



# Schedule 3.5 – 2023 Budget – REDACTED

March 3, 2023

**Liberty Utilities (Gas New Brunswick)**  
**Budgeted Balance Sheet for Regulatory Purposes**  
**For the year ended December 31, 2023**

1	<b>Notice to Reader: Subject to review by the New Brunswick Energy and Utilities Board</b>		
2			
3	(In thousands of dollars)		
4			
5	<b>Assets</b>		<u><b>2023</b></u>
6			
7	<b>Regulated Assets</b>		
8	<b>Property, Plant and Equipment</b>	(Note 2)	
9	Gas Distributor Plant in Service - Net		\$ 199,735
10	Construction Work in Progress - Gas Distributor Plant		<u>1,210</u>
11	<b>Total Property, Plant and Equipment</b>		<u>200,945</u>
12			
13	<b>Intangible Software - Net</b>	(Note 3)	11,646
14			
15	<b>Development O&amp;M Capitalized Costs - Net</b>	(Note 4)	69,278
16			
17	<b>Short term Investments</b>		-
18			
19	<b>Total Regulated Rate Base Assets</b>		<u>281,869</u>
20			
21	<b>Other Regulated Assets</b>	(Note 5)	46,917
22			
23	<b>Total Regulated Assets</b>		<u>328,786</u>
24			
25	<b>Regulatory Deferral</b>	(Note 1)	120,667
26			
27	<b>Total Assets</b>		<u><u>\$ 449,453</u></u>
28			
29	<b>Liabilities and Partner's Equity</b>		
30			
31	<b>Partner's Equity (Rate Base)</b>	(Note 1)	\$ 161,183
32			
33	<b>Long-term Advances from Associates and Affiliates</b>	(Note 6)	155,000
34			
35	<b>Other Regulated Liabilities</b>	(Note 7)	12,603
36			
37			<u>328,786</u>
38			
39	<b>Partner's Equity (Regulatory Deferral)</b>		120,667
40			
41	<b>Total Liabilities and Partner's Equity</b>		<u><u>\$ 449,453</u></u>
42			
43	<b>Financial Statement Effects of Rate Regulation and Legislative Changes - Note 1</b>		
44	<b>Rate Base for Regulatory Purposes - Note 12</b>		
45	<b>Capital Structure for Regulatory Purposes - Note 13</b>		



**Liberty Utilities (Gas New Brunswick)**  
**Statement of Budgeted Income for Regulatory Purposes**  
**For the year ended December 31, 2023**

1	<b>Notice to Reader: Subject to review by the New Brunswick Energy and Utilities Board</b>		
2			
3	(In thousands of dollars)		
4			<u>2023</u>
5	<b>Revenue</b>		
6	Operating Revenue	(Note 8)	
7	Gas Distribution		\$ 47,263
8	Miscellaneous		2,346
9	Allowance for Funds Used During Construction		<u>12</u>
10			49,620
11	<b>Service and Inspection</b>		
12	Revenue		1,559
13	Cost of Goods Sold		<u>(1,404)</u>
14			155
15			
16	<b>Total Revenue</b>		<u>49,776</u>
17			
18	<b>Expenses</b>		
19	<b>Operating Expenses</b>		
20	Operating and Maintenance	(Note 9)	12,570
21	Other Expense		67
22	Bad Debt		205
23			
24	Amortization of Property, Plant and Equipment		7,418
25			
26	Municipal and Other Taxes		1,268
27			
28	Interest on Amounts Due to Associates and Affiliates and Other Interest	(Note 10)	5,157
29			
30	Amortization of Development O&M Capitalized Costs		2,793
31			
32	Amortization of Intangible Software		607
33			
34	Amortization of Regulatory Deferral Account		3,846
35			
36	<b>Total Expenses</b>		<u>33,932</u>
37			
38	<b>Income before Extraordinary Items, Regulatory Deferral and Return on Rate Base</b>		15,843
39			
40	Amortization of Ratepayer Variance Accounts		1,416
41			
42	<b>Net Income Before Income Tax</b>		<u>14,428</u>
43			
44	Income Tax Expense		1,955
45			
46	<b>Net Income</b>		<u>\$ 12,473</u>
47			
48	<b>Regulated Return on Equity</b>	(Note 11)	<u>\$ 12,473</u>



