
TERASEN PIPELINES (TRANS MOUNTAIN) INC. REFINED PETROLEUM TARIFF

SUBJECT TO THE RULES AND REGULATIONS PROVIDED HEREIN
THE RATES AND CHARGES FOR TRANSPORTATION
AND DELIVERY SHALL BE FOR THE FOLLOWING:

DESCRIPTION	FROM	TO	TOLL \$/m ³
Refined petroleum normally received by direct injection	Edmonton	Kamloops	7.648
	Edmonton	Burnaby	10.095
Refined petroleum normally received in carrier's tankage	Edmonton	Kamloops	7.756
Refined and partially refined petroleum, MTBE and Alkylate normally received in carrier's tankage	Edmonton	Burnaby	10.202
Commingle normally reinjected at Kamloops	Kamloops	Burnaby	4.357

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Issued by:

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RULES AND REGULATIONS

1. DEFINITIONS AS USED IN THESE RULES AND REGULATIONS

- (a) “ASTM” means American Society for Testing and Materials.
- (b) “API” means American Petroleum Institute.
- (c) “batch” means a quantity of refined petroleum, or MTBE or Alkylate composed of one or more lots, tendered for transportation through carrier’s pipeline as a single uninterrupted shipment.
- (d) “carrier” means Terasen Pipelines (Trans Mountain) Inc.
- (e) “commingling” means the intentional mixing of any lots of refined petroleum, prior to the delivery of such refined petroleum to shipper or consignee.
- (f) “Force Majeure” means an event which is unforeseen and beyond the control of the shipper that either prevents the shipper from delivering the affected volume to carrier or prevents the shipper from accepting delivery of the affected volume from carrier. The following are the only instances that will be recognized as Force Majeure events: earthquakes; floods; landslides; civil disturbances; sabotage; the acts of public enemies; war; blockades; insurrections; riots; epidemics; the act of any government or other authority or statutory undertaking; the inability to obtain or the curtailment of electric power, water or fuel; strikes, lockouts or other labour disruptions; fires; explosions; breakdowns or failures of pipe, plant, machinery or equipment; and contamination or poisoning of catalyst and/or solvent or biological treatment facilities. For greater certainty, a lack of funds; the availability of a more attractive market; shipper’s inability to purchase crude petroleum; or inefficiencies in operations do not constitute events of Force Majeure. Furthermore, with regard to movements over the Westridge marine loading wharf at Burnaby (“Westridge Dock”), the failure of a shipper to obtain a vessel or failure of a vessel to meet dock loading standards will not be considered Force Majeure.
- (g) “kPa” means kilopascal.
- (h) “lot” means a quantity of refined petroleum, partially refined petroleum, or MTBE of the same type and grade.
- (i) “m³” means cubic metre at 15°C.
- (j) “month” means calendar month.
- (k) “nomination” means an offer by a shipper to carrier of a stated quantity of refined petroleum for transportation from Edmonton to the delivery point applicable to that movement, such quantity to be made available for transportation, on a date or dates specified by carrier, within a period of four calendar weeks not later than the last day of the month following the nomination closing date.
- (l) “Non-Performance Penalty” means the charge and cost referred to in Rule 20.
- (m) “petroleum” 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 oil sands, including stabilized natural gasoline, condensate and liquefied petroleum gases.
- (n) “refined petroleum” means;
 - (1) motor gasoline, diesel fuel, and other distillate products;
 - (2) any product resulting from the partial or incomplete refining of petroleum, but not including synthetic crude oil;
 - (3) methyl tertiary butyl ether (MTBE); or
 - (4) an alkylate material replacing volumes or MTBE formerly transported through carrier’s pipeline.

2. DUTY OF CARRIER

Subject to all applicable laws and regulations, carrier will accept tenders for trunk line transportation of refined petroleum in accordance with the terms of this tariff if arrangements acceptable to carrier have been made to deliver such refined petroleum into carrier's pipeline system. Carrier will transport refined petroleum, with reasonable diligence, considering the quantities of petroleum being transported by carrier, the distance of transportation, the safety of operation and other material factors. Carrier may refuse to accept refined petroleum for transportation unless shipper has satisfied carrier that the necessary facilities are available for the prompt receipt of said refined petroleum, at its destination.

