

REPORT TO

THE NEW BRUNSWICK

ENERGY AND UTILITIES BOARD

ON

THE PURCHASE AND SALE OF NATURAL GAS

BY

ENBRIDGE GAS NEW BRUNSWICK

DURING 2010

MAY, 2011

JOHN BUTLER P. Eng.
J.C. BUTLER MANAGEMENT LTD.
OAKVILLE, ONTARIO

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INTRODUCTION

By Letter dated March 24, 2011 The New Brunswick Energy and Utilities Board (the Board) engaged the writer, John Butler P. Eng. of J.C. Butler Management Ltd. to review and report on the activities of Enbridge Gas New Brunswick Limited Partnership (EGNB) in purchasing and selling natural gas in New Brunswick during 2010. The Letter of Engagement is attached as Appendix "A".

EGNB is franchised to distribute natural gas in New Brunswick and as the distributor in the Province, is authorized to purchase and sell gas under the Gas Distributor Marketing Regulation (GDMR). EGNB continues to conduct its purchase and sales activity under the name Enbridge Utility Gas (EUG) using separate accounts for all revenues and costs related to these activities. As these separate accounts are embedded within the EGNB accounting system EUG is essentially a department of EGNB.

The following is the outline of the work required to complete this review as set out in the Letter of Engagement:

"A. Scope of Work

The consultant will only be required to review such EGNB information as is necessary to determine whether or not the following occurred in 2010:

1. That EGNB, in relation to its standard offer, posted the following on its Internet site:
 - (i) the price that EGNB charged customers for gas in each of the preceding twelve months;
 - (ii) the price that EGNB was charging customers for gas for the current month; and
 - (iii) the price that EGNB was forecasting to charge customers for gas for the following twelve month period:

EGNB Purchase and Sale of Gas (2010)

2. That the term for EGNB's standard offer was for one year, and that for any customers who joined during the year, that their contract obligation was only for the balance of that year.
3. That EGNB calculated the price of gas under the Standard Offer for twelve month periods using:
 - a) EGNB's forecast average cost of purchasing and selling gas to customers over the following twelve months, and
 - b) Any adjustment necessary to include the difference between the actual and forecast cost of purchasing and selling gas for the most recent month in which that difference could be determined.
4. That the revenues from gas sales under all alternative offers were equal to or greater than the cost to EGNB of purchasing and selling the gas required for such offers.
5. That any profit that resulted from the alternative offers did not flow to the Standard Offer customers.
6. That there was no cross-subsidization of costs between those costs incurred for the sale of gas and the distribution of gas.
7. That EGNB purchased gas for sale to customers in accordance with its current Gas Purchase Plan that has been filed with the Board.
8. That EGNB has been compliant with the Firewall Policy as ordered in a Board Decision dated November 13, 2009."

Since Teed Saunders Doyle (TSD) will not be conducting a financial review of EGNB for 2010, the Board again authorized engaging Mr. J. Aucoin of TSD for the following work, primarily to assist with Item 6 above:

- "1. A high level review/analysis of EGNBLP audited and EGNB regulatory financial statements to the extent necessary to provide comments on the allocation of gas and distribution costs.
2. Prepare summaries of expenses and charges to EUG related to any areas where cross subsidy is likely and conduct such analysis as is required to quantify the cross subsidy."

EGNB Purchase and Sale of Gas (2010)

Annual reviews have been conducted since 2004 on the activities of EGNB in the purchase and sale of gas activities with most of the above items being reviewed each year. However, Items A7 and A8 were added for the 2008 Review and in subsequent years to ensure continuing compliance with Orders that have resulted from Board Decisions.

All comments, opinions and recommendations in this Report are based on my review of EGNB purchase and sale of natural gas activities in New Brunswick and on my assessment of the data and information obtained from EGNB personnel and from Mr. J. Aucoin C.A. of Teed, Saunders, Doyle & Co. Discussions with Mr. Aucoin covered aspects of EGNB/EUG activities where the division of responsibilities and/or costs between EGNB and EUG could result in a cross-subsidy, or the potential for a cross-subsidy, between the purchase and sale of gas through EUG (EGNB non-regulated activity) and the distribution of gas (EGNB regulated activities).

