

Schedule 4

**2010 Revised Financial Statements
blackline comparison to
statements filed on March 15, 2011**

Enbridge Gas New Brunswick
Balance Sheet for Regulatory Purposes
For the year ended December 31, 2010

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

(in thousands of dollars)

Assets	<u>2010</u>	<u>2009</u>
Regulated Assets		
Property, Plant and Equipment (Note 1)		
	\$ 156,619	\$ 147,751
Gas Distributor Plant in Service - Net (includes AFUDC capitalized during 2010 of \$86.9)	\$ 156,205	\$ 147,529
Construction Work In Progress - Gas Distributor Plant	1,651	1,382
	<u>158,270</u>	<u>149,133</u>
Total Property, Plant & Equipment	157,856	148,911
Deferred Charges		
Deferred Development Costs - Net (Note 2)	851	1,151
	<u>96,974</u>	<u>88,774</u>
Development O&M Capitalized Costs - Net (Note 3)	96,409	88,378
	<u>172,782</u>	<u>155,895</u>
Regulatory Deferral	171,427	155,377
	<u>270,604</u>	<u>245,817</u>
Total Deferred Charges	268,687	244,906
Short Term Investments	2,957	2,955
	<u>431,834</u>	<u>397,905</u>
Total Regulated Assets	<u>429,500</u>	<u>396,772</u>
	<u>21,110</u>	<u>16,483</u>
Other Regulated Assets	21,071	16,483
	<u>\$ 452,944</u>	<u>\$ 414,388</u>
Total Assets	<u>\$ 450,571</u>	<u>\$ 413,255</u>
Liabilities and Partner's Equity		
	\$ 194,513	\$ 186,656
Partner's Equity	\$ 192,143	\$ 185,523
Long-term Advances from Associates and Affiliates (Note 4)	233,650	212,650
Other Regulated Liabilities	24,778	15,082
	<u>\$ 452,944</u>	<u>\$ 414,388</u>
Total Liabilities and Equity	<u>\$ 450,571</u>	<u>\$ 413,255</u>

Rate Base for Regulatory Purposes – Note 9
Capital Structure for Regulatory Purposes – Note 10
Financial Statement Effects of Rate Regulation - Note 12

Enbridge Gas New Brunswick
Statement of Income for Regulatory Purposes
For the year ended December 31, 2010

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

(in thousands of dollars)

	<u>2010</u>	<u>2009</u>
Revenue		
Operating Revenue (Note 5)		
Gas distribution	\$ 38,466	\$ 26,162
Miscellaneous	264	281
Income from Investments	-	44
Allowance for Funds Used During Construction	<u>87</u>	<u>34</u>
	38,817	26,521
Installation Services		
Revenue	6,787	7,664
Cost of goods sold	<u>(5,790)</u>	<u>(6,221)</u>
	<u>997</u>	<u>1,443</u>
Total Revenue	<u>39,814</u>	<u>27,964</u>
Expenses		
Operating Expenses	<u>7,788</u>	<u>5,054</u>
Operating and maintenance expenses (Note 6)	7,142	4,586
Bad debt expense	353	311
	<u>5,652</u>	<u>5,042</u>
Amortization of Property, Plant and Equipment	5,637	5,035
Municipal and Other Taxes	1,088	1,053
	<u>14,117</u>	<u>12,367</u>
Interest on Amounts Due to Associates & Affiliates and Other Interest (Note 7)	14,058	12,355
	<u>2,980</u>	<u>2,904</u>
Amortization of Deferred Development Costs	<u>2,967</u>	<u>2,898</u>
	<u>31,978</u>	<u>26,731</u>
Total Expenses	<u>31,245</u>	<u>26,238</u>
	<u>7,836</u>	<u>1,233</u>
Income before Extraordinary Items, Regulatory Deferral and Return on Rate Base	8,569	1,726
	<u>16,913</u>	<u>23,158</u>
Regulatory Deferral	<u>16,076</u>	<u>22,640</u>
	<u>\$ 24,749</u>	<u>\$ 24,394</u>
Regulated Return on Equity (Note 8)	<u>\$ 24,645</u>	<u>\$ 24,366</u>

