



# Schedule 4.1 – 2021 Actuals

March 3, 2023

Liberty Utilities (Gas New Brunswick)  
Balance Sheet for Regulatory Purposes  
For the Year Ended December 31, 2021

1	Notice to Reader: Subject to review by the New Brunswick Energy and Utilities Board			
2				
3	(In thousands of dollars)			
4				
5	Assets		2021	2020
6				
7	Regulated Assets			
8	Property, Plant and Equipment	(Note 2)		
9	Gas Distributor Plant in Service - Net		\$ 188,237	\$ 180,687
10	Construction Work in Progress - Gas Distributor Plant		822	2,649
11	Total Property, Plant and Equipment		189,059	183,336
12				
13	Intangible Software - Net	(Note 3)	2,626	2,368
14				
15	Development O&M Capitalized Costs - Net	(Note 4)	74,865	77,658
16				
17	Short term Investments		3,000	3,006
18				
19	Total Regulated Rate Base Assets		269,550	266,368
20				
21	Other Regulated Assets	(Note 5)	24,978	18,392
22				
23	Total Regulated Assets		294,528	284,760
24				
25	Regulatory Deferral	(Note 1)	128,360	132,206
26				
27	Total Assets		\$ 422,888	\$ 416,966
28				
29	Liabilities and Partner's Equity			
30				
31	Partner's Equity (Rate Base)		\$ 127,261	\$ 114,285
32				
33	Long-term Advances from Associates and Affiliates	(Note 6)	155,000	155,000
34				
35	Other Regulated Liabilities	(Note 7)	12,267	15,475
36				
37			294,528	284,760
38				
39	Partner's Equity (Regulatory Deferral)	(Note 1)	128,360	132,206
40				
41	Total Liabilities and Partner's Equity		\$ 422,888	\$ 416,966
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 Income for Regulatory Purposes**  
**For the Year Ended December 31, 2021**

1	<b>Notice to Reader: Subject to review by the New Brunswick Energy and Utilities Board</b>		
2			
3	(In thousands of dollars)		
4		<b>2021</b>	<b>2020</b>
5	<b>Revenue</b>		
6	Operating Revenue (Note 8)		
7	Gas Distribution	\$ 41,504	\$ 42,143
8	Miscellaneous	2,601	1,272
9	Allowance for Funds Used During Construction	106	9
10		44,211	43,424
11	Service and Inspection		
12	Revenue	1,504	1,668
13	Cost of Goods Sold	(1,355)	(1,408)
14		149	260
15			
16	<b>Total Revenue</b>	<b>44,360</b>	<b>43,684</b>
17			
18	<b>Expenses</b>		
19	Operating Expenses		
20	Operating and Maintenance (Note 9)	12,216	14,018
21	Transportation - Net	1,852	2,278
22	Total Operating and Maintenance	14,068	16,296
23			
24	Other	117	52
25	Bad Debt	73	141
26			
27	Amortization of Property, Plant and Equipment	6,719	6,173
28			
29	Municipal and Other Taxes	1,290	1,277
30			
31	Interest on Amounts Due to Associates and Affiliates and Other Interest (Note 10)	4,880	5,363
32			
33	Amortization of Development O&M Capitalized Costs	2,792	2,792
34			
35	Amortization of Intangible Software	130	102
36			
37	Amortization of Regulatory Deferral Account	3,846	3,846
38			
39	<b>Total Expenses</b>	<b>33,915</b>	<b>36,042</b>
40			
41	<b>Income before Extraordinary Items, Regulatory Deferral and Return on Rate Base</b>	<b>10,445</b>	<b>7,642</b>
42			
43	<b>Net Income Before Income Tax</b>	<b>10,445</b>	<b>7,642</b>
44			
45	<b>Income Tax Expense</b>	<b>-</b>	<b>-</b>
46			
47	<b>Net Income</b>	<b>10,445</b>	<b>7,642</b>
48			
49	<b>Regulated Return on Equity</b> (Note 11)	<b>\$ 13,129</b>	<b>\$ 13,074</b>



**Liberty Utilities (Gas New Brunswick)**  
**Notes to 2021 Regulatory Financial Results**  
**For the Year Ended December 31, 2021**

**1 Note 1 Financial Statement Effect 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.

In years prior to its acquisition by Liberty Utilities (Canada) LP, Enbridge Gas New Brunswick Limited Partnership had discontinued the application of regulatory accounting under the principles of U.S. Financial Accounting Standards Board (FASB) ASC Topic 980, Regulated Operations (ASC 980) due to uncertainty around the collectability in rates of certain costs. Based on an analysis performed on acquisition, Liberty Utilities (Gas New Brunswick) LP concluded that the regulatory environment had evolved to a point where the criteria for regulatory accounting would be met going forward as of October 1, 2019. As a result, the regulatory deferral asset, development O&M asset, regulatory liability related to overearnings refunded to customers and disallowances to PPE, were reflected in the GAAP financial statements.

