

Attachment 3

Determination of the Fixed Toll Component for the Interim Tolls

ATTACHMENT 3

DETERMINATION OF THE FIXED TOLL COMPONENT FOR THE INTERIM TOLLS

1. As described in Section IV.A of the Application, the Fixed Toll component of the Interim Commencement Date Tolls is based on Trans Mountain’s latest cost estimate for the Expansion Project which is currently estimated at \$30.9 billion.^{1,2}
2. The interim Fixed Toll component for volumes received at Edmonton and delivered at Burnaby under the 15-year contract with less than 75 kbpd of volume commitment is referred to as the “Interim Base Fixed Toll”. The Interim Base Fixed Toll will be adjusted in accordance with the Toll Methodology including for distance to derive the Fixed Toll component for other transportation service on the Expanded System.
3. The Interim Base Fixed Toll is comprised of two components: the “Capped Costs” and the “Uncapped Costs”.
4. As shown in the following Table 3-1, the Capped Cost component for the Interim Base Fixed Toll is \$4.40/bbl (\$27.68/m³), and the Uncapped Cost component for the Interim Base Fixed Toll is \$6.48/bbl (\$40.76/m³).³ Table 3-1 below shows the total toll for the Interim Base Fixed Toll of \$10.88/bbl (\$68.43/m³):⁴

Table 3-1: Interim Base Fixed Toll

Interim Base Fixed Toll (Edmonton to Burnaby - 15-year term, <75kbpd volume commitment)			
	Capped Cost Component (C\$/bbl)	Uncapped Cost Component (C\$/bbl)	Total Fixed Toll (C\$/bbl)
2013 Initial Estimate	\$3.42	\$0.91	\$4.33
2017 CPCN	\$4.40	\$1.36	\$5.76
Interim Commencement Date (est.)	\$4.40	\$6.48	\$10.88

5. Following the determination of the Interim Base Fixed Toll (i.e. the Fixed Cost component for the 15-year commitment of less than 75 kbpd), Trans Mountain adjusted this component of the toll in accordance with the methodology approved by the NEB in the

¹ All estimates herein are preliminary and subject to change. As with all projects of this size, risks to the final costs and schedule will remain as work continues to complete the Expansion Project. The current cost estimate does not include reserves for extraordinary risks that can impact projects of this nature.

² Trans Mountain News Release, March 10, 2023. *Trans Mountain Corporation Provides Update on the Expansion Project.* <https://www.transmountain.com/news/2023/trans-mountain-corporation-provides-update-on-the-expansion-project>.

³ All references herein to dollar amounts are to lawful currency of Canada. All cost estimates and tolls in this Application are based on a Commencement Date of January 1, 2024. If the Commencement Date is different from January 1, 2024, any resulting differences in costs or tolls will be adjusted in the latter part of 2024 or early 2025. The tolls in the Toll Schedule are shown to four decimal places. For purposes of the Application, Trans Mountain is showing tolls rounded to two decimal places.

⁴ See also, Toll Calculation Schedules (Attachment 2) Schedule 4.

RH-001-2012 Decision⁵ to derive the Fixed Toll component for all Interim Firm Service Tolls and Interim Uncommitted Tolls shown in Section I of the Toll Schedules (Attachment 1) and Schedule 2 of the Toll Calculation Schedules (Attachment 2). This methodology is summarized in Table 1 of the Application, and is reproduced below in Table 3-2:

Table 3-2: Base Fixed Toll, Premiums and Discounts

Edmonton to Burnaby Movements			
Contract Term	Volume Commitment		
	Uncommitted	Less than 75 KBPD	75 KBPD or greater
No Contract	Base +10%		
15-Year Contract		Base Fixed Toll (Base)	Base -7.5%
20-Year Contract		Base -10%	Base -16.75%

Note: Discount for "20-year Contract, Greater than or equal to 75 kbpd" is calculated as: $1 - (0.9 \times 0.925) = 0.1675$, or 16.75%.