3. SPECIFICATIONS AS TO QUALITY RECEIVED

No refined petroleum will be accepted unless, in the opinion of carrier, its viscosity and other characteristics are such that it will be readily transportable through 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 carrier or to other shippers under this tariff or carrier's Petroleum Tariff. No refined petroleum will be accepted which has a vapour pressure in excess of 104 kPa (absolute) at 38°C. No refined petroleum will be accepted which is darker than colour number 3 as specified in ASTM 1500 (latest revision) except motor gasolines to which artificial colouring has been added; which has kinematic viscosity greater than 4.3 mm²/s at 37.8°C, or which contains impurities or has characteristics that prevent it from being transported without materially affecting carrier's facilities or the quality of other shipments under this tariff or carrier's Petroleum Tariff. If requested by carrier, shipper shall provide a corrosion inhibitor compound in refined petroleum of a type and amount that is satisfactory to carrier.

4. ROUTING

(a) Refined Petroleum

Carrier receives refined petroleum at Edmonton for immediate shipment by direct injection into the pipeline or for accumulation in tankage for subsequent shipment. Shipments destined for Kamloops are delivered into facilities of Imperial Oil Limited or Petro-Canada Inc., as applicable. Shipments destined for Shell Canada Limited, Burnaby, or Petro-Canada Inc., Port Moody are made via carrier's delivery lines without first entering carrier's Burnaby tankage.

For refined petroleum destined for direct injection into the pipeline, shippers will be required to make deliveries at carrier's then current full trunk line pumping rate. All deliveries of refined petroleum at Kamloops, Burnaby and Port Moody will be made by carrier at the then current full trunk line pumping rate.

(b) MTBE or Alkylate

MTBE or Alkylate is accumulated in one of carrier's Edmonton tanks allocated to that service for subsequent transportation through the pipeline into carrier's tankage in Burnaby for subsequent delivery through connected delivery line of Chevron Canada Limited.

5. RESPONSIBILITY FOR QUALITY DELIVERED

Refined petroleum will be accepted for transportation only on condition that it shall be subject to such changes in density, quality or characteristics while in transit as may result from normal pipeline transportation using carrier's then existing facilities. Carrier will use reasonable diligence to transport refined petroleum to the destination with a minimum amount of contamination. However, carrier shall be under no obligation to make delivery of the identical refined petroleum received and shall not be liable for any variations in quality or consequential loss or damages as a result thereof while such refined petroleum is in carrier's custody. Any revaluations deemed appropriate by reason of difference in grade and quality that may occur between receipt and delivery by carrier of refined petroleum shall be between and for the account of the shippers concerned. Carrier shall have no responsibility in or for such revaluations or settlements other than to furnish data on quantities and densities of the refined petroleum so received and delivered. Each shipper must accept its proportionate share of the interface or commingled mixtures associated with a batch.

6. BUFFERS

Shippers shall arrange for the supply of buffer material acceptable to carrier for segregation of refined petroleum. The buffer and any refined petroleum intermixed therewith will be transported by carrier in accordance with the provisions of carrier's Petroleum Tariff. In the absence of specific instructions from shipper, carrier will use its discretion in making cuts between refined petroleum and buffer material.

7. COMMINGLING OF LOTS OR BATCHES

Carrier will not commingle lots or batches of refined petroleum unless agreed to by the shippers concerned.

8. NOMINATIONS AND MINIMUM VOLUMES

Shippers desiring to nominate petroleum for transportation shall make such nomination to carrier by submitting, on carrier's prescribed Notice of Shipment form, a separate nomination for each calendar month no later than 0700 Mountain Standard Time or Mountain Daylight time (~) on the dates set out below (*with exception noted):

For Receipt by Carrier	Nomination Date
January 2005	Wednesday, December 17, 2004
February 2005	Tuesday, January 19, 2005
March 2005	Thursday, February 18, 2005
April 2005	Thursday, March 18, 2005
May 2005	Tuesday, April 20, 2005~
June 2005	Wednesday, May 18, 2005~
July 2005	Monday, June 20, 2005~
August 2005	Tuesday, July 20, 2005~
September 2005	Thursday, August 19, 2005~
October 2005	Monday, September 20, 2005~
November 2005	Tuesday, October 19, 2005~
December 2005	Friday, November 18, 2005
January 2006	Friday, December 19, 2005

If space is available and operating conditions permit, carrier may, at its discretion, accept nominations or revised nominations after that date. A nomination will be accepted by carrier, subject to the provisions of Rule 9, provided one of the following conditions is met:

- i) the refined petroleum will be delivered into carrier's facilities in lots of not less than 3,500 m³ for transportation as a single batch of not less than 16,000 m³ for delivery to one consignee and destination; or
- ii) the refined petroleum will be delivered into carrier's facilities in one lot of not less than 8,000 m³ for transportation as a single batch for delivery to one consignee and destination.

