

SECTION 4.0  
2016 Regulatory Financial Statements

1 **4.0 2016 Regulatory Financial Statements**

2 EGNB's 2016 Actuals have been filed as part of this Application and EGNB is seeking the Board's  
3 approval of the 2016 Regulatory Financial Statements.

4 EGNB has prepared the 2016 Regulatory Financial Statements in a similar format and manner to the  
5 2015 review.

6 Operating and Maintenance Target

7 In the May 16, 2011 decision regarding EGNB's Financial Results and Natural Gas Sales at December  
8 31, 2009, the Board established the requirement to assess EGNB's spending on a per GJ basis. In its  
9 April 27, 2016 Decision, the Board approved EGNB's operating and maintenance ("O&M") budget for  
10 2016 of \$12.140 million excluding costs related to the contracted capacity on the Maritimes and  
11 Northeast pipeline, and a forecasted throughput of 6,002 TJs, resulting in an O&M spending target of  
12 \$2.02/GJ. The actual O&M spending per GJ for 2016 was \$1.94/GJ, \$0.08/GJ below the Board  
13 established target. EGNB is prudently managing O&M expenses.

14 SEP test

15 In 2016, the SEP test was not passed for the first time. Although the revenue/cost ratio was 96%  
16 instead of the required 104%, EGNB considers that its capital spending in 2016 was prudent and that  
17 the capital construction projects selected in 2016 matched the demand of new customers. EGNB has  
18 passed the SEP test by a wide margin in the past and plans to continue prudently managing capital  
19 spending projects to meet needs of new customers near the location of existing pipeline infrastructure.

20 The following information has been provided in support of the requested approval of the 2016  
21 Regulatory Financial Statements:

- 22           • Schedule 4.1 - 2016 Actuals  
23           • Schedule 4.2 - 2016 Budget  
24           • Schedule 4.3 - 2016 Actuals to Budget Explanations