

Reference: Evidence of EGNB dated March 15, 2010 2009
Regulatory Financial Results, Balance Sheet, Other regulated assets

Question:

- A) Please describe the items included in Other Regulated Assets.
B) Please describe the reasons for the changes for 2009.

Response:

- A) The following table shows the items included in Other Regulated Assets (in \$000s):

	<u>2009</u>	<u>2008</u>
Accounts Receivable	\$ 14,642	\$ 18,269
Prepaid Expenses	411	537
Inventory	1,430	1,705
	<u>\$ 16,483</u>	<u>\$ 20,511</u>

- B) There has been a \$1.9 million reduction in customer accounts receivable balances, driven by enhanced collection efforts within EGNB and the timing of installation work being completed and billed. The Purchase Gas Variance Account balance has also seen a \$1.7 million reduction primarily due to a reduction in wholesale natural gas market volatility that was seen in 2008 and into 2009.

Prepaid Expenses is \$126 thousand lower in 2009 due to the timing of payment and recording of expenses being prepaid.

The \$275 thousand reduction in Inventory is primarily due to a reduction in business activities in both utility and retail services, resulting in reduced inventory requirements. Reductions have also been seen from the implementation of vendor managed inventory.

Reference: Evidence of EGNB dated March 15, 2010
2009 Regulatory Financial Results, Income Statement, Installation Service

Question:

- A) For 2008, 2009, 2010 and budget 2011, please provide a breakdown of the revenues and cost of goods sold that make up installation services.
- B) Please provide an explanation for variances (greater than either 10% or \$100,000) from year-to-year for 2008/2009 and for the budgets for 2010 and 2011.

Response:

- A) The table below shows the items included in installation service revenues and cost of goods sold broken down by major groupings:

Installation Services
(in thousands of dollars)

	2008	2009	2010	2011
	Actual	Actual	Forecast	Budget
Revenue				
Installation Revenue	\$ 12,885	\$ 6,590	\$ 5,310	\$ 3,659
Service Revenue	119	813	356	337
Protection Plan Revenue	112	260	383	482
	13,117	7,664	6,050	4,478
Cost of Goods Sold				
COGS Installation	11,311	5,888	4,948	3,092
COGS - Service	83	234	239	189
Protection Plan Cost	92	98	211	281
	11,485	6,220	5,397	3,562
Net Margin	\$ 1,631	\$ 1,443	\$ 653	\$ 916

- B) The following explains year-to-year variances for 2008 and 2009:

- Revenue
 - Installation Revenue decreased by \$6.3 million primarily due to 2008 revenues including revenues from a large commercial apartment building conversion that was completed in 2008 and a significant reduction in the number of attachments in 2009.
 - Service Revenue increased by \$694 thousand primarily due to a one-time adjustment of \$537 thousand for unutilized warranty reserves. Historically, 2% of installation revenue had been withheld to cover costs associated with extended warranty work. These reserves had continued to be recorded after extended warranties were no longer provided. The practice of holding back 2% was discontinued in January 2009, leading to a correction to the recorded reserves. The remaining variance is due to increased activity in the Service business, as in-place customer equipment begins to wear and require more maintenance.
 - Protection Plan Revenue increased by \$148 thousand primarily due to a marketing campaign to sign-up customers for EGNB's residential equipment service plan. This

- campaign was undertaken to improve customer satisfaction in anticipation of potential customer equipment malfunctions as the equipment ages.
- Cost of Goods Sold (“COGS”)
 - Installation COGS decreased by \$5.4 million primarily due to the factors driving the reduction in installation revenue.
 - Service COGS increased by \$150 thousand primarily due to the factors driving the increase in service revenue, excluding the warranty reserve.
 - Protection Plan Costs increased by \$6 thousand due to increased subscription to the residential equipment service plan.

The following explains year-to-year variances for 2010 and 2011:

- Revenue
 - Installation Revenue is forecast to decrease by \$1.7 million in 2011 primarily due to EGNB focusing on installation activities in the Residential market rather than the Commercial market in 2011. EGNB believes the Commercial market is fairly well served by the contractor industry, which will require less of a focus from EGNB installation personnel.
 - Protection Plan Revenue is forecast to grow by \$99 thousand in 2011 primarily due to expected growth in the number of residential and small commercial customers enrolling in the plans offered by EGNB.
- Cost of Goods Sold
 - Installation COGS is forecast to decrease by \$1.9 million primarily due to a focus on installation activities in the Residential market rather than the Commercial market in 2011.
 - Service COGS is forecast to decrease by \$50 thousand primarily due to a forecast increase in customers enrolling in protection plans reducing time and materials maintenance.
 - Protection Plan Cost is forecast to increase by \$70 thousand primarily due to expected growth in the number of residential and small commercial customers enrolling in the plans leading to increased protection plan work.

Reference: Evidence of EGNB dated March 15, 2010
2009 Regulatory Financial Results, Note 1, Property Plant and Equipment,
Distribution Mains

Question:

- A) Please list all the distribution main projects completed in 2009 and include; the size and quantity of installed pipe; the cost of each project; and the number of new customers by class taking service from each new main project.
- B) Please reconcile this with the Construction plan filed in January 2009.

Response:

- A) The following table provides the requested information regarding distribution main projects completed in 2009. These costs represent construction costs absent overheads.

WIP	Title	City	Pipe Size	Length (m)	Total Project Cost
02-2005-09	02-2005-09 Emmanuel St	Dieppe	PE NPS 2", Main	47	\$2,623.03
02-2075-09	2075-09 Laurier Street	Dieppe	PE NPS 2", Main	40	\$2,042.38
02-2899-08	2899-08 Amiraault Street	Dieppe	PE NPS 2", Main	2	\$202.95
02-2899-08	2899-08 Amiraault Street	Dieppe	PE NPS 4", Main	352	\$35,719.82
02-3365-08	02-3365-08 Lakeburn Ave	Dieppe	PE NPS 2", Main	385	\$22,074.40
02-3365-08	02-3365-08 Lakeburn Ave	Dieppe	PE NPS 4", Main	185	\$10,607.18
02-3383-09	02-3383-09 Yvonne St	Dieppe	PE NPS 2", Main	487	\$54,547.35
02-3383-09	02-3383-09 Yvonne St	Dieppe	PE NPS 4", Main	391	
02-3409-09	02-3409-09 Yvonne St / Valmont Cres	Dieppe	PE NPS 2", Main	699	\$26,128.97
02-3411-09	02-3411-09 Richard/Rouse	Dieppe	PE NPS 2", Main	321	\$12,305.87
02-3411-09	02-3411-09 Richard/Rouse	Dieppe	PE NPS 4", Main	14	
02-3415-09	02-3415-09 Alfred-Leger/Bonaventure	Dieppe	PE NPS 2", Main	197	\$7,312.25
02-3417-09	02-3417-09 Keith/Verte	Dieppe	PE NPS 2", Main	209	\$14,508.51
02-4009-09	02-4009-09 Melanson Rd	Dieppe	PE NPS 4", Main	584	\$29,908.28
01-2000-09	01-2000-09 MacFarlane St	Fredericton	PE NPS 2", Main	6	\$296.60
01-2000-09	01-2000-09 MacFarlane St	Fredericton	PE NPS 4", Main	1	
01-2002-09	01-2002-09 Aquarius St	Fredericton	PE NPS 1.25", Main	15	\$821.80
01-2014-09	01-2014-09 Lincoln Road	Fredericton	PE NPS 2", Main	495	\$22,896.74
01-2018-09	01-2018-09 Shamrock Terrace	Fredericton	PE NPS 1.25", Main	250	\$18,158.87
01-2024-09	01-2024-09 MacDonald Avenue	Fredericton	PE NPS 2", Main	81	\$3,721.48
01-2046-09	01-2046-09 Dundonald Street	Fredericton	PE NPS 1.25", Main	153	\$14,441.09
01-2056-09	01-2056-09 Wildwood Crescent	Fredericton	PE NPS 2", Main	196	\$10,011.42
01-2060-09	01-2060-09 Willow Avenue	Fredericton	PE NPS 2", Main	177	\$9,778.50
01-2064-09	01-2064-09 Hawthorne Terrace	Fredericton	PE NPS 1.25", Main	165	\$10,544.05
01-2066-09	01-2066-09 Folkestone Court	Fredericton	PE NPS 1.25", Main	138	\$8,064.27
01-2074-09	01-2074-09 Meadowbrook Drive	Fredericton	PE NPS 2", Main	29	\$4,380.51
01-2078-09	01-2078-09 Cherry Avenue	Fredericton	PE NPS 2", Main	128	\$10,021.94
01-2080-09	01-2080-09 Two Nations Crossing	Fredericton	PE NPS 2", Main	25	\$1,137.60
01-2082-09	01-2082-09 Spinner Court	Fredericton	PE NPS 1.25", Main	9	\$522.62
01-2790-07	01-2790-07 Broad Street	Fredericton	PE NPS 2", Main	83	\$18,000.89
01-2950-08	01-2950-08 Fir Court	Fredericton	PE NPS 1.25", Main	71	\$11,152.76
01-2966-08	01-2966-08 Hemlock Ave	Fredericton	PE NPS 2", Main	58	\$2,484.59
01-2988-09	01-2988-09 Canterbury St	Fredericton	PE NPS 2", Main	272	\$13,158.33
01-2990-09	01-2990-09 Nottingham Street	Fredericton	PE NPS 1.25", Main	77	\$4,030.82
01-2992-09	01-2992-09 Regent St	Fredericton	PE NPS 2", Main	363	\$16,496.78
01-2994-09	01-2994-09 Gibson Street	Fredericton	PE NPS 4", Main	300	\$23,473.36
01-2996-09	01-2996-09 Montgomery Street	Fredericton	PE NPS 1.25", Main	208	\$11,823.09
01-2998-09	01-2998-09 Kings College Road	Fredericton	PE NPS 2", Main	207	\$11,132.01
01-3348-08	01-3348-08 SunnyBrae	Fredericton	PE NPS 2", Main	755	\$32,616.61
01-3364-08	01-3364-08 Apeldoorn/Angelique/Monsella	Fredericton	PE NPS 1.25", Main	108	\$19,706.80
01-3364-08	01-3364-08 Apeldoorn/Angelique/Monsella	Fredericton	PE NPS 2", Main	282	
01-3376-09	01-3376-09 Harold Doherty Ct.	Fredericton	PE NPS 2", Main	70	\$2,964.82
01-3380-09	01-3380-09 Vanderbeck St - Entlebucher Court	Fredericton	PE NPS 1.25", Main	79	\$10,713.43
01-3380-09	01-3380-09 Vanderbeck St - Entlebucher Court	Fredericton	PE NPS 2", Main	141	
01-3384-09	01-3384-09 Rankine Street	Fredericton	PE NPS 2", Main	140	\$10,652.78
01-4008-08	01-4008-08 Hanwell Road	Fredericton	PE NPS 4", Main	117	\$1,040,509.65
01-4008-08	01-4008-08 Hanwell Road	Fredericton	PE NPS 6", Main	5118.3	
02-2001-09	02-2001-09 Lutz St	Moncton	PE NPS 1.25", Main	43	\$10,181.55
02-2001-09	02-2001-09 Lutz St	Moncton	PE NPS 2", Main	50	

