

SCHEDULE 4.1

2013 Actuals

Review of 2013 Regulatory Financial Statements/2015 Rate Application

**Enbridge Gas New Brunswick**  
 Balance Sheet for Regulatory Purposes  
 As at December 31, 2013

**Notice to Reader: Subject to approval by the New Brunswick Energy and Utilities Board**

(in thousands of dollars)

<b>Assets</b>	<u>2013</u>	<u>2012</u>
<b>Regulated Assets</b>		
<b>Property, Plant and Equipment (Note 2)</b>		
<b>Gas Distributor Plant in Service - Net</b> (includes AFUDC capitalized during 2013 of \$44.83)	\$ 173,933	\$ 173,450
<b>Construction Work In Progress - Gas Distributor Plant</b>	<u>824</u>	<u>88</u>
<b>Total Property, Plant &amp; Equipment</b>	174,757	173,538
<b>Deferred Charges</b>		
<b>Deferred Development Costs - Net (Note 3)</b>	425	531
<b>Development O&amp;M Capitalized Costs - Net (Note 4)</b>	<u>97,201</u>	<u>99,993</u>
<b>Total Deferred Charges</b>	97,626	100,524
	<u>2,971</u>	<u>2,992</u>
<b>Short Term Investments</b>		
<b>Total Regulated Rate Base Assets</b>	<u>275,354</u>	<u>277,054</u>
<b>Other Regulated Assets (Note 5)</b>	<u>31,767</u>	<u>18,093</u>
<b>Total Regulated Assets</b>	<u>307,121</u>	<u>295,147</u>
<b>Regulatory Deferral (Note 1)</b>	<u>179,317</u>	<u>177,009</u>
<b>Total Assets</b>	<u>\$ 486,438</u>	<u>\$ 472,156</u>
<b>Liabilities and Partner's Equity</b>		
<b>Partner's Equity (Ratebase)</b>	\$ 141,857	\$ 138,091
<b>Long-term Advances from Associates and Affiliates (Note 6)</b>	124,500	142,000
<b>Other Regulated Liabilities (Note 7)</b>	<u>40,764</u>	<u>15,056</u>
	307,121	295,147
<b>Partner's Equity (Regulatory Deferral)</b>	<u>179,317</u>	<u>177,009</u>
<b>Total Liabilities and Equity</b>	<u>\$ 486,438</u>	<u>\$ 472,156</u>

**Financial Statement Effects of Rate Regulation and Legislative Changes – Note 1**  
**Rate Base for Regulatory Purposes – Note 12**  
**Capital Structure for Regulatory Purposes – Note 13**

Review of 2013 Regulatory Financial Statements/2015 Rate Application

**Enbridge Gas New Brunswick**  
Statement of Income for Regulatory Purposes  
As of December 31, 2013

**Notice to Reader: Subject to approval by the New Brunswick Energy and Utilities Board**

(in thousands of dollars)

	2013		2012
<b>Revenue</b>			
<b>Operating Revenue</b> (Note 8)			
Gas distribution	\$ 44,208		\$49,811
Miscellaneous	429		426
<b>Allowance for Funds Used During Construction</b>	45		307
	44,682		50,543
<b>Service and Inspections</b>			
Revenue	725		1,208
Cost of goods sold	(489)		(1,229)
	236		(21)
<b>Total Revenue</b>	44,918		50,522
<b>Expenses</b>			
<b>Operating Expenses</b>			
Operating and maintenance expenses (Note 9)	11,770	\$ 1.80	14,698
Transportation (net)	1,719	0.26	2,056
	13,489		16,754
Other Expenses	15	0.00	-
Bad debt expense	327	0.05	384
<b>Amortization of Property, Plant and Equipment</b>	7,271	1.11	6,715
<b>Municipal and Other Taxes</b>	1,190	0.18	1,184
<b>Interest on Amounts Due to Associates &amp; Affiliates and Other Interest</b> (Note 10)	9,230	1.41	9,249
<b>Amortization of Deferred Development Costs</b>	2,898	0.44	2,945
<b>Total Expenses</b>	34,420	\$ 5.25	37,229
<b>Income before Extraordinary Items, Regulatory Deferral and Return on Rate Base</b>	10,498		13,292
<b>Regulatory Deferral</b>	2,308		(1,738)
<b>Regulated Return on Equity</b> (Note 11)	\$ 12,806		\$11,554
<b>Total GJs</b>	6,552,585		