THE REVIEW

Background

On March 16, 2011 a disc was forwarded to the writer with information related to the activities of EGNB during 2010 in the purchase and sale of natural gas in New Brunswick. Preliminary work on the review was carried out in Oakville including identification of areas where clarification was required, information was incomplete, and preparation of a preliminary schedule for the review. Requests for clarification and/or additional information were forwarded to EGNB during the week of March 21, 2011. Meetings with EGNB personnel and the next phase of the review took place from March 28th to April 1st in the EGNB offices in Fredericton, N.B. The balance of the review, testing and analysis of the information obtained from EGNB and the writing of the Report took place in Oakville.

As required by the Letter of Engagement, Mr. Dave Young, a member of Board staff, was allowed access to all working papers, attended all meetings in Fredericton and received copies of correspondence throughout the Review process.

Since information requests and questions were forwarded to EGNB during the week of March 21st EGNB staff were able to answer, or obtain answers, to most of the questions and concerns regarding EGNB/EUG Accounts during the visit to Fredericton. These included:

- Details on the ongoing efforts to comply with the Firewall policy,
- An update on interactions and responsibilities of staff from EGNB and affiliated companies, and
- Allocation of salaries charged to EUG between standard and alternative offers.

Final answers to questions and concerns were received at the end of April, 2011.

EGNB Purchase and Sale of Gas (2010)

Information with respect to EGNB and EUG accounts was obtained from EGNB employees and Mr. Aucoin. This showed that Gas Sales had decreased from \$14.168 million in 2009 to \$12.602 million in 2010. Gas costs had been identical to gas sales in 2009 but were lower than gas sales in 2010. See Item A5 below. It was also noted that the Price of Gas Variation Account (PGVA) decreased from \$67,000 as of December 31, 2009 to (\$101,000) as of December 31, 2010.

An overview of the work undertaken in reviewing each of the items listed in the Board's Scope of Work and my conclusion for each item appears below:

Item A1 – Postings on the EGNB Internet Site

The Scope of Work required a determination as to whether or not the following information was posted on the EGNB internet site with respect to the standard offer:

- (i) the price that EGNB charged customers for gas in each of the preceding twelve months;
- (ii) the price that EGNB was charging customers for gas for the current month; and
- (iii) the price that EGNB was forecasting to charge customers for gas for the following twelve month period:

The EGNB website includes links from the home page to Commodity Charge and to Commodity Rate History. By following these links brings a table titled "Enbridge Utility Gas: Commodity Rate History" will be found. This table shows the rate that EGNB has charged its EUG customers for natural gas each month from May 2003 to the current month. EGNB confirmed that this table is updated as close to the first of each month as possible with the EUG Price for the following month being added.

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I am satisfied therefore that the information referred to in (i) and (ii) above was posted on the EGNBLP website throughout 2010.

The “Enbridge Utility Gas: Commodity Rate History” table also includes the statement that:

“The Enbridge Utility Gas rate for the current month may change monthly, however it is also the forecast for the following 12 months based on conditions at this time.”

In addition, each rate schedule includes the Enbridge Utility Gas Current Rate and beneath that is the following;

“Note: The rate for the current month may change monthly, however it is also the forecast for the following 12 months based on conditions at this time.”

This confirmed that the information referred to in (iii) above was posted on the EGNBLP website throughout 2010.

Item A2 – Term of EGNB Standard Offer

This item required a determination as to whether or not the term for EGNB Standard Offer customers was for one year with any customers who elected to take EUG gas supply part way through the year were only obligated to take that service for the balance of the year.

The term for Standard Offer customers is set out in the Terms and Conditions that are posted on the EGNB website. The relevant portion is reproduced below.

“3. Term and Renewal

3.1 The initial term of your EUG Contract will commence on the initial date gas is provided by EGNB hereunder and terminate on the first March 31st following its commencement and any renewal term shall extend from April 1 to the following March 31st. EGNB shall advise you of all available gas supplier options no more than

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90 days and no less than 60 days before the expiration of the initial term or any renewal term.

