

# **MONTREAL PIPE LINE LIMITED**

## **LOCAL TARIFF**

THE CHARGES NAMED IN THIS TARIFF ARE FOR  
THE TERMINALLING OF

## **PETROLEUM**

at Carrier's terminal located in Montreal East, Québec

<b>SERVICE</b>	<b>TOLL in Canadian Dollars</b>
<b>Firm Terminalling Service***</b>	<b>[I]\$0.1039 per Barrel*</b>
<b>Spot Terminalling Service***</b>	<b>[I]\$0.1743 per Barrel**</b>

To the extent permitted by Applicable Law:

- \* tolls for Firm Terminalling Service are for a ten year term of take or pay firm service, subject to certain rights to early termination, and subject to adjustment, including for certain Carrier costs and for inflation, in accordance with TSA terms;
- \*\* tolls for Spot Terminalling Service are subject to periodic adjustment by Carrier.
- \*\*\* RATE FOR ABANDONMENT COLLECTION – In addition to the Firm Terminalling Service or Spot Terminalling Service tolls, as applicable, above, a charge of [I]\$0.0006 per barrel in respect of Carrier's abandonment obligations will be charged for handling of crude petroleum at the Terminal, Montreal East, Québec. These charges are pursuant to NEB Decision MH-001-2013.

**REGULATION ON A COMPLAINT BASIS** – The tolls of Montreal Pipe Line Limited are regulated by the National Energy Board on a complaint basis. Carrier is required to make copies of tolls and tariffs and supporting financial information readily available to interested persons. Persons who cannot resolve toll and tariff issues with Carrier may file a complaint with the Board. In the absence of a complaint, the Board does not normally undertake a detailed examination of Carrier's tolls or tariffs.

This tariff is applicable to Petroleum received by Carrier at the Receipt Point for Terminalling, and delivery at a Delivery Point connected to tankage of Shippers in Montreal East, Québec.

**ISSUED: NOVEMBER 30, 2017**

**EFFECTIVE: JANUARY 1, 2018**

**ISSUED BY**  
**J. C. GILLIES, SECRETARY - TREASURER**  
**MONTREAL PIPE LINE LIMITED**  
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## 2. RULES AND REGULATIONS

### 1. DEFINITIONS

As used in this tariff, the following terms have the following meanings:

- a) "**Aggregate Contract Shippers Nominations**" means the sum of all actual nominations of Contracted Volumes by all Contract Shippers (other than Defaulting Contract Shippers) for a particular month, and excludes, for clarity, any nomination by a Contract Shipper of Make-Up Volumes, Carrier Interrupted Volumes, and Non-Contracted Volumes;
- b) "**Aggregate Contracted Volumes**" means, collectively, the aggregate volume of commitments measured in bpd, by all Contract Shippers, of Contracted Volumes pursuant to executed TSAs from time to time;
- c) "**Applicable Law**" means all applicable laws, statutes, directives, codes, ordinances, rules, regulations, municipal by-laws, judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, rulings or awards, consent orders, consent decrees and policies of any Governmental Authority;
- d) "**Available Monthly Capacity**" means the capacity of the Terminal available to move Petroleum in a given month, as determined by Carrier, but shall not exceed the ability of Carrier to deliver Petroleum in a given month;
- e) "**Barrel**" means 158.9873 Litres, or forty-two (42) United States gallons, at a temperature of sixty degrees (60° F) Fahrenheit;
- f) "**Carrier**" means Montreal Pipe Line Limited;
- g) "**Carrier Interrupted Volumes**" means volumes not accepted by Carrier for the first 7 days of a Carrier Force Majeure Period (as defined in a TSA) or other interruption impairing Carrier's performance;
- h) "**Consignee**" means the party named by the Shipper to receive the Petroleum for delivery by Carrier;
- i) "**Contract Shipper**" means a Shipper that has entered into a TSA with Carrier for Services;
- j) "**Contracted Volume**" means with respect to a Contract Shipper, the minimum daily commitment of volume of Petroleum for movement through the Terminal set out in the Contract Shipper's TSA;
- k) "**Defaulting Contract Shipper**" means a Contract Shipper that is in default or breach of its obligations under its TSA;
- l) "**Deficiency Payment**" means payments to be made by a Contract Shipper to Carrier for failing to deliver to Carrier its Contracted Volumes as determined in accordance with its TSA;
- m) "**Delivery Point**" means the interconnection point located in Montreal, Québec at which Petroleum is delivered by Carrier from the Terminal to a Shipper's connected tankage, as set forth in a TSA, or such other delivery point at the Terminal to which Carrier and a Shipper agree in writing from time to time;
- n) "**Firm Terminalling Service**" means the movement by Carrier of Contracted Volumes, Make-Up Volumes, or Carrier Interrupted Volumes received at the Receipt Point in accordance with this tariff, for delivery to a Delivery Point;
- o) "**Governmental Authority**" means any government, any governmental, administrative or regulatory entity, authority, commission, board, agency, instrumentality, bureau or political subdivision and any court, tribunal or judicial or arbitral body (federal, provincial or local or, in the case of an arbitral body, whether governmental, public or private);
- p) "**Make-Up Volumes**" means volumes of Petroleum for which a monthly Deficiency Payment has been paid under a TSA and which are nominated by a Contract Shipper (other than a Defaulting Contract Shipper) for Terminalling in a subsequent month in accordance with its TSA;
- q) "**Monthly Volume**" means, in respect of a Contract Shipper, the product of the Contracted Volumes multiplied by the number of days in the relevant month;
- r) "**Non-Contracted Volumes**" means volumes of Petroleum received in a month by Carrier for Terminalling at the Terminal (a) for any Shipper that is not a Contract Shipper; and (b) for a Contract Shipper, but that are in excess of the Monthly Volume and that are not Make-up Volumes or Carrier Interrupted Volumes;
- s) "**Natural Gas Liquids**" means the indirect liquid petroleum products of oil or gas wells having an absolute vapor pressure in excess of 103 kilopascals (14.9 psi.);
- t) "**PC18**" means the 18-inch delivery pipeline used for the transportation of petroleum and connecting the Terminal and the Suncor refinery, which line lies between Carrier's Terminal manifold in Montreal East and the westerly property fence of the Suncor refinery, where it connects to other pipelines located on the Suncor refinery property;

