

**INCENTIVE TOLL SETTLEMENT**  
**FOR THE TRANS MOUNTAIN PIPELINE SYSTEM**

**2024**

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## 1 Introduction

- 1.1 Trans Mountain Pipeline L.P. is a limited partnership organized under the laws of Alberta. Trans Mountain Pipeline ULC is a company incorporated under the laws of Alberta. Trans Mountain Pipeline ULC is the general partner of Trans Mountain Pipeline L.P. (collectively **Trans Mountain**).
- 1.2 Trans Mountain Pipeline L.P. owns an oil pipeline system (the **System**) originating at Edmonton, Alberta and terminating at Burnaby, British Columbia, with intermediate points of receipt and delivery.
- 1.3 Trans Mountain is regulated by the Canada Energy Regulator (the **CER**, successor to the National Energy Board or NEB). Trans Mountain Pipeline ULC holds Certificates of Public Convenience and Necessity OC-2 and OC-49, both as amended which permit the operation of the System. Trans Mountain also holds Certificate of Public Convenience and Necessity OC-065, as amended, which permits the construction and operation of the Trans Mountain Expansion Project (**TMEP**).
- 1.4 Trans Mountain and its Shippers have developed this incentive toll settlement (the **2024 ITS**), which shall, subject to the approval of the Commission of the CER, provide for settlement of the Revenue Requirement and toll issues applicable to the System for the Term.
- 1.5 Trans Mountain and Shippers understand that the incentives provided for in this 2024 ITS provide an opportunity to achieve incremental revenues and cost savings but they are not a guarantee of such revenues and savings.
- 1.6 Trans Mountain understands that the costs accounted for in this 2024 ITS shall not include costs otherwise accounted for as Costs and Expenses, as defined in the Trans Mountain Pipeline Expansion Project Facility Support Agreements.
- 1.7 Westridge Dock Bid Premiums collected during the Term shall be refunded as a Westridge Dock Premium Surcredit as discussed with Shippers. The disposition of Westridge Dock Bid Premiums is governed by Reasons for Decision dated July 20, 2006, as amended<sup>1</sup> and as set out in Section 14.
- 1.8 On January 1, 2015, in compliance with the NEB Reasons for Decision, Set-aside and collection mechanisms MH-001-2013 issued May 2014, Trans Mountain commenced the collection of pipeline abandonment funds from Shippers through the collection of a Pipeline Reclamation Surcharge. Trans Mountain's Pipeline Reclamation Surcharge is governed by NEB Order TO-002-2015<sup>2</sup> and as set out in Section 15 of this 2024 ITS. On December 12, 2019, the Commission issued Order TO-005-2019<sup>3</sup> approving Trans Mountain's revised Annual Contribution Amount,<sup>4</sup> which was based on the Abandonment Cost Estimate<sup>5</sup> approved by the NEB on April 18, 2018.

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<sup>1</sup> Filing ID: [A12678](#), as amended by Order TO-002-2022.

<sup>2</sup> Filing ID: [A68377](#).

<sup>3</sup> Filing ID: [C03631](#).

<sup>4</sup> Filing ID: [A91357](#).

<sup>5</sup> Filing ID: [A91357](#).

## 2 General Agreement

- 2.1 This 2024 ITS was developed by Trans Mountain and Shippers to provide an overall settlement for the determination of the Revenue Requirement and toll issues for the System for the Term. This 2024 ITS is to be viewed as a whole and no component of it, taken in isolation, shall be construed as representing the position of any party other than as part of the overall incentive toll settlement. No element of this 2024 ITS shall be considered acceptable to any party in isolation, nor shall it form a precedent, nor prejudice the position of any party in future discussions or proceedings.
- 2.2 It is intended that the incentive based methodology contemplated in this 2024 ITS will align the interests of Trans Mountain with those of its Shippers by aligning risks and rewards associated with the costs and benefits of transporting greater volumes and reducing costs than may otherwise be achieved. Trans Mountain shall strive to create opportunities to enhance the overall capacity of the System through operational improvements and other opportunities as outlined in Sections 11.4 and 16.
- 2.3 Trans Mountain will continue to provide, at a minimum, the current level of service and responses to requests from its Shippers. The current level of service generally exceeds the minimum service standard as contained in Trans Mountain's Service Standards, as may be amended from time to time in response to requests from Shippers.
- 2.4 This 2024 ITS shall be applicable solely to the System and shall have no application to, or form a precedent for, other CER regulated pipelines or pipelines regulated by the Federal Energy Regulatory Commission.
- 2.5 If any matter pertaining to the Net Toll, toll surcharges/surcredits or Revenue Requirement of the System arises that is not anticipated or adequately provided for in this 2024 ITS, it is agreed that Trans Mountain and its Shippers shall discuss such matter and attempt to resolve it in a fair and equitable manner. In the event that any such matter cannot be resolved, the dispute resolution provisions in Section 19 of this 2024 ITS shall apply.
- 2.6 Trans Mountain shall request that the Commission of the CER approve this 2024 ITS.
- 2.7 Trans Mountain shall also request from the Commission of the CER:
  - (a) relief from the requirement to file financial forecasts and financial surveillance reports quarterly; and
  - (b) approval to file annually the schedules contemplated herein for the calendar year 2023 and for the applicable Term of this 2024 ITS.

### 3 Interpretation

#### 3.1 Definitions

Unless otherwise defined or referenced in this 2024 ITS, capitalized terms shall have the meanings set out in the Petroleum Tariff.

- (a) **2024 ITS** has the meaning given to it in Section 1.4 above.
- (b) **Affiliate** means with respect to Trans Mountain, any Person (i) that controls Trans Mountain, (ii) that is controlled by Trans Mountain, or (iii) that is under common control with Trans Mountain; it being understood and agreed that for purposes of this definition the terms controls and controlled by shall mean the power to direct or cause the direction of the management and policies of another Person whether through the ownership of shares or partnership interest, a contract, trust arrangement or any other means, either directly or indirectly, that results in control in fact and without restricting the generality of the foregoing includes, with respect to the control of or by a corporation or a partnership, the ownership of shares or partnership interest carrying not less than fifty percent (50%) of the voting rights regardless of whether such ownership occurs directly or indirectly, as contemplated above.
- (c) **AFUDC** means an allowance for funds used during construction of capital projects, calculated on monthly as-spent-dollars, and is the sum of:
1. an amount representing Trans Mountain's cost of debt, equal to the cost of debt multiplied by the debt portion of deemed capital structure; and
  2. an amount representing Trans Mountain's return on equity multiplied by the equity portion of deemed capital structure,
- using the deemed capital structure, debt rate and return on equity as set forth in Section 10.1.
- AFUDC shall be included in capital project costs that have the following characteristics:
1. Duration of construction exceeds three (3) months;
  2. Construction is of a complex nature (i.e., excludes simple purchases); and
  3. Individual capital project costs exceed \$75,000.
- (d) **Black Pines Pump Station Early In-Service** means a new business opportunity, as set forth in Section 16, which is applicable to this 2024 ITS. CER Order TO-001-2023<sup>6</sup> approved the recovery of incremental costs up to \$1.80 million for Black Pines Pump Station Early In-Service from Shippers on the existing pipeline through 2023 Final Tolls.<sup>7</sup>
- (e) **Canada Energy Regulator** or **CER** has the meaning given to it in Section 1.3 above and includes any successor or replacement agency.
- (f) **Canadian Energy Regulator Act** or **CER Act** means the *Canadian Energy Regulator Act*, S.C. 2019, c. 28, s. 10, as the same may be amended or supplemented from time to time,

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<sup>6</sup> Filing ID: [C24145-3](#).

<sup>7</sup> Filing ID: [C23858](#), Attachment 1, Schedule 8.3.

and for certainty includes any replacement or successor legislation.

- (g) **Capacity Incentive Code of Conduct** or **CI Code** means the code of conduct established to govern interactions between Trans Mountain and Shippers with respect to the capacity incentive.
- (h) **Capital Cost Incentive** or **CCI** means the negotiated adjustment included in Rate Base to remove a portion of the capital cost overruns calculated under the terms of the 2006-2010 Incentive Toll Settlement (approved by NEB Order TO-06-2006), all in respect of the capital expansions contemplated within that Settlement.
- (i) **Capital Cost Recovery** means the Return on Capital and Depreciation included in the Revenue Requirement and as set out in Section 10.
- (j) **Carrying Charges** means carrying costs calculated on the balances owed to Shippers as of December 31 of the applicable year or upon expiry or termination of this 2024 ITS (unless the context dictates a different date). The Carrying Charge rate shall be the average of the monthly Trans Mountain overnight bank rate (TD Prime minus 2%, or as may be changed from time to time). The calculation method for the Carrying Charge rate is set out in Schedule 9.
- (k) **CER Cost Recovery** means all amounts payable by Trans Mountain to the CER pursuant to the *National Energy Board Cost Recovery Regulations*.
- (l) **Commencement Date** means when TMEP is complete and the Expanded System will be available to provide service.
- (m) **Debt Rate Adjustment** means the adjustment, if any, calculated in accordance with the method provided in Schedule 2.2.
- (n) **Deemed Heavy Percentage** means a deemed heavy percentage calculated pursuant to the method provided in Schedule 5.
- (o) **Depreciation** means the annual decline in asset value as a result of wear and tear, age, obsolescence and replacement. The annual Depreciation expense is set out in Schedule 2.
- (p) **Direct G&A** means general administration costs, pursuant to the *Oil Pipeline Uniform Accounting Regulations*, as amended or replaced from time to time including contract services provided for general administration, corporate costs (such as legal, audit, banking and communications costs) and facilities rents for pump stations and the Westridge Marine Terminal. These costs are fixed as per Sections 9.1 and 9.2.
- (q) **Dispute** shall mean the failure of Trans Mountain and Shippers to reach agreement or concurrence on any matter herein that requires such agreement or concurrence or the failure of Trans Mountain and Shippers to resolve any disagreement on the application or interpretation of this 2024 ITS, including the alleged failure of any party to act in good faith with reasonable efforts.
- (r) **Edmonton Terminalling Revenues** means the amount of revenues collected by Trans Mountain from Shippers that use the System's facilities at Edmonton terminal; and is calculated as a Net Toll, as set out in the Petroleum Tariff for movements from Edmonton to Edmonton, multiplied by the annual actual volumes handled using this service, plus amounts paid to receive non-standard service.

- (s) **Environmental Compliance and Remediation** means the cost to develop and maintain the environmental protection program in compliance with applicable legal requirements and costs to assess and remediate contaminated sites associated with the operation of the System.
- (t) **Fire, Safety and Security** means the costs to inspect and maintain fire protection systems, the costs to safeguard System assets and those working for, on behalf of or in proximity to the System, and the costs to develop and maintain the health and safety, security and emergency management programs in compliance with applicable legal requirements that protect the public as well as System personnel and facilities.
- (u) **Fixed Costs** means Direct G&A and Trans Mountain Personnel as detailed in Section 9.
- (v) **Flow Through Costs** means the cost of CER Cost Recovery; Power; Property Taxes; Insurance; Environmental Compliance and Remediation; Integrity Management; Land and Right of Way Management; and Fire, Safety and Security.
- (w) **GAAP** means generally accepted accounting principles contained in the United States Financial Accounting Standards Board (FASB) Accounting Standards Codification, as amended or replaced from time to time.
- (x) **In-Service** means, in respect of any facility, the date upon which the facility is capable of providing the intended service, unless the CER mandates otherwise.
- (y) **Integrity Management** means the costs to: (i) maintain and execute the pipeline integrity management program, including without limitation, in-line inspections, corrosion control and monitoring, hazard management, and risk assessments; (ii) maintain and execute the facility integrity management program, including without limitation, ongoing routine maintenance and inspection of tanks, pump stations, metering equipment, and other station equipment; and (iii) maintain the facilities located at the Westridge Marine Terminal, including without limitation, the maintenance and operation of the incinerator and the sulphur-treat unit, Trans Mountain's vessel inspector and tugs, and the maintenance and deployment of the booms, and vacuum trucks to drain loading arms.
- (z) **Kingsvale Drag Reducing Agent Injection Facilities or Kingsvale DRA Injection Facilities** means a new business opportunity, as set forth in Section 16, which is applicable to this 2024 ITS. CER Order TO-001-2023<sup>8</sup> approved the recovery of incremental costs up to \$0.24 million for installation of Kingsvale DRA Injection Facilities, in addition to monthly fluid costs, from Shippers on the existing pipeline through 2023 Final Tolls.<sup>9</sup>
- (aa) **Land and Right of Way Management** means the costs to: (i) maintain station property; (ii) maintain access and egress to the pipeline right of way including without limitation, removal of vegetation to ensure the ability to access the right of way or to complete visual inspection; and (iii) maintain and execute the damage prevention program, including without limitation, pipeline patrols and encroachment removals.
- (bb) **National Energy Board or NEB** means the predecessor to the CER.
- (cc) **National Energy Board Act or NEB Act** means the *National Energy Board Act*, RSC

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<sup>8</sup> Filing ID: [C24145-3](#).

<sup>9</sup> Filing ID: [C23858](#), Attachment 1, Schedule 8.3.

1985, c.N-7, and predecessor to the CER Act.

- (dd) **Net Toll** means the dollar amount per volume unit of Petroleum transported on the System, as established by Trans Mountain in accordance with the terms of this 2024 ITS and the System Throughput to transport Petroleum from a specified point of receipt to a specified point of delivery and published in a Petroleum Tariff. Net Toll does not include any surcredit or surcharge that has been separately approved or directed by the CER or NEB, such as the Westridge Dock Premium Surcredit or the Pipeline Reclamation Surcharge.
- (ee) **Non-Routine Adjustment** or **NRA** means an amount not otherwise provided for within Direct G&A, or as may be otherwise negotiated, and which on an annual basis per incident is equal to or greater than \$100,000, or in aggregate is equal to or greater than \$250,000 unless otherwise indicated herein. The NRAs are detailed in Sections 11.8 and 13.
- (ff) **Operational Capacity Incentive Adjustment** means the adjustment, if any, calculated pursuant to Section 11.4.
- (gg) **Petroleum Loss Allowance Percentages** or **PLAP** means physical petroleum losses administered as a percentage (%) of volume delivered as determined in accordance with Section 11.7.
- (hh) **Petroleum Tariff** means the Trans Mountain rules and regulations that govern the transportation of Petroleum on the System and the Trans Mountain toll schedules, as approved by the CER from time to time.
- (ii) **Provision for Income Tax** means application of statutory income tax rates (applicable in the provinces of Alberta and British Columbia) to the equity return (calculated as the individual Rate Bases multiplied by the equity component and the equity rate as contained in Section 10.1), utilizing the flow through method of accounting for income taxes, and applicable taxable differences, appropriately adjusted to a pre-tax amount, in a manner consistent with that approved by the NEB in its RH-3-93 Reasons for Decision. The method for the calculation of the Provision for Income Tax is set out in Schedule 7.
- (jj) **Rate Base** means the accumulated original capital cost of assets, net of accumulated Depreciation, both as adjusted to remove the CCI amounts and System Optimization costs in excess of \$21 million, plus a Working Capital Provision as set out in Section 12.
- (kk) **Return on Capital** means the cost of debt and equity on Rate Base which is included in the Revenue Requirement and as set out in Section 10.1.
- (ll) **Revenue Requirement** means the total cost of service incurred by Trans Mountain for the transportation and handling of Petroleum on the System, as set out in Schedule 1, which is to be recovered in Net Tolls.
- (mm) **System** has the meaning given to it in Section 1.2 above.
- (nn) **System Optimization** means upgrades to seven (7) existing pump stations to optimize the capacity available on the System. NEB Order TO-004-2019 approved the recovery of \$35 million for the System Optimization net of a Surcharge capped at \$14 million resulting in a net rate base addition capped at \$21 million. Costs in excess of the \$21 million cap are to be removed from rate base.
- (oo) **System Throughput** means Trans Mountain's forecast of anticipated deliveries for the



System as set out in Section 6.