3.2 Unless you notify EGNB, in writing, at least 30 days before the initial term or any renewal term of your EUG Contract expires that you do not wish to renew, it will, at EGNB's option, automatically renew for a further one year period on the same terms.

3.3 Your EUG Contract shall also terminate on the earliest of: (a) the date on which it is terminated in accordance with its provisions; (b) the date gas supply and/or delivery is discontinued by EGNB for any of the reasons provided for in the Handbook; and (c) the date fixed by, or determined from, any Order of the Board as the date for its termination or expiration."

From the above and from discussions with EGNB personnel it is clear that the Standard Offer is for a one-year term commencing on April 1st each year, except that customers who join part way through the year will have an initial term that ends the following March 31st.

I am satisfied therefore that the term and renewal policy for EGNB standard offer during 2010 was for one year and that customers who joined part way through the year were only obligated to take service from EUG for the balance of that year.

Item A3 – EGNB Calculation of the Standard Offer Price

This item requires a review as to whether or not EGNB calculations of its Standard Offer prices for the following twelve months included the following:

- a) EGNB's forecast average cost of purchasing and selling gas over the following twelve months, and
- b) The most recent monthly actual difference between the incurred and forecast cost of purchasing and selling gas.

A3, a)

EGNB's calculation of the Standard Offer Price each month requires; forecasts of monthly demand for the following 12 months, the cost of purchasing gas to meet

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that demand, transportation costs, revenue from excess sales and administration costs. These forecasts are then used in calculating the average monthly cost of purchasing and selling gas over each of the following twelve months.

The methodology used by EGNB to produce the various forecasts required to calculate the Standard Offer price each month has been in use for several years. It includes a forecast of the annual demand for small to mid-size customer classes. This is based on past consumption for existing customers plus and expected demand from new EUG customers forecast to be added each month. Recent historical data on monthly demand for each class is used to allocate the annual demand by month over the following year. The demand for the large volume classes is based on historical demand for each customer adjusted by any forecasts received from specific customers. Allocation of the annual volumes for large volume customer classes by month is based on recent demand history with adjustments to reflect information obtained from individual customers. The cost of purchased gas and excess gas revenues are based on the demand forecast, contracted supply and the futures natural gas market. The volumes of gas purchased each month and the volumes of excess gas sold are used to forecast the transportation costs each month. Administration charges include the salaries that EGNB will charge to EUG each month plus any forecast travel, legal or consulting services.

Discussions with EGNB personnel indicated that no changes had been made to the above methodology during 2010. The review therefore, involved spot checks on the data and the links between spreadsheets to confirm that the methodology had been applied consistently during 2010.

As a result of the discussions with EGNB personnel and the spot checks I am satisfied that throughout 2010 “the forecast average cost of purchasing and selling gas over the following twelve months” had been included when calculating the Standard Offer or EUG prices each month.

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A3, b)

The actual difference between the incurred and forecast cost of purchasing and selling gas is calculated by EGNB for each month. However, since the actual cost of gas, transportation and other costs required for this calculation are not available until some time after the end of each month the difference between forecast and actual cost of purchasing and selling gas is not available for inclusion in the calculation of the Standard Offer Price (SOP) until the second month following. Actual differences are therefore accrued in the PGVA. The balance in the PGVA is then included in the calculation of the Standard Offer prices with forecasts of the PGVA balances being used for each of the following 11 months.

It was noted that the PGVA balance that included the actual difference between the forecast and actual for November 2009 was used in calculating the SOP for January 2010. Similarly the PGVA balance that included the actual difference between forecast and actual for December 2009 was included in the SOP calculation for February 2010. This two month delay in including the difference between forecast and actual costs was maintained throughout 2010.

I am satisfied, therefore, that during 2010 the calculation of the Standard Offer Price each month included the most recent monthly actual difference between the incurred and forecast cost of purchasing and selling gas.

Item A4 – EGNB Alternative Offers

This item required verification that during 2010 the revenues from the sale of gas under all EUG Alternative Offers were equal to or greater than the cost to EGNB of purchasing and selling the gas required for such offers.

