

TRANS MOUNTAIN PIPELINE (PUGET SOUND) LLC

LOCAL TARIFF

SUBJECT TO THE RULES AND REGULATIONS AS DEFINED HEREIN

THE RATES AND CHARGES NAMED IN THIS TARIFF ARE FOR THE
TRANSPORTATION AND DELIVERY OF PETROLEUM

Filed in compliance with 18 CFR §342.3 (Indexing).

The provisions published herein will, if effective, not result in an effect on the quality of the human environment.

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1 RATES

1.1 Transportation Rate

From:	To:	RATE IN US CENTS PER BARREL
Sumas, Washington	Anacortes and Ferndale, Washington	[I] 53.19

All Rates and Charges are payable in United States currency.

ROUTE: From a point on the International Boundary near Sumas, Washington where the pipeline of Trans Mountain Pipeline (Puget Sound) LLC connects to the facilities of the four connected refineries located near Anacortes and Ferndale, Washington.

1.2 Demurrage Rate

	RATE IN US CENTS PER BARREL
Demurrage Rate	[U] 0.42

The Demurrage Rate will accrue per barrel per 24 hours, or any part thereof pursuant to Item 2.10, Destination Receiving Facilities.

2 RULES AND REGULATIONS

2.1 Definitions

- (a) **"Petroleum"** as herein used means the direct liquid product of oil wells, including stabilized and/or debutanized crude oil and condensate and the indirect unrefined liquid products of oil or gas wells, gas processing plants and oils sands, including stabilized natural gasoline, condensate and liquefied petroleum gases.
- (b) **"Barrel"** means forty-two (42) United States gallons at a temperature of sixty degrees (60) Fahrenheit.
- (c) **"Carrier"** means Trans Mountain Pipeline (Puget Sound) LLC.
- (d) **"Month"** means calendar month.
- (e) **"Tender"** means an offer by a shipper to the Carrier of a stated quantity of Petroleum for transportation from the reception point specified to a specific delivery point or points in accordance with these rules and regulations, such quantity to be made available for transportation within a period of not more than five calendar weeks.

2.2 Duty of Carrier

Subject to any applicable governmental regulations, the Carrier will accept Tenders for trunk line transportation of Petroleum in accordance with the terms of this tariff if satisfactory evidence has been furnished by shipper or consignee that arrangements acceptable to the Carrier have been made to deliver such Petroleum into the Carrier's pipeline system. The Carrier will transport Petroleum with reasonable diligence, considering the quantity of Petroleum being transported by the Carrier, the distance of transportation, the safety of operation and other material factors. The Carrier may refuse to accept Petroleum for transportation unless satisfactory evidence is furnished that the shipper or consignee has provided the necessary facilities for the prompt receiving of said Petroleum at its destination and has complied with all the applicable laws of the U.S.A. and Canada in connection with the shipment. The Carrier's tanks are working tanks only and the Carrier does not furnish storage facilities.

2.3 Specifications as to Quality Received

No Petroleum will be accepted for transportation except good merchantable Petroleum which is readily susceptible of transportation by the Carrier's facilities and no Petroleum will be accepted the quality of which has been seriously impaired through the character of storage in which it has been held, nor will Petroleum be accepted if it contains more than one half of one percent (0.5%) of basic sediment, water and other impurities as determined by test on representative samples taken either from the Carrier's tanks or from the delivery line entering the same. No Petroleum will be accepted unless, in the opinion of the Carrier, its viscosity and other characteristics are such that it will be readily susceptible of transportation through the Carrier's existing facilities as a separate batch or in a commingled batch and will not materially affect the quality of other shipments or cause disadvantage to other shippers and/or the Carrier. Nor will Petroleum be accepted (despite the fact that similar types of Petroleum may previously have been transported by the Carrier) if its gravity or viscosity is such that at rates of throughput then current the transportation of such Petroleum would reduce the total amount of Petroleum which otherwise could be transported through the Carrier's facilities. No Petroleum will be accepted which has a vapour pressure in excess of fifteen (15) pounds Reid at one hundred degrees (100°) Fahrenheit unless it is to be blended promptly with other Petroleum in such proportion that the resultant vapour pressure of the blend does not exceed that permitted by the Carrier's facilities and operating conditions.