Details of Affiliate Transactions – Note 11

(in thousands of dollars)

Note 1 **Property, Plant & Equipment**

			2010	2009	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	Rates of Amortization
Property, plant & equipment					
General plant					
Computer hardware & software	\$ 3,866	\$ (3,021)	\$ 845	\$ 803	28.80%
Tools and work equipment	760	(217)	543	503	5.30%
Office furniture and equipment	493	(140)	353	340	4.40%
Transportation	1,117	(168)	949	710	11.80%
Communications	88	(26)	62	-	28.80%
Leasehold improvements	651	(324)	327	409	1
Subtotal	6,975	(3,896)	3,079	2,765	
Distribution plant					
Land	375	-	375	375	-
Rights of way and easements	166	-	166	156	-
	<u>103,939</u>	<u>(13,877)</u>	<u>90,062</u>	<u>85,955</u>	
Distribution mains	103,669	(13,944)	89,725	85,733	2.43%
	<u>45,908</u>	<u>(7,275)</u>	<u>38,633</u>		
Street services	45,827	(7,274)	38,553	35,434	3.83%
Meters and regulators	16,442	(2,847)	13,595	11,766	3.83%
	<u>13,299</u>		<u>10,709</u>		
Stations	13,302	(2,590)	10,712	11,300	4.40%
	<u>180,129</u>	<u>(26,589)</u>	<u>153,540</u>	<u>144,986</u>	
Subtotal	179,781	(26,655)	153,126	144,764	
	<u>187,104</u>	<u>(30,485)</u>	<u>156,619</u>	<u>147,754</u>	
Total plant in service	186,756	(30,551)	156,205	147,529	
Construction work in progress					
	1,651	-	1,651	1,382	-
	<u>\$ 188,755</u>	<u>\$ (30,485)</u>	<u>\$ 158,270</u>	<u>\$ 149,133</u>	
Total property, plant & equipment	<u>\$ 188,407</u>	<u>\$ (30,551)</u>	<u>\$ 157,856</u>	<u>\$ 148,911</u>	

1 - Amortized over the term of the related leases.

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(in thousands of dollars)

Note 2 **Deferred Development Costs - Net**

	2010		2009		Rates of Amortization
Cost	Accumulated Amortization	Net Book Value	Net Book Value		
Franchise fee	\$ 1,500	\$ (850)	\$ 650	\$ 725	5.00%
Deferred carrying costs	1,784	(1,583)	201	426	20.00%
Total deferred development costs, net	\$ 3,284	\$ (2,433)	\$ 851	\$ 1,151	

Note 3 **Development O&M Capitalized Costs - Net**

	2010		2009		Rates of Amortization
Cost	Accumulated Amortization	Net Book Value	Net Book Value		
Development O&M capitalized costs	\$ 106,494	\$ 9,523	\$ 96,971	\$ 88,771	2.43%
	<u>\$ 105,913</u>	<u>\$ (9,504)</u>	<u>\$ 96,409</u>	<u>\$ 88,378</u>	
Total development O&M capitalized costs, net	\$ 105,913	\$ (9,504)	\$ 96,409	\$ 88,378	

(in thousands of dollars)