Appendix B to this Report is a one page summary of the activity with Alternative Offers during 2010. Included is the annual throughput, revenues received and

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expenses or costs incurred in supplying gas and other services to Alternative Offer customers. This shows that throughput had increased by 453.1TJs from 2009, or 39.1%, while revenues had increased by \$1.524 million, or 26.9%. However, expenses had also risen so the excess revenue over expenses had fallen from \$860,000 in 2009 to \$561,000 in 2010. EGNB and EUG accounts show that this amount was transferred from EUG to EGNB during 2010.

Since funds were transferred from EUG to EGNB I am satisfied that the revenues from gas sales under all Alternative Offers were equal to or greater than the cost to EGNB of purchasing and selling the gas acquired for such offers.

Item A5 – Disposition of Profit from Alternative Offers

The purpose of this item was to determine if any profit from the Alternative Offers had flowed to Standard Offer customers.

As noted in Item A4 above, all excess revenue or profit from Alternative Offers, an amount of \$561,000 was transferred from EUG to EGNB in 2010.

It is evident, therefore, that the profit from the Alternative Offers flowed to EGNB and not to Standard Offer customers.

Item A6 – Cross Subsidy

This item required a review of EGNB/EUG activities during 2010 to determine whether or not there had been any cross-subsidy between the purchase and sale of gas through EUG (EGNBLP non-regulated activity) and the distribution of gas (EGNBLP regulated activities).

To identify cross-subsidy or the potential for cross subsidy required a review of all EUG accounts and also those EGNBLP accounts that might possibly relate to or affect gas purchase and sales activities. To satisfy this requirement Mr. J Aucoin

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was retained to perform a high level review and analysis of EGNBLP audited and EGNB regulatory financial statements to the extent necessary to permit comment on possible cross-subsidy between gas purchase and sales and distribution. Therefore, in addition to the review of all EUG accounts, extensive discussions were held with Mr. Aucoin on the results of his review of EGNBLP 2010 financial information. As a result each account listed in the EUG General Ledger and any EGNBLP accounts identified by Mr. Aucoin as potentially being related to gas purchase and sales activities were reviewed for possible cross-subsidy.

Only three potential accounts warranted further evaluation. These were:

1. excess revenues from alternative offers,
2. salaries that were charged to EUG, and
3. Head office fees.

1. Excess Revenues from Alternative Offers

As noted above an amount of \$561,000 was transferred from EUG to EGNB. Had that amount been included in EGNBLP accounts it could have resulted in a cross-subsidy from EUG to regulated EGNB. However, since the regulatory statements confirmed that these funds were transferred to the partner's equity there was no cross subsidy.

2. Salaries

The salaries charged from EGNB to EUG were in accordance with the past practice of using a percentage of the base salaries of certain EGNB personnel directly involved in EGNBLP / EUG gas purchase and sales activities. These charges had been allocated between standard offer and alternative offers at a previously agreed level of 85% to standard offer and 15% to alternative offers. However, since there has been a significant increase in sales through alternative offers it had been agreed that a 50%/50% split would be more appropriate. In view of this change EGNB provided an analysis of the impact of this change.

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This showed that costs included in the standard offer price calculation had been ~\$3,200/month higher than they should have been during 2010. However, since the total cost of gas each month was ~\$7 million the impact of a \$3,200 change on the EUG monthly prices would have been immaterial.

The analysis also showed that since the costs charged to alternative offers would have increased by ~\$38,800 during 2010 the transfer to partner's equity would have been reduced by that amount. This means that effectively the standard offer customers subsidized payment to partner's equity by that amount. However, there is no cross-subsidy between EUG and EGNB.

3. Head Office Administration Fees

It was noted that EGNBLP has now asked the Board to allow all head office expenses to be included as part of its regulatory filing. This is a departure from previous practice when certain head office fees were excluded. It is understood that this request would increase EGNB costs by ~\$1,000,000. Since the Board has not yet ruled on this EGNB request and these additional charges or their possible relevance to EUG were not referred to in the Letter of Engagement (Appendix A) they were not reviewed.

