

# FACT SHEET



The Government of New Brunswick's recent decision to legislate changes to the Gas Distribution Act could have serious negative consequences for the public distribution of natural gas in New Brunswick and also for the province's reputation as a good place to conduct business.

We want New Brunswickers to know all the facts associated with this decision before the regulations associated with the legislation are finalized. It is our hope that informed New Brunswickers will agree that the actions of their government in this situation should be questioned.

## THE FACTS: FINANCIAL MODEL

- 1. EGNB's December 31, 2011 regulatory asset is:**
  - \$449 million, which consists of \$166 million of un-depreciated property, plant and equipment (PP&E).
  - \$103 million of un-depreciated development operations and maintenance (O&M) required to grow the franchise.
  - \$180 million deferral account, which represents the aggregate annual shortfalls from market-based rate revenue not covering the costs of running Enbridge Gas New Brunswick (EGNB).
- 2. EGNB's investors have received a return on their investment at the level approved by the Energy & Utilities Board (EUB) in the form of distributions, however, equity has been injected into the business at an amount greater than the distributions received:**
  - Total distributions paid to investors have been \$118 million, with \$82 million being received by Enbridge .
  - Enbridge has invested \$180 million in equity, with \$130 million in new equity being injected after the initial start-up equity of \$52 million.
- 3. The debt financing provided by Enbridge Inc. to EGNB provides a lower cost of debt than if EGNB had to raise this financing.**
  - The EUB determined that debt financing from Enbridge Inc. was a lower cost financing option and linked EGNB's cost of debt to that of Enbridge Inc.
  - Independent financing estimates obtained in 2010 indicated that EGNB's cost of debt would likely be 1.35% - 2% higher if it had to obtain debt financing on its own, which would equate to \$3 - \$5 million/year.