



DECISION ON MOTION

IN THE MATTER of a review of
Enbridge Gas New Brunswick's Cost of
Capital.

JULY 16, 2010

NEW BRUNSWICK ENERGY AND UTILITIES BOARD

REGISTERED PARTIES:

Enbridge Gas New Brunswick Limited Partnership -----
Atlantic Wallboard Ltd -----
Department of Energy-----
Flakeboard Company Limited-----
Public Intervenor-----
NB Energy and Utilities Board – Counsel-----

REPRESENTED BY:

Len Hoyt, Q.C.
Christopher Stewart
Mary Ann Mann
Gary Lawson
Daniel Theriault, Q.C.
Ellen Desmond

Panel:

Chairman: Ray Gorman, Q.C.
Vice-Chairman: Cyril Johnston
Members: Don Barnett
Robert Radford, Q.C.

Board Secretary: Lorraine Légère

Background

The New Brunswick Energy and Utilities Board (Board) has scheduled a hearing into the Cost of Capital and the Capital Structure for Enbridge Gas New Brunswick Limited Partnership (EGNB) commencing on September 27, 2010.

As part of that hearing, EGNB was ordered to file evidence on Cost of Capital and Capital Structure as well as a 10-year forecast. Participants submitted information requests (IR's) on the filed evidence on June 17, 2010 and responses to those IR's were provided by EGNB on June 28, 2010.

By Notice of Motion dated June 30, 2010 the Public Intervenor requested the Board to order EGNB to answer the following IR's:

- PI IR-1 Question 1,
- PI IR-1 Questions 2 to 8,
- PI IR-2 Question 1,
- PI IR-3 Question 1,
- PI IR-5 Question 3 and
- PI IR-9 Question 1.

This Motion was heard on July 6, 2010. At the commencement of the motion, the Public Intervenor and EGNB indicated to the Board that they had resolved PI IR-1 Question 1, PI IR-2 Question 1 and PI IR-3 Question 1, leaving three unresolved IR's.

Decision

PI IR-1 Questions 2 to 8:

In PI IR-1 Question 2 the Public Intervenor requested financial information for the prior 10 years equivalent to the ten year forecast but "without the expenses that would not be incurred by a mature gas distribution company."

In its response EGNB provided statements with the amortization of deferred development costs and other deferrals included. In further, related responses, EGNB stated it does not believe it is correct to infer that amortization of deferred development costs and regulatory deferral would not be regarded as legitimate items for a mature utility and that it is unable determine which assets may or may not be included in legitimate costs incurred.

During the hearing the Public Intervenor stated that his expert could do the analysis he has requested. There was no assertion by him that any additional information was required. Moreover, the Board will not require EGNB to conduct an analysis based on a hypothetical situation with which EGNB does not agree. EGNB will, therefore, not be required to file additional information for Question 2. The Public Intervenor stated that the answers to Questions 3 to 8 are contingent on an additional response to Question 2 and therefore EGNB will not be required to file any further information in relation to those questions.

PI IR-5 Question 3

The Public Intervenor requested an explanation as to “why the consumption levels of customer additions appears to be considerably greater than the current average customer usage...”

In its response EGNB provided an explanation for the discrepancy. The Board finds that the question was answered fully by EGNB. Should the Public Intervenor have questions which arise from the response, those questions can be asked through cross examination at the hearing. EGNB will not be required to provide further information in response to the IR.

PI IR-9 Question 1

The Public Intervenor has requested the audited financial statements from the franchise holder Enbridge Gas New Brunswick Limited Partnership for each year of operation.

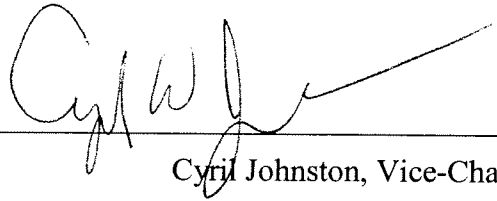
EGNB asserts that the audited financial statements of the partnership are not relevant to this proceeding and that only the regulatory statements, which are already available, are necessary.

The Board has already ordered that EGNB file the 2009 audited financial statements of the partnership in another matter and finds that this information is also relevant to this proceeding. The Board orders that EGNB provide audited financial statements as requested.

Dated at the City of Saint John, New Brunswick this 16th day of July, 2010.