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 Liberty Utility Gas (LUG) 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.

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



Liberty Utilities (Gas New Brunswick)  
Notes to 2021 Regulatory Financial Results  
For the Year Ended December 31, 2021

1 (In thousands of dollars)

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

			2021	2020	Rates of
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	
6 Regulatory Deferral Account, Allowed by Legislation	\$ 100,000	\$ (7,692)	\$ 92,308	\$ 96,154	3.85%
7 Regulatory Deferral Account	\$ 36,052	\$ -	\$ 36,052	\$ 36,052	0.00%
8 Total Intangible Software - Net	<u>\$ 136,052</u>	<u>\$ (7,692)</u>	<u>\$ 128,360</u>	<u>\$ 136,052</u>	



**Liberty Utilities (Gas New Brunswick)**  
**Notes to 2021 Regulatory Financial Results**  
**For the Year Ended December 31, 2021**

(In thousands of dollars)

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

			2021	2020	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	Rates of Amortization
<b>Property, plant &amp; equipment</b>					
General plant					
Computer hardware	\$ 1,356	\$ (446)	\$ 910	\$ 900	8.87%
Tools and work equipment	459	(237)	222	220	14.53%
Office furniture and equipment	431	(270)	161	189	6.41%
Transportation	2,119	(912)	1,207	1,327	6.32%
Incentives	1,264	(642)	622	834	20.00%
Leasehold improvements	418	(140)	278	345	100.00%
Subtotal	6,047	(2,647)	3,400	3,815	
Distribution plant					
Land	406	-	406	375	0.00%
Rights of way and easements	189	-	189	189	0.00%
Distribution mains	139,778	(40,466)	99,312	93,973	1.64%
Street services	77,796	(21,951)	55,845	54,047	1.74%
Meters and regulators	25,832	(7,026)	18,806	19,768	7.63%
Stations	19,051	(8,772)	10,279	8,520	2.82%
Subtotal	263,052	(78,215)	184,837	176,872	
Total plant in service	269,099	(80,862)	188,237	180,687	
Construction work in progress	822	-	822	2,649	
<b>Total property, plant &amp; equipment</b>	<b>\$ 269,921</b>	<b>\$ (80,862)</b>	<b>\$ 189,059</b>	<b>\$ 183,336</b>	



Liberty Utilities (Gas New Brunswick)  
Notes to 2021 Regulatory Financial Results  
For the Year Ended December 31, 2021

(In thousands of dollars)

**Note 3 - Intangible Software - Net**

			2021	2020	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	Rates of Amortization
Intangible Software	\$ 3,229	\$ (603)	\$ 2,626	2,368	4.96%
Total Intangible Software - Net	<u>\$ 3,229</u>	<u>\$ (603)</u>	<u>\$ 2,626</u>	<u>\$ 2,368</u>	

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

			2021	2020	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	Rates of Amortization
Development O&M Capitalized Costs	\$ 114,952	\$ (40,087)	\$ 74,865	\$ 77,658	2.43%
Total Development O&M Capitalized Costs - Net	<u>\$ 114,952</u>	<u>\$ (40,087)</u>	<u>\$ 74,865</u>	<u>\$ 77,658</u>	



**Liberty Utilities (Gas New Brunswick)**  
**Notes to 2021 Regulatory Financial Results**  
**For the Year Ended December 31, 2021**

1	(In thousands of dollars)		
2			
3	<b>Note 5 - Other Regulated Assets</b>		
4		<b>2021</b>	<b>2020</b>
5			
6	Cash	5,594	3,317
7	Accounts Receivable	15,473	10,911
8	Long-term Receivable	107	621
9	Inventory	1,515	1,902
10	Lease Asset	2,289	1,641
11			
12	Total Other Regulated Assets	<u>24,978</u>	<u>18,392</u>





Liberty Utilities (Gas New Brunswick)  
Notes to 2021 Regulatory Financial Results  
For the Year Ended December 31, 2021

1 (In thousands of dollars)

