

SCHEDULE 4.1

2015 Actuals

**Enbridge Gas New Brunswick**  
 Balance Sheet for Regulatory Purposes  
 For the year ended December 31, 2015

1 **Notice to Reader: Subject to review by the New Brunswick Energy and Utilities Board**

2 (in thousands of dollars)

3	<b>Assets</b>	2015	2014
4	<b>Regulated Assets</b>		
5	<b>Property, Plant and Equipment</b> (Note 2)		
6	<b>Gas Distributor Plant in Service - Net</b> (includes AFUDC capitalized during 2015 of \$4.53)	\$ 173,573	\$ 173,068
7	<b>Construction Work In Progress - Gas Distributor Plant</b>	836	1,357
8	<b>Total Property, Plant &amp; Equipment</b>	174,409	174,425
9	<b>Deferred Charges</b>		
10	<b>Deferred Development Costs - Net</b> (Note 3)	275	350
11	<b>Development O&amp;M Capitalized Costs - Net</b> (Note 4)	91,618	94,409
12	<b>Total Deferred Charges</b>	91,893	94,759
13	<b>Short Term Investments</b>	2,966	2,962
14	<b>Total Regulated Rate Base Assets</b>	269,268	272,146
15	<b>Other Regulated Assets</b> (Note 5)	23,965	34,934
16	<b>Total Regulated Assets</b>	293,233	307,080
17	<b>Regulatory Deferral</b> (Note 1)	178,093	180,147
18	<b>Total Assets</b>	\$ 471,326	\$ 487,227
19	<b>Liabilities and Partner's Equity</b>		
20	<b>Partner's Equity (Ratebase)</b> (Note 1)	133,704	\$ 143,944
21	<b>Long-term Advances from Associates and Affiliates</b> (Note 6)	149,500	149,500
22	<b>Other Regulated Liabilities</b> (Note 7)	10,029	13,636
23		\$ 293,233	\$ 307,080
24	<b>Partner's Equity (Regulatory Deferral)</b>	178,093	180,147
25	<b>Total Liabilities and Equity</b>	\$ 471,326	\$ 487,227

**Financial Statement Effects of Rate Regulation and Legislative Changes – Note 1**  
**Rate Base for Regulatory Purposes – Note 12**  
**Capital Structure for Regulatory Purposes – Note 13**

**Enbridge Gas New Brunswick**  
 Statement of Income for Regulatory Purposes  
 For the year ended December 31, 2015

1 **Notice to Reader: Subject to approval by the New Brunswick Energy and Utilities Board**

2 (in thousands of dollars)

	2015		2014
3			
4 <b>Revenue</b>			
5 <b>Operating Revenue (Note 8)</b>			
6 Gas distribution	\$ 46,999		\$ 45,651
7 Miscellaneous	663		758
8 <b>Allowance for Funds Used During Construction</b>	5		7
9	47,667		46,416
10 <b>Service &amp; Inspection</b>			
11 Revenue	797		757
12 Cost of goods sold	(474)		(403)
13	323		354
14 <b>Total Revenue</b>	47,990		46,770
15 <b>Expenses</b>			
16 <b>Operating Expenses</b>			
17 Operating and maintenance expenses (Note 9)	10,755	\$ 1.78	11,445
18 Transportation (net)	1,401	0.23	1,671
19	12,156	2.01	13,116
20 Other Expenses	43	0.01	16
21 Bad debt expense	515	0.09	434
22 <b>Amortization of Property, Plant and Equipment</b>	7,982	1.32	7,753
23 <b>Municipal and Other Taxes</b>	1,233	0.20	1,178
24 <b>Interest on Amounts Due to Associates &amp; Affiliates and Other Interest (Note 10)</b>	7,874	1.31	8,843
25 <b>Amortization of Deferred Development Costs</b>	2,867	0.48	2,867
26 <b>Total Expenses</b>	32,671	\$ 5.41	34,207
27 <b>Income before Extraordinary Items, Regulatory Deferral and Return on Rate Base</b>	15,320		12,564
28 <b>Regulatory Deferral</b>	(2,053)		829
29 <b>Regulated Return on Equity (Note 11)</b>	\$ 13,267		\$ 13,393
30			
	<b>Total GJs</b>		6,033,931

