

November 9, 2023

**Filed Electronically**

Canada Energy Regulator  
Suite 210, 517 10<sup>th</sup> Avenue NW  
Calgary, AB T2R 0A8

To the attention of: Ms. Ramona Sladic, Secretary of the Commission

Re: Westover Express Pipeline Limited  
Five-year Review of Abandonment Cost Estimate and Set-Aside and Collection Mechanisms  
In the Matter of CER Procedural Direction No. 9 - Process for Part 2 of the Review  
File No. OF-ACEREV-2-2021 01

File reference	ACE SAM-COM Review 2021 File OF-AF-ACEREV-2021 01
Participant making this filing	Westover Express Pipeline Limited
Filing type	SAM-COM filing
Filing ID of SAM-COM to which this filing pertains	C24930
ACE Holder to which the SAM-COM filing pertains	Westover Express Pipeline Limited
Participants upon which this filing was served	None

In response to Procedural Direction No. 9 (C25250) issued by the CER on June 28, 2023, Westover Express Pipeline Limited (WEX) submits this filing as required by Part 2 of the Review, which applies to Group 2 Companies that use a Trust as a Set Aside Mechanism that is not yet fully funded.

The CER has informed WEX that its company specific Abandonment Cost Estimate using the 2021 base case is \$49,821,242 CAD (C24930) and we have based our filing upon that ACE.

The CER issued its Five-Year Review of Abandonment Cost Estimates and Set-Aside and Collection Mechanisms 2021 Report of the Commission of the CER (C24949-3) with section 2.6.2.2 stating certain required information to be provided. Furthermore, Section 4 of Procedural Direction No. 9, required WEX to address:

- An Abandonment Funding Plan – in accordance with the CER Report Section 5.3.2, WEX has attached Tables 1 through 5 relating to our Abandonment Funding Plan, labeled as (2023 WEX Tables).

Table 1 represents historical abandonment and decommissioning costs for the Trust over the past 5 years. Neither WEX nor the Trust has undertaken any abandonment or decommissioning activities within this timeframe.

Table 2 represents anticipated abandonment and decommissioning costs for the Trust over the next 5 years. WEX does not anticipate any such activities over the period from 2024 through 2028.

Table 3 represents our forecast of anticipated cash flows and balances for the abandonment trust fund over the next 5 years beginning with the projected balance at January 1, 2024. Net Trust earnings and

estimated annual contributions are shown separately. Table 5 is included as the continuation of table 3 and schedules out anticipated cash flows and balances through the selected terminal abandonment date at the end of 2054.

Table 4 represents the anticipated expenditures from the Trust for abandonment costs beyond 5 years through the selected terminal abandonment date.

- Our anticipated Terminal Abandonment Date - WEX operates a single crude oil pipeline supplying the main source of crude oil to one refinery customer in the United States. We expect the demand for crude oil transportation through our pipeline to US PADD 1 to remain strong and as such, have set our terminal abandonment date ("TAD") at December 31, 2054 as was allowed as the maximum date according to section 5.1.1 of the CER report.
- A proposed updated collection period - Westover Express Pipeline Limited intends to operate the single pipeline continuously through the TAD as the single significant source of crude oil for our customer. We do not intend to fund any decommissioning or abandonment activities through trust or operating cash throughout the collection period with no staggered abandonment activities anticipated. Therefore, we have set our collection period over the next 31 years.
- We have attached an Illustrative updated annual contribution amount based on the Base Case 2021 ACE established for WEX by the CER.

Should you have comments or questions, please contact the undersigned at (814)-726-7660 or e-mail at [ssmyth@teamwex.net](mailto:ssmyth@teamwex.net).

Sincerely

Steven R. Smyth



VP-Financial Accounting

Westover Express Pipeline Limited

**Table 1** Historical Abandonment and decommissioning Costs

Source of Funds	Trusts					
	2019	2020	2021	2022	2023	Total
Abandonment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Decommissioning	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

