SCHEDULE 3.4

2017 Budget Assumptions

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3 The following assumptions were used by EGNB in the development of its 2017 Budget:

1 2

5	Budget Item Assumption						
6	Ma	Major Assumptions					
7		Cost of Capital	ROE of 10.9%, as approved by the Board in Cost of Capital proceeding (NBEUB 2010-003)				
8			55/45 debt/equity ratio.				
9			Cost of debt maintained at Enbridge Inc. cost of borrowing plus 1%.				
10		Inflation	Cost of living increase of 2.0% applied to salaries only.				
11	Pro	pperty, Plant & Equipment					
12		Computer Hardware	Detailed review of requirements, scheduled replacements and upgrades.				
13		Computer Software	Detailed review of requirements and upgrades.				
14		Tools and Work Equipment	Detailed review of requirements, scheduled replacements and improvements.				
15		Office Furniture and Equipment	Detailed review of requirements and scheduled equipment replacements.				
16		Transportation Equipment	Detailed review of requirements and scheduled replacements.				
17		Communications Equipment	Detailed review of requirements and scheduled replacements.				
18		Leasehold Improvements	Detailed review of requirements, scheduled replacements and improvements.				
19		Land	No incremental land acquisitions.				
20		Distribution Mains	Based on anticipated new mains to support attachments not on main in the communities currently served.				
21			at forecast costs, with allowance for main relocations and sewer conflict resolution.				
22			In-house construction model with EGNB crews and local contractors .				
23		Street Services	Based on anticipated attachments at forecast unit rates.				
24		Meters and Regulators	Based on anticipated attachments at forecast unit rates.				
25		Stations	Based on historic station costs and anticipated station(s).				

1	Bu	ndget Item	Assumption						
2		Accumulated Amortization	Based on Board approved amortization rates.						
3		Net Book Value	Cost less Accumulated Amortization.						
4		Construction Work in Progress	There will be the same value of work in progress open at the end of 2017 as there was at the beginning						
5			of 2017.						
6	De	ferred Charges							
7		Deferred Development Costs - Net	Deferred Development Costs less amortization at Board approved rate. Intangible software has been reclassified						
8			from Property, Plant and Equipment to Deferred Costs.						
9		Development O&M	There are no new forecast additions to Development O&M in 2017. Net change to Development O&M						
10		Capitalized Costs - Net	resulting from amortization at Board approved rate.						
11		Regulatory Deferral	2015 Actual Year End balance which EGNB is seeking approval from the Board. The Regulatory Deferral						
12			Account has been excluded from rate base for purposes of calculating return in accordance with the 2012						
13			legislative changes to the Gas Distribution Act, 1999.						
14	Sh	ort Term Investments	Maritimes & Northeast Pipeline Firm Service Agreement security deposit remains constant.						
15	No	on-Ratebase Assets							
16		Cash, & Short Term	Estimated cash requirements based on an assessment of cash flow items.						
17		Investments							
18		Accounts Receivable	30 days to receive cash for Distribution Revenue, Gas Sales and ABC, monthly forecast data relied upon.						
19		Inventory	No significant changes in level of inventory forecasted.						
20	Pai	rtners Equity	Assumed equity levels are forecasted to average approximately 45% for the year.						
21	Lo	ng-term Advances from	Budget assumes outstanding promissory notes forecasted for the end of 2016 with one retirement and replacement						
22	As	sociates and Affiliates	note in 2017 in the amount of \$5M on March 24th and an early retirement/replacement in July 2016 for December 2017						
23			note in amount of \$20M.						
24	No	on-Ratebase Liabilities							
25		Short Term Indebtedness	No estimated short term borrowing required during 2017 to manage cash flow.						

1	Budget Item	Assumption						
2	Accounts Payable	30 days for payment on obligations related to:						
3		- 78% of O&M expenses excluding salary and benefits						
4		- property tax						
5		- firm service agreement						
6		- natural gas costs						
7		- installation and service activities						
8		- 100% of salary and benefits						
9		60 days for payment on obligations related to:						
10		- 22% of O&M expenses excluding salaries and benefits						
- services, meters and stations		- services, meters and stations						
12		- work in progress from property, plant and equipment						
13		- general plant						
14	Long Term Deferred	Forecast year-end balance for 2016 assumed to remain constant in 2017.						
15	Post Employment Liabilities							
16	Average Rate Base	Forecast timing of additions for 2017 and the exclusion of the Regulatory Deferral Account as part of the						
17		regulated assets.						
18	Capital Structure	Managing of debt/equity ratio to Board approved 55/45 structure during 2017.						