If the Board should decide to permit EGNB to include these charges it is recommended that the Board consider requiring EGNB to develop and submit a proposal to show what portion, if any, of each item of head office charges should be charged to EUG. EGNB should also be required to submit a proposal for an appropriate method of allocating these charges to the costs used in calculating the SOP and to the costs applied to Alternative Offers.

The Board would then have the option of accepting the EGNB proposal, directing EGNB to use a different allocation method, or revising the Letter of Engagement (Appendix A herein) to require a review of additional head office fees.

Item A7 – Current Gas Purchasing Plan

The Current Gas Purchasing Plan (CGPP) was filed by EGNB in response to a Decision by the Board dated November 13, 2009. The CGPP is for the period January 2010 to December 2014 and it updates the previous Gas Purchase Plan which was for the period 2004 to 2008. Since the GDMR specifies that the Board treat Gas Purchase Plans as confidential no details of either GPP can be provided in this report.

EGNB confirmed that three new contracts related to natural gas supply were entered into in 2010 and all of these were negotiated directly with pre-selected suppliers. The need for these contracts, market conditions at the time of the negotiations, the process that led to the signing of these contracts and how they complied with the CGPP were all reviewed with EGNB personnel.

As a result I am satisfied that during 2010 EGNB was in compliance with the principles, the purchasing plan and the pricing strategies that are included in the CGPP.

Item A8 – The Firewall Policy

The review with respect to this item was to determine whether or not EGNB continued to comply with the Firewall Policy as ordered in the Board Decision dated November 13, 2009.

Discussions and correspondence with EGNB personnel confirmed that EGNB is continuing with its efforts to comply with the Firewall Policy as ordered by the Board. Appendix "C" is a copy of an email sent on March 31, 2011 to relevant employees by Lori Stickles, Manager, Financial Services, for EGNB.

As a response was or will be obtained from all who received that email it is evident that at least those employees were aware of the Policy. In addition, it was again confirmed that this Policy is part of the training program for new

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employees and that it is EGNB's objective to ensure that the spirit and intent of the Policy will continue to be observed.

During a meeting with EGNB's IT department it was confirmed that there have been no changes to the firewall system that was installed in 2008. A test was witnessed where Mr. Hamilton's attempts to access any customer information other than EUG customers were unsuccessful.

Based on the above I am satisfied that EGNB continues to comply with the Firewall Policy as ordered in the Board Decision dated November 13, 2009.

Conclusion

The above provides an overview of the work carried out for each item in the scope of work included in the Board's Letter of Engagement. While my conclusions have been given above for each item reviewed it should also be noted that my overall impression is that EGNB/EUG is dedicated to maintaining its compliance with the GDMR and with Board Directions and Orders.

Throughout this review, Paul Hamilton and all other EGNB staff, were fully cooperative and made every effort to be available when required. All questions and concerns were generally dealt with promptly during the visit to Fredericton with any additional explanations, financial information or operating data being provided within a reasonable time.

Signed by: J. C. Butler P. Eng.
In Oakville, Ontario on May 10, 2011

EGNB Purchase and Sale of Gas (2010)

APPENDIX A

NEW BRUNSWICK ENERGY AND UTILITIES BOARD

P.O. Box 5001
15 Market Square, Suite 1400
Saint John, NB
E2L 4Y9

Telephone: (506) 658-2504
Fax: (506) 643-7300
Email: general@nbeub.ca



PROVINCE OF NEW BRUNSWICK
PROVINCE DU NOUVEAU-BRUNSWICK

COMMISSION DE L'ÉNERGIE ET DES SERVICES PUBLICS

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Télécopieur (506) 643-7300
Courr Elec: general@nbeub.ca

Attention: Mr. John Butler, P.Eng.
J.C. Butler Management Ltd.
Fax: (905) 842-8314

March 24, 2011

Re: Review of Enbridge Gas New Brunswick Limited Partnership's Results for 2010

The New Brunswick Energy and Utilities Board ("Board") is conducting a review of the purchase and sale of natural gas by Enbridge Gas New Brunswick Limited Partnership ("EGNB") during 2010.