**Liberty Utilities (Gas New Brunswick)**  
**Notes to 2023 Budgeted Regulatory Financial Results**  
**For the year ended December 31, 2023**

**1 Note 1 Financial Statement Effect of rate regulation and Legislative Changes**

2

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

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10 In years prior to its acquisition by Liberty Utilities (Canada) LP, Enbridge Gas New Brunswick Limited Partnership had discontinued  
 11 the application of regulatory accounting under the principles of U.S. Financial Accounting Standards Board (FASB) ASC Topic 980,  
 12 Regulated Operations (ASC 980) due to uncertainty around the collectability in rates of certain costs. Based on an analysis performed  
 13 on acquisition, Liberty Utilities (Gas New Brunswick) LP concluded that the regulatory environment had evolved to a point where the  
 14 criteria for regulatory accounting would be met going forward as of October 1, 2019. As a result, regulatory assets and liabilities are  
 15 reflected in the GAAP financial statements.

16

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

19

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

27

28 As prescribed by the EUB, the Public Utility does not recognize gains and losses on the sale of Liberty Utility Gas (LUG) in the  
 29 statement of income and uses a purchase gas variance account to defer the gain or loss on sale. Non-regulated enterprises would  
 30 normally account for the gain or loss in the statement of income or comprehensive income.

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32 On December 16, 2016, the Government of New Brunswick enacted amendments to the Gas Distribution Act, 1999. The General  
 33 Franchise Agreement was extended for an additional 25 years with an additional 25 year option. The new legislation modifies the  
 34 current approach to setting rates from a combination of cost of service and market based rates to a cost of service approach only.  
 35 The regulatory deferral account was reduced to \$144.5 million with \$100 million to be included in revenue requirement over 26  
 36 years commencing on January 1, 2020 and ending on December 31, 2045. The remaining regulatory deferral account balance is to be  
 37 recovered as authorized by the EUB.

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	2023			
	Cost	Accumulated Amortization	Net Book Value	Rates of Amortization
Regulatory Deferral Account, Allowed by Legislation	\$ 100,000	\$ (15,385)	\$ 84,615	3.85%
Regulatory Deferral Account	36,052	-	36,052	0.00%
<b>Total Regulatory Deferral Account, Net</b>	<b>\$ 136,052</b>	<b>\$ (15,385)</b>	<b>\$ 120,667</b>	



**Liberty Utilities (Gas New Brunswick)**  
**Notes to 2023 Budgeted Regulatory Financial Results**  
**For the year ended December 31, 2023**

1 (In thousands of dollars)

2

3 **Note 2 Property, Plant & Equipment**

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		2023			
		Cost	Accumulated Amortization	Net Book Value	Rates of Amortization
5					
6					
7	<b>General plant</b>				
8	Computer hardware	\$ 1,360	\$ (458)	\$ 902	8.87%
9	Tools and work equipment	663	(333)	330	14.53%
10	Office furniture and equipment	344	(227)	118	6.41%
11	Transportation	2,788	(955)	1,833	6.32%
12	Incentives	3,161	(1,255)	1,906	20.00%
13	Leasehold improvements	655	(188)	468	20.00%
14	Subtotal	<u>8,972</u>	<u>(3,416)</u>	<u>5,556</u>	
15					
16	<b>Distribution plant</b>				
17	Land	406	-	406	0.00%
18	Rights of way and easements	189	-	189	0.00%
19	Distribution mains	148,191	(45,178)	103,012	1.64%
20	Street services	86,534	(24,416)	62,118	1.74%
21	Meters and regulators	26,450	(7,995)	18,456	7.63%
22	Stations	19,881	(9,883)	9,998	2.82%
23	Subtotal	<u>281,651</u>	<u>(87,472)</u>	<u>194,179</u>	
24					
25	<b>Total plant in service</b>	290,623	(90,888)	199,735	
26					
27	<b>Construction work in progress</b>	1,210		1,210	
28					
29	<b>Total property, plant &amp; equipment</b>	<u>\$ 291,833</u>	<u>\$ (90,888)</u>	<u>\$ 200,945</u>	



