

SCHEDULE 4.2

2012 Budget

**Enbridge Gas New Brunswick**  
 Budget Balance Sheet for Regulatory Purposes  
 As at December 31, 2012

(in thousands of dollars)

| <b>Assets</b>  | <b>2012</b>       |
|--|-------------------|
| <b>Regulated Assets</b>  |                   |
| <b>Property, Plant and Equipment (Note 1)</b>  |                   |
| <b>Gas Distributor Plant in Service - Net</b> (includes AFUDC capitalized during 2012 of \$53.2) | \$ 186,574        |
| <b>Construction Work In Progress - Gas Distributor Plant</b>                                     | 1,661             |
| <b>Total Property, Plant &amp; Equipment</b>   | 188,235           |
| <b>Deferred Charges</b>  |                   |
| <b>Deferred Development Costs - Net (Note 2)</b>   | 584               |
| <b>Development O&amp;M Capitalized Costs - Net (Note 3)</b>                                      | 101,368           |
| <b>Total Deferred Charges</b>  | 101,952           |
| <b>Short Term Investments</b>  | 2,963             |
| <b>Total Regulated Rate Base Assets</b>  | 293,150           |
| <b>Other Regulated Assets (Note 4)</b>   | 26,297            |
| <b>Total Regulated Assets</b>  | 319,447           |
| <b>Regulatory Deferral</b>   | 187,399           |
| <b>Total Assets</b>  | <b>\$ 506,846</b> |
| <b>Liabilities and Partner's Equity</b>  |                   |
| <b>Partner's Equity (Ratebase)</b>   | \$ 218,846        |
| <b>Long-term Advances from Associates and Affiliates (Note 5)</b>                                | 262,150           |
| <b>Other Regulated Liabilities (Note 6)</b>  | 25,850            |
|  | 506,846           |
| <b>Partner's Equity (Regulatory Deferral)</b>  | -                 |
| <b>Total Liabilities and Equity</b>  | <b>\$ 506,846</b> |

Rate Base for Regulatory Purposes – Note 11  
 Capital Structure for Regulatory Purposes – Note 12

**Enbridge Gas New Brunswick**

Statement of Budgeted Income for Regulatory Purposes

For the year ended December 31, 2012

(in thousands of dollars)

|  | <u>2012</u>      |
|--|------------------|
| <b>Revenue</b>   |                  |
| <b>Operating Revenue</b> (Note 7)  |                  |
| Gas distribution   | \$ 57,697        |
| Miscellaneous  | 144              |
| <b>Allowance for Funds Used During Construction</b>  | <u>53</u>        |
|  | 57,894           |
| <b>Installation Services</b>   |                  |
| Revenue  | 1,947            |
| Cost of goods sold   | <u>(1,505)</u>   |
|  | 442              |
| <b>Total Revenue</b>   | <u>58,336</u>    |
| <b>Expenses</b>  |                  |
| <b>Operating Expenses</b>  |                  |
| Operating and maintenance (Note 8)   | 15,531           |
| Transportation (net)   | <u>1,710</u>     |
| Total Operating and maintenance Expenses   | 17,241           |
| Bad debt expense   | 269              |
| <b>Amortization of Property, Plant and Equipment</b>   | 7,486            |
| <b>Municipal and Other Taxes</b>   | 1,317            |
| <b>Interest on Amounts Due to Associates &amp; Affiliates and Other Interest</b> (Note 9)    | 14,943           |
| <b>Amortization of Deferred Development Costs</b>  | <u>2,990</u>     |
| <b>Total Expenses</b>  | <u>44,246</u>    |
| <b>Income (Loss) before Extraordinary Items, Regulatory Deferral and Return on Rate Base</b> | 14,090           |
| <b>Regulatory Deferral</b>   | <u>8,549</u>     |
| <b>Regulated Return on Equity</b> (Note 10)  | <u>\$ 22,639</u> |

Details of Affiliate Transactions – Note 13

**Enbridge Gas New Brunswick**Notes to 2012 Budgeted Regulatory Financial Results  
For the year ended December 31, 2012

(in thousands of dollars)