**Financial Statement Effects of Rate Regulation and Legislative Changes – Note 1**  
**Details of Affiliate Transactions – Note 14**

## Enbridge Gas New Brunswick

Notes to 2015 Regulatory Financial Results

For the year ended December 31, 2015

### 1 Note 1 Financial Statement Effects of Rate Regulation and Legislative Changes

2 The Public Utility's primary business activities are subject to regulation by the New Brunswick Energy  
3 and Utilities Board (EUB). The Public Utility follows accounting practices prescribed by its regulator or  
4 stipulated in approved ratemaking decisions that are subject to examination and approval by the EUB  
5 and are similar to those being used by other enterprises in the gas distribution industry in Canada.  
6 Accordingly, the timing and recognition of certain revenues and expenses may differ from that otherwise  
7 expected under generally accepted accounting principles (GAAP) applicable to non-regulated  
8 operations. The ultimate recoverability of costs incurred is dependent upon the approval of the EUB.

9 Rate regulation creates differences between the manner in which the Public Utility accounts for  
10 transactions or events and how they would be accounted for if the Public Utility was not subject to rate  
11 regulation. The differences in accounting treatment include:

12 The EUB permits an "allowance for funds used during construction" (AFUDC) to be included in the rate  
13 base. In addition, AFUDC is included in the cost of property, plant and equipment and is depreciated  
14 over future periods as part of the total cost of the related asset, based on the expectation that  
15 depreciation expense, including the AFUDC component, will be approved for inclusion in future rates.  
16 AFUDC for rate-regulated entities includes both an interest component and a cost of equity component.  
17 In the absence of rate regulation, GAAP would permit the capitalization of only the interest component.  
18 Therefore, the initial set up of the equity component as a capitalized asset and the corresponding  
19 revenue recognized during the construction phase would not be recognized nor would the subsequent  
20 depreciation of the asset.

21 As prescribed by the EUB, the Public Utility does not recognize gains and losses on the sale of Enbridge  
22 Utility Gas (EUG) in the statement of income and uses a purchase gas variance account to defer the  
23 gain or loss on sale. Non-regulated enterprises would normally account for the gain or loss in the  
24 statement of income or comprehensive income.

25 Enbridge Inc., on behalf of the Public Utility, maintains a pension plan which provides defined benefit  
26 pension benefits to employees. As prescribed by the EUB, contributions made to the plan are expensed  
27 as paid, consistent with the recovery of such costs in rates. Under GAAP, pension costs and obligations  
28 for defined benefit pension plans are determined using the projected benefit method and are charged to  
29 income as services are rendered.

30 The Public Utility had been subject to non-traditional regulation which recognized its immature nature.  
31 Unlike many similar utilities, the Public Utility's rates were not set on a cost based methodology. Prior to  
32 October 1, 2012, the Public Utility's rates were set exclusively based upon a market based methodology,  
33 and were based on a targeted savings over alternate fuel for end use customers. This rate setting  
34 methodology had been approved by the EUB for use during the development period after which rates  
35 are expected to be cost based.

## **Enbridge Gas New Brunswick**

Notes to 2015 Regulatory Financial Results

For the year ended December 31, 2015

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### 1 Note 1 **Financial Statement Effects of Rate Regulation and Legislative Changes (continued)**

2 In December 2011, the Province of New Brunswick introduced legislation that outlined new rate classes,  
3 and a new rate setting methodology for the Public Utility. The legislation subsequently received  
4 proclamation on January 18, 2012, with the supporting Rates and Tariffs Regulation being filed April 16,  
5 2012.