2.4 Responsibility for Quality Delivered

Petroleum will be accepted for transportation only on condition that it shall be subject to such changes in gravity, quality or characteristics while in transit as may result from its mixture with other Petroleum in the pipelines or tanks of the Carrier or those of any connecting company. The Carrier will use its best efforts to deliver Petroleum of a grade and gravity equivalent to that accepted from the shipper; however, the Carrier shall be under no obligation to make delivery of the identical Petroleum but may make delivery out of its common stock. Any revaluations deemed appropriate by reason of difference in grade and quality that may occur between receipt and delivery of Petroleum by the Carrier shall be between and for the account of the shippers and consignees. The Carrier shall have no responsibility in or for such revaluations or settlements other than to furnish data on quantities and gravities of the Petroleum so received and delivered.

2.5 Tenders and Notices of Shipment

Tenders for the trunk line transportation of any kind or mixture of Petroleum for which the Carrier has facilities for handling will be accepted under this tariff in total quantities of not less than ten thousand (10,000) Barrels from one shipper consigned to one consignee and destination. Advice as to specific quantities of such Tendered Petroleum to be shipped is required on the Carrier's "Notice of Shipment" form on or before the twenty-fifth day of the Month preceding the Month during which such Petroleum is to be delivered into the Carrier's receiving facilities. Tenders for occasional shipments of less than ten thousand (10,000) Barrels may be accepted under this tariff provided that the entire quantity will be delivered into the Carrier's facilities in a single lot. When more Petroleum is offered by shippers to the Carrier under its tariffs than can be transported currently, the transportation furnished by the Carrier shall be apportioned among all shippers equitably.

2.6 Deliveries

The Carrier will not be obligated to make deliveries in lots of less than ten thousand (10,000) Barrels such to be delivered at the Carrier's trunk line pumping rate.

2.7 Title

No Petroleum will be accepted for transportation the title to which is in litigation or as to which a dispute of title exists or the title to which is encumbered by lien or charge of any kind provided; however, that the Carrier may waive this requirement if satisfactory bond or other surety has been furnished by shipper or consignee.

2.8 Gauging, Testing and Volume Corrections

Prior to its acceptance, Petroleum will be gauged and tested by representatives of the Carrier. At the option of the Carrier the Petroleum may be measured by metering rather than gauging. If tank gauges are used, quantities will be determined from regularly compiled one hundred percent (100%) tank tables. Petroleum of required specification will be received and delivered with volume corrected as to temperature from observed degrees Fahrenheit to sixty degrees (60°) Fahrenheit. From the corrected volume a deduction will be made for the amount of basic sediment, water and other impurities as ascertained by centrifuge or other tests agreed upon and the balance will be the net quantities deliverable. When the Carrier accepts high gravity Petroleum, an adjustment will be made to cover volumetric shrinkage resulting from partial or complete mixing thereof with other Petroleum. Volumetric shrinkage will be computed in accordance with current A.P.I. procedures or by such other method as may be agreed upon.

2.9 Evidence of Receipts and Deliveries

All Petroleum transported by the Carrier is received from the connecting pipeline of Trans Mountain Pipeline LP, managed by its general partner Trans Mountain Pipeline ULC, at a point on the International Boundary near Sumas, Washington. All receipts shall be metered into or gauged in the tanks of Trans Mountain Pipeline LP. Deliveries shall be gauged in the tanks of the consignee. Petroleum received and delivered shall, in each instance, be evidenced by "run-ticket" forms showing either the metered total or opening and closing tank gauges, temperature, basic sediment and water, and any other data essential to the determination of quantity. All necessary measuring and testing may be witnessed and such run tickets shall be jointly signed by representatives of the Carrier and the shipper or consignee or agent, as appropriate, and shall constitute full receipt for the Petroleum received and delivered.

2.10 Destination Receiving Facilities

Upon twenty-four (24) hours' notice by the Carrier, the shipper or consignee shall accept and remove its shipment from delivery facilities of the Carrier. If shipment is not being removed in a reasonable manner after expiration of the twenty-four hours' notice from the Carrier, the demurrage charge in Item 1.2 per Barrel per day or part thereof shall accrue on all Petroleum not removed.