Note 4 **Long-term Advances from Associates and Affiliates**

	Issue Date	Maturity Date	Amount	2010			2009			
				Cost of Debt			Cost of Debt			
				Enbridge Inc.	EGNB	Regulated	Amount	Enbridge Inc.	EGNB	Regulated
Promissory Note	6-Feb-01	6-Feb-11	6,150	6.33%	7.95%	7.33%	6,150	6.33%	7.95%	7.33%
Promissory Note	28-Jun-02	29-Jun-12	6,000	6.08%	7.89%	7.08%	6,000	6.08%	7.89%	7.08%
Promissory Note	23-Dec-02	24-Dec-12	7,500	6.50%	7.41%	7.50%	7,500	6.50%	7.41%	7.50%
Promissory Note	26-Jun-03	27-Jun-13	13,000	5.62%	6.96%	6.62%	13,000	5.62%	6.96%	6.62%
Promissory Note	30-Dec-03	30-Dec-13	14,000	5.34%	7.14%	6.34%	14,000	5.34%	7.14%	6.34%
Promissory Note	23-Mar-04	24-Mar-14	14,000	5.33%	6.69%	6.33%	14,000	5.33%	6.69%	6.33%
Promissory Note	30-Nov-04	28-Nov-14	21,000	5.69%	6.95%	6.69%	21,000	5.69%	6.95%	6.69%
Promissory Note	30-Mar-05	30-Mar-15	6,000	5.04%	6.93%	6.04%	6,000	5.04%	6.93%	6.04%
Promissory Note	28-Dec-05	28-Dec-15	14,000	4.59%	6.53%	5.59%	14,000	4.59%	6.53%	5.59%
Promissory Note	19-Dec-06	19-Dec-16	21,000	4.82%	6.52%	5.82%	21,000	4.82%	6.52%	5.82%
Promissory Note	20-Dec-07	20-Dec-17	29,000	5.54%	5.85%	6.54%	29,000	5.54%	5.85%	6.54%
Promissory Note	19-Dec-08	19-Dec-13	15,000	6.85%	7.85%	7.85%	15,000	6.85%	7.85%	7.85%
Promissory Note	25-Jun-09	25-Jun-14	25,000	4.37%	5.37%	5.37%	25,000	4.37%	5.37%	5.37%
Promissory Note	9-Dec-09	9-Dec-19	21,000	4.63%	5.63%	5.63%	21,000	4.63%	5.63%	5.63%
Promissory Note	24-Aug-10	24-Aug-15	12,000	3.22%	4.22%	4.22%	-			
Promissory Note	22-Sep-10	22-Sep-15	9,000	3.25%	4.25%	4.25%	-			
Total long-term advances from associates and affiliates			\$ 233,650	5.26%	6.48%	6.26%	\$ 212,650	5.47%	6.74%	6.47%

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

(in thousands of dollars)

Note 5 **Operating Revenue**

a. **Gas Distribution**

	2010			2009		
	Revenue	Customers	Throughput TJs	Revenue	Customers	Throughput TJs
Small general service (SGS)	\$ 9,554	9,183	794	\$ 6,982	8,404	793
General service (GS)	10,299	1,325	935	7,559	1,507	1,063
Contract general service (CGS)	10,860	300	1,014	6,501	246	1,011
Contract large general service (CLGS-LFO)	7,000	25	1,380	4,680	24	1,367
Contract large general service (CLGS-HFO)	736	9	1,059	418	9	974
Off peak service	17	13	1	22	14	3
Total	\$ 38,466	10,855	5,183	\$ 26,162	10,204	5,211

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

(in thousands of dollars)

Note 5 **Operating Revenue (continued)**

b. Miscellaneous

	<u>2010</u>	<u>2009</u>
Agent billing and collection	\$ 124	\$ 125
Other miscellaneous revenue	140	156
Total miscellaneous	<u>\$ 264</u>	<u>\$ 281</u>

Details of Agent Billing and Collection Revenues

(in dollars)

	<u>2010</u>	<u>2009</u>
Agent billing and collection		
Small general service (SGS)	\$ 98,515	\$ 96,602
General service (GS)	16,008	18,902
Contract general service (CGS)	7,769	8,213
Agent billing		
Contract large general service (CLGS-LFO)	741	306
Contract large general service (CLGS-HFO)	368	396
Contract large volume service (CLVOPS)	-	-
Off peak service (OPS)	788	917
Total agent billing and collection revenue	<u>\$ 124,189</u>	<u>\$ 125,336</u>

(in thousands of dollars)