**Note 1 Property, Plant & Equipment**

|  |                   |                                     | <b>2012</b>               |                                  |
|--|-------------------|-------------------------------------|---------------------------|----------------------------------|
|  | <b>Cost</b>       | <b>Accumulated<br/>Amortization</b> | <b>Net Book<br/>Value</b> | <b>Rates of<br/>Amortization</b> |
| <b>Property, plant &amp; equipment</b>       |                   |                                     |                           |                                  |
| General plant                                |                   |                                     |                           |                                  |
| Computer hardware & software                 | \$ 5,374          | \$ (3,706)                          | \$ 1,668                  | 28.80%                           |
| Tools and work equipment                     | 888               | (306)                               | 582                       | 5.30%                            |
| Office furniture and equipment               | 512               | (152)                               | 360                       | 4.40%                            |
| Transportation                               | 1,727             | (479)                               | 1,248                     | 11.80%                           |
| Leasehold improvements                       | 1,003             | (491)                               | 512                       | 1                                |
| Subtotal                                     | <u>9,504</u>      | <u>(5,134)</u>                      | <u>4,370</u>              |                                  |
| Distribution plant                           |                   |                                     |                           |                                  |
| Land   | 375               | -                                   | 375                       | -                                |
| Rights of way and easements                  | 151               | -                                   | 151                       | -                                |
| Distribution mains                           | 130,842           | (19,062)                            | 111,780                   | 2.43%                            |
| Street services                              | 53,374            | (11,012)                            | 42,362                    | 3.83%                            |
| Meters and regulators                        | 21,734            | (4,306)                             | 17,428                    | 3.83%                            |
| Stations                                     | 13,673            | (3,565)                             | 10,108                    | 4.40%                            |
| Subtotal                                     | <u>220,149</u>    | <u>(37,945)</u>                     | <u>182,204</u>            |                                  |
| Total plant in service                       | 229,653           | (43,079)                            | 186,574                   |                                  |
| Construction work in progress                | <u>1,661</u>      | <u>-</u>                            | <u>1,661</u>              | -                                |
| <b>Total property, plant &amp; equipment</b> | <u>\$ 231,314</u> | <u>\$ (43,079)</u>                  | <u>\$ 188,235</u>         |                                  |

1 - Amortized over the term of the related leases.

**Enbridge Gas New Brunswick**

Notes to 2012 Budgeted Regulatory Financial Results  
For the year ended December 31, 2012

(in thousands of dollars)

**Note 2 Deferred Development Costs - Net**

|  |                 |                                     | <b>2012</b>               |
|--|-----------------|-------------------------------------|---------------------------|
|  | <b>Cost</b>     | <b>Accumulated<br/>Amortization</b> | <b>Net Book<br/>Value</b> |
| Franchise fee                                | \$ 1,500        | \$ (1,025)                          | \$ 475                    |
| Deferred carrying costs                      | 1,784           | (1,675)                             | 109                       |
| <b>Total deferred development costs, net</b> | <b>\$ 3,284</b> | <b>\$ (2,700)</b>                   | <b>\$ 584</b>             |

**Note 3 Development O&M Capitalized Costs - Net**

|   |                   |                                     | <b>2012</b>               |
|---|-------------------|-------------------------------------|---------------------------|
|   | <b>Cost</b>       | <b>Accumulated<br/>Amortization</b> | <b>Net Book<br/>Value</b> |
| Development O&M capitalized costs                       | \$ 111,628        | \$ (10,260)                         | \$ 101,368                |
| <b>Total development O&amp;M capitalized costs, net</b> | <b>\$ 111,628</b> | <b>\$ (10,260)</b>                  | <b>\$ 101,368</b>         |

**Enbridge Gas New Brunswick**

Notes to 2012 Budgeted Regulatory Financial Results  
For the year ended December 31, 2012

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(in thousands of dollars)

Note 4 **Other Regulated Assets**

|                                | <u>2012</u>      |
|--------------------------------|------------------|
| Cash, & Short Term Investments | \$ 7,201         |
| Accounts Receivable            | 14,806           |
| Inventory                      | 1,510            |
| Long term receivable           | <u>2,780</u>     |
|                                | <u>\$ 26,297</u> |