9. ALLOCATION OF PIPELINE CAPACITY

For purposes of this section, "priority destination" means a refinery, marketing terminal or other facility connected to and capable of receiving deliveries from facilities of carrier or those of carrier's United States subsidiary, Terasen Pipelines (Puget Sound) Corporation, and so designated by the National Energy Board by reason that it is not capable of being supplied economically from alternative sources.

When the combined volume of petroleum and refined petroleum nominated to carrier is more than can be transported currently, carrier will allocate pipeline capacity in accordance with the following priorities and procedures:

- First Priority
 - deliveries to priority destinations
- Second Priority
 - deliveries to other destinations.

Any allocation required within either priority will be made as follows:

- (a) as soon as is practical following the date specified for receipt of nominations as set out in Rule 8, carrier will determine the hydraulic capacity of the carrier's pipeline system available for the transportation of petroleum and refined petroleum in the following month. The determination of hydraulic capacity will take account of the proportion of heavy petroleum nominations to total nominations for the month
- (b) the hydraulic capacity determined in accordance with Paragraph (a) of this Rule 9 will be allocated among the following categories of destinations:
 - i. capacity available for deliveries to the Westridge Dock (such destination the "Westridge Dock" and such capacity the "Westridge Dock Capacity");
 - ii. capacity available for deliveries to Burnaby or Kamloops (such destinations the "Domestic Destinations" and such capacity the "Domestic Capacity") and
 - iii. capacity available for deliveries to export markets in Washington State via the connected facilities of Terasen Pipelines (Puget Sound) Corporation (such destinations the "Export Destinations" and such capacity the "Export Capacity").

The Westridge Dock Capacity will be established as being 3,600 m³/day, subject to adjustment as provided in Paragraphs (d) and (e) of this Rule 9. The remainder of the hydraulic capacity as determined by carrier will be allocated 56.6% to Domestic Capacity and 43.4% to Export Capacity.

- (c) the hydraulic capacity will then be adjusted to take account of the operational characteristics of the pipeline system, such as scheduled or anticipated interruptions of service, carry-over of volumes initially scheduled for the prior month. Adjustments to the hydraulic capacity will be made pro rata to each of the designated Capacity categories.
- (d) if nominations for delivery to the Westridge Dock exceed the Westridge Dock Capacity, nominations for delivery to the Westridge Dock will be apportioned by allocating ship loadings as follows:

the carrier will allocate ship loadings on the basis agreed to by shippers concerned, and in the event carrier is unable to obtain such agreement, carrier will allocate ship loadings by drawing lots. The allocation of ship loadings by either of the foregoing methods will be considered "apportionment" for the purposes of Rules 19 and 20.
- (e) if, following any such apportionment, the Westridge Dock Capacity exceeds the nominations for delivery to the Westridge Dock, whether or not the apportionment procedures referred to in Paragraph (c) of this Rule 9 have been used, such excess capacity will, if necessary, be transferred to the Domestic Capacity and to the Export Capacity in proportion to the nominations received for each Destination for the month.
- (f) if nominations for delivery to the Domestic Destinations exceed the Domestic Capacity, nominations for delivery to Domestic Destinations will be apportioned by reducing the requested volumes rateably within all nominations to Domestic Destinations only.
- (g) if the Domestic Capacity, as adjusted in accordance with the provisions of this tariff, exceeds nominations for delivery to the Domestic Destinations such excess capacity will, if necessary, be added first to the Export Capacity and if the Export Capacity then exceeds nominations to Export Destinations, to the Westridge Dock Capacity.
- (h) if nominations for delivery to the Export Destinations exceed the Export Capacity as adjusted in accordance with these provisions, nominations for delivery to Export Destinations will be apportioned by reducing the requested volumes rateably within all nominations to the Export Destinations.
- (i) if the Export Capacity, as adjusted in accordance with the provisions of this tariff, exceeds nominations for delivery to the Export Destinations such as excess capacity will, if necessary, be added first to the Domestic Capacity and if the Domestic Capacity then exceeds nominations to Domestic Destinations, to the Westridge Dock Capacity.