### 3.

## RULES AND REGULATIONS

- u) **"Petroleum"** means the direct liquid product of oil wells or oil processing plants, the indirect liquid petroleum products of oil or gas wells, oil sands, or a mixture of such products, the indirect liquid petroleum products resulting from refining crude petroleum or from the operation of gasoline or distillate recovery plants when mixed with the direct product of oil wells, but does not include Natural Gas Liquids or Refined Petroleum Products;
- v) **"Receipt Point"** means the interconnection point located in Montreal, Québec at which Petroleum is received from the Shipper at the Terminal, as set forth in a TSA, or such other receipt point at the Terminal to which Carrier and a Shipper agree in writing from time to time, but shall not include any interconnection with or receipt of volumes from Montreal Pipe Line's North Tank Field facility or from Portland Pipe Line or Enbridge Line 9 pipeline;
- w) **"Refined Petroleum Products"** means the products of a refinery tendered as motor gasoline, aviation fuels, kerosene, diesel fuel and domestic heating oil;
- x) **"Services"** means movement through the Terminal of Petroleum for Shipper's account from the Shipper at the Receipt Point, and delivery of such Petroleum to the Delivery Point in accordance with Shipper's nominations properly given hereunder, and includes transfers of Petroleum through manifold 1 or manifold 2 and the 20" transfer pipeline ("TL20") at the Terminal, but excludes any services at Carrier's North Tank Field or any services in connection with volumes carried on the Enbridge Line 9 pipeline or on the Portland Pipe Line;
- y) **"Shipper"** means the party who ships Petroleum from the Receipt Point in Montreal East Québec, for delivery through the Montreal East terminal of Carrier to a Delivery Point;
- z) **"Spot Terminalling Service"** means the movement by Carrier of Non-Contracted Volumes received at the Receipt Point, with or without any Storage in accordance with this tariff, for delivery to a Delivery Point;
- aa) **"Tender"** means an offer by a Shipper of a stated quantity of Petroleum for receipt at the Receipt Point for Terminalling at the Terminal for delivery to a Delivery Point;
- bb) **"Terminal"** means the terminal manifolds and related piping facilities, intended for delivery of the Services (and excludes any Carrier facilities not ordinarily utilized for the Services including the 24" North Tank Field pipeline ("NTF24"), 30" North Tank Field pipeline ("NTF30"), 24" transfer pipeline ("TL24"), and 34" transfer pipeline ("TL34") utilized for volumes from the Enbridge Line 9 pipeline, North Tank Field, or Portland Pipe Line, unless otherwise determined by Carrier, from time to time, in its sole discretion) operated by or for Carrier in Montreal East, Québec, and any additions, modifications or replacements thereto;
- cc) **"Terminalling"** means either Firm Terminalling Service or Spot Terminalling Service, or both, as the context requires;
- dd) **"TSA"** means a terminalling services agreement executed by a shipper with Carrier with respect to Petroleum movements through the Terminal, like or substantially similar to the Services, for a minimum two (2) years of take or pay firm service;
- ee) **"Unused Committed Capacity"** means for any month the amount, if any, by which (a) the lesser of (i) Aggregate Contracted Volumes, or (ii) 95% of the Available Monthly Capacity of the Terminal for such month, exceeds (b) the Aggregate Contract Shippers Nominations;
- ff) **"Working Stock"** means the volume of Petroleum required by Carrier for efficient operations and scheduling purposes as specified from time to time by Carrier, subject to relevant provisions of any TSAs, and includes line fill and tank bottoms.

## 2. COMMODITY

Carrier is engaged in the Terminalling of Petroleum (as defined above) and therefore reserves the right to refuse any other commodity for Terminalling.

## 3. DUTY OF CARRIER

Subject to any Applicable Law, Carrier will accept Tenders for Terminalling of Petroleum in accordance with the terms of this tariff. Carrier will deliver to a Shipper Petroleum received at the Terminal for Terminalling within a reasonable timeframe, considering the quantity of Petroleum received by Carrier, the safety of the operation, the terms of this tariff, and other material factors.

## 4. NOMINATIONS AND SCHEDULING

Carrier is under no obligation to accept a Tender of Petroleum for Terminalling hereunder for any operating month unless the Shipper submits its nomination to Carrier, and such nomination is accepted by Carrier, in accordance with Carrier's scheduling procedures and the nominations format prescribed by Carrier. A copy of the scheduling procedures and nominations format are available upon request from Carrier. Carrier shall notify all Shippers of the monthly nomination schedule applicable for the calendar year. Notice of any amendment to

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a monthly nomination time or date shall be provided by Carrier to all Shippers at minimum 24 hours in advance of the revised nomination time or date.

A Shipper may revise a nomination submitted to Carrier, provided sufficient notice is given, in Carrier's reasonable determination, in advance of the contemplated revised nominated Tender, and in accordance with Carrier's scheduling procedures and the nominations format prescribed by Carrier.

Carrier may in its discretion, require the Shipper to support its nomination, or any revision to a nomination, by providing written verification, in accordance with the format prescribed by Carrier, of the availability of the Shipper's supply of Petroleum, and with respect to a third party Delivery Point, of the Shipper's capability to have such Petroleum removed from such Delivery Point. Carrier shall have the right to refuse to accept a Shipper's nomination where there is no such verification or such verification is unacceptable to Carrier, in its sole discretion.

### 5. DESTINATION FACILITIES

Subject to the other provisions of this tariff, Petroleum will be accepted at the Montreal East Terminal by Carrier for delivery only when the Shipper and Consignee have provided the necessary tankage and other facilities for receiving the Petroleum in coordination with the handling of Carrier's other deliveries.