- (pp) **Target System Capacity** means the calculated hydraulic capacity for volumes exiting Edmonton, expressed in cubic meters per day, as determined using the 2010 hydraulic model, the Deemed Heavy Percentage and the agreed to target of 96%; as adjusted for any (i) System shutdowns, (ii) reductions in System Throughput as a result of maintenance activities, (iii) Shipper actions including but not limited to Delivery Point delays and Kamloops Excess Nominations, and (iv) Force Majeure.
- (qq) **Term** means the one (1) year period beginning on January 1, 2024, at 7:00 a.m. (Mountain Standard Time) and ending on January 1, 2025, at 7:00 a.m. (Mountain Standard Time) unless earlier terminated pursuant to Section 23.1.
- (rr) **Trans Mountain** has the meaning given to it in Section 1.1.
- (ss) **Trans Mountain Affiliate Code of Conduct** means the code of conduct established to govern interactions between Trans Mountain, Trans Mountain personnel, Trans Mountain affiliates, and Trans Mountain affiliate personnel, with respect to the provision of transportation services, as directed by the NEB in the letter dated 6 March 2008 in relation to Order XO-T246-04-2008.
- (tt) **Trans Mountain Expansion Project** or **TMEP** means the expansion project for the System as approved by Certificate of Convenience and Public Necessity OC-065 and related orders, as amended.
- (uu) **Trans Mountain Personnel** means the cost paid by Trans Mountain for the provision of personnel in accordance with Trans Mountain's Cost Allocation Methodology filed with the NEB in July 2002 (which includes personnel's salaries and wages, benefits, overhead, and allocation of capital assets such as the control centre building and the centralized pipeline operating and control system and the Calgary head office) and as set out in Section 9.2. For clarity: (1) personnel benefits include but are not limited to pension costs and (2) overhead costs include but are not limited to Information Technology license and maintenance agreements, rent and occupancy costs, and shared service consultant costs.
- (vv) **Transportation Revenue Adjustment** or **TRA** means the adjustment, if any, calculated pursuant to Section 11.3.
- (ww) **Westridge Dock Bid Premiums** means the premiums paid by Shippers for volumes loaded over the Westridge Marine Terminal, as approved in the aggregated Reasons for Decision for Trans Mountain's Capacity Allocation Procedures for March 2006 to August 2007, as amended from time to time.<sup>10</sup>
- (xx) **Working Capital Provision** means for any year the sum of:
1. Total annual operating costs minus annual insurance costs, plus provision for annual cash payments that are not included in the operating costs including but not limited to cash income taxes, all multiplied by fifteen (15) days and divided by the appropriate number of days in the year; and
  2. The average of the opening and closing inventory and prepaid expense balances for the year (balance sheet accounts).

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<sup>10</sup> Filing ID: [A17076-1](#).

- 3.2 This 2024 ITS and related Petroleum Tariff are subject to the approval of the CER in accordance with the CER Act. At any time during the Term, Trans Mountain may apply to the CER for approval of amendments to the 2024 ITS schedules, methodology or calculations, provided that such amendments are consistent with the terms of this ITS and that such amendments shall be subject to review with Shippers prior to filing with the CER. Nothing herein shall prevent or preclude any Shipper from exercising its right to intervene or object to any such application. Amendments to the 2024 ITS schedules, methodology or calculations shall be effective on approval by the CER, or as otherwise directed by the CER.
- 3.3 Whenever the singular or plural is used in this 2024 ITS, it shall be construed as meaning the plural or singular as the context requires.
- 3.4 Any references to current practices or level of service in this 2024 ITS shall be construed as meaning practices or levels of service in effect as of January 1, 2024, at 7:00 am, as such practice or level of service may be amended or replaced from time to time.
- 3.5 Any reference to a monetary amount is to a lawful currency of Canada.
- 3.6 The following schedules and attachments shall form part of this 2024 ITS:
- Schedule 1 Method for Calculation of Revenue Requirement
  - Schedule 2 Method for Calculation of Rate Base, Capital Cost Recovery, and Adjustment
  - Schedule 2.1 Summary of Capital Additions by Major Categories
  - Schedule 2.2 Method for Calculation of Debt Rate
  - Schedule 3 Summary of Fixed Costs and Trans Mountain Personnel Adjustment
  - Schedule 4 Summary of Flow Through Costs and Adjustments
  - Schedule 4.1 Summary of Power Transmission Volume and BC Energy Costs
  - Schedule 4.2 Method for Calculation of the Petroleum Loss Allowance Percentages
  - Schedule 4.3 Flood Deferral Account
  - Schedule 5 Method for Calculation of Operational Capacity Incentive Adjustment
  - Schedule 6 Method for Calculation of Transportation Revenue Adjustment
  - Schedule 7 Method for Calculation of Income Tax Provision and Adjustment
  - Schedule 7.1 CCA for the Rate Base
  - Schedule 8 Summary of Non-Routine Adjustments
  - Schedule 8.1 Method for Calculation of the NRA for the Edmonton Terminalling Revenues
  - Schedule 8.2 Westridge Dock Bid Premium Refunds
  - Schedule 9 Method for Calculation of Carrying Charge Rate
  - Schedule 10 Calculation of Final ITS Reconciliation Amounts
- CER Compliance Reporting
- CER 1 Income Statement
  - CER 2 Average Rate Base
  - CER 3 Throughput Details
  - CER 4 Annual Integrity Spending

CER 5 Firm Service Report Pursuant to Board Order RH-2-2011

CER 6 Trans Mountain Expansion Project Bulk Oil Cargo Fee Due from Westridge Shippers Pursuant to Board Order TO-001-2016

CER 7 Costs Recovered from Merchant Services at the Edmonton Terminal Pursuant to Board Order XO-T246-04-2008

Procedures CI Code, Inventory Settlement Procedure, Refined Petroleum Reconciliation Procedure

3.7 Where a schedule attached hereto provides for:

- (a) a fixed amount, the amounts are as negotiated;
- (b) a calculation method, such calculation method and the numbers as proposed are as negotiated;
- (c) an illustration of a calculation method, such illustrative calculation as set out may change subject to review with Shippers prior to filing for approval of the Net Tolls.

3.8 Attachments hereto provide information to support or enhance the calculations completed pursuant to the schedules.

3.9 In the event of a conflict between the body of this 2024 ITS and the numbers or calculation methods set out in the schedules, the numbers or calculation methods set out in the schedules shall govern.

#### **4 Determination of Annual Tolls and Surcharges/Surcredits**

4.1 If required as contemplated in Section 5, Trans Mountain shall calculate the Net Tolls for each year of the Term in accordance with the method set out in the toll schedules, calculated on a prospective basis.

4.2 In order to calculate the Net Tolls, Trans Mountain shall determine the Revenue Requirement as contemplated in Section 7 and the System Throughput as contemplated in Section 6.

4.3 In addition to the Net Tolls, toll surcharges and surcredits such as the Pipeline Reclamation Surcharge and Westridge Dock Premium Surcredit, may be applied from time to time for costs or credits directly imposed or approved by the Commission of the CER.

#### **5 Annual Toll Filings**

5.1 Trans Mountain expects that the TMEP will be placed into service near the end of Q1 2024. As a result, Trans Mountain will not file for Commission approval of the 2024 Final Tolls for the existing Trans Mountain system, unless the Commencement Date of the Expanded System is significantly delayed beyond Q1 2024. Unless the Commission otherwise directs, the tolls being charged on 31 December 2023 shall continue to be charged on an interim basis effective 1 January 2024 until the effective date of Commencement Date Interim Tolls for transportation service on the Expanded System.<sup>11</sup>

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<sup>11</sup> Filing ID: [C24695](#).

- 5.2 Trans Mountain will file with the Commission of the CER the required CER Compliance Reporting schedules outlined in Section 3.6.
- 5.3 From January 1, 2024, until such time as a new Petroleum Tariff shall be approved by the CER, Trans Mountain shall continue to apply the Petroleum Tariff then in effect unless otherwise approved by the CER, for volumes delivered on the existing Trans Mountain system.
- 5.4 If 2024 Final Tolls are determined to be required as a result of the Commencement Date of the Expanded System being significantly delayed beyond Q1 2024, Trans Mountain shall provide Shippers with initial draft(s) of the respective 2024 ITS schedules for that year, updated to incorporate prior year adjustments pursuant to Section 11 and to include fixed and forecasted numbers for the year.
- 5.5 If required, as a result of review by Shippers of the 2024 ITS draft schedules and Trans Mountain having addressed any questions raised by Shippers with respect to the draft schedules, Trans Mountain shall file with the Commission of the CER for approval a final version of the 2024 ITS schedules and a new Petroleum Tariff requesting that such Petroleum Tariff be effective as may be required based on the filing date with the CER and the date CER approval is forthcoming.

## **6 System Throughput**

- 6.1 The System Throughput forecast shall take into account current and near-term market conditions, customer demand, supply, previous year's performance and, at a minimum, shall be based on 93% of hydraulic capacity at the forecast heavy composition.

## **7 Revenue Requirement**

- 7.1 Trans Mountain shall calculate the Revenue Requirement to be recovered through Net Tolls for each year of the Term, taking into account the items set out in Section 7.2 and calculated using the method set out in Schedule 1.
- 7.2 The Revenue Requirement shall be calculated as the sum of the forecasted Flow Through Costs (Section 8), Fixed Costs (Section 9), Capital Cost Recovery (Section 10), Provision for Income Tax (Section 3.1(dd)), and Adjustments (Section 11).

## **8 Flow Through Costs**

- 8.1 Flow Through Costs shall be recovered from Shippers on an actual basis as set out in Schedule 4.

## **9 Fixed Costs**

- 9.1 **Direct G&A** for 2024 shall be the amount that is the 2023 Approved Direct G&A, escalated at a fixed rate of 2%.
- 9.2 **Trans Mountain Personnel** shall be \$79.587 million for 2024.

- 9.3 The method of calculation for the Fixed Costs is set out in Schedule 3. Annual amounts will be prorated for any partial year of the Term as described in Section 24.

## 10 Capital Cost Recovery

### 10.1 Return on Capital

- (a) Trans Mountain shall calculate the Return on Capital for the Term of the 2024 ITS using the following financial parameters:
1. deemed capital structure of 45% equity and 55% debt;
  2. return on equity of 9.5%; and
  3. prior year debt rate plus a Debt Rate Adjustment, calculated in accordance with the method provided in Schedule 2.2. The Debt Rate Adjustment may be positive or negative; however, the debt rate after adjustment shall not be lower than 4.5% and shall not exceed 5.5%.
- (b) The financial parameters shall be utilized in the following equations to determine return on Rate Base:
1. Debt Return = Rate Base x 0.55 x (prior year debt rate + Debt Rate Adjustment)
  2. Equity Return = Rate Base x 0.45 x 0.095
- (c) The method of calculation for the Return on Capital is set out in Schedule 2.

### 10.2 Depreciation

- (a) On July 30, 2021, Trans Mountain filed the 2021 Depreciation Study Technical Update for approval with the Commission of the CER. On August 31, 2022, the Commission issued Order TO-004-2022 and Letter Decision<sup>12</sup> which approved the 2021 Depreciation Study Technical Update and the resultant depreciation rates to be effective January 1, 2023.
- (b) The Depreciation rates shall be applied to Trans Mountain's fixed asset accounts, as maintained in accordance with: (i) the *Oil Pipeline Uniform Accounting Regulations*, as amended or replaced from time to time; and (ii) GAAP. The resulting total Depreciation expense shall be set out in Schedule 2.

## 11 Adjustments

### 11.1 2022-2023 ITS Adjustments

- (a) Trans Mountain shall flow through adjustments, if any, from the 2022-2023 Incentive Toll Settlement<sup>13</sup> into the 2024 ITS Revenue Requirement. For clarity, these flow through adjustments shall include all annual reconciled amounts as contained in the Schedules attached hereto, which are substantially in the same form as those filed with the request for approval of the 2023 final tolls but may have been renumbered to conform with the format

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<sup>12</sup> Filing ID: [C20741](#).

<sup>13</sup> Incentive Toll Settlement for the Trans Mountain System, 2022-2023, Section 24.1, Filing ID: [C16395-2](#).

of this 2024 ITS.

#### **11.2 Capital Cost Recovery Adjustment**

- (a) A Capital Cost Recovery adjustment shall be calculated for each calendar year of the Term or portion thereof.
- (b) The adjustment shall be calculated as the difference between the actual and forecast amounts used in the toll calculations. The adjustment may be positive or negative and shall be charged or refunded to Shippers in accordance with Section 24.
- (c) Carrying Charges shall be applied on amounts owed to Shippers.
- (d) The method of calculation for the Capital Cost Recovery adjustment is set out in Schedule 2.

#### **11.3 Transportation Revenue Adjustment**

- (a) A TRA shall be calculated for each calendar year of the Term or portion thereof.
- (b) The TRA shall be calculated as the difference between the actual tolled revenues collected for each calendar year of the Term or portion thereof and the approved Revenue Requirement applicable to such calendar year of the Term or portion thereof. The TRA may be positive or negative and shall be refunded or charged to Shippers in accordance with Section 24.
- (c) The TRA shall be calculated so as to avoid the duplication or double counting of any other adjustment.
- (d) To the extent that Trans Mountain refunds any TRA amounts described in parts (a) and (b) above to Shippers, such TRA amounts shall include Carrying Charges.
- (e) The method of calculation for the TRA is set out in Schedule 6.

#### **11.4 Operational Capacity Incentive Adjustment**

- (a) An Operational Capacity Incentive Adjustment shall be calculated for each calendar year of the Term or portion thereof.
- (b) An Operational Capacity Incentive Adjustment, to the extent applicable, shall be included in Revenue Requirement in the manner described in Section 24.
- (c) The toll revenues for the Operational Capacity Incentive Adjustment shall be determined by multiplying the annual volumes for sharing by \$15.75/m<sup>3</sup>.
- (d) The annual volume for sharing shall be determined by taking the difference between the annual delivered volume and the Target System Capacity.
- (e) The Operational Capacity Incentive Adjustment shall be 25% of the revenues to be shared in accordance with the method of calculation set out in Schedule 5; however, such amount

shall not exceed \$4 million.

- (f) The remainder of such revenues to be shared shall be to the account of Shippers.
- (g) Carrying Charges shall be applied on amounts owed to Shippers.
- (h) The hydraulic formula used for the Target System Capacity and the method of calculation for the Operational Capacity Incentive Adjustment is set out in Schedule 5.
- (i) Annual reviews of the Operational Capacity Incentive Adjustment shall be performed pursuant to Section 20.4.

#### **11.5 Trans Mountain Personnel Adjustment**

- (a) A Trans Mountain Personnel adjustment, to the extent applicable, shall be included in the Revenue Requirement in the manner described in Section 24.
- (b) The Trans Mountain Personnel adjustment shall be 50% of the negative difference between the amount recorded in Trans Mountain's books of record and the 2024 fixed amount established in accordance with Section 9.2.
- (c) The remainder shall be for the account of Trans Mountain.
- (d) Carrying Charges shall be applied on amounts owed to Shippers.
- (e) The method for calculation of the Trans Mountain Personnel adjustment is set out in Schedule 3.
- (f) Trans Mountain and Shippers shall review the Trans Mountain Personnel amount annually to determine whether further adjustments are required, pursuant to Section 20.4.

#### **11.6 Flow Through Cost Adjustments**

- (a) The Flow Through Cost adjustments shall be calculated for each calendar year of the Term or portion thereof.
- (b) The adjustment shall be calculated as the difference between the amounts recorded in Trans Mountain's books of record and the forecasted amounts included in the Revenue Requirement.
- (c) The Flow Through Cost adjustments may be positive or negative and shall be charged or refunded to Shippers in accordance with Section 24.
- (d) Carrying Charges shall be applied on amounts owed to Shippers.
- (e) The method for calculation of the Flow Through Cost adjustments is set out in Schedule 4.

#### **11.7 Petroleum Loss Allowance Percentages**

- (a) On a monthly basis, Trans Mountain shall issue separate invoices to Shippers for physical petroleum losses in accordance with the procedure for reconciling physical petroleum losses defined in the Inventory Settlement Procedure and the Refined Petroleum Reconciliation Procedure which are both attached hereto and available on the Trans Mountain website at:

<https://www.transmountain.com/tolls-tariffs>

- (b) If Trans Mountain files 2024 Final Tolls as contemplated in Section 5 of this 2024 ITS, and it is determined that the Petroleum Loss Balance Sheet amount has not been reduced to less than \$1 million, the PLAPs will be adjusted in accordance with the calculation method set out in Schedule 4.2.
- (c) In addition to any adjustment of the PLAPs as described in Section 11.7(b), Trans Mountain will monitor the Petroleum Loss Balance Sheet amount throughout the Term and if the Petroleum Loss Balance Sheet amount is in a significant deficit or surplus position, the PLAP will be reviewed with shippers and adjusted with the intent to return the Balance Sheet to +/- \$1 million and keep the PLAPs relatively stable over the Term.
- (d) At the end of the Term, the Petroleum Loss Balance Sheet amount will be reconciled in accordance with Section 24.