WIP	Title	City	Pipe Size	Length (m)	Total Project Cost
02-2009-09	Frenette Ave 2009-09	Moncton	PE NPS 4", Main	586	\$29,653.35
02-2019-09	02-2019-09 Ellerdale Ave	Moncton	PE NPS 2", Main	54	\$4,306.36
02-2025-09	02-2025-09 Birchmount Dr / Ayer Ave	Moncton	PE NPS 2", Main	17	\$1,364.86
02-2027-09	02-2027-09 Cedar St / Kendra St	Moncton	PE NPS 2", Main	156	\$9,911.71
02-2033-09	02-2033-09 Marjorie St / Halls St	Moncton	PE NPS 1.25", Main	204	\$11,166.53
02-2037-09	02-2037-09 Cassidy St	Moncton	PE NPS 2", Main	57	\$4,663.86
02-2039-09	02-2039-09 CN Rail Hump Yard	Moncton	PE NPS 2", Main	1551	\$73,432.29
02-2041-09	02-2041-09 Storey Road East	Moncton	PE NPS 2", Main	110	\$8,016.05
02-2043-09	02-2043-09 Hildegard Dr	Moncton	PE NPS 4", Main	381	\$21,919.63
02-2051-09	02-2051-09 Fownes Street	Moncton	PE NPS 1.25", Main	27	\$2,185.95
02-2053-09	02-2053-09 Carl St	Moncton	PE NPS 2", Main	76	\$5,800.18
02-2059-09	02-2059-09 Purdy Avenue	Moncton	PE NPS 2", Main	160	\$12,730.99
02-2073-09	2073-09 Seaman St	Moncton	PE NPS 2", Main	92	\$5,512.44
02-2077-09	2077-09 Kendra Street	Moncton	PE NPS 2", Main	23	\$1,134.42
02-2079-09	2079-09 Lutz Street	Moncton	PE NPS 2", Main	19	\$2,619.74
02-2961-08	02-2961-08 - Cole Ave South	Moncton	ST NPS 2", Main	18	\$5,959.23
02-2973-09	02-2973-09 King St	Moncton	PE NPS 1.25", Main	94	\$14,011.74
02-2977-08	West Lane - Existing - Connaught St	Moncton	PE NPS 1.25", Main	21	\$1,752.71
02-2979-08	West Lane - Existing - 639 Mountain Rd	Moncton	PE NPS 2", Main	6	\$895.81
02-2981-09	02-2981-09 Lutz St	Moncton	PE NPS 2", Main	36	\$6,668.88
02-2983-09	02-2983-09 Williams St	Moncton	PE NPS 1.25", Main	8	\$1,017.32
02-2987-09	02-2987-09 Belmont	Moncton	PE NPS 2", Main	82	\$7,609.95
02-2997-09	02-2997-09 Fifth St	Moncton	PE NPS 1.25", Main	102	\$8,075.09
02-2999-09	02-2999-09 James St	Moncton	PE NPS 1.25", Main	37	\$3,603.11
02-3335-09	02-3335-09 Salisbury Rd	Moncton	PE NPS 4", Main	823	\$73,129.05
02-3343-09	02-3343-09 Weston/Clover/Northumberland/Hammond/Thornhill	Moncton	PE NPS 1.25", Main	328	\$12,483.84
02-3343-09	02-3343-09 Weston/Clover/Northumberland/Hammond/Thornhill	Moncton	PE NPS 2", Main	930	\$35,396.25
02-3347-08	02-3347-08 Bromfield St	Moncton	PE NPS 1.25", Main	144	\$5,387.36
02-3367-08	Twin Oaks - Existing - Blackstone; Blackstone - Twin Oaks - End	Moncton	PE NPS 1.25", Main	548	\$28,851.93
02-3367-08	Twin Oaks - Existing - Blackstone; Blackstone - Twin Oaks - End	Moncton	PE NPS 2", Main	183	
02-3377-09	02-3377-09 Erinvale	Moncton	PE NPS 2", Main	238	\$8,703.02
02-3379-09	02-3379-09 Ryan St / Lady Russel St	Moncton	PE NPS 2", Main	291	\$36,491.10
02-3379-09	02-3379-09 Ryan St / Lady Russel St	Moncton	PE NPS 4", Main	281	
02-3403-09	02-3403-09 McLaughlin / Xavier	Moncton	PE NPS 2", Main	67	\$5,172.89
02-3403-09	02-3403-09 McLaughlin / Xavier	Moncton	PE NPS 4", Main	22	
02-3405-09	02-3405-09	Moncton	PE NPS 1.25", Main	119	\$16,241.44
02-3405-09	02-3405-09	Moncton	PE NPS 2", Main	278	
01-2016-09	01-2016-09 Onondaga Street	Oromocto	PE NPS 2", Main	105	\$5,077.51
01-2044-09	01-2044-09 Lanark Road	Oromocto	PE NPS 2", Main	125	\$8,878.97
01-3366-09	01-3366-09 Howe St	Oromocto	PE NPS 2", Main	716	\$33,147.18
01-3378-09	01-3378-09 Barker St/Hatch St/Finnamore/Colpitts	Oromocto	PE NPS 2", Main	627	\$38,871.26
01-3378-09	01-3378-09 Barker St/Hatch St/Finnamore/Colpitts	Oromocto	PE NPS 4", Main	146	
02-2007-09	02-2007-09 Torwood Ct	Riverview	PE NPS 1.25", Main	103	\$5,029.30
02-2029-09	02-2029-09 Cleveland Avenue	Riverview	PE NPS 4", Main	154	\$14,551.14
02-2031-09	02-2031-09 Canusa Dr	Riverview	PE NPS 2", Main	17	\$733.91
02-2047-09	Biggs Dr/Lakeside St	Riverview	PE NPS 2", Main	435	\$20,923.26
02-2049-09	Blythwood Ave/Landon Rd	Riverview	PE NPS 1.25", Main	116	\$6,545.79
02-2055-09	Frost Street / Callowhill Road	Riverview	PE NPS 1.25", Main	82	\$4,432.96
02-2055-09	Frost Street / Callowhill Road	Riverview	PE NPS 2", Main	27	
02-2071-09	2071-09 Crystal Dive	Riverview	PE NPS 2", Main	149	\$10,840.98
02-2081-09	02-2081-09 McClelan	Riverview	PE NPS 1.25", Main	9	\$453.07
02-2953-08	02-2953-08 Pine Glen Rd	Riverview	PE NPS 1.25", Main	26	\$13,977.14
02-2953-08	02-2953-08 Pine Glen Rd	Riverview	PE NPS 2", Main	337	
02-2995-09	02-2995-09 Coverdale Rd	Riverview	PE NPS 4", Main	109	\$5,734.82
02-3413-09	02-3413-09 Weir	Riverview	PE NPS 1.25", Main	107	\$4,083.21
02-2011-09	02-2011-09 Charlotte St	Sackville	PE NPS 2", Main	260	\$14,780.99
02-2011-09	02-2011-09 Charlotte St	Sackville	PE NPS 4", Main	12	
02-2013-09	02-2013-09 Queens Road / West Main	Sackville	PE NPS 2", Main	141	\$8,236.62
02-2035-09	02-2035-09 Queens Rd	Sackville	PE NPS 2", Main	215	\$11,989.15
02-2045-09	02-2045-09 Entrerprise	Sackville	PE NPS 2", Main	123	\$5,360.08
02-2057-09	02-2057-09 Charlotte/Lansdowne	Sackville	PE NPS 2", Main	381	\$27,111.49
02-2063-09	02-2063-09 University Place	Sackville	PE NPS 2", Main	118	\$9,063.51
02-2065-09	02-2065-09 Lansdowne St	Sackville	PE NPS 2", Main	107	\$7,102.42
02-2067-09	02-2067-09 Salem/Bowes/Jones	Sackville	PE NPS 2", Main	216	\$34,624.56
02-2067-09	02-2067-09 Salem/Bowes/Jones	Sackville	PE NPS 4", Main	244	
02-2069-09	02-2069-09 Crescent St	Sackville	PE NPS 4", Main	431	\$31,441.65
02-2975-09	02-2975-09 Main St	Sackville	PE NPS 2", Main	696	\$51,302.49
02-2985-09	02-2985-09 Ford Lane	Sackville	PE NPS 1.25", Main	34	\$4,771.24
02-2991-09	02-2991-09 Main St	Sackville	PE NPS 2", Main	42	\$4,733.34
03-2004-09	03-2004-09 Lawrence Street	Saint John	PE NPS 2", Main	183	\$50,580.79
03-2008-09	03-2008-09 Catherwood St/Ready St	Saint John	PE NPS 2", Main	240	\$33,815.51
03-2010-09	03-2010-09 Somerset St - Harris St	Saint John	PE NPS 2", Main	368	\$65,953.16
03-2012-09	03-2012-09 Tilley Lane - King Street West	Saint John	PE NPS 4", Main	246	\$35,814.52
03-2022-09	03-2022-09 Boar Head Rd	Saint John	PE NPS 2", Main	290	\$45,455.49
03-2026-09	03-2026-09 Market Place	Saint John	PE NPS 2", Main	233	\$23,751.28
03-2028-09	03-2028-09 George St/Orange St W	Saint John	PE NPS 2", Main	191	\$16,890.43
03-2030-09	03-2030-09 Sylvia Drive	Saint John	PE NPS 2", Main	135	\$25,597.47
03-2032-09	03-2032-09 Ellerdale Street	Saint John	PE NPS 2", Main	95	\$7,401.97
03-2034-09	03-2034-09 Dufferin Row - City Line Road	Saint John	PE NPS 2", Main	32	
03-2034-09	03-2034-09 Dufferin Row - City Line Road	Saint John	PE NPS 4", Main	248	\$67,903.73

