



Schedule 3.5 – 2024 Budget – REDACTED

April 15, 2024

Liberty Utilities (Gas New Brunswick)
Budgeted Balance Sheet for Regulatory Purposes
For the year ended December 31, 2024

1	Notice to Reader: Subject to review by the New Brunswick Energy and Utilities Board		
2			
3	(In thousands of dollars)		
4			
5	Assets		<u>2024</u>
6			
7	Regulated Assets		
8	Property, Plant and Equipment	(Note 2)	
9	Gas Distributor Plant in Service - Net		\$ 202,272
10	Construction Work in Progress - Gas Distributor Plant		<u>1,343</u>
11	Total Property, Plant and Equipment		203,615
12			
13	Intangible Software - Net	(Note 3)	13,547
14			
15	Development O&M Capitalized Costs - Net	(Note 4)	66,486
16			
17	Short term Investments		-
18			
19	Total Regulated Rate Base Assets		<u>283,648</u>
20			
21	Other Regulated Assets	(Note 5)	59,800
22			
23	Total Regulated Assets		<u>343,448</u>
24			
25	Regulatory Deferral	(Note 1)	116,821
26			
27	Total Assets		<u><u>\$ 460,269</u></u>
28			
29	Liabilities and Partner's Equity		
30			
31	Partner's Equity (Rate Base)		\$ 161,963
32			
33	Long-term Advances from Associates and Affiliates	(Note 6)	155,000
34			
35	Other Regulated Liabilities	(Note 7)	26,485
36			
37			<u>343,448</u>
38			
39	Partner's Equity (Regulatory Deferral)		116,821
40			
41	Total Liabilities and Partner's Equity		<u><u>\$ 460,269</u></u>
42			
43	Financial Statement Effects of Rate Regulation and Legislative Changes - Note 1		
44	Rate Base for Regulatory Purposes - Note 12		
45	Capital Structure for Regulatory Purposes - Note 13		



Liberty Utilities (Gas New Brunswick)
Statement of Budgeted Income for Regulatory Purposes
For the year ended December 31, 2024

1	Notice to Reader: Subject to review by the New Brunswick Energy and Utilities Board		
2			
3	(In thousands of dollars)		
4			2024
5	Revenue		
6	Operating Revenue	(Note 8)	
7	Gas Distribution		\$ 48,754
8	Miscellaneous		3,585
9	Allowance for Funds Used During Construction		<u>13</u>
10			52,353
11			
12	Total Revenue		<u>52,353</u>
13			
14	Expenses		
15	Operating Expenses		
16	Operating and Maintenance	(Note 9)	14,345
17	Other Expense		110
18	Bad Debt		199
19			
20	Amortization of Property, Plant and Equipment		7,636
21			
22	Municipal and Other Taxes		1,250
23			
24	Interest on Amounts Due to Associates and Affiliates and Other Interest	(Note 10)	5,164
25			
26	Amortization of Development O&M Capitalized Costs		2,793
27			
28	Amortization of Intangible Software		633
29			
30	Amortization of Regulatory Deferral Account		3,846
31			
32	Total Expenses		<u>35,976</u>
33			
34	Income before Extraordinary Items, Regulatory Deferral and Return on Rate Base		16,376
35			
36	Amortization of Ratepayer Variance Accounts		(535)
37			
38	Net Income Before Income Tax		<u>16,911</u>
39			
40	Income Tax Expense	(Note 15)	4,422
41			
42	Net Income		<u>\$ 12,489</u>
43			
44	Regulated Return on Equity	(Note 11)	<u>\$ 12,489</u>



Liberty Utilities (Gas New Brunswick)
Notes to 2024 Budgeted Regulatory Financial Results
For the year ended December 31, 2024

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

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3 The Public Utility's primary business activities are subject to regulation by the New Brunswick Energy and Utilities Board (EUB).

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

9

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

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

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

28

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

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

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	2024			
	Cost	Accumulated Amortization	Net Book Value	Rates of Amortization
Regulatory Deferral Account, Allowed by Legislation	\$ 100,000	\$ (19,231)	\$ 80,769	3.85%
Regulatory Deferral Account	36,052	-	36,052	0.00%
Total Regulatory Deferral Account, Net	<u>\$ 136,052</u>	<u>\$ (19,231)</u>	<u>\$ 116,821</u>	



Liberty Utilities (Gas New Brunswick)
Notes to 2024 Budgeted Regulatory Financial Results
For the year ended December 31, 2024

1 (In thousands of dollars)

