


EXPRESS PIPELINE LTD.
AS THE GENERAL PARTNER OF
EXPRESS PIPELINE LIMITED PARTNERSHIP

**TERM RATE TARIFF
GOVERNING THE TRANSPORTATION OF
CRUDE PETROLEUM**

FROM
HARDISTY, ALBERTA
TO
THE INTERNATIONAL BOUNDARY NEAR WILD HORSE, ALBERTA

Governed, except as otherwise provided herein, by the Rules and Regulations published by:

Express Pipeline Ltd., **[W]** ~~CER No. 165 NEB No. 157~~, and successive issues thereof, on file with the **[W]** ~~Canada Energy Regulator National Energy Board~~, for transportation from Hardisty, Alberta to the International Boundary near Wild Horse, Alberta (Express Pipeline Ltd.'s Rules and Regulations).

The rates in this tariff are expressed in US dollars.

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

ISSUED: November 29, 2019

EFFECTIVE: January 1, 2020

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EXPRESS PIPELINE LTD. TERM RATES * In US dollars per cubic meter For 5 to 9 Year Term		
From	To	Petroleum
Hardisty, Alberta, Canada	International Boundary near Wild Horse, Alberta, Canada	[U] 6.8731

EXPRESS PIPELINE LTD. TERM RATES * In US dollars per cubic meter For 10 or more Year Term		
From	To	Petroleum
Hardisty, Alberta, Canada	International Boundary near Wild Horse, Alberta, Canada	[U] 6.4607

* Indicated Term Rates are available to Committed Shipper that acquired Contracts through the Open Season held between December 10, 2014 and February 9, 2015.

NOTES:

- ESCALATOR** – Carrier shall have the right, from time to time, at its sole discretion, but no more frequently than once in any Year, and on not less than sixty (60) Days advance written notice to Shipper, to adjust the rates payable under the Petroleum Rate Schedule, provided that the cumulative increase to the rates shall not exceed three percent (3%) per year, from April 1, 2017. Carrier will also have the right to further discount all or some of the rates at levels below the initial or escalator adjusted rates, at its sole discretion.
- CONTRACT VOLUME** – The term rates apply only to the Contract Volume specified by Shipper in Appendix A of the TSA but do not apply to volumes Tendered in excess of the Contract Volume amounts specified by Shipper in Appendix A of the TSA.
- PETROLEUM** – Petroleum includes all of the types of petroleum as defined in Item 7.3 of Express Pipeline Ltd.'s Rules and Regulations.
- ABANDONMENT SURCHARGE** – ~~[W] The rates are subject to an abandonment surcharge of~~ ~~There is a surcharge on each of the rates of [I] \$US 0.1274/m³, \$US 0.0741/ m³~~
- CUBIC METERS (m³)** – means the volume of Petroleum which occupies one cubic meter when such Petroleum is at a temperature of fifteen degrees Celsius (15°C) and at a pressure of 101.325 kiloPascals and equals 264.1721 United States gallons and 6.2898108 barrels, under the same conditions. Term rates shown above have been converted to cubic meters using a conversion factor of 1 cubic meter = 6.2898108 barrels.

SYMBOLS:

[I] – Increase

[U] – Unchanged rate

[W] – Change in wording only

Appendix A
Express Pipeline Ltd
Annual Contribution Amount Calculation Form (Appendix XIV)

Computation of Annual Contribution Amount	
Step 1: Provide total cost estimated for abandonment	
Line 1	Remaining abandonment cost estimate in CAD dollars (2018 dollars) ¹ 92,420,345
Step 2: Convert to future value (i.e. cost estimated in future year dollars)	
Line 2	Inflation rate 2%
Line 3	Years remaining in Collection Period 35
Line 4	Years elapsed between year of cost estimate and current date (e.g. 2 years if cost estimate in 2018 dollars and contribution commences in 2020) 2
Line 5	Number of years from cost estimate date to end of Collection Period = Line 3 + Line 4 37
Line 6	Future value of abandonment cost estimate (i.e. cost estimate in future year dollars). = Line 1 * (1 + Line 2) ^{Line 5} 192,297,634
Step 3: Calculate company-specific after-tax rate of return on funds collected	
Line 7	Pre-tax rate of return on funds collected ² 6.25%
Line 8	Adjustment for variable trustee expenses and investment management fees 0.1%
Line 9	Company-specific tax rate on investment income 25.0%
Line 10	After-tax rate of return on funds collected = (1 - Line 9) * (Line 7 - Line 8) 4.6%
Step 4: Compute Annual Contribution Amount	
Line 11	Annual Contribution Amount, before fixed trustee expense adjustment = (Line 6 * Line 10) / [(1 + Line 10) ^{Line 3} - 1] 2,305,941
Line 12	Adjustment for fixed trustee expenses
Line 13	Annual Contribution Amount to Trust = (Line 11 + Line 12) 2,305,941

Notes:

- Abandonment Cost Estimate of \$99.3 MM (in 2018 \$) as approved by the NEB on March 1, 2019 [A98121], net of funds estimated to be in Express' abandonment trust as of December 31, 2019.
- The pre-tax return of 6.25% (Line 7) is a gross pre-tax amount and is adjusted downwards by 10 basis points (Line 8) to account for trust administration costs to be paid by the trust.

Appendix B
Express Pipeline Ltd.
Abandonment Surcharge Calculation

Derivation of Annual Contribution Amount

Line	Unit	Source		
1	Total Collection Amount over Collection Period	CAD \$MM	Corporation Data	\$80.71
2	Collection Period (remaining)	Years	NEB Base Case	35
3	Annual Contribution Amount	CAD \$MM	Line 1 / Line 2	\$2.31

Calculation of Abandonment Surcharge

Inputs Used in Abandonment Surcharge Calculation			Volume	
Transmission				
4	Estimated Committed Volume	MM of m ³ Barrels/day	Corporation Data	13.9 240,000
Abandonment Surcharge effective January 1, 2020				
5	Abandonment Surcharge	CAD \$/m ³	Line 3 / Line 4	\$0.1656
6	Abandonment Surcharge	CAD \$/bbl	Line 5/6.2898108	\$0.0263
	Abandonment Surcharge	USD \$/m ³	Line 5* (1/1.30) ²	0.1274
	Abandonment Surcharge	USD \$/bbl	Line 6* (1/1.30) ²	0.0202

Notes

- 1) Numbers may not sum due to rounding.
- 2) Abandonment surcharge has been converted to US dollars, assuming a conversion rate of USD \$1 = CAD \$1.30