UPC - 86

Enbridge Offshore Pipelines (UTOS) LLC
Calculation of Revenues for 9 Year Life
Without Discount Adjusted Volumes

Line No.	Year	Average Daily Dth At WC 167	Average Daily Dth All Other Sources	Average Daily Dth Total Received	O & M Exp and Other Taxes	Estimated Recourse Rate 1/	Potential Revenue 2/	EBITDA
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	1	4,985	32,713	37,698	$ 5,017,754	$ 0.3892	$ 5,355,697	$ 337,943
2	2	1,871	23,136	25,007	5,017,754	$ 0.3892	3,552,686	(1,465,068)
3	3	702	16,519	17,221	5,017,754	$ 0.3892	2,446,640	(2,571,114)
4	4	264	11,919	12,183	5,017,754	$ 0.3892	1,730,792	(3,286,962)
5	5	99	8,698	8,797	5,017,754	$ 0.3892	1,249,717	(3,768,037)
6	6	37	6,423	6,460	5,017,754	$ 0.3892	917,734	(4,100,020)
7	7	14	4,801	4,815	5,017,754	$ 0.3892	684,064	(4,333,690)
8	8	5	3,633	3,639	5,017,754	$ 0.3892	516,925	(4,500,829)
9	9	2	2,783	2,785	5,017,754	$ 0.3892	395,655	(4,622,099)

Footnotes:

1/ Based on a cost of service assuming a 9 year depreciable life and without discount adjustments.

2/ Assumes all shippers pay recourse rate.

Enbridge Offshore Pipelines (UTOS) LLC
Calculation of Revenues for 5 Year Life
Without Discount Adjusted Volumes

Line No.	Year	Average Daily Dth At WC 167	Average Daily Dth All Other Sources	Average Daily Dth Total Received	O & M Exp and Other Taxes	Estimated Recourse Rate 1/	Potential Revenue 2/	EBITDA
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	1	4,985	32,713	37,698	$ 5,017,754	$ 0.4539	$ 6,245,966	$ 1,228,212
2	2	1,871	23,136	25,007	5,017,754	$ 0.4539	4,143,244	(874,510)
3	3	702	16,519	17,221	5,017,754	$ 0.4539	2,853,341	(2,164,413)
4	4	264	11,919	12,183	5,017,754	$ 0.4539	2,018,499	(2,999,255)
5	5	99	8,698	8,797	5,017,754	$ 0.4539	1,457,456	(3,560,298)

Footnotes:

1/ Based on a cost of service assuming a 5 year depreciable life and without discount adjustments.

2/ Assumes all shippers pay recourse rate.

Enbridge Offshore Pipelines (UTOS) LLC
Calculation of Incremental Rate Increases Required to Support 5 Year Life
Without Discount Adjusted Volumes

Line No.	Year	Total Dth / Day Received	O & M Exp and Other Taxes	Estimated Recourse Rate 1/	Potential Revenue 2/	EBITDA	Incremental Rate Adustment Required To Recover: Total Cost of Service	Incremental Rate Adustment Required To Recover: EBITDA
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1							$ 8,713,299	
2	1	37,698	$ 5,017,754	$ 0.4539	$ 6,245,966	$ 1,228,212	$ 0.1793	$ -
3	2	25,007	5,017,754	$ 0.4539	4,143,244	(874,510)	$ 0.5007	$ 0.0958
4	3	17,221	5,017,754	$ 0.4539	2,853,341	(2,164,413)	$ 0.9322	$ 0.2485
5	4	12,183	5,017,754	$ 0.4539	2,018,499	(2,999,255)	$ 1.5056	$ 0.4260
6	5	8,797	5,017,754	$ 0.4539	1,457,456	(3,560,298)	$ 0.7543	$ 0.6829

Footnotes:

1/ Based on a cost of service assuming a 5 year depreciable life and with discount adjustments.

2/ Assumes all shippers pay recourse rate.