6 The legislation noted above also provided direction with regards to the regulatory deferral account, which  
7 the EUB had historically approved to capture the difference between the Public Utility regulated  
8 revenues and its revenue requirement, which non-regulated enterprises would not recognize. Based on  
9 the legislative changes, the Public Utility is no longer permitted to depreciate, amortize, earn a return on,  
10 or otherwise consider the regulatory deferral account when calculating its revenue requirement. In  
11 response to this legislation, the Public Utility has not considered the deferral account for the purpose of  
12 establishing the revenue requirement. However, it will remain as an asset on Enbridge Gas New  
13 Brunswick's balance sheet as it remains an asset of the Public Utility for regulatory purposes. Similarly,  
14 the capital structure associated with the regulatory deferral account will also remain on the balance  
15 sheet. However, the debt and equity associated with the regulatory deferral account are not considered  
16 when calculating the allowed rate of return for the Public Utility.

**Enbridge Gas New Brunswick**  
 Notes to 2015 Regulatory Financial Results  
 For the year ended December 31, 2015

(in thousands of dollars)

**Note 2 Property, Plant & Equipment**

			2015	2014	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	Rates of Amortization
<b>4 Property, plant &amp; equipment</b>					
5 General plant					
6 Computer hardware & software	4,167	\$ (3,154)	\$ 1,013	\$ 411	28.80%
7 Tools and work equipment	1,771	(835)	936	1,215	20.00%
8 Office furniture and equipment	464	(226)	238	285	4.40%
9 Transportation	1,540	(1,054)	486	517	18.45%
10 Communications	81	(81)	-	-	28.80%
11 Incentives	236	(103)	133	171	20.00%
12 Leasehold improvements	727	(627)	100	141	1
13 Subtotal	8,986	(6,080)	2,906	2,740	
14 Distribution plant					
15 Land	375	-	375	375	-
16 Rights of way and easements	189	-	189	189	-
17 Distribution mains	123,543	(27,725)	95,818	96,638	2.43%
18 Street services	61,787	(16,317)	45,470	45,103	3.83%
19 Meters and regulators	22,515	(3,873)	18,642	18,686	4.46%
20 Stations	16,046	(5,873)	10,173	9,337	4.40%
21 Subtotal	224,455	(53,788)	170,667	170,328	
22 Total plant in service	233,441	(59,868)	173,573	173,068	
23 Construction work in progress	836		836	\$ 1,357	-
24 <b>Total property, plant &amp; equipment</b>	<b>\$ 234,277</b>	<b>\$ (59,868)</b>	<b>\$ 174,409</b>	<b>\$ 174,425</b>	

24 1 - Amortized over the term of the related leases.

**Enbridge Gas New Brunswick**

Notes to 2015 Regulatory Financial Results  
For the year ended December 31, 2015

(in thousands of dollars)

**Note 3 Deferred Development Costs - Net**

			2015	2014		
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	Rates of Amortization	
4	Franchise fee	1,500	(1,225)	275	350	5.00%
5	<b>Total deferred development costs, net</b>	<b>\$ 1,500</b>	<b>\$ (1,225)</b>	<b>\$ 275</b>	<b>\$ 350</b>	

**Note 4 Development O&M Capitalized Costs – Net**

			2015	2014		
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	Rates of Amortization	
9	Development O&M capitalized costs	\$ 114,952	\$ (23,334)	\$ 91,618	\$ 94,409	2.43%
10	<b>Total development O&amp;M capitalized costs, net</b>	<b>\$ 114,952</b>	<b>\$ (23,334)</b>	<b>\$ 91,618</b>	<b>\$ 94,409</b>	

**Enbridge Gas New Brunswick**

Notes to 2015 Regulatory Financial Results

For the year ended December 31, 2015

(in thousands of dollars)

**Note 5 Other Regulated Assets**

1	<u>2015</u>	<u>2014</u>
2 Cash & Short Term Investments	\$ 5,386	\$ 8,394
3 Accounts Receivable	16,969	22,206
4 Inventory	1,108	1,028
5 Long term receivable	<u>502</u>	<u>3,306</u>
6	<u>\$ 23,965</u>	<u>\$ 34,934</u>