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

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		2024			
		Cost	Accumulated Amortization	Net Book Value	Rates of Amortization
5					
6					
7	General plant				
8	Computer hardware	\$ 1,160	\$ (219)	\$ 941	8.87%
9	Tools and work equipment	777	(404)	373	14.53%
10	Office furniture and equipment	415	(265)	150	6.41%
11	Transportation	3,303	(1,148)	2,156	6.32%
12	Incentives	3,577	(1,742)	1,836	20.00%
13	Leasehold improvements	560	(273)	288	20.00%
14	Subtotal	<u>9,794</u>	<u>(4,050)</u>	<u>5,743</u>	
15					
16	Distribution plant				
17	Land	406	-	406	0.00%
18	Rights of way and easements	189	-	189	0.00%
19	Distribution mains	148,603	(47,504)	101,099	1.64%
20	Street services	90,757	(24,854)	65,902	1.74%
21	Meters and regulators	26,093	(7,748)	18,346	7.63%
22	Stations	21,054	(10,467)	10,587	2.82%
23	Subtotal	<u>287,102</u>	<u>(90,574)</u>	<u>196,528</u>	
24					
25	Total plant in service	296,895	(94,624)	202,272	
26					
27	Construction work in progress	1,343		1,343	
28					
29	Total property, plant & equipment	<u>\$ 298,239</u>	<u>\$ (94,624)</u>	<u>\$ 203,615</u>	



Liberty Utilities (Gas New Brunswick)
Notes to 2024 Budgeted Regulatory Financial Results
For the year ended December 31, 2024

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**

	2024			
	Cost	Accumulated Amortization	Net Book Value	Rates of Amortization
	\$ 13,918	\$ (371)	\$ 13,547	4.96%
Total Intangible Software, Net	<u>\$ 13,918</u>	<u>\$ (371)</u>	<u>\$ 13,547</u>	

	2024			
	Cost	Accumulated Amortization	Net Book Value	Rates of Amortization
	\$ 114,952	\$ (48,466)	\$ 66,486	2.43%
Development O&M Capitalized Costs, Net	<u>\$ 114,952</u>	<u>\$ (48,466)</u>	<u>\$ 66,486</u>	



Liberty Utilities (Gas New Brunswick)
Notes to 2024 Budgeted Regulatory Financial Results
For the year ended December 31, 2024

1 (In thousands of dollars)

2

3 **Note 5 Other Regulated Assets**

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2024

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6 Cash \$ 176

7 Accounts Receivable 43,903

8 Prepaid 1,023

9 Inventory 1,709

10 Right-of-use Asset 1,041

11 Other Long-term Asset 142

12 GST/HST Receivable 11,806

13 Ratepayer Variance Asset 0

14 **Total Other Regulated Assets** \$ 59,800



Liberty Utilities (Gas New Brunswick)
Notes to 2024 Budgeted Regulatory Financial Results
For the year ended December 31, 2024

1 (In thousands of dollars)

2

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

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	Issue Date	Maturity Date	Amount	2024 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 2024 Budgeted Regulatory Financial Results
For the year ended December 31, 2024

1 (In thousands of dollars)

2

3 **Note 7** Other Regulated Liabilities

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2024

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7 Accounts Payable

\$ 25,444

8 Lease liability

1,041

9 HST Payable

-

10 Pension Liability

-

11 Ratepayer Variance Liabilities

-

12 Total Other Regulated Liabilities

\$ 26,485



Liberty Utilities (Gas New Brunswick)
Notes to 2024 Budgeted Regulatory Financial Results
For the year ended December 31, 2024

1 (In thousands of dollars)

2

3 **Note 8 Operating Revenue**

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5 **a. Gas Distribution**

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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

	2024		
	Revenue	Customers	Throughput TJs
Small General Service (SGS)	8,782	8,422	582
Mid-General Service (MGS)	15,775	3,659	1,301
Large General Service (LGS)	13,694	443	1,731
Contract General Service (CGS)	4,196	59	632
Industrial Contract General Service (ICGS)	6,238	10	1,748
Off-peak Service (OPS)	69	12	11
Total	48,754	12,605	6,005

	2024
Single End-User Franchise Fee	
Large Industrial Contract Service (LICS) Revenue	
Agent Billing and Collection	
Interest Income	
Late Payment Penalties	
Red Lock & NSF Fee Revenue	
Transactional Services	
Total Miscellaneous Revenues	\$ 3,585

	2024
Small General Service (SGS)	
Mid-General Service (MGS)	
Large General Service (LGS)	
Contract General Service (CGS)	
Industrial Contract General Service (ICGS)	
Off-peak Service (OPS)	
Total Agent Billing and Collection Revenue	



Liberty Utilities (Gas New Brunswick)
Notes to 2024 Budgeted Regulatory Financial Results
For the year ended December 31, 2024

