

Schedule 7

2011 Budget

Enbridge Gas New Brunswick
Budget Balance Sheet for Regulatory Purposes
As at December 31, 2011

(in thousands of dollars)

Assets	<u>2011</u>
Regulated Assets	
Property, Plant and Equipment (Note 1)	
Gas Distributor Plant in Service - Net (includes AFUDC capitalized during 2011 of \$12.6)	\$ 167,267
Construction Work In Progress - Gas Distributor Plant	<u>(7)</u>
Total Property, Plant & Equipment	167,260
Deferred Charges	
Deferred Development Costs - Net (Note 2)	671
Development O&M Capitalized Costs - Net (Note 3)	108,106
Regulatory Deferral	<u>179,128</u>
Total Deferred Charges	287,905
Short Term Investments	<u>2,955</u>
Total Regulated Assets	458,120
Non-Ratebase Assets (Note 4)	<u>18,170</u>
Total Assets	<u>\$ 476,290</u>
	Liabilities and Partner's Equity
Partner's Equity	\$ 228,799
Long-term Advances from Associates and Affiliates (Note 5)	227,701
Non-Ratebase Liabilities (Note 6)	<u>19,790</u>
Total Liabilities and Equity	<u>\$ 476,290</u>

Rate Base for Regulatory Purposes – Note 11
Capital Structure for Regulatory Purposes – Note 12

Enbridge Gas New Brunswick
Statement of Budgeted Income for Regulatory Purposes
For the year ended December 31, 2011

(in thousands of dollars)

	<u>2011</u>
Revenue	
Operating Revenue (Note 7)	
Gas distribution	\$ 54,218
Miscellaneous	137
Allowance for Funds Used During Construction	<u>13</u>
	54,368
Installation Services	
Revenue	4,478
Cost of goods sold	<u>(3,562)</u>
	916
Total Revenue	<u>55,284</u>
Expenses	
Operating Expenses	
Operating and maintenance expenses (Note 8)	9,897
Bad debt expense	265
Amortization of Property, Plant and Equipment	6,555
Municipal and Other Taxes	1,186
Interest on Amounts Due to Associates & Affiliates and Other Interest (Note 9)	14,150
Amortization of Deferred Development Costs	<u>2,917</u>
Total Expenses	<u>34,970</u>
Income before Extraordinary Items, Regulatory Deferral and Return on Rate Base	20,314
Regulatory Deferral	<u>7,352</u>
Regulated Return on Equity (Note 10)	<u>\$ 27,666</u>

Details of Affiliate Transactions – Note 13

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(in thousands of dollars)

Note 1 **Property, Plant & Equipment**

	2011			
	Cost	Accumulated Amortization	Net Book Value	Rates of Amortization
Property, plant & equipment				
General plant				
Computer hardware & software	\$ 926	\$ (691)	\$ 235	28.80%
Tools and work equipment	2,336	(1,718)	618	5.30%
Office furniture and equipment	816	(260)	556	4.40%
Transportation	508	(131)	377	11.80%
Communications	1,338	(296)	1,042	28.80%
Leasehold improvements	928	(356)	572	1
Subtotal	<u>6,852</u>	<u>(3,452)</u>	<u>3,400</u>	
Distribution plant				
Land	375	-	375	-
Rights of way and easements	166	-	166	-
Distribution mains	116,748	(16,221)	100,527	2.43%
Street services	49,530	(9,184)	40,346	3.83%
Meters and regulators	18,321	(3,586)	14,735	3.83%
Stations	11,102	(3,384)	7,718	4.40%
Subtotal	<u>196,242</u>	<u>(32,375)</u>	<u>163,867</u>	
Total plant in service	203,094	(35,827)	167,267	
Construction work in progress	<u>(7)</u>	<u>-</u>	<u>(7)</u>	-
Total property, plant & equipment	<u><u>\$ 203,087</u></u>	<u><u>\$ (35,827)</u></u>	<u><u>\$ 167,260</u></u>	

1 - Amortized over the term of the related leases.