### 6. TENDERS AND ACCEPTANCES

Without limiting Carrier's other rights to refuse to accept Petroleum at the Receipt Point, Carrier shall not be obligated to accept a Shipper's Petroleum if the volume of such Petroleum is less than the minimum volume or if the rate at which such Petroleum is to be received by Carrier, or delivered by Carrier, is less than or greater than the rate of flow, or otherwise contrary to the conditions, specified from time to time by the Carrier for each Receipt Point or applicable Delivery Point.

### 7. ADVERSE CLAIMS AGAINST PETROLEUM

- a) A Shipper shall not Tender or deliver to Carrier Petroleum which is involved in litigation, the ownership of which may be in dispute or which is encumbered by a lien or charge of any kind unless the Shipper provides written notification to Carrier of such litigation, dispute, lien or charge not less than 20 days before such Tender is made to Carrier.
- b) Carrier shall not be obligated to accept Petroleum that is involved in litigation, the ownership of which may be in dispute or which is encumbered by a lien or charge of any kind.
- c) A Shipper shall advise Carrier in writing if, at any time while the Shipper's Petroleum is in the possession of Carrier, such Petroleum becomes involved in litigation, the ownership of such Petroleum becomes in dispute or such Petroleum becomes encumbered by a lien or charge of any kind.
- d) A Shipper shall, upon demand from Carrier, provide a bond or other form of indemnity satisfactory to Carrier protecting Carrier against any liability or loss that may arise as a result of such Shipper's Petroleum that is involved in litigation, the ownership of which may be in dispute or which is encumbered by a lien or charge of any kind.

### 8. REMOVAL AND DELIVERY

- a) A Shipper (or any other party taking delivery of the Petroleum specified in writing to Carrier) shall accept such Shipper's Petroleum upon arrival at the designated Delivery Point for such Petroleum, in accordance with the rate of flow, and any other conditions, specified from time to time by Carrier at the applicable Delivery Point.
- b) If a Shipper fails to remove (or to cause to be removed) its Petroleum from the Terminal in accordance with the provisions of paragraph a) of this Rule 8 of this tariff, and a disruption of Carrier's operations or damage to the Terminal directly results from such failure to remove, such Shipper shall be solely responsible for all costs or losses to Carrier associated with such disruption or damage, including loss of revenue resulting directly therefrom, unless the non-removal of such Petroleum is due to the direct negligence or willful misconduct of Carrier.

### 9. SPECIFICATIONS AS TO QUALITY

Carrier will not accept Petroleum for receipt for Terminalling, which, as determined by Carrier, has:

- a) a true vapor pressure which would result in Carrier's non-compliance with Applicable Law regarding hydrocarbon emissions;

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- b) a Reid vapor pressure in excess of 83 Kilopascals (12 psi.) at 37.8°C (100°F);
- c) a temperature greater than 37.8°C (100°F);
- d) sediment and water in excess of one percent (1.0%) by volume as measured by API or ASTM test method selected by Carrier's in its discretion;
- e) viscosity greater than 2,500 Seconds Saybolt Universal (S.S.U.) at a temperature determined in accordance with Carrier's procedures for determining Petroleum quality;
- f) any organic chlorides; or
- g) any other physical or chemical characteristics that may render such Petroleum not readily amenable to Terminalling by Carrier or that may materially affect the quality of other Petroleum handled by Carrier, or that may otherwise cause financial, operational or other disadvantage to Carrier.

A copy of Carrier's procedures in respect of quality specifications are available upon request from Carrier at the address noted on this tariff.

A Shipper shall, as required by Carrier, provide to Carrier a certificate with respect to the specifications of Petroleum to be received by Carrier from such Shipper. If a Shipper fails to provide Carrier with such certificate, then Carrier shall not be obligated to accept the Shipper's Petroleum. If Carrier determines that a Shipper does not comply with the provisions of this Rule 9, then such Shipper shall remove its Petroleum from the Terminal as directed by Carrier.