#### **11.8 NRAs and NRA Adjustments**

- (a) NRAs, as set out in Section 13, shall be included in the Revenue Requirement as an adjustment.
- (b) NRA adjustments shall be calculated for each calendar year of the Term or portion thereof as the difference between the amount recorded in Trans Mountain's books of record and the forecasted amount included in the Revenue Requirement.
- (c) The NRAs and adjustments may be positive or negative and shall be charged or refunded to Shippers through the Revenue Requirement in accordance with Section 24.
- (d) Carrying Charges shall be applied on amounts owed to Shippers.
- (e) The method for the calculation of NRAs and NRA adjustments is set out in Schedule 8.

#### **11.9 Provision for Income Tax Adjustment**

- (a) A Provision for Income Tax adjustment shall be calculated for each calendar year of the Term or portion thereof.
- (b) The adjustment shall be calculated as the difference between the actual and forecast amounts. The adjustment may be positive or negative and shall be charged or refunded to Shippers through the Revenue Requirement in accordance with Section 24.
- (c) Carrying Charges shall be applied on amounts owed to Shippers.
- (d) The method for the calculation of the Provisions for Income Tax Adjustment is set out in Schedule 7.

## **12 Rate Base**

### **12.1 Rate Base**

- (a) The Rate Base shall be calculated for each calendar year of the Term on a flow through basis as set out in Schedule 2. The flow through amounts are categorized as: (i) open plant in service assets (which excludes CCI amounts and System Optimization net rate base



additions exceeding \$21 Million) and open accumulated Depreciation, all as recorded in Trans Mountain's books of record for rate regulated operations at the end of the prior calendar year (for 2024 the opening Rate Base is the 2023 closing amounts); (ii) capital additions for assets placed In-Service in each calendar year; (iii) Depreciation; (iv) retirements; and (v) net proceeds / costs.

- (b) The Rate Base shall exclude those assets that are not utilized by all Shippers on the System. Examples of excluded assets and related costs are Westridge non-regulated facilities, pipe rack assigned costs, assets contracted to third parties including the Edmonton Terminal Expansion tanks constructed pursuant to Order XO-T246-04-2008, as amended, Edmonton Tank 29 and Tank 30 constructed pursuant to Order XO-T260-025-2013 and Edmonton Pumps, Piping and Facilities constructed pursuant to Order XO-T260-011-2014 and any other assets contracted for use by a specific Shipper as a result of such Shipper's non-standard or non-common service requirements.

## 12.2 Rate Base / Working Capital Provision

- (a) The calculation of the annual Working Capital Provision is set out on Schedule 2.

## 13 Non-Routine Adjustments

13.1 A NRA shall be an adjustment to the Revenue Requirement necessary to permit Trans Mountain to recover or credit any impacts resulting from an event described in this Section 13 over the appropriate time period. NRAs, with the exception of government-imposed changes or uncontrollable events that may impact Trans Mountain, shall be reviewed with and supported by Shippers prior to filing the 2024 ITS schedules as noted in Section 5.2. NRAs may be any one or more of the following:

- (a) Fixed Costs arising from changes in programs, required NEB and CER reporting or operating costs associated with the installation of facilities as a result of changes in legislation, regulation, orders or direction by the CER or other government authority, where the matter was not initiated by Trans Mountain or its Affiliates. This category includes, without limitation, costs related to:
  - 1. maintaining compliance with NEB and CER Directives and/or Orders regarding pipeline abandonment funds and communicating the status of the collection and set-aside of pipeline abandonment funds in accordance with the NEB's RH-2-2008 Reasons for Decision and the NEB's MH-001-2013 Reasons for Decision or other NEB or CER direction related thereto (which shall not be subject to the cost limitations for a NRA as set out in Section 3.1(bb)); and
  - 2. the development and implementation of programs pursuant to NEB or CER Directives and/or Orders including but not limited to regulatory reform stemming from the *Jobs, Growth and Long-term Prosperity Act*, the CER Act, the *Impact Assessment Act*, or related regulations.
- (b) Increases in Fixed Costs for testing, programs or facilities requested by Shippers and agreed to by Trans Mountain. This category includes, without limitation, costs related to the 2021 Depreciation study (which shall not be subject to the cost limitations for a NRA as set out in Section 3.1(bb)).

- (c) Increases in Fixed Costs as a result of programs necessary to address new or unanticipated failure mechanisms after commencement of this 2024 ITS which may impact System integrity.
- (d) The cost of audits reimbursed pursuant to Section 17.5 of this 2024 ITS (which shall not be subject to the cost limitations for a NRA as set out in Section 3.1(bb)).
- (e) Sharing of Edmonton Terminalling Revenues (which shall not be subject to the amounts for a NRA as set out in Section 3.1(bb)); and which shall be shared based on the calculation method set out in Schedule 8.1.
- (f) Receipt of Alternate Delivery Point Fees, Demurrage Charges and/or Non-Performance Penalties. In the event that such fees, charges or penalties are collected by Trans Mountain, they shall be returned to Shippers (which shall not be subject to the amounts for a NRA as set out in Section 3.1(bb)).

#### **14 Westridge Dock Premium Surcredit**

- 14.1 Westridge Dock Bid Premiums collected during the Term may be dealt with under separate filings to the CER to address the disposition of the funds, as the magnitude of prior and future collections may necessitate separate discussions with Shippers and reporting on these discussions to the CER.
- 14.2 During the course of prior annual toll filings, it has become customary for Trans Mountain to deal with both base toll changes and the Westridge Dock Premium Surcredit in the same filing, unless the magnitude of prior and future collections necessitates separate filings as outlined in Section 14.1.
- 14.3 Trans Mountain will determine, through discussions with Shippers during the annual toll filing process as contemplated in Section 5, or as may be otherwise agreed to with Shippers, the disposition of the Westridge Dock Bid Premiums.

#### **15 Pipeline Reclamation Surcharge**

- 15.1 The pipeline abandonment funds collected through the Pipeline Reclamation Surcharge are set-aside in the Trans Mountain Pipeline Reclamation Trust.
- 15.2 Trans Mountain shall keep Shippers apprised of the status of the pipeline abandonment funds collected over time.
- 15.3 All costs incurred by Trans Mountain to maintain compliance with NEB or CER Directives and/or Orders regarding pipeline abandonment funds and to communicate the status of the collection and set-aside of pipeline abandonment funds that are not otherwise paid or payable from the Trans Mountain Pipeline Reclamation Trust shall be treated as a NRA as contemplated in Section 13.1(a).

#### **16 New Business Opportunities**

- 16.1 Any current or prospective Shipper or Trans Mountain may request a review of opportunities

that may enhance utilization of the current System.

- 16.2 If it is agreed, and to the extent that Trans Mountain can enable new volumes or improve overall utilization of the current System through new business opportunities, Trans Mountain shall share incremental revenues net of incremental costs with Shippers based on an agreed upon formula.
- 16.3 Trans Mountain shall keep Shippers apprised of any such opportunities and the potential benefits.
- 16.4 In addition to the requirements of Section 20.4, any new business that enhances the capacity utilization beyond the capacity limitations at the commencement of this 2024 ITS will require a review of the Operational Capacity Incentive with Shippers.
- 16.5 As approved by CER Order TO-001-2023,<sup>14</sup> new business opportunities associated with Black Pines Pump Station Early In-Service and Kingsvale DRA Injection Facilities were included in the 2023 Final Tolls.<sup>15</sup> No changes to the Operational Capacity Incentive were made as a result of the Black Pines Pump Station Early In-Service or Kingsvale DRA Injection Facilities.

## **17 Audit Requirements**

- 17.1 Upon reasonable notice to Trans Mountain, Shippers collectively may elect to have a third party audit this 2024 ITS to confirm the reasonableness of the costs attributable to operation of the System and to confirm Trans Mountain's compliance with the provisions of this 2024 ITS.
- 17.2 The auditor selected pursuant to this Section 17 must be an independent firm of public accountants. The audit must be conducted during normal business hours on such days as agreed to by Trans Mountain.
- 17.3 Trans Mountain shall provide such auditors with reasonable access to the relevant source data and other relevant information necessary for the conduct of the audit, including relevant Trans Mountain files. The auditors shall not be provided with access to any records held by Trans Mountain's contractors, subcontractors or suppliers.
- 17.4 All persons involved in performing any such audit shall sign a confidentiality agreement at the request of Trans Mountain.
- 17.5 Trans Mountain shall reimburse Shippers for the direct cost incurred, or as agreed, in respect of any audits undertaken on their behalf pursuant to this Section 17, provided that the amount of such reimbursement shall be recoverable by Trans Mountain as a NRA pursuant to Section 13.
- 17.6 Shippers shall provide a copy of the final audit report to Trans Mountain within ten (10) days of the date of Shippers' receipt of such report.
- 17.7 Trans Mountain and Shippers shall use all reasonable efforts to resolve any claims or discrepancies disclosed by an audit report as soon as reasonably practicable, and in any

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<sup>14</sup> Filing ID: [C24145-3](#).

<sup>15</sup> Filing ID: [C23858-7](#).

event within one hundred and eighty (180) days following provision of the audit report to Trans Mountain.

- 17.8 Claims or discrepancies that remain unresolved one hundred and eighty (180) days following provision of the audit report to Trans Mountain shall be resolved in accordance with the dispute resolution provisions in Section 19.
- 17.9 Shippers shall not audit Trans Mountain more than once in each calendar year.

## **18 Deferral Accounts**

- 18.1 Trans Mountain shall establish deferral account(s) to record the following amounts, including applicable Carrying Charges thereon, to be implemented as adjustments to the Revenue Requirement as defined and more fully described in the aforementioned sections:
  - (a) Capital Cost Recovery Adjustment;
  - (b) Trans Mountain Personnel Adjustment;
  - (c) Flow Through Cost Adjustments;
  - (d) Operational Capacity Incentive Adjustment;
  - (e) Transportation Revenue Adjustment;
  - (f) Provision for Income Tax Adjustment;
  - (g) NRAs and NRA Adjustments;
  - (h) New Business Opportunity Adjustments; and
  - (i) 2021 BC Flood Deferral Adjustments.

## **19 Dispute Resolution**

- 19.1 It is agreed that any requirement of or obligation set out in this 2024 ITS to agree to, concur with, support, accept or negotiate the effect of any matter identified herein shall be construed as an obligation to act in good faith with all reasonable efforts to achieve resolution of the matter at issue.
- 19.2 In the event of a Dispute, any Shipper may initiate Dispute resolution by providing written notice to Trans Mountain. Trans Mountain, shall thereafter, provide written notice to parties known to have an interest in the Dispute or the resolution thereof. In the event of a Dispute, Trans Mountain may also initiate Dispute resolution by providing written notice to parties known to have an interest in the Dispute or the resolution thereof.
- 19.3 No later than seven (7) days following the receipt of such notice, Trans Mountain and Shippers shall each appoint a representative or representatives to attempt to resolve the Dispute. The representatives appointed by each party shall be individuals who are technically qualified to appreciate and assess the Dispute and who have authority to negotiate a resolution to the Dispute. If the Dispute is not resolved within thirty (30) days of receipt of the

notice, the Dispute resolution shall be deemed to have failed.

- 19.4 Upon the failure of the Dispute resolution process, Trans Mountain or the Shipper initiating the Dispute may refer the Dispute to the CER, with the request that the Dispute be resolved by the CER on an expedited basis.

## **20 General Provisions**

- 20.1 If at any time any metric or externally obtained factor referred to hereunder is not available or ascertainable, the parties agree to promptly meet to negotiate a mutually satisfactory replacement for such metric or externally obtained factor.
- 20.2 Trans Mountain shall, at all times during the Term, insure its property and potential liability exposures against loss or damage in a manner that is commercially reasonable having regard to the nature of the System.
- 20.3 This 2024 ITS shall be governed by, construed and interpreted in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.
- 20.4 Trans Mountain and Shippers shall review annually the Operational Capacity Incentive Adjustment as set out in Section 11.4, the CI Code, and the Trans Mountain Personnel adjustment as set out in Section 11.5. If parties agree on any changes thereto, Trans Mountain shall apply to the CER for approval of such changes.

## **21 Transactions with Affiliates**

- 21.1 Trans Mountain and its Affiliates (including Trans Mountain Canada Inc., the operator of the System) and each of their respective personnel are required to abide by the Trans Mountain Affiliate Code of Conduct and the CI Code. The CI Code is attached hereto. The Trans Mountain Affiliate Code of Conduct and the CI Code are posted on Trans Mountain's website at <https://www.transmountain.com/tolls-tariffs>
- 21.2 Trans Mountain shall maintain books of account for the System in accordance with the requirements of the *Oil Pipeline Uniform Accounting Regulations*, as amended or replaced from time to time, and any applicable Orders or Directives of the NEB and CER.
- 21.3 Trans Mountain shall ensure that all of its personnel are aware of and comply with the requirements of the Trans Mountain Affiliate Code of Conduct. For personnel who interface with matters pertaining to commercial services, setting of tolls and financial matters, Trans Mountain shall ensure that those personnel are aware of and comply with the requirements of the CI Code.

## **22 Conditions Precedent**

- 22.1 This 2024 ITS and the Net Tolls for the Term or portion thereof determined in accordance with this 2024 ITS shall be subject to the approval of the Commission of the CER.
- 22.2 If any provision of this 2024 ITS or the Net Tolls does not receive regulatory approval or is altered by a regulatory decision that makes this 2024 ITS or Net Tolls non-manageable or

unacceptable to Trans Mountain or the Shippers, it is agreed that the parties shall review and rectify this 2024 ITS and the Net Tolls or this 2024 ITS shall be terminated.

### **23 Termination of the 2024 ITS**

- 23.1 The term of the 2024 ITS will terminate upon the earlier of the Commencement Date of the Expanded System or the expiry of the Term of this Agreement.

### **24 Expiration or Earlier Termination of the 2024 ITS**

- 24.1 Upon expiration or earlier termination of this 2024 ITS, the 2024 prior year adjustments pursuant to Section 11 shall be calculated as the differences between 2024 actuals and the forecast amounts used in the toll calculations on a pro-rata basis for the number of days that are governed under this 2024 ITS (Net Adjustment Amount), except for the specific accounts which shall be addressed in accordance with Section 24.2. For clarity, the Net Adjustment Amount will include the 2023 prior year adjustments in the event that Final Tolls for 2024 do not go into effect, and does not include the refund of the Westridge Dock Bid Premiums. In the event that Final Tolls for 2024 do take effect, the Net Adjustment Amount will include any outstanding 2023 prior year adjustments resulting from the 2022-2023 Incentive Toll Settlement which have not yet been fully recovered from or refunded to Shippers.<sup>16</sup>
- 24.2 The remaining Petroleum Loss Allowance Percentages and 2021 BC Flood Deferral account balances are to be included in the Net Adjustment Amount upon expiration or earlier termination of this 2024 ITS.
- 24.3 If the Net Adjustment Amount is calculated to be owing from Shippers to Trans Mountain, the amount shall be deducted from any remaining Westridge Dock Bid Premium balance owing from Trans Mountain to Shippers.
- 24.4 In the event of a remaining Net Adjustment Amount after deductions made in Section 24.3, or if the Net Adjustment Amount is calculated to be owing from Trans Mountain to Shippers, the outstanding balance shall be carried forward into the ITS Reconciliation element of the Variable Toll component of the Expanded System tolls as described in Attachment 4 to Trans Mountain's Interim Commencement Date Tolls Application.<sup>17</sup> For clarity, the ITS Reconciliation referred to herein relates to prior year adjustments from the 2022-2023 ITS and this 2024 ITS which Trans Mountain will carry forward into the Expanded System Variable Toll component.
- 24.5 If any Westridge Dock Bid Premium amounts remain owing from Trans Mountain to Shippers after the above adjustments, the remainder will be carried over to the Westridge Dock Bid Premium balance for the Expanded System.
- 24.6 To the extent possible, Trans Mountain commits to monitor and identify opportunities to limit amounts carried forward into the ITS Reconciliation element of the Variable Toll component of the Expanded System tolls.

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<sup>16</sup> Filing ID: [C16395-2](#).

<sup>17</sup> Filing ID: [C24695-6](#).