**Enbridge Gas New Brunswick**  
 Notes to 2015 Regulatory Financial Results  
 For the year ended December 31, 2015

(in thousands of dollars)

**Note 6 Long-term Advances from Associates and Affiliates**

1	2	3	Issue Date	Maturity Date	Amount	2015			2014			
						Cost of Debt			Cost of Debt			
					Enbridge Inc.	EGNB	Regulated	Amount	Enbridge Inc.	EGNB	Regulated	
4	Promissory Note	30-Mar-05	30-Mar-15	-	-	-	-	6,000	5.04%	6.93%	6.04%	
5	Promissory Note	28-Dec-05	28-Dec-15	-	-	-	-	14,000	4.59%	6.53%	5.59%	
6	Promissory Note	19-Dec-06	19-Dec-16	-	-	-	-	18,000	4.82%	6.52%	5.82%	
7	Promissory Note	12-Dec-12	20-Dec-17	20,000	5.54%	5.85%	6.54%	20,000	5.54%	5.85%	6.54%	
8	Promissory Note	12-Dec-12	9-Dec-19	15,000	4.63%	5.63%	5.63%	15,000	4.63%	5.63%	5.63%	
9	Promissory Note	22-Sep-10	22-Sep-15	-	-	-	-	4,000	3.25%	4.25%	4.25%	
10	Promissory Note	12-Dec-12	30-Dec-21	14,000	3.50%	4.50%	4.50%	14,000	3.50%	4.50%	4.50%	
11	Promissory Note	8-Jan-13	8-Jan-20	7,500	3.67%	4.67%	4.67%	7,500	3.67%	4.67%	4.67%	
12	Promissory Note	24-Feb-14	26-Feb-18	25,000	4.16%	5.16%	5.16%	25,000	4.16%	5.16%	5.16%	
13	Promissory Note	24-Mar-14	24-Mar-17	5,000	3.69%	4.69%	4.69%	5,000	3.69%	4.69%	4.69%	
14	Promissory Note	29-Dec-14	28-Dec-18	21,000	3.72%	4.72%	4.72%	21,000	3.72%	4.72%	4.72%	
15	Promissory Note	30-Mar-15	29-Mar-19	6,000	3.45%	4.45%	4.45%	-	-	-	-	
16	Promissory Note	15-Sep-15	15-Sep-19	18,000	3.84%	4.84%	4.84%	-	-	-	-	
17	Promissory Note	15-Sep-15	15-Sep-20	18,000	4.23%	5.23%	5.23%	-	-	-	-	
18	Total long-term advances											
19	from associates and affiliates				\$ 149,500	4.27%	5.31%	5.27%	\$ 149,500	4.65%	5.86%	5.65%

20 The cost of debt of EGNB is limited to the actual borrowing rate of Enbridge Inc. plus 1%.

**Enbridge Gas New Brunswick**  
 Notes to 2015 Regulatory Financial Results  
 For the year ended December 31, 2015

(in thousands of dollars)

**Note 7 Other Regulated Liabilities**

	<u>2015</u>	<u>2014</u>
Due to Affiliated Companies	\$ -	\$ -
Accounts Payable	7,472	8,258
Long Term Payable	880	1,067
Long Term Deferred Post Employment Liabilities	<u>1,677</u>	<u>4,311</u>
	<u>\$ 10,029</u>	<u>\$ 13,636</u>

**Enbridge Gas New Brunswick**

Notes to 2015 Regulatory Financial Results

For the year ended December 31, 2015

(in thousands of dollars)