If a Shipper fails to remove its Petroleum from the Terminal as directed by Carrier, within a reasonable period of time from the receipt of said notice from Carrier sufficient to complete administrative and operational requirements incidental to the removal, then Carrier shall have the right to remove and sell such Petroleum in such lawful manner as deemed appropriate by Carrier. Carrier shall pay from the proceeds of such sale all costs incurred by Carrier with respect to the storage, removal and sale of such Petroleum. The remainder of such proceeds, if any, shall be held by Carrier and distributed to the Shipper and any other party lawfully entitled to such proceeds.

### **10. IDENTITY OF OIL AND COMMINGLING**

Petroleum will be accepted for Terminalling only on condition that it shall be subject to such changes in density or quality while in the Terminal as may result from the mixture, or other commingling, of said Petroleum with other Petroleum in the pipelines or tanks of Carrier or delivery lines of any Consignee. Carrier shall endeavor to deliver substantially the same type of Petroleum as that received from a Shipper. However Carrier shall not be obligated to make delivery of identical Petroleum received by Carrier.

Carrier shall not be liable for any damage, loss, or consequential loss resulting from a change in the density or other quality of a Shipper's Petroleum as a result of Carrier's Terminalling of such Petroleum, including without limitation, due to the mixing, or other commingling, of Petroleum volumes.

### **11. MEASURING, TESTING AND DEDUCTIONS**

Petroleum transfers shall be measured and tested by a representative of the Shipper or Carrier utilizing methods agreed to by Carrier and the Shipper. Measurement of the volume received at the Receipt Point shall be the custody transfer measurement of deliveries from Carrier to the Shipper (notwithstanding that it occurs upstream of the Delivery Point), and such custody transfer measurements of Petroleum delivered to the Shipper shall be deemed to occur at the Delivery Point. A representative of Carrier may be present at such measuring or testing, in Carrier's discretion. Representatives of Carrier shall have the right to enter upon the premises where such Petroleum deliveries are measured and have access to any and all meters, tanks or receiving receptacles for the purpose of such measuring or gauging and testing, and to make any examination, inspection, measurement or tests required to give effect to provisions of this tariff.

Petroleum received and delivered shall be measured and calculated in accordance with applicable A.P.I. Manual of Petroleum Measurement Standards unless other methods are agreed to by Carrier in writing. All shipments of Petroleum will be received and delivered as net standard volume, as the total volume excluding water and sediment, corrected by the appropriate volume correction factor for the observed temperature and A.P.I. gravity, relative density, or density to a standard temperature of sixty degrees (60°F) Fahrenheit. Metered volumes will also be corrected by applicable pressure correction factor and meter factor. If tank gauges are used, volumes shall be computed from correctly compiled tank tables on a one hundred percent (100%) volume basis. Karl Fischer Titration and sediment tests, or other methods agreed upon by Carrier and the Shipper, shall be used for ascertaining the percentage of sediment and water in the Petroleum.

### **12. EVIDENCE OF RECEIPT AND DELIVERIES**

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Petroleum received and delivered for the account of a Shipper shall be evidenced by tickets or other documents showing quantity, temperature, sediment and water, and any other data essential to the determination of quantity. Such tickets or documents shall be forwarded to the representatives of the Shipper and Carrier and shall constitute full receipt for Petroleum delivered.

### 13. INVENTORY REQUIREMENTS

A Shipper shall supply its share of Working Stock by volume as determined from time to time by Carrier, subject to relevant provisions of any TSAs and this tariff. Petroleum provided by the Shipper for this purpose may be withdrawn only after: (1) shipments of a Shipper have ceased and the Shipper has notified Carrier in writing of its intention to discontinue shipments in Carrier's system, and (2) Shipper balances have been reconciled between the Shipper and Carrier; provided the foregoing complies with relevant provisions of any TSAs. Carrier, at its discretion, may require advance payment of Terminalling charges on the volumes to be cleared from Carrier's system, and any unpaid accounts receivable, before final delivery will be made. Carrier shall have a reasonable period of time from the receipt of said notice to complete administrative and operational requirements incidental to the Shipper withdrawal.

