

SCHEDULE 3.4
2018 and 2019 Budget Assumptions

2018 - 19 Budgets Assumptions

1
2
3 The following assumptions were used by EGNB in the development of its 2018 and 2019 Budgets:
4

Budget Item	Assumption
Major Assumptions	
Cost of Capital	ROE of 10.9%, as approved by the Board in Cost of Capital proceeding (NBEUB 2010-003) and prescribed in amendments to the Gas Distribution Act dated December 16, 2016. 55/45 debt/equity ratio. Cost of debt maintained at Enbridge Inc. cost of borrowing plus 1%.
Inflation	Cost of living increase of 2.0% applied to salaries only in 2018 and to all O&M in 2019.
Property, Plant & Equipment	
Computer Hardware	Detailed review of requirements, scheduled replacements and upgrades.
Computer Software	Detailed review of requirements and upgrades.
Tools and Work Equipment	Detailed review of requirements, scheduled replacements and improvements.
Office Furniture and Equipment	Detailed review of requirements and scheduled equipment replacements.
Transportation Equipment	Detailed review of requirements and scheduled replacements.
Communications Equipment	Detailed review of requirements and scheduled replacements.
Leasehold Improvements	Detailed review of requirements, scheduled replacements and improvements.
Land	No incremental land acquisitions.
Distribution Mains	Based on anticipated new mains to support attachments not on main in the communities currently served.
	at forecast costs, with allowance for main relocations and sewer conflict resolution.
	In-house construction model with EGNB crews and local contractors .
Street Services	Based on anticipated attachments at forecast unit rates.
Meters and Regulators	Based on anticipated attachments at forecast unit rates.
Stations	Based on historic station costs and anticipated station(s).

Review of 2016 Regulatory Financial Statements/2018-19 Rate Application

1	Budget Item	Assumption
2	Accumulated Amortization	Based on Board approved amortization rates.
3	Net Book Value	Cost less Accumulated Amortization.
4	Construction Work in Progress	There will be the same value of work in progress open at the end of 2018 and 2019 as there was at the beginning
5		of 2018 and 2019.
6	Deferred Charges	
7	Deferred Development Costs - Net	Deferred Development Costs less amortization at Board approved rate. Intangible software has been reclassified
8		from Property, Plant and Equipment to Deferred Costs.
9	Development O&M	There are no new forecast additions to Development O&M in 2018 and 2019. Net change to Development O&M
10	Capitalized Costs - Net	resulting from amortization at Board approved rate.
11	Regulatory Deferral	2016 Actual Year End balance adjusted to \$144.5 million as per Gas Distribution Act amendments dated December 16, 2016.
12		The Regulatory Deferral Account has been excluded from rate base for purposes of calculating return
13		
14	Short Term Investments	Maritimes & Northeast Pipeline Firm Service Agreement security deposit remains constant.
15	Non-Ratebase Assets	
16	Cash, & Short Term	Estimated cash requirements based on an assessment of cash flow items.
17	Investments	
18	Accounts Receivable	30 days to receive cash for Distribution Revenue, Gas Sales and ABC, monthly forecast data relied upon.
19	Inventory	No significant changes in level of inventory forecasted.
20	Partners Equity	Assumed equity levels are forecasted to average approximately 45% for the year.
21	Long-term Advances from	Budget assumes no retirement and replacement of promissory notes in 2018 and 3 retirements and 3 replacements of
22	Associates and Affiliates	promissory notes in 2019.
23		
24	Non-Ratebase Liabilities	
25	Short Term Indebtedness	No estimated short term borrowing required during 2018 or 2019 to manage cash flow.