6. Based on the total Fixed Toll component of \$10.88/bbl (\$68.43/m³) for the Interim Base Fixed Toll, Table 3-3 below provides the Fixed Toll components for other Interim Tolls that have term and volume commitments, or delivery points, that differ from the term, volume commitment, and/or Burnaby delivery point associated with the Interim Base Fixed Toll:

Table 3-3: Interim Base Fixed Toll and the Fixed Toll Component

Interim Total Fixed Toll					
Term Commitment	Uncommitted	15 year	15 year	20 year	20 year
Volume Commitment	N/A	<75kbpd	≥75kbpd	<75kbpd	≥75kbpd
Edmonton to...	C\$/bbl	C\$/bbl	C\$/bbl	C\$/bbl	C\$/bbl
Kamloops	\$8.54	\$7.76	\$7.18	\$6.99	\$6.46
Sumas	\$11.42	\$10.39	\$9.61	\$9.35	\$8.65
Burnaby	\$11.97	\$10.88	\$10.07	\$9.80	\$9.06
Westridge	\$12.61	\$11.46	\$10.60	\$10.32	\$9.54

7. A schedule of all applied for Interim Firm Service Tolls and Interim Uncommitted Tolls in \$/m³ is provided in Section I of the Toll Schedule (Attachment 1) and Schedules 2 and 4 of the Toll Calculation Schedules (Attachment 2). Details regarding the derivation of each of the Fixed Toll components in \$/m³, adjusting for the discounts and premiums reflected in the NEB-approved Toll Methodology and for distance, is provided in Schedule 4 of the Toll Calculation Schedules (Attachment 2).

⁵ Filing ID [A51913](#).

8. In the following sections, Trans Mountain describes the determination of the Capped Cost component and the Uncapped Cost component of the Interim Base Fixed Toll.

A. Capped Costs and Uncapped Costs Components

9. The Capped Cost category and the Uncapped Cost category were initially described in the Schedules to the FSA and TSA and were further refined through the TMEP Shipper audit of the CPCN Cost Estimate in 2017.

10. All Expansion Project costs have been assigned to a cost category at the project account level.

11. Throughout the development and construction of the Expansion Project, project account level cost category assignments were maintained. New project accounts were established when specific uncapped cost items were identified.

12. To categorize costs as “capped” or “uncapped”, Trans Mountain conducted internal reviews, including reviews of relevant commercial agreements, regulatory records, the historical CPCN Cost Estimate audit, shipper communications, and other applicable documents and records.

13. In some cases, centralized cost categories were used for cost control purposes (such as cost tracking and reporting) and to facilitate centralized oversight. For example, centralized cost categories were maintained for costs related to construction; environment; and health and safety inspection activities.

14. When centralized costs can be directly attributed/linked to a pipeline construction spread or work area, specific identification is used as the first method of allocation of centrally managed costs. An example of this would be the identification of an environmental inspector deployed to Spread 5B.

15. Where specific identification of costs was not possible, centralized project accounts were reviewed for applicable cost categorization and preliminary allocation methods were selected. Cost drivers, based on Trans Mountain’s understanding of the costs and the nature of the costs to be allocated, were used to provide a preliminary allocation of costs. For example, costs related to utility vehicle rentals used to access multiple pipeline spreads were allocated based on the number of kilometers of pipeline in each spread.

16. As the Expansion Project reaches completion and centralized costs are finalized, the method of allocation and the associated cost drivers, if applicable, will continue to be reviewed and may be further refined or adjusted.

B. Capped Cost Component of the Interim Base Fixed Toll⁶

17. As stated above, the Capped Cost component of the Interim Base Fixed Toll is \$4.40/bbl (\$27.68/m³).
18. As described in the Application, the Capped Cost component of the Interim Base Fixed Toll was “fixed” in 2017 based on the CPCN Cost Estimate and Revised Toll⁷ that Trans Mountain delivered to TMEP Shippers pursuant to section 3.2(b) of the FSA. At that time, the Capped Cost Toll Limit was set at \$4.40/bbl (\$27.68/m³). As a result, the Capped Cost component for the purpose of setting the Interim Base Fixed Toll now remains at the level that it was set at in 2017. No adjustment has been made to the level of the Capped Cost component in the determination now of the Fixed Toll component for the Interim Base Fixed Toll.
19. The CPCN Cost Estimate and Revised Tolls delivered to TMEP Shippers in 2017 are provided in Table 3-4 and Table 3-5, respectively, below:

Table 3-4: 2017 CPCN Cost Estimate (pursuant to section 3.2(b) of the FSA)

2017 CPCN Cost Estimate			
Item	CPCN Cost Estimate (\$M)		
	Cost Estimate	Capped Costs	Uncapped Costs
Project Management (including Regulatory)	520.7	520.7	-
Engineering (including Survey & Environment)	509.4	509.4	-
Pipeline Materials	668.1	240.9	427.2
Land (RoW)	356.5	259.5	97
Pipeline Construction & Inspection	3,267.6	2,315.9	951.6
Facilities (including Terminals & Stations)	1,893.7	1,893.7	-
Commissioning (including Loop Reactivation)	84.9	84.9	-
Other	307.3	15.8	291.4
Subtotal	7,608.1	5,840.7	1,767.3
Firm Service Fee Credit	(189.8)	(189.8)	-
Total Estimate	7,418.3	5,651.0	1,767.3

⁶ As with all projects of this size, risks to the final costs and schedule will remain as work continues to complete the Expansion Project. The current cost estimate does not include reserves for extraordinary risks that can impact projects of this nature.

⁷ As per Section 3.2(b) of the FSA [Filing ID [A3E7D3](#)], “The Revised Toll shall be determined as the amount of the Fixed Toll component of the Indicative Toll for the applicable Service Option plus or minus: \$0.07 per barrel for every one hundred million dollar (\$100,000,000), or portion thereof, increase or decrease, respectively, in the CPCN Cost Estimate from the Initial Cost Estimate, as distance adjusted for destinations other than Burnaby.”

Table 3-5: Revised Tolls (2017) (pursuant to section 3.2(b) of the FSA)

2017 CPCN Fixed Toll				
Receipt Point	Delivery Point	Contract Term	Fixed Toll Component (\$CDN/bbl)	
			Volume < 75,000 bpd	Volume >=75,000 bpd
Edmonton	Kamloops	15YR	4.11	3.80
Edmonton	Kamloops	20YR	3.70	3.42
Edmonton	Burnaby	15YR	5.76	5.33
Edmonton	Burnaby	20YR	5.18	4.79
Edmonton	Westridge	15YR	6.32	5.85
Edmonton	Westridge	20YR	5.69	5.26
Edmonton	Sumas	15YR	5.50	5.09
Edmonton	Sumas	20YR	4.95	4.58

20. The line items shown above in Table 3-4 for the CPCN Cost Estimate were consolidated from individual Authorizations for Expenditure (AFE) or project accounts, which Trans Mountain used to organize the estimate and facilitate reporting on the major scope items.
21. Each of the AFEs related to a major scope of work with individual budgets and estimates. The AFEs used for the Expansion Project were as follows:

Table 3-6: TMEP Authorizations for Expenditure

Description	AFE	Code	Category
Project Management - TMEP Dedicated Resources	13900	PM	Capped
Project Management - Corporate Support Staff	13901	PM	Capped
Program Management - Regulatory & SE&C	13902	PM	Capped
Program Management - Legal	13903	PM	Capped
Program Management - Marine & Emergency Response	13904	PM	Capped
Program Management - Safety & Security	13905	PM	Capped
Program Management - Employment and Training	13906	PM	Capped
Program Management – Regulatory Compliance	13907	PM	Capped
Program Management - Procurement	13908	PM	Capped
Program Management - Cost Control	13909	PM	Capped
Permitting	13914	PM	Capped
IT Infrastructure	13919	PM	Capped
Program Management - Environment	13910	Eng	Capped
Pipeline - Engineering, Survey, & Geotechnical	13911	Eng	Capped
System & Facilities - Engineering & Geotechnical	13912	Eng	Capped
Pipeline - Materials	13920	Pipe Mat	Capped +
Pipeline - Land & ROW	13921	Land	Capped +
Pipeline - AB Spread 1 – 49.159km	13922	Pipeline	Capped
Pipeline - AB Spread 2 – 289.402km	13923	Pipeline	Capped
Pipeline - BC Spread 3 and 4 – 274.860km	13924	Pipeline	Capped
Pipeline - BC Spread 5a and 6 – 252.215km	13926	Pipeline	Capped
Pipeline - BC Spread 5b – 84.308km	13927	Pipeline	Uncapped
Pipeline - BC Spread 7 and Tunnel – 38.310km	13928	Pipeline	Uncapped
Lower Mainland EPC Common Costs	13935	Facilities	Capped
Facilities - Pump Station & Ancillary Group A	13941	Facilities	Capped
Facilities - Pump Station & Ancillary Group B	13942	Facilities	Capped
Facilities - Pump Station & Ancillary Group C	13943	Facilities	Capped
Facilities - Pump Station & Ancillary Group D	13944	Facilities	Capped
Facilities - Edmonton Terminal	13945	Facilities	Capped
Facilities - Sumas Terminal	13946	Facilities	Capped
Facilities - Burnaby Terminal	13947	Facilities	Capped
Facilities - Westridge Marine Terminal	13948	Facilities	Capped
Facilities - Mainline Block Valves	13949	Facilities	Capped
Facilities - Utility Power	13950	Facilities	Capped
Pipeline - Reactivation	13930	Comm.	Capped
Line Fill, Wet Commissioning, & Start-up	13951	Comm.	Capped
Aboriginal Accommodation Agreements	13960	Other	Uncapped
Community Investment Agreements	13961	Other	Uncapped
Miscellaneous Construction	13962	Other	Capped
Firm Service Credit Fees	13964	Firm	Capped