WIP	Title	City	Pipe Size	Length (m)	Total Project Cost
03-2040-09	03-2040-09 Clyde Street	Saint John	PE NPS 2", Main	50	\$3,866.20
03-2042-09	03-2042-09 Prince Street	Saint John	PE NPS 2", Main	11	\$2,995.26
03-2050-09	03-2050-09 Ludlow Street	Saint John	PE NPS 2", Main	79	\$24,103.43
03-2052-09	03-2052-09 Champlain Drive	Saint John	PE NPS 4", Main	152	\$18,677.33
03-2944-08	03-2944-08 Bayside Dr	Saint John	PE NPS 2", Main	152	\$37,644.76
03-2948-08	03-2948-08 Ravenscliffe Court	Saint John	PE NPS 2", Main	56	\$19,744.52
03-2954-08	03-2954-08 First St/First Ave	Saint John	PE NPS 2", Main	205	\$36,538.57
03-2956-08	03-2956-08 Brunswick Place	Saint John	PE NPS 2", Main	95	\$29,659.48
03-2966-08	03-2966-08 Main Street West (TS Simms)	Saint John	ST NPS 2", Main	66	\$37,376.32
03-2968-08	03-2968-08 Fowler Dr	Saint John	PE NPS 2", Main	86	\$9,790.89
03-2970-08	03-2970-08 Clarendon St	Saint John	PE NPS 2", Main	173	\$28,454.68
03-2972-08	03-2972-08 Lawrence St	Saint John	PE NPS 2", Main	170	\$11,928.86
03-2978-09	03-2978-09 Adelaide Street	Saint John	PE NPS 2", Main	66	\$16,531.96
03-2982-09	03-2982-09 Dresden Ave	Saint John	PE NPS 1.25", Main	130	\$17,027.27
03-3344-09	03-3344-09 Clipper Passage	Saint John	PE NPS 1.25", Main	107.5	\$19,709.98
03-3358-08	03-3358-08 Woodhaven Dr/Noel Ave	Saint John	PE NPS 2", Main	449	\$68,615.69
03-3358-08	03-3358-08 Woodhaven Dr/Noel Ave	Saint John	ST NPS 2", Main	86	
03-3370-09	03-3370-09 University Ave/Arlington Cres N And S	Saint John	PE NPS 2", Main	659	\$113,206.43
03-3372-09	03-3372-09 Retail Drive	Saint John	PE NPS 4", Main	304.9	\$38,557.82
03-4010-09	03-4010-09 Duke St W	Saint John	PE NPS 4", Main	927	\$322,537.07
03-2070-09	03-2070-09 Carleton Street	St Stephen	PE NPS 2", Main	142	\$12,163.60
03-2020-09	03-2020-09 Sydney Street	Uptown Saint John	PE NPS 2", Main	110	\$11,376.22
03-2036-09	03-2036-09 Prince William Street	Uptown Saint John	PE NPS 1.25", Main	23	\$8,214.78
03-2841-08	03-2841-08 Hanover Street	Uptown Saint John	PE NPS 2", Main	137	\$22,207.31
03-2958-08	03-2958-08 St. James St	Uptown Saint John	PE NPS 2", Main	208	\$22,860.80
03-2960-08	03-2960-08 Carmarthen St	Uptown Saint John	PE NPS 2", Main	77	\$9,813.77
03-2976-09	03-2976-09 Wellington Row	Uptown Saint John	PE NPS 2", Main	142	\$40,789.94
03-2980-09	03-2980-09 Carleton Street	Uptown Saint John	PE NPS 1.25", Main	41	\$12,913.22
03-2984-09	03-2984-09 Pitt Street	Uptown Saint John	PE NPS 2", Main	34.2	\$10,518.23
02-2966.08	Simms Corner	Saint John	ST NPS 2", Main	120	\$12,307.41
03-5028.09	Harding St. Connector - Harding Street - Fairville Boulevard	Saint John	ST NPS 2", Main	60	\$24,133.73
03-5040-09	Princess Street	Saint John	PE NPS 2", Main	58	\$22,507.02
03-5032-09	Woodward Ave - Relocation	Saint John	PE NPS 2", Main	60	\$47,642.70
03-5026.09	Rothesay Avenue -Main Relocation	Saint John	ST NPS 6", Main	222	\$411,431.44
	Total			36621.9	\$4,320,554.88

EGNB is unable to provide the number of customers by class taking service from each new main project as it does not track new customer additions in this manner.

B) Please see EGNB's response to Public Intervenor Interrogatory No. 11(9(a)).

Reference: Evidence of EGNB dated March 15, 2010
2009 Regulatory Financial Results, Note 4, Long-Term Advances from
Associated and Affiliates

Question:

Please provide copies of the documents that confirm the rates for the promissory notes issued on
June 25, 2009 and December 9, 2009.

Response:

Please see the attached copies of the promissory notes.

Reference: Evidence of EGNB dated March 15, 2010
2009 Regulatory Financial Results, Note 12 AND

Evidence of EGNB dated October 22, 2010
Schedule 7, Note 13

Question:

- A) Please provide copies of all current Service Level Agreements.
- B) Please provide the rates and number of units used for each of the services in 2009 and 2008. Identify the reasons for any changes in rates for 2009.
- C) Please provide the forecasted rates and number of units being budgeted for 2011.
- D) Did EGNB explore other cost options for these services in 2009 or 2010? If so, please provide a copy of the results. If not, why not?

Response:

- A) Please see the response to AWL Interrogatory No. 1
- B) The requested information is attached. Any changes in rates for 2009 are in accordance with the rates specified in the Service Level Agreements, which can be found in the response to AWL Interrogatory No. 1.
- C) As part of the budget process, individual department managers are responsible for preparing their Operating and Maintenance budgets. These budgets may include costs for services provided by Enbridge under the Service Level Agreements. However, these are not budgeted on a per unit basis, only on an aggregate cost basis. As Service Level Agreements have not been established for 2011, the budgeted costs are based on current year expectations as well as historic costs.
- D) Since all of the Service Level Agreements were entered into in 2008 and continue through to December 31, 2010, EGNB did not explore other cost options for the services in 2009 or 2010 as they were already contracted for.

Reference: Evidence of EGNB dated October 22, 2010
Exhibit A, Evidence of EGNB page 5 and
Exhibit A, Schedule 8, Page 11

Question:

- A) EGNB indicates that services such as liability insurance can be obtained at a lower cost as part of an overall Enbridge policy than if EGNB were to seek independent insurance coverage. Please provide evidence that supports this statement.
- B) The 2011 budget forecasts a significant increase in insurance expense. What is the basis for the increase? Has EGNB experienced any policy claims for liability in 2009 or 2010?

Response:

- A) EGNB does not have any direct evidence that supports this statement. However, EGNB contacted the Enbridge Risk Management group that manages EGNB's insurance requirements. They indicated that research they have conducted on Enbridge Gas Distribution's ("EGD") insurance costs show that their costs are below average for their peer group. Given the size of EGD within the industry, the fact that they are able to obtain insurance costs below the average of their peer group would appear to support by extension that a small utility like EGNB will incur lower insurance costs as part of a larger group than as a standalone enterprise.
- B) The budget for insurance is based on the insurance budget received from the Risk Management group of Enbridge. The 2011 Budget is forecasting an increase of \$44,000 in insurance expense as compared to the 2010 Budget, primarily driven by a forecast increase in EGNB's liability insurance premiums (\$49,000) by Risk Management. If this forecast increase does not occur, actual costs will reflect the actual premiums paid. EGNB has not experienced any policy claims for liability in 2009 or 2010, but remains at risk for liability claims arising from the 2008 Scully Street incident.

Reference: Evidence of EGNB dated October 22, 2010
Exhibit A, Evidence of EGNB page 8

Question:

EGNB indicates that the adjustment to the allocation of the EOS fee was based on a discussion between EGNB and the EOS manager. What information or documentation was available to EGNB when this discussion took place? Please provide copies of the same.

Response:

The only information or document available at the time of the discussion between EGNB and the EOS manager was the Service Level Agreement. A copy of this agreement is included in EGNB's response to AWL Interrogatory No. 1.

