

SCHEDULE 6

2011 Actuals

**Enbridge Gas New Brunswick**  
 Balance Sheet for Regulatory Purposes  
 As at December 31, 2011

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

(in thousands of dollars)

<b>Assets</b>	<u>2011</u>	<u>2010</u>
<b>Regulated Assets</b>		
<b>Property, Plant and Equipment</b>		
<b>Gas Distributor Plant in Service - Net</b> (includes AFUDC capitalized during 2011 of \$65.4)	\$ 162,532	\$ 156,205
<b>Construction Work In Progress - Gas Distributor Plant</b>	<u>4,124</u>	<u>1,651</u>
<b>Total Property, Plant &amp; Equipment</b> (Note 1)	166,656	157,856
<b>Deferred Charges</b>		
<b>Deferred Development Costs - Net</b> (Note 2)	684	851
<b>Development O&amp;M Capitalized Costs - Net</b> (Note 3)	102,785	96,409
<b>Regulatory Deferral</b>	<u>178,747</u>	<u>170,743</u>
<b>Total Deferred Charges</b>	282,216	268,003
<b>Short Term Investments</b>	<u>2,974</u>	<u>2,957</u>
<b>Total Regulated Assets</b>	<u>451,846</u>	<u>428,816</u>
<b>Other Regulated Assets</b>	<u>16,500</u>	<u>21,071</u>
<b>Total Assets</b>	<u>\$ 468,346</u>	<u>\$ 449,887</u>
<b>Liabilities and Partner's Equity</b>		
<b>Partner's Equity</b>	\$ 211,867	\$ 191,459
<b>Long-term Advances from Associates and Affiliates</b> (Note 4)	245,500	233,650
<b>Other Regulated Liabilities</b>	<u>10,979</u>	<u>24,778</u>
<b>Total Liabilities and Equity</b>	<u>\$ 468,346</u>	<u>\$ 449,887</u>

**Rate Base for Regulatory Purposes – Note 9**  
**Capital Structure for Regulatory Purposes – Note 10**  
**Financial Statement Effects of Rate Regulation - Note 12**

**Enbridge Gas New Brunswick**  
Statement of Income for Regulatory Purposes  
For the year ended December 31, 2011

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

(in thousands of dollars)

	2011	Expenses per GJ (in dollars)	2010	Expenses per GJ (in dollars)
<b>Revenue</b>				
<b>Operating Revenue</b>				
Gas distribution	\$ 47,871		\$ 38,466	
Miscellaneous	347		264	
<b>Allowance for Funds Used During Construction</b>	<u>65</u>		<u>87</u>	
	48,282		38,817	
<b>Installation Services</b>				
Revenue	2,726		6,787	
Cost of goods sold	<u>(2,336)</u>		<u>(5,790)</u>	
	390		997	
<b>Total Revenue</b>	<u>48,672</u>		<u>39,814</u>	
<b>Expenses</b>				
<b>Operating Expenses</b>				
Operating and maintenance expenses	10,061	\$ 1.81	7,142	\$ 1.38
Bad debt expense	242	0.04	353	0.07
<b>Amortization of Property, Plant and Equipment</b>	6,250	1.12	5,637	1.09
<b>Municipal and Other Taxes</b>	1,129	0.20	1,088	0.21
<b>Interest on Amounts Due to Associates &amp; Affiliates and Other Interest</b>	15,243	2.74	14,032	2.71
<b>Amortization of Deferred Development Costs</b>	<u>2,974</u>	<u>0.54</u>	<u>2,967</u>	<u>0.57</u>
<b>Total Expenses</b>	<u>35,899</u>	<u>\$ 6.46</u>	<u>31,219</u>	<u>6.02</u>
<b>Income before Extraordinary Items, Regulatory Deferral and Return on Rate Base</b>	12,773		8,595	
<b>Regulatory Deferral</b>	<u>8,004</u>		<u>15,392</u>	
<b>Regulated Return on Equity</b>	<u>\$ 20,777</u>		<u>\$ 23,987</u>	
	Total GJ's		5,557,000	5,183,000

**Details of Affiliate Transactions – Note 11**

(in thousands of dollars)

