



ENBRIDGE SOUTHERN LIGHTS GP INC.
ON BEHALF OF
ENBRIDGE SOUTHERN LIGHTS LP

LOCAL TOLLS APPLYING ON DILUENT

FROM

INTERNATIONAL BOUNDARY NEAR GRETNA, MANITOBA

TO

EDMONTON AND HARDISTY, ALBERTA; KERROBERT, SASKATCHEWAN

The tolls of the Carrier are regulated by the **[W] Canada Energy Regulator** (“CER”) ~~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 **[W] CER Board**. In the absence of a complaint, the **[W] CER 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. 17, supplements thereto and reissues thereof, all of which are specifically incorporated herein.

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.

ISSUED: November 29, 2019

EFFECTIVE: January 1, 2020

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DILUENT TRANSMISSION TOLLS¹

COMMITTED TOLL^{2,3} IN CANADIAN DOLLARS	
From	To
International Boundary near Gretna, Manitoba	Edmonton, Alberta; Hardisty, Alberta, Kerrobert, Saskatchewan
	[D] \$11.836 /m ³
	[D] \$1.882 /bbl

UNCOMMITTED TOLL^{2,3} IN CANADIAN DOLLARS	
From	To
International Boundary near Gretna, Manitoba	Edmonton, Alberta; Hardisty, Alberta, Kerrobert, Saskatchewan
	[D] \$23.672 /m ³
	[D] \$3.764 /bbl

NOTES:

1. 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.
2. The tolls listed in this tariff include an abandonment collection amount pursuant to NEB MH-001-2013 Reasons for Decision.
3. 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:

- [D]** – Decrease
[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	2020
1	Overall Return on Rate Base	Statement B, Line 8 + Line 9	Schedule B Section 9, 10	\$ 33,868
2	Income Tax Allowance	Statement C, Line 18	Schedule B Section 12	\$ -
3	Operating Expenses Excluding Power Costs	Projected	Schedule B Section 13	\$ 26,467
4	Power Costs	Projected	Schedule B Section 13	\$ 11,030
5	Abandonment Collection amount ¹	Projected		\$ 6,100
6	Total Depreciation Expense	Statement E, Line 5	Schedule B Section 11	\$ 34,111
7	Total TSA Revenue Requirement	Sum Lines (1 - 6)	Schedule B Section 14(a)	\$ <u>111,576</u>
8	Annual Committed Volume (thousands of m ³)			9,427
9	Committed Toll (\$ per m ³)	Line 7/Line 8		\$ 11,836
10	Uncommitted Toll (\$ per m ³)	Line 9 * 2		\$ 23,672

¹ Abandonment collection amount has been updated to reflect Enbridge Southern Lights GP Inc.'s updated Abandonment Cost Estimate (in 2018 dollars) approved by the NEB on March 1, 2019 [A98121]

Line	Description	Source	2020
1	13 Pt Avg Rate Base	Statement D, Line 4	\$ 579,030
2	Debt Ratio	Per TSA	70.00%
3	Equity Ratio	Per TSA	30.00%
4	Debt Portion of Rate Base	Line 1 * Line 2	\$ 405,321
5	Equity Portion of Rate Base	Line 1 * Line 3	<u>\$ 173,709</u>
6	Cost of Debt	Projected	4.07%
7	Equity Rate of Return	Per TSA	10.00%
8	Interest Return	Lines (4 * 6)	\$16,497
9	Equity Return	Lines (5 * 7)	\$17,371

Line	Description	Source	2020
1	Return on Equity	Statement B, Line 9	\$ 17,371
2	Abandonment Collection Amount	Statement A, Line 5	<u>\$ 6,100</u>
3	Earnings before Income Taxes	Line 1 + Line 2	23,471
Temporary Differences:			
4	Contribution to QET Account	Deduct Line 2	\$ (6,100)
5	AIDC Capitalized		\$ (137)
6	Depreciation	Statement E, Line 3	\$ 33,758
7	Annual Committed Volume (thousands of m ³)		\$ (37,219)
8	Book Amortizations		\$ 353
9	Tax Amortizations		\$ -
10	Capitalized General & Administrative Expenses		\$ (1,615)
11	Other Temporary Differences		<u>\$ -</u>
12	Total Temporary Differences	Sum Lines (4 - 11)	<u>\$ (10,960)</u>
13	Income Tax Base	Line 3 + Line 12	\$ 12,511
14	Tax Loss Carryforward		<u>\$ (12,511)</u>
15	Adjusted Income Tax Base	Line 13 + Line 14	\$ -
16	Income Tax Rate		27.0000%
17	Income Taxes		<u><u>\$ -</u></u>
18	Income Tax Allowance	Line 17 / (1 - Line 16)	<u><u>\$ -</u></u>