As EGNB stated in its evidence, "EOS does not document the time spent performing each discrete activity within the SLA." (Exhibit A, page 8) The discussion that took place was to determine the effectiveness of new software implemented at EGNB to provide online nomination services for marketers and automate a large portion of EOS's allocation process which was previously managed manually. The resulting change in allocation was a result of a "best estimate" of the division of the EOS staff time.

Reference: Evidence of EGNB dated October 22, 2010
Exhibit A, Schedule 3

Question:

Has the proposed Enbridge Cost Allocation Methodology been reviewed and approved by a regulatory board in Canada? If so, please provide a copy of the decision and indicate any allocations that were not approved.

Response:

Please see the response to AWL Interrogatory No. 8(i).

In the Gazifere decision, the Régie disallowed one third of the affiliate charges from Enbridge Inc. that were not related to the support of information technology systems.

Reference: Evidence of EGNB dated October 22, 2010
Exhibit A, Schedule 4

Question:

- A) Please provide the actual allocation values (i.e. number of FTE's, actual time) used to determine EGNB's share of all costs listed in Schedule 4.
- B) For each of the allocations in Schedule 4, please provide the percentage of the Enbridge Inc's (or other affiliate's) total cost that was allocated to EGNB.
- C) Please provide a description of line items added or removed from 2008 to 2009, include a rationale for the addition or removal of these items.

Response:

A) The following table provides the requested information:

Allocator	Allocation Values	
Calgary Office FTE	EGNB	1.40%
	Total Enbridge occupied	38.6%
Capital Employed	EGNB	383,300,000
	Enbridge Total	24,071,932,480
Capital Employed (Audit fees)	EGNB Capital Employed	1.59%
	Total Enbridge Capital Employed	50.1%
Corporate FTE	EGNB	3.8
	Enbridge Total	267
Enterprise FTE	EGNB	158.8
	Enbridge Total	7,072
Options Granted (FSO's)	EGNB	113,245
	Total	15,470,464
Options Granted (PSOP's)	EGNB	15,739
	Total	1,594,600
Options Granted (PSU's)	EGNB	76,340
	Total	10,250,388
Options Granted (RSU's)	EGNB	98,326
	Total	20,357,924
Time Estimate (Law)	EGNB (%age of hours)	5
	Total Dept (%age of hours)	900
Time Estimate (Ops)	EGNB (%age of hours)	1
	Total Dept (%age of hours)	303
Time Estimate (Plan)	EGNB (%age of hours)	6
	Total Dept (%age of hours)	400
Time Estimate (Risk)	EGNB (%age of hours)	22
	Total Dept (%age of hours)	3,438
Time Estimate (Tax)	EGNB (%age of hours)	14
	Total Dept (%age of hours)	1,007
Time Estimate (Treasury)	EGNB (%age of hours)	20
	Total Dept (%age of hours)	1,575
User Counts	EGNB	177
	Enbridge Total	11,865

B) The following table provides the requested information:

Name	Overall % to EGNB
Audit Services - Shared fees	3.17%
Audit Services (Calgary)	1.59%
Benefits and Pensions	2.25%
Business Taxes	1.40%
Chief Executive Officer	1.59%
Chief Financial Officer	1.59%
Chief Information Officer	2.25%
Corp Law General Expense	0.56%
Corp Secretarial Legal Fees	1.59%
Corporate Admin.	0.54%
Corporate Aviation	1.59%
Corporate Controller	1.59%
Corporate HR	2.25%
Corporate IT Operations	1.40%
Corporate IT Projects	1.40%
Corporate Law	0.56%
Depreciation	1.59%
Directors Fees and Expenses	1.59%
Enterprise Financial System Support	1.49%
Enbridge Gas Distribution	1.40%
Employee Benefits	1.40%
Employee Development	2.25%
Enterprise Architecture	2.25%
Enbridge Pipelines Inc. Direct Charge	1.40%
Financial Risk Management	0.64%
Group VP Corp. Resources	1.59%
HRIS Services	2.25%
Human Resources	2.25%
Industry Association Fees	1.59%
Insurance Premiums	Direct Charge
Labour Relations	2.25%
Oracle Software Depreciation (ECS)	Direct Charge
Other Employee Benefits	1.40%
Planning and Development	1.50%
Public Affairs and Corporate Communication	1.59%
Records Management (Knowledge Management)	1.59%
Rent & Leases	0.54%
Risk Management	0.33%
Stock Based Compensation	Note ¹
Tax Services (Calgary)	1.39%
Tax Services (Toronto)	Direct Charge
Treasury	1.27%
Total	

Note ¹ - Based on Number of Options Granted, Enbridge Inc. Corporate FTE's

Fixed Stock Options	0.73%
PSOPs	0.99%
PSUs	0.74%
RSUs	0.48%

C) There were no line items added or removed from 2008 to 2009.

Reference: Evidence of EGNB dated October 22, 2010
Exhibit A, Schedule 4

Question:

Please re-state Schedule 4 and include the following information:

- For 2004 to 2008- 100% of the costs allocated by Enbridge to EGNB;
- For 2004-2008- The regulatory approved allocated costs;
- For 2009, 2010 and 2011- a column showing the allocated costs under the currently approved methodology and the EGNB proposed methodology.

Response:

The requested information is attached.

Reference: Evidence of EGNB dated October 22, 2010
Exhibit A, Schedule 5 page 8 (2009 Actual)

Question:

Please provide details on the methodologies used for allocating each Operating and Maintenance expense to Property Plant and Equipment and to Development O & M capitalized costs. Details should include allocation rates utilized by expense/department classification, criteria for capitalization, and any third party reviews conducted or other supporting documentation.

Response:

EGNB breaks its operations and administration functions down into a number of departments to help it better manage its business. In 2001, EGNB completed an internal analysis looking at what amount of O&M should be capitalized and what should be expensed. EGNB evaluated the activities of each of its departments to determine what percentage of each department's resources were involved in the development of either its plant assets or the New Brunswick natural gas industry and what percentage was involved in serving EGNB's existing customer requirements. EGNB evaluates these departmental percentages each year as part of its budgeting exercise and makes adjustments where necessary. Once the percentage to be capitalized has been applied to each department's O&M expenditures for the period in question, EGNB groups the amounts into three categories: Plant Development; Industry Development; and Administration. Once grouped, the Administration category is allocated to Plant Development and Industry Development on a prorata basis. The amounts identified as Plant Development and Industry Development are then capitalized to Property, Plant and Equipment and Development O&M respectively. This methodology has been reviewed by the Board and its consultants as part of past annual financial reviews.

Early in 2005, EGNB's external auditors, PriceWaterhouseCoopers conducted a review and issued a report on EGNB's capitalization policies. This report, which was originally filed with the Board in relation to EGNB's 2002 and 2003 Financial Review, is attached.

The capitalization rates for 2009 can be found in the response to AWL Interrogatory No. 21.

Reference: Evidence of EGNB dated October 22, 2010
Exhibit A, Schedule 5 page 11 (2009 Actual)

Question:

Please provide in a monthly format a recalculation of the rate base for regulatory purposes indicating the opening and closing balance by rate base component and any transactions that impacted that component during the period.

Response:

The following table provides a monthly breakdown of the rate base balances for 2009:

Closing Balance as of	Dec. 31, 2008	2009												Dec. 31, 2009
		January	February	March	April	May	June	July	August	September	October	November	December	
Property, plant & equipment														
Cost	\$ 155,576	\$156,442	\$154,974	\$156,895	\$158,456	\$160,247	\$161,035	\$163,497	\$164,897	\$167,218	\$169,104	\$170,095	\$172,445	\$ 172,445
Accumulated amortization	(19,291)	(19,695)	(20,098)	(20,451)	(20,978)	(21,417)	(21,853)	(22,295)	(22,732)	(23,182)	(23,647)	(24,111)	(24,694)	(24,694)
Net	136,285	136,748	134,876	136,444	137,478	138,831	139,182	141,202	142,164	144,036	145,457	145,984	147,751	147,751
Deferred charges														
Franchise fee, at cost	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	1,500
Accumulated amortization	(700)	(706)	(713)	(719)	(725)	(731)	(738)	(744)	(750)	(756)	(763)	(769)	(775)	(775)
Net	800	794	788	781	775	769	763	756	750	744	738	731	725	725
Development O&M capitalized costs	\$ 84,236	\$ 84,274	\$ 84,311	\$ 85,073	\$ 87,534	\$ 88,457	\$ 88,630	\$ 89,672	\$ 91,000	\$ 92,039	\$ 93,154	\$ 94,730	\$ 95,855	95,855
Accumulated amortization	(4,920)	(5,087)	(5,254)	(5,442)	(5,614)	(5,791)	(5,970)	(6,150)	(6,332)	(6,516)	(6,702)	(6,891)	(7,084)	(7,084)
Net	79,316	79,186	79,057	79,631	81,920	82,666	82,660	83,522	84,669	85,523	86,451	87,839	88,771	88,771
Deferred carrying costs, at cost	\$ 1,784	\$ 1,784	\$ 1,784	\$ 1,784	\$ 1,784	\$ 1,784	\$ 1,784	\$ 1,784	\$ 1,784	\$ 1,784	\$ 1,784	\$ 1,784	\$ 1,784	1,784
Accumulated amortization	(1,001)	(1,031)	(1,060)	(1,090)	(1,120)	(1,150)	(1,179)	(1,209)	(1,239)	(1,268)	(1,298)	(1,328)	(1,358)	(1,358)
Net	783	753	723	694	664	634	604	575	545	515	486	456	426	426
Deferral account	\$ 132,736	\$134,014	\$135,189	\$136,510	\$139,064	\$141,649	\$144,283	\$147,281	\$150,321	\$153,404	\$154,417	\$155,352	\$155,895	155,895
Total deferred charges	\$ 213,635	\$214,748	\$215,757	\$217,616	\$222,423	\$225,718	\$228,309	\$232,133	\$236,284	\$240,186	\$242,091	\$244,378	\$245,817	245,817
Term deposit	\$ 3,048	\$ 2,964	\$ 2,964	\$ 2,965	\$ 2,966	\$ 2,966	\$ 2,966	\$ 2,966	\$ 2,966	\$ 2,966	\$ 2,966	\$ 2,967	\$ 2,955	2,955
Working capital allowance	\$ 2,242	\$ 2,054	\$ 1,928	\$ 1,922	\$ 3,239	\$ 3,102	\$ 3,012	\$ 2,849	\$ 2,805	\$ 2,641	\$ 1,902	\$ 1,918	\$ 1,757	1,757
Total rate base	\$ 355,209	\$356,513	\$355,524	\$358,947	\$366,105	\$370,617	\$373,469	\$379,150	\$384,219	\$389,829	\$392,416	\$395,246	\$398,280	\$ 398,280
Average rate base	\$ 325,932	\$355,861	\$356,019	\$357,236	\$362,526	\$368,361	\$372,043	\$376,310	\$381,685	\$387,024	\$391,123	\$393,831	\$396,788	\$ 374,900