22. Pursuant to section 6.1(c) of the FSA, TMEP Shippers requested to audit the Costs and Expenses included in the CPCN Cost Estimate. This audit was conducted in February 2017. To support this TMEP Shipper audit, Trans Mountain provided to the TMEP Shipper-appointed auditor a summary of the cost items included in the CPCN Cost Estimate, which consisted of an overview of the CPCN Cost Estimate, a discussion of each AFE, cost estimates for each AFE category, information on project execution and cost control strategies, information on uncapped costs, details of the Firm Service Fee Credit, and the cost estimate risk assessment process used to establish the estimate.
23. Trans Mountain also provided more detailed information regarding the cost items. This detailed information consisted of binders and an electronic SharePoint site organized to support each AFE listed in Table 3-6 above.
24. Trans Mountain provided to TMEP Shippers information regarding the formula set out in section 3.2(b) of the FSA and the determination of the Revised Toll which, as required by section 3.2(b) of the FSA, was determined as the Fixed Toll component of the Indicative Toll for the applicable service option plus or minus \$0.07 per barrel (approximately \$0.44/m³) for every \$100 million dollars, or portion thereof, increase or decrease in the CPCN Cost Estimate from the Initial Cost Estimate. The Initial Cost Estimate was provided in Schedule B to the FSA and TSA, and is summarized in Table 3-7:

Table 3-7: Initial Cost Estimate (pursuant to section 3.2(a) of the FSA)⁸

Initial Cost Estimate			
	Initial Cost Estimate (\$M)	Capped Cost (\$M)	Uncapped Cost (\$M)
Total Initial Cost Estimate	\$5,370.0	\$4,245.6	\$1,124.4

25. The Revised Tolls for the 15-year service option were also provided to TMEP Shippers, as follows, which included information regarding the adjustment to the Fixed Toll component of the Indicative Toll Estimate to determine the Revised Toll (15-year service option) as shown in Table 3-8 below:

⁸ See also Toll Calculation Schedules (Attachment 2) Schedule 4.1 – Project Cost Estimates.

Table 3-8: Revised Toll Determination (2017) (15-year term) (pursuant to section 3.2(b) of the FSA)⁹

2017 CPCN Total Fixed Toll					
Service Option		Indicative Toll Estimate	CPCN Cost Estimate minus	\$0.07/\$100 million distance adjusted toll factor	Revised Toll 15 YR
		Fixed Component	Initial Cost Estimate		
		A	B	C	$A + ((B \times C) / 100)$
Edmonton	Kamloops	\$3.09	\$2,048.3	\$0.0499	\$4.11
Edmonton	Sumas	\$4.13	\$2,048.3	\$0.0668	\$5.50
Edmonton	Burnaby	\$4.33	\$2,048.3	\$0.0700	\$5.76
Edmonton	Westridge	\$4.88	\$2,048.3	\$0.0702	\$6.32
Kamloops	Sumas	\$1.02	\$2,048.3	\$0.0165	\$1.36
Kamloops	Burnaby	\$1.22	\$2,048.3	\$0.0198	\$1.62