Note 1 **Property, Plant & Equipment**

			<b>2011</b>	<b>2010</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	\$ 4,447	\$ (3,490)	\$ 957	\$ 844	28.80%
Tools and work equipment	825	(259)	566	544	5.30%
Office furniture and equipment	505	(161)	344	354	4.40%
Transportation	971	(273)	698	949	11.80%
Communications	87	(49)	38	61	28.80%
Leasehold improvements	818	(461)	357	327	1
Subtotal	<u>7,653</u>	<u>(4,693)</u>	<u>2,960</u>	<u>3,079</u>	
Distribution plant					
Land	375	-	375	375	-
Rights of way and easements	156	-	156	166	-
Distribution mains	109,018	(16,414)	92,604	89,725	2.43%
Street services	49,640	(9,005)	40,635	38,553	3.83%
Meters and regulators	18,482	(2,964)	15,518	13,595	3.83%
Stations	13,498	(3,214)	10,284	10,712	4.40%
Subtotal	<u>191,169</u>	<u>(31,597)</u>	<u>159,572</u>	<u>153,126</u>	
Total plant in service	198,822	(36,290)	162,532	156,205	
Construction work in progress	<u>4,124</u>	<u>-</u>	<u>4,124</u>	<u>\$ 1,651</u>	-
<b>Total property, plant &amp; equipment</b>	<u><b>\$ 202,946</b></u>	<u><b>\$ (36,290)</b></u>	<u><b>\$ 166,656</b></u>	<u><b>\$ 157,856</b></u>	

1 - Amortized over the term of the related leases.

(in thousands of dollars)

Note 2 **Deferred Development Costs - Net**

			<u>2011</u>	<u>2010</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	\$ (925)	\$ 575	\$ 650	5.00%
Deferred carrying costs	<u>1,784</u>	<u>(1,675)</u>	<u>109</u>	<u>201</u>	20.00%
<b>Total deferred development costs, net</b>	<u><u>\$ 3,284</u></u>	<u><u>\$ (2,600)</u></u>	<u><u>\$ 684</u></u>	<u><u>\$ 851</u></u>	

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

			<u>2011</u>	<u>2010</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	\$ (12,167)	\$ 102,785	\$ 96,409	2.43%
<b>Total development O&amp;M capitalized costs, net</b>	<u><u>\$ 114,952</u></u>	<u><u>\$ (12,167)</u></u>	<u><u>\$ 102,785</u></u>	<u><u>\$ 96,409</u></u>	

(in thousands of dollars)

**Note 4 Long-term Advances from Associates and Affiliates**

	Issue Date	Maturity Date	Amount	2011 Cost of Debt			Amount	2010 Cost of Debt		
				Enbridge Inc.	EGNB	Regulated		Enbridge Inc.	EGNB	Regulated
Promissory Note	6-Feb-01	6-Feb-11	-				6,150	6.33%	7.95%	7.33%
Promissory Note	28-Jun-02	29-Jun-12	6,000	6.08%	7.89%	7.08%	6,000	6.08%	7.89%	7.08%
Promissory Note	23-Dec-02	24-Dec-12	7,500	6.50%	7.41%	7.50%	7,500	6.50%	7.41%	7.50%
Promissory Note	26-Jun-03	27-Jun-13	13,000	5.62%	6.96%	6.62%	13,000	5.62%	6.96%	6.62%
Promissory Note	30-Dec-03	30-Dec-13	14,000	5.34%	7.14%	6.34%	14,000	5.34%	7.14%	6.34%
Promissory Note	23-Mar-04	24-Mar-14	14,000	5.33%	6.69%	6.33%	14,000	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	21,000	4.82%	6.52%	5.82%	21,000	4.82%	6.52%	5.82%
Promissory Note	20-Dec-07	20-Dec-17	29,000	5.54%	5.85%	6.54%	29,000	5.54%	5.85%	6.54%
Promissory Note	19-Dec-08	19-Dec-13	15,000	6.85%	7.85%	7.85%	15,000	6.85%	7.85%	7.85%
Promissory Note	25-Jun-09	25-Jun-14	25,000	4.37%	5.37%	5.37%	25,000	4.37%	5.37%	5.37%
Promissory Note	9-Dec-09	9-Dec-19	21,000	4.63%	5.63%	5.63%	21,000	4.63%	5.63%	5.63%
Promissory Note	24-Aug-10	24-Aug-15	12,000	3.22%	4.22%	4.22%	12,000	3.22%	4.22%	4.22%
Promissory Note	22-Sep-10	22-Sep-15	9,000	3.25%	4.25%	4.25%	9,000	3.25%	4.25%	4.25%
Promissory Note	30-Dec-11	30-Dec-21	18,000	4.50%	5.50%	5.50%				
Total long-term advances from associates and affiliates			<u>\$ 245,500</u>	<u>5.10%</u>	<u>6.30%</u>	<u>6.10%</u>	<u>\$ 233,650</u>	<u>5.26%</u>	<u>6.48%</u>	<u>6.26%</u>