**Enbridge Gas New Brunswick**

Notes to 2012 Budgeted Regulatory Financial Results  
For the year ended December 31, 2012

(in thousands of dollars)

**Note 5 Long-term Advances from Associates and Affiliates**

|  | Issue Date | Maturity Date | Amount            | 2012<br>Cost of Debt |              |              |
|--|------------|---------------|-------------------|----------------------|--------------|--------------|
|  |            |               |                   | Enbridge Inc.        | EGNB         | Regulated    |
| Promissory Note  | 26-Jun-03  | 27-Jun-13     | 13,000            | 5.62%                | 6.96%        | 6.62%        |
| Promissory Note  | 30-Dec-03  | 30-Dec-13     | 14,000            | 5.34%                | 7.14%        | 6.34%        |
| Promissory Note  | 23-Mar-04  | 24-Mar-14     | 14,000            | 5.33%                | 6.69%        | 6.33%        |
| Promissory Note  | 30-Nov-04  | 28-Nov-14     | 21,000            | 5.69%                | 6.95%        | 6.69%        |
| Promissory Note  | 30-Mar-05  | 30-Mar-15     | 6,000             | 5.04%                | 6.93%        | 6.04%        |
| Promissory Note  | 28-Dec-05  | 28-Dec-15     | 14,000            | 4.59%                | 6.53%        | 5.59%        |
| Promissory Note  | 19-Dec-06  | 19-Dec-16     | 21,000            | 4.82%                | 6.52%        | 5.82%        |
| Promissory Note  | 20-Dec-07  | 20-Dec-17     | 29,000            | 5.54%                | 5.85%        | 6.54%        |
| Promissory Note  | 19-Dec-08  | 19-Dec-13     | 15,000            | 6.85%                | 7.85%        | 7.85%        |
| Promissory Note  | 25-Jun-09  | 25-Jun-14     | 25,000            | 4.37%                | 5.37%        | 5.37%        |
| Promissory Note  | 9-Dec-09   | 9-Dec-19      | 21,000            | 4.63%                | 5.63%        | 5.63%        |
| Promissory Note  | 24-Aug-10  | 24-Aug-15     | 12,000            | 3.22%                | 4.22%        | 4.22%        |
| Promissory Note  | 22-Sep-10  | 22-Sep-15     | 9,000             | 3.25%                | 4.25%        | 4.25%        |
| Promissory Note  | 30-Jun-11  | 29-Jun-21     | 6,150             | 4.60%                | 5.60%        | 5.60%        |
| Promissory Note  | 31-Jul-11  | 30-Jul-21     | 20,000            | 4.60%                | 5.60%        | 5.60%        |
| Promissory Note  | 23-Aug-12  | 23-Aug-22     | 22,000            | 5.00%                | 6.00%        | 6.00%        |
| Total long-term advances<br>from associates and affiliates |            |               | <u>\$ 262,150</u> | <u>5.04%</u>         | <u>6.19%</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 2012 Budgeted Regulatory Financial Results  
For the year ended December 31, 2012

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(in thousands of dollars)

Note 6 **Other Regulated Liabilities**

|  | <u>2012</u>      |
|--|------------------|
| Due to affiliated companies                    | \$ 18,077        |
| Accounts Payable                               | 5,445            |
| Long Term Deferred Post Employment Liabilities | <u>2,328</u>     |
|  | <u>\$ 25,850</u> |



**Enbridge Gas New Brunswick**

Notes to 2012 Budgeted Regulatory Financial Results  
For the year ended December 31, 2012

(in thousands of dollars)