**TRANS MOUNTAIN**  
**2024 Sample Calculations**  
**Pursuant to the 2024 Incentive Toll Settlement**  
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2024 Sample Calculations Pursuant to the 2024 Incentive Toll Settlement  
Schedule 1

Calculation of Revenue Requirement  
(\$000)

Illustrative ITS Expiry Date:  
April 1, 2024

Line	Description	Schedule & Line ref.	2023	2023	2023	2024	2024	2024	2024
			Approved	Actual [1] Example	Variance	Illustration	Prorated Forecast	Actual [1] Example	Variance
1	<b>A. Revenues for Annual Toll Change</b>								
2	Capital Cost Recovery	[ Schedule 2, Sheet 1, line 26 ]	118,242	118,242	-	120,021	29,841	29,841	-
3	Income Tax Provision	[ Schedule 7, line 12 ]	9,457	9,509	51	9,905	2,463	2,505	42
4	Fixed Costs	[ Schedule 3, line 11 ]	79,773	79,773	-	81,732	20,321	20,321	-
5	Flow Through Costs	[ Schedule 4, line 10 ]	182,761	207,000	24,239	207,000	51,467	50,650	(817)
6	Flood Cost Deferral <sup>[2]</sup>	[ Schedule 4.3, Negative of line 8 ]	(2,000)	(2,000)	-	(600)	(600)	10,454	11,054
7	Trans Mountain Personnel Adjustment <sup>[3]</sup>	[ Schedule 3, line 12 ]	-	-	-	-	-	-	-
8	Transportation Revenue Adjustment	[ Schedule 6, line 15 ]	-	(30,601)	(30,601)	-	-	5,943	5,943
9	Operational Capacity Incentive Adjustment	[ Schedule 5, Sheet 1, line 17 ]	-	2,886	2,886	-	-	-	-
10	Summary of NRAs and Adjustments	[ Schedule 8, line 8 ]	(867)	(2,067)	(1,200)	(915)	(228)	(429)	(202)
11	Black Pines/DRA (NBO Cost Recovery) <sup>[4]</sup>	[ Schedule 8.3, Lline 4 ]	640	-	(640)	640	640	640	-
12	<b>Total Revenues</b>		<b>388,007</b>	<b>382,742</b>	<b>(5,265)</b>	<b>417,782</b>	<b>103,905</b>	<b>119,926</b>	<b>16,021</b>
13	Carrying Charges	[ Schedule 9, Note 2 ]	(214)			(1,662)	(413)		(42)
14	Prior year adjustment <sup>[5]</sup>		<b>1,612</b>						
15	<b>Total Annual Revenue Requirement</b>		<b>389,404</b>			<b>416,120</b>	<b>103,492</b>		
16	<b>B. Adjustment required for partial year Net Tolls</b>								
17	Revenues collected from 2023 Interim Net Tolls <sup>[6]</sup>		(135,945)						
18	Revenues collected from 2024 Interim Net Tolls <sup>[6]</sup>					(135,945)	(97,000)		
19	<b>Revenues for Partial Year Net Tolls</b>		<b>253,459</b>			<b>280,175</b>	<b>6,492</b>		
20	<b>C. Average change in Revenue Requirement</b>								
		[ (line 15: 2023 Approved ÷ 2022 of \$357,398K) - 1 ]	8.6%						
		[ (line 15: 2024 Proposed ÷ 2023 Approved) - 1 ]				6.9%			
21	<b>Refund Westridge Dock Bid Premiums</b>								
22	Separate Tariff Sur-credit	[ Schedule 8.2, Sheet 1, line 9 ]	(66,857)	(66,527)		(66,857)			
23	Additional refund to offset Pipeline Reclamation Surcharge	[ Schedule 8.2, Sheet 1, line 10 ]	(12,673)	(12,673)		(12,673)			
24	Additional refund to offset System Optimization Surcharge <sup>[7]</sup>	[ Schedule 8.2, Sheet 1, line 11 ]	-	-		-			
25	<b>Total Separate Tariff Sur-credit</b>		<b>(79,530)</b>	<b>(79,200)</b>		<b>(79,530)</b>			
26	<b>Average change in Tolls</b>								
27	Without Westridge Dock Bid Premiums		-1.6%			8.8%			
28	With Westridge Dock Bid Premiums		-2.5%			9.9%			

Note(s):

- [1] The 2023 and 2024 Actual Example is calculated pursuant to the 2024 ITS and the 2024 Illustration conforms with the principles defined in the 2024 ITS.
- [2] The Flood Deferral Account was applied for in 2022 Final Tolls and approved by Commission order TO-002-2022 (C18955-3). 2024 shows the final account balance at the ITS Expiry.
- [3] Trans Mountain Personnel Adjustment is calculated pursuant to Section 11.5 of the 2024 ITS.
- [4] In the 2023 Final Tolls filing, Trans Mountain established a New Business Opportunities (NBO) account (Schedule 8.3) for recovery of incremental costs related to early in-service of Black Pines Pump Station and installation and injection of Drag Reducing Agent at Kingsvale Pump Station.
- [5] The 2023 Approved Prior year adjustment can be found in the 2023 Final Toll filing, Final Toll Schedules, Schedule 1, Line 13. CER filing ID: C23858, the 2024 Prior year adjustment is reflected in the ITS Final Reconciliation, Schedule 10.
- [6] Interim Toll amounts are the sum of Interim Net Tolls multiplied by deliveries identified for January through April, 2023 and January through March, 2024.
- [7] The System Optimization Surcharge and offsetting Westridge Dock Premium Surcredit were approved by CER Order TO-004-2019. The System Optimization Surcharge is no longer applicable for the 2022 Tolling period. Order TO-005-2021 (C16319-3) approved the cancellation of the System Optimization Surcharge and offsetting Westridge Dock Premium Surcredit effective 1 December 2021.
- [8] All amounts shown on the schedules have been rounded when presented in thousands. As a result totals may not add.



2024 Sample Calculations Pursuant to the 2024 Incentive Toll Settlement

Schedule 2

Calculation of Rate Base, Capital Cost Recovery, and Adjustment

Sheet 1 of 2

(\$millions)

Illustrative ITS Expiry Date:

April 1, 2024

Line	Description	Capital		Returns / Rates		2023	2023	2023	2024	2024	2024	2024
		Structure	2023	2024	Approved	Actual Example	Variance	Illustration	Prorated Forecast	Actual Example	Variance	
1	Open Plant In Service Assets <sup>[C]</sup>				1,864.7	1,864.7	-	1,920.2	1,920.2	1,920.2	-	
2	Open Accumulated Depreciation <sup>[C]</sup>				(836.9)	(836.9)	-	(874.5)	(874.5)	(874.5)	-	
3	<b>Total Open Net Plant <sup>[1]</sup></b>				<b>1,027.8</b>	<b>1,027.8</b>	<b>-</b>	<b>1,045.6</b>	<b>1,045.6</b>	<b>1,045.6</b>	<b>-</b>	
4	<b>Capital Additions to Rate Base as of <sup>[C]</sup></b>											
5	1-Jan <sup>[Schedule 2.1, line 22]</sup>				18.6	18.6	-	18.6	18.6	18.6	(0.0)	
6	31-Dec <sup>[Schedule 2.1, line 23]</sup>				36.9	36.9	-	36.9	-	-	-	
7	<i>Additions without Westridge Marine Terminal</i>				55.5	55.5	-	55.5	18.6	18.6	(0.0)	
8	<i>Westridge Marine Terminal</i>				-	-	-	-	-	-	-	
9	Reportable Additions				55.5	55.5	-	55.5	18.6	18.6	(0.0)	
10	<b>Depreciation Expense <sup>[2] [5]</sup></b>											
11	31-Dec		2.42%	2.42%	(40.0)	(40.0)	-	(40.4)	(10.0)	(10.0)	-	
12	Reportable Depreciation Expense <sup>[B]</sup>				(40.0)	(40.0)	-	(40.4)	(10.0)	(10.0)	-	
13	Retirements				-	-	-	-	-	-	-	
14	Net Proceeds / (Costs) <sup>[6]</sup>				(2.4)	(2.4)	-	(2.4)	(0.6)	(0.5)	0.1	
15	Close Plant In Service <sup>[C]</sup>				1,920.2	1,920.2	-	1,975.7	1,938.8	1,938.8	(0.0)	
16	Close Accumulated Depreciation <sup>[C]</sup>				(874.5)	(874.5)	-	(912.6)	(884.0)	(884.1)	(0.1)	
17	<b>Total Close Net Plant <sup>[C]</sup></b>				<b>1,045.6</b>	<b>1,045.6</b>	<b>-</b>	<b>1,063.1</b>	<b>1,054.8</b>	<b>1,054.7</b>	<b>(0.1)</b>	
18	<b>Average Plant In Service</b>				<b>1,046.0</b>	<b>1,046.0</b>	<b>-</b>	<b>1,063.7</b>	<b>1,059.6</b>	<b>1,059.5</b>	<b>(0.1)</b>	
19	Average Working Capital <sup>[3]</sup>				25.6	25.6	-	26.7	6.6	6.9	0.3	
20	<b>Net Rate Base</b>				<b>1,071.6</b>	<b>1,071.6</b>	<b>-</b>	<b>1,090.5</b>	<b>1,066.2</b>	<b>1,066.4</b>	<b>0.2</b>	
21	<b>Return on Capital</b>											
22	Equity <sup>[P]</sup>	45%	9.50%	9.50%	45.8	45.8	-	46.6	11.6	11.6	-	
23	Debt <sup>[P] [4]</sup>	55%	5.50%	5.50%	32.4	32.4	-	33.0	8.2	8.2	-	
24	<b>Total Return on Capital <sup>[P]</sup></b>		7.30%	7.30%	<b>78.2</b>	<b>78.2</b>	<b>-</b>	<b>79.6</b>	<b>19.8</b>	<b>19.8</b>	<b>-</b>	
25	Depreciation Expense <sup>[B]</sup>				40.0	40.0	-	40.4	10.0	10.0	-	
26	<b>Total Capital Cost Recovery <sup>[P]</sup></b>				<b>118.2</b>	<b>118.2</b>	<b>-</b>	<b>120.0</b>	<b>29.8</b>	<b>29.8</b>	<b>-</b>	
27	Capital Cost Recovery Variance											
28	Carrying Charges											

[ If line 27<0, line 27 \* rate on Sch 9 ]

2024 Sample Calculations Pursuant to the 2024 Incentive Toll Settlement

Schedule 2

Calculation of Rate Base, Capital Cost Recovery, and Adjustment

Sheet 2 of 2

Note(s):

- [1] Excluded assets: 1). Capital Cost Incentive (CCI) pursuant to CER Order TO-06-2006; and 2). System Optimization net rate base additions exceeding \$21 million.
- [2] The 2023 Actual Example and 2024 Illustration for annual depreciation expense is based on the Depreciation Rates for rate-regulated assets in the 2019 Depreciation Study approved by CER Order TO-001-2020 (C05929) and the 2021 Depreciation Study approved by CER Order TO-004-2022 (C20741) respectively. Trans Mountain applies the most recently approved depreciation rates pursuant to Section 10.2 of the 2024 ITS.
- [3] Forecast Working Capital Provision:
- [C] Annual Capital is not prorated, only capital added to ratebase January 1, 2024 is expected to be included in 2024 capital additions
- [P] 2024 Prorated annual actual cost.
- [B] 2024 Actual cost as billed.

	2023 Approved	2023 Actual Example	2023 Variance	2024 Illustration	2024 Prorated Forecast	2024 Actual Example	2024 Variance
Fixed & Flow Through Operating Expenses	263.2	287.4	24.2	289.3	71.9	71.1	(0.8)
Less Insurance <sup>[P]</sup>	(14.2)	(14.0)	0.2	(14.0)	(3.5)	3.5	7.0
Plus Income Taxes Payable <sup>[P]</sup>	7.1	7.2	0.0	7.5	1.9	1.9	0.0
Cash Cost of Service <sup>[P]</sup>	256.1	280.6	24.5	282.8	70.3	76.5	6.2
Provision for Cash Requirement <sup>[P]</sup> <sup>[ii]</sup>	10.5	11.5	1.0	11.6	2.9	3.1	0.3
Average Prepaid Expenses <sup>[P]</sup> <sup>[iii]</sup>	8.4	8.4	-	8.4	2.1	2.1	-
Average Inventory <sup>[P]</sup>	6.7	6.7	-	6.7	1.7	1.7	-
<b>Average Working Capital Provision</b>	<b>25.6</b>	<b>26.6</b>	<b>1.0</b>	<b>26.7</b>	<b>6.6</b>	<b>6.9</b>	<b>0.3</b>
[i] Days in year	365	365	365	365	366	366	366
[ii] Provision for Cash uses Days in year [i] times # of days set at:	15	15	15	15	15	15	15
[iii] For 2023, Average Prepaid Expenses calculated as 60% of the forecast insurance expense.							

- [4] The 2024 debt rate is set at 5.5% pursuant to the calculation on Schedule 2.2 and Section 10.1 (b) of the 2024 ITS. The debt rate includes fees, if any, for the line of credit required pursuant to CER Order AO-001-FRO-002-2017 (A98410).

- [5] Calculation of annual depreciation adjustment to actual booked depreciation expense for disallowed plant (\$000).

Disallowed Plant	Asset	2023	2024	Expense	Expense	2024	Prorated Expense	Actual Expense
Expansion CCI - 2010	(6,673)							
Accumulated Depreciation - 2023 <sup>[B]</sup>	2,131	3.33%	3.33%	222	222		55	55
<b>Disallowed Plant</b>								
System Optimization Project (costs > \$21 million rate base cap) - 2022	(5,719)							
Accumulated Depreciation - 2023 <sup>[B]</sup>	687	3.16%	3.16%	181	181		45	45
<b>Total Depreciation Expense Adjustment</b>				<b>403</b>	<b>403</b>		<b>100</b>	<b>100</b>

2024 Sample Calculations Pursuant to the 2024 Incentive Toll Settlement

Schedule 2.1

Calculation of Rate Base, Capital Cost Recovery, and Adjustment

Summary of Capital Additions by Major Categories

(\$000)

Illustrative ITS Expiry Date:

April 1, 2024

Line	Description	Schedule & Line ref.	2023	2023	2023	2024	2024	2024	2024
			Approved	Actual Example	Variance	Illustration	Prorated Forecast	Actual Example	Variance
1	<b>A. Mainline Repair Projects</b> <sup>[1]</sup>								
2	1-Jan		4,621	4,621	-	4,621	4,621	4,600	(21)
3	31-Dec		9,784	9,784	-	9,784	-	-	-
4	Total	[ line 2 + line 3 ]	<u>14,405</u>	<u>14,405</u>	<u>-</u>	<u>14,405</u>	<u>4,621</u>	<u>4,600</u>	<u>(21)</u>
5	<b>B. Facility Pipeline Projects</b> <sup>[2]</sup>								
6	1-Jan		4,164	4,164	-	4,164	4,164	4,200	36
7	31-Dec		13,968	13,968	-	13,968	-	-	-
8	Total	[ line 6 + line 7 ]	<u>18,132</u>	<u>18,132</u>	<u>-</u>	<u>18,132</u>	<u>4,164</u>	<u>4,200</u>	<u>36</u>
9	<b>C. Tanks</b> <sup>[3]</sup>								
10	1-Jan		8,364	8,364	-	8,364	8,364	8,400	36
11	31-Dec		12,001	12,001	-	12,001	-	-	-
12	Total	[ line 10 + line 11 ]	<u>20,365</u>	<u>20,365</u>	<u>-</u>	<u>20,365</u>	<u>8,364</u>	<u>8,400</u>	<u>36</u>
13	<b>D. Westridge Marine Terminal Upgrades</b> <sup>[4]</sup>								
14	1-Jan		-	-	-	-	-	-	-
15	31-Dec		-	-	-	-	-	-	-
16	Total	[ line 14 + line 15 ]	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
17	<b>E. Others</b> <sup>[5]</sup>								
18	1-Jan		1,480	1,480	-	1,480	1,480	1,400	(80)
19	31-Dec		1,074	1,074	-	1,074	-	-	-
20	Total	[ line 18 + line 19 ]	<u>2,554</u>	<u>2,554</u>	<u>-</u>	<u>2,554</u>	<u>1,480</u>	<u>1,400</u>	<u>(80)</u>
21	<b>F. Total Capital Additions</b>								
22	1-Jan	[ sum of (lines 2, 6, 10, 14 & 18) ]	18,629	18,629	-	18,629	18,629	18,600	(29)
23	31-Dec	[ sum of (lines 3, 7, 11, 15 & 19) ]	36,866	36,866	-	36,866	-	-	-
24	<b>Grand Total</b>	[ line 22 + line 23 ]	<u><u>55,495</u></u>	<u><u>55,495</u></u>	<u><u>-</u></u>	<u><u>55,495</u></u>	<u><u>18,629</u></u>	<u><u>18,600</u></u>	<u><u>(29)</u></u>

Note(s):

- [1] Mainline repairs, natural hazard assessment/remediation, cathodic protection, Mainline valve replacement, and other Mainline related projects are included.
- [2] Safety improvements, pumping equipment, piping modification, arc flash mitigation, seismic upgrades, leak detection flow meters, voltage sag correction, and other facility related projects are included.
- [3] Secondary tank containment upgrades, heel reduction, tankage upgrades and other tank related projects are included.
- [4] Regulated Westridge Marine Terminal upgrade projects are included.
- [5] Other minor capital projects are included such as equipment replacements and minor facilities repairs that are not specifically budgeted.
- [6] Capital projects that are of material value (i.e. > \$1M) are reviewed and discussed with Shippers as part of the annual toll consultation.
- [C] Annual Capital is not prorated, only capital added to ratebase January 1, 2024 is expected to be included in 2024 capital additions.