**Financial Statement Effects of Rate Regulation and Legislative Changes – Note 1**  
**Details of Affiliate Transactions – Note 14**

## **Enbridge Gas New Brunswick**

Notes to 2013 Regulatory Financial Results  
For the year ended December 31, 2013

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### **Note 1 Financial Statement Effects of Rate Regulation and Legislative Changes**

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

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

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

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

Enbridge Inc., on behalf of the Public Utility, maintains a pension plan which provides defined benefit pension benefits to employees. As prescribed by the EUB, contributions made to the plan are expensed as paid, consistent with the recovery of such costs in rates. Under GAAP, pension costs and obligations for defined benefit pension plans are determined using the projected benefit method and are charged to income as services are rendered.

The Public Utility had been subject to non-traditional regulation which recognized its immature nature. Unlike many similar utilities, the Public Utility's rates were not set on a cost based methodology. Prior to October 1, 2012, the Public Utility's rates were set exclusively based upon a market based methodology, and were based on a targeted savings over alternate fuel for end use customers. This rate setting methodology had been approved by the EUB for use during the development period after which rates are expected to be cost based.

## **Enbridge Gas New Brunswick**

Notes to 2013 Regulatory Financial Results  
For the year ended December 31, 2013

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### **Note 1 Financial Statement Effects of Rate Regulation and Legislative Changes (continued)**

In December 2011, the Province of New Brunswick introduced legislation that outlined new rate classes, and a new rate setting methodology for the Public Utility. The legislation subsequently received proclamation on January 18, 2012, with the supporting Rates and Tariffs Regulation being filed April 16, 2012. As a result of the legislation, effective March 1, 2012, the Public Utility was directed to combine the Small General Service Residential Oil (SGSRO) and Small General Service Residential Electric (SGSRE) rate classes into a single Small General Service Residential (SGSR) class and apply the SGSRE distribution rate to all customers. In addition, effective October 1, 2012, the Public Utility was directed to establish new rate classes for all customers, with rates to be based on the lesser of the market based rate, or the cost of service rate with an allowed multiplier to allow for a level of cross-subsidization with a revenue to cost ratio not exceeding 1.2:1 for any class of customer. The regulation also stipulated the target saving level and alternative fuel sources to be used in determining the market based rates.

In May 2013, in response to an appeal launched by EGNB, the New Brunswick Court of Appeal ruled that Section 4(1) of the legislation restricting the revenue to cost ratio to 1.2:1 was ultra vires. In response EGNB filed a rate variance application with the Board and received new rates effective August 1, 2013 which will allow EGNB to establish rates for cost of services customers without rate caps imposed.

The legislation noted above also provided direction with regards to the regulatory deferral account, which the EUB had historically approved to capture the difference between the Public Utility's regulated revenues and its revenue requirement, which non-regulated enterprises would not recognize. Based on the legislative changes, the Public Utility is no longer permitted to depreciate, amortize, earn a return on, or otherwise consider the regulatory deferral account when calculating its revenue requirement. In response to this legislation the Public Utility has not considered the deferral account for the purpose of establishing the revenue requirement, however it will remain as an asset on Enbridge Gas New Brunswick's balance sheet as it remains an asset of the Public Utility for regulatory purposes. Similarly, the capital structure associated with the regulatory deferral account will also remain on the balance sheet, however, the debt and equity associated with the regulatory deferral account are not considered when calculating the allowed rate of return for the Public Utility.