**Note 7 Operating Revenue**

**a. Gas Distribution**

|   | <u>2012</u>      |               |                   |
|---|------------------|---------------|-------------------|
|   | Revenue          | Customers     | Throughput<br>TJs |
| Small general service (SGS)               | \$ 14,098        | 10,485        | 1,010             |
| General service (GS)                      | 15,995           | 1,486         | 1,122             |
| Contract general service (CGS)            | 16,191           | 343           | 1,310             |
| Contract large general service (CLGS-LFO) | 8,144            | 30            | 1,484             |
| Contract large general service (CLGS-HFO) | 3,234            | 9             | 1,152             |
| Off peak service                          | 35               | 13            | 3                 |
| Total                                     | <u>\$ 57,697</u> | <u>12,366</u> | <u>6,081</u>      |

**Enbridge Gas New Brunswick**

Notes to 2012 Budgeted Regulatory Financial Results  
For the year ended December 31, 2012

(in thousands of dollars)

Note 7 **Operating Revenue (continued)**

**b. Miscellaneous**

|                              | <u>2012</u>   |
|------------------------------|---------------|
| Agent billing and collection | \$ 138        |
| Other miscellaneous revenue  | <u>6</u>      |
| <b>Total miscellaneous</b>   | <u>\$ 144</u> |

**Details of Agent Billing and Collection Revenues**

(in dollars)

|   | <u>2012</u>       |
|---|-------------------|
| Agent billing and collection                      |                   |
| Small general service (SGS)                       | \$ 110,936        |
| General service (GS)                              | 16,853            |
| Contract general service (CGS)                    | 8,512             |
| Agent billing                                     |                   |
| Contract large general service (CLGS-LFO)         | 881               |
| Contract large general service (CLGS-HFO)         | 384               |
| Off peak service (OPS)                            | <u>725</u>        |
| <b>Total agent billing and collection revenue</b> | <u>\$ 138,291</u> |

**Enbridge Gas New Brunswick**

Notes to 2012 Budgeted Regulatory Financial Results  
For the year ended December 31, 2012

(in thousands of dollars)

**Note 8 Operating and Maintenance Expenses**

|   | <u>2012</u>             |
|---|-------------------------|
| Corporate management                      | \$ 1,247                |
| Corporate administration                  | 1,127                   |
| Financial reporting                       | 715                     |
| Information technology                    | 1,028                   |
| Regulatory & upstream                     | 1,317                   |
| Sales & marketing                         | 9,218                   |
| Distribution & maintenance                | 6,438                   |
| Customer care                             | 1,336                   |
| Human resources                           | 2,168                   |
| Gas transportation and related activities | <u>1,710</u>            |
| <b>Total</b>                              | <u>26,304</u>           |
| <b>Capitalized to:</b>                    |                         |
| Property, plant & equipment               | 9,063                   |
| Development O&M capitalized costs         | <u>-</u>                |
| <b>Total capitalized</b>                  | <u>9,063</u>            |
| <b>Total</b>                              | <u><u>\$ 17,241</u></u> |

**Enbridge Gas New Brunswick**

Notes to 2012 Budgeted Regulatory Financial Results  
For the year ended December 31, 2012

(in thousands of dollars)

**Note 9 Interest on Amounts Due to Associates & Affiliates and Other Interest**

|  | <u>2012</u>      |
|--|------------------|
| Interest on long-term debt   | \$ 14,922        |
| AIDC - allowance for funds used during construction (debt component)                   | 21               |
| <b>Total interest on amounts due to associates &amp; affiliates and other interest</b> | <b>\$ 14,943</b> |

**Note 10 Regulated Return on Equity**

|  | <u>2012</u>      |
|--|------------------|
| Regulated return on equity   | \$ 22,607        |
| AEDC - allowance for funds used during construction (equity component) | 32               |
| <b>Total regulated return on equity</b>                                | <b>\$ 22,639</b> |

**Enbridge Gas New Brunswick**Notes to 2012 Budgeted Regulatory Financial Results  
For the year ended December 31, 2012

(in thousands of dollars)