26. Trans Mountain further provided to TMEP Shippers a breakdown between the Capped Costs and Uncapped Costs included in the Revised Tolls (15-year) as shown in Table 3-4 above and Table 3-9 below. Table 3-9 shows the Capped Costs component for the 15-year Edmonton to Burnaby Revised Toll at \$4.40/bbl (\$27.68/m³):

⁹ See also, Toll Calculation Schedules (Attachment 2) Schedule 4.1, Sheet 2 of 4.

Table 3-9: Revised Tolls (2017)

2017 CPCN Capital Cost Estimate					
			Total	Capped	Uncapped
Initial Capital Cost Estimate (\$000s)			\$5,370.0	\$4,245.6	\$1,124.4
Increase (Decrease) (\$000s)			\$2,048.3	\$1,405.4	\$642.9
Increase (Decrease) (% of total)				68.6%	31.4%
CPCN Capital Cost Estimate (\$000s)			\$7,418.3	\$5,651.0	\$1,767.3
2017 CPCN Total Fixed Toll					
Edmonton	Kamloops	Initial Toll	\$3.09	\$2.44	\$0.65
		Increase	\$1.02	\$0.70	\$0.32
		Revised Toll	\$4.11	\$3.14	\$0.97
Edmonton	Sumas	Initial Toll	\$4.13	\$3.27	\$0.86
		Increase	\$1.37	\$0.94	\$0.43
		Revised Toll	\$5.50	\$4.21	\$1.29
Edmonton	Burnaby	Initial Toll	\$4.33	\$3.42	\$0.91
		Increase	\$1.43	\$0.98	\$0.45
		Revised Toll	\$5.76	\$4.40	\$1.36
Edmonton	Westridge	Initial Toll	\$4.88	\$3.86	\$1.02
		Increase	\$1.44	\$0.99	\$0.45
		Revised Toll	\$6.32	\$4.85	\$1.47
Kamloops	Sumas	Initial Toll	\$1.02	\$0.81	\$0.21
		Increase	\$0.34	\$0.23	\$0.11
		Revised Toll	\$1.36	\$1.04	\$0.32
Kamloops	Burnaby	Initial Toll	\$1.22	\$0.96	\$0.26
		Increase	\$0.40	\$0.27	\$0.13
		Revised Toll	\$1.62	\$1.23	\$0.39

Note: The orange border has been added to the Edmonton to Burnaby 'Revised Toll' for ease of reference. The orange border was not included in the original.

27. The Capped Cost portion of the Fixed Toll component was “capped” in 2017 at \$4.40/bbl (\$27.68/m³).

28. As indicated above, this same \$4.40/bbl (\$27.68/m³) has been used now for the Capped Cost component for the Interim Base Fixed Toll.¹⁰ Adjusting this Capped Cost component for the different Receipt Point and Delivery Point combinations is shown in the Toll Calculation Schedule (Attachment 2) Schedule 4.1 in the table labelled "Schedule 4.1, Table 6: Commencement Date Capped Cost Toll Component".

C. The Uncapped Costs Component of the Interim Base Fixed Toll¹¹

29. The Uncapped Costs component for the Interim Base Fixed Toll increases/decreases by \$0.07 per barrel (approximately \$0.44/m³) per \$100 million (or portion thereof) of Uncapped Costs above/below the Uncapped Costs component of the Fixed Toll included in the CPCN Cost Estimate. As the formula for the adjustment in section 3.2(b) and section 3.2(c) of the FSA is the same, the adjustment can also be shown as an adjustment to the 2013 Initial Cost Estimate.

30. Trans Mountain's latest forecast for the Expansion Project is estimated at \$30.9 billion. Of this estimated \$30.9 billion, Trans Mountain's latest forecast of Uncapped Costs is estimated at \$9.087 billion as shown in the table below:

¹⁰ See also, Table 3-1 above.

¹¹ As with all projects of this size, risks to the final costs and schedule will remain as work continues to complete the Expansion Project. The current cost estimate does not include reserves for extraordinary risks that can impact projects of this nature.

