

COST OF CAPITAL SUMMARY

1. The evidence, in the following tables 1 through 3, shows a summary of Enbridge's cost of capital for each of the 2017 Board Approved (EB-2016-0215), the 2018 placeholder (EB-2012-0459), and the 2018 Updated Forecast.

TABLE 1
COST OF CAPITAL SUMMARY

Line No.	EB-2016-0215 - 2017 Approved (excluding CIS)				
	Principal (\$Millions)	Component %	Cost Rate %	Return %	Return (\$Millions)
1. Long-term debt	3,739.6	62.28%	4.83%	3.008%	180.6
2. Short-term debt	3.2	0.05%	1.23%	0.001%	0.0
3. Preferred shares	100.0	1.67%	2.24%	0.037%	2.2
4. Common Equity	2,161.6	36.00%	8.78%	3.161%	189.8
5. Total	<u>6,004.4</u>	<u>100.00%</u>		<u>6.207%</u>	<u>372.7</u>

TABLE 2
COST OF CAPITAL SUMMARY

Line No.	EB-2012-0459 - 2018 Placeholder (excluding CIS)				
	Principal (\$Millions)	Component %	Cost Rate %	Return %	Return (\$Millions)
1. Long-term debt	3,734.3	60.76%	5.39%	3.275%	201.3
2. Short-term debt	98.9	1.61%	4.30%	0.069%	4.3
3. Preferred shares	100.0	1.63%	4.64%	0.076%	4.6
4. Common Equity	2,212.4	36.00%	10.27%	3.697%	227.2
5. Total	<u>6,145.6</u>	<u>100.00%</u>		<u>7.117%</u>	<u>437.4</u>

Witness: R. Small

TABLE 3
COST OF CAPITAL SUMMARY

Line No.	2018 Updated Forecast (excluding CIS)				
	Principal (\$Millions)	Component %	Cost Rate %	Return %	Return (\$Millions)
1. Long-term debt	3,858.2	61.84%	4.71%	2.913%	181.7
2. Short-term debt	34.8	0.56%	1.60%	0.009%	0.6
3. Preferred shares	100.0	1.60%	2.72%	0.044%	2.7
4. Common Equity	2,246.1	36.00%	8.84%	3.182%	198.6
5. Total	6,239.1	100.00%		6.148%	383.6

- As reflected in Table 3 versus Table 2 above, the 2018 Updated Forecast capital structure has been updated in accordance with the Board's EB-2012-0459 Decision and Rate Order requiring the return on equity to be re-set each year using the Board approved parameters, and that the cost of debt be updated annually using the most current information, including information on actual amounts and rates associated with debt issued in the prior year.
- Details of the 2018 Updated Forecast financing costs, including forecast debt issuances and cost rates, are included in Exhibit E1, Tab 3, Schedule 1. Evidence with respect to the updated 2018 return on equity included within the 2018 updated allowed revenue and revenue deficiency calculation is found in evidence at Exhibit E1, Tab 2, Schedule 1.
- Further details of each of the elements of the 2018 updated forecast capital structure, and the determination of the overall cost of capital and resulting deficiency in earnings are found at Exhibits E2, Tab 1, Schedules 1 through 5.

Witness: R. Small