Review of 2016 Regulatory Financial Statements/2018-19 Rate Application

1	Budget Item	Assumption
2	Accounts Payable	30 days for payment on obligations related to:
3		- 78% of O&M expenses excluding salary and benefits
4		- property tax
5		- firm service agreement
6		- natural gas costs
7		- installation and service activities
8		- 100% of salary and benefits
9		60 days for payment on obligations related to:
10		- 22% of O&M expenses excluding salaries and benefits
11		- services, meters and stations
12		- work in progress from property, plant and equipment
13		- general plant
14	Long Term Deferred	Forecast year-end balance for 2017 assumed to remain constant in 2018 and 2019.
15	Post Employment Liabilities	
16	Average Rate Base	Forecast timing of additions for 2018 and 2019 and the exclusion of the Regulatory Deferral Account as part of the
17		regulated assets.
18	Capital Structure	Managing of debt/equity ratio to Board approved 55/45 structure during 2018 and 2019.

Review of 2016 Regulatory Financial Statements/2018-19 Rate Application

Budget Item	Assumption																																																																																																																
Operating Revenue																																																																																																																	
Cumulative Customers	Forecast consists of total forecast customers to the end of 2017 (based on April 2017 actual results and additions/losses forecast for balance of 2017) plus additions forecast minus lost customers forecast for 2018, as shown below, based on a review of historic attachment rates and assessment of current market potential.																																																																																																																
	2018 Forecast Customer Additions (net)																																																																																																																
Customer Additions (net)	<table border="1"> <thead> <tr> <th></th> <th>Jan</th> <th>Feb</th> <th>Mar</th> <th>Apr</th> <th>May</th> <th>Jun</th> <th>Jul</th> <th>Aug</th> <th>Sep</th> <th>Oct</th> <th>Nov</th> <th>Dec</th> <th>2018 Total</th> </tr> </thead> <tbody> <tr> <td>Small General</td> <td>(2)</td> <td>(1)</td> <td>(4)</td> <td>(3)</td> <td>(5)</td> <td>(2)</td> <td>(1)</td> <td>-</td> <td>(1)</td> <td>3</td> <td>-</td> <td>4</td> <td>(12)</td> </tr> <tr> <td>Mid General</td> <td>(1)</td> <td>1</td> <td>3</td> <td>7</td> <td>6</td> <td>5</td> <td>-</td> <td>7</td> <td>9</td> <td>8</td> <td>7</td> <td>7</td> <td>59</td> </tr> <tr> <td>Large General</td> <td>2</td> <td>-</td> <td>(1)</td> <td>1</td> <td>3</td> <td>1</td> <td>6</td> <td>-</td> <td>1</td> <td>1</td> <td>2</td> <td>1</td> <td>17</td> </tr> <tr> <td>Contract General</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>2</td> <td>-</td> <td>-</td> <td>2</td> </tr> <tr> <td>Industrial Contract General</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>OPS</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total</td> <td>(1)</td> <td>-</td> <td>(2)</td> <td>5</td> <td>4</td> <td>4</td> <td>5</td> <td>7</td> <td>9</td> <td>14</td> <td>9</td> <td>12</td> <td>66</td> </tr> </tbody> </table>		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2018 Total	Small General	(2)	(1)	(4)	(3)	(5)	(2)	(1)	-	(1)	3	-	4	(12)	Mid General	(1)	1	3	7	6	5	-	7	9	8	7	7	59	Large General	2	-	(1)	1	3	1	6	-	1	1	2	1	17	Contract General	-	-	-	-	-	-	-	-	-	2	-	-	2	Industrial Contract General	-	-	-	-	-	-	-	-	-	-	-	-	-	OPS	-	-	-	-	-	-	-	-	-	-	-	-	-	Total	(1)	-	(2)	5	4	4	5	7	9	14	9	12	66