**Enbridge Gas New Brunswick**

Notes to 2013 Regulatory Financial Results

For the year ended December 31, 2013

(in thousands of dollars)

**Note 2 Property, Plant & Equipment**

			<b>2013</b>	<b>2012</b>	
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	<b>Net Book Value</b>	<b>Rates of Amortization</b>
<b>Property, plant &amp; equipment</b>					
General plant					
Computer hardware & software	\$ 3,248	\$ (2,523)	\$ 725	\$ 1,017	28.80%
Tools and work equipment	1,787	(308)	1,479	572	5.30%
Office furniture and equipment	489	(185)	304	324	4.40%
Transportation	1,451	(657)	794	878	18.45% /11.8%
Communications	81	(81)	-	16	28.80%
Incentives	232	(10)	222	-	20.00%
Leasehold improvements	899	(663)	236	317	1
Subtotal	<u>8,187</u>	<u>(4,427)</u>	<u>3,760</u>	<u>3,124</u>	
Distribution plant					
Land	375	-	375	375	-
Rights of way and easements	156	-	156	156	-
Distribution mains	119,676	(21,796)	97,880	99,170	2.43%
Street services	56,660	(12,553)	44,107	43,327	3.83%
Meters and regulators	21,215	(3,389)	17,826	16,988	3.83%
Stations	14,345	(4,516)	9,829	10,310	4.40%
Subtotal	<u>212,427</u>	<u>(42,254)</u>	<u>170,173</u>	<u>170,326</u>	
Total plant in service	220,614	(46,681)	173,933	173,450	
Construction work in progress	824	-	824	\$ 88	-
<b>Total property, plant &amp; equipment</b>	<u>\$ 221,438</u>	<u>\$ (46,681)</u>	<u>\$ 174,757</u>	<u>\$ 173,538</u>	

1 - Amortized over the term of the related leases.

**Enbridge Gas New Brunswick**

Notes to 2013 Regulatory Financial Results  
For the year ended December 31, 2013

(in thousands of dollars)

**Note 3 Deferred Development Costs - Net**

			<u>2013</u>	<u>2012</u>	
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	<b>Net Book Value</b>	<b>Rates of Amortization</b>
Franchise fee	\$ 1,500	\$ (1,075)	\$ 425	\$ 500	5.00%
Deferred carrying costs	<u>1,784</u>	<u>(1,784)</u>	<u>-</u>	<u>31</u>	20.00%
<b>Total deferred development costs, net</b>	<u>\$ 3,284</u>	<u>\$ (2,859)</u>	<u>\$ 425</u>	<u>\$ 531</u>	

**Note 4 Development O&M Capitalized Costs – Net**

			<u>2013</u>	<u>2012</u>	
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	<b>Net Book Value</b>	<b>Rates of Amortization</b>
Development O&M capitalized costs	\$ 114,952	\$ (17,751)	\$ 97,201	\$ 99,993	2.43%
<b>Total development O&amp;M capitalized costs, net</b>	<u>\$ 114,952</u>	<u>\$ (17,751)</u>	<u>\$ 97,201</u>	<u>\$ 99,993</u>	

**Enbridge Gas New Brunswick**

Notes to 2013 Regulatory Financial Results  
For the year ended December 31, 2013

(in thousands of dollars)

**Note 5 Other Regulated Assets**

	<u>2013</u>	<u>2012</u>
Cash & Short Term Investments	\$ 8,697	\$ -
Accounts Receivable	19,941	12,644
Inventory	1,110	1,170
Long term receivable	<u>2,019</u>	<u>4,279</u>
	<u>\$ 31,767</u>	<u>\$ 18,093</u>



**Enbridge Gas New Brunswick**  
Notes to 2013 Regulatory Financial Results  
For the year ended December 31, 2013

(in thousands of dollars)

