

Enbridge Gas New Brunswick

Forecast Balance Sheet for Regulatory Purposes

As at December 31, 2010

(in thousands of dollars)

Assets	2010
Regulated Assets	
Property, Plant and Equipment (Note 1)	
Gas Distributor Plant in Service - Net	\$ 157,544
Construction Work In Progress - Gas Distributor Plant	(25)
Total Property, Plant & Equipment	<u>157,519</u>
Deferred Charges	
Deferred Development Costs - Net (Note 2)	851
Development O&M Capitalized Costs - Net (Note 3)	99,130
Regulatory Deferral	171,776
Total Deferred Charges	<u>271,757</u>
Short Term Investments	2,955
Total Regulated Assets	<u>432,231</u>
Non-Ratebase Assets (Note 4)	<u>20,031</u>
Total Assets	<u><u>\$ 452,262</u></u>
 Liabilities and Partner's Equity	
Partner's Equity	201,127
Long-term Advances from Associates and Affiliates (Note 5)	232,851
Non-Ratebase Liabilities (Note 6)	18,284
Total Liabilities and Equity	<u><u>\$ 452,262</u></u>

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

Enbridge Gas New Brunswick
Forecast Statement of Income
Years ending December 31, 2010
(in thousands of dollars)

	2010
Revenue	
Operating Revenue (Note 7)	
Gas distribution	\$ 39,982
Miscellaneous	360
Allowance for Funds Used During Construction	60
	40,402
Installation Services	
Revenue	6,050
Cost of goods sold	(5,397)
	653
Total Revenue	41,055
Expenses	
Operating Expenses	
Operating and maintenance expenses (Note 8)	7,536
Bad debt expense	259
Amortization of Property, Plant and Equipment	5,922
Municipal and Other Taxes	1,110
Interest on Amounts Due to Associates & Affiliates and Other Interest	14,016
Amortization of Deferred Development Costs	2,968
Total Expenses	31,811
Income before Regulatory Deferral, Return on Rate Base and Tax	9,244
Regulatory Deferral	15,645
Income before Tax	\$ 24,889
Tax	-
Regulated Return on Equity (Note 10)	\$ 24,889

Details of Affiliate Transactions – Note 13

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(in thousands of dollars)

Note 1 **Property, Plant & Equipment**

			2010	
	Cost	Accumulated Amortization	Net Book Value	Rates of Amortization
Property, plant & equipment				
General plant				
Computer hardware & software	\$ 802	\$ (634)	\$ 168	28.80%
Tools and work equipment	2,120	(1,565)	555	5.30%
Office furniture and equipment	744	(219)	525	4.40%
Transportation	488	(108)	380	11.80%
Communications	924	(177)	747	28.80%
Leasehold improvements	950	(294)	656	1
Subtotal	<u>6,028</u>	<u>(2,997)</u>	<u>3,031</u>	
Distribution plant				
Land	375	-	375	-
Rights of way and easements	166	-	166	-
Distribution mains	108,484	(13,490)	94,994	2.43%
Street services	44,762	(7,368)	37,394	3.83%
Meters and regulators	16,346	(2,914)	13,432	3.83%
Stations	11,065	(2,913)	8,152	4.40%
Subtotal	<u>181,198</u>	<u>(26,685)</u>	<u>154,513</u>	
Total plant in service	187,226	(29,682)	157,544	
Construction work in progress	<u>(25)</u>	<u>-</u>	<u>(25)</u>	-
Total property, plant & equipment	<u>\$ 187,201</u>	<u>\$ (29,682)</u>	<u>\$ 157,519</u>	

1 - Amortized over the term of the related leases.

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(in thousands of dollars)

Note 2 **Deferred Development Costs - Net**

	<u>2010</u>			
	Cost	Accumulated Amortization	Net Book Value	Rates of Amortization
Franchise fee	\$ 1,500	\$ (850)	\$ 650	5.00%
Deferred carrying costs	1,783	(1,582)	201	20.00%
Total deferred development costs, net	<u>\$ 3,283</u>	<u>\$ (2,432)</u>	<u>\$ 851</u>	

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

	<u>2010</u>			
	Cost	Accumulated Amortization	Net Book Value	Rates of Amortization
Development O&M capitalized costs	\$ 118,432	\$ (19,302)	\$ 99,130	2.43%
Total development O&M capitalized costs, net	<u>\$ 118,432</u>	<u>\$ (19,302)</u>	<u>\$ 99,130</u>	

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Note 4 Non-Ratebase Assets

	<u>2010</u>
Cash, & Short Term Investments	\$ -
Accounts Receivable	15,943
Inventory	4,088
	<u>\$ 20,031</u>