Note 6 **Operating and Maintenance Expenses**

	<u>2010</u>	<u>2009</u>
	\$ 1,334	\$ 1,254
Corporate management	\$ 1,190	\$ 1,128
	<u>1,588</u>	<u>1,499</u>
Corporate administration	1,134	984
	<u>731</u>	<u>774</u>
Financial reporting	691	715
	<u>992</u>	<u>943</u>
Information technology	972	919
Regulatory & upstream	1,982	1,372
Sales & marketing	7,150	6,872
	<u>5,723</u>	<u>5,824</u>
Distribution & maintenance	5,669	5,763
Customer care	1,297	1,342
	<u>2,093</u>	<u>2,179</u>
Human resources	1,769	1,786
Gas transportation and related activities	1,144	1,141
	<u>24,034</u>	<u>23,197</u>
Total	<u>22,998</u>	<u>22,022</u>
Capitalized to:		
	<u>5,607</u>	<u>6,322</u>
Property, plant & equipment	5,399	6,267
	<u>10,639</u>	<u>11,824</u>
Development O&M capitalized costs	10,457	11,169
	<u>16,246</u>	<u>18,143</u>
Total capitalized	<u>15,856</u>	<u>17,436</u>
	<u>7,788</u>	<u>5,054</u>
Total	<u>\$ 7,142</u>	<u>\$ 4,586</u>

(in thousands of dollars)

Note 7 **Interest on Amounts Due to Associates & Affiliates and Other Interest**

	<u>2010</u>	<u>2009</u>
	\$ 14,018	\$ 12,176
Interest on long-term debt	\$ 13,959	\$ 12,164
Other interest expense	67	180
AIDC - allowance for funds used during construction (debt component)	32	11
	<u>\$ 14,117</u>	<u>\$ 12,367</u>
Total interest on amounts due to associates & affiliates and other interest	<u>\$ 14,058</u>	<u>\$ 12,355</u>

Note 8 **Regulated Return on Equity**

	<u>2010</u>	<u>2009</u>
	\$ 24,694	\$ 24,369
Regulated return on equity	\$ 24,590	\$ 24,344
AEDC - allowance for funds used during construction (equity component)	55	22
	<u>\$ 24,749</u>	<u>\$ 24,391</u>
Total regulated return on equity	<u>\$ 24,645</u>	<u>\$ 24,366</u>

(in thousands of dollars)

Note 9 **Rate Base for Regulatory Purposes**

	<u>2010</u>	<u>2009</u>
Property, plant & equipment		
	\$ 187,104	\$ 172,445
Cost	\$ 186,756	\$ 172,216
	(30,485)	(24,694)
Accumulated amortization	<u>(30,551)</u>	<u>(24,687)</u>
Net	156,649	147,751
	156,205	147,529
Deferred charges		
Franchise fee, at cost	1,500	1,500
Accumulated amortization	(850)	(775)
Net	<u>650</u>	<u>725</u>
	106,494	95,855
Development O&M capitalized costs	105,913	95,456
	(9,523)	(7,084)
Accumulated amortization	<u>(9,504)</u>	<u>(7,078)</u>
Net	96,974	88,771
	96,409	88,378
Deferred carrying costs, at cost	1,784	1,784
Accumulated amortization	(1,583)	(1,358)
Net	<u>201</u>	<u>426</u>
	172,782	155,895
Deferral account	<u>171,427</u>	<u>155,377</u>
	270,604	245,817
Total deferred charges	268,687	244,906
Term deposit	2,957	2,955
Working capital allowance	<u>1,859</u>	<u>1,757</u>
	\$ 432,039	\$ 398,280
Total rate base	<u>\$ 429,708</u>	<u>\$ 397,147</u>
	\$ 412,413	\$ 374,900
Average rate base	<u>\$ 410,675</u>	<u>\$ 374,523</u>

(in thousands of dollars)

Note 10 **Capital Structure for Regulatory Purposes**

	<u>2010</u>	<u>2009</u>
Capital structure		
Long-term debt	\$ 233,650	\$ 212,650
	194,513	186,656
Equity	192,143	185,523
	\$ 428,163	\$ 399,306
Total	<u>\$ 425,793</u>	<u>\$ 398,173</u>