2

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

4

5

	Issue Date	Maturity Date	Amount	2021 Cost of Debt			Amount	2020 Cost of Debt		
				APUC	LUGNB	Regulated		APUC	LUGNB	Regulated
7 Promissory Note	Apr 01, 2020	Feb 14, 2050	\$ 155,000	3.315%	3.315%	3.315%	\$ 155,000	3.315%	3.315%	3.315%
8										
9 Total Long-term Advances										
10 from Associates and Affiliates			\$ 155,000	3.315%	3.315%	3.315%	\$ 155,000	3.315%	3.315%	3.315%



**Liberty Utilities (Gas New Brunswick)**  
**Notes to 2021 Regulatory Financial Results**  
**For the Year Ended December 31, 2021**

1 (In thousands of dollars)

2

3 **Note 7 - Other Regulated Liabilities**

4	2021	2020
5		
6 Ratepayer Variance	-	1,065
7 Accounts Payable	9,978	12,769
8 Lease Liability	2,289	1,641
9		
10 Total Other Regulated Assets	12,267	15,475



Liberty Utilities (Gas New Brunswick)  
Notes to 2021 Regulatory Financial Results  
For the Year Ended December 31, 2021

(In thousands of dollars)

**Note 8 - Operating Revenue**

**a. Gas Distribution**

	2021			2020		
	Revenue	Customers	Throughput TJs	Revenue	Customers	Throughput TJs
Small General Service (SGS)	\$ 7,539	8400	533	\$ 7,707	8401	549
Mid-General Service (MGS)	12,825	3364	1,094	12,477	3216	1,034
Large General Service (LGS)	11,899	413	1,455	10,986	396	1,356
Contract General Service (CGS)	4,206	65	722	5,706	79	869
Industrial Contract General Service (ICGS)	4,956	10	1,352	5,203	9	1,300
Off-peak Service (OPS)	79	10	13	64	10	12
<b>Total</b>	<b>\$ 41,504</b>	<b>12,262</b>	<b>5,169</b>	<b>\$ 42,143</b>	<b>12,111</b>	<b>5,120</b>

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

**b. Miscellaneous**

	2021	2020
Agent Billing and Collection	\$ 228	\$ 218
Single End-User Franchise Fee	2,086	554
Other Miscellaneous Revenue	287	500
<b>Total Miscellaneous</b>	<b>\$ 2,601</b>	<b>\$ 1,272</b>

**Details of Agent Billing and Collection Revenue**  
(in dollars)

	2021	2020
Small General Service (SGS)	\$ 144,185	\$ 140,303
Mid-General Service (MGS)	64,794	59,642
Large General Service (LGS)	15,658	14,338
Contract General Service (CGS)	1,958	2,425
Industrial Contract General Service (ICGS)	416	407
Off-peak Service (OPS)	593	635
<b>Total Agent Billing and Collection Revenue</b>	<b>\$ 227,605</b>	<b>\$ 217,750</b>



**Liberty Utilities (Gas New Brunswick)**  
**Notes to 2021 Regulatory Financial Results**  
**For the Year Ended December 31, 2021**

1 (In thousands of dollars)

2

3 **Note 9 - Operating and Maintenance Expenses**

4

5		<u>2021</u>	<u>2020</u>
6			
7	Corporate Management	\$ 1,465	\$ 1,606
8	Financial Reporting	2,143	3,740
9	Information technology	147	1,590
10	Regulatory & Upstream	1,190	1,208
11	Sales & Marketing	1,397	1,292
12	Distribution & Maintenance	6,851	4,299
13	Customer Care	759	1,328
14	Human Resources	(669)	2,791
15	Corporate Allocations	3,481	-
16	Gas Transportation and Related Activities	1,852	2,278
17			
18	Total Prior to Capitalization	<u>18,616</u>	<u>20,132</u>
19			
20	Property, Plant & Equipment	4,548	3,836
21			
22	Total Capitalized	<u>4,548</u>	<u>3,836</u>
23			
	Total Expense	<u>\$ 14,068</u>	<u>\$ 16,296</u>



**Liberty Utilities (Gas New Brunswick)**  
**Notes to 2021 Regulatory Financial Results**  
**For the Year Ended December 31, 2021**

1 (In thousands of dollars)

2

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

4	2021	2020
5		
6 Interest on Long-term Debt	\$ 4,851	\$ 5,360
7 Other Interest Expense	-	-
8 AIDC - Allowance for Funds Used During Construction (Debt Component)	29	3
9		
10 <b>Total Interest on Amounts Due to Associates and Affiliates and Other Interest</b>	<b>\$ 4,880</b>	<b>\$ 5,363</b>

