



Western Canada Marine Response Corporation

**Fee Justification Document
Proposed TMEP Bulk Oil Cargo Fees
January 1, 2023**

INTRODUCTION:

This document details the manner in which the Trans Mountain Expansion Plan Bulk Oil Cargo fees have been calculated, and provides supporting financial information.

TMEP Bulk Oil Cargo Fee (“TMEP BOCF”)

- is determined on the basis of cost per tonne;
- the BOCF is calculated by multiplying a Bulk Oil Cargo Fee Rate (“TMEP BOCFR”) by the applicable quantity of bulk oil loaded or unloaded at Trans Mountain’s Westridge facility
- the TMEP BOCFR is calculated by dividing the forecast annual *Net Expense (1)* of WCMRC by the forecast *Annual Volume (2)* of bulk oil cargo to be loaded or unloaded within Trans Mountain’s Westridge facility.
- *Net Expense (1)* = Debt servicing + operating costs including depreciation + return on equity less revenue from forecasted registration fees and other revenues, plus/minus the previous years operating surplus/deficit;
- *Annual Volume (2)* = Total volume of bulk oil cargo unloaded + total volume of bulk oil loaded for international destinations at Trans Mountain’s Westridge facility
- Is independent of the Bulk Oil Cargo fee, which is applied to all volumes over WCMRC’s Geographic Area of Response

The above formula for the TMEP BOCFR was endorsed by the participants of the Multi-Stakeholder Consultation Meeting held in Toronto, June 1st – 5th, 1998 and has been replicated for the TMEP BOCFR, adjusting only for specific volumes.

The TMEP BOCFR calculated by the above formula is applicable to all products except asphalt, which is not applicable to the TMEP BOCF.

TMEP Bulk Oil Cargo Fee Rate (TMEP BOCFR)

TMEP -BOCFR	GAZETTED effective January 1, 2021	PROPOSED effective January 1 st , 2022
Other Products	\$25.136	\$25.763

The basis for establishing the TMEP Bulk Oil Cargo Fee is as follows:

TMEP BOCF FEE CALCULATION		
	2022 Budget Effective: 2022	2023 Budget Proposed: 2023
Revenue		
Deferred Revenue Previous Year	2,500,000	5,000,000
Interest and Other		35,000
Projects		
Registration Fees		
	2,500,000	5,035,000
Expenses		
Depreciation	7,783,157	8,073,782
Insurance	450,000	687,000
Technology and R&D	118,000	92,000
Maintenance and Readiness	7,974,225	7,416,345
Office	2,326,955	1,866,607
Travel	804,530	561,341
Interest and Other	2,776,490	7,775,264
Public Relations	173,000	223,450
Professional Fees	1,938,665	1,670,031
Rent and Moorage	1,034,652	962,613
Salaries	16,757,655	16,540,981
Training	746,738	556,933
	42,884,067	46,426,346
Other		
ROE (n/a)	-	-
	-	-
	-	-
Total Funds Required	40,384,067	41,391,346
Total Volumes	1,606,645	1,606,645
Bulk Oil Cargo Fee	\$ 25.136	\$ 25.763

Notes:

1. Volumes
Based on predicted 2019 volumes of 1.905MM m3, or 1,606,645 tonnes.
2. Revenue
Estimated excess of fees collected over funds spent in 2022.
3. Depreciation
Estimated based on existing and forecasted acquisitions for 2022 and 2023, based on estimated useful lives consistent with base business
4. Professional fees
Fees paid to consultants and engineers to bring proposed bases to tender ready state and complete acquisitions of assets already in construction.