### 14. APPLICATION OF RATES AND CHARGES

Petroleum accepted from the Shipper for Terminalling shall be subject to the charges in effect on the date of receipt of such Petroleum by Carrier, subject to the provisions of any TSAs. Such charges will be assessed only on the net quantities of such Petroleum. All shipments of Petroleum will be received and delivered as net standard volume (being the total volume excluding water and sediment) delivered as determined by Carrier.

### 15. PAYMENTS OF CHARGES AND LIENS FOR UNPAID CHARGES

A Shipper shall pay all charges and costs as provided for in this tariff or otherwise lawfully due to Carrier relating to the Terminalling of the Shipper's Petroleum by Carrier. The Shipper shall pay such charges and costs upon receipt of Carrier's invoice respecting such charges and costs. If required by Carrier, the Shipper shall pay such charges and costs before delivery of the Shipper's Petroleum by Carrier.

Carrier shall have a general lien on a Shipper's Petroleum that is in the possession of Carrier to secure the payment of all charges and costs that are due to Carrier by the Shipper. Carrier may withhold the Shipper's Petroleum from delivery until all such charges and costs have been paid by such Shipper.

If charges or costs as provided for in this tariff or otherwise lawfully due to Carrier relating to the Terminalling of the Shipper's Petroleum by Carrier remain unpaid for 10 days after notice of demand for payment of such charges or costs is made to such Shipper by Carrier, then Carrier shall have the right to remove and sell in any lawful manner any and all of such Shipper's Petroleum that is in the possession of Carrier in such lawful manner as deemed appropriate by Carrier.

Carrier shall pay from the proceeds of such sale charges and costs accruing or due relating to the Terminalling of Shipper's Petroleum by Carrier, and all costs incurred by Carrier with respect to the storage, terminalling, transportation, removal, and sale of such Shipper's Petroleum. The remainder of such proceeds, if any, shall be held by Carrier for the Shipper and any other party lawfully entitled to such proceeds.

### 16. LIABILITY OF CARRIER

- a) Except where caused by the direct negligence or willful misconduct of Carrier, Carrier shall not be liable to a Shipper for any delay, damage, loss or consequential loss resulting from any cause while Carrier is in possession or control of such Shipper's Petroleum, or otherwise arising from or in connection with Carrier's provision of Terminalling, including without limitation, due to the breakdown of the facilities of Carrier.
- b) If damage or loss to Petroleum results from any cause other than the direct negligence or willful misconduct of Carrier while Carrier is in possession or control of such Petroleum, then Carrier may apportion the cost of such damage or loss on a pro rata basis among all Shippers. Each Shipper's share of such cost shall be determined by Carrier based on the proportion of the volume of the Shipper's Petroleum in the possession of Carrier on the date of such loss to the total volume of Petroleum in the possession of Carrier on the date of such loss.
- c) NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS TARIFF, CARRIER WILL NOT BE LIABLE OR RESPONSIBLE TO A SHIPPER, OR A SHIPPER'S AFFILIATES, OR ANY OTHER PERSON FOR WHOM THE SHIPPER IS RESPONSIBLE AT LAW, FOR ANY CONSEQUENTIAL, MULTIPLE, SPECIAL, EXEMPLARY, INDIRECT, INCIDENTAL, OR PUNITIVE DAMAGES, OR FOR LOSS OF PROFITS OR REVENUES INCURRED BY ANY SUCH PARTY THAT ARISE OUT OF OR RELATE TO THIS TARIFF, REGARDLESS OF WHETHER SUCH CLAIM ARISES UNDER OR RESULTS FROM CONTRACT, TORT OR STRICT LIABILITY.

## **RULES AND REGULATIONS**

### **17. SHIPPER CLAIMS, SUITS AND TIME FOR FILING**

As a condition precedent to any recovery hereunder by a Shipper, claims must be filed in writing with Carrier, within thirty (30) days after delivery of the Petroleum, and suits shall be instituted against Carrier only within 180 days from the day when notice in writing is given by Carrier to the claimant that Carrier has disallowed the claim or any part or parts thereof specified in the notice. Where claims are not filed or suits are not instituted thereon in accordance with the foregoing provisions, Carrier shall not be liable and such claims will not be paid.