**2024 Sample Calculations Pursuant to the 2024 Incentive Toll Settlement  
Schedule 2.2**

Calculation of Rate Base, Capital Cost Recovery, and Adjustment

Calculation of 2024 Debt Rate

(units as shown)

Line	Month	Schedule & Line ref.	2023 Fixed	2024 Illustration	
				2022 Benchmark Rate	2023 Benchmark Rate
1	<b>A. Debt Rate Adjustment</b> <sup>[1]</sup>				
2	January			1.67%	3.37%
3	February			1.79%	3.37%
4	March			2.42%	3.37%
5	April			2.64%	3.37%
6	May			2.60%	3.37%
7	June			3.17%	3.37%
8	July			2.83%	3.37%
9	August			3.34%	3.37%
10	September			3.24%	3.37%
11	October			3.41%	3.37%
12	November			3.18%	3.37%
13	December			3.37%	3.37%
14	<b>Annual average rate</b>			<b><u>2.81%</u></b>	<b><u>3.37%</u></b>
15	<b>Debt Rate Adjustment</b>	[ 2023 AVG rate - 2022 AVG rate ]			<b>0.57%</b>
16	<b>B. Debt Rate</b>		<b>5.50%</b>		
17	<b>Debt Rate</b> <sup>[2]</sup>	[ (Prior year rate + line 15) but within the range of 4.5% and 5.5% ]			<b>5.50%</b>

**Note(s):**

- [1] Debt Rate Adjustment is calculated based on the monthly average rate of the Government of Canada Benchmark Bond Yields - 5 Year. The monthly yield data could be retrieved on the Bank of Canada website under series number V122540.
- [2] The 2024 debt rate is calculated pursuant to Section 10.1 (b) of the 2024 ITS. The rate shall not be lower than 4.5% and shall not exceed 5.5%.

2024 Sample Calculations Pursuant to the 2024 Incentive Toll Settlement

Schedule 3

Summary of Fixed Costs and Trans Mountain Personnel Adjustment

(\$000 or units as shown)

Illustrative ITS Expiry Date:

April 1, 2024

Line	Description	Schedule & Line ref.	2023 Approved	2023 Actual Example	Escalator <sup>[5]</sup>	2024 Illustration	2024 Prorated Forecast	2024 Actual Example
1	<b>A. Direct G&amp;A</b> <sup>[1]</sup>							
2	Total Fixed Direct G&A Costs <sup>[P]</sup>		2,103		2%	2,145	533	
3	<b>B. Trans Mountain Personnel</b> <sup>[2]</sup>							
4	Fixed Trans Mountain Personnel <sup>[P]</sup> <sup>[3]</sup>		77,670		2.5%	79,587	19,788	
5	<b>Trans Mountain Personnel Adjustment</b> <sup>[4]</sup>							
6	Actual Trans Mountain Personnel <sup>[P]</sup>			86,334				20,000
7	Difference between Actual and Fixed amounts	[ line 6 - line 4 ]		8,663				212
8	<b>Total saving to share</b>	[ Negative shown on line 7 ]		-				-
9	Shippers' share of the saving <sup>[P]</sup>	[ 50% * line 8 ]		-				-
10	Trans Mountain's share of the saving <sup>[P]</sup>	[ line 8 - line 9 ]		-				-
11	<b>Total Fixed Operating Expenses</b>	[ line 2 + line 4 ]	<u>79,773</u>			<u>81,732</u>	<u>20,321</u>	
12	<b>Trans Mountain Personnel Adjustment</b>	[ line 9 ]		-				-
13	Carrying Charges	[ line 9 * rate on Sch 9 ]		-				-

Note(s):

[1] Amounts shown exclude Flow Through Costs. Forecast Flow Through Costs are provided on Schedule 4.

[2] Trans Mountain Personnel means personnel costs as transferred to Trans Mountain. Trans Mountain Personnel includes pension costs pursuant to Section 3.1 (tt) of the 2024 ITS.

[3] 2023 Trans Mountain Personnel was rebased by escalating the 2019 actual Personnel costs of \$69.5 million by 2.5% per year to 2023 plus \$1 million for cyber security. The 2024 Trans Mountain Personnel escalates the 2022 base amount of \$76.7 million by 2.5% and adds \$1 million for cyber security. Personnel costs are described in Sections 9.3 and 9.4 of the 2024 ITS.

[4] Trans Mountain and Shippers have agreed to review the Trans Mountain Personnel amount annually and to determine whether further adjustments are required in 2024 pursuant to Section 11.5 of the 2024 ITS.

[5] Annual escalator for Direct G&A is fixed at 2% for the Term pursuant to Section 9.1 of the 2024 ITS. Annual escalator for Trans Mountain Personnel base amount is fixed at 2.5% for the Term and applied as described in note 3 above.

[P] 2024 Prorated annual actual cost.

**2024 Sample Calculations Pursuant to the 2024 Incentive Toll Settlement  
Schedule 4**

Summary of Flow Through Costs and Adjustments  
(\$000)

**Illustrative ITS Expiry Date:**  
April 1, 2024

Line	Description	Schedule & Line ref.	2023 Approved	2023 Actual Example	2023 Variance	2024 Illustration	2024 Prorated Forecast	2024 Actual Example	2024 Variance
1	<b>Flow Through Costs</b> <sup>[1][2]</sup>								
2	Power <sup>[B]</sup>		51,656	63,000	11,344	63,000	15,664	15,000	(664)
3	Property Taxes <sup>[P]</sup>		32,360	32,000	(360)	32,000	7,956	8,000	44
4	Integrity Management <sup>[B]</sup>		47,376	46,000	(1,376)	46,000	11,437	11,000	(437)
5	Land and Right of Way Management <sup>[B]</sup>		8,865	11,000	2,135	11,000	2,735	3,000	265
6	Environmental Compliance and Remediation <sup>[B]</sup>		15,240	25,000	9,760	25,000	6,216	7,000	784
7	Fire, Safety and Security <sup>[B]</sup>		10,501	8,000	(2,501)	8,000	1,989	2,500	511
8	Insurance <sup>[P]</sup>		14,173	14,000	(173)	14,000	3,481	3,500	19
9	CER Cost Recovery <sup>[P]</sup>		2,588	8,000	5,412	8,000	1,989	650	(1,339)
10	<b>Total Flow Through Costs</b>		<b>182,761</b>	<b>207,000</b>	<b>24,239</b>	<b>207,000</b>	<b>51,467</b>	<b>50,650</b>	<b>(817)</b>
11	Carrying Charges	[if line 10<0, line 10 * rate on Sch 9 ]			-				(34)

**Note(s):**

- [1] This schedule summarizes the Flow Through Costs and prior-year adjustments to be included in the Revenue Requirement.
- [2] 2021 BC Flood-related Flow Through Costs are included in the total costs presented in this Schedule. A Flood Deferral Account, Schedule 4.3, separates and tracks the flood-related Flow Through Costs and adjustments associated with the BC Floods for which an insurance reimbursement is being sought. The Flood Deferral Account will defer the inclusion of the flood-related Flow Through Costs net of the insurance deductible into the Revenue Requirement until the insurance claim is resolved. This deferral amount is shown on line 6 on Schedule 1.
- [P] 2024 Prorated annual actual cost.
- [B] 2024 Actual cost as billed.

**2024 Sample Calculations Pursuant to the 2024 Incentive Toll Settlement  
Schedule 4.1**

Summary of Power Transmission Volume and BC Energy Cost Savings  
(units in \$000 or as otherwise shown)

**Illustrative ITS Expiry Date:**  
April 1, 2024

Line	Description	Schedule & Line ref.	2023 Baseline	2023 Actual Example	2024 Baseline Illustration	2024 Prorated Baseline	2024 Actual Example
1	<b>A. Transmission Volume Cost Management Report</b> <sup>[1]</sup>						
2	Average billing demand (MW) <sup>[B] [3] [4]</sup>		139.92 <sup>[2]</sup>	139.92 <sup>[2]</sup>	139.92	34.79	34.00
3	Demand rate (\$000/MW) <sup>[5]</sup>		116.34	116.34	117.65	117.65	117.65
4	<b>Total transmission costs</b> <sup>[3]</sup>		16,279	16,279	16,461	4,093	4,000
5	<b>Transmission savings</b>			-			93
6	Demand reduction fees <sup>[6]</sup>			11			11
7	<b>Total transmission volume savings</b> <sup>[7]</sup>	[ line 5 - line 6 ]		-			82
8	<b>B. BC Energy Price Management Report</b> <sup>[8]</sup>						
9	BC Energy rate (\$/MWh) <sup>[9]</sup>		50.89	49.00	51.00	51.00	49.00
10	BC energy consumption (MWh) <sup>[B] [10]</sup>		246,415	246,415	247,000	61,413	60,000
11	<b>Total BC energy costs</b> <sup>[10]</sup>	[ line 9 * line 10/1000 ]	12,541	12,074	12,597	3,132	2,940
12	<b>BC energy price savings</b>			467			192
13	Negotiation costs <sup>[11]</sup>			-			-
14	<b>Total BC energy price savings</b>	[ line 12 - line 13 ]		467			192
15	<b>C. Total Savings</b>	[ line 7 + line 14 ]		467			274

**Note(s):**

- [1] Trans Mountain manages system transmission volume on behalf of the Shippers and expects to reduce the annual average monthly billing demand by managing power supply contracts and physical consumption, without impacting throughput. Minimum contract levels can be optimized to match physical needs of the Trans Mountain System. In addition, while there is always a pair of stations that are at maximum flow rates (reflecting current System design and bottlenecks), all other stations can be managed to ensure additional costs are not being incurred.
- [2] **Variable inputs used above**  
Ex-Edm Throughput (m<sup>3</sup>/day) 53,000 53,000 53,000 53,000
- [3] The actual average billing demand and transmission costs are determined from the actual vendor invoices. Both components are determined as the sum of the monthly invoiced amounts for all mainline pump stations.
- [4] The baseline average billing demand = 0.00209459\*(annual Ex-Edm throughput in m<sup>3</sup>/day)+28.90935272 (MW).
- [5] Demand rate is determined as the actual total transmission costs, before demand reduction fees, divided by the actual average billing demand.
- [6] Demand reduction fees may be incurred to obtain reductions in average monthly billing demand and may include fees charged by transmission supplier and consulting fees. Carryover from prior years may occur when demand reduction fees are greater than transmission savings.
- [7] Total savings is the savings after deducting the demand reduction fees and carryovers from prior years.
- [8] The majority of the mainline pump stations in BC obtain electric service under BC Hydro's Electric Tariff, Rate Schedule 1823. The default Energy Rate under Rate Schedule 1823 is determined under subsection (a). Trans Mountain may elect to obtain energy under an alternate rate, subsection (b), and negotiate with BC Hydro to obtain credits under the Power Smart program to purchase energy at lower prices. The driver for this saving arises from the additional administrative management costs incurred to use Rate Schedule 1823 subsection (b) as eligibility for this rate requires annual reviews and negotiations with BC Hydro. Where energy consumption has increased to the extent that there are no savings under Rate Schedule 1823 subsection (b), the savings will be zero. This may occur if Trans Mountain's throughput increases substantially due to achieving incentive volumes. Should a significant throughput increase be expected, Trans Mountain may elect to purchase energy under Rate Schedule 1823 subsection (a) until a new Power Smart baseline can be negotiated for the increased throughput level.
- [9] The actual energy rate is determined as the actual total BC energy costs, before negotiation costs, divided by the actual energy consumption.
- [10] The Total BC energy costs and the energy consumption are determined from the actual vendor invoices. Both components are determined as the sum of the monthly invoiced amounts for all mainline pump stations under BC Hydro's Electric Tariff, Rate Schedule 1823.
- [11] Negotiation costs are the third party costs incurred to manage the BC Power Smart Program and to negotiate power credits and rate reduction.
- [B] 2024 Actual cost as billed.

**2024 Sample Calculations Pursuant to the 2024 Incentive Toll Settlement  
Schedule 4.2**

Calculation of the Petroleum Loss Allowance Percentages <sup>[1]</sup>  
(units in \$000 or as otherwise shown)

**Illustrative ITS Expiry Date:**  
April 1, 2024

Line	Description	Comments / Units	2023 Approved <sup>[2]</sup>	2024 Illustration	2024 Forecast	2024 Example
1	<b>A. 2022 PLAP</b>					
2	Mainline System Crude Petroleum PLAP		0.09%		0.08%	
3	Mainline System Refined Petroleum PLAP		0.06%		0.06%	
4	Non Mainline System Petroleum PLAP		0.03%		0.03%	
5	<b>B. Percentage Adjustment to subsequent year PLAP</b>					
6	Balance Sheet amount at Dec 31, due from shippers (positive), due to shippers (negative)			\$ (1,100)		\$ (1,000)
7	Average annual price of crude	per m <sup>3</sup>		\$ 725.00		\$ 725.00
8	Calculated volume equivalent (m <sup>3</sup> )	[ line 6 * 1000 ÷ Line 7 ]		(1,517)		(1,379)
9	Total Deliveries	m <sup>3</sup>		22,000,000		5,500,000
10	<b>F. Percentage Adjustment to subsequent year PLAP</b>					
11	Percentage adjustment applied to each PLAP	[ line 8 ÷ line 9 ]		-0.01%		No Adjustment
12	Subsequent year PLAP <sup>[3]</sup>			-7.66%		No Adjustment
13	Mainline System Crude Petroleum PLAP	[ line 2 * ( 1 + line 11) ]		0.08%		
14	Mainline System Refined Petroleum PLAP	[ line 3 * ( 1 + line 11) ]		0.06%		
15	Non Mainline System Petroleum PLAP	[ line 4 * ( 1 + line 11) ]		0.03%		

**Note(s):**

- [1] The PLAPs work in conjunction with the Inventory Settlement Procedure and Refined Petroleum Reconciliation Procedure filed with the 2024 ITS. Any revisions to the Procedures are posted on the Trans Mountain tolls and tariffs website.
- [2] 2023 PLAPs were approved by CER Order TO-001-2023 dated April 25, 2023.
- [3] 2024 Proposed PLAPs are calculated pursuant to Section 11.7 (b) of the 2024 ITS.
- [4] Trans Mountain and Shippers have agreed to review the PLAPs periodically to determine whether further adjustments are required. The intent after the reset is to keep PLAPs relatively stable from year to year.



**2024 Sample Calculations Pursuant to the 2024 Incentive Toll Settlement  
Schedule 4.3**

Flood Deferral Account <sup>[1]</sup>

(\$000)

Line	Description	2021-22	2023	2023	2024	2024	Total <sup>[2]</sup>
		Actual	Proposal	Actual Example	Proposal	Actual Example	
1	Integrity Management	4,455		-			4,455
2	Land and Right of Way Management	8,813	1500	2,000	500	500	11,313
3	Environmental Compliance and Remediation	708	500	550	100	100	1,358
4	Fire, Safety and Security	1,438		-			1,438
5	Subtotal	<u>15,414</u>	<u>2,000</u>	<u>2,550</u>	<u>600</u>	<u>600</u>	<u>18,564</u>
6	Less: Insurance Deductible	(5,000)					(5,000)
7	Insurance Recovery						(3,110)
8	Total	<u>10,414</u>	<u>2,000</u>	<u>2,550</u>	<u>600</u>	<u>600</u>	<u>10,454</u>

**Note(s):**

[1] This schedule is used to summarize the 2021 BC Flood-related Flow Through Costs and adjustments.