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2018 Total																																																																																																				
Small General	(2)	(1)	(4)	(3)	(5)	(2)	(1)	-	(1)	3	-	4	(12)																																																																																																				
Mid General	(1)	1	3	7	6	5	-	7	9	8	7	7	59																																																																																																				
Large General	2	-	(1)	1	3	1	6	-	1	1	2	1	17																																																																																																				
Contract General	-	-	-	-	-	-	-	-	-	2	-	-	2																																																																																																				
Industrial Contract General	-	-	-	-	-	-	-	-	-	-	-	-	-																																																																																																				
OPS	-	-	-	-	-	-	-	-	-	-	-	-	-																																																																																																				
Total	(1)	-	(2)	5	4	4	5	7	9	14	9	12	66																																																																																																				
New Customers	<table border="1"> <thead> <tr> <th></th> <th>Jan</th> <th>Feb</th> <th>Mar</th> <th>Apr</th> <th>May</th> <th>Jun</th> <th>Jul</th> <th>Aug</th> <th>Sep</th> <th>Oct</th> <th>Nov</th> <th>Dec</th> <th>2018 Total</th> </tr> </thead> <tbody> <tr> <td>Small General</td> <td>4</td> <td>5</td> <td>2</td> <td>1</td> <td>1</td> <td>4</td> <td>4</td> <td>6</td> <td>5</td> <td>8</td> <td>6</td> <td>10</td> <td>56</td> </tr> <tr> <td>Mid General</td> <td>10</td> <td>10</td> <td>7</td> <td>10</td> <td>10</td> <td>10</td> <td>8</td> <td>11</td> <td>12</td> <td>12</td> <td>10</td> <td>11</td> <td>121</td> </tr> <tr> <td>Large General</td> <td>2</td> <td>1</td> <td>-</td> <td>1</td> <td>6</td> <td>1</td> <td>7</td> <td>-</td> <td>2</td> <td>1</td> <td>2</td> <td>1</td> <td>24</td> </tr> <tr> <td>Contract General</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>2</td> <td>-</td> <td>-</td> <td>2</td> </tr> <tr> <td>Industrial Contract General</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>OPS</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total</td> <td>16</td> <td>16</td> <td>9</td> <td>12</td> <td>17</td> <td>15</td> <td>19</td> <td>17</td> <td>19</td> <td>23</td> <td>18</td> <td>22</td> <td>203</td> </tr> </tbody> </table>		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2018 Total	Small General	4	5	2	1	1	4	4	6	5	8	6	10	56	Mid General	10	10	7	10	10	10	8	11	12	12	10	11	121	Large General	2	1	-	1	6	1	7	-	2	1	2	1	24	Contract General	-	-	-	-	-	-	-	-	-	2	-	-	2	Industrial Contract General	-	-	-	-	-	-	-	-	-	-	-	-	-	OPS	-	-	-	-	-	-	-	-	-	-	-	-	-	Total	16	16	9	12	17	15	19	17	19	23	18	22	203
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2018 Total																																																																																																				
Small General	4	5	2	1	1	4	4	6	5	8	6	10	56																																																																																																				
Mid General	10	10	7	10	10	10	8	11	12	12	10	11	121																																																																																																				
Large General	2	1	-	1	6	1	7	-	2	1	2	1	24																																																																																																				