**Note 8 Operating Revenue**

**a. Gas Distribution**

	2015			2014		
	Revenue	Customers	Throughput TJs	Revenue	Customers	Throughput TJs
1						
2						
3						
4 Small general service (SGS)	\$ 4,907	8,288	631	\$ 9,713	10,245	937
5 Mid-general service (MGS)	15,653	3,117	1,186	12,698	1,399	935
6 Large general service (LGS)	13,443	435	1,529	9,554	436	1,218
7 Contract general service (CGS)	5,423	91	790	5,720	87	1,089
8 Industrial contract general service (ICGS)	7,319	9	1,848	7,758	11	2,404
9 Off peak service (OPS)	254	15	50	208	15	51
10 Total	<u>\$ 46,999</u>	<u>11,955</u>	<u>6,034</u>	<u>\$ 45,651</u>	<u>12,193</u>	<u>6,634</u>

11 1 Terajoule (TJ) = 1,000 Gigajoules (GJ)

**Enbridge Gas New Brunswick**  
Notes to 2015 Regulatory Financial Results  
For the year ended December 31, 2015

(in thousands of dollars)

**Note 8 Operating Revenue (continued)**

**b. Miscellaneous**

1	<u>2015</u>	<u>2014</u>
2 Agent billing and collection	\$ 189	\$ 176
3 Other miscellaneous revenue	<u>474</u>	<u>582</u>
4 <b>Total miscellaneous</b>	<u>\$ 663</u>	<u>\$ 758</u>
5 <b>Details of Agent Billing and Collection Revenues</b>		
6 (in dollars)		
	<u>2015</u>	<u>2014</u>
7 Agent billing and collection		
8 Small general service (SGS)	\$ 122,800	\$ 139,213
9 Mid-general service (MGS)	49,190	19,865
10 Large general service (LGS)	14,128	13,646
11 Contract general service ( CGS)	2,092	2,561
12 Industrial contract general service ( ICGS)	365	364
13 Off peak service (OPS)	<u>757</u>	<u>714</u>
14 <b>Total agent billing and collection revenue</b>	<u>\$ 189,332</u>	<u>\$ 176,363</u>

**Enbridge Gas New Brunswick**

Notes to 2015 Regulatory Financial Results

For the year ended December 31, 2015

(in thousands of dollars)

**Note 9 Operating and Maintenance Expenses**

1	<u>2015</u>	<u>2014</u>
2 Corporate management	\$ 1,105	\$ 1,062
3 Corporate administration	438	464
4 Financial reporting	1,367	947
5 Information technology	1,650	1,216
6 Regulatory & upstream	747	1,123
7 Sales & marketing	1,263	1,007
8 Distribution & maintenance	5,707	5,201
9 Customer care	1,234	1,214
10 Human resources	1,815	3,768
11 Gas transportation and related activities	<u>1,401</u>	<u>1,671</u>
<b>12 Total prior to capitalization</b>	<u>16,727</u>	<u>17,673</u>
<b>13 Total capitalized</b>	<u>4,571</u>	<u>4,557</u>
<b>14 Total expense</b>	<u>\$ 12,156</u>	<u>\$ 13,116</u>

**Enbridge Gas New Brunswick**  
 Notes to 2015 Regulatory Financial Results  
 For the year ended December 31, 2015

(in thousands of dollars)

**Note 10 Interest on Amounts Due to Associates & Affiliates and Other Interest**

1	<u>2015</u>	<u>2014</u>
2 Interest on long-term debt	\$ 7,862	\$ 8,537
3 Other interest (revenue)/expense	10	303
4 AIDC - allowance for funds used during construction (debt component)	<u>2</u>	<u>3</u>
<b>5 Total interest on amounts due to associates &amp; affiliates and other interest</b>	<b><u>\$ 7,874</u></b>	<b><u>\$ 8,843</u></b>

**Note 11 Regulated Return on Equity**

6	<u>2015</u>	<u>2014</u>
7 Regulated return on equity	\$ 13,264	\$ 13,389
8 AEDC - allowance for funds used during construction (equity component)	<u>3</u>	<u>4</u>
<b>9 Total regulated return on equity</b>	<b><u>\$ 13,267</u></b>	<b><u>\$ 13,393</u></b>