- (j) during an event of Force Majeure, a shipper may reallocate its nominations between the Westridge Dock, Domestic and Export Destinations, provided that any such reallocation does not materially adversely affect the nominations of any other shipper; and
- (k) other than as set out in Paragraph (i) of this Rule 9 or in the case of minimal adjustments for operational reasons, at any time while the provisions of this Rule 9 require that volumes be apportioned, no volumes may be reallocated among the Westridge Dock and Domestic or Export Destinations.
- (l) in the case of an event of Force Majeure affecting carrier's pipeline system, any resulting reduction in pipeline capacity will be allocated pro rata to each of the designated Capacity categories.

10. DELIVERIES

Carrier will not be obligated to make deliveries in lots of less than 8,000 m³ exclusive of head end and tail end buffers.

11. TITLE

No refined 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, carrier may waive this requirement if satisfactory bond or other surety has been furnished by shipper or consignee.

12. GAUGING, TESTING AND VOLUME CORRECTIONS

Prior to its acceptance for transportation and on delivery at destination, carrier will test refined petroleum and measure its volume. Shipper may witness such testing and measuring. Volumes will be determined by metering or gauging, as decided by carrier, corrected as to temperature to 15°C. If tank gauges are used, quantities will be determined from regularly compiled 100% tank tables. 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 selected by carrier. Where there are density variations within a shipment of refined petroleum and/or where the density of the buffers differs from that of the refined petroleum a further adjustment will be made to cover volumetric shrinkage in accordance with current API procedures or by such other method as may be agreed upon. The net quantities so determined shall be the quantities deliverable by carrier.

13. EVIDENCE OF RECEIPTS AND DELIVERIES

Refined petroleum received and delivered shall, in each instance, be evidenced by tickets 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. Tickets shall be jointly signed by carrier and shipper or consignee or agent, as appropriate, and shall constitute full receipt for the refined petroleum received or delivered.

14. DEMURRAGE

This Rule 14 applies to refined petroleum which has been diverted into carrier's destination tankage at shipper's request or which was so diverted by carrier as a result of the failure of shipper to take delivery in accordance with Rule 4. Upon 24 hours' notice by carrier, shipper or consignee shall accept and remove its shipment. If shipment is not being removed in a reasonable manner after expiration of the 24 hours, a demurrage charge of \$0.025/ m³/day or part thereof shall accrue on all refined petroleum not removed.

15. PAYMENT OF TARIFF CHARGES AND LIEN FOR UNPAID CHARGES

Shipper shall pay all applicable transportation charges and other lawful charges accruing on refined petroleum delivered to and accepted by carrier for shipment, and, if required, shall pay the same before delivery at destination. Charges remaining unpaid 14 days after notice and demand therefore shall bear interest, payable to carrier, at a rate two percent greater than the rate established by the Canadian Imperial Bank of Commerce as its prime rate in effect from time to time. Carrier shall have a lien on all refined petroleum in its possession to secure the payment of any and all unpaid transportation or other lawful charges, including interest as aforesaid that are due to carrier and may

withhold such refined petroleum from delivery until such charges have been paid. If such charges remain unpaid 14 days after notice and demand therefore, or even in the absence of unpaid charges when there shall be a failure to take refined petroleum within 14 days after the expiration of notice given by carrier pursuant to Rule 14, carrier shall have the right, directly or through an agent, to sell, such refined petroleum by public auction, at carrier's office in Calgary, Alberta, on any day not a legal holiday, after 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 the refined petroleum to be sold. At such sale carrier shall have the right to bid, and, if the highest bidder, to become the purchaser. From the proceeds of such sale carrier will pay itself the transportation and all other lawful charges, including reasonable storage charges pending the sale and expenses incident to the sale, and the balance remaining, if any, shall be held for whomsoever may be lawfully entitled thereto.