11

12

13 **Note 11 - Regulated Return on Equity**

14	2021	2020
15		
16 Regulated Return on Equity	\$ 13,052	\$ 13,068
17 Excess Returned to Customers	-	-
18 Mechanism to Adjust Regulatory Deferral as per Legislation	-	-
19 AEDC - Allowance for Funds Used During Construction (Equity Component)	77	6
20		
21 <b>Total Regulated Return on Equity</b>	<b>\$ 13,129</b>	<b>\$ 13,074</b>



**Liberty Utilities (Gas New Brunswick)**  
**Notes to 2021 Regulatory Financial Results**  
**For the Year Ended December 31, 2021**

1 (In thousands of dollars)

2

3 **Note 12 - Rate Base for Regulatory Purposes**

4		2021	2020
5			
6	<b>Property, Plant &amp; Equipment</b>		
7	Cost	\$ 269,099	\$ 256,609
8	Accumulated Amortization	(80,862)	(75,922)
9	Property, Plant & Equipment - Net	188,237	180,687
10			
11	<b>Intangible Software</b>		
12	Cost	3,229	2,841
13	Accumulated Amortization	(603)	(473)
14	Intangible Software - Net	2,626	2,368
15			
16	<b>Development O&amp;M Capitalized Costs</b>		
17	Cost	114,952	114,952
18	Accumulated Amortization	(40,087)	(37,294)
19	Development O&M Capitalized Costs - Net	74,865	77,658
20			
21	<b>Term Deposit</b>	3,000	3,006
22			
23	<b>Working Capital Allowance</b>	2,450	2,776
24			
25	<b>Total Rate Base</b>	\$ 271,178	\$ 266,495
26			
27	<b>Average Rate Base</b>	\$ 266,096	\$ 266,427
28			

29 \*Deferral account excluded for rate making purposes effective January 1, 2021



**Liberty Utilities (Gas New Brunswick)**  
**Notes to 2021 Regulatory Financial Results**  
**For the Year Ended December 31, 2021**

1 (In thousands of dollars)

2

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

4 2021 2020

5 **Capital Structure**

6 Long-term Debt \$ 155,000 \$ 155,000

7 Equity 127,261 114,285

8 Total \$ 282,261 \$ 269,285

9

10 **Capital Structure Percentage**

11 Long-term Debt 54.91% 57.56%

12 Equity 45.09% 42.44%

13 Total 100.00% 100.00%

14

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

16 Long-term Debt 55.00% 55.00%

17 Equity 45.00% 45.00%

18 Total 100.00% 100.00%

19

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

21 Long-term Debt 1.82% 2.01%

22 Equity 4.91% 4.91%

23 Total 6.73% 6.92%



Liberty Utilities (Gas New Brunswick)  
Notes to 2021 Regulatory Financial Results  
For the Year Ended December 31, 2021

1 (In thousands of dollars)

2

3 **Note 14 - Details of Affiliate Transaction**

4

						Saint Lawrence Gas and other Liberty Companies	Total Affiliate Consulting and Services	Total Consulting and Services	Affiliate Expenditure as Percent of Total Consulting and Services
	APUC	LABS Canada	LUCC/LUSC- Corp.US	LABS US	East Region				
<b>Consulting and Services</b>									
<b>For the Year Ended December 31, 2021</b>									
Executive	\$ 294	\$ -	\$ -	\$ -	\$ 251	\$ -	\$ 545	\$ 568	96%
Corporate Finance	-	165	-	4	148	-	317	321	99%
Information technology	-	817	-	71	-	-	888	888	100%
Customer Care	-	-	80	-	43	-	124	217	57%
Business Development	-	-	6	-	147	-	153	180	85%
Energy Procurement	-	-	167	-	-	-	167	177	94%
Human Resources	-	67	-	1	52	-	120	120	100%
Regulatory	-	2	84	15	27	-	128	769	17%
Gas Operations	-	-	260	-	-	-	260	913	28%
Other	157	202	205	70	144	-	778	1,044	75%
Recoveries	-	(227)	-	-	(75)	(80)	(383)	(383)	100%
<b>Total</b>	<b>\$ 452</b>	<b>\$ 1,027</b>	<b>\$ 803</b>	<b>\$ 161</b>	<b>\$ 738</b>	<b>\$ (80)</b>	<b>\$ 3,099</b>	<b>\$ 4,815</b>	<b>64%</b>