Contract General	-	-	-	-	-	-	-	-	-	2	-	-	2																																																																																																				
Industrial Contract General	-	-	-	-	-	-	-	-	-	-	-	-	-																																																																																																				
OPS	-	-	-	-	-	-	-	-	-	-	-	-	-																																																																																																				
Total	16	16	9	12	17	15	19	17	19	23	18	22	203																																																																																																				
Lost Customers	<table border="1"> <thead> <tr> <th></th> <th>Jan</th> <th>Feb</th> <th>Mar</th> <th>Apr</th> <th>May</th> <th>Jun</th> <th>Jul</th> <th>Aug</th> <th>Sep</th> <th>Oct</th> <th>Nov</th> <th>Dec</th> <th>2018 Total</th> </tr> </thead> <tbody> <tr> <td>Small General</td> <td>(6)</td> <td>(6)</td> <td>(6)</td> <td>(4)</td> <td>(6)</td> <td>(6)</td> <td>(5)</td> <td>(6)</td> <td>(6)</td> <td>(5)</td> <td>(6)</td> <td>(6)</td> <td>(68)</td> </tr> <tr> <td>Mid General</td> <td>(11)</td> <td>(9)</td> <td>(4)</td> <td>(3)</td> <td>(4)</td> <td>(5)</td> <td>(8)</td> <td>(4)</td> <td>(3)</td> <td>(4)</td> <td>(3)</td> <td>(4)</td> <td>(62)</td> </tr> <tr> <td>Large General</td> <td>-</td> <td>(1)</td> <td>(1)</td> <td>-</td> <td>(3)</td> <td>-</td> <td>(1)</td> <td>-</td> <td>(1)</td> <td>-</td> <td>-</td> <td>-</td> <td>(7)</td> </tr> <tr> <td>Contract General</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Industrial Contract General</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>OPS</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total</td> <td>(17)</td> <td>(16)</td> <td>(11)</td> <td>(7)</td> <td>(13)</td> <td>(11)</td> <td>(14)</td> <td>(10)</td> <td>(10)</td> <td>(9)</td> <td>(9)</td> <td>(10)</td> <td>(137)</td> </tr> </tbody> </table>		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2018 Total	Small General	(6)	(6)	(6)	(4)	(6)	(6)	(5)	(6)	(6)	(5)	(6)	(6)	(68)	Mid General	(11)	(9)	(4)	(3)	(4)	(5)	(8)	(4)	(3)	(4)	(3)	(4)	(62)	Large General	-	(1)	(1)	-	(3)	-	(1)	-	(1)	-	-	-	(7)	Contract General	-	-	-	-	-	-	-	-	-	-	-	-	-	Industrial Contract General	-	-	-	-	-	-	-	-	-	-	-	-	-	OPS	-	-	-	-	-	-	-	-	-	-	-	-	-	Total	(17)	(16)	(11)	(7)	(13)	(11)	(14)	(10)	(10)	(9)	(9)	(10)	(137)
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2018 Total																																																																																																				
Small General	(6)	(6)	(6)	(4)	(6)	(6)	(5)	(6)	(6)	(5)	(6)	(6)	(68)																																																																																																				
Mid General	(11)	(9)	(4)	(3)	(4)	(5)	(8)	(4)	(3)	(4)	(3)	(4)	(62)																																																																																																				
Large General	-	(1)	(1)	-	(3)	-	(1)	-	(1)	-	-	-	(7)																																																																																																				
Contract General	-	-	-	-	-	-	-	-	-	-	-	-	-																																																																																																				
Industrial Contract General	-	-	-	-	-	-	-	-	-	-	-	-	-																																																																																																				
OPS	-	-	-	-	-	-	-	-	-	-	-	-	-																																																																																																				
Total	(17)	(16)	(11)	(7)	(13)	(11)	(14)	(10)	(10)	(9)	(9)	(10)	(137)																																																																																																				