**Enbridge Gas New Brunswick**  
Notes to 2015 Regulatory Financial Results  
For the year ended December 31, 2015

(in thousands of dollars)

Note 12 **Rate Base for Regulatory Purposes**

1	<u>2015</u>	<u>2014</u>
2 <b>Property, plant &amp; equipment</b>		
3 Cost	\$ 233,441	\$ 226,676
4 Accumulated amortization	<u>(59,868)</u>	<u>(53,608)</u>
5 Net	173,573	173,068
6 <b>Deferred charges</b>		
7 Franchise fee, at cost	1,500	1,500
8 Accumulated amortization	<u>(1,225)</u>	<u>(1,150)</u>
9 Net	275	350
10 Development O&M capitalized costs	114,952	114,952
11 Accumulated amortization	<u>(23,334)</u>	<u>(20,543)</u>
12 Net	91,618	94,409
13 * Deferral account	<u>-</u>	<u>-</u>
14 <b>Total deferred charges</b>	91,893	94,759
15 <b>Term deposit</b>	2,966	2,962
16 <b>Working capital allowance</b>	<u>1,458</u>	<u>1,535</u>
17 <b>Total rate base</b>	<u>\$ 269,890</u>	<u>\$ 272,324</u>
18 <b>Average rate base</b>	<u>\$ 271,075</u>	<u>\$ 274,752</u>
19 * <b>Deferral account excluded for rate making purposes</b>		
20 <b>Effective January 1, 2012</b>		

**Enbridge Gas New Brunswick**

Notes to 2015 Regulatory Financial Results

For the year ended December 31, 2015

(in thousands of dollars)

**Note 13 Capital Structure for Regulatory Purposes**

1	<u>2015</u>	<u>2014</u>
<b>2 Capital structure</b>		
3 Long-term debt	\$ 149,500	\$ 149,500
4 Equity	<u>133,704</u>	<u>143,944</u>
5 Total	<u>\$ 283,204</u>	<u>\$ 293,444</u>
 <b>6 Capital structure percentage</b>		
7 Long-term debt	52.79%	50.95%
8 Equity	<u>47.21%</u>	<u>49.05%</u>
9 Total	<u>100.00%</u>	<u>100.00%</u>
 <b>10 Capital structure average percentage for regulatory purposes</b>		
11 Long-term debt	55.00%	55.00%
12 Equity	<u>45.00%</u>	<u>45.00%</u>
13 Total	<u>100.00%</u>	<u>100.00%</u>
 <b>14 Weighted cost of capital for regulatory purposes</b>		
15 Long-term debt	2.89%	3.10%
16 Equity	<u>4.91%</u>	<u>4.91%</u>
17 Total	<u>7.80%</u>	<u>8.01%</u>



**Enbridge Gas New Brunswick**

Notes to 2015 Regulatory Financial Results

For the year ended December 31, 2015

(in thousands of dollars)