Note 5 Long-term Advances from Associates and Affiliates

	Issue Date	Maturity Date	Amount	<u>2010</u> 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	-			
Total long-term advances from associates and affiliates			<u>\$ 232,851</u>	<u>5.31%</u>	<u>6.53%</u>	<u>6.31%</u>

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(in thousands of dollars)

Note 6 **Non-Ratebase Liabilities**

	2010
Short Term Indebtedness	\$ 17
Accounts Payable	15,908
Long Term Deferred Post Employment Liabilities	2,359
	<u>\$ 18,284</u>

Note 7 **Operating Revenue**a. **Gas Distribution**

	2010		
	Revenue	Customers	Throughput TJs
Small general service (SGS)	\$ 9,795	9,341	825
General service (GS)	10,896	1,350	979
Contract general service (CGS)	11,510	305	1,068
Contract large general service (CLGS-LFO)	6,986	26	1,410
Contract large general service (CLGS-HFO)	717	8	1,049
Contract large volume off peak (CLVOPS)	-	-	-
Off peak service	78	15	8
	<u>78</u>	<u>15</u>	<u>8</u>
Total	<u>\$ 39,982</u>	<u>11,045</u>	<u>5,339</u>

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

	<u>2010</u>
Agent billing and collection	\$ 139
Other miscellaneous revenue	<u>221</u>
Total miscellaneous	<u>\$ 360</u>

Details of Agent Billing and Collection Revenues

(in dollars)

	<u>2010</u>
Agent billing and collection	
Small general service (SGS)	\$ 103,482
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>\$ 139,472</u>

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(in thousands of dollars)

Note 8 **Operating and Maintenance Expenses**

	<u>2010</u>
Corporate management	\$ 1,304
Corporate administration	1,569
Financial reporting	766
Information technology	940
Regulatory & upstream	1,486
Sales & marketing	9,175
Distribution & maintenance	6,083
Customer care	1,301
Human resources	2,334
Gas transportation and related activities	<u>1,139</u>
Total	<u>26,097</u>
Capitalized to:	
Property, plant & equipment	5,780
Development O&M capitalized costs	<u>12,781</u>
Total capitalized	<u>18,561</u>
Total	<u><u>\$ 7,536</u></u>

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

	<u>2010</u>
Interest on long-term debt	13,995
AIDC - allowance for funds used during construction (debt component)	21
Total interest on amounts due to associates & affiliates and other interest	\$ 14,016

Note 10 **Regulated Returns on Equity**

	<u>2010</u>
Regulated return on equity	\$ 24,850
AEDC - allowance for funds used during construction (equity component)	39
Total regulated return on equity	\$ 24,889

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(in thousands of dollars)

Note 11 **Rate Base for Regulatory Purposes**

	<u>2010</u>
Property, plant & equipment	
Cost	\$ 187,226
Accumulated amortization	(29,682)
Net	<u>157,544</u>
Deferred charges	
Franchise fee, at cost	1,500
Accumulated amortization	(850)
Net	<u>650</u>
Development O&M capitalized costs	118,432
Accumulated amortization	(19,302)
Net	<u>99,130</u>
Deferred carrying costs, at cost	1,783
Accumulated amortization	(1,582)
Net	<u>201</u>
Deferral account	<u>-</u>
Total deferred charges	99,981
Term deposit	2,955
Working capital allowance	<u>2,286</u>
Total rate base	<u>\$ 262,766</u>
Average rate base	<u>\$ 410,220</u>

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(in thousands of dollars)

Note 12 **Capital Structure for Regulatory Purposes**

	<u>2010</u>
Capital structure	
Long-term debt	\$ 232,851
Equity	201,127
Total	<u>\$ 433,978</u>

Capital structure percentage

Long-term debt	53.66%
Equity	46.34%
Total	<u>100.00%</u>

Capital structure average percentage for regulatory purposes

Long-term debt	53.66%
Equity	46.34%
Total	<u>100.00%</u>

Weighted cost of capital for regulatory purposes

Long-term debt	3.16%
Equity	6.50%
Total	<u>9.66%</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, 2010							
Corporate management	\$ -	\$ 171	\$ 50	\$ -	\$ 221	\$ 428	52%
Sales & marketing	-	-	-	-	-	1,159	0%
Human resources	-	366	106	-	472	589	80%
Distribution & maintenance	-	54	168	-	222	1,216	18%
Budget & regulatory	-	-	-	-	-	1,376	0%
Financial reporting	-	74	20	-	95	234	40%
Customer care	-	-	13	603	615	633	97%
Corporate administration	-	1,476	10	-	1,485	1,485	100%
Gas transportation & related	107	-	-	-	107	94	113%
Information technology	-	150	216	-	366	476	77%
Total	\$ 107	\$ 2,291	\$ 583	\$ 603	\$ 3,583	\$ 7,690	47%