Review of 2016 Regulatory Financial Statements/2018-19 Rate Application

Budget Item	Assumption																																																																																																																
Operating Revenue																																																																																																																	
Cumulative Customers	Forecast consists of total forecast customers to the end of 2018 (based on April 2017 actual results and additions/losses forecast for balance of 2017 and 2018 plus additions forecast minus lost customers forecast for 2019, as shown below, based on a review of historic attachment rates and assessment of current market potential.																																																																																																																
	2019 Forecast Customer Additions (net)																																																																																																																
Customer Additions (net)	<table border="1"> <thead> <tr> <th></th> <th>Jan</th> <th>Feb</th> <th>Mar</th> <th>Apr</th> <th>May</th> <th>Jun</th> <th>Jul</th> <th>Aug</th> <th>Sep</th> <th>Oct</th> <th>Nov</th> <th>Dec</th> <th>2019 Total</th> </tr> </thead> <tbody> <tr> <td>Small General</td> <td>2</td> <td>3</td> <td>(1)</td> <td>(2)</td> <td>(4)</td> <td>2</td> <td>5</td> <td>7</td> <td>10</td> <td>16</td> <td>11</td> <td>5</td> <td>54</td> </tr> <tr> <td>Mid General</td> <td>3</td> <td>5</td> <td>4</td> <td>7</td> <td>5</td> <td>5</td> <td>-</td> <td>9</td> <td>11</td> <td>13</td> <td>14</td> <td>17</td> <td>93</td> </tr> <tr> <td>Large General</td> <td>2</td> <td>-</td> <td>(1)</td> <td>1</td> <td>(2)</td> <td>1</td> <td>1</td> <td>1</td> <td>2</td> <td>-</td> <td>1</td> <td>2</td> <td>8</td> </tr> <tr> <td>Contract General</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Industrial Contract General</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>OPS</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total</td> <td>7</td> <td>8</td> <td>2</td> <td>6</td> <td>(1)</td> <td>8</td> <td>6</td> <td>17</td> <td>23</td> <td>29</td> <td>26</td> <td>24</td> <td>155</td> </tr> </tbody> </table>		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2019 Total	Small General	2	3	(1)	(2)	(4)	2	5	7	10	16	11	5	54	Mid General	3	5	4	7	5	5	-	9	11	13	14	17	93	Large General	2	-	(1)	1	(2)	1	1	1	2	-	1	2	8	Contract General	-	-	-	-	-	-	-	-	-	-	-	-	-	Industrial Contract General	-	-	-	-	-	-	-	-	-	-	-	-	-	OPS	-	-	-	-	-	-	-	-	-	-	-	-	-	Total	7	8	2	6	(1)	8	6	17	23	29	26	24	155
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2019 Total																																																																																																				
Small General	2	3	(1)	(2)	(4)	2	5	7	10	16	11	5	54																																																																																																				
Mid General	3	5	4	7	5	5	-	9	11	13	14	17	93																																																																																																				
Large General	2	-	(1)	1	(2)	1	1	1	2	-	1	2	8																																																																																																				
Contract General	-	-	-	-	-	-	-	-	-	-	-	-	-																																																																																																				
Industrial Contract General	-	-	-	-	-	-	-	-	-	-	-	-	-																																																																																																				
OPS	-	-	-	-	-	-	-	-	-	-	-	-	-																																																																																																				
Total	7	8	2	6	(1)	8	6	17	23	29	26	24	155																																																																																																				
New Customers	<table border="1"> <thead> <tr> <th></th> <th>Jan</th> <th>Feb</th> <th>Mar</th> <th>Apr</th> <th>May</th> <th>Jun</th> <th>Jul</th> <th>Aug</th> <th>Sep</th> <th>Oct</th> <th>Nov</th> <th>Dec</th> <th>2019 Total</th> </tr> </thead> <tbody> <tr> <td>Small General</td> <td>8</td> <td>9</td> <td>5</td> <td>2</td> <td>2</td> <td>8</td> <td>10</td> <td>13</td> <td>16</td> <td>21</td> <td>17</td> <td>11</td> <td>122</td> </tr> <tr> <td>Mid General</td> <td>14</td> <td>14</td> <td>8</td> <td>10</td> <td>9</td> <td>10</td> <td>8</td> <td>13</td> <td>14</td> <td>17</td> <td>17</td> <td>21</td> <td>155</td> </tr> <tr> <td>Large General</td> <td>2</td> <td>1</td> <td>-</td> <td>1</td> <td>1</td> <td>1</td> <td>2</td> <td>1</td> <td>3</td> <td>-</td> <td>1</td> <td>2</td> <td>15</td> </tr> <tr> <td>Contract General</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Industrial Contract General</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>OPS</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total</td> <td>24</td> <td>24</td> <td>13</td> <td>13</td> <td>12</td> <td>19</td> <td>20</td> <td>27</td> <td>33</td> <td>38</td> <td>35</td> <td>34</td> <td>292</td> </tr> </tbody> </table>		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2019 Total	Small General	8	9	5	2	2	8	10	13	16	21	17	11	122	Mid General	14	14	8	10	9	10	8	13	14	17	17	21	155	Large General	2	1	-	1	1	1	2	1	3	-	1	2	15	Contract General	-	-	-	-	-	-	-	-	-	-	-	-	-	Industrial Contract General	-	-	-	-	-	-	-	-	-	-	-	-	-	OPS	-	-	-	-	-	-	-	-	-	-	-	-	-	Total	24	24	13	13	12	19	20	27	33	38	35	34	292