**Liberty Utilities (Gas New Brunswick)**  
**Notes to 2023 Budgeted Regulatory Financial Results**  
**For the year ended December 31, 2023**

1 (In thousands of dollars)

2

3 **Note 3 Intangible Software**

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8 Intangible Software

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10 **Total Intangible Software, Net**

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12 **Note 4 Development O&M Capitalized Costs**

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17 Development O&M Capitalized Costs

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19 **Development O&M Capitalized Costs, Net**

	2023			
	Cost	Accumulated Amortization	Net Book Value	Rates of Amortization
Intangible Software	\$ 13,024	\$ (1,378)	\$ 11,646	4.96%
<b>Total Intangible Software, Net</b>	<u>\$ 13,024</u>	<u>\$ (1,378)</u>	<u>\$ 11,646</u>	
	2023			
	Cost	Accumulated Amortization	Net Book Value	Rates of Amortization
Development O&M Capitalized Costs	\$ 114,952	\$ (45,675)	\$ 69,278	2.43%
<b>Development O&amp;M Capitalized Costs, Net</b>	<u>\$ 114,952</u>	<u>\$ (45,675)</u>	<u>\$ 69,278</u>	



**Liberty Utilities (Gas New Brunswick)**  
**Notes to 2023 Budgeted Regulatory Financial Results**  
**For the year ended December 31, 2023**

1 (In thousands of dollars)

2

3 **Note 5 Other Regulated Assets**

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2023

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6 Cash \$ 21,616

7 Accounts Receivable 19,850

8 Prepaid 2,343

9 Inventory 1,510

10 Right-of-use Asset 1,469

11 Other Long-term Asset 129

12

13

14 **Total Other Regulated Assets** \$ 46,917



**Liberty Utilities (Gas New Brunswick)**  
**Notes to 2023 Budgeted Regulatory Financial Results**  
**For the year ended December 31, 2023**

1 (In thousands of dollars)

2

3 **Note 6 Long-term Advances from Associates and Affiliates**

4

5

	Issue Date	Maturity Date	Amount	2023 Cost of Debt			
				LUC	LUGNB	Regulated	
6							
7	Promissory Note	Apr 01, 2020	Feb 14, 2050	\$ 155,000	3.315%	3.315%	3.315%
8							
9	Total long-term advances						
10	from associates and affiliates			<u>\$ 155,000</u>	<u>3.315%</u>	<u>3.315%</u>	<u>3.315%</u>





**Liberty Utilities (Gas New Brunswick)**  
**Notes to 2023 Budgeted Regulatory Financial Results**  
**For the year ended December 31, 2023**

1	(In thousands of dollars)	
2		
3	<b>Note 7 Other Regulated Liabilities</b>	
4		<u>2023</u>
5		
6		
7	Accounts Payable	\$ 10,139
8	Lease liability	1,469
9	HST Payable	940
10	Pension Liability	55
11		
12	<b>Total Other Regulated Liabilities</b>	<u><u>\$ 12,603</u></u>



**Liberty Utilities (Gas New Brunswick)**  
**Notes to 2023 Budgeted Regulatory Financial Results**  
**For the year ended December 31, 2023**

1 (In thousands of dollars)

2

3 **Note 8 Operating Revenue**

4

5 **a. Gas Distribution**

6

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8

9 Small General Service (SGS)

10 Mid-General Service (MGS)

11 Large General Service (LGS)

12 Contract General Service (CGS)

13 Industrial Contract General Service (ICGS)

14 Off-peak Service (OPS)

15

16 **Total**

17

18 1 Terajoule (TJ) = 1,000 Gigajoules (GJ)