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

	Issue Date	Maturity Date	Amount	2013 Cost of Debt			Amount	2012 Cost of Debt		
				Enbridge Inc.	EGNB	Regulated		Enbridge Inc.	EGNB	Regulated
Promissory Note	30-Dec-03	30-Dec-13	\$ -	-	-	-	\$ 10,000	5.34%	7.14%	6.34%
Promissory Note	23-Mar-04	24-Mar-14	5,000	5.33%	6.69%	6.33%	5,000	5.33%	6.69%	6.33%
Promissory Note	30-Nov-04	28-Nov-14	21,000	5.69%	6.95%	6.69%	21,000	5.69%	6.95%	6.69%
Promissory Note	30-Mar-05	30-Mar-15	6,000	5.04%	6.93%	6.04%	6,000	5.04%	6.93%	6.04%
Promissory Note	28-Dec-05	28-Dec-15	14,000	4.59%	6.53%	5.59%	14,000	4.59%	6.53%	5.59%
Promissory Note	19-Dec-06	19-Dec-16	18,000	4.82%	6.52%	5.82%	18,000	4.82%	6.52%	5.82%
Promissory Note	20-Dec-07	20-Dec-17	20,000	5.54%	5.85%	6.54%	20,000	5.54%	5.85%	6.54%
Promissory Note	19-Dec-08	19-Dec-13	-	-	-	-	15,000	6.85%	7.85%	7.85%
Promissory Note	9-Dec-09	9-Dec-19	15,000	4.63%	5.63%	5.63%	15,000	4.63%	5.63%	5.63%
Promissory Note	22-Sep-10	22-Sep-15	4,000	3.25%	4.25%	4.25%	4,000	3.25%	4.25%	4.25%
Promissory Note	30-Dec-11	30-Dec-21	14,000	4.50%	5.50%	4.50%	14,000	4.50%	5.50%	5.50%
Promissory Note	8-Jan-13	8-Jan-20	7,500	3.67%	4.67%	4.67%	-	0.00%	0.00%	0.00%
Total long-term advances from associates and affiliates			<u>\$ 124,500</u>	<u>5.04%</u>	<u>6.25%</u>	<u>6.03%</u>	<u>\$ 142,000</u>	<u>4.51%</u>	<u>5.46%</u>	<u>6.04%</u>

The cost of debt of EGNB is limited to the actual borrowing rate of Enbridge Inc. plus 1%.

**Enbridge Gas New Brunswick**

Notes to 2013 Regulatory Financial Results  
For the year ended December 31, 2013

(in thousands of dollars)

**Note 7 Other Regulated Liabilities**

	<u>2013</u>	<u>2012</u>
Short Term Indebtedness	\$ -	\$ 413
Due to Affiliated Companies	25,000	923
Accounts Payable	12,648	8,619
Long Term Payable	2,115	4,075
Long Term Deferred Post Employment Liabilities	1,001	1,026
	<u>\$ 40,764</u>	<u>\$ 15,056</u>

**Enbridge Gas New Brunswick**

Notes to 2013 Regulatory Financial Results  
For the year ended December 31, 2013

(in thousands of dollars)

**Note 8 Operating Revenue**

**a. Gas Distribution**

	<u>2013</u>			<u>January - September 2012</u>		
	<u>Revenue</u>	<u>Customers</u>	<u>Throughput TJs</u>	<u>Revenue</u>	<u>Customers</u>	<u>Throughput TJs</u>
Small general service (SGS)				\$ 9,300	9,997	646
General service (GS)				9,608	1,234	655
Contract general service (CGS)				10,246	321	843
Contract large general service (CLGS-LFO)				6,104	31	1,201
Contract large general service (CLGS-HFO)				3,055	10	837
Off peak service				46	14	4
Sub-Total				<u>38,359</u>	<u>11,607</u>	<u>4,186</u>
				<u>October - December 2012</u>		
	<u>Revenue</u>	<u>Customers</u>	<u>Throughput TJs</u>	<u>Revenue</u>	<u>Customers</u>	<u>Throughput TJs</u>
Small general service (SGS)	\$ 12,843	10,144	932	\$ 3,330	9,940	246
Mid-general service (MGS)	11,729	1,480	966	2,912	1,466	254
Large general service (LGS)	8,016	423	1,152	2,080	394	313
Contract general service (CGS)	5,468	98	1,100	1,414	92	308
Industrial contract general service (ICGS)	5,953	10	2,351	1,716	10	648
Off peak service (OPS)	199	15	51	-	13	-
Sub-Total	<u>\$ 44,208</u>	<u>12,170</u>	<u>6,552</u>	<u>\$ 11,452</u>	<u>\$ 11,915</u>	<u>\$ 1,769</u>
Total	<u>\$ 44,208</u>	<u>12,170</u>	<u>6,552</u>	<u>\$ 49,811</u>	<u>11,915</u>	<u>5,955</u>