Enbridge Offshore Pipelines (UTOS) LLC
Calculation of Incremental Rate Increases Required to Support 5 Year Life
With Discount Adjusted Volumes

Line No.	Year	Total Recourse Dth / Day Received	O & M Exp and Other Taxes	Estimated Recourse Rate 1/	Potential Revenue 2/	EBITDA	Incremental Rate Adustment Required To Recover: Total Cost of Service	Incremental Rate Adustment Required To Recover: EBITDA
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1							$ 8,713,299	
2	1	10,269	$ 5,017,754	$ 2.0480	$ 8,040,281	$ 3,022,527	$ 0.1796	$ -
3	2	8,172	5,017,754	$ 2.0480	$ 6,340,988	1,323,234	$ 0.7953	$ -
4	3	6,543	5,017,754	$ 2.0480	$ 5,041,795	24,041	$ 0.7421	$ -
5	4	5,268	5,017,754	$ 2.0480	$ 4,036,979	(980,775)	$ 1.6900	$ 0.5101
6	5	4,263	5,017,754	$ 2.0480	$ 3,252,367	(1,765,387)	$ 1.8194	$ 0.6244

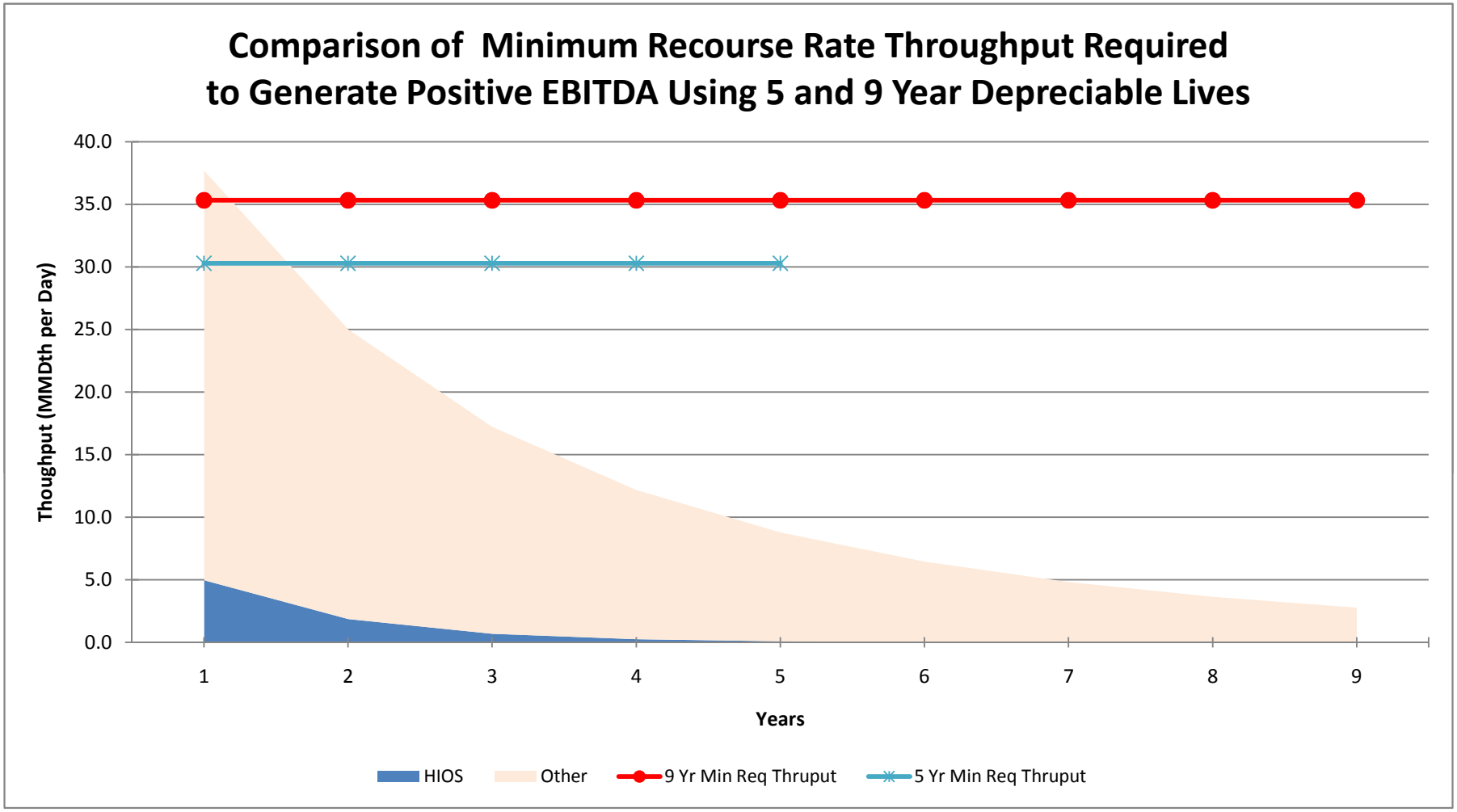
Footnotes:

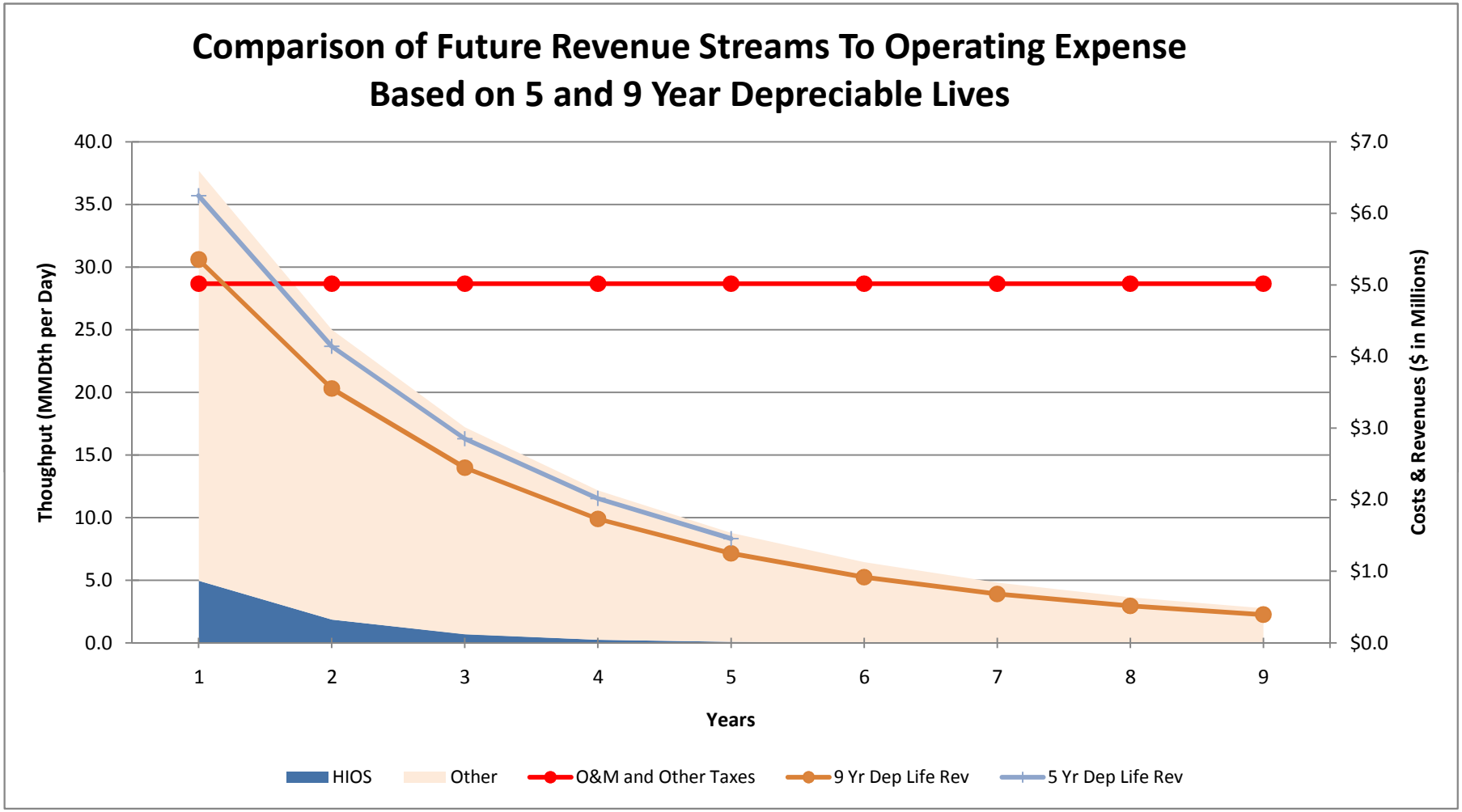
1/ Based on a cost of service assuming a 5 year depreciable life and with discount adjustments.