[2] The balance in the deferral account will be collected through the Revenue Requirement after the insurance claim is processed and applicable insurance proceeds are received and applied. Totals include 2021 and 2022 Actual, and 2023 and 2024 Actual Examples.

2024 Sample Calculations Pursuant to the 2024 Incentive Toll Settlement  
Schedule 5

Calculation of Operational Capacity Incentive Adjustment  
(units as shown)

Sheet 1 of 2

Line	Description	Schedule	Sharing	2023 Illustration (Jan - Dec)	2024 Illustration (Jan-Apr)
1	<b>A. System capacity percentages</b>				
2	Target capacity (fixed for Term)			96.0%	96.0%
3	Achieved capacity			96.4%	96.4%
4	<b>B. System volumes</b>				
5	Delivered volume (m <sup>3</sup> /d) <sup>[1]</sup>			53,000	51,000
6	Deemed Heavy Percentage <sup>[4] [5] [6]</sup>			10.7%	10.5%
7	100% hydraulic volume (m <sup>3</sup> /d) <sup>[2]</sup>			55,000	55,000
8	Target hydraulic volumes w/o maintenance adjustment (m <sup>3</sup> /d)	[line 2 * line 7]		52,800	52,800
9	Adjustment hours <sup>[3]</sup>			300	50
10	Maintenance capacity adjustment (m <sup>3</sup> /d)	[ line 9 ÷ 24 ÷ days in a year x line 8]		1,808	1,209
11	Target System Capacity (m <sup>3</sup> /d)	[ line 8 - line 10 ]		50,992	51,591
12	<b>C. Annualized volumes for sharing (m<sup>3</sup>/d)</b>	[ line 5 - line 11 ]		2,008	-
13	<b>D. Revenue sharing calculation</b>				
14	Toll for sharing \$/m <sup>3</sup> (fixed for Term)			15.7500	15.7500
15	Days available for sharing			365	91
16	<b>Revenues to be shared (\$000)</b>	[ line 12 * line 14 * line 15 ]		<b>11,545</b>	-
17	<b>Operational Capacity Incentive Adjustment</b>	Trans Mountain's share <sup>[7]</sup>	Lower of 25% of line 16 or \$4 million	<b>2,886</b>	-
18		Shippers' share	[ line 16 - line 17 ]	<b>8,659</b>	-
19	Carrying Charges (\$000)	[ negative (line 18 * rate on Sch 9) ]		(356)	-

Note(s):

- [1] For capacity incentive sharing purposes, only those volumes injected at Edmonton / Edson and delivered out of the System are used along with the Deemed Heavy Percentage as determined in Note [6].
- [2] Hydraulic Formula:  
For  $x \leq 20.01\%$ ,  $y = (809386115x^5 - 618225002x^4 + 163964466x^3 - 15952931x^2 - 193925x + 395343)/95\%/6.2898108$   
For  $x > 20.01\%$ ,  $y = (-24844444x^6 + 62290768x^5 - 62888803x^4 + 31439150x^3 - 7464327x^2 + 480997x + 333140)/95\%/6.2898108$   
Where  $y = 100\%$  hydraulic capacity,  $x =$  Deemed Heavy Percentage as determined in Note [6].
- [3] Adjustment hours include system shutdowns, maintenance activities, Shipper actions including but not limited to Delivery Point delays, Kamloops Excess Nominations, and/or Force Majeure, and they are reflected in the Target System Capacity.
- [4] A heavy percentage indicator will be measured for the volumes injected at Edmonton and delivered out of the System for determination of the monthly Adjusted Heavy Percentage:  
Blended Heavy Percentage: measure based on petroleum grade category indicated on delivery tickets for a batch.  
Pre-blend Heavy Percentage: measure based on the deemed petroleum type indicated at Edmonton injection of the component material within a batch.
- [5] Two heavy percentage indicators will be measured and recorded on a monthly basis. Monthly Adjusted Heavy Percentage will be determined as follows:  
(a). If Blended Heavy Percentage and Pre-blend Heavy Percentage are both greater than 14%, the Adjusted Heavy Percentage is set as the Blended Heavy Percentage.  
(b). If Blended Heavy Percentage and Pre-blend Heavy Percentage are both less than 14%, the Adjusted Heavy Percentage is set as the Blended Heavy Percentage.  
(c). If Blended Heavy Percentage is less than 14% and Pre-blend Heavy Percentage is greater than 14%, the Adjusted Heavy Percentage is set as 14%.

**2024 Sample Calculations Pursuant to the 2024 Incentive Toll Settlement  
Schedule 5**

Calculation of Operational Capacity Incentive Adjustment  
(units as shown)  
Sheet 2 of 2

[6] The Deemed Heavy Percentage will be the annual average of monthly Adjusted Heavy Percentages.

**2023 Illustrative Deemed Heavy Percentage:**

Days in a Month	Month	Blended Heavy Percentage	Pre-blend Heavy Percentage	Adjusted Heavy Percentage
31	January	10.0%	12.0%	10.0%
28	February	10.0%	14.0%	14.0%
31	March	10.0%	8.0%	10.0%
30	April	10.0%	8.0%	10.0%
31	May	10.0%	12.0%	10.0%
30	June	10.0%	14.0%	14.0%
31	July	10.0%	8.0%	10.0%
31	August	10.0%	8.0%	10.0%
30	September	10.0%	12.0%	10.0%
31	October	10.0%	8.0%	10.0%
30	November	10.0%	8.0%	10.0%
31	December	10.0%	12.0%	10.0%
365	Annual simple average/Deemed Heavy Percentage	10.0%	10.3%	10.7%

**2024 Illustrative Deemed Heavy Percentage:**

Days in a Month	Month	Blended Heavy Percentage	Pre-blend Heavy Percentage	Adjusted Heavy Percentage
31	January	10.5%	12.0%	10.5%
29	February	10.5%	12.0%	10.5%
31	March	10.5%	12.0%	10.5%
91		10.5%	12.0%	10.5%

[7] The Operational Capacity Incentive Adjustment for the account of Trans Mountain for the year shall not exceed \$4 million.

2024 Sample Calculations Pursuant to the 2024 Incentive Toll Settlement  
Schedule 6

Calculation of Transportation Revenue Adjustment  
(units as shown)

Line	Description	Schedule & Line ref.	2023 Illustrative Calculation <sup>[1]</sup>		2024 Illustrative	
			System Deliveries (m <sup>3</sup> /day)	Annual Revenues (\$000)	System Deliveries (m <sup>3</sup> /day)	Annual Revenues (\$000)
1	Transportation Revenue Adjustment ("TRA")					
2	<b>A. Interim Toll Period</b>	January to April / March	<b>120 days</b>	<b>120 days</b>	<b>91 days</b>	<b>91 days</b>
3	Forecast Amounts for Toll Purposes <sup>[2]</sup>		53,248	135,945	53,248	135,945
4	Actual Amounts		55,000	145,000	50,000	130,000
5	<b>Interim TRA</b>	[ line 4 - line 3 ]	<b>1,752</b>	<b>9,055</b>	<b>(3,248)</b>	<b>(5,945)</b>
6	<b>B. Final Toll Period</b>	May to December	<b>245 days</b>	<b>245 days</b>	<b>0 days</b>	<b>0 days</b>
7	Forecast Amounts for Toll Purposes <sup>[2]</sup>		49,401	253,459	49,401	253,459
8	Actual Amounts		53,000	275,000	-	-
9	<b>Toll Period TRA</b>	[ line 8 - line 7 ]	<b>3,599</b>	<b>21,541</b>	<b>-</b>	<b>-</b>
10	<b>Other Adjustments</b>			<b>5</b>		<b>2</b>
11	<b>Total TRA - (Shortfall) / Surplus</b>	[ line 5 + line 9 + line 10 ]		<b>30,601</b>		<b>(5,943)</b>
12	<b>Annual TRA (\$000)</b>					
13	TRA Surplus refundable to Shippers	[ positive shown on line 11 ]		(30,601)		-
14	TRA Shortfall chargeable to Shippers	[ negative shown on line 11 ]		-		5,943
15	<b>TRA to be included in the subsequent year (\$000)</b>			<b>(30,601)</b>		<b>5,943</b>
16	Carrying Charges	[ line 13 * rate on Sch 9 ]		(1,257)		-

Note(s):

[1] Proof without carrying charges.

		Reconciliation of amounts			
		Shippers	TM	Shippers	TM
Interim Revenues collected	[ line 4 ]	145,000		130,000	
Final Toll Revenues collected	[ line 8 ]	275,000		-	
Other Adjustment	[ line 10 ]	5		2	
<b>Total Revenues collected</b>		<b>420,005</b>		<b>130,002</b>	
TRA	[ line 15 ]	(30,601)		5,943	
	[ 2023, Schedule 1, line 15 ]				
Total Tolled Revenues	[ 2024, Schedule 1, line 18 ]		389,404		135,945
<b>Net revenues paid / collected</b>		<b>389,404</b>	<b>389,404</b>	<b>135,945</b>	<b>135,945</b>

[2] The 2023 forecast system deliveries for interim and final tolls periods can be found in the 2023 Final Toll filing, Toll Calculation Schedules, TL Schedule 2, Sheet 1, Line 12. The 2023 forecast annual revenues for interim and final toll periods can be found in the 2023 Final Tolls filing, Toll Calculation Schedules, TL Schedule 3, Sheet 2, Line 7. CER filing ID: C23858.

**2024 Sample Calculations Pursuant to the 2024 Incentive Toll Settlement  
Schedule 7**

Calculation of Income Tax Provision and Adjustment  
(\$000)

**Illustrative ITS Expiry Date:**  
April 1, 2024

Line	Description	Schedule & Line ref.	2023 Approved	2023 Actual Example	2023 Variance	2024 Illustration	2024 Prorated Forecast	2024 Actual Example	2024 Variance
1	<b>Forecast Provision for Income Taxes Payable</b>								
2	<b>Return on Equity</b>								
3	2023 / 2024 Rate Base <sup>[P]</sup>	[ Schedule 2, line 22 ]	45,811	45,811	-	46,617	11,591	11,591	-
4	<b>Total Return on Equity</b>		<b>45,811</b>	<b>45,811</b>	<b>-</b>	<b>46,617</b>	<b>11,591</b>	<b>11,591</b>	<b>-</b>
5	<b>Permanent &amp; Timing Differences</b>								
6	Capital Cost Allowance <sup>[P]</sup> <sup>[1]</sup>		(53,812)	(53,655)	157	(53,655)	(13,340)	(13,340)	-
7	Depreciation <sup>[B]</sup>	[ Schedule 2, line 25 ]	40,015	40,015	-	40,418	10,049	10,049	-
8	Cost of Retirements & Other Differences <sup>[B]</sup> <sup>[2]</sup> prior year's adjustment		(2,411)	(2,411)	-	(2,411)	(599)	(500)	99
9	Capitalized Interest AFUDC <sup>[P]</sup>		(725)	(725)	-	(725)	(180)	(150)	30
10	<b>Tax Base</b>		<b>28,878</b>	<b>29,035</b>	<b>157</b>	<b>30,244</b>	<b>7,520</b>	<b>7,649</b>	<b>130</b>
11	Income Tax Provision <sup>[P]</sup> <sup>[3]</sup>	[ line 10 * tax rate / ( 1 - tax rate ) ]	9,457	9,509	51	9,905	2,463	2,505	42
12	<b>Income Tax Provision <sup>[P]</sup></b>		<b>9,457</b>	<b>9,509</b>	<b>51</b>	<b>9,905</b>	<b>2,463</b>	<b>2,505</b>	<b>42</b>
13	<b>Carrying Charges</b>	[ if line 12<0, line 12 * rate on Sch 9 ]			-				-

**Note(s):**

[1] CCA forecast is provided on Schedule 7.1. 2023 and 2023 Actual Examples do not reflect July 1 tax filing review. New income tax rules came into effect on January 1, 2017 and November 21, 2018 and are reflected in the CCA calculation.

[2] Includes interim insurance proceeds related to flood capital spending.

[3] Income tax rates (combined Federal and Provincial). 24.7% 24.7% 24.7% 24.7% 24.7%

[4] Taxes Payable used in Working Capital calculation in Sch 2 Note [3]. 7,124 7,163 7,461 1,855 1,887

[P] 2024 Prorated annual actual cost.

[B] 2024 Actual cost as billed.

**2024 Sample Calculations Pursuant to the 2024 Incentive Toll Settlement  
Schedule 7.1**

CCA for the Rate Base: (i) Illustrative 2023; and (ii) Forecast for 2024

(\$ as shown)

Year	Description	CEC	Class 14.1 <sup>[2]</sup>	Class 1	Class 2	Class 3	Class 6	Class 7	Class 8 <sup>[4]</sup>	Class 10	Class 17	Class 49	Class 50	TOTAL
	Regular Rate	7%	5%	4%	6%	5%	10%	15%	20%	30%	8%	8%	55%	
	All Rate <sup>[3]</sup>	11%	8%	6%	9%	8%	15%	23%	30%	45%	12%	12%	83%	
2022	UCC at Dec. 31	1,548,879	41,146	139,729,758	3,845,653	1,558,650	55,724,025	10,562,377	15,302,043	1,146,369	12,582,615	369,070,870	1,180	611,113,566
2023	Example Additions <sup>[1]</sup>	-	-	1,500,000	-	-	850,000	16,000	55,000	700,000	6,000,000	44,000,000	-	53,121,000
2023	Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-
		1,548,879	41,146	141,229,758	3,845,653	1,558,650	56,574,025	10,578,377	15,357,043	1,846,369	18,582,615	413,070,870	1,180	664,234,566
	CCA	108,422	2,057	5,589,190	230,739	77,933	5,572,402	1,584,357	3,060,409	343,911	1,006,609	29,525,670	649	47,102,347
	CCA: Additions	-	-	90,000	-	-	127,500	3,600	16,500	315,000	720,000	5,280,000	-	6,552,600
2023	<b>Total CCA</b>	<b>108,422</b>	<b>2,057</b>	<b>5,679,190</b>	<b>230,739</b>	<b>77,933</b>	<b>5,699,902</b>	<b>1,587,957</b>	<b>3,076,909</b>	<b>658,911</b>	<b>1,726,609</b>	<b>34,805,670</b>	<b>649</b>	<b>53,654,947</b>
2023	UCC at Dec. 31	1,440,458	39,089	135,550,567	3,614,914	1,480,718	50,874,122	8,990,421	12,280,135	1,187,458	16,856,006	378,265,200	531	610,579,619
2024	Illustrative Additions <sup>[1]</sup>	-	-	410,314	-	-	232,511	4,377	15,045	191,480	1,641,257	12,035,882	-	14,530,865
2024	Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-
		1,440,458	39,089	135,960,882	3,614,914	1,480,718	51,106,634	8,994,797	12,295,180	1,378,938	18,497,262	390,301,082	531	625,110,484
	CCA	100,832	1,954	5,422,023	216,895	74,036	5,087,412	1,348,563	2,456,027	356,238	1,348,480	30,261,216	292	46,673,968
	CCA: Additions	-	-	24,619	-	-	34,877	985	4,513	86,166	196,951	1,444,306	-	1,792,416
2024	<b>Total CCA</b>	<b>100,832</b>	<b>1,954</b>	<b>5,446,642</b>	<b>216,895</b>	<b>74,036</b>	<b>5,122,289</b>	<b>1,349,548</b>	<b>2,460,540</b>	<b>442,404</b>	<b>1,545,431</b>	<b>31,705,522</b>	<b>292</b>	<b>48,466,384</b>
2024	UCC at Dec. 31	1,339,626	37,134	130,514,240	3,398,019	1,406,682	45,984,345	7,645,250	9,834,639	936,535	16,951,831	358,595,560	239	576,644,099

**Note(s):**

- [1] Additions exclude AFUDC amounts.
- [2] As of January 1, 2017, property that formerly would have been eligible capital property in the cumulative eligible capital (CEC) account is now considered depreciation property under capital cost allowance Class 14.1 with a rate of 5%. CCA calculation is adjusted to reflect the income tax rule change.
- [3] On November 21, 2018, the Government of Canada introduced the Accelerated Investment Incentive (AII). AII provides an increased first-year CCA deduction for eligible property acquired after November 20, 2018 and available for use before 2028. All subsequent forecasts have reflected this new tax rule change.
- [4] System Optimization Project costs in excess of the \$21 million cap are excluded from 2020 to 2022 additions to Class 8.