**Table 2** Abandonment and Decommissioning Costs forecast

Source of Funds	Trusts					
	2024	2025	2026	2027	2028	Total
<b>Abandonment</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Add rows for each category, e.g. compressor stations, meter stations						
<b>Decommissioning</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Add rows for each category, e.g. compressor stations, meter stations						
Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Abandonment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Decommissioning	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Table 3 & 5	Anticipated Cashflows and annual balances of the Trust																
	2024	2025	2026	2027	2028	Total	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Opening Balance	\$ 7,000,000	\$ 8,856,223	\$ 10,764,421	\$ 12,726,048	\$ 14,742,600	Thru 2027	\$ 16,815,616	\$ 18,946,677	\$ 21,137,407	\$ 23,389,477	\$ 25,704,606	\$ 28,084,558	\$ 30,531,149	\$ 33,046,244	\$ 35,631,763	\$ 38,289,675	\$ 41,022,009
Withdrawals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Contribution Amount	\$ 1,637,301	\$ 1,637,301	\$ 1,637,301	\$ 1,637,301	\$ 1,637,301	\$ 8,186,505	\$ 1,637,301	\$ 1,637,301	\$ 1,637,301	\$ 1,637,301	\$ 1,637,301	\$ 1,637,301	\$ 1,637,301	\$ 1,637,301	\$ 1,637,301	\$ 1,637,301	\$ 1,637,301
Net Trust Earnings	\$ 218,922	\$ 270,896	\$ 324,326	\$ 379,252	\$ 435,715	\$ 1,629,111	\$ 493,759	\$ 553,429	\$ 614,770	\$ 677,828	\$ 742,651	\$ 809,290	\$ 877,794	\$ 948,217	\$ 1,020,612	\$ 1,095,033	\$ 1,171,538
Ending Balance	\$ 8,856,223	\$ 10,764,421	\$ 12,726,048	\$ 14,742,600	\$ 16,815,616		\$ 18,946,677	\$ 21,137,407	\$ 23,389,477	\$ 25,704,606	\$ 28,084,558	\$ 30,531,149	\$ 33,046,244	\$ 35,631,763	\$ 38,289,675	\$ 41,022,009	\$ 43,830,849
	2040	2041	2042	2043	2044		2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	Total
Opening Balance	\$ 43,830,849	\$ 46,718,336	\$ 49,686,672	\$ 52,738,122	\$ 55,875,013		\$ 59,099,737	\$ 62,414,752	\$ 65,822,589	\$ 69,325,844	\$ 72,927,191	\$ 76,629,376	\$ 80,435,222	\$ 84,347,631	\$ 88,369,588	\$ 92,504,159	Post 2028
Withdrawals																	
Annual Contribution Amount	\$ 1,637,301	\$ 1,637,301	\$ 1,637,301	\$ 1,637,301	\$ 1,637,301		\$ 1,637,301	\$ 1,637,301	\$ 1,637,301	\$ 1,637,301	\$ 1,637,301	\$ 1,637,301	\$ 1,637,301	\$ 1,637,301	\$ 1,637,301	\$ 1,637,301	\$ 42,569,826
Net Trust Earnings	\$ 1,250,186	\$ 1,331,036	\$ 1,414,149	\$ 1,499,590	\$ 1,587,423		\$ 1,677,715	\$ 1,770,535	\$ 1,865,955	\$ 1,964,046	\$ 2,064,884	\$ 2,168,545	\$ 2,275,108	\$ 2,384,656	\$ 2,497,271	\$ 2,613,039	\$ 37,369,057
Ending Balance	\$ 46,718,336	\$ 49,686,672	\$ 52,738,122	\$ 55,875,013	\$ 59,099,737		\$ 62,414,752	\$ 65,822,589	\$ 69,325,844	\$ 72,927,191	\$ 76,629,376	\$ 80,435,222	\$ 84,347,631	\$ 88,369,588	\$ 92,504,159	\$ 96,754,499	\$ 96,754,499

Table 4	Abandonment and Decommissioning Costs forecast beyond year 5																
Source of Funds	Trusts																
	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	
Abandonment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Decommissioning	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054							
Abandonment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00							
Decommissioning	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00							
Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00							



## Annual Contribution Amount Calculation Form

Last updated: 15 June 2023

This document was initially introduced as Appendix XVI in the MH-001-2013 Reasons for Decision ([A60676](#)) and is updated over time, as required.

Westover Express Pipeline Limited			
Computation of Annual Contribution Amount		Effective January 1, 2024	
Line #	Particulars	Values	Formula / Notes
Step 1: Provide latest Abandonment Cost Estimate			
Line 1	Abandonment Cost Estimate in base year	\$ 49,821,242	In Canadian dollars of the base year (e.g. \$500,000 in 2023 Canadian dollars). Provide reference to the regulatory instrument approving the Abandonment Cost Estimate
Step 2: Convert Abandonment Cost Estimate to future value (i.e. cost estimated in future year dollars)			
Line 2	Inflation rate	2.00%	Base Case inflation rate
Line 3	Years remaining in Collection Period	31	Provide reference to the regulatory instrument approving the Collection Period
Line 4	Years since the base year used in Line 1	2	Previous ACE estimate is 2021 base
Line 5	Total years between base year in Line 1 and end of Collection Period	33	= Line 3 + Line 4
Line 6	Future value of Abandonment Cost Estimate at end of Collection Period	\$ 95,767,956	= Line 1 * (1 + Line 2) <sup>Line 5</sup>
Step 3: Calculate company-specific after-tax rate of return on funds collected			
Line 7	Pre-tax nominal rate of return on funds collected	4.20%	In per cent of invested funds, before taxes, fees and expenses
Line 8	Adjustment for variable trustee expenses and investment management fees	0.40%	In per cent of invested funds, for expenses and fees incurred as a percentage of invested funds
Line 9	Pre-tax return on funds collected, net of variable trustee expenses and investment management fees	3.80%	= Line 7 – Line 8
Line 10	Company-specific tax rate on investment income	26%	
Line 11	After tax return on invested funds	2.8%	= Line 9 * (1 - Line 10)
Step 4: Calculate the remaining Abandonment Cost Estimate to be collected			

Line 12	Opening trust balance (forecast or actual)	\$ 7,000,000	As of 1 January of the year of the effective date for the computed Annual Contribution Amount
Line 13	Future value of opening trust balance at end of Collection Period	\$ 16,536,975	= Line 12 * (1 + Line 11) <sup>Line 3</sup>
Line 14	Remaining balance of the future value of Abandonment Cost Estimate to be funded	\$ 79,230,981	= Line 6 - Line 13
Step 5: Compute Annual Contribution Amount			
Line 15	Annual Contribution Amount, before fixed trustee expense adjustment	\$ 1,635,301	= (Line 14 * Line 11) / [(1 + Line 11) <sup>Line 3</sup> - 1]
Line 16	Adjustment for fixed trustee expenses	\$ 2,000	In dollars per year, for those expenses incurred in dollars annually
Line 17	Annual Contribution Amount to Trust	\$ 1,637,301	= Line 15 + Line 16 * (1 - Line 10)

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