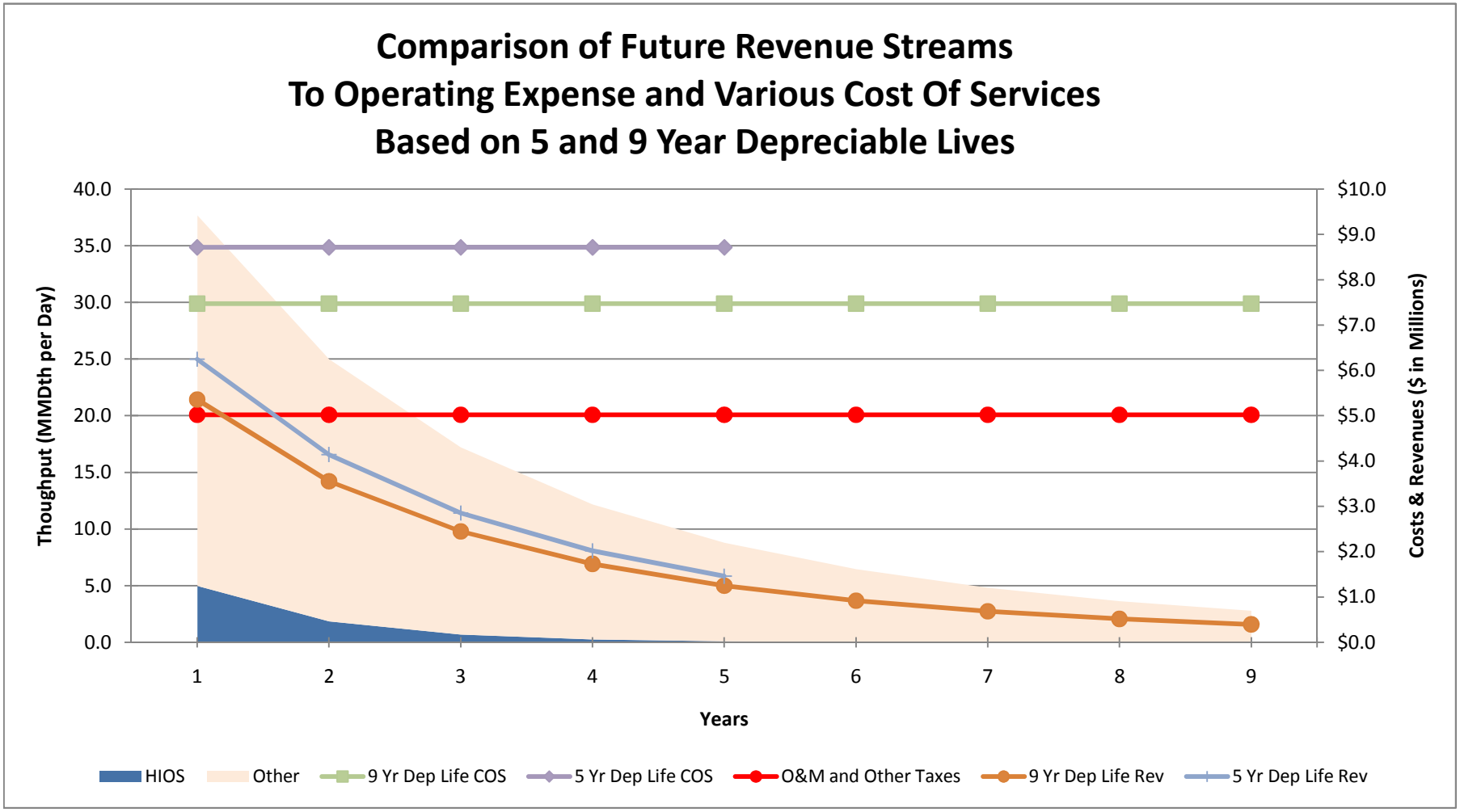
2/ Includes revenues for discounted services at estimated discount rate.