Line	Description	Source	2020
	<u>Rate Base</u>		
1	13 pt Avg Carrier Property In Service	Company Data	\$ 570,459
2	Rate Base for Capitalized Upfront Debt Issue Costs	Company Data	\$ 5,446
3	Working Capital	Statement A, (Line 3 + Line 4) * (1/12)	<u>\$ 3,125</u>
4	13 Pt Avg Rate Base	Sum Lines (1 - 3)	<u><u>\$ 579,030</u></u>

Line	Description	Source	2020
1	Monthly Average Carrier Gross Property In Service	Company Data	\$ 793,841
2	Depreciation Rate per TSA (Average)	TSA Schedule D	4.29% *
3	Plant Depreciation Expense	Company Data	\$ 33,758 **
4	Amortization of Financing Charges	Company Data	\$ 353
5	Total Depreciation Expense	Line 3 + Line 4	<u>\$ 34,111</u>

* Depreciation rate of 4.29% is the average of the 2020 Jan-Jun sculpted depreciation rate of 4.11% and the Jul-Dec rate of 4.47%. 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 from forecasted plant balances.

Appendix B
Enbridge Southern Lights GP Inc.
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	160,474,244
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}	333,896,367
Step 3: Calculate company-specific after-tax rate of return on funds collected		
Line 7	Pre-tax rate of return on funds collected ²	3.5%
Line 8	Adjustment for variable trustee expenses and investment management fees	0.1%
Line 9	Company-specific tax rate on investment income ³	27.0%
Line 10	After-tax rate of return on funds collected = (1 - Line 9) * (Line 7 - Line 8)	2.5%
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]	6,099,609
Line 12	Adjustment for fixed trustee expenses	0
Line 13	Annual Contribution Amount to Trust = (Line 11 + Line 12)	6,099,609

Notes:

1. Abandonment cost estimate of CAD \$177.9 (in 2018 \$) as approved by the NEB on March 1, 2019 [A98121], net of funds estimated to be in Enbridge Southern Lights GP Inc.'s abandonment trust as of December 31, 2019.
2. The pre-tax return of 3.5% (Line 7) is a gross pre-tax amount and is adjusted downwards by 10 basis points (Line 8) to account for trust administrative costs to be paid by the trust.
3. Line 9 shows Enbridge Southern Lights' company-specific tax rate on investment income.

Appendix C
Enbridge Southern Lights GP Inc.
Abandonment Toll Calculation

Derivation of Annual Contribution Amount

Line		Unit	Source	
1	Total Collection Amount over Collection Period	CAD \$MM	Corporation Data	\$213.49
2	Collection Period (remaining)	Years	NEB Base Case	35
3	Annual Contribution Amount	CAD \$MM	Line 1 / Line 2	\$6.10

Derivation of Abandonment Tolls

Inputs Used in Abandonment Toll Calculation				Volume
Transmission				
4	Total Committed Volume	MM of m ³	Corporation Data	9.4

Abandonment Tolls effective January 1, 2020

5	Abandonment Toll - Committed Volume	CAD \$/m ³	Line 3 / Line 4	\$0.649
6	Abandonment Toll - Uncommitted Volume	CAD \$/m ³	Line 5 * 2	\$1.298
	Abandonment Toll - Committed Volume	CAD \$/bbl	Line 5 / 6.289811	\$0.103
	Abandonment Toll - Uncommitted Volume	CAD \$/bbl	Line 6 / 6.289811	\$0.206

Notes:

Numbers may not sum due to rounding.

Appendix D
Southern Lights Tolls Including Abandonment Toll Collection Amounts

Enbridge Southern Lights GP Inc. Worksheet Supporting CER Tariff No. 20							
TOLLS IN \$CDN DOLLARS							
Diluent							
FROM	TO	Committed Toll					
		Transportation Toll	Transportation Toll	Abandonment Toll Amount	Abandonment Toll Amount	CER Tariff No. 20 Total Toll	CER Tariff No. 20 Total Toll
		m ³	bbl	m ³	bbl	m ³	bbl
		(A)	(B)	(C)	(D)	(A) + (C) = (E)	(B) + (D) = (F)
International Boundary near Gretna, Manitoba	Edmonton, Alberta; Hardisty, Alberta; Kerrobert, Saskatchewan	\$ 11.187	\$ 1.779	0.649	0.103	\$ 11.836	\$ 1.882

Enbridge Southern Lights GP Inc. Worksheet Supporting CER Tariff No. 20							
TOLLS IN \$CDN DOLLARS							
Diluent							
FROM	TO	Uncommitted Toll					
		Transportation Toll	Transportation Toll	Abandonment Toll Amount	Abandonment Toll Amount	CER Tariff No. 20 Total Toll	CER Tariff No. 20 Total Toll
		m ³	bbl	m ³	bbl	m ³	bbl
		(A)	(B)	(C)	(D)	(A) + (C) = (E)	(B) + (D) = (F)
International Boundary near Gretna, Manitoba	Edmonton, Alberta; Hardisty, Alberta; Kerrobert, Saskatchewan	\$ 22.374	\$ 3.558	1.298	0.206	\$ 23.672	\$ 3.764