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

(in thousands of dollars)

Note 5 **Operating Revenue**

**a. Gas Distribution**

	2011			2010		
	Revenue	Customers	Throughput TJs	Revenue	Customers	Throughput TJs
Small general service (SGS)	\$ 11,976	9,786	904	\$ 9,554	9,183	794
General service (GS)	13,107	1,220	989	10,299	1,325	935
Contract general service (CGS)	14,278	311	1,163	10,860	300	1,014
Contract large general service (CLGS-LFO)	6,931	26	1,323	7,000	25	1,380
Contract large general service (CLGS-HFO)	1,526	10	1,172	736	9	1,059
Contract large volume off peak (CLVOPS)	33	1	4	-	-	-
Off peak service	20	13	2	17	13	1
<b>Total</b>	<b>\$ 47,871</b>	<b>11,367</b>	<b>5,557</b>	<b>\$ 38,466</b>	<b>10,855</b>	<b>5,183</b>

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

(in thousands of dollars)

Note 5 **Operating Revenue (continued)**

**b. Miscellaneous**

	<u>2011</u>	<u>2010</u>
Agent billing and collection	\$ 131	\$ 124
Other miscellaneous revenue	216	140
<b>Total miscellaneous</b>	<u>\$ 347</u>	<u>\$ 264</u>

**Details of Agent Billing and Collection Revenues**

(in dollars)

	<u>2011</u>	<u>2010</u>
Agent billing and collection		
Small general service (SGS)	\$ 105,049	\$ 98,515
General service (GS)	15,515	16,008
Contract general service (CGS)	8,679	7,769
Agent billing		
Contract large general service (CLGS-LFO)	708	741
Contract large general service (CLGS-HFO)	382	368
Contract large volume service (CLVOPS)	8	-
Off peak service (OPS)	786	788
<b>Total agent billing and collection revenue</b>	<u>\$ 131,127</u>	<u>\$ 124,189</u>



(in thousands of dollars)

Note 6 **Operating and Maintenance Expenses**

	<u>2011</u>	<u>2010</u>
Corporate management	\$ 1,489	\$ 1,190
Corporate administration	1,146	1,134
Financial reporting	648	691
Information technology	871	972
Regulatory & upstream	1,227	1,982
Sales & marketing	6,674	7,150
Distribution & maintenance	5,981	5,669
Customer care	1,387	1,297
Human resources	1,998	1,769
Gas transportation and related activities	<u>2,032</u>	<u>1,144</u>
<b>Total</b>	<u>23,453</u>	<u>22,998</u>
<b>Capitalized to:</b>		
Property, plant & equipment	4,353	5,399
Development O&M capitalized costs	<u>9,039</u>	<u>10,457</u>
<b>Total capitalized</b>	<u>13,392</u>	<u>15,856</u>
<b>Total</b>	<u>\$ 10,061</u>	<u>\$ 7,142</u>

(in thousands of dollars)

Note 7 **Interest on Amounts Due to Associates & Affiliates and Other Interest**

	<u>2011</u>	<u>2010</u>
Interest on long-term debt	\$ 14,745	\$ 13,933
Other interest expense	472	67
AIDC - allowance for funds used during construction (debt component)	26	32
<b>Total interest on amounts due to associates &amp; affiliates and other interest</b>	<b><u>\$ 15,243</u></b>	<b><u>\$ 14,032</u></b>

Note 8 **Regulated Return on Equity**

	<u>2011</u>	<u>2010</u>
Regulated return on equity	\$ 20,738	\$ 23,932
AEDC - allowance for funds used during construction (equity component)	39	55
<b>Total regulated return on equity</b>	<b><u>\$ 20,777</u></b>	<b><u>\$ 23,987</u></b>

(in thousands of dollars)