1	Budget Item	Assumption													
2	Operating Revenue														
3	Cumulative Customers	Forecast consists of total for	recast cu	ıstomer	s to the	end of	'2016 (l	oased o	n May	2016 a	ctual re	sults an	d		
4		additions/losses forecast for	balance	of 201	6) plus	additio	ns forec	ast min	us lost	custom	ers fore	cast for	2017,		
5		as shown below, based on a	a review	of histo	ric atta	chment	rates ar	nd asses	ssment	of curre	ent mark	ket pote	ential.		
6		,										1			
7					2017 Fc	recast	Custom	er Add	itions	(net)					
8		Customer Additions (net)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
9		Small General	(3)	7	7	1	(8)	(8)	(6)	(7)	(6)	(4)	(6)	(7)	(40)
10		Mid General	11	9	2	(2)	-	3	3	5	7	9	8	7	62
11		Large General	-	1	1	1	-	1	3	(1)	2	2	(1)	1	10
12		Contract General	-	-	-	1	-	2	-	-	-	-	-	-	3
13		Industrial Contract General	-	-	-	-	-	-	-	-	-	-	-	-	-
14		OPS		-	-	-	-	-	-	-	-	-	-	-	-
15		Total	8	17	10	1	(8)	(2)	-	(3)	3	7	1	1	35
16															
17		New Customers	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
18		Small General	5	15	15	7	-	-	1	1	2	3	2	1	52
19		Mid General	12	10	4	-	1	4	5	7	9	10	9	8	79
20		Large General	-	1	1	1	1	1	3	-	2	2	-	1	13
21		Contract General	-	-	-	1	-	2	-	-	-	-	-	-	3
22		Industrial Contract General	-	-	-	-	-	-	-	-	-	-	-	-	-
23		OPS		-	-	-	-	-	-	-	-	-	-	-	
24		Total	17	26	20	9	2	7	9	8	13	15	11	10	147
25		Lead October	la a		N.4	A		l	1	A	0	0-1	N1	D	Taral
26		Lost Customers Small General	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
27 28		Mid General	(8) (1)	(8) (1)	(8) (2)	(6) (2)	(8) (1)	(8) (1)	(7) (2)	(8) (2)	(8) (2)	(7) (1)	(8) (1)	(8) (1)	(92) (17)
28 29		Large General	(1)	(1)	(2)	(∠)	(1)	(1)	(∠)	(2) (1)	(∠)	(1)	(1)	(1)	(3)
30		Contract General	-	-	-	-	(1) -	_	-	- (1)	-	-	(1) -	_	(3)
31		Industrial Contract General	_	_	_	_	_	_	_	_	_	_	_	_	_
32		OPS	_	_	_	_	_	_	_	_	_	_	_	_	_
33		Total	(9)	(9)	(10)	(8)	(10)	(9)	(9)	(11)	(10)	(8)	(10)	(9)	(112)

1 E	Budget Item	Assumption
2		Methodology and Underlying Assumptions of the Net Lost Customer Process
3		"Lost Customer": A customer that is no longer consuming gas and has received a final bill.
4		"Recovered Customer": A "Lost Customer" that has been recovered and is now consuming gas.
5		"Maintained Customer": A customer with no change to their status within the specified period.
6		
7		Customer counts by class are reviewed on a monthly basis and are categorized as 1) New Attachment,
8		2) Maintained Customers, and 3) Lost Customers net of Recovered Customers.
9		
10		EGNB accounts for "Net Lost Customers" in budgets and forecasts, by adding together the Lost Customer
11		forecast and Recovered Customer forecast.
12		
13		Both the Lost Customer forecast and the Recovered Customer forecast are determined using historical data
14		averages by rate class.
15	Throughput	Existing Customers: The throughput forecast for existing customers is developed based on historic
16		consumption for each customer, adjusted for normal weather.
17		
18		New Customers: The throughput for new customers is developed based on expected consumption for each
19		customer that is forecasted to be attached based on either signed GJs or a standard profile and the time of
20		year that they are forecast to be attached. For new industrial customers (CGS, ICGS, OPS), throughput
21		forecast is based on specific customer information provided at time of customer signing.
22		
23		Regulated Rate Class Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Annual
24		Volume
25		Small General 13 14 12 10 7 3 2 2 2 6 9 81
26		Mid General 87 81 68 50 34 16 12 11 11 19 39 62 490
27		Large General 485 452 386 295 231 143 104 95 112 175 286 369 3133
28		
29	Rates	Distribution rates are set to recover EGNB's full revenue requirement. The 2017 COS study indicates that
30		the Cost of Service based rate for the Small General Service classe exceeds the market based rate calculated
31		for the SGS class, therefore the market base rate has been used. The Cost of Service distribution rates have
32		been used for all other rate classes.