**Note 14 Details of Affiliate Transactions**

	<b>Enbridge Inc.</b>	<b>Enbridge Gas Distribution Inc.</b>	<b>Enbridge Employee Services Canada Inc.</b>	<b>Gazifère Inc.</b>	<b>Total Affiliate Consulting and Services</b>	<b>Total Consulting and Services</b>	<b>Affiliate Expenditure as Percent of Total Consulting and Services</b>
<b>2 For the period ending December 31, 2015</b>							
3 Corporate management	\$ -	\$ 158	\$ -	\$ -	\$ 158	\$ 379	42%
4 Sales & marketing	-	-	-	-	-	267	0%
5 Human resources	152	13	-	-	165	224	74%
6 Distribution & maintenance	-	485	-	-	484	1,778	27%
7 Budget & regulatory	-	3	-	-	3	613	1%
8 Financial reporting	3	127	7	-	137	343	40%
9 Customer care	-	-	-	821	821	946	87%
10 Corporate administration	371	9	-	-	380	380	100%
11 Gas transportation & related	-	124	-	-	124	124	100%
12 Information technology	918	11	-	-	930	1,135	82%
<b>13 Total</b>	<b>\$ 1,444</b>	<b>\$ 930</b>	<b>\$ 7</b>	<b>\$ 821</b>	<b>\$ 3,202</b>	<b>\$ 6,189</b>	<b>52%</b>
<b>14 For the period ending December 31, 2014</b>							
15 Corporate management	\$ -	\$ 155	\$ -	\$ -	\$ 155	\$ 336	46%
16 Sales & marketing	-	-	-	-	-	461	0%
17 Human resources	142	34	-	-	175	203	86%
18 Distribution & maintenance	-	560	-	-	560	1,116	50%
19 Budget & regulatory	-	-	-	-	-	993	0%
20 Financial reporting	-	74	-	-	74	226	33%
21 Customer care	-	-	-	845	845	890	95%
22 Corporate administration	410	8	-	-	418	418	100%
23 Gas transportation & related	-	178	-	-	178	192	93%
24 Information technology	484	183	-	-	667	787	85%
<b>25 Total</b>	<b>\$ 1,036</b>	<b>\$ 1,192</b>	<b>\$ -</b>	<b>\$ 845</b>	<b>\$ 3,072</b>	<b>\$ 5,622</b>	<b>55%</b>

**Enbridge Gas New Brunswick**

Notes to 2015 Regulatory Financial Results

For the year ended December 31, 2015

(in thousands of dollars)

**Note 15 Service & Inspection Profitability Margin**

1	<u>2015</u>	<u>2014</u>
2 Revenues as per regulatory financial statements	\$ 797	\$ 757
3	\$ 797	\$ 757
4 Less: Cost of goods sold		
5 COGS as per regulatory financial statements	\$ 474	\$ 403
6	\$ 474	\$ 403
7 Adjusted net margin	\$ 323	\$ 354
8 Less: Allocated expenses		
9 O&M expenses	\$ 288	\$ 360
10 Cost of capital	8	12
11 Depreciation	20	24
12 Billing services (Customer Care)	3	2
13 Bad debt expense	14	23
	<u>\$ 333</u>	<u>\$ 421</u>
14 Net revenue (loss)	<u>\$ (10)</u>	<u>\$ (67)</u>

**Enbridge Gas New Brunswick**  
Notes to 2015 Regulatory Financial Results  
For the year ended December 31, 2015

(in thousands of dollars)

**Note 16 System Expansion Portfolio Test**

	<u>2015 Actual</u>	<u>2014 Actual</u>
1		
2 <b>Capital</b>		
3 Main	\$ 579	\$ 857
4 Service Line	1,162	934
5 Sales Incentive	-	-
6 Meter & Regulators	(597)	286
7 O&M Capitalized to Main	647	1,080
8 O&M Capitalized to Service Line	1,461	1,951
9 O&M Capitalized to Meter & Regulators	<u>547</u>	<u>582</u>
10 <b>Total Capital</b>	3,799	5,690
11 <b>Cost of Capital</b>	7.81%	8.01%
12 <b>Depreciation Rates</b>		
13 Main	2.43%	2.43%
14 Service Line	3.83%	3.83%
15 Meter & Regulators	4.46%	4.46%
19 Sales Incentives	20.00%	20.00%
17 <b>Net Annual Impact on Revenue Requirement</b>		
18 Energy (GJs)	83,424	137,365
19 Revenue	\$ 772	\$ 782
20 Less:		
21 Depreciation: Mains (item 1 + item 5) * item 10	30	47
22 Depreciation: Service Line (item 2 + item 6) * item 11	100	110
23 Depreciation: Sales Incentive (item 3 * item 13)	0	0
24 Depreciation: Meter & Regulator (item 4 + item 7) * item 12	(2)	39
25 Cost of Capital (item 8 * item 9)	<u>297</u>	<u>456</u>
26 Annual Impact	<u>\$ 347</u>	<u>\$ 52</u>
27 Revenue/Cost Ratio	182%	120%