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

**Enbridge Gas New Brunswick**

Notes to 2013 Regulatory Financial Results

For the year ended December 31, 2013

(in thousands of dollars)

**Note 8 Operating Revenue (continued)**

**b. Miscellaneous**

	<u>2013</u>	<u>2012</u>
Agent billing and collection	\$ 174	\$ 140
Other miscellaneous revenue	255	286
<b>Total miscellaneous</b>	<b>\$ 429</b>	<b>\$ 426</b>

**Details of Agent Billing and Collection Revenues**

(in dollars)

	<u>2013</u>	<u>January - September 2012</u>
Agent billing and collection		
Small general service (SGS)		\$ 81,192
General service (GS)		10,757
Contract general service (CGS)		6,880
Agent billing		
Contract large general service (CLGS-LFO)		636
Contract large general service (CLGS-HFO)		330
Contract large volume service (CLVOPS)		8
Off peak service (OPS)		628
<b>Sub-total</b>		<b>\$ 100,431</b>
		<b>October- December 2012</b>
Agent billing and collection		
Small general service (SGS)	\$ 136,831	\$ 31,278
Mid-general service (MGS)	20,312	4,786
Large general service (LGS)	12,855	2,808
Contract general service ( CGS)	2,454	590
Industrial contract general service ( ICGS)	401	96
Off peak service (OPS)	715	157
<b>Sub-total</b>	<b>173,568</b>	<b>39,715</b>
<b>Total agent billing and collection revenue</b>	<b>\$ 173,568</b>	<b>\$ 140,146</b>

**Enbridge Gas New Brunswick**

Notes to 2013 Regulatory Financial Results  
For the year ended December 31, 2013

(in thousands of dollars)

**Note 9 Operating and Maintenance Expenses**

	<u>2013</u>	<u>2012</u>
Corporate management	\$ 2,572	\$ 2,094
Corporate administration	858	1,114
Financial reporting	907	791
Information technology	1,108	857
Regulatory & upstream	613	1,083
Sales & marketing	999	6,119
Distribution & maintenance	5,813	5,367
Customer care	1,147	1,360
Human resources	2,896	2,978
Gas transportation and related activities	<u>1,719</u>	<u>2,056</u>
<b>Total prior to capitalization</b>	<u>18,632</u>	<u>23,819</u>
Property, plant & equipment	<u>5,143</u>	<u>7,065</u>
<b>Total capitalized</b>	<u>5,143</u>	<u>7,065</u>
<b>Total expense</b>	<u>\$ 13,489</u>	<u>\$ 16,754</u>

**Enbridge Gas New Brunswick**

Notes to 2013 Regulatory Financial Results

For the year ended December 31, 2013

(in thousands of dollars)

**Note 10 Interest on Amounts Due to Associates & Affiliates and Other Interest**

	<u>2013</u>	<u>2012</u>
Interest on long-term debt	\$ 9,212	\$ 9,106
Other interest (revenue)/expense	-	19
AIDC - allowance for funds used during construction (debt component)	<u>18</u>	<u>124</u>
<b>Total interest on amounts due to associates &amp; affiliates and other interest</b>	<b><u>\$ 9,230</u></b>	<b><u>\$ 9,249</u></b>

**Note 11 Regulated Return on Equity**

	<u>2013</u>	<u>2012</u>
Regulated return on equity	\$ 12,779	\$ 11,372
AEDC - allowance for funds used during construction (equity component)	<u>27</u>	<u>182</u>
<b>Total regulated return on equity</b>	<b><u>\$ 12,806</u></b>	<b><u>\$ 11,554</u></b>

**Enbridge Gas New Brunswick**

Notes to 2013 Regulatory Financial Results

For the year ended December 31, 2013

(in thousands of dollars)