**Note 11 Rate Base for Regulatory Purposes**

|  | <u>2012</u>       |
|--|-------------------|
| <b>Property, plant &amp; equipment</b> |                   |
| Cost                                   | \$ 229,653        |
| Accumulated amortization               | <u>(43,079)</u>   |
| Net                                    | 186,574           |
| <b>Deferred charges</b>                |                   |
| Franchise fee, at cost                 | 1,500             |
| Accumulated amortization               | <u>(1,025)</u>    |
| Net                                    | 475               |
| Development O&M capitalized costs      | 111,628           |
| Accumulated amortization               | <u>(10,260)</u>   |
| Net                                    | 101,368           |
| Deferred carrying costs, at cost       | 1,784             |
| Accumulated amortization               | <u>(1,675)</u>    |
| Net                                    | 109               |
| Deferral account                       | <u>187,399</u>    |
| <b>Total deferred charges</b>          | 289,351           |
| <b>Term deposit</b>                    | 2,963             |
| <b>Working capital allowance</b>       | <u>1,532</u>      |
| <b>Total rate base</b>                 | <u>\$ 480,420</u> |
| <b>Average rate base</b>               | <u>\$ 461,763</u> |

**Enbridge Gas New Brunswick**

Notes to 2012 Budgeted Regulatory Financial Results  
For the year ended December 31, 2012

(in thousands of dollars)

Note 12 **Capital Structure for Regulatory Purposes**

|                          | <u>2012</u>       |
|--------------------------|-------------------|
| <b>Capital structure</b> |                   |
| Long-term debt           | \$ 262,150        |
| Equity                   | <u>218,846</u>    |
| Total                    | <u>\$ 480,996</u> |

**Capital structure percentage**

|                |                |
|----------------|----------------|
| Long-term debt | 54.50%         |
| Equity         | <u>45.50%</u>  |
| Total          | <u>100.00%</u> |

**Capital structure average percentage for regulatory purposes**

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

**Weighted cost of capital for regulatory purposes**

|                |              |
|----------------|--------------|
| Long-term debt | 3.33%        |
| Equity         | <u>4.90%</u> |
| Total          | <u>8.23%</u> |

**Enbridge Gas New Brunswick**

Notes to 2012 Budgeted Regulatory Financial Results  
For the year ended December 31, 2012

(in thousands of dollars)

**Note 13 Details of Affiliate Transactions**

| Consulting and Services                        | Enbridge Operational Services |                 | Enbridge Gas Distribution Inc. |               | Total Affiliate Consulting and Services |                 | Total Consulting and Services |  | Affiliate Expenditure as Percent of Total Consulting and Services |
|--|-------------------------------|-----------------|--------------------------------|---------------|---|-----------------|-------------------------------|--|---|
|  |                               | Enbridge Inc.   | Inc.                           | Gazifère Inc. |   |                 |                               |  |   |
| <b>For the period ending December 31, 2012</b> |                               |                 |                                |               |   |                 |                               |  |   |
| Corporate management                           | \$ -                          | \$ 22           | \$ 54                          | \$ -          | \$ 76                                   | \$ 206          |                               |  | 37%   |
| Sales & marketing                              | -                             | -               | -                              | -             | -                                       | 1,405           |                               |  | 0%  |
| Human resources                                | -                             | 43              | 101                            | -             | 144                                     | 308             |                               |  | 47%   |
| Distribution & maintenance                     | -                             | -               | 88                             | -             | 88                                      | 1,250           |                               |  | 7%  |
| Budget & regulatory                            | -                             | -               | -                              | -             | -                                       | 1,200           |                               |  | 0%  |
| Financial reporting                            | -                             | 35              | 11                             | -             | 46                                      | 200             |                               |  | 23%   |
| Customer care                                  | -                             | -               | 42                             | 712           | 754                                     | 767             |                               |  | 98%   |
| Corporate administration                       | -                             | 1,021           | 3                              | -             | 1,024                                   | 1,024           |                               |  | 100%  |
| Gas transportation & related                   | 104                           | -               | -                              | -             | 104                                     | 109             |                               |  | 95%   |
| Information technology                         | -                             | 130             | 225                            | -             | 355                                     | 474             |                               |  | 75%   |
| <b>Total</b>                                   | <b>\$ 104</b>                 | <b>\$ 1,251</b> | <b>\$ 524</b>                  | <b>\$ 712</b> | <b>\$ 2,591</b>                         | <b>\$ 6,943</b> |                               |  | <b>37%</b>  |