As part of this review, the Board intends to retain the services of J.C. Butler Management Ltd. (consultant) to conduct a review based on the following terms and conditions:

A. Scope of Work

The consultant will only be required to review such EGNB information as is necessary to determine whether or not the following occurred in 2010:

1. That EGNB, in relation to its standard offer, posted the following on its Internet site:
 - (i) the price that EGNB charged customers for gas in each of the preceding twelve months;
 - (ii) the price that EGNB was charging customers for gas for the current month; and
 - (iii) the price that EGNB was forecasting to charge customers for gas for the following twelve month period:
2. That the term for EGNB's standard offer was for one year, and that for any customers who joined during the year, that their contract obligation was only for the balance of that year.
3. That EGNB calculated the price of gas under the Standard Offer for twelve month periods using:
 - a) EGNB's forecast average cost of purchasing and selling gas to customers over the following twelve months, and
 - b) Any adjustment necessary to include the difference between the actual and forecast cost of purchasing and selling gas for the most recent month in which that difference could be determined.

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4. That the revenues from gas sales under all alternative offers were equal to or greater than the cost to EGNB of purchasing and selling the gas required for such offers.
5. That any profit that resulted from the alternative offers did not flow to the Standard Offer customers.
6. That there was no cross-subsidization of costs between those costs incurred for the sale of gas and the distribution of gas.
7. That EGNB purchased gas for sale to customers in accordance with its current Gas Purchase Plan that has been filed with the Board.
8. That EGNB has been compliant with the Firewall Policy as ordered in a Board Decision dated November 13, 2009.

The consultant is authorized to retain the services of an accounting consultant (to the extent required) for the following work:

1. To undertake any review/analysis of EGNB audited and regulatory financial statements to the extent necessary to provide comments on the allocation of gas and distribution costs.
2. To prepare summaries of EGNB's expenses and charges related to any areas where cross subsidy may occur and conduct such analysis as may be required to quantify the cross subsidy.

B. Provision of a Report

Following completion of this review, a written and electronic copy of the report will be provided to the Board on or before May 13, 2011. This report will describe the work that has been completed and the conclusions that have been reached. Any failure by EGNB to comply with any of the above requirements must be clearly identified and where possible, recommendations offered as to the action that should be taken.

This report will be a public document and will be available on the Board's website. No other documents or reports will be generated unless specifically requested.

C. Attendance at Hearings

You may be required to testify at a public hearing and will be expected to answer any questions related to your report and the work that was completed.

D. Point of Contact

During the term of this retainer the consultant's primary contact will be Mr. Dave Young who can be reached at (506) 658-2504. Mr. Young must be allowed access to all working papers and to accompany you while completing the above Scope of Work, and to be informed as to all information obtained from EGNB during the course of the review.

Should there be any questions regarding procedural issues, the consultant may wish to contact Board Counsel to provide direction or assistance. Counsel may be reached at (506) 643-7431.

E. Working Papers

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Your working papers must be retained for at least 18 months.

F. *Other Engagements*

It is understood that you will not take any other engagement that would give rise to a conflict of interest.

G. *Costs*

It is understood that the work as described in this retainer agreement will be paid for at the consultant's negotiated rate. Reasonable costs and travel disbursements incurred by the consultant will be reimbursed by the Board.

It is understood that the consultant will contract directly with the accounting consultant. The fees for those services are estimated to be approximately \$8,500 and \$1,200 for expenses. It is agreed that these costs will be passed through to the Board without markup.

Any additional or unforeseen costs that the consultant may incur require prior approval by the Board.

Kindly indicate your acceptance of these terms by providing your consent below. Should you have any further questions, please do not hesitate to contact me at (506) 658-2504.

Yours truly,

Original Signed by Mr. R Gorman

Raymond Gorman, Q.C.
Chairman

The Consultant understands and agrees to the terms of this retainer.

Dated the _____ day of _____, 2011.

Original signed by Mr. J Butler

John Butler P. Eng.
J.C. Butler Management Ltd.