**Note 12 Rate Base for Regulatory Purposes**

	<u>2013</u>	<u>2012</u>
<b>Property, plant &amp; equipment</b>		
Cost	\$ 220,615	\$ 214,068
Accumulated amortization	(46,682)	(40,618)
Net	<u>173,933</u>	<u>173,450</u>
<b>Deferred charges</b>		
Franchise fee, at cost	1,500	1,500
Accumulated amortization	(1,075)	(1,000)
Net	<u>425</u>	<u>500</u>
Development O&M capitalized costs	114,952	114,952
Accumulated amortization	(17,751)	(14,959)
Net	<u>97,201</u>	<u>99,993</u>
Deferred carrying costs, at cost	1,784	1,784
Accumulated amortization	(1,784)	(1,753)
Net	<u>-</u>	<u>31</u>
* Deferral account	<u>-</u>	<u>-</u>
<b>Total deferred charges</b>	<u>97,626</u>	<u>100,524</u>
<b>Term deposit</b>	2,971	2,992
<b>Working capital allowance</b>	<u>1,621</u>	<u>1,785</u>
<b>Total rate base</b>	<u>\$ 276,151</u>	<u>\$ 278,751</u>
<b>Average rate base</b>	<u>\$277,122</u>	<u>\$ 272,471</u>

\* Deferral account excluded for rate making purposes  
Effective January 1, 2012

**Enbridge Gas New Brunswick**

Notes to 2013 Regulatory Financial Results

For the year ended December 31, 2013

(in thousands of dollars)

Note 13 **Capital Structure for Regulatory Purposes**

	<u>2013</u>	<u>2012</u>
<b>Capital structure</b>		
Long-term debt	\$ 124,500	\$ 142,000
Equity	<u>141,857</u>	<u>138,091</u>
Total	<u>\$ 266,357</u>	<u>\$ 280,091</u>

**Capital structure percentage**

Long-term debt	46.74%	50.70%
Equity	<u>53.26%</u>	<u>49.30%</u>
Total	<u>100.00%</u>	<u>100.00%</u>

**Capital structure average percentage for regulatory purposes**

Long-term debt	55.00%	55.00%
Equity	<u>45.00%</u>	<u>45.00%</u>
Total	<u>100.00%</u>	<u>100.00%</u>

**Weighted cost of capital for regulatory purposes**

Long-term debt	3.32%	3.32%
Equity	<u>4.91%</u>	<u>4.91%</u>
Total	<u>8.23%</u>	<u>8.23%</u>



**Enbridge Gas New Brunswick**  
Notes to 2013 Regulatory Financial Results  
For the year ended December 31, 2013

(in thousands of dollars)

Note 14 **Details of Affiliate Transactions**

	<b>Enbridge Inc.</b>	<b>Enbridge Gas Distribution Inc.</b>	<b>Gazifère Inc.</b>	<b>Enbridge Pipelines Inc.</b>	<b>Total Affiliate Consulting and Services</b>	<b>Total Consulting and Services</b>	<b>Affiliate Expenditure as Percent of Total Consulting and Services</b>
<b>For the period ending December 31, 2013</b>							
Corporate management	\$ 23	\$ 61	\$ -	\$ -	\$ 84	\$ 1,737	5%
Sales & marketing	-	-	-	-	-	484	0%
Human resources	26	41	-	-	67	199	34%
Distribution & maintenance	-	534	-	-	534	1,678	32%
Budget & regulatory	-	3	-	4	7	501	1%
Financial reporting	-	31	-	-	31	198	16%
Customer care	-	-	816	-	816	838	97%
Corporate administration	799	7	-	-	806	806	100%
Gas transportation & related	-	156	-	-	156	156	100%
Information technology	249	166	-	-	415	525	79%
<b>Total</b>	<b>\$ 1,097</b>	<b>\$ 999</b>	<b>\$ 816</b>	<b>\$ 4</b>	<b>\$ 2,916</b>	<b>\$ 7,122</b>	<b>41%</b>
<b>For the period ending December 31, 2012</b>							
Corporate management	\$ 17	\$ 72	\$ -	\$ -	\$ 89	\$ 1,108	8%
Sales & marketing	-	30	-	-	30	335	9%
Human resources	24	33	-	-	57	199	29%
Distribution & maintenance	-	562	-	-	562	1,474	38%
Budget & regulatory	-	-	-	-	-	968	0%
Financial reporting	35	31	-	-	66	170	39%
Customer care	-	31	762	-	793	798	99%
Corporate administration	1,052	8	-	-	1,060	1,060	100%
Gas transportation & related	-	110	-	-	110	110	100%
Information technology	3	200	-	-	203	312	65%
<b>Total</b>	<b>\$ 1,131</b>	<b>\$ 1,077</b>	<b>\$ 762</b>	<b>\$ -</b>	<b>\$ 2,970</b>	<b>\$ 6,534</b>	<b>45%</b>