16. LIABILITY OF CARRIER

Carrier while in possession of any of the refined petroleum herein described shall not be liable for any loss thereof, damage thereto or delay caused by fire, storm, flood, earthquake, epidemics, acts of God, riots, insurrection, rebellion, sabotage, strikes, labour disturbances, shortage of labour or breakdown of transportation or storage facilities, war, or acts of the Queen's enemies, or from quarantine, or authority of law or from any order requisition, interest or necessity of the Government of Canada or any Province 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 refined petroleum from any cause other than the direct negligence of carrier, shipper shall bear a loss in such proportion as the amount of its shipment, already delivered to carrier, bears to all the petroleum and refined petroleum then in the custody of carrier, and shipper shall be entitled to have delivered only such portion of its shipment as may remain after deduction of its due proportion of such loss.

17. CLAIMS, SUITS, AND TIME FOR FILING

As a condition precedent to recovery, claims for loss, damage, or delay in connection with the shipment of refined petroleum tendered for shipment under the terms of this tariff must be filed in writing with carrier within one month after delivery of the refined petroleum or, in the case of failure to make delivery, then within three months after a reasonable time for delivery has elapsed; and suits arising out of such claims must be instituted against carrier within six months from the day when notice in writing is given by carrier that it has disallowed the claim or any part or parts thereof specified in the notice. In causing refined petroleum to be transported under this tariff, shipper agrees to be bound by the provisions of this Rule 17 and waive any rights which it might 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.

18. APPLICATION OF RATES AND CHARGES

Refined petroleum accepted for transportation shall be subject to the rates and charges in effect on the date of delivery at destination by carrier, irrespective of the date of nomination or tender. Such rates and charges will be assessed only on the net quantities delivered by carrier.

19. DIVERSION AND RECONSIGNMENT

Diversion or reconsignment may be made without charge if requested in writing by shipper sufficiently in advance of scheduled delivery at original destination, subject to the rates and charges, rules and regulations applicable from original receipt point to final delivery point, upon condition that no backhaul movement will be made, provided that if volumes are subject to apportionment pursuant to Rule 9, such diversions or reconsignments may only be made within volumes allocated to Domestic Destinations, within volumes allocated to Export Destinations, or within volumes allocated to the Westridge Dock.

20. NON-PERFORMANCE

- (a) A Non-Performance Penalty of \$17.00 per cubic metre will be charged in accordance with the provisions outlined below, Paragraphs (b) through (f) of this Rule 20.
- (b) In months in which volumes nominated to Domestic Destinations or Export Destinations are subject to apportionment under Rule 9, all nominations to Domestic Destinations or Export Destinations shall have the Non-Performance Penalty applied to that portion of shortfall in receipts by a shipper that exceeds five

(5) percent of that shipper's apportioned volume. However, the Non-Performance Penalty will not be applied to that portion of shortfalls caused by Force Majeure events or carrier imposed restrictions on feeder pipeline deliveries into the carrier.

- (c) In months in which volumes nominated to Domestic Destinations or Export Destinations are subject to apportionment under Rule 9, or in which volumes nominated to the Westridge Dock are subject to apportionment under Rule 9, all nominations to the Westridge Dock shall have the Non-Performance Penalty applied to that portion of shortfall in receipts by a shipper that exceeds five (5) percent of that shipper's apportioned volume. However, the Non-Performance Penalty will not be applied to that portion of shortfalls caused by Force Majeure events or carrier imposed restrictions on feeder pipeline deliveries into the carrier.
 - (d) The shipper shall provide the carrier with written notice of the Force Majeure event within four (4) business days of the event. Such notice shall state the nature of the event, the estimated duration of the event, and the volume affected. The shipper shall use reasonable due diligence to remedy the Force Majeure event as quickly and safely as reasonably practicable and shall keep carrier informed as to the progress in the efforts to remedy the event; provided the shipper shall not be required to settle strikes, lockouts or other labour disruptions contrary to its wishes.
 - (e) At any time up to thirty (30) calendar days following the receipt of the notice referred to in Paragraph (d) of this Rule 20, the carrier will issue written notice to the shipper informing the shipper in the event the carrier disputes all or a portion of the shipper's claim of Force Majeure. The carrier shall invoice the shipper for the amount of the Non-Performance Penalty calculated in accordance with this Rule 20 and the shipper shall be obligated to make payment of the invoiced amount.
 - (f) The carrier shall publish, on at least a monthly basis, a summary of all Force Majeure notices issued pursuant to Paragraphs (d) and (e) of this Rule 20, which shall contain only the name of the shipper claiming Force Majeure, volume affected, the amount of the Non-Performance Penalty disputed and/or undisputed, and the status of all disputed claims.
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