Transactions that impact each rate base component during 2009 are attached. Please note that Development O&M Capitalized costs and amortization transactions are recorded in an account labeled "Leasehold Improvements" in the accounting system as there was no asset account in the Enbridge chart of accounts for Development O&M Capitalized.

EGNB notes that amounts contained in the 2009 transactions do not include the additional corporate allocations included in the Revised 2009 Regulatory Financial Results and do not include deferred charges or amortization associated with Equity Call Costs, as these adjustments were performed for Regulatory Financial Results outside of the accounting system.

Reference: Evidence of EGNB dated October 22, 2010
Exhibit A, Schedule 7 page 1 (2011 Budget)

Question:

Please provide in electronic format a trial balance supporting the 2011 budgeted financial statements for regulatory purposes.

Response:

EGNB does not prepare its annual budgets or forecasts at the individual account level, for items other than Operating and Maintenance (“O&M”) accounts, which are prepared for each cost centre by account by the cost center managers. Budgets and forecasts for balance sheet and income statement items other than O&M are prepared using major account groupings within EGNB’s modeling tool.

The 2011 budget trial balance for O&M expenses is attached in electronic format.

Reference: Evidence of EGNB dated October 22, 2010
Exhibit A, Schedule 7; 2011 Budget

Question:

Please provide a copy of EGNB's formal 2011 budget and all supporting information that was presented to – and approved by - EGNB's Board of Directors.

Response:

Please see the attached 2011 Budget and Business Plan document that was presented to and approved by EGNB's Board of Directors.

Reference: Evidence of EGNB dated October 22, 2010
Exhibit A, Schedule 7; Page 1
Property, Plant & Equipment

Question:

1. Is EGNB requesting approval of its capital budget for 2011 in this review process?
2. Please provide the following information:
 - a) What is the amount of the capital budget for the year?
 - b) Does this amount include \$4,172 of the forecast Operating and Maintenance expenses?
 - c) Please identify the individual capital projects and the individual project budgets.
 - d) For each project identified above please provide a copy of the detailed cost estimate that was developed in support of the budget.
 - e) For each project identified above, provide a detailed copy of the revenue forecast that was developed for the project.
 - f) If 2(c) does not include announced plans to upgrade meters please describe the project, provide a cost estimate with supporting documentation, and any cost benefit analysis or other rationale for the expenditure.
 - g) Please identify what type of analysis is used to support the extension of infill mains and provide a copy.
 - h) Please provide the cost estimate per meter by main size for infill main extensions for 2011.
 - i) What is the cost per meter of installing a ¾" service entrance (include piping, excavation, bedding materials, backfill, compaction and ground restoration)? If this cost is different by service area, please include that breakdown as well as any cost adders that may be applicable. What is the individual cost for a meter, valves and other materials (excluding pipe) that are necessary to provide service to a residential or small commercial customer?
 - j) If the capital budget includes service to a new community, please identify the base load supporting the system expansion and a copy of the cost benefit analysis that has been prepared.

Response:

1. As EGNB indicated in Exhibit A, page 9 at A16, EGNB expects that the Board will pre-approve the capital budget for 2011 as part of this review process. However, EGNB also recognizes that such approval would not fetter the Board's discretion when the 2011 fiscal year is subject to a retrospective review.
2.
 - a) The capital budget for 2011 is \$12,108,452.
 - b) The amount in a) does not include any of the forecast Operating and Maintenance expenses.
 - c) When EGNB prepares its capital budgets for the recurring capital expenditures (ie. mains, services, general plant), they are not prepared at a project level unless there have been strategic projects identified in that budget period. There are three strategic projects that EGNB has included in its 2011 Budget, the first is an expansion to the Village of Dorchester that will require the construction of 15 kms of main, with a project budget of \$2.7 million. The second project is the installation of Automated Meter Reading (AMR) devices on existing meters. The forecast 2011 capital expenditures for this project are \$0.7 million. The third project is an IT Enterprise Resource Planning (ERP) project that is looking at improved integration of information within EGNB's IT systems. There is \$145 thousand included in the 2011 budget for this project.
 - d) Please see the response to AWL Interrogatory No. 15 for the cost estimate for the Dorchester Project.

The following table provides the basis for the AMR cost estimate:

Capital Estimates	Estimated	Target	Totals
	Unit Price	Automation	
Residential Gas Meters	\$ 63.52	6,998	\$ 444,513
Commercial Gas Meters	\$ 88.54	3,206	\$ 283,859
Mobile Collectors	\$ 10,431.00	3	\$ 31,293
ITRON Training	\$ 6,977.00	1	\$ 6,977
Retrofit Training & Materials	\$ 30,000.00	1	\$ 30,000
EGD Documentation and Certification Process	\$ 50,000.00	1	\$ 50,000
Residential Gas Retrofits	\$ 25.00	6,998	\$ 174,950
Commercial Gas Retrofits	\$ 35.00	3,206	\$ 112,210
Expected Savings			\$ (183,802)
			\$ 950,000

The total AMR project cost is greater than the amount included in the 2011 budget as the project is expected to continue into 2012.

The ERP project estimate is based on a provision of \$135 thousand for modifications and extensions of back office systems and an additional \$10 thousand for potential new system licences that may be required. The project has not advanced far enough to develop a more detailed estimate.

- e) Please refer to Board Interrogatory No. 15(2)(j) for the revenue forecast that was developed for the Dorchester project. There is no revenue forecast created for the ERP project as it is not a revenue generating project. Although the AMR project is not a revenue generating project, it should be noted that there are anticipated cost reductions forecasted from this project. The following table summarizes the nature of these annual cost reductions:

		AMR Annual Cost Savings	
Meter Reading Costs			
- Labour	\$ 209,766	Meter Reading and Supervision	
- Vehicles	\$ 31,200	Meter Reading	
Field Work or Special Reads	\$ 27,000	5 hrs per month per service tech, 9 service techs, \$50 per hour	
Call Center	\$ 49,681	18000 calls per yr, 9% related to meter reads, \$30.667 per call	
Customer Accounting - Hi/Low Field Investigations	<u>\$ 16,064</u>	18000 calls per yr, 9% related to Hi/low, 20.63 per Hour), 1/2 hour per issue	
Total	\$ 333,710		

- f) Please see the response to c) and e) above.
- g) Please see the response to Public Intervenor Interrogatory No. 11(3).
- h) Please see the response to Public Intervenor Interrogatory No. 11(11).
- i) EGNB does not currently install 3/4” services within our distribution system. Typically, a 1/2” service line with 200 - 400 series meters are used for residential customers and 1” service lines with 400 – 800 series meters are used for small commercial customers. For budgeting purposes, EGNB uses an average estimated cost per service line including appurtenances (i.e. rock excavation, property restoration, etc.) based on historical cost data, by municipality. These average costs are then adjusted each year during the budget cycle by the contractually agreed upon annual pricing changes, if any. The 2011 budget assumptions are provided in the table below along with the associated average meter costs.

	Fredericton	Oromocto	Moncton	Dieppe	Riverview	Sackville	Saint John	St George	St Stephen
Average Service Line									
- Residential	\$1,872	\$1,872	\$2,003	\$2,003	\$2,003	\$1,810	\$3,297	\$2,315	\$2,214
- Commercial	\$3,640	\$3,640	\$3,470	\$3,470	\$3,470	\$3,863	\$3,463	\$3,473	\$3,473
Average Meter									
- Residential	\$178	\$178	\$178	\$178	\$178	\$178	\$178	\$178	\$178
- Commercial	\$1,238	\$1,238	\$1,238	\$1,238	\$1,238	\$1,238	\$1,238	\$1,238	\$1,238

j) The capital budget includes a proposed expansion project to the Village of Dorchester. The following tables show the cost benefit analysis that has been prepared for this project:

NPV - 20 Years \$510,637 IRR - 20 Years 12% NPV Positive in Year 14 NPV Revenue \$3,241,758 NPV Capital (\$2,732,738)		Dorchester									
		Notes: Assumes LFO customer turns on Nov 1, 2011									
		Discount Rate: 9.78%									
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Customer Additions		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
LFO		1									
Total LFO GJ		50,222									
Total LFO CD		459									
Incentives		-									
Main Capital (\$3,000,000)											
Service & Meter		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Incentive		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Customer Contribution		\$ 350,000									
Revenue		\$ 68,531	\$ 411,188	\$ 411,188	\$ 411,188	\$ 411,188	\$ 411,188	\$ 411,188	\$ 411,188	\$ 411,188	\$ 411,188
Net Cash Flow (\$3,000,000)		\$418,531	\$411,188	\$411,188	\$411,188	\$411,188	\$411,188	\$411,188	\$411,188	\$411,188	\$411,188
NPV by Year (\$3,000,000)		(\$2,385,457)	(\$2,074,665)	(\$1,791,560)	(\$1,533,676)	(\$1,298,767)	(\$1,084,784)	(\$889,865)	(\$712,311)	(\$550,575)	(\$403,247)
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Budget GJ		Revenue									
LFO		68,531	411,188	411,188	411,188	411,188	411,188	411,188	411,188	411,188	411,188
Delivery Rates											
LFO		7.62	7.62	7.62	7.62	7.62	7.62	7.62	7.62	7.62	7.62
Customer Charge											
LFO		62.40									
NPV - 20 Years \$510,637 IRR - 20 Years 12% NPV Positive in Year 14 NPV Revenue \$3,241,758 NPV Capital (\$2,732,738)		Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Customer Additions		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
LFO											
Total LFO GJ											
Total LFO CD											
Incentives											
Main Capital (\$3,000,000)											
Service & Meter		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Incentive		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Customer Contribution											
Revenue		\$ 411,188	\$ 411,188	\$ 411,188	\$ 411,188	\$ 411,188	\$ 411,188	\$ 411,188	\$ 411,188	\$ 411,188	\$ 411,188
Net Cash Flow (\$3,000,000)		\$411,188	\$411,188	\$411,188	\$411,188	\$411,188	\$411,188	\$411,188	\$411,188	\$411,188	\$411,188
NPV by Year (\$3,000,000)		(\$269,044)	(\$146,797)	(\$35,441)	\$65,995	\$158,394	\$242,562	\$319,231	\$389,070	\$452,687	\$510,637
		Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Budget GJ		Revenue									
LFO		411,188	411,188	411,188	411,188	411,188	411,188	411,188	411,188	411,188	411,188
Delivery Rates											
LFO		7.62	7.62	7.62	7.62	7.62	7.62	7.62	7.62	7.62	7.62
Customer Charge											
LFO		62.40									

Reference: Evidence of EGNB dated October 22, 2010
Exhibit A, Schedule 7 Operating Revenue, Page 2

Question:

Please provide working papers for monthly calculations of Gas distribution revenues by class (in excel format).

Response:

The monthly calculation of gas distribution revenues by class is spread across a number of spreadsheets that are integrated into EGNB's overall budget model. For the purpose of responding to this Interrogatory, EGNB has combined the elements that are used in arriving at the revenue calculation into the attached spreadsheet. To ensure this spreadsheet reconciles with the gas distribution revenues included in the budget, a miscellaneous revenue line item has been included. This was necessary due to the minor variances in the assumptions applied to different components of the budget model that cannot be reconciled in this combined spreadsheet.

Reference: Evidence of EGNB dated October 22, 2010
Exhibit A, Schedule 7 page 8 (2011 Budget)

Question:

Please provide details on the allocation rates by expense/department classification used to allocate Operating and Maintenance expenses to Property Plant and Equipment and to Development O & M capitalized costs. If the allocation rates have changed from prior years, please provide the explanation and rationale supporting each change and provide the allocation rates used for 2008, 2009 and the proposed rates for 2010.

Response:

Please see the responses to AWL Interrogatory No. 21 and Board Interrogatory No. 11.

Reference: Evidence of EGNB dated October 22, 2010
Exhibit A, Schedule 7 page 10 (2011 Budget)

Question:

Please provide in a monthly format a recalculation of the rate base for regulatory purposes indicating the opening and closing balance by rate base component and any transactions that impacted that component during the period.

Response:

The following table provides a monthly breakdown of the rate base balances for the 2011 Budget (in \$000s). As these amounts are for a future budget period, there are no transactions for the rate base components.

Closing Balance as of	Dec. 31, 2010	2011												Dec. 31, 2011
		January	February	March	April	May	June	July	August	September	October	November	December	
Property, plant & equipment														
Cost	\$ 187,226	\$187,948	\$188,628	\$189,191	\$189,777	\$190,767	\$192,328	\$194,124	\$196,064	\$198,323	\$200,488	\$202,358	\$203,094	\$ 203,094
Accumulated amortization	(29,682)	(30,226)	(30,772)	(31,318)	(31,865)	(32,411)	(32,957)	(33,503)	(34,050)	(34,596)	(35,142)	(35,688)	(35,827)	(35,827)
Net	157,544	157,723	157,856	157,873	157,912	158,356	159,371	160,620	162,014	163,728	165,345	166,669	167,267	167,267
Deferred charges														
Franchise fee, at cost	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	1,500
Accumulated amortization	(850)	(869)	(875)	(881)	(888)	(894)	(900)	(906)	(913)	(919)	(925)	(931)	(938)	(938)
Net	650	631	625	619	613	606	600	594	588	581	575	569	562	562
Development O&M capitalized costs	\$ 118,432	\$119,668	\$121,006	\$121,875	\$122,660	\$123,433	\$124,347	\$125,295	\$126,182	\$127,176	\$128,206	\$129,221	\$130,173	130,173
Accumulated amortization	(19,302)	(19,533)	(19,763)	(19,993)	(20,224)	(20,454)	(20,685)	(20,915)	(21,145)	(21,376)	(21,606)	(21,836)	(22,067)	(22,067)
Net	99,130	100,135	101,242	101,881	102,436	102,979	103,662	104,380	105,037	105,801	106,600	107,385	108,106	108,106
Deferred carrying costs, at cost	\$ 1,784	\$ 1,784	\$ 1,784	\$ 1,784	\$ 1,784	\$ 1,784	\$ 1,784	\$ 1,784	\$ 1,784	\$ 1,784	\$ 1,784	\$ 1,784	\$ 1,784	1,784
Accumulated amortization	(1,582)	(1,590)	(1,598)	(1,606)	(1,613)	(1,621)	(1,629)	(1,637)	(1,644)	(1,652)	(1,660)	(1,668)	(1,674)	(1,675)
Net	202	193	186	178	170	162	155	147	139	131	124	116	109	109
Deferral account	\$ 171,776	\$169,070	\$167,119	\$166,163	\$167,045	\$168,992	\$171,924	\$174,914	\$177,877	\$180,698	\$182,084	\$181,755	\$179,128	179,128
Total deferred charges	\$ 271,758	\$270,030	\$269,173	\$268,841	\$270,263	\$272,740	\$276,341	\$280,035	\$283,641	\$287,211	\$289,383	\$289,824	\$287,905	287,905
Term deposit	\$ 2,955	\$ 2,955	\$ 2,955	\$ 2,955	\$ 2,955	\$ 2,955	\$ 2,955	\$ 2,955	\$ 2,955	\$ 2,955	\$ 2,955	\$ 2,955	\$ 2,955	2,955
Working capital allowance	\$ 2,286	\$ 2,206	\$ 2,126	\$ 2,046	\$ 1,966	\$ 1,886	\$ 1,806	\$ 1,726	\$ 1,646	\$ 1,567	\$ 1,487	\$ 1,407	\$ 1,327	1,327
Total rate base	\$ 434,543	\$432,913	\$432,109	\$431,715	\$433,096	\$435,937	\$440,473	\$445,336	\$450,256	\$455,460	\$459,170	\$460,855	\$459,453	\$ 459,454
Average rate base	\$ 410,220	\$433,489	\$432,552	\$431,953	\$432,447	\$434,557	\$438,246	\$442,946	\$447,837	\$452,899	\$457,356	\$460,053	\$460,195	\$ 443,711

Reference: Evidence of EGNB dated October 22, 2010
Exhibit A, Schedule 8 page 7

Question:

In comparing the 2009 Actuals to the 2009 Budget, EGNB indicates that there have been staff reductions as part of cost mitigation activities. However, this is offset by increased recruitment. Why were there increased recruitment costs?

Response:

The fact that EGNB had staff reductions in 2009 as part of cost mitigation activities is independent of any recruitment costs that EGNB may have incurred during 2009. The staff reductions primarily occurred as a lay-off of a number of staff at one point in time through the elimination of certain roles. However, during the course of 2009 there continued to be staff turnover that required external recruitment to fill the resulting vacancies. The recruitment budget is typically small (\$15,000). However, the impact of some retirements and transfers to other Enbridge entities, in addition to normal turnover, led to an increased level of recruitment.

Reference: Evidence of EGNB dated October 22, 2010
Exhibit A, Schedule 8 page 10

Question:

Under “labour and benefits” please provide the details of the 2010 and 2011 salary increases. Please provide, by position, the nature of the increases (i.e. cost of living or merit) and the amount of the percentage increase. Does EGNB have a compensation policy? If so, please provide a copy.

Response:

EGNB believes that providing information by position level could only be provided on a confidential basis as individual front line staff increases would be able to be determined from this information. The following information is being provided in an effort to provide sufficient clarity regarding the manner in which increases are managed within EGNB that position level information will not be required.

Annual employee salary increases are determined by the application of a total percentage increase applied to current employee salaries to establish the total pool of increases available to EGNB employees. This baseline salary increase budget is broken out by Senior Manager to create Senior Manager pools. The Senior Manager then looks for each department manager to review and allocate salary increase recommendations, within the Senior Manager pool, by employee. Company-wide recommendations are consolidated for review by the General Manager who provides final oversight and approval of annual salary increases.

The total percentage increase reflects a combination of an allowance for cost of living and merit. In 2010, a 2% cost of living increase was assumed, contributing \$132,832 to the pool of dollars for increases, and a 1% allowance was made for merit, contributing \$66,416 to the pool, for a total pool of \$199,248. In 2011, a 2% cost of living increase was once again assumed, contributing \$149,684 to the pool, and a 1.5% allowance was made for merit, contributing \$112,263 to the pool, for a total pool of \$261,947.