**Enbridge Gas New Brunswick**

Notes to 2013 Regulatory Financial Results

For the year ended December 31, 2013

(in thousands of dollars)

Note 15 **Service & Inspection Profitability Margin**

	<u>2013</u>	<u>2012</u>
Revenues as per regulatory financial statements	\$ 725	\$ 1,208
	<u>\$ 725</u>	<u>\$ 1,208</u>
Less: Cost of goods sold		
COGS as per regulatory financial statements	\$ 489	\$ 1,229
	<u>\$ 489</u>	<u>\$ 1,229</u>
Adjusted net margin	\$ 236	\$ (21)
Less: Allocated expenses		
O&M expenses	\$ 370	\$ 603
Cost of capital	12	42
Depreciation	19	18
Billing services (Customer Care)	18	2
Bad debt expense	3	254
	<u>\$ 422</u>	<u>\$ 919</u>
Net revenue (loss)	<u>\$ (186)</u>	<u>\$ (940)</u>

**Enbridge Gas New Brunswick**

Notes to 2013 Regulatory Financial Results  
For the year ended December 31, 2013

(in thousands of dollars)

Note 16 **Development Period Test**

	<u>2013</u>	<u>2012</u>
Revenue Requirement	\$ 47,051	\$ 49,419
Capitalized O&M Expenses <sup>1</sup>	5,143	7,065
1 year amortization of Deferral Account <sup>2</sup>	<u>5,971</u>	<u>5,918</u>
Total Revenue Requirement	\$ 58,165	\$ 62,402
Total Gas Distribution Revenues	<u>44,208</u>	<u>49,811</u>
Excess/(Shortfall)	<u>\$ (13,957)</u>	<u>\$ (12,591)</u>

<sup>1</sup> Capitalized O&M expense represents amount capitalized to Property, Plant & Equipment

<sup>2</sup> Assumes 30 year amortization period

**Enbridge Gas New Brunswick**

Notes to 2013 Regulatory Financial Results  
For the year ended December 31, 2013

(in thousands of dollars)

**Note 17 System Expansion Portfolio Test**

	<u>2013 Actual</u>	<u>2012 Actual</u>
<b>Item Capital</b>		
1 Main	\$ 18	\$ 6,130
2 Service Line/ Meter	1,918	2,053
3 Sales Incentive	232	3,711
4 O&M Capitalized to Main	1,563	1,376
5 O&M Capitalized to Service Line / Meter	2,753	1,977
6 O&M Capitalized to Development O&M	-	-
7 <b>Total Capital</b>	<u>6,484</u>	<u>15,247</u>
8 <b>Cost of Capital</b>	8.23%	8.23%
<b>Depreciation Rates</b>		
9 Main & Development O&M	2.43%	2.43%
10 Service Line/ Meter	3.83%	3.83%
11 Sales Incentives	20.00%	0.00%
<b>Net Annual Impact on Revenue Requirement</b>		
Energy (GJs)	127,935	432,023
Revenue	\$ 1,208	\$ 3,456
Less:		
Depreciation: Mains ((item 1 + item 4) * item 9)	38	182
Depreciation: Service Line/ Meter ((item 2 + item 5) * item 10)	179	154
Depreciation: Sales Incentive (item 3 * item 11)	46	90
Depreciation: Development O&M (item 6 * item 9)	-	-
Cost of Capital (item 7 * item 8)	534	1,255
Annual Impact	<u>\$ 411</u>	<u>\$ 1,775</u>
Revenue/Cost Ratio	152%	206%