19

20 **b. Miscellaneous Revenues**

21

22

23 Single End-User Franchise Fee

24 Large Industrial Contract Service (LICS) Revenue

25 Agent Billing and Collection

26 Interest Income

27 Late Payment Penalties

28 Red Lock & NSF Fee Revenue

29 Transactional Services

30

31 **Total Miscellaneous Revenues**

32

33 **Details of Agent Billing and Collection Revenue**

34 (in dollars)

35

36

37 Small General Service (SGS)

38 Mid-General Service (MGS)

39 Large General Service (LGS)

40 Contract General Service (CGS)

41 Industrial Contract General Service (ICGS)

42 Off-peak Service (OPS)

43

44 **Total Agent Billing and Collection Revenue**

	2023		
	Revenue	Customers	Throughput TJs
9 Small General Service (SGS)	8,927	8,399	623
10 Mid-General Service (MGS)	15,397	3,670	1,328
11 Large General Service (LGS)	14,233	438	1,858
12 Contract General Service (CGS)	3,009	52	483
13 Industrial Contract General Service (ICGS)	5,316	10	1,614
14 Off-peak Service (OPS)	379	13	67
16 <b>Total</b>	<b>47,262</b>	<b>12,582</b>	<b>5,972</b>

2023

23 Single End-User Franchise Fee	\$ [REDACTED]
24 Large Industrial Contract Service (LICS) Revenue	[REDACTED]
25 Agent Billing and Collection	[REDACTED]
26 Interest Income	[REDACTED]
27 Late Payment Penalties	[REDACTED]
28 Red Lock & NSF Fee Revenue	[REDACTED]
29 Transactional Services	[REDACTED]
31 <b>Total Miscellaneous Revenues</b>	<b>\$ [REDACTED]</b>

2023

37 Small General Service (SGS)	\$ [REDACTED]
38 Mid-General Service (MGS)	[REDACTED]
39 Large General Service (LGS)	[REDACTED]
40 Contract General Service (CGS)	[REDACTED]
41 Industrial Contract General Service (ICGS)	[REDACTED]
42 Off-peak Service (OPS)	[REDACTED]
44 <b>Total Agent Billing and Collection Revenue</b>	<b>\$ [REDACTED]</b>



**Liberty Utilities (Gas New Brunswick)**  
**Notes to 2023 Budgeted Regulatory Financial Results**  
**For the year ended December 31, 2023**

1	(In thousands of dollars)	
2		
3	<b>Note 9 Operating and Maintenance Expenses</b>	
4		<u>2023</u>
5		
6	Corporate Management	\$ 1,366
7	Financial Reporting	1,828
8	Information technology	158
9	Regulatory & Upstream	782
10	Sales & Marketing	1,924
11	Distribution & Maintenance	7,601
12	Customer Care	893
13	Human Resources	372
14	Corporate Allocations	3,270
15		
16	Total Prior to Capitalization	<u>18,193</u>
17		
18	Total Capitalized	5,623
19		
20	Total Expense	<u>\$ 12,570</u>



**Liberty Utilities (Gas New Brunswick)**  
**Notes to 2023 Budgeted Regulatory Financial Results**  
**For the year ended December 31, 2023**

1	(In thousands of dollars)	
2		
3	<b>Note 10 Interest on Amounts Due to Associates and Affiliates and Other Interest</b>	
4		<u>2023</u>
5		
6	Interest on Long-term Debt	\$ 5,153
7	AIDC - Allowance for Funds Used During Construction (Debt Component)	3
8		
9	<b>Total Interest on Amounts Due to Associates and Affiliates and Other Interest</b>	<u>\$ 5,157</u>
10		
11	<b>Note 11 Regulated Return on Equity</b>	
12		<u>2023</u>
13		
14	Regulated Return on Equity	\$ 12,465
15	Excess Returned to Customers	-
16	Mechanism to Adjust Regulatory Deferral as per Legislation	-
17	AEDC - Allowance for Funds Used During Construction (Equity Component)	8
18		
19	<b>Total Regulated Return on Equity</b>	<u>\$ 12,473</u>



