

ENBRIDGE SOUTHERN LIGHTS GP INC.
on behalf of
ENBRIDGE SOUTHERN LIGHTS LP

**TOLLS APPLYING ON
DILUENT**

From

INTERNATIONAL BOUNDARY NEAR GREY, MANITOBA

to

EDMONTON AND HARDISTY, ALBERTA; KERROBERT, SASKATCHEWAN

The tolls of the Carrier are regulated by the National Energy Board on a complaint basis. The Carrier is required to make copies of tariffs and supporting financial information readily available to interested persons. Persons who cannot resolve traffic, toll and tariff issues with the Carrier may file a complaint with the Board. In the absence of a complaint, the Board does not normally undertake a detailed examination of the Carrier's tolls.

The tolls listed in this tariff are for the transportation of Diluent by pipeline subject to the Rules and Regulations published in Enbridge Southern Lights GP Inc. on behalf of Enbridge Southern Lights LP's tariff NEB No. [W] 17 45, supplements thereto and reissues thereof, all of which are specifically incorporated herein.

The tolls listed in this tariff include an abandonment collection amount pursuant to NEB MH-001-2013 Reasons for Decision.

The tolls listed in this tariff are payable in Canadian currency and are applicable only to Diluent tendered to the Carrier for transportation in Canada.

EFFECTIVE: January 1, 2018

ISSUED BY:

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COMPILED BY:

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DILUENT TRANSMISSION TOLLS¹

COMMITTED TOLL² IN CANADIAN DOLLARS	
	TO
FROM	Edmonton, Alberta; Hardisty, Alberta; Kerrobert, Saskatchewan
International Boundary near Gretna, Manitoba	[I] \$13.179/m ³
	[I] \$2.095/bbl

UNCOMMITTED TOLL² IN CANADIAN DOLLARS	
	TO
FROM	Edmonton, Alberta; Hardisty, Alberta; Kerrobert, Saskatchewan
International Boundary near Gretna, Manitoba	[I] \$26.358/m ³
	[I] \$4.190/bbl

- As detailed within the Transportation Services Agreement (TSA) as amended, uncommitted revenue for volumes up to and including 162,000 bpd and 75% of uncommitted revenue for volumes over 162,000 bpd will be refunded back to all shippers at the end of each full calendar year net of committed shipper volume credits and the true-up between forecast and actual revenue requirement. To the extent the actual revenue for the base period is less than (greater than) the true-up revenue requirement for the calendar year, Carrier shall recover (refund) from each Shipper its share of the difference based on such Shipper's proportionate contribution to the actual revenue for the said calendar year. The annual true-up, as detailed within the TSA as amended, will occur as soon as reasonably practicable after the end of each calendar year.
- The tolls are published on both a per barrel and a per cubic metre basis. Shippers will be invoiced on a per cubic metre basis.

Symbols:

[I] – Increase

[W] – Change in wording only

<i>Description</i>	<i>Label</i>
Revenue Requirement and Toll Calculation	Statement A
Overall Return on Rate Base	Statement B
Income Tax Allowance	Statement C
Rate Base	Statement D
Depreciation Expense	Statement E

Line	Description	Source	TSA Reference	2018
1	Overall Return on Rate Base	Statement B, Line 8 + Line 9	Schedule B Section 9, 10	\$ 37,357
2	Income Tax Allowance	Statement C, Line 18	Schedule B Section 12	\$ -
3	Operating Expenses Excluding Power Costs	Projected	Schedule B Section 13	\$ 29,386
4	Power Costs	Projected	Schedule B Section 13	\$ 12,630
5	Abandonment Collection Amount	Projected		\$ 3,488
6	Total Depreciation Expense	Statement E, Line 5	Schedule B Section 11	\$ 41,038
7	Total TSA Revenue Requirement	Sum Lines (1 - 6)	Schedule B Section 14(a)	\$ <u>123,899</u>
8	Annual Committed Volume (thousands of m ³)			9,401
9	Committed Toll (\$ per m ³)	Line 7/Line 8		\$ 13.179
10	Uncommitted Toll (\$ per m ³)	Line 9 * 2		\$ 26.358

Line	Description	Source	2018
1	13 Pt Avg Rate Base	Statement D, Line 4	\$ 642,527
2	Debt Ratio	Per TSA	70.00%
3	Equity Ratio	Per TSA	30.00%
4	Debt Portion of Rate Base	Line 1 * Line 2	\$ 449,769
5	Equity Portion of Rate Base	Line 1 * Line 3	<u>\$ 192,758</u>
6	Cost of Debt	Projected	4.02%
7	Equity Rate of Return	Per TSA	10.00%
8	Interest Return	Lines (4 * 6)	\$18,081
9	Equity Return	Lines (5 * 7)	\$19,276