### **18. INDEMNIFICATION BY THE SHIPPER**

A Shipper shall, and by delivering or causing the delivery of Petroleum to Carrier agrees and is deemed to, be responsible to and indemnify Carrier for any damage, loss, costs or consequential loss incurred by Carrier or any other party as a result of such Shipper's failure to comply with any provision of this tariff.

### **19. CONTRACT SHIPPER NOMINATIONS**

In the event that a Contract Shipper fails to nominate and Tender a volume of Petroleum equal to the Monthly Volume, it shall pay to Carrier the Deficiency Payment. Whether nominations and Tenders meet Monthly Volume requirements will be determined relative to receipts by Carrier at the Receipt Point.

### **20. CONTRACT SHIPPER MAKE UP RIGHTS**

Contract Shippers who fail to meet their Monthly Volume requirements in a month will be subject to provisions with respect to their ability to make up those volumes in subsequent months and their corresponding payment obligations all as set forth in the TSAs.

### **21. RIGHTS TO INTERRUPT THE SERVICES**

Carrier reserves the right to stop or curtail Terminalling at any time due to operational conditions and restrictions at the Terminal, or at facilities upstream or downstream thereof, emergency maintenance or testing required for the safe operation of the Terminal, scheduled maintenance or testing required for prudent and legally compliant operations, and otherwise as contemplated in this tariff; provided that Carrier shall, to the extent reasonably possible, give at least ten (10) days advance notice of such interruptions (or such shorter period where ten (10) days advance notice cannot be reasonably provided, or prompt subsequent notice where an interruption is unforeseen) and take commercially reasonable steps to mitigate such interruptions to the extent the source of such interruptions is within Carrier's reasonable control.

### **22. PRIORITY SERVICE AND APPORTIONMENT**

During any month for which Carrier determines that the Available Monthly Capacity is insufficient to provide Terminalling for the full volume of Petroleum nominated by all Shippers under this tariff, Carrier will, without limiting Rules 4 or 6, communicate such insufficient capacity to Shippers and allocate such volumes in a manner consistent with Carrier's Available Monthly Capacity. Carrier reserves the right to allocate the Available Monthly Capacity to Shippers as follows:

- a) each Contract Shipper (other than a Defaulting Contract Shipper) will be allocated its Contracted Volume or, if less, its actual nomination of Contracted Volume for the month, provided that:
  - i. if the Aggregate Contract Shippers' Nominations for such month exceeds 95% of the Available Monthly Capacity for the month, all such Contract Shippers' nominations of Contracted Volumes will be reduced on a pro rata basis (according to the Contracted Volume of each) to a volume that equals 95% of the Available Monthly Capacity in such month; and
  - ii. if for the month there is Unused Committed Capacity, then the Unused Committed Capacity will be apportioned to Terminalling of Make-Up Volumes nominated by Contract Shippers (other than Defaulting Contract Shippers) in proportion to the respective Contracted Volumes of each Contract Shipper (other than a Defaulting Contract Shipper) nominating Make-Up Volumes in such month;
  - iii. if for the month there is still Unused Committed Capacity after allocation above, then the Unused Committed Capacity will be apportioned to Terminalling of Carrier Interrupted Volumes nominated by Contract Shippers (other than Defaulting Contract Shippers) in proportion to the respective Contracted Volumes of each Contract Shipper (other than a Defaulting Contract Shipper) nominating Carrier Interrupted Volumes in such month;