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(in thousands of dollars)

Note 2 **Deferred Development Costs - Net**

	2011			
	Cost	Accumulated Amortization	Net Book Value	Rates of Amortization
Franchise fee	\$ 1,500	\$ (938)	\$ 562	5.00%
Deferred carrying costs	1,784	(1,675)	109	20.00%
Total deferred development costs, net	<u>\$ 3,284</u>	<u>\$ (2,613)</u>	<u>\$ 671</u>	

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

	2011			
	Cost	Accumulated Amortization	Net Book Value	Rates of Amortization
Development O&M capitalized costs	\$ 130,173	\$ (22,067)	\$ 108,106	2.43%
Total development O&M capitalized costs, net	<u>\$ 130,173</u>	<u>\$ (22,067)</u>	<u>\$ 108,106</u>	

Enbridge Gas New Brunswick

Notes to 2011 Budgeted Regulatory Financial Results
For the year ended December 31, 2011

(in thousands of dollars)

Note 4 **Non-Ratebase Assets**

	<u>2011</u>
Cash, & Short Term Investments	\$ -
Accounts Receivable	14,083
Inventory	4,087
	<u>\$ 18,170</u>

Note 5 **Long-term Advances from Associates and Affiliates**

	Issue Date	Maturity Date	Amount	2011 Cost of Debt		
				Enbridge Inc.	EGNB	Regulated
Promissory Note	28-Jun-02	29-Jun-12	6,000	6.08%	7.89%	7.08%
Promissory Note	23-Dec-02	24-Dec-12	7,500	6.50%	7.41%	7.50%
Promissory Note	26-Jun-03	27-Jun-13	13,000	5.62%	6.96%	6.62%
Promissory Note	30-Dec-03	30-Dec-13	14,000	5.34%	7.14%	6.34%
Promissory Note	23-Mar-04	24-Mar-14	14,000	5.33%	6.69%	6.33%
Promissory Note	30-Nov-04	28-Nov-14	21,000	5.69%	6.95%	6.69%
Promissory Note	30-Mar-05	30-Mar-15	6,000	5.04%	6.93%	6.04%
Promissory Note	28-Dec-05	28-Dec-15	14,000	4.59%	6.53%	5.59%
Promissory Note	19-Dec-06	19-Dec-16	21,000	4.82%	6.52%	5.82%
Promissory Note	20-Dec-07	20-Dec-17	29,000	5.54%	5.85%	6.54%
Promissory Note	19-Dec-08	19-Dec-13	15,000	6.85%	7.85%	7.85%
Promissory Note	25-Jun-09	25-Jun-14	25,000	4.37%	5.37%	5.37%
Promissory Note	9-Dec-09	9-Dec-19	21,000	4.63%	5.63%	5.63%
Promissory Note	31-Aug-10	31-Aug-20	12,000	4.63%	5.63%	5.63%
Promissory Note	9-Dec-10	9-Dec-20	8,201	4.63%	5.63%	5.63%
Promissory Note	9-Dec-11	9-Dec-21	1,000	4.63%	5.63%	5.63%
Total long-term advances from associates and affiliates			<u>\$ 227,701</u>	<u>5.24%</u>	<u>6.43%</u>	<u>6.24%</u>

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(in thousands of dollars)

Note 6 **Non-Ratebase Liabilities**

	2011
Short Term Indebtedness	\$ 1,332
Accounts Payable	16,100
Long Term Deferred Post Employment Liabilities	2,359
	<u>\$ 19,791</u>

Note 7 **Operating Revenue**

a. **Gas Distribution**

	<u>2011</u>		
	Revenue	Customers	Throughput TJs
Small general service (SGS)	\$ 12,642	10,004	956
General service (GS)	14,567	1,426	1,084
Contract general service (CGS)	16,002	323	1,216
Contract large general service (CLGS-LFO)	9,142	27	1,444
Contract large general service (CLGS-HFO)	1,698	8	1,094
Contract large volume off peak (CLVOPS)	-	-	-
Off peak service	167	15	20
	<u>167</u>	<u>15</u>	<u>20</u>
Total	<u>\$ 54,218</u>	<u>11,803</u>	<u>5,814</u>

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

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Note 7 **Operating Revenue (continued)****b. Miscellaneous**

	<u>2011</u>
Agent billing and collection	\$ 131
Other miscellaneous revenue	<u>6</u>
Total miscellaneous	<u>\$ 137</u>