Note 9 **Rate Base for Regulatory Purposes**

	<u>2011</u>	<u>2010</u>
<b>Property, plant &amp; equipment</b>		
Cost	\$ 198,822	\$ 186,756
Accumulated amortization	(36,290)	(30,551)
Net	<u>162,532</u>	<u>156,205</u>
<b>Deferred charges</b>		
Franchise fee, at cost	1,500	1,500
Accumulated amortization	(925)	(850)
Net	<u>575</u>	<u>650</u>
Development O&M capitalized costs	114,952	105,913
Accumulated amortization	(12,166)	(9,504)
Net	<u>102,786</u>	<u>96,409</u>
Deferred carrying costs, at cost	1,784	1,784
Accumulated amortization	(1,676)	(1,583)
Net	<u>108</u>	<u>201</u>
Deferral account	<u>178,747</u>	<u>170,743</u>
<b>Total deferred charges</b>	282,216	268,003
<b>Term deposit</b>	2,974	2,957
<b>Working capital allowance</b>	<u>1,960</u>	<u>1,859</u>
<b>Total rate base</b>	<u>\$ 449,682</u>	<u>\$ 429,024</u>
<b>Average rate base</b>	<u>\$ 436,120</u>	<u>\$ 410,675</u>

(in thousands of dollars)

Note 10 **Capital Structure for Regulatory Purposes**

	<u>2011</u>	<u>2010</u>
<b>Capital structure</b>		
Long-term debt	\$ 245,500	\$ 233,650
Equity	211,867	191,459
Total	<u>\$ 457,367</u>	<u>\$ 425,109</u>

**Capital structure percentage**

Long-term debt	53.68%	54.96%
Equity	46.32%	45.04%
Total	<u>100.00%</u>	<u>100.00%</u>

**Capital structure average percentage for regulatory purposes**

Long-term debt	55.00%	53.92%
Equity	45.00%	46.08%
Total	<u>100.00%</u>	<u>100.00%</u>

**Weighted cost of capital for regulatory purposes**

Long-term debt	3.36%	3.38%
Equity	5.85%	5.99%
Total	<u>9.21%</u>	<u>9.37%</u>

(in thousands of dollars)

Note 11 **Details of Affiliate Transactions**

	Enbridge Operational Services	Enbridge Inc.	Enbridge Commercial Services Inc.	Enbridge Gas Distribution Inc.	Gazifère Inc.	Total Affiliate Consulting and Services	Total Consulting and Services	Affiliate Expenditure as Percent of Total Consulting and Services
<b>For the period ending December 31, 2011</b>								
Corporate management	\$ -	\$ 32	\$ -	\$ 122	\$ -	\$ 154	\$ 462	33%
Sales & marketing	-	-	-	18	-	18	1,070	2%
Human resources	-	23	-	40	-	63	246	26%
Distribution & maintenance	-	-	-	716	-	716	1,839	39%
Budget & regulatory	-	-	-	1	-	1	1,106	0%
Financial reporting	-	34	-	21	-	55	167	33%
Customer care	-	-	-	81	663	744	760	98%
Corporate administration	-	1,072	-	5	-	1,077	1,077	100%
Gas transportation & related	-	-	-	109	-	109	109	100%
Information technology	-	101	-	136	-	237	338	70%
<b>Total</b>	<b>\$ -</b>	<b>\$ 1,262</b>	<b>\$ -</b>	<b>\$ 1,249</b>	<b>\$ 663</b>	<b>\$ 3,174</b>	<b>\$ 7,174</b>	<b>44%</b>
<b>For the period ending December 31, 2010</b>								
Corporate management	\$ -	\$ 27	\$ -	\$ 85	\$ -	\$ 112	\$ 347	32%
Sales & marketing	-	-	-	1	-	1	1,269	0%
Human resources	-	22	-	66	-	88	232	38%
Distribution & maintenance	-	-	-	685	-	685	1,479	46%
Budget & regulatory	-	-	-	1	-	1	1,874	0%
Financial reporting	-	35	-	20	-	55	195	28%
Customer care	-	-	-	46	603	649	676	96%
Corporate administration	-	1,047	-	10	-	1,057	1,057	100%
Gas transportation & related	104	-	-	-	-	104	95	109%
Information technology	-	131	-	279	-	410	519	79%
<b>Total</b>	<b>\$ 104</b>	<b>\$ 1,262</b>	<b>\$ -</b>	<b>\$ 1,193</b>	<b>\$ 603</b>	<b>\$ 3,162</b>	<b>\$ 7,743</b>	<b>41%</b>

(in thousands of dollars)

**Note 12 Financial Statement Effects of Rate Regulation**

The Partnership's primary business activities are subject to regulation by the New Brunswick Energy and Utilities Board (EUB). The Partnership 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 acceptable accounting principles (GAAP) applicable to non-regulated operations. The ultimate recoverability of costs incurred is dependant upon the approval of the EUB.