**2024 Sample Calculations Pursuant to the 2024 Incentive Toll Settlement  
Schedule 8**

Summary of Non-Routine Adjustments  
(\$000)

**Illustrative ITS Expiry Date:**  
April 1, 2024

Line	Description	Schedule & Line ref.	2023 Approved	2023 Actual Example	2023 Variance	2024 Illustration	2024 Prorated Forecast	2024 Actual Example	2024 Variance
1	<b>Non-Routine Adjustments</b>								
2	Costs for CER mandated regulatory changes (e.g. Pipeline Abandonment) <sup>[B]</sup>		48	48	-	-	-	-	-
3	Costs for CER OPR change (ISLMS) <sup>[B]</sup>		585	585	-	585	145	125	(20)
4	Costs for Depreciation studies <sup>[B]</sup>		-	-	-	-	-	-	-
5	NRA for Edmonton Terminalling Revenues <sup>[B]</sup>	[ Schedule 8.1 ]	(1,500)	(2,700)	(1,200)	(1,500)	(373)	(254)	119
6	Non-Performance Damage Assessment, Demurrage and/or Other Refund <sup>[B]</sup>		-	-	-	-	-	(100)	(100)
7	Alternate Delivery Point Fees <sup>[B]</sup>		-	-	-	-	-	(200)	(200)
8	<b>Total NRAs and NRA Variances to be included in subsequent year's tolls</b>		<u>(867)</u>	<u>(2,067)</u>	<u>(1,200)</u>	<u>(915)</u>	<u>(228)</u>	<u>(429)</u>	<u>(202)</u>
9	<b>Carrying Charges</b>	[ if line 8<0, line 8* rate on Sch 9 ]			(49)				(8)
10	<b>Westridge Dock Bid Premium Refund</b>	[ Schedule 8.2 ]							
11	Refund to reduce Tolls <sup>[B]</sup>		(66,857)	(66,857)	-	(66,857)	(16,623)	(16,623)	-
12	Refund to offset Pipeline Reclamation Surcharge <sup>[B]</sup>		(12,673)	(12,673)	-	(12,673)	(3,151)	(3,151)	-
13	Refund to offset System Optimization Surcharge <sup>[B]</sup>		0	-	-	-	-	-	-
14	<b>Total Refund</b>		<u>(79,530)</u>	<u>(79,530)</u>	<u>-</u>	<u>(79,530)</u>	<u>(19,774)</u>	<u>(19,774)</u>	<u>-</u>

Note(s):

[B] 2024 Actual cost as billed.

**2024 Sample Calculations Pursuant to the 2024 Incentive Toll Settlement  
Schedule 8.1**

Summary of Non-Routine Adjustments  
Calculation of the NRA for the Edmonton Terminalling Revenues  
(\$000)

**Illustrative ITS Expiry Date:**  
April 1, 2024

Line	Description	2023 Approved	2023 Actual Example	2023 Share	2023 Variance	2024 Illustration	2024 Share	2024 Prorated Forecast	2024 Actual Example	2024 Variance
1	<b>A. Revenue Sharing</b>									
2	Revenues collected and available for sharing <sup>[B]</sup>	3,000	5,000		2,000	3,000		746	746	0
3	<b>B. Revenue Returned to Shippers <sup>[1]</sup></b>									
4	\$0 - \$3M (including \$3M) <sup>[B]</sup>	1,500	1,500	50%	-	1,500	50%	373	254	(119)
5	Between \$3M and \$5M (including \$5M) <sup>[B]</sup>	-	1,200	60%	1,200	-	60%			
6	Between \$5M and \$7.5M (including \$7.5M) <sup>[B]</sup>	-	-	70%	-	-	70%			
7	Greater than \$7.5M <sup>[B]</sup>	-	-	75%	-	-	75%			
8	<b>Total Shippers' share</b>	<u>1,500</u>	<u>2,700</u>		<u>1,200</u>	<u>1,500</u>		<u>373</u>	<u>254</u>	<u>(119)</u>
9	<b>C. Refund amount</b>	<u>(1,500)</u>	<u>(2,700)</u>		<u>(1,200)</u>	<u>(1,500)</u>		<u>(373)</u>	<u>(254)</u>	<u>119</u>
10	<b>Impact on Revenue Requirement</b>				<u>(1,200)</u>	<u>(1,500)</u>				<u>119</u>

**Note(s):**

[1] The sharing percentage is determined when the collected revenues are:

- (i) less than or equal to \$3M, Shippers will be refunded with 50% of the revenue.
- (ii) between \$3M and \$5M (including \$5M), Shippers will be refunded with 60% of the revenue.
- (iii) between \$5M and \$7.5M (including \$7.5M), Shippers will be refunded with 70% of the revenue.
- (iv) greater than \$7.5M, Shippers will be refunded with 75% of the revenue.

Share %
50%
60%
70%
75%

[P] 2024 Prorated annual actual cost.



**2024 Sample Calculations Pursuant to the 2024 Incentive Toll Settlement  
Schedule 8.2**

Summary of Non-Routine Adjustments  
Westridge Dock Bid Premium Refunds  
(\$000)

**Illustrative ITS Expiry Date:**  
April 1, 2024

Sheet 1 of 2

Line	Description	2022 Collected	2023 Approved	2023 Actual Example	2024 Illustration (Full Year)	2023 Collected	2024 Actual Example
1	<b>A. Collection:</b>						
2	Remaining Prior Year Collection	0				724	
3	Collection	70,000				40,000	
4	<b>Total Collection as of Dec 31</b>	<u>70,000</u>				<u>40,724</u>	
5	Carrying Charges as of Dec 31	1,400				6,000	
6	<b>Total to be refunded as of next Jan 1</b>	<u><u>71,400</u></u>				<u><u>46,724</u></u>	
7	<b>Q1 Collection</b>		<u>6,690</u>		<u>6,690</u>		<u>6,690</u>
8	<b>Total to be refunded as of Period End (Line 19 + Line 20)</b>				<u><u>53,414</u></u>		<u><u>32,011</u></u>
9	<b>B. Disposition:</b> <sup>[1]</sup>						
10	Refund Amount - Part A - Toll Reduction (Jan - Dec) <sup>[B]</sup>		(66,857)	(66,527)	(66,857)		(16,623)
11	Refund Amount - Part B - Offset to Pipeline Reclamation Surcharge (Jan - Dec) <sup>[B]</sup>		(12,673)	(12,673)	(12,673)		(3,151)
12	Refund Amount - Part C - Offset to System Optimization Surcharge (Jan - Dec) <sup>[B]</sup> <sup>[2]</sup>		-	-	-		-
13	<b>Total Refund</b>		<u><u>(79,530)</u></u>	<u><u>(79,200)</u></u>	<u><u>(79,530)</u></u>		<u><u>(21,944)</u></u>
14	<b>C. Total net balance</b>						
15	<b>Remaining 2022 collection</b>			0		<b>Remaining 2023</b>	24,780
16	Carrying Charges for 2022 collected and accumulated interest			724		2023 Carry Charges	440
17	<b>2023 collection (Q2-Q4)</b>			40,000		<b>Q1 2024 Collection</b>	6,690
18	Carrying Charges for 2023 (Q2 - Q4) collected			6,000		2024 Carry Charges	100
19	<b>Total net balance as of Dec 31, 2023</b>			<u><u>46,724</u></u>		<b>As of Apr 1, 2024</b>	<u><u>32,011</u></u>
20	<b>Q1 2024 Collection</b>				6,690		
21	<b>Total net balance for future refund</b>				<u><u>53,414</u></u>	<b>Remaining Balance</b>	<u><u>32,011</u></u>

[P] 2024 Prorated annual actual cost.

[B] 2024 Actual cost as billed.

**2024 Sample Calculations Pursuant to the 2024 Incentive Toll Settlement  
Schedule 8.2**

Summary of Non-Routine Adjustments  
Westridge Dock Bid Premium Refunds

**Illustrative ITS Expiry Date:**  
April 1, 2024

Sheet 2 of 2

**Note(s):**

[1] For 2023 & 2024, the estimated applicable carrying charges on the outstanding balance of the previous year's Westridge Dock Bid Premiums and the accumulated interest are:

Month	Monthly Rate	Balance Outstanding (Beginning of month)	2023 Example Refunds	Carrying Charges	Balance Outstanding (End of month)	Balance Outstanding (Beginning of month)	2024 Example Refunds	Carrying Charges	Balance Outstanding (End of month)
January	4.45%	71,400	(6,600)	265	65,065	46,724	(7,315)	173	39,583
February	4.45%	65,065	(6,600)	241	58,706	39,583	(7,315)	147	32,415
March	4.45%	58,706	(6,600)	218	52,324	32,415	(7,315)	120	25,221
April	4.45%	59,014	(6,600)	219	52,633				
May	4.45%	52,633	(6,600)	195	46,228				
June	4.45%	46,228	(6,600)	171	39,799				
July	4.45%	39,799	(6,600)	148	33,347				
August	4.45%	33,347	(6,600)	124	26,870				
Sept	4.45%	26,870	(6,600)	100	20,370				
Oct	4.45%	20,370	(6,600)	76	13,846				
November	4.45%	13,846	(6,600)	51	7,297				
December	4.45%	7,297	(6,600)	27	<b>724</b>				
As of Dec 31			<u>(79,200)</u>	<u>1,834</u>			<u>(21,944)</u>	<u>440</u>	
<b>2023 (Q2-Q4) Collected Amount</b>					40,000				
Carrying Charges on 2023 Collected					6,000				
2023 Ending Balance					<u>46,724</u>				
<b>Q1 2024 Collection</b>					<b>6,690</b>				
<b>Opening Balance as of Apr 1, 2024</b>					<b>53,414</b>				

[2] The refund of Westridge Dock Bid Premiums to offset the System Optimization Surcharge was approved by the CER Order TO-002-2021 dated April 29, 2021 and CER Order TO-005-2021 dated November 26, 2021 approved the cancellation of the System Optimization Surcharge and the offsetting Westridge Dock Premium Surcredit.

[B] 2024 Actual cost as billed.

**2024 Sample Calculations Pursuant to the 2024 Incentive Toll Settlement  
Schedule 8.3**

New Business Opportunities: Black Pines/DRA Cost Recovery  
(\$000)

Line	Description	2022 Actual	2023 Approved	2023 Actual	2024 Actual	Total
1	Early In Service Black Pines Pump Station <sup>[1]</sup>	756	600	-	600	1,356
2	Drag Reducing Agent Capital - Kingsvale <sup>[2]</sup>	163	40	-	40	203
3	Drag Reducing Agent Fluid - Kingsvale <sup>[2]</sup>	346	-	-	-	346
4	Total	<u>1,264</u>	<u>640</u>	<u>-</u>	<u>640</u>	<u>1,904</u>

**Note(s):**

- [1] Temporary pipeline interconnection to the Black Pines Pump Station to temporarily relieve a bottleneck in this localized area when heavy crude is being transported. 2022 costs include installation of temporary piping and updating associated SCADA and electrical controls. Estimated 2024 costs include removal of temporary piping. Shippers agreed that costs up to \$1.8 million are to be included in tolls as approved in CER Order TO-001-2023 .
- [2] Commenced January 2023 and until TMEP is in-service, Drag Reducing Agent will be injected into heavy batches to debottleneck Kingsvale to Hope. Costs include \$163K initial installation and monthly DRA fluid costs. Shippers agreed that capital costs up to \$240k are to be included in tolls as approved in CER Order TO-001-2023.

2024 Sample Calculations Pursuant to the 2024 Incentive Toll Settlement  
Schedule 9

Method for Calculation of Carrying Charge Rate <sup>[1]</sup>  
(units as shown)

Line	Month	TD Prime Rate	Days/ Month	Total Days/ Month	2023	2024
					Illustration	Illustration
					Monthly	Monthly
					Rate	Rate
1	January	6.45%	31	31	4.45%	4.45%
2	February	6.45%	28/29	28/29	4.45%	4.45%
3	March	6.45%	31	31	4.45%	4.45%
4	April	6.45%	30	30	4.45%	
5	May	6.45%	31	31	4.45%	
6	June	6.45%	30	30	4.45%	
7	July	6.45%	31	31	4.45%	
8	August	6.45%	31	31	4.45%	
9	September	6.45%	30	30	4.45%	
10	October	6.45%	31	31	4.45%	
11	November	6.45%	30	30	4.45%	
12	December	6.45%	31	31	4.45%	
<b>14</b>	<b>Average rate</b>		<b>365/366</b>		<b>4.11%</b>	<b>4.45%</b>

Note(s):

[1] The Carrying Charge rate is the average of the monthly Trans Mountain overnight bank rate (TD prime minus 2%, or as may be changed from time to time).

Summary of 2023 and 2024 Carrying Charges (\$000)

Description	Schedule & Line ref.	2023 Illustration	2024 Illustration
Capital Cost Recovery Adjustment	[ Schedule 2, Sheet 1, line 28 ]	-	-
Trans Mountain Personnel Adjustments (Shippers' share)	[ Schedule 3, line 13 ]	-	-
Flow Through Cost Adjustment	[ Schedule 4, line 11 ]	-	(34)
Capacity Incentive (Shippers' share)	[ Schedule 5, line 19 ]	(356)	-
Transportation Revenue Adjustment	[ Schedule 6, line 16 ]	(1,257)	-
Income Tax Adjustment	[ Schedule 7, line 13 ]	-	-
NRA Adjustments	[ Schedule 8, line 9 ]	(49)	(8)
<b>Total</b>		<b>(1,662)</b>	<b>(42)</b>

**2024 Sample Calculations Pursuant to the 2024 Incentive Toll Settlement  
Schedule 10 - ITS Reconciliation**

Calculation of Final ITS Reconciliation Amounts  
(\$000)

**Illustrative ITS Expiry Date:**  
April 1, 2024

Line	Description	2023	2023	2023	2024	2024	2024	2024
		Approved	Actual [1] Example	Reconciliation	Illustration <sup>[1]</sup>	Prorated Forecast	Actual [1] Example	Reconciliation
1	<b>A. Revenues for Annual Toll Change</b>							
2	Capital Cost Recovery	118,242	118,242	-	120,021	29,841	29,841	-
3	Income Tax Provision	9,457	9,509	51	9,905	2,463	2,505	42
4	Fixed Costs	79,773	79,773	-	81,732	20,321	20,321	-
5	Flow Through Costs	182,761	207,000	24,239	207,000	51,467	50,650	(817)
6	Flood Cost Deferral	(2,000)	(2,000)	-	(600)	(600)	10,454	11,054
7	Trans Mountain Personnel Adjustment	-	-	-	-	-	-	-
8	Transportation Revenue Adjustment	-	(30,601)	(30,601)	-	-	5,943	5,943
9	Operational Capacity Incentive Adjustment	-	2,886	2,886	-	-	-	-
10	Summary of NRAs and Adjustments	(867)	(2,067)	(1,200)	(915)	(228)	(429)	(202)
11	Black Pines/DRA (NBO Cost Recovery)	640	-	(640)	640	640	640	-
12	<b>Total Revenues</b>	<b>388,007</b>	<b>382,742</b>	<b>(5,265)</b>	<b>417,782</b>	<b>103,905</b>	<b>119,926</b>	<b>16,021</b>
13	Carrying Charges	(214)			(1,662)	(413)		(42)
14	Prior year adjustment	<b>1,612</b>			<b>(5,265)</b>	<b>(5,265)</b>		
15								
16								
17	<b>Final ITS Reconciliation Amounts</b>				<b>Closing Balance <sup>[1]</sup></b>			
18	2023 Reconciliation			Remaining 2023 Adjustment	5,265			
19	2023 Carrying Charges				1,662			
20	2024 Reconciliation			2024 Partial Year Adjustment	(16,021)			
21	2024 Carrying Charges				42			
22	Remaining PLA Balance				1,000			
23	<b>Net Adjustment Amount (NAA)</b>			2023 + 2024 Partial Year + PLA + Carrying Charges	<b>(8,052)</b>			
24	Remaining WDBP Balance at April 1, 2024				<b>32,011</b>			
25	<b>ITS Reconciliation to be added to Variable Tolls</b>				-			
26	<b>Carrying Charges on True-Up to 2025</b>			If net amount is owing to Shippers	-			
27	<b>WDBP Carried forward to Expanded System</b>			Remaining WDBP Balance net of NAA	<b>23,959</b>			

[1] Positive balances are owing from Trans Mountain to Shippers, Negative balances are owing from Shippers to Trans Mountain.