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- b) all Available Monthly Capacity remaining after the steps set forth in paragraph (a) will be allocated, on a pro rata basis in proportion to the volume of each nomination, among Shippers of Non-Contracted Volumes;
- c) all Available Monthly Capacity remaining after the step set forth in paragraph (b), if any, will be allocated among Contract Shippers to the extent of their Make-Up Volumes (not apportioned capacity under the steps in paragraph (a)), in proportion to their respective Contracted Volumes;
- d) all Available Monthly Capacity remaining after the step set forth in paragraph (c), if any, will be allocated among Contract Shippers to the extent of their Carrier Interrupted Volumes (not apportioned capacity under the steps in paragraph (a)), in proportion to their respective Contracted Volumes; and
- e) all Available Monthly Capacity remaining after the step set forth in paragraph (d), if any, will be allocated, on a pro rata basis in proportion to the volume of each nomination from any Defaulting Contract Shippers, at Carrier's discretion;

provided that in months where volumes of Petroleum are apportioned in accordance with Rule 22(b), if less than 95% of the Non-Contracted Volumes that are nominated by a Shipper and accepted for shipment by the Carrier are physically tendered to Carrier by such Shipper, other than by reason of force majeure, Carrier will reduce that Shipper's allocated share of Spot Terminalling Service with respect to Shipper's Non-Contracted Volumes in the next three (3) months of apportionment by the volume not shipped. The volume that would otherwise be allocated to Shipper in those three (3) months will be re-allocated to the remaining Shippers in accordance with Rule 22(b).

Notwithstanding the other provisions of this Rule 22, Shippers acknowledge and agree that the PC18 is intended to be used in common for delivery of the Services and also movements of petroleum from the Enbridge Line 9 pipeline, North Tank Field, and Portland Pipe Line, and in any event of apportionment Carrier shall be permitted to prioritize capacity of the PC18 to serve firm service customers (with the equivalent of TSAs) delivering from the Enbridge Line 9 pipeline, North Tank Field, or Portland Pipe Line.

### 23. CREDITWORTHINESS

- a) At any time, upon the request of Carrier, any prospective or existing Shipper shall provide information to Carrier that will allow Carrier to determine the prospective or existing Shipper's capacity to perform any financial obligations that could arise from the Terminalling of the Shipper's Petroleum under the terms of this tariff, including the payment of charges and costs as provided for in this tariff or otherwise lawfully due to Carrier relating to the Terminalling. Carrier shall not be obligated to accept Petroleum for Terminalling from an existing or prospective Shipper if the existing Shipper or prospective Shipper fails to provide the requested information to Carrier within 10 days of Carrier's written request, or if Carrier's review of the requested information reveals that the existing or prospective Shipper does not have the capacity to perform any financial obligations that could arise from the Terminalling of the Shipper's Petroleum under the terms of this tariff, including the payment of charges and costs as provided for in this tariff or otherwise lawfully due to Carrier relating to the Terminalling.
- b) Subject to the provisions of paragraph c) of this Rule 23, Carrier, upon notice to the Shipper, may require credit enhancement, acceptable to Carrier in its sole discretion, which credit enhancement may include, but is not limited to, prepayment, a letter of credit or a guaranty. Any credit enhancement shall be in an amount sufficient to ensure payment of all costs and charges that could arise from the Terminalling of the Shipper's Petroleum under the terms of this tariff, including the payment of charges and costs as provided for in this tariff or otherwise lawfully due to Carrier relating to the Terminalling.
- c) In the event that Carrier reasonably determines that: (i) the existing or prospective Shipper's financial condition is or has become impaired or unsatisfactory; or (ii) any credit enhancement previously provided by a Shipper no longer provides adequate security for the performance of the Shipper's obligations that could arise from the Terminalling of the Shipper's Petroleum under the terms of this tariff, then the Shipper shall provide credit enhancement for the payment of the charges and costs as provided for in this tariff or otherwise lawfully due to Carrier relating to the Terminalling of the Shipper's Petroleum under the terms of this tariff, including the payment of Terminalling charges.
- d) Carrier shall not be obligated to accept Petroleum for Terminalling from an existing or prospective Shipper if the Shipper or prospective Shipper fails to deliver credit enhancement to Carrier within 21 days of Shipper's receipt of Carrier's written request for such credit enhancement.

Explanation of Reference Marks:

[I] Denotes increase