Capital structure percentage

	54.57%	53.25%
Long-term debt	54.87%	53.41%
	45.43%	46.75%
Equity	45.13%	46.59%
Total	<u>100.00%</u>	<u>100.00%</u>

Capital structure average percentage for regulatory purposes

Long-term debt	53.92%	50.00%
Equity	46.08%	50.00%
Total	<u>100.00%</u>	<u>100.00%</u>

Weighted cost of capital for regulatory purposes

Long-term debt	3.38%	3.25%
Equity	5.99%	6.50%
Total	<u>9.37%</u>	<u>9.75%</u>

(in thousands of dollars)

Note 11 **Details of Affiliate Transactions**

	Enbridge Operational Services	Enbridge Inc.	Enbridge Commercial Services Inc.	Enbridge Gas Distribution Inc.	Gazifère Inc.	Total Affiliate Consulting and Services	Total Consulting and Services	Affiliate Expenditure as Percent of Total Consulting and Services
For the period ending December 31, 2010								
Corporate management	\$ -	\$ 174	\$ -	\$ 31	\$ -	\$ 202	\$ 437	46%
				4		58	293	20%
Sales & marketing	-	-	-	148	-	148	1,497	10%
		346				420	564	74%
Human resources	-	22	-	74	-	96	240	40%
		10		623		633	1,427	44%
Distribution & maintenance	-	-	-	432	-	432	1,149	38%
Budget & regulatory	-	-	-	1	-	1	1,874	0%
		74				94	234	40%
Financial reporting	-	35	-	20	-	55	195	28%
Customer care	-	-	-	46	603	649	676	96%
		1,504				1,511	1,511	
Corporate administration	-	1,047	-	10	-	1,057	1,057	100%
							94	111%
Gas transportation & related	104	-	-	-	-	104	95	109%
		150				429	538	80%
Information technology	-	131	-	279	-	410	519	79%
		2,252		1,085		4,043	8,624	47%
Total	\$ 104	\$ 1,262	\$ -	\$ 1,041	\$ 603	\$ 3,010	\$ 7,595	40%
For the period ending December 31, 2009								
Corporate management	\$ -	\$ 185	\$ -	\$ 32	\$ -	\$ 217	\$ 381	57%
		69				101	265	38%
Sales & marketing	-	-	-	-	-	-	982	0%
		493				426	562	76%
Human resources	-	45	-	23	-	68	204	33%
		58				682	1,615	42%
Distribution & maintenance	-	5	-	624	-	629	1,562	40%
Budget & regulatory	-	-	-	3	-	3	1,307	0%
		100				120	255	47%
Financial reporting	-	30	-	20	-	50	185	27%
Customer care	-	-	-	31	586	617	647	95%
		1,417				1,422	1,422	
Corporate administration	-	987	-	5	-	992	992	100%
Gas transportation & related	60	-	-	-	-	60	60	100%
Information technology	-	158	31	256	-	445	537	83%
		2,324				3,992	7,768	51%
Total	\$ 60	\$ 1,294	\$ 31	\$ 994	\$ 586	\$ 2,965	\$ 6,741	44%

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(in thousands of dollars)

Note 12 Financial Statement Effects of Rate Regulation

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

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

The Partnership is subject to non-traditional regulation which recognizes its immature nature. Unlike many similar utilities, the Partnership's rates are market, not cost, based. Rates charged by the Partnership are based on a targeted savings over alternate fuel for end use customers. This rate setting methodology has been approved by the EUB for use during the development period after which rates are expected to be cost based. The EUB has approved a regulatory deferral account to capture the difference between the Partnership's regulated revenues and its revenue requirement which non-regulated enterprises would not recognize.

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

As prescribed by the EUB, the Partnership does not recognize gains and losses on the sale of natural gas in the statement of income and uses a purchase gas variance account to defer the gain or loss on sale. Non-regulated enterprises would normally account for the gain or loss in the statement of income or comprehensive income.

As allowed by the EUB, the Partnership capitalizes certain operating and maintenance expenses incurred during the Partnership's development period. Non-regulated enterprises may expense certain of these costs in the period incurred.

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