

SCHEDULE 5

2012 Budget

**Enbridge Gas New Brunswick**

Budget Balance Sheet for Regulatory Purposes

As at December 31, 2012

(in thousands of dollars)

<b>Assets</b>	<u>2012</u>
<b>Regulated Assets</b>	
<b>Property, Plant and Equipment (Note 1)</b>	
<b>Gas Distributor Plant in Service - Net (includes AFUDC capitalized during 2012 of \$53.2)</b>	\$ 186,574
<b>Construction Work In Progress - Gas Distributor Plant</b>	<u>1,661</u>
<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>Regulatory Deferral</b>	<u>187,399</u>
<b>Total Deferred Charges</b>	289,351
<b>Short Term Investments</b>	<u>2,963</u>
<b>Total Regulated Assets</b>	480,549
<b>Non-Ratebase Assets (Note 4)</b>	<u>26,297</u>
<b>Total Assets</b>	<u>\$ 506,846</u>
	<b>Liabilities and Partner's Equity</b>
<b>Partner's Equity</b>	\$ 218,846
<b>Long-term Advances from Associates and Affiliates (Note 5)</b>	262,150
<b>Non-Ratebase Liabilities (Note 6)</b>	<u>25,850</u>
<b>Total Liabilities and Equity</b>	<u>\$ 506,846</u>

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

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(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 expenses (Note 8)	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 before Extraordinary Items, Regulatory Deferral and Return on Rate Base</b>	14,090
<b>Regulatory Deferral</b>	<u>8,549</u>
<b>Income before Tax</b>	<u>\$ 22,639</u>
<b>Tax</b>	<u>-</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

NBEUB Matter 178

(in thousands of dollars)

 Note 1 **Property, Plant & Equipment**

	<b>2012</b>			
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	<b>Rates of Amortization</b>
<b>Property, plant &amp; equipment</b>				
General plant				
Computer hardware & software	\$ 1,430	\$ (1,230)	\$ 200	28.80%
Tools and work equipment	3,944	(2,476)	1,468	5.30%
Office furniture and equipment	888	(306)	582	4.40%
Transportation	512	(152)	360	11.80%
Communications	1,727	(479)	1,248	28.80%
Leasehold improvements	1,003	(491)	512	<b>1</b>
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><u>\$ 231,314</u></u>	<u><u>\$ (43,079)</u></u>	<u><u>\$ 188,235</u></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

NBEUB Matter 178

(in thousands of dollars)

Note 2 **Deferred Development Costs - Net**

	<b>2012</b>		
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book 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 Amortization</b>	<b>Net Book Value</b>
Development O&M capitalized costs	\$ 126,158	\$ (24,790)	\$ 101,368
<b>Total development O&amp;M capitalized costs, net</b>	<b>\$ 126,158</b>	<b>\$ (24,790)</b>	<b>\$ 101,368</b>

**Enbridge Gas New Brunswick**

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

(in thousands of dollars)

Note 4 **Non-Ratebase Assets**

	<u>2012</u>
Cash, & Short Term Investments	\$ 7,201
Accounts Receivable	14,807
Inventory	4,289
	<u>\$ 26,297</u>

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

	Issue Date	Maturity Date	Amount	2012 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 from associates and affiliates			<u>\$ 262,150</u>	<u>5.04%</u>	<u>6.19%</u>	<u>6.04%</u>

**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 Non-Ratebase Liabilities**

	<b>2012</b>
Short Term Indebtedness	\$ -
Accounts Payable	23,522
Long Term Deferred Post Employment Liabilities	2,328
	<u>\$ 25,850</u>

**Note 7 Operating Revenue****a. Gas Distribution**

	<b>2012</b>		
	<b>Revenue</b>	<b>Customers</b>	<b>Throughput TJs</b>
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
Contract large volume off peak (CLVOPS)	-	-	-
Off peak service	35	13	3
	<u>\$ 57,697</u>	<u>12,366</u>	<u>6,081</u>
Total	<u>\$ 57,697</u>	<u>12,366</u>	<u>6,081</u>

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

**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 7 **Operating Revenue (continued)****b. Miscellaneous**

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

**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
Contract large volume service (CLVOPS)	-
Off peak service (OPS)	<u>725</u>
<b>Total agent billing and collection revenue</b>	<b><u>\$ 138,291</u></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 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><u>\$ 14,943</u></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><u>\$ 22,639</u></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 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	126,158
Accumulated amortization	<u>(24,790)</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

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(in thousands of dollars)

Note 12 **Capital Structure for Regulatory Purposes**

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

**Capital structure percentage**

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

**Capital structure average percentage for regulatory purposes**

Long-term debt	55.09%
Equity	44.91%
Total	<u>100.00%</u>

**Weighted cost of capital for regulatory purposes**

Long-term debt	3.33%
Equity	4.90%
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**

<b>Consulting and Services</b>	<b>Enbridge Operational Services</b>	<b>Enbridge Inc.</b>	<b>Enbridge Gas Distribution Inc.</b>	<b>Gazifère 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, 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>