1	(In thousands of dollars)	
2		
3	Note 9 Operating and Maintenance Expenses	
4		<u>2024</u>
5		
6	Corporate Management	\$ 790
7	Financial Reporting	2,190
8	Information technology	401
9	Regulatory & Upstream	1,199
10	Sales & Marketing	1,760
11	Distribution & Maintenance	8,515
12	Customer Care	753
13	Human Resources	104
14	Corporate Allocations	4,854
15		
16	Total Prior to Capitalization	<u>20,565</u>
17		
18	Total Capitalized	6,220
19		
20	Total Expense	<u><u>\$ 14,345</u></u>



Liberty Utilities (Gas New Brunswick)
Notes to 2024 Budgeted Regulatory Financial Results
For the year ended December 31, 2024

1	(In thousands of dollars)	
2		
3	Note 10 Interest on Amounts Due to Associates and Affiliates and Other Interest	
4		<u>2024</u>
5		
6	Interest on Long-term Debt	\$ 5,160
7	AIDC - Allowance for Funds Used During Construction (Debt Component)	4
8		
9	Total Interest on Amounts Due to Associates and Affiliates and Other Interest	<u>\$ 5,164</u>
10		
11	Note 11 Regulated Return on Equity	
12		<u>2024</u>
13		
14	Regulated Return on Equity	\$ 12,480
15	Excess Returned to Customers	-
16	Mechanism to Adjust Regulatory Deferral as per Legislation	-
17	AEDC - Allowance for Funds Used During Construction (Equity Component)	9
18		
19	Total Regulated Return on Equity	<u>\$ 12,489</u>



Liberty Utilities (Gas New Brunswick)
Notes to 2024 Budgeted Regulatory Financial Results
For the year ended December 31, 2024

1	(In thousands of dollars)	
2		
3	Note 12 Rate Base for Regulatory Purposes	
4		<u>2024</u>
5	Property, Plant & Equipment	
6	Cost	\$ 296,895
7	Accumulated Amortization	(94,624)
8	Property, Plant & Equipment, Net	<u>202,272</u>
9		
10	Intangible Software	
11	Cost	13,918
12	Accumulated Amortization	(371)
13	Intangible Software, Net	<u>13,547</u>
14		
15	Development O&M Capitalized Costs	
16	Cost	114,952
17	Accumulated Amortization	(48,466)
18	Development O&M Capitalized Costs, Net	<u>66,486</u>
19		
20	Term Deposit	-
21		
22	Working Capital Allowance	2,744
23		
24	Total Rate Base	<u>\$ 285,049</u>
25		
26	Average Rate Base	<u>\$ 282,988</u>



Liberty Utilities (Gas New Brunswick)
Notes to 2024 Budgeted Regulatory Financial Results
For the year ended December 31, 2024

1 (In thousands of dollars)

2

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

4

2024

5 **Capital Structure**

6 Long-term Debt

\$ 155,000

7 Equity

161,963

8 Total

\$ 316,963

9

10 **Capital Structure Percentage**

11 Long-term Debt

48.90%

12 Equity

51.10%

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 2024 Budgeted Regulatory Financial Results
For the year ended December 31, 2024

1 (In thousands of dollars)

2

3 **Note 14** Details of Affiliate Transaction

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5 Consulting and Services	APUC	LABS Canada	LUCC/LUSC Corp. US	LABS US	East Region	SLG and Other Liberty Companies
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7

8

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)

20

21 Total	<u>\$ 349</u>	<u>\$ 1,253</u>	<u>\$ 378</u>	<u>\$ 377</u>	<u>\$ 591</u>	<u>\$ (85)</u>
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23 Consulting and Services	Total Affiliate Consulting and Services	Total Consulting and Services	Affiliate Expenditure as Percent of Total Consulting and Services
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24

25

26

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%

39

40 Total	<u>\$ 2,865</u>	<u>\$ 4,811</u>	<u>60%</u>
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Liberty Utilities (Gas New Brunswick)
Notes to 2024 Budgeted Regulatory Financial Results
For the year ended December 31, 2024

1	(In thousands of dollars)	
2		
3	Note 15 Taxable Income	
4		<u>2024</u>
5		
6	Book Income	\$ 16,911
7		
8	Meals & entertainment (50%)	44
9	Book depreciation of PPE	7,636
10	Amortization of deferred charges	2,793
11	Amortization of intangible software	633
12	Amortization of regulatory deferral account	3,846
13	Amortization of Regulatory variance account	(535)
14	Tax depreciation	(9,383)
15	Capitalized admin overhead	(6,220)
16	Incentive payment capitalized	<u>(1,150)</u>
17		
18	Capitalized interest during construction	(13)
19	Movement of Purchased Gas variance accounts	<u>684</u>
20		
21	Taxable income before losses	15,248
22	LCF used	-
23		
24	Taxable income	15,248
25	Tax Rate	29%
26	Regulated cash tax expense	<u>\$ 4,422</u>