Enbridge Offshore Pipelines (UTOS) LLC
Cost of Service
Lateral Replacement Line for UTOS

Line No.	Description		Pipeline Cost of Service	Shipper Cost of Service
	(1)	(2)	(3)	(4)
	Cost of Service			
1	Operating Expenses		$ 25,000	$ 25,000
2	Depreciation & Amortization		1,093,600	1,093,600
3	Negative Salvage		300,000	300,000
4	Return		531,204	-
5	Taxes - Federal		212,684	-
6	Taxes - State		9,478	-
7	Taxes - Other		-	-
8	Total Cost of Service		$ 2,171,966	$ 1,418,600
9	Design Volumes		1,265,168	1,265,168
10	Unit Rate		$ 1.7167	$ 1.1213
	Supporting Calculations			
	Rate Base			
11	Gas Plant In Service	$ 5,468,000		
12	Accumulated DD&A	(546,800)		
13	Net Plant	$ 4,921,200		
14	Rate of Return	10.79%		
15	Return on Rate Base	$ 531,204		
	Capital Structure			
16	Long Term Debt	40.00%	6.92%	2.77%
17	Common Equity	60.00%	13.38%	8.03%
18	Total	100.00%		10.79%


Comparison of Minimum Recourse Rate Throughput Required
to Generate Positive EBITDA Using 5 and 9 Year Depreciable Lives
Thoughput (MMDth per Day)
40.0
35.0
30.0
25.0
20.0
15.0
10.0
5.0
0.0
1
2
3
4
5
6
7
8
9
Years
HIOS
Other
9 Yr Min Req Thruput
5 Yr Min Req Thruput


Comparison of Future Revenue Streams To Operating Expense
Based on 5 and 9 Year Depreciable Lives
Thoughput (MMDth per Day)
40.0
35.0
30.0
25.0
20.0
15.0
10.0
5.0
0.0
$7.0
$6.0
$5.0
$4.0
$3.0
$2.0
$1.0
$0.0
Costs & Revenues ($ in Millions)
1
2
3
4
5
6
7
8
9
Years
HIOS
Other
O&M and Other Taxes
9 Yr Dep Life Rev
5 Yr Dep Life Rev


Comparison of Future Revenue Streams
To Operating Expense and Various Cost Of Services
Based on 5 and 9 Year Depreciable Lives
Thoughput (MMDth per Day)
40.0
35.0
30.0
25.0
20.0
15.0
10.0
5.0
0.0
$10.0
$9.0
$8.0
$7.0
$6.0
$5.0
$4.0
$3.0
$2.0
$1.0
$0.0
Costs & Revenues ($ in Millions)
1
2
3
4
5
6
7
8
9
Years
HIOS
Other
9 Yr Dep Life COS
5 Yr Dep Life COS
O&M and Other Taxes
9 Yr Dep Life Rev
5 Yr Dep Life Rev