Table 3-10: Commencement Date Uncapped Costs Estimate

Commencement Date Uncapped Cost Estimate			
Commencement Date Uncapped Costs (millions of C\$)	Initial Cost Estimate	2017 CPCN Cost Estimate	Commencement Date Cost Estimate
Bare Pipe	\$529	\$427	\$580
ROW: Fort Langley to Westridge	\$182	\$97	\$196
Pipeline Construction & Inspection: Coquihalla Summit to Wahleach, Fort Langley to Westridge	\$315	\$952	\$7,411
Consultation and Accommodation	\$99	\$291	\$900
Total Uncapped Costs	\$1,124	\$1,767	\$9,087
Increase in Uncapped Costs from Initial Cost Estimate		\$643	\$7,963
Increase in Uncapped Costs from 2017 CPCN Cost Estimate			\$7,320

31. The estimated Commencement Date Uncapped Cost Estimate is attributed to several factors including Trans Mountain's commitment to ensuring TMEP and community safety, protection of culturally significant sites for Indigenous Peoples, environmental preservation, and completing a quality long-term pipeline. Specific factors for the increase to the Uncapped Costs included in the Commencement Date Cost Estimate include high global inflation and global supply chain challenges; unprecedented floods in British Columbia; unexpected major archaeological discoveries; challenging terrain; earthquake standards in the Burnaby Mountain tunnel; and issues regarding the densely populated area between Sumas and Burnaby.
32. Provided below are further details regarding the Uncapped Costs line items in Table 3-10 and the nature of the costs associated with each of those line items:

Bare Pipe – 100% of Bare Pipe at Mill, including the cost of steel and production of bare pipe at the production facility. Cost does not include marine transportation, freight and coating.

ROW: Fort Langley to Westridge - 100% of right of way acquisition for Fort Langley to Westridge (Spread 7 and Burnaby Mountain Tunnel), including costs for acquisition, compensation, damages and settlement for approximately 35 kms of Spread 7 to Burnaby Terminal and approximately 4 km from the Burnaby Terminal to the Westridge Terminal.

Pipeline Construction & Inspection - 100% of construction and inspection costs for Coquihalla Summit to Wahleach (Spread 5B) and 100% of pipeline and inspection costs for Fort Langley to Westridge (Spread 7) and Burnaby Mountain Tunnel:

- The pipeline construction and inspection costs for approximately 85 km of Spread 5B from Coquihalla Summit (in proximity to the former Coquihalla Toll Booth) through to the Wahleach Station located east of Hope. Costs include amounts charged by General Construction Contractors (GCCs) for pipeline construction and amounts for centrally managed construction and inspection activities including technically challenging areas, temporary infrastructure sites and camps for Spread 5B, inspection resources enabling construction in Spread 5B, other cost items to protect the environment and resources and support safe construction in Spread 5B (ex. rig mats, security), and the cost of realignment of highway 5.
- The pipeline construction and inspection costs for approximately 35 km of Spread 7 to Burnaby Terminal and approximately 4 km from the Burnaby Terminal to the Westridge Terminal (the Burnaby Mountain Tunnel). Costs include amounts charged by the Engineering Procurement Construction Contractors (EPC) and General Construction Contractors (GCCs) for pipeline construction including the Burnaby Mountain Tunnel connecting Burnaby Terminal to Westridge Terminal. Costs also include amounts for centrally managed construction and inspection activities including technically challenging areas and temporary infrastructure sites for Spread 7, inspection resources enabling construction in Spread 7, and other cost items to protect the environment and resources and support safe construction in Spread 7 (ex. rig mats, security).

Consultation and Accommodation – 100% of Indigenous and community consultation and accommodation costs, including costs of studies to support consultation such as Traditional Land Use Studies, Traditional Marine Use studies, and Traditional Ecological Knowledge; capacity funding to communities to support meaningful participation; agreements with Indigenous and non-Indigenous communities and the associated costs to meet obligations under these agreements; personnel to carry out consultation with Indigenous and non-Indigenous communities; and Indigenous advisory and monitoring activities.