EGNB Purchase and Sale of Gas (2010)

Enbridge Gas New Brunswick
Financial Report for Regulatory Purposes
For the year ended December 31, 2010

APPENDIX B

Revenue	EUG Alternate Offers		
	(in thousands of dollars)		
Gas Sales	Revenue	Customers	Throughput
	YTD	YTD	TJs
			YTD
Small general service (SGS)	\$936	1,086	127
General service (GS)	\$520	126	103
Contract general service (CGS)	\$1,541	59	258
Contract large general service (CLGS-LFO)	\$1,019	8	644
Contract large general service (CLGS-HFO)	\$3,181	3	479
Contract large volume off peak (CLVOPS)	\$0	0	-
Off peak service	\$0	0	-
Total	\$7,197	1,282	1,611
Expenses			
Commodity	\$5,594		
Transportation	\$961		
ABC Billing	\$22		
Administration	\$58		
Total	\$6,635		
Excess revenue from Alternate Offer gas sales	\$562		

Notes: Net proceeds from gas sales (above) is used to establish that annual gas costs do not exceed revenue, as required under section 4.1 of the Gas Distributor Marketing Regulation - Gas Distribution Act, 1999.

Monthly 2010 EUG alternate offer price (\$/GJ):	Off-Peak	Variable Product ("EVP")	Fixed Price
January	\$7.04	\$8.03	\$8.60
February	\$6.61	\$7.63	\$8.60
March	\$6.05	\$7.05	\$8.60
April	\$4.90	\$5.87	\$8.60
May	\$5.32	\$6.28	\$8.60
June	\$5.35	\$6.33	\$8.60
July	\$6.02	\$7.03	\$8.60
August	\$5.87	\$6.85	\$8.60
September	\$4.95	\$5.97	\$8.60
October	\$4.96	\$5.94	\$8.60
November	\$4.39	\$5.36	\$8.25
December	\$5.37	\$6.34	\$8.25

EGNB Purchase and Sale of Gas (2010)

APPENDIX C

Date: March 31, 2011

To: Employees who regularly interact with customers and/or potential customers

From: Lori Stuckles

Re: **EGNB Firewall Policy – Awareness and Compliance**

As directed by the New Brunswick Energy and Utilities Board, EGNB maintains a Firewall Document which addresses the sharing of customer information within EGNB. Management wishes to continue to ensure that all employees, who interact directly with customers and/or potential customers, have a clear awareness and understanding of EGNB's Firewall Document. As part of this effort, this summary was prepared for annual review and sign-off.

Background

The Firewall Document was created in 2003 when EGNB gained approval to offer Enbridge Utility Gas ("EUG"). At that time, natural gas marketers expressed concern that EUG would have an unfair market advantage over them if given access to specific customer information by the utility. As a result, EGNB put the "firewall" in place to ensure no EUG employee had access to the following customer information:

- a) A customer's price category;
- b) The end date of a customer's contract with a gas marketer; and
- c) A customer's monthly price.

In addition, EGNB employees who interact directly with potential natural gas customers or customers who have not chosen a natural gas marketer must **not** show bias towards EUG or one particular marketer over any other. For your reference, a complete copy of the Firewall Document can be found on the company's shared drive at <Q:\Regulatory Documents\EGNB Firewall Document.doc>. If, after reviewing this memo and/or the Firewall Document, you have any questions please feel free to contact me directly.

Acknowledgement

Please confirm by return email that you have understood this memo and know how to ensure you comply with EGNB's Firewall Document. As part of the body of your return message, please indicate that you have reviewed this memo and intend to comply with the requirements and spirit of EGNB's Firewall Document. **Please respond on or before April 8, 2011.**

I appreciate your assistance in this matter.

Sincerely,

Lori Stuckles
Manager, Financial Services
Enbridge Gas New Brunswick
T: (506)457-7725

This communication, including any attachments, is confidential and may be protected. It is intended only for the person(s) to whom it is addressed. If you receive this e-mail in error, please notify the sender by e-mail or telephone at Enbridge Gas New Brunswick's expense.