Details of Agent Billing and Collection Revenues
(in dollars)

	<u>2011</u>
Agent billing and collection	
Small general service (SGS)	\$ 95,482
General service (GS)	21,037
Contract general service (CGS)	13,001
Agent billing	-
Contract large general service (CLGS-LFO)	1,244
Contract large general service (CLGS-HFO)	288
Contract large volume service (CLVOPS)	-
Off peak service (OPS)	<u>420</u>
Total agent billing and collection revenue	<u>\$ 131,472</u>

(in thousands of dollars)

Note 8 **Operating and Maintenance Expenses**

	<u>2011</u>
Corporate management	\$ 1,258
Corporate administration	1,757
Financial reporting	826
Information technology	1,001
Regulatory & upstream	1,573
Sales & marketing	8,246
Distribution & maintenance	6,133
Customer care	1,374
Human resources	2,472
Gas transportation and related activities	<u>1,170</u>
Total	<u>25,810</u>
Capitalized to:	
Property, plant & equipment	4,172
Development O&M capitalized costs	<u>11,741</u>
Total capitalized	<u>15,913</u>
Total	<u><u>\$ 9,897</u></u>

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Note 9 **Interests on Amounts Due to Associates & Affiliates and Other Interest**

	<u>2011</u>
Interest on long-term debt	\$ 14,146
AIDC - allowance for funds used during construction (debt component)	4
Total interest on amounts due to associates & affiliates and other interest	<u>\$ 14,150</u>

Note 10 **Regulated Returns on Equity**

	<u>2011</u>
Regulated return on equity	\$ 27,657
AEDC - allowance for funds used during construction (equity component)	9
Total regulated return on equity	<u>\$ 27,666</u>

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(in thousands of dollars)

Note 11 **Rate Base for Regulatory Purposes**

	<u>2011</u>
Property, plant & equipment	
Cost	\$ 203,094
Accumulated amortization	(35,827)
Net	<u>167,267</u>
Deferred charges	
Franchise fee, at cost	1,500
Accumulated amortization	(938)
Net	<u>562</u>
Development O&M capitalized costs	130,173
Accumulated amortization	(22,067)
Net	<u>108,106</u>
Deferred carrying costs, at cost	1,784
Accumulated amortization	(1,675)
Net	<u>109</u>
Deferral account	<u>179,128</u>
Total deferred charges	287,905
Term deposit	2,955
Working capital allowance	<u>1,327</u>
Total rate base	<u>\$ 459,454</u>
Average rate base	<u>\$ 443,711</u>

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Note 12 **Capital Structure for Regulatory Purposes**

	<u>2011</u>
Capital structure	
Long-term debt	\$ 227,701
Equity	<u>228,799</u>
Total	<u><u>\$ 456,500</u></u>

Capital structure percentage

Long-term debt	49.88%
Equity	<u>50.12%</u>
Total	<u><u>100.00%</u></u>

Capital structure average percentage for regulatory purposes

Long-term debt	51.10%
Equity	<u>48.90%</u>
Total	<u><u>100.00%</u></u>

Weighted cost of capital for regulatory purposes

Long-term debt	3.19%
Equity	<u>6.23%</u>
Total	<u><u>9.42%</u></u>

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Note 13 **Details of Affiliate Transactions**

Consulting and Services	Enbridge Operational Services	Enbridge 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, 2011							
Corporate management	\$ -	\$ 186	\$ 48	\$ -	\$ 234	\$ 364	64%
Sales & marketing	-	-	-	-	-	1,215	0%
Human resources	-	422	106	-	528	692	76%
Distribution & maintenance	-	62	125	-	187	1,135	16%
Budget & regulatory	-	-	-	-	-	1,450	0%
Financial reporting	-	77	20	-	97	251	39%
Customer care	-	-	13	660	673	685	98%
Corporate administration	-	1,650	3	-	1,653	1,653	100%
Gas transportation & related	104	-	-	-	104	109	95%
Information technology	-	150	221	-	371	502	74%
Total	\$ 104	\$ 2,547	\$ 536	\$ 660	\$ 3,847	\$ 8,056	48%