33. Each of the Uncapped Cost items shown in Table 3-10 includes an estimate of the allowance for funds used during construction (AFUDC). For presentation purposes, in Table 3-10 the AFUDC amount applicable to the Commencement Date Estimate of Uncapped Costs has been allocated across the Uncapped Cost items on a pro-rata basis.¹²
34. The forecast of Uncapped Costs at the time of the Initial Cost Estimate was approximately \$1,124 million as shown in Schedule B to the FSA and TSA and above in Table 3-10. Therefore, and as shown in Table 3-10, the increase in Uncapped Costs since the Initial Cost Estimate is about \$7,963 million.

¹² The Initial Cost Estimate and 2017 CPCN Cost Estimate include AFUDC.

35. The forecast of Uncapped Costs at the time of the CPCN Cost Estimate was \$1,767.3 million as shown in Table 3-4 and Table 3-9 above. Therefore, the increase in Uncapped Costs since the CPCN Cost Estimate is \$7,320 million, as also shown in Table 3-10 above.
36. In order to determine the estimate for the Uncapped Cost component for the Interim Base Fixed Toll, Trans Mountain has applied the formula set out in section 3.2(c) of the FSA to increase the Uncapped Costs component of the toll.
37. Specifically, Trans Mountain has adjusted the Fixed Toll component by \$0.07/bbl (approximately \$0.44/m³) for every \$100 million (or portion thereof) change to the Uncapped Cost component of the Revised Toll delivered to TMEP Shippers with the CPCN Cost Estimate in 2017. The estimated Uncapped Toll component for the Interim Base Fixed Toll is \$6.48/bbl (\$40.76/m³), as shown below in Table 3-11 below (and as shown in Table 3-1 above):

Table 3-11: Interim Base Fixed Toll - Estimated Uncapped Cost Component for Commencement Date Tolls (adjusted from CPCN Cost Estimate)

Interim Base Uncapped Fixed Toll Component (Adjusted from CPCN Cost Estimate)			
	Ref.	Amount (millions of C\$)	Toll (\$/bbl)
2017 CPCN Uncapped Cost	(1)	1,767	
Commencement Date Uncapped Cost	(2)	9,087	
Cost Increase	(3) = (2) – (1)	7,320	
Uncapped Cost Toll Increase at 7¢ per barrel per \$100M or portion thereof	(4) = (3) ÷ 100 * 0.07		5.12
2017 CPCN Uncapped Cost Toll component	(5)		1.36
Commencement Date Uncapped Cost Toll component	(6) = (4) + (5)		6.48

38. As shown in Table 3-12 below, the same Uncapped Cost component for the Interim Base Fixed Toll is derived by applying this formula to the increase in the Uncapped Costs from the Uncapped Cost component of the Initial Cost Estimate.
39. Specifically, adjusting the Fixed Toll component by \$0.07/bbl (approximately \$0.44/m³) for every \$100 million (or portion thereof) change to the Uncapped Cost component of the Initial Cost Estimate as shown in Table 3-12 below shows that the estimated Uncapped Toll component for the Interim Base Fixed Toll is \$6.48/bbl (\$40.76/m³) (and as shown in Table 3-1 above):

Table 3-12: Interim Base Fixed Toll - Estimated Uncapped Cost Component for Commencement Date Tolls (adjusted from Initial Cost Estimate)

Interim Base Uncapped Fixed Toll Component (Adjusted from Initial Cost Estimate)			
	Ref.	Amount (millions of C\$)	Toll (\$/bbl)
Initial Uncapped Cost	(1)	1,124	
Commencement Date Uncapped Cost	(2)	9,087	
Cost Increase	(3) = (2) – (1)	7,963	
Uncapped Cost Toll Increase at 7¢ per barrel per \$100M or portion thereof	(4) = (3) ÷ 100 * 0.07		5.57
Initial Uncapped Cost Toll	(5)		0.91
Commencement Date Uncapped Cost Toll	(6) = (4) + (5)		6.48

40. As indicated above, this same \$6.48/bbl (\$40.76/m³) has been used now for the Uncapped Cost component for the Interim Base Fixed Toll. Adjusting this Uncapped Cost component for the different Receipt Point and Delivery Point combinations is shown in the Toll Calculation Schedule (Attachment 2) Schedule 4.1 in the table labelled “Schedule 4.1, Table 7: Commencement Date Uncapped Cost Toll Component”.