Line	Description	Source	2018
1	Return on Equity	Statement B, Line 9	\$ 19,276
2	Abandonment Collection Amount	Statement A, Line 5	<u>\$ 3,488</u>
3	Earnings before Income Taxes	Line 1 + Line 2	22,764
Temporary Differences:			
4	Contribution to QET Account	Deduct Line 2	\$ (3,488)
5	AIDC Capitalized		\$ (312)
6	Depreciation	Statement E, Line 3	\$ 40,618
7	Capital Cost Allowance		\$ (27,751)
8	Book Amortizations		\$ 423
9	Tax Amortizations		\$ -
10	Capitalized General & Administrative Expenses		\$ (815)
11	Other Temporary Differences		<u>\$ -</u>
12	Total Temporary Differences	Sum Lines (4 - 11)	<u>\$ 8,675</u>
13	Income Tax Base	Line 3 + Line 12	\$ 31,439
14	Tax Loss Carryforward		<u>\$ (31,439)</u>
15	Adjusted Income Tax Base	Line 13 + Line 14	\$ -
16	Income Tax Rate		27.0000%
17	Income Taxes		<u>\$ -</u>
18	Income Tax Allowance	Line 17 / (1 - Line 16)	<u><u>\$ -</u></u>

Line	Description	Source	2018
	<u>Rate Base</u>		
1	13 pt Avg Carrier Property In Service	Company Data	\$ 632,801
2	Rate Base for Capitalized Upfront Debt Issue Costs	Company Data	\$ 6,225
3	Working Capital	Statement A, (Line 3 + Line 4) * (1/12)	<u>\$ 3,501</u>
4	13 Pt Avg Rate Base	Sum Lines (1 - 3)	<u><u>\$ 642,527</u></u>

Line	Description	Source	2018
1	Monthly Average Carrier Gross Property In Service	Company Data	\$ 794,316
2	Depreciation Rate per TSA (Average)	TSA Schedule D	5.14% *
3	Plant Depreciation Expense	Company Data	\$ 40,618 **
4	Amortization of Financing Charges	Company Data	\$ 420
5	Total Depreciation Expense	Line 3 + Line 4	<u>\$ 41,038</u>

* Depreciation rate of 5.14% is the average of the Jan-Jun rate of 4.84% and the Jul-Dec rate of 5.43%. Annual depreciation rate for capital placed into service on or after January 1, 2018 will be 3.33%, as agreed to between Enbridge Southern Lights GP and its committed shippers.

** Depreciation is calculated on a monthly basis by applying the depreciation rate to forecasted plant balances.

Amended Schedule “D”

Depreciation Schedule
Annual Percentage Depreciation

<u>Year of Operation</u>	<u>Annual Percentage for Initial Capital</u>		<u>Annual Percentage for Future Capital</u>	
July 1, 2010 – June 30, 2011	1.53		n/a	
July 1, 2011 – June 30, 2012	1.91		n/a	
July 1, 2012 – June 30, 2013	2.28		n/a	
July 1, 2013 – June 30, 2014	2.74		n/a	
July 1, 2014 – June 30, 2015	3.14		n/a	
July 1, 2015 – June 30, 2016	3.66		n/a	
July 1, 2016 – June 30, 2017	4.19		n/a	
July 1, 2017 – December 31, 2017	2.42	4.84	n/a	3.33
January 1, 2018 – June 30, 2018	2.42		1.67	
July 1, 2018 – June 30, 2019	5.43		3.33	
July 1, 2019 – June 30, 2020	4.11		3.33	
July 1, 2020 – June 30, 2021	4.47		3.33	
July 1, 2021 – June 30, 2022	4.83		3.33	
July 1, 2022 – June 30, 2023	5.18		3.33	
July 1, 2023 – June 30, 2024	5.61		3.33	
July 1, 2024 – June 30, 2025	6.08		3.33	
July 1, 2025 – June 30, 2026	2.67		3.33	
July 1, 2026 – June 30, 2027	2.67		3.33	
July 1, 2027 – June 30, 2028	2.67		3.33	
July 1, 2028 – June 30, 2029	2.67		3.33	
July 1, 2029 – June 30, 2030	2.67		3.33	
July 1, 2030 – June 30, 2031	2.67		3.33	
July 1, 2031 – June 30, 2032	2.67		3.33	
July 1, 2032 – June 30, 2033	2.67		3.33	
July 1, 2033 – June 30, 2034	2.67		3.33	
July 1, 2034 – June 30, 2035	2.67		3.33	
July 1, 2035 – June 30, 2036	2.67		3.33	
July 1, 2036 – June 30, 2037	2.67		3.33	
July 1, 2037 – June 30, 2038	2.67		3.33	
July 1, 2038 – June 30, 2039	2.67		3.33	
July 1, 2039 – June 30, 2040	2.67		3.33	