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2019 Total																																																																																																				
Small General	8	9	5	2	2	8	10	13	16	21	17	11	122																																																																																																				
Mid General	14	14	8	10	9	10	8	13	14	17	17	21	155																																																																																																				
Large General	2	1	-	1	1	1	2	1	3	-	1	2	15																																																																																																				
Contract General	-	-	-	-	-	-	-	-	-	-	-	-	-																																																																																																				
Industrial Contract General	-	-	-	-	-	-	-	-	-	-	-	-	-																																																																																																				
OPS	-	-	-	-	-	-	-	-	-	-	-	-	-																																																																																																				
Total	24	24	13	13	12	19	20	27	33	38	35	34	292																																																																																																				
Lost Customers	<table border="1"> <thead> <tr> <th></th> <th>Jan</th> <th>Feb</th> <th>Mar</th> <th>Apr</th> <th>May</th> <th>Jun</th> <th>Jul</th> <th>Aug</th> <th>Sep</th> <th>Oct</th> <th>Nov</th> <th>Dec</th> <th>2019 Total</th> </tr> </thead> <tbody> <tr> <td>Small General</td> <td>(6)</td> <td>(6)</td> <td>(6)</td> <td>(4)</td> <td>(6)</td> <td>(6)</td> <td>(5)</td> <td>(6)</td> <td>(6)</td> <td>(5)</td> <td>(6)</td> <td>(6)</td> <td>(68)</td> </tr> <tr> <td>Mid General</td> <td>(11)</td> <td>(9)</td> <td>(4)</td> <td>(3)</td> <td>(4)</td> <td>(5)</td> <td>(8)</td> <td>(4)</td> <td>(3)</td> <td>(4)</td> <td>(3)</td> <td>(4)</td> <td>(62)</td> </tr> <tr> <td>Large General</td> <td>-</td> <td>(1)</td> <td>(1)</td> <td>-</td> <td>(3)</td> <td>-</td> <td>(1)</td> <td>-</td> <td>(1)</td> <td>-</td> <td>-</td> <td>-</td> <td>(7)</td> </tr> <tr> <td>Contract General</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Industrial Contract General</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>OPS</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total</td> <td>(17)</td> <td>(16)</td> <td>(11)</td> <td>(7)</td> <td>(13)</td> <td>(11)</td> <td>(14)</td> <td>(10)</td> <td>(10)</td> <td>(9)</td> <td>(9)</td> <td>(10)</td> <td>(137)</td> </tr> </tbody> </table>		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2019 Total	Small General	(6)	(6)	(6)	(4)	(6)	(6)	(5)	(6)	(6)	(5)	(6)	(6)	(68)	Mid General	(11)	(9)	(4)	(3)	(4)	(5)	(8)	(4)	(3)	(4)	(3)	(4)	(62)	Large General	-	(1)	(1)	-	(3)	-	(1)	-	(1)	-	-	-	(7)	Contract General	-	-	-	-	-	-	-	-	-	-	-	-	-	Industrial Contract General	-	-	-	-	-	-	-	-	-	-	-	-	-	OPS	-	-	-	-	-	-	-	-	-	-	-	-	-	Total	(17)	(16)	(11)	(7)	(13)	(11)	(14)	(10)	(10)	(9)	(9)	(10)	(137)
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2019 Total																																																																																																				
Small General	(6)	(6)	(6)	(4)	(6)	(6)	(5)	(6)	(6)	(5)	(6)	(6)	(68)																																																																																																				
Mid General	(11)	(9)	(4)	(3)	(4)	(5)	(8)	(4)	(3)	(4)	(3)	(4)	(62)																																																																																																				
Large General	-	(1)	(1)	-	(3)	-	(1)	-	(1)	-	-	-	(7)																																																																																																				
Contract General	-	-	-	-	-	-	-	-	-	-	-	-	-																																																																																																				
Industrial Contract General	-	-	-	-	-	-	-	-	-	-	-	-	-																																																																																																				
OPS	-	-	-	-	-	-	-	-	-	-	-	-	-																																																																																																				
Total	(17)	(16)	(11)	(7)	(13)	(11)	(14)	(10)	(10)	(9)	(9)	(10)	(137)																																																																																																				