						Saint Lawrence Gas	Total Affiliate Consulting and Services	Total Consulting and Services	Affiliate Expenditure as Percent of Total Consulting and Services
	APUC	LUC (LABS)	LUC (LUC)	LUSC (US)	Other Affiliates				
<b>Consulting and Services</b>									
<b>For the Year Ended December 31, 2020</b>									
Corporate Management	\$ -	\$ -	\$ -	\$ 13	\$ -	\$ -	\$ 13	\$ 186	7%
Corporate Administration	-	-	-	-	-	-	-	-	0%
Financial Reporting	20	94	9	638	-	-	761	1,020	75%
Information technology	-	177	35	86	-	-	298	1,002	30%
Regulatory & Upstream	-	10	3	33	-	-	46	858	5%
Sales & Marketing	-	1	-	129	-	-	130	190	68%
Distribution & Maintenance	-	7	-	33	-	-	40	410	10%
Customer Care	-	-	-	27	-	-	27	725	4%
Human Resources	-	82	-	106	-	-	188	375	50%
Other	187	73	38	29	1	-	328	432	76%
Recoveries	-	(446)	-	(9)	(7)	(34)	(496)	(506)	98%
<b>Total</b>	<b>\$ 207</b>	<b>\$ (2)</b>	<b>\$ 85</b>	<b>\$ 1,085</b>	<b>\$ (6)</b>	<b>\$ (34)</b>	<b>\$ 1,335</b>	<b>\$ 4,692</b>	<b>28%</b>





**Liberty Utilities (Gas New Brunswick)**  
**Notes to 2021 Regulatory Financial Results**  
**For the Year Ended December 31, 2021**

1 (In thousands of dollars)

2

3 **Note 15 - Service & Inspection Profitability Margin**

4

5

6 Revenues as per Regulatory Financial Statements 2021 2020

7 Less: Cost of Goods Sold as per Regulatory Financial Statements 1,504 \$ 1,668

8 Adjusted Gross Margin 1,355 1,408

9

10 Less: Allocated Expenses

11 O&M Expenses \$ 183 \$ 304

12 Cost of Capital 8 8

13 Depreciation 32 35

14 Dilling Services (Customer Care) 1 1

15 Bad Debt Expense 1 3

16 225 351

17

18 Net Revenue/(Loss) \$ (76) \$ (91)



Liberty Utilities (Gas New Brunswick)  
Notes to 2021 Regulatory Financial Results  
For the Year Ended December 31, 2021

1	(In thousands of dollars)				
2					
3	Note 16 - System Expansion Portfolio Test				
4					
5					
6	Item Capital	2021	2020	2019	2021 Average 2019-2021
7					
8	1 Main	\$ 5,806	\$ 222	\$ 866	\$ 2,298
9	2 Service Line	1,843	2,743	1,705	2,097
10	3 Sales Incentive	150	181	863	398
11	4 Meter & Regulators	252	514	486	417
12	5 O&M Capitalized to Main	1,765	286	487	846
13	6 O&M Capitalized to Service Line	1,206	1,457	1,322	1,328
14	7 O&M Capitalized to Meter & Regulators	282	744	512	513
15	8 Total Capital	11,305	6,147	6,241	7,898
16					
17	9 Cost of Capital	6.73%	6.92%	7.51%	7.05%
18					
19	Depreciation Rates				
20	10 Main	1.64%	1.64%	1.64%	1.64%
21	11 Service Line	1.74%	1.74%	1.74%	1.74%
22	12 Meter & Regulators	7.63%	7.63%	7.63%	7.63%
23	13 Sales Incentives	20.00%	20.00%	20.00%	20.00%
24					
25	Net Annual Impact on Revenue Requirement				
26	Energy (GJs)	309,876	102,798	71,017	161,230
27	Revenue	\$ 1,380	\$ 1,078	\$ 742	\$ 1,067
28	Less:				
29	Depreciation: Mains (item 1 + item 5) * item 10	124	8	22	52
30	Depreciation: Service Line (item 2 + item 6) * item 11	53	73	53	60
31	Depreciation: Sales Incentive (item 3 * item 13)	30	36	173	80
32	Depreciation: Meter & Regulator (item 4 + item 7) * item 12	41	96	76	71
33	Cost of Capital (item 8 * item 9)	761	425	469	557
34					
35	Annual Impact	\$ 371	\$ 440	\$ (51)	\$ 247
36					
37	Revenue/Cost Ratio	137%	169%	94%	130%