1	Budget Item	Assumption					
2	Distribution Revenue Assumed throughput times assumed rates.						
3	ABC Revenue	C Revenue Number of ABC and AB customers plus capture of new additions based on historic data times existing rates					
4		with inflationary increase of 2.1%.					
5	Other Miscellaneous Revenue	- 0.2% interest on Maritimes & Northeast Pipeline Firm Service Agreement security deposit					
6		- Late payment penalties budgeted at \$303K same as 2016 Budget					
7		- Transactional services budgeted at \$36K same as 2016 Budget					
8		- Red Lock Fees budgeted at \$25K as per EUB decision on Matter 306					
9		- Single End User Franchisee Fees budgeted at \$400K same as 2016 Budget					
10	Allowance for Funds Used	Based on 25% of CWIP eligible for allowance for funds used during construction ("AFUDC") times the					
11	During Construction	weighted average cost of capital ("WACC")					
12	Service and Inspection						
13	Revenue	Based on anticipated service work to be performed by EGNB.					
14	Cost of Goods Sold	Service cost of goods sold ("COGS") based on the percentage of revenue from historic experience.					
15	Operating expenses						
16	Operating and Maintenance	Based on input by department managers for 2017.					
17	Expenses						

1 B	Sudget Item	Assumption	Assumption						
2	Capitalized to Property,	O&M budget capitalized based on the following percentage assumptions:							
3	Plant and Equipment			2017					
4		Corporate management		23.1 %					
5		Corporate administration		23.7 %					
6		Financial reporting		23.7 %					
7		Information technology		14.0 %					
8		Regulatory		0.0 %					
9		Sales & Marketing							
10		Sale	es	69.6 %					
11		Mar	rketing (except below items)	87.6 %					
12		Mar	rketing (Research)	25.0 %					
13		Mar	rketing (Sponsorships)	25.0 %					
14		Ince	entives	100.0 %					
15		Con	mmunications	23.1 %					
16		Distribution & maintenance							
17		Con	nst. & Maint.	9.9 %					
18		Engi	gineering QA	14.1 %					
19		Plan	nning & Tech.	37.6 %					
20		Serv	vice	22.7 %					
21		Customer Experience							
22		Cus	stomer Care	2.5 %					
23		Log	gistics	23.5 %					
24		Wor	rk Mgmt. Center	34.6 %					
25		Human resources		25.8 %					
26		Gas transportation and related ac	ctivities	0.0 %					
27									
28		In 2012, capitalization of industry	y development O&M expenses	to Development O&M had been eliminated.					
29		Incentives, previously capitalized to Development O&M, are now being capitalized to Property, Plant &							
30		Equipment. EGNB is budgeting \$100k for an incentive program in 2017.							
31	Bad debt expense	0.4% of yearly Distribution Reve	0.4% of yearly Distribution Revenue, Installation Revenue and Gas Sales Revenue.						
32 N	Junicipal and Other Taxes	Existing tax rates applied to exist	ting tax base plus additions.						

1	Budget Item	Assumption
2	Amortization of Property, Plant	Based on Board approved amortization rates.
3	and Equipment	
4	Amortization of Deferred	Based on Board approved amortization rate.
5	Development Costs	
6	Regulatory Deferral	No additions to the Regulatory Deferral account in 2017 as a result of the lack of clarity provided in the
7		amendments to the Gas Distribution Act, 1999 regarding EGNB's ability to recover the deferral account.
8	Tax	Accumulated tax loss carry forward used in 2017.
9	Regulated Return on Equity	Average rate base times return on equity times equity proportion of capital structure.