Review of 2016 Regulatory Financial Statements/2018-19 Rate Application

1	Budget Item	Assumption
2		Methodology and Underlying Assumptions of the Net Lost Customer Process
3		“Lost Customer”: A customer that is no longer consuming gas and has received a final bill.
4		“Recovered Customer”: A “Lost Customer” that has been recovered and is now consuming gas.
5		“Maintained Customer”: A customer with no change to their status within the specified period.
6		
7		Customer counts by class are reviewed on a monthly basis and are categorized as 1) New Attachment,
8		2) Maintained Customers, and 3) Lost Customers net of Recovered Customers.
9		
10		EGNB accounts for “Net Lost Customers” in budgets and forecasts, by adding together the Lost Customer
11		forecast and Recovered Customer forecast.
12		
13		Both the Lost Customer forecast and the Recovered Customer forecast are determined using historical data
14		averages by rate class.
15	Throughput	Existing Customers: The throughput forecast for existing customers is developed based on historic
16		consumption for each customer, adjusted for normal weather.
17		
18		New Customers: The throughput for new customers is developed based on expected consumption for each
19		customer that is forecasted to be attached based on either signed GJs or a standard profile and the time of
20		year that they are forecast to be attached. For new industrial customers (CGS, ICGS, OPS), throughput
21		forecast is based on specific customer information provided at time of customer signing.
22		For 2018 and 2019:
23		Regulated Rate Class Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Annual Annual
24		Volume Volume
25		Small General 14 16 11 12 7 3 2 2 2 2 6 7 84 0
26		Mid General 93 104 72 60 35 16 12 11 12 20 40 56 528 0
27		Large General 623 659 506 440 323 211 183 183 180 274 399 419 4400 0
28		
29	Rates	Distribution rates are set as per the amendments to the Gas Distribution Act dated December 16, 2016. The 2018
30		Small General Service class rate has been increased by 3% from \$9.445 to \$9.728. The 2019 Small General Service class rate has
31		been increased from \$9.728 to \$10.020. The distribution rates are unchanged for all other rate classes.
32		

Review of 2016 Regulatory Financial Statements/2018-19 Rate Application

1	Budget Item	Assumption
2	Distribution Revenue	Assumed throughput times assumed rates.
3	ABC Revenue	Number of ABC and AB customers plus capture of new additions based on historic data times existing rates
4		with inflationary increase of 2.0%.
5	Other Miscellaneous Revenue	- 0.2% interest on Maritimes & Northeast Pipeline Firm Service Agreement security deposit
6		- Late payment penalties budgeted at \$251K as calculated by average of 2015 and 2016 actuals
7		- Transactional services budgeted at \$36K same as 2017 Budget
8		- Red Lock Fees budgeted at \$25K as per EUB decision on Matter 306
9		- Single End User Franchisee Fees budgeted at \$800K in 2018 budget similar to the \$400K in 2017 Budget plus additional \$400K for a catch
10		up payment received in 2017 and \$400K in 2019 budget similar to the \$400K in 2017 Budget
11	Allowance for Funds Used	Based on 25% of CWIP eligible for allowance for funds used during construction (“AFUDC”) times the
12	During Construction	weighted average cost of capital (“WACC”)
13	Service and Inspection	
14	Revenue	Based on anticipated service work to be performed by EGNB.
15	Cost of Goods Sold	Service cost of goods sold (“COGS”) based on the percentage of revenue from historic experience.
16	Operating expenses	
17	Operating and Maintenance	Based on input by department managers for 2018 and 2019.
18	Expenses	