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

The Partnership is subject to non-traditional regulation which recognizes its immature nature. Unlike many similar utilities, the Partnership's rates are market, not cost, based. Rates charged by the Partnership are based on a targeted savings over alternate fuel for end use customers. This rate setting methodology has been approved by the EUB for use during the development period after which rates are expected to be cost based. The EUB has approved a regulatory deferral account to capture the difference between the Partnership's regulated revenues and its revenue requirement which non-regulated enterprises would not recognize.

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 Partnership does not recognize gains and losses on the sale of natural gas 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.

As allowed by the EUB, the Partnership capitalizes certain operating and maintenance expenses incurred during the Partnership's development period. Non-regulated enterprises may expense certain of these costs in the period incurred.

Enbridge Inc., on behalf of the Partnership, 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.

(in thousands of dollars)

**I&S Profitability Margin**

	<u>2011</u>	<u>2010</u>
Revenues as per regulatory financial statements	\$ 2,726	\$ 6,787
Revenue adjustment for warranty provision	-	23
Revenue adjustment for rental program	(200)	-
	<u>\$ 2,526</u>	<u>\$ 6,810</u>
Less: Cost of goods sold		
COGS as per regulatory financial statements	\$ 2,336	\$ 5,790
Billing services	3	3
Adjustment for Utility labour costs	-	57
Adjustment for Rental COGS	(192)	-
	<u>\$ 2,147</u>	<u>\$ 5,850</u>
Adjusted net margin	<u>\$ 379</u>	<u>\$ 960</u>
Less: Allocated expenses		
O&M expenses	\$ 797	\$ 1,296
Cost of capital	73	96
Depreciation	61	80
Bad debt expense	58	122
	<u>\$ 989</u>	<u>\$ 1,594</u>
Total Net revenue (loss)	<u><u>\$ (610)</u></u>	<u><u>\$ (634)</u></u>

(in thousands of dollars)

**System Expansion Portfolio Test**

		<u>2011</u>	<u>2010</u>
<b>Item</b>	<b>Capital</b>		
1	Main	\$ 1,279	\$ 4,321
2	Service Line/ Meter	5,248	3,495
3	Sales Incentive	3,811	4,064
4	O&M Capitalized to Main	3,775	1,949
5	O&M Capitalized to Service Line / Meter	605	3,449
6	O&M Capitalized to Development O&M	5,228	6,393
7	<b>Total Capital</b>	<u>19,945</u>	<u>23,671</u>
8	<b>Cost of Capital</b>	8.26%	9.35%
	<b>Depreciation Rates</b>		
9	Main, Sales Incentives & Development O&M	2.43%	2.43%
10	Service Line/ Meter	3.83%	3.83%
<b>Net Annual Impact on Revenue Requirement</b>			
	Energy (GJs)	215,091	335,657
	Revenue	\$ 2,376	\$ 3,686
	Less:		
	Depreciation: Mains ((item 1 + item 4) * item 9)	123	152
	Depreciation: Service Line/ Meter ((item 2 + item 5) * item 10)	224	266
	Depreciation: Sales Incentive (item 3 * item 9)	93	99
	Depreciation: Development O&M (item 6 * item 9)	127	155
	Cost of Capital (item 7 * item 8)	1,647	2,214
	Annual Impact	<u>\$ 162</u>	<u>\$ 800</u>



(in thousands of dollars)

**Development Period Test**

	<u>2011</u>	<u>2010</u>
Revenue Requirement	\$ 57,344	\$ 55,864
Capitalized O&M Expenses <sup>1</sup>	13,419	11,791
1 year amortization of Deferral Account <sup>2</sup>	<u>5,980</u>	<u>5,712</u>
Total Revenue Requirement	\$ 76,743	\$ 73,367
Total Gas Distribution Revenues	<u>47,871</u>	<u>38,466</u>
Excess/(Shortfall)	<u>\$ (28,872)</u>	<u>\$ (34,901)</u>

<sup>1</sup> Capitalized O&M amount does not include capitalized incentives

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