| <br>Total Deferrals   | <br><u>86,153</u> |