2024 Sample Calculations Pursuant to the 2024 Incentive Toll Settlement  
CER 1

CER Compliance Reporting

Income Statement

(\$000) unless otherwise indicated

(For 12 Months Ended December 31, 2023)

Line	Particulars	CER Accounts	Illustrative Actuals <sup>[2]</sup>	Filed Forecast	Variance Col. (c) - (d)
1	(a)	(b)	(c)	(d)	(c) - (d)
2	<b>Revenues</b>				
3	Transportation Revenue	501	415,270	378,426	36,844
4	Terminalling Revenues	556	5,000	3,000	2,000
5	Prior Year Adjustments	501	1,397	1,397	-
6	Current Year Adjustments	501	(1,662)	-	(1,662)
7	Other Revenue	554	-	-	-
8	Total Revenue <sup>[3]</sup>		<u>420,005</u>	<u>382,823</u>	<u>37,182</u>
9	<b>Operating Expenses</b>				
10	Allocations from TMCi <sup>[1]</sup>	710-01, 720-01, 730-01	77,670	77,670	-
11	Fuel & Power	720-02	63,000	51,656	11,344
12	Other Operating & Maintenance	710, 720, 730	106,736	98,892	7,844
13	Depreciation & Amortization	414, 423	40,015	40,015	-
14	Income Taxes	413	10,697	7,473	3,224
15	Taxes Other than Income	730-16	32,000	32,360	(360)
16	CER Cost Recovery	730	8,000	2,588	5,412
17	Total Operating Expenses		<u>338,119</u>	<u>310,655</u>	<u>27,463</u>
18	<b>Operating Income</b>		81,887	72,168	9,719
19	Less:				
20	Financial Charges deemed at 55% of Rate Base <sup>[4]</sup>	417	32,446	32,416	30
21	Preferred Share Dividends		n/a	n/a	n/a
22	<b>Equity Return</b>		<u>49,440</u>	<u>39,752</u>	<u>9,689</u>
23	<b>Rate of Return on Rate Base</b>		7.63%	6.73%	
24	<b>Rate of Return on Common Equity <sup>[5]</sup></b>		10.24%	8.24%	

Note(s):

[1] Staff costs are allocated to Trans Mountain from Trans Mountain Canada Inc.

[2] Annual Actuals include all amounts as booked Dec. 31 of each year plus required adjustments to reflect amounts as calculated in this filing.

[3] Includes all revenues earned on regulated assets.

[4] Financing Fees averaged 5% for 2023 Actuals.

[5] Rate of Return calculation methodology corrected from previous years' filings.

**2024 Sample Calculations Pursuant to the 2024 Incentive Toll Settlement****CER 2**

CER Compliance Reporting

Average Rate Base

(\$000) unless otherwise indicated

(For 12 Months Ended December 31, 2023)

Line	Particulars	Illustrative Annual Actual
1	(a)	(b)
2	<b>Plant in Service</b>	
3	Net Plant	1,046,017
4	Total Plant	<u>1,046,017</u>
5	<b>Working Capital</b>	
6	Cash	11,530
7	Materials and Supplies	6,677
8	Transmission Line Pack	n/a
9	Prepayments and Deposits	8,379
10	Other (please specify)	-
11	Total Working Capital	<u>26,587</u>
12	<b>Deferrals</b>	
13	Deferred Income Taxes	-
14	Total Deferrals	<u>-</u>
15	<b>Total Average Rate Base</b> <sup>[1]</sup>	<u><u>1,072,604</u></u>

**Note(s):**

[1] The Total Average Rate Base includes all capital spending invested in the rate-regulated assets excluding 1). Capital Cost Incentive (CCI) pursuant to CER Order TO-06-2006; and 2). System Optimization Project costs in excess of \$21 million cap on additions to be rolled into the Rate Base pursuant to CER Order TO-004-2019. The averaging is based on simple half-year average.

## 2024 Sample Calculations Pursuant to the 2024 Incentive Toll Settlement

## CER 3

CER Compliance Reporting

Throughput Details

*Deliveries (m<sup>3</sup> / d)*

(For 12 Months Ended December 31, 2023)

Line	Particulars	Illustrative Actuals	Toll Forecast	Variance Forecast
1	(a)	(b)	(c)	(d)
2	Edmonton Kamloops	1,309	907	402
3	Total Kamloops Deliveries	1,309	907	402
4	Edmonton Sumas	33,171	30,882	2,289
5	Kamloops Sumas	-	-	-
6	Total Sumas Deliveries	33,171	30,882	2,289
7	Edmonton Burnaby	11,872	12,588	(716)
8	Kamloops Burnaby	-	-	0
9	Total Burnaby Deliveries	11,872	12,588	(716)
10	Edmonton Westridge	4,987	5,923	(937)
12	Total Westridge Deliveries	4,987	5,923	(937)
13	<b>Total System (Volumes recorded as delivered)</b>	<b>51,338</b>	<b>50,300</b>	<b>1,038</b>

**Note(s):**

[1] In addition to the annual throughput details provided in this schedule, pursuant to Order MO-036-2017 and CER Filing Manual Guide BB., Trans Mountain submits its traffic data on a quarterly basis in the format required in Guide BB. 2.



**2024 Sample Calculations Pursuant to the 2024 Incentive Toll Settlement****CER 4**

CER Compliance Reporting

Annual Integrity Spending

(\$000)

(For 12 Months Ended December 31, 2023)

**Actual Annual Expenditures**<sup>[1]</sup>**Illustrative Actual**

	(a)	(b)
<b>Operating</b>		
Program Management		4,909
Surveillance, Condition Monitoring and Integrity Hazard Assessment		10,074
Mitigation and Remediation		31,017
Other Expenditures		-
Total Operating		<u>46,000</u>
<b>Capital</b>		
Program Management		-
Surveillance, Condition Monitoring and Integrity Hazard Assessment		-
Mitigation and Remediation		20,042
Other Expenditures		-
Total Capital		<u>20,042</u>

**Note(s):****[1]** Separation into expenditures categories are provided to the extent available.

2024 Sample Calculations Pursuant to the 2024 Incentive Toll Settlement  
CER 5

CER Compliance Reporting  
Firm Service Report  
Pursuant to Board Order RH-2-2011  
(\$000) unless otherwise indicated  
(For 12 Months Ended December 31, 2023)

		LTD														
Line	Description	YE 2022	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	2023 Total	YE 2023
<b>A. Project Spending Details</b>																
2	Edmonton Term Expansion															
	In-service month															
	Jun-14															
3	Build 1 Regulated Tank	34,084	-	-	-	-	-	-	-	-	-	-	-	-	-	34,084
4	FS Funds applied	(34,084)	-	-	-	-	-	-	-	-	-	-	-	-	-	(34,084)
5																
6	Edmonton Meter Bank Expansion	350	67	188	574	621	1,010	412	573	375	846	725	309	417	6,117	6,467
7	FS Funds applied	-	-	(602)	(544)	(635)	(967)	(447)	(551)	(351)	(817)	(692)	(692)	(430)	(6,728)	(6,728)
<b>TM Expansion Project</b>																
9	Development costs	10,686,136	600,216	586,027	695,424	611,128	603,734	762,932	710,751	874,667	827,515	800,923	875,142	719,445	8,667,905	19,354,041
10	Net FS Funds applied	(245,280)	(2,162)	(13,540)	(15,113)	(14,517)	(14,691)	(14,705)	(15,108)	(15,307)	(14,336)	(14,966)	(14,460)	(15,228)	(164,133)	(409,414)
11	Prior month AFUDC / Interest		64,734	76,074	72,342	84,759	86,113	93,170	95,212	103,290	109,258	111,268	120,540	122,537		
12	Net Monthly Balances before Carrying Charges	10,441,206	662,856	648,147	752,682	681,355	675,199	841,361	790,878	962,674	922,467	897,259	980,840	826,741	8,503,161	18,944,367
13	Net Balance before current month AFUDC / Interest		12,269,981	12,918,128	13,670,810	14,352,164	15,027,364	15,868,725	16,659,603	17,622,276	18,544,743	19,442,002	20,422,842	21,249,583		
14	Monthly Carrying Charge Calculation	1,230,721	76,074	72,342	84,759	86,113	93,170	95,212	103,290	109,258	111,268	120,540	122,537	131,747	1,206,310	2,437,031
<b>Closing Net Monthly Balances</b>																
15		11,671,927	12,346,055	12,990,470	13,755,569	14,438,277	15,120,533	15,963,938	16,762,892	17,731,535	18,656,012	19,562,543	20,545,379	21,381,331		21,381,398
<b>B. Firm Service - Special Deposit Account Details</b>																
<b>Step 1: Assign Firm Service Fees to ETE Regulated Tank</b>																
18	Monthly Firm Service Fees received <sup>[1]</sup>	(279,364)	(2,162)	(14,142)	(15,658)	(15,153)	(15,658)	(15,153)	(15,659)	(15,658)	(15,153)	(15,658)	(15,153)	(15,658)	(170,861)	(450,225)
19	Less Spending on	34,084	-	-	-	-	-	-	-	-	-	-	-	-	-	34,084
	ETE - Build 1 Tank															
	MB Expansion	-	67	188	574	621	1,010	412	573	375	846	725	309	417	6,117	6,117
20	Remaining after ETE assignment of FS Funds	(245,280)	(2,094)	(13,954)	(15,084)	(14,532)	(14,647)	(14,741)	(15,086)	(15,283)	(14,307)	(14,933)	(14,843)	(15,241)	(164,744)	(410,025)
<b>Step2: Reconciliation of Special Deposit Account for Firm Service Fees</b>																
21	Cumulative Firm Service Fees available	(279,364)	(281,526)	(295,668)	(311,326)	(326,478)	(342,136)	(357,288)	(372,947)	(388,605)	(403,757)	(419,415)	(434,568)	(450,225)		(450,225)
23	Cumulative Capital Spending (all Eligible Projects)	10,720,220	11,320,503	11,906,718	12,602,716	13,214,464	13,819,208	14,582,553	15,293,877	16,168,918	16,997,279	17,798,928	18,674,380	19,394,242		19,394,242
24	Net Balance w/o AFUDC / Interest	10,440,856	11,038,977	11,611,050	12,291,390	12,887,986	13,477,073	14,225,264	14,920,930	15,780,314	16,593,522	17,379,513	18,239,812	18,944,016		18,944,016
25	Cumulative prior months AFUDC / Interest		1,230,721	1,306,793	1,379,133	1,463,890	1,550,001	1,643,169	1,738,380	1,841,668	1,950,924	2,062,191	2,182,729	2,305,264		
26	Net Balance before current month AFUDC / Interest		12,269,698	12,917,843	13,670,523	14,351,876	15,027,074	15,868,434	16,659,310	17,621,981	18,544,446	19,441,704	20,422,541	21,249,281		
27	Monthly Carrying Charge Calculation	1,230,718	76,072	72,340	84,757	86,111	93,168	95,211	103,288	109,256	111,267	120,539	122,535	131,746		2,437,007
<b>Closing Net Monthly Balances</b>																
28		11,671,574	12,345,770	12,990,183	13,755,281	14,437,988	15,120,242	15,963,644	16,762,597	17,731,238	18,655,713	19,562,242	20,545,077	21,381,026		21,381,024
<b>C. Carrying Costs Details</b>																
30	Bank Interest (negative balances on Line 24)	(10)	-	-	-	-	-	-	-	-	-	-	-	-	-	(10)
31	AFUDC (positive balances on Line 24)	1,230,718	76,072	72,340	84,757	86,111	93,168	95,211	103,288	109,256	111,267	120,539	122,535	131,746	1,206,289	2,437,007
32	Monthly AFUDC / Bank Interest	1,230,709	76,072	72,340	84,757	86,111	93,168	95,211	103,288	109,256	111,267	120,539	122,535	131,746	1,206,289	2,436,998

Note(s):

[1] "Carrying Charges" means AFUDC or Bank Interest for a given month, when applicable.

[2] AFUDC and AFUDC Rates:

To the extent that cumulative Eligible Project spending does not exceed available funds, no AFUDC is charged.

To the extent that cumulative Eligible Project spending exceeds available funds, AFUDC is charged. Such AFUDC is assigned to Eligible Projects based on priority of funds used (i.e. ETE Regulated tank uses funds first (therefore no AFUDC is assigned) and then TMEP development costs).

2023 AFUDC rate	Equity	ROE	9.50%	times	structure	45%	equals	4.28%
	Debt	Rate	5.50%	times	structure	55%	equals	3.03%
	Combined AFUDC rate							7.30%

[3] Bank Interest means the net percentage interest paid by the bank for this account (interest earned net of bank fees) when there are available funds to earn interest.

2023 Monthly rate	4.45%	4.45%	4.45%	4.45%	4.45%	4.45%	4.45%	4.45%	4.45%	4.45%	4.45%	4.45%	4.45%	4.45%	4.45%	4.45%
Days in Month	31	28	31	30	31	30	31	31	30	31	30	31	30	31	365	

[4] The Life To Date balances as of December 31, 2022 include prior year adjustments.

[5] Firm Service Recontracting was approved by the Commission (C16346) and commenced February 1, 2022.

**2024 Sample Calculations Pursuant to the 2024 Incentive Toll Settlement****CER 6**

CER Compliance Reporting

Trans Mountain Expansion Project Bulk Oil Cargo Fee Due from Westridge Shippers

Pursuant to Board Order TO-001-2016

(\$000) unless otherwise indicated

(For 12 Months Ended December 31, 2023)

Line	Description	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Total
1	<b>A. TMEP BOCF Due from Westridge Shippers</b>													
2	Opening Balance	84,856	95,347	95,745	106,282	106,724	107,169	117,754	118,244	118,737	129,370	129,909	130,450	<b>84,856</b>
3	Addition	10,096		10,096			10,096			10,096				<b>40,384</b>
4	Monthly Financing Cost [ line 9 ]	396	397	441	443	445	489	491	493	537	539	541	544	<b>5,754</b>
5	Closing Balance [ line 2 + line 3 + line 4 ]	95,347	95,745	106,282	106,724	107,169	117,754	118,244	118,737	129,370	129,909	130,450	130,994	<b>130,994</b>
6	<b>B. Financing cost details</b>													
7	Balance [ line 2 + line 3 ]	94,952	95,347	105,841	106,282	106,724	117,265	117,754	118,244	128,833	129,370	129,909	130,450	125,240
8	Financing Rate	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	<b>5%</b>
9	Monthly Financing Cost [ line 7 * (line 8 ÷ 12) ]	396	397	441	443	445	489	491	493	537	539	541	544	<b>5,754</b>

**Note(s):**

[1] The TMEP BOCF is published on the Western Canada Marine Response Corporation website ([www.wcmrc.com](http://www.wcmrc.com)), and will no longer be published in the Canada Gazette.

**2024 Sample Calculations Pursuant to the 2024 Incentive Toll Settlement  
CER 7**

**CER Compliance Reporting**

Costs Recovered from Merchant Services at the Edmonton Terminal

Pursuant to Board Order XO-T246-04-2008

(\$000) unless otherwise indicated

(For 12 Months Ended December 31, 2023)

Line	Description	Schedule & Line ref.	2023
1	<b>A. Rate Base</b> <sup>[1]</sup>		
2	Net Rate Base		415,643
3	Equity <sup>[2]</sup>		17,769
4	Debt <sup>[2]</sup>		11,270
5	Depreciation <sup>[3]</sup>		17,200
6	Capital Cost Recovery	[ Sum (Lines 3, 4 & 5) ]	46,239
7	<b>B. Income Tax Provision</b>		
8	<b>C. Operating Expenses</b>		
9	Power		1,440
10	Property Tax		2,094
11	Insurance		3,524
12	O&M		1,869
13	Employee Services		4,933
14	Total Operating Expenses	[ Sum (Lines 9, 10, 11,12 & 13) ]	13,860
15	<b>Total Annual Revenue Requirement for Merchant Services</b>	[ Sum (Lines 6, 7 & 14) ]	<b>60,099</b>

**Note(s):**

[1] The assets included in the Rate Base are Tanks 24, 25, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38 and 39, and ancillary facilities at the Edmonton Terminal.

[2] The financial parameters for calculating the Return on Capital are consistent with the parameters used in the ITS at the time.

For greater clarity, the financial parameters used are:

	2023
Capital Structure (Debt/Equity)	55%/45%
Return on equity	9.50%
Return on debt	5.50%

[3] The depreciation rates applied are consistent with the rates used in Schedule 2 and as approved by the CER Order T0-001-2020.