**Liberty Utilities (Gas New Brunswick)**  
**Notes to 2023 Budgeted Regulatory Financial Results**  
**For the year ended December 31, 2023**

1	(In thousands of dollars)	
2		
3	<b>Note 12 Rate Base for Regulatory Purposes</b>	
4		<u>2023</u>
5	<b>Property, Plant &amp; Equipment</b>	
6	Cost	\$ 290,623
7	Accumulated Amortization	(90,887)
8	Property, Plant & Equipment, Net	<u>199,735</u>
9		
10	<b>Intangible Software</b>	
11	Cost	13,024
12	Accumulated Amortization	(1,378)
13	Intangible Software, Net	<u>11,646</u>
14		
15	<b>Development O&amp;M Capitalized Costs</b>	
16	Cost	114,952
17	Accumulated Amortization	(45,674)
18	Development O&M Capitalized Costs, Net	<u>69,278</u>
19		
20	<b>Term Deposit</b>	-
21		
22	<b>Working Capital Allowance</b>	3,876
23		
24	<b>Total Rate Base</b>	<u>\$ 284,535</u>
25		
26	<b>Average Rate Base</b>	<u>\$ 282,648</u>



**Liberty Utilities (Gas New Brunswick)**  
**Notes to 2023 Budgeted Regulatory Financial Results**  
**For the year ended December 31, 2023**

1 (In thousands of dollars)

2

3 **Note 13 Capital Structure for Regulatory Purposes**

4

2023

5 **Capital Structure**

6 Long-term Debt

\$ 155,000

7 Equity

161,183

8 Total

\$ 316,183

9

10 **Capital Structure Percentage**

11 Long-term Debt

49.02%

12 Equity

50.98%

13 Total

100.00%

14

15 **Capital Structure Average Percentage for Regulatory Purposes**

16 Long-term Debt

55.00%

17 Equity

45.00%

18 Total

100.00%

19

20 **Weighted Cost of Capital for Regulatory Purposes**

21 Long-term Debt

1.82%

22 Equity

4.41%

23 Total

6.23%



**Liberty Utilities (Gas New Brunswick)**  
**Notes to 2023 Budgeted Regulatory Financial Results**  
**For the year ended December 31, 2023**

1 (In thousands of dollars)

2

3 **Note 14 Details of Affiliate Transaction**

4

5 Consulting and Services	APUC	LABS Canada	LUCC/LUSC Corp. US	LABS US	East Region	SLG and Other Liberty Companies
9 Executive	\$ 224	\$ -	\$ -	\$ -	\$ 96	\$ -
10 Corporate Finance	-	282	-	42	71	-
11 Information technology	-	829	-	179	-	-
12 Customer Care	-	-	99	-	120	-
13 Business Development	-	-	-	-	148	-
14 Energy Procurement	-	-	121	-	-	-
15 Human Resources	-	121	-	2	22	-
16 Regulatory	-	4	28	22	84	-
17 Gas Operations	-	-	62	-	-	-
18 Other	125	258	67	133	130	-
19 Recoveries	-	(241)	-	-	(80)	(85)
21 <b>Total</b>	<u>\$ 349</u>	<u>\$ 1,253</u>	<u>\$ 378</u>	<u>\$ 377</u>	<u>\$ 349</u>	<u>\$ 349</u>

22

23 Consulting and Services	Total Affiliate Consulting and Services	Total Consulting and Services	Affiliate Expenditure as Percent of Total Consulting and Services
28 Executive	\$ 320	\$ 356	90%
29 Corporate Finance	395	554	71%
30 Information technology	1,008	1,032	98%
31 Customer Care	219	379	58%
32 Business Development	148	410	36%
33 Energy Procurement	121	121	100%
34 Human Resources	144	156	93%
35 Regulatory	138	416	33%
36 Gas Operations	62	320	20%
37 Other	713	1,473	48%
38 Recoveries	(405)	(405)	100%
40 <b>Total</b>	<u>\$ 2,865</u>	<u>\$ 4,811</u>	<u>60%</u>