2.11 Payment of Tariff Charges and Lien for Unpaid Charges

The shipper or consignee shall pay all applicable transportation charges, import and export duties, and other lawful charges accruing on Petroleum delivered to and accepted by the Carrier for shipment, and, if required, shall pay or give evidence of payment of the same before delivery at destination. The Carrier shall have a lien on all Petroleum in its possession belonging to the shipper or consignee to secure the payment of any and all unpaid transportation or other lawful charges that are due to the Carrier, that are unpaid by shipper or consignee, and may withhold such Petroleum from delivery until all unpaid charges shall have been paid. If such charges remain unpaid fourteen (14) days after notice and demand therefore, or even in the absence of unpaid charges when there shall be a failure to take Petroleum within fourteen (14) days after the expiration of notice of arrival at destination as provided in Item 2.10, the Carrier shall have the right, through an agent, to sell such Petroleum at public auction, at the office of Trans Mountain (Puget Sound) LLC in Laurel, Washington, on any day not a legal holiday, after three (3) consecutive days' publication of notice of such sale in a daily newspaper of general circulation published in that city, stating the time, place of sale, and the quantity and location of Petroleum to be sold. At such sale the Carrier shall have the right to bid and, if the highest bidder, to become the purchaser. From the proceeds of such sale, the Carrier will pay itself the transportation and all other lawful charges, including reasonable storage charges pending sale and expenses incident to said sale, and the balance remaining, if any, shall be held for whomsoever may be lawfully entitled thereto.

2.12 Liability of Carrier

The Carrier while in possession of any of the Petroleum herein described shall not be liable for any loss thereof, damage thereto or delay caused by fire, storm, flood, epidemics, acts of God, riots, insurrection, rebellion, sabotage, strikes, labour disturbances, shortage of labour or breakdown of transportation or storage facilities, war, or the acts of the Public enemy, or from quarantine, or authority of law or from any order, requisition, interest or necessity of the United States of America or any State thereof, default of the owner, shipper or consignee, or from any cause whatsoever, whether enumerated herein or not, except by its own direct

negligence. In case of the loss of Petroleum from any cause other than the direct negligence of the Carrier, after it has been received for transportation and before the same has been delivered to consignee, the shipper shall bear a loss in such proportion as the amount of his shipment, already delivered to the Carrier, bears to all the Petroleum then in the custody of the Carrier, for delivery via the lines or other facilities in which the loss or damage occurs, and the shipper shall be entitled to have delivered only such portion of his shipment as may remain after deduction of his due proportion of such loss.

2.13 Claims, Suits and Time for Filing

As a condition precedent to recovery, claims for loss, damage, or delay in connection with the shipment of Petroleum Tendered for shipment under the terms of this tariff must be filed in writing with the Carrier within one Month after delivery of the Petroleum, or, in the case of failure to make delivery, then within three Months after a reasonable time for delivery has elapsed; and suites arising out of such claims must be instituted against the Carrier within six Months from the day when notice in writing is given by the Carrier to the claimant that the Carrier has disallowed the claim or any part or parts thereof specified in the notice. In causing Petroleum to be transported under this tariff, the shipper and consignee agree to be bound by provisions of this Item and waive any rights which they or either of them might otherwise have, at common law or otherwise, to make a claim after the expiration of the said period of one Month or the said period of three Months as the case may be or to bring an action after the expiration of the said period of six Months.

2.14 Application of Rates and Charges

Petroleum accepted for transportation shall be subject to the rates and charges in effect on the date of receipt of such Petroleum by the Carrier.

2.15 Diversion and Reconsignment

Diversion or reconsignment may be made without charge if requested in writing by the shipper sufficiently in advance of scheduled delivery at original destination upon condition that no backhaul movement will be made.

2.16 Import of Petroleum

The shipper or consignee of Petroleum destined for import from Canada shall make all necessary arrangements with concerned government authorities. If requested, the Carrier and consignee will permit and assist government representatives to witness the gauging of deliveries from the Carrier's facilities in compliance with Item 2.9 of this tariff.

EXPLANATION OF REFERENCE MARKS:

- [I] Increase
- [U] Unchanged rate
- [W] Change in wording only