Review of 2016 Regulatory Financial Statements/2018-19 Rate Application

1	Budget Item	Assumption	
2	Capitalized to Property, Plant and Equipment	O&M budget capitalized based on the following percentage assumptions:	
3		2018 2019	
4		Corporate management	23.1 % 23.1 %
5		Corporate administration	23.7 % 23.7 %
6		Financial reporting	23.7 % 23.7 %
7		Information technology	14.0 % 14.0 %
8		Regulatory	0.0 % 0.0 %
9		Sales & Marketing	
10		Sales	69.6 % 69.6 %
11		Marketing (except below items)	87.6 % 87.6 %
12		Marketing (Research)	25.0 % 25.0 %
13		Marketing (Sponsorships)	25.0 % 25.0 %
14		Incentives	100.0 % 100.0 %
15		Communications	23.1 % 23.1 %
16		Distribution & maintenance	
17		Const. & Maint.	9.9 % 9.9 %
18		Engineering QA	14.1 % 14.1 %
19		Planning & Tech.	37.6 % 37.6 %
20		Service	22.7 % 22.7 %
21		Customer Experience	
22		Customer Care	2.5 % 2.5 %
23		Logistics	23.5 % 23.5 %
24		Work Mgmt. Center	34.6 % 34.6 %
25		Human resources	25.8 % 25.8 %
26		Gas transportation and related activities	0.0 % 0.0 %
27			
28			In 2012, capitalization of industry development O&M expenses to Development O&M had been eliminated.
29		Incentives, previously capitalized to Development O&M, are now being capitalized to Property, Plant &	
30		Equipment. EGNB is budgeting \$450k and \$800k for incentive programs in 2018 and 2019 respectively.	
31	Bad debt expense	0.4% of yearly Distribution Revenue, Installation Revenue and Gas Sales Revenue.	
32	Municipal and Other Taxes	Existing tax rates applied to existing tax base plus additions.	

Review of 2016 Regulatory Financial Statements/2018-19 Rate Application

1	Budget Item	Assumption
2	Amortization of Property, Plant	Based on Board approved amortization rates.
3	and Equipment	
4	Amortization of Deferred	Based on Board approved amortization rate.
5	Development Costs	
6	Regulatory Deferral	Regulatory Deferral account in 2018 and 2019 has been set at \$144.5 million as per the Gas Distribution Act amendments
7		dated December 16, 2016.
8	Tax	Accumulated tax loss carry forward used in 2018 and 2019.
9	Regulated Return on Equity	Average rate base times return on equity times equity proportion of capital structure.

10	Budget Item	Assumption
11		Other variances between the 2018 and 2019 Budgets not elsewhere specified
12		
13	Revenue	Gas distribution revenue is expected to increase by \$1.35 million from the 2018 Budget partially
14		due to customer additions as a result of incentive programs which will result in a larger customer
15		base in 2019 and higher gas distribution revenue. The 2019 distribution revenue also includes a
16		3% increase to the volumetric rate for SGS customers.
17	Expenses	For the 2019 Budget, EGNB has budgeted total expenses of \$31.7 million, \$193K over the 2018
18		Budget. The primary drivers of this variance are due to an increase in salaries and other
19		compensation for cost of living and capitalization of O&M spending, offset by lower pension
20		expenses. Amortization of property, plant and equipment is forecasted to be higher than 2018
21		Budget due to budgeted additions in 2019 offset by the retention program.
22	Rate Base	Average rate base is expected to increase by \$1.6 million in 2019 primarily due to the 2019
23		capital additions as a result of forecasted customer growth.
24	Cost of Capital Summary	Equity is forecast to increase by \$1.8 million due to earnings of \$16.8 million offset by a
25		forecasted distribution payout of \$15 million.