EGNB notes that while there is a cost of living component to establishing the pool, it does not mean that all employees automatically receive a cost of living increase. Individual salary increases are by recommendation of each department manager and final General Manager approval and are subject to considerations such as employee performance and an employee’s salary in comparison to his or her peers.

The following table shows how these pools were distributed among the EGNB Senior Managers (in \$000s):

	Pool Dollars	
	<u>2010</u>	<u>2011</u>
Corporate Management	\$20,959	\$29,542
Finance/Cust Care/IT	\$37,653	\$51,279
Marketing and Sales	\$36,752	\$55,690
Operations	\$40,869	\$49,066
Installation, Service, Attachments and Materials Mgmt	\$63,007	\$76,370

The following table shows the number of employees in each of the Senior Manager groups:

	Employees	
	<u>2010</u>	<u>2011</u>
Corporate Management	9	9
Finance/Cust Care/IT	30	30
Marketing and Sales	22	23
Operations	26	26
Installation, Service, Attachments and Materials Mgmt	43	43

The maximum increase received by an employee in 2010 in each Senior Manager group was:

	Max Incr
	<u>2010</u>
Corporate Management	\$5,053
Finance/Cust Care/IT	\$4,200
Marketing and Sales	\$2,552
Operations	\$3,150
Installation, Service, Attachments and Materials Mgmt	\$3,548

While the 2011 salary increase budget has been set by applying 3.5% across the organization to establish the total pool, individual recommendations will be determined during the annual merit process, which occurs during late 2010 and early 2011.

EGNB does not have a compensation policy.

Reference: Evidence of EGNB dated October 22, 2010
Exhibit A, Schedule 8 page 10

Question:

Please provide details of any planned additions or reductions to staff, including rationale and cost implications.

Response:

EGNB has one planned staff addition in 2011, a Service Technician within the Service & Inspections department, at a budgeted annual cost of \$45,600. This position is being added to address increasing workload requirements as the customer base grows, equipment ages and additional technology is implemented. There are currently no plans to reduce staff.

Reference: Evidence of EGNB dated October 22, 2010
Exhibit A, Schedule 8 page 10

Question:

What is meant by “forecast incentive compensation”? How many staff are eligible to receive this incentive and on what basis will it be awarded?

Please provide supporting documentation. Please provide the comparative cost, if applicable for 2009 and the budgeted amount for 2010.

Response:

The forecast incentive compensation refers to EGNB’s “Success Sharing”, which is a variable component of EGNB employees’ total compensation. As part of a competitive compensation package, EGNB provides both a fixed and variable compensation component. The variable component is paid annually in February based on a combined rating of performance of both the individual and business for the preceding calendar year. This variable component forms part of every full time EGNB employee’s compensation. All active, permanent EGNB employees with a minimum of three months of service who achieve, at minimum, the standard benchmark rating for individual annual performance are eligible to receive success sharing.

The weighting of the business and individual performance varies depending on the level of the individual within the organization. Front line staff have a higher percentage of their success sharing based on their individual performance, while higher levels in the organization will have a greater weighting placed on business performance. The business component also factors in both EGNB and Enbridge performance.

Individual performance is assessed and rated against a set of annual performance objectives. This annual process involves defining objectives to be achieved for the year, monitoring of progress toward those objectives and evaluation of results at the end of the year by direct supervisors/managers. A standard company-wide scale of year-end performance ratings is utilized to assign an evaluation rating to individual employees’ annual performance. To ensure consistency in the application of these standards and performance ratings, leaders are educated about the performance rating definitions in advance of the performance assessment phase. Employee performance evaluations are conducted and performance ratings submitted by employees’ direct supervisors/managers, oversight and review of standards and ratings applications are provided by the appropriate departmental Senior Manager in consultation with Human Resources, and final ratings reviews and approvals are performed by the General Manager.

EGNB performance is measured through the use of a scorecard that balances different factors associated with safety, employee engagement, growth, financial performance and customers. Enbridge performance is also assessed on a scorecard basis.

The 2009 actual success sharing amount was \$676,824, while \$625,914 is budgeted for 2010.

Reference: Evidence of EGNB dated October 22, 2010
Exhibit A, Schedule 8 Page 13
2011 Budget vs. 2010 Budget

Question:

Please provide working papers that support the calculations of Interest on amounts due to affiliates and other interest.

Response:

The following tables provide the requested information (in \$000s):

	2010													
	January	February	March	April	May	June	July	August	September	October	November	December		
Calculation of Interest on long term debt														
Average rate base	\$ 404,064	\$ 403,490	\$ 403,817	\$ 404,796	\$ 406,558	\$ 409,346	\$ 412,736	\$ 416,263	\$ 420,024	\$ 423,603	\$ 426,134	\$ 427,181		
Debt percentage (monthly)	53.0%	54.0%	53.5%	53.0%	54.6%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Weighted average cost of debt (monthly)	6.38%	6.38%	6.38%	6.38%	6.38%	6.38%	6.38%	6.38%	6.38%	6.38%	6.38%	6.38%	6.38%	6.38%
Calculated Interest for Regulatory Purposes	\$ 1,140	\$ 1,158	\$ 1,148	\$ 1,142	\$ 1,181	\$ 1,089	\$ 1,098	\$ 1,107	\$ 1,117	\$ 1,126	\$ 1,133	\$ 1,136		<u>\$ 13,574</u>

Note - The Interest on Amounts Due to Associates and Affiliates and Other Interest did not include AFUDC in the 2010 Budget

	2011													
	January	February	March	April	May	June	July	August	September	October	November	December		
Calculation of Interest on long term debt														
Average rate base	\$ 433,489	\$ 432,552	\$ 431,953	\$ 432,447	\$ 434,557	\$ 438,246	\$ 442,946	\$ 447,837	\$ 452,899	\$ 457,356	\$ 460,053	\$ 460,195		
Debt percentage (monthly)	53.2%	52.2%	52.0%	51.7%	51.5%	51.2%	51.0%	50.7%	50.4%	50.1%	49.9%	49.7%		
Weighted average cost of debt (monthly)	6.26%	6.24%	6.23%	6.23%	6.23%	6.23%	6.23%	6.23%	6.23%	6.23%	6.23%	6.24%		
Calculated Interest for Regulatory Purposes	\$ 1,203	\$ 1,176	\$ 1,167	\$ 1,162	\$ 1,162	\$ 1,166	\$ 1,173	\$ 1,179	\$ 1,186	\$ 1,191	\$ 1,192	\$ 1,189		<u>\$ 14,146</u>
Calculation of AIDC (Allowance for Funds Used During Construction - debt component)														
Average Construction Work in Progress	\$ (2)	\$ 1	\$ 1	\$ 7	\$ 59	\$ 168	\$ 253	\$ 298	\$ 326	\$ 290	\$ 161	\$ 36		
Weighted average cost of debt (monthly)	53.2%	52.2%	52.0%	51.7%	51.5%	51.2%	51.0%	50.7%	50.4%	50.1%	49.9%	49.7%		
Calculated Interest for Regulatory Purposes	6.26%	6.24%	6.23%	6.23%	6.23%	6.23%	6.23%	6.23%	6.23%	6.23%	6.23%	6.24%		
Calculated AIDC for Regulatory Purposes	\$ (0.0)	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.2	\$ 0.4	\$ 0.7	\$ 0.8	\$ 0.9	\$ 0.8	\$ 0.4	\$ 0.1		<u>4</u>
														<u>\$ 14,150</u>

Reference: Evidence of EGNB dated June 11, 2010
Document 8 – Trial Balance in support of 2009 Regulatory Financial Statements

Question:

Please provide variance explanations (2008 versus 2009) and supporting documentation (where appropriate) for the following accounts:

	<u>2009 Actual</u>	<u>% Change</u>
1. 60119 Severance Pay	139,143	463.6
2. 60133 Sick Pay	73,930	37.5
3. 60137 Success Sharing	676,824	7.8
4. 60139 Commission Pay	187,681	(119.9)
5. 60257 Benefit Credits	466,085	13.0
6. 60401 Employee Training	50,825	(61.2)
7. 60411 Awards and allowances	315	(99.5)
8. 61011 Uniforms and protective	25,051	(70.8)
9. 61103 Stationery/Printing	17,052	(56.2)
10. 61503 Legal Fees	409,954	20.7
11. 61507 Regulatory Compliance	886,668	93.2
12. 61511 Professional consulting	943,365	39.7
13. 61559 Advertising and publicity	5,060,747	(68.0)
14. 61601 Contract services	786,793	26.6
15. 61607 Professional/Technical	7,411	(85.8)
16. 61706 IT Software Maintenance	98,587	170.1
17. 61715 Postage and Courier	96,829	149.2
18. 62309 Vehicle Fleet	378,985	(28.7)
19. 70899 Other operating	376,058	(28.8)

Response:

1. Severance Pay

The large increase in Severance Pay was a result of staff reductions as part of cost mitigation activities in 2009.

2. Sick Pay

The increase in sick time was primarily due to a bad flu season and increased sensitivity to employees coming in to work sick, due to H1N1 concerns.

3. Success Sharing

The increase of approximately \$49,000 was due to improved performance on corporate scorecard metrics, partially offset by reduced staffing.

