



Foothills Pipe Lines Ltd.

July 31, 2002

Mr. Michel L. Mantha
Secretary
National Energy Board
444 - Seventh Avenue SW
Calgary, Alberta
T2P 0X8

Dear Mr. Mantha:

**RE: Foothills Pipe Lines Ltd. "Foothills"
Application for Extension of the Special Charge
National Energy Board File No. 4775-F6**

By Board Order TG-4-82, dated August 1982, the Board authorized recovery, in Foothills' Phase I Tariff, of and on, certain preliminary and mainline engineering expenses incurred by Foothills prior to December 31 1981 ("Special Charge"). Order TG-4-82 authorized the recovery of the Special Charge for an initial period to October 31, 1988. Subsequent to Order TG-4-82, the Board has extended the period of recovery of the Special Charge on several occasions, the latest being to October 31, 2002.

In Board Order AO-13-TG-4-82 extending the recovery of the Special Charge to October 31, 2002, Foothills was directed to submit any applications concerning the further recovery of the Special Charge to the Board at least 90 days prior to November 1, 2002.

Foothills wishes to advise the Board that it has engaged in discussions with Mirant, ProGas and CAPP concerning the resolution of this matter. Over the last few months discussions with Mirant and ProGas have continued. While no agreement has been reached, Foothills continues to believe there is merit in continuing these discussions. If an agreement is reached with these parties, Foothills intends to then discuss the issue with its remaining shippers, attempt to get their concurrence and advise the Board of the outcome. Foothills therefore requests that the Board extend the date for Foothills to file an application concerning recovery of the Special Charge to September 30, 2002. Mirant, ProGas and CAPP have all agreed to support Foothills' request in this regard.

If you have any questions concerning this matter, please contact me at 294-4408 or fax 294-4174.

Yours truly,

Steven Jakymiw
Advisor, Regulatory Affairs

cc: Foothills' Shippers and Interested Parties (see Schedule "A")