

Eastern Canada Response Corporation Ltd.

Calculation of Bulk Oil Cargo Fee Rate –
for the periods ending
December 31, 2009 and 2010

February 24, 2009

Auditors' Report

To the Directors of Eastern Canada Response Corporation Ltd.

We have audited **Eastern Canada Response Corporation Ltd.**'s calculation of the Bulk Oil Cargo Fee for the periods ending December 31, 2009 and 2010 in compliance with the criteria established in the fee setting formula, as ratified at the multi-stakeholder consultation held in Toronto, Ontario June 1 to 5, 1998 and the interpretation of such formula as set out in the attached notes. Compliance with the criteria established at the multi-stakeholder consultation and the preparation of the unaudited forecasts and estimates used in the calculation are the responsibility of the management of the Corporation. Our responsibility is to express an opinion on these calculations based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the Corporation complied with the criteria established by the provisions of the agreement referred to above. An audit includes examining, on a test basis, evidence supporting compliance, evaluating the overall compliance with the agreement, and where applicable, assessing the accounting principles used and significant estimates made by management.

In our opinion, the Corporation's calculation of the Bulk Oil Cargo Fee for the periods ending December 31, 2009 and 2010 is in compliance, in all material respects, with the criteria established in the fee setting formula as ratified at the multi-stakeholder consultation.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

Eastern Canada Response Corporation Ltd.

Calculation of Bulk Oil Cargo Fee (BOCF) – Maritimes/Quebec Region
For the periods ending December 31, 2009 and 2010

	January 1, 2009 to December 31, 2009 Forecast \$	January 1, 2010 to December 31, 2010 Forecast \$
Expenses and return on equity		
General operating and administration	4,840,000	4,936,000
Interest on long-term debt (note 1)	290,000	250,000
Depreciation and amortization (note 2)	1,249,000	1,296,000
Amortization of start-up costs (note 3)	308,000	308,000
Provision for income taxes (note 4)	220,000	220,000
Return on equity (note 5)	466,000	466,000
	<hr/>	<hr/>
	7,373,000	7,476,000
Revenue (excluding BOCF)		
Arrangement fees	1,000,000	1,000,000
Service revenue – net	200,000	200,000
Interest	60,000	70,000
Other	425,000	425,000
	<hr/>	<hr/>
	1,685,000	1,695,000
Gross BOCF revenue required		
	5,688,000	5,781,000
Less: Deferred revenue from previous years		
	(1,525,000)	–
Net BOCF revenue required		
	<hr/>	<hr/>
	4,163,000	5,781,000
Estimated tonnes		
Oil other than asphalt	23,000,000	23,000,000
Asphalt	250,000	250,000
	<hr/>	<hr/>
	23,250,000	23,250,000
	<hr/>	<hr/>
	As at January 1, 2009 \$	As at January 1, 2010 \$
Bulk Oil Cargo Fee per tonne (oil other than asphalt)	<hr/>	<hr/>
	0.180	0.250
Bulk Oil Cargo Fee per tonne (asphalt) (note 6)	<hr/>	<hr/>
	0.090	0.125

The accompanying notes are an integral part of these financial statements.

Eastern Canada Response Corporation Ltd.

Calculation of Bulk Oil Cargo Fee (BOCF) – Newfoundland Region

For the periods ending December 31, 2009 and 2010

	January 1, 2009 to December 31, 2009 Forecast \$	January 1, 2010 to December 31, 2010 Forecast \$
Expenses and return on equity		
General operating and administration	1,658,000	1,653,000
Interest on long-term debt (note 1)	100,000	90,000
Depreciation and amortization (note 2)	507,000	522,000
Provision for income taxes (note 4)	80,000	80,000
Return on equity (note 5)	155,000	155,000
Gross BOCF revenue required	2,500,000	2,500,000
Less: Deferred revenue from previous years	(450,000)	–
Net BOCF revenue required	2,050,000	2,500,000
Estimated tonnes		
Oil other than asphalt	22,750,000	22,700,000
Asphalt	70,000	70,000
	22,820,000	22,770,000
	As at January 1, 2009 \$	As at January 1, 2010 \$
Bulk Oil Cargo Fee per tonne (oil other than asphalt)	0.090	0.110
Bulk Oil Cargo Fee per tonne (asphalt) (note 6)	0.045	0.055

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Eastern Canada Response Corporation Ltd.

Calculation of Bulk Oil Cargo Fee (BOCF) – Great Lakes Region

For the periods ending December 31, 2009 and 2010

	January 1, 2009 to December 31, 2009 Forecast \$	January 1, 2010 to December 31, 2010 Forecast \$
Expenses and return on equity		
General operating and administration	1,552,000	1,696,000
Interest on long-term debt (note 1)	75,000	55,000
Depreciation and amortization (note 2)	251,000	259,000
Amortization of start-up costs (note 3)	105,000	105,000
Provision for income taxes (note 4)	92,000	92,000
Return on equity (note 5)	195,000	195,000
	<u>2,270,000</u>	<u>2,402,000</u>
Revenue (excluding BOCF)		
Arrangement fees	300,000	300,000
Service revenue – net	100,000	100,000
Interest	20,000	20,000
Other	200,000	200,000
	<u>620,000</u>	<u>620,000</u>
Gross BOCF revenue required	1,650,000	1,782,000
Less: Deferred revenue from previous years	(400,000)	–
Net BOCF revenue required	<u>1,250,000</u>	<u>1,782,000</u>
Estimated tonnes		
Oil other than asphalt	3,000,000	3,000,000
Asphalt	250,000	250,000
	<u>3,250,000</u>	<u>3,250,000</u>
	As at January 1, 2009 \$	As at January 1, 2010 \$
Bulk Oil Cargo Fee per tonne (oil other than asphalt)	<u>0.400</u>	<u>0.570</u>
Bulk Oil Cargo Fee per tonne (asphalt) (note 6)	<u>0.200</u>	<u>0.285</u>

The accompanying notes are an integral part of these financial statements.

Eastern Canada Response Corporation Ltd.

Notes to Calculation of Bulk Oil Cargo Fee (BOCF)

For the periods ending December 31, 2009 and 2010

1 Interest on long-term debt

Interest on long-term debt is provided at the rates and terms specified in the Corporation's debt agreements.

2 Depreciation of capital assets

Annual depreciation is provided for on a straight-line basis at the following rates:

Furniture and office equipment	10%
Computer equipment	12.5%
Communications equipment	10%
Marine equipment	5%
Vehicles	30%
Tools and building materials	5%
Boat launch	5%
Warehouse	5%
Leasehold improvements	10%

3 Amortization of capitalized start-up costs

Costs incurred to increase the Corporation's emergency response capacity to 10,000 tonnes were capitalized and are charged against income on a straight-line basis over a period of twenty years.

4 Provision for income taxes

Income taxes are provided for at the estimated combined federal and provincial income tax rates within the Corporation's geographic area of response.

5 Return on equity

Return on equity is provided at an after tax rate of 8.57% per annum for the forecasted period ending December 31, 2009, and at an after tax rate of 8.57% per annum for the forecasted period ending December 31, 2010.

6 Bulk Oil Cargo Fee (asphalt)

The Bulk Oil Cargo Fee per tonne for asphalt is one-half the Bulk Oil Cargo Fee per tonne for oil other than asphalt.