4. Commission Pay
The reduction in commissions was primarily due to a change in the commission structure for commercial sales staff and below target sales.
5. Benefit Credits
The increase in Benefit Credits was primarily driven by a one-time accounting adjustment from 2007 that reduced costs in 2008 (\$36,000) and an overall increase in benefit costs.
6. Employee Training
Training costs were reduced as part of the cost mitigation activities, while ensuring safety to the public and employees was not compromised.
7. Awards and Allowances
Awards and Allowances were lower in 2009 primarily due to the 2008 balance including Success Sharing amounts incorrectly being recorded in Awards and Allowances.
8. Uniforms and Protective Clothing
In 2008, EGNB moved to a new uniform program and purchased uniforms for employees.
9. Stationary/Printing
EGNB was successfully reduced overall stationary and printing costs due to bulk ordering and supply management, as well as using in-house resources for printing and mailouts. As well, a portion of the variance noted (\$8,000) relates to mailouts done in 2008 for EUG which was not included in O&M as it formed part of Gas Costs.
10. Legal Fees
Legal fees increased mainly due to increased regulatory activity.
11. Regulatory Compliance
The Regulatory Compliance increase resulted from increased regulatory activity and associated increased Public Intervenor costs.
12. Professional Consulting
The increase is primarily driven by increased call centre costs, Cost of Service consulting and a valuation of EGNBLP units.
13. Advertising and Publicity
The decrease was primarily driven by reduced incentives.
14. Contract Services
The increase was primarily due to the commencement of a program to identify sewer conflicts in the existing distribution system.

15. Professional/Technical

Expenses in this account relate to costs associated with work related to the Scully Street incident. The majority of the work was performed during 2008.

16. IT Software Maintenance

New initiatives related to gas nominations software and construction planning software are leading to increased maintenance costs.

17. Postage and Courier

Postage and Courier costs increased in 2009 due to EGNB moving its billing services in-house. Monthly customer invoices and correspondence are now mailed directly to customers by EGNB whereas in 2008 they were mailed by a third party provider.

18. Vehicle Fleet

The reduction in 2009 is primarily due to reduced vehicle operating costs from lower fuel prices and reduced service costs due to a new preventative maintenance contract.

19. Other Operating

The reduction was due to lower water heater expenses, resulting from a reduced number of water heater installations in 2009.

Reference: General

Question:

Has there been any change to EGNB's business plan for 2011? Please provide a copy of the latest business plan as approved by EGNB's Board of Directors.

Response:

Please see the response to Board Interrogatory No. 14.

Reference: Evidence of EGNB dated October 22, 2010
2009 Regulatory Financial Results, Statement of Income for Regulatory Purposes;
Amortization Expense

Question:

Please provide detailed calculations in support of amortization of property, plant, and equipment and amortization of deferred development costs. The calculations should be broken down by month and include opening and closing balances and additions by asset category, amortization rates applied, and resulting amortization expense.

Response:

The following table provides the requested calculations:

Assets	Amortization Rates	2009 Monthly ending Balances, at cost													
		At Cost Dec. 31, 2008	January	February	March	April	May	June	July	August	September	October	November	December	
Property, plant & equipment															
General plant															
Computer hardware & software	28.80%	\$ 2,922,078	\$ 3,013,406	\$ 2,896,809	\$ 3,239,721	\$ 3,286,584	\$ 3,276,799	\$ 3,269,799	\$ 3,259,671	\$ 3,235,865	\$ 3,272,390	\$ 3,304,160	\$ 3,297,014	\$ 3,351,027	
Tools and work equipment	5.30%	650,125	647,756	647,756	668,970	669,102	669,102	667,369	655,960	653,329	653,329	653,329	653,329	683,526	
Office furniture and equipment	4.40%	458,152	458,152	458,152	459,574	459,574	459,574	459,574	459,574	459,574	459,574	459,574	459,574	459,574	
Transportation	11.80%	332,286	768,446	768,446	627,800	798,313	798,313	798,313	798,313	798,313	807,957	822,423	822,423	783,084	
Communications	28.80%	8,386	8,386	8,386	8,386	8,386	8,386	8,386	8,386	8,386	8,386	8,386	8,386	8,386	
Leasehold improvements		461,422	462,622	462,622	462,805	462,805	462,805	462,805	481,305	481,305	481,305	591,305	572,805	612,790	
Distribution plant															
Land	-	374,967	374,967	374,967	374,967	374,967	374,967	374,967	374,967	374,967	374,967	374,967	374,967	374,967	
Rights of way and easements	-	121,066	121,066	121,066	121,066	121,066	124,066	124,066	124,066	124,066	124,066	124,066	124,066	155,866	
Distribution mains	2.43%	88,131,484	88,261,279	87,689,598	88,772,506	88,839,794	89,840,714	90,212,293	91,485,999	92,293,131	95,214,073	95,009,143	96,006,418	97,338,707	
Street services	3.83%	36,856,576	37,066,909	36,293,052	36,788,726	37,592,823	38,191,037	38,616,106	39,297,544	39,505,375	38,737,533	40,577,877	40,521,171	41,227,074	
Meters and regulators	3.83%	12,906,386	12,906,236	12,906,338	12,948,942	13,080,393	13,265,286	13,265,286	13,589,074	13,820,090	13,908,180	13,944,620	13,969,761	14,098,058	
Stations	4.40%	12,353,055	12,353,055	12,347,055	12,421,655	12,762,095	12,776,335	12,776,335	12,962,396	13,142,315	13,176,537	13,234,300	13,284,805	13,290,607	
Deferred Development Costs															
Franchise fee	5.00%	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	
Deferred carrying costs	20.00%	1,783,682	1,783,682	1,783,682	1,783,682	1,783,682	1,783,682	1,783,682	1,783,682	1,783,682	1,783,682	1,783,682	1,783,682	1,783,682	
Deferred O&M capitalized costs															
Development O&M capitalized costs	2.43%	84,236,104	84,273,586	84,311,067	85,072,924	87,533,500	88,456,868	88,629,910	89,671,778	91,000,066	92,039,371	93,153,627	94,730,216	95,854,789	
Amortization Schedule															
Amortization of Property, plant & equipment															
General plant															
Computer hardware & software			40,503	40,503	61,594	40,442	44,479	44,052	31,977	38,622	39,170	56,127	42,270	42,019	521,759
Tools and work equipment			2,736	2,736	3,071	2,941	2,904	1,451	2,897	465	2,885	2,885	2,885	2,885	30,741
Office furniture and equipment			1,673	1,673	1,699	1,687	1,685	1,685	1,685	1,685	1,685	1,685	1,685	1,685	20,214
Transportation			2,338	2,338	5,247	5,386	5,195	5,195	5,195	5,195	5,195	6,352	8,087	8,087	63,811
Communications			47	47	47	47	47	47	47	47	47	47	47	47	570
Leasehold improvements			6,832	6,832	9,161	7,809	7,713	7,713	7,713	7,713	7,713	7,713	7,713	7,713	92,342
Distribution plant															
Land			-	-	-	-	-	-	-	-	-	-	-	-	-
Rights of way and easements			-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution mains			162,623	162,149	69,283	267,942	1,084,180	(740,175)	196,005	182,741	187,638	180,309	190,664	200,849	2,144,209
Street services			107,866	108,674	128,509	117,563	117,372	117,409	118,722	118,152	118,846	119,995	120,313	121,580	1,415,000
Meters and regulators			39,499	39,506	44,878	42,953	(871,488)	954,743	42,409	42,686	42,804	42,961	43,013	43,135	507,100
Stations			39,297	39,297	57,916	46,122	46,148	46,148	46,695	46,644	46,706	46,778	47,075	47,086	555,913
Intangible Computer Software ¹															(308,985)
															<u>5,042,672</u>
Amortization of Deferred Development Costs															
Franchise fee			6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	75,000
Deferred carrying costs			29,728	29,728	29,728	29,728	29,728	29,728	29,728	29,728	29,728	29,728	29,728	29,728	356,736
Development O&M capitalized costs			167,039	167,114	187,840	171,765	177,331	179,201	179,551	181,661	184,351	186,456	188,712	191,905	2,162,926
Intangible Computer Software ¹															(308,985)
															<u>2,903,648</u>

¹ - Due to accounting changes, intangible software was reclassified to Deferred charges from Property, Plant and Equipment for presentation purposes

Reference: Evidence of EGNB dated March 15, 2010
2009 Regulatory Financial Results, Statement of Income for Regulatory Purposes;
Municipal and Other Tax Expense

Question:

Please provide a detailed summary in support of the municipal and other tax expense.

Response:

Property taxes are the only tax expense reflected in Municipal and Other Tax Expense. Property taxes are determined by applying the tax rate to a depreciated replacement cost for mains and the replacement cost for stations. The following table summarizes the calculation:

Cumulative Main Construction (Infill, Short and New Constr)	2009		
	Replacement Cost	Tax Rate	Property Tax
Fredericton	\$ 11,671,801	\$ 4.3964	\$ 205,256
Oromocto	3,578,811	4.3685	62,536
Moncton	15,668,137	4.7488	297,619
Dieppe	4,248,957	4.6168	78,466
Riverview	3,121,540	4.5895	57,305
St. George	552,111	4.1450	9,154
St. Stephen	1,224,064	4.5580	22,317
Saint John	9,918,295	4.9475	196,283
Lincoln	1,754,429	2.5979	18,231
Gagetown	979,360	3.8440	15,059
Charlotte Parish	344,124	2.5592	3,523
St Stephen Little Ridge Road	1,743,802	2.6149	18,239
Sackville	2,838,182	4.5725	51,910
Total Cumulative Main	57,643,614		1,035,899
Depreciation Rate		0.6	
Cumulative Stations			
Beaver Court	117,400	4.9625	5,826
Chesley Drive	57,900	4.9625	2,873
Egbert St.	75,800	4.9625	3,762
Grandview	55,200	4.9625	2,739
Swede Road	58,500	2.6518	1,551
Sackville (Gate Station)	5,200	2.6432	137
Sackville (M&NP Electrical Bldg)	15,400	2.6432	407
Total Cumulative Stations	385,400		17,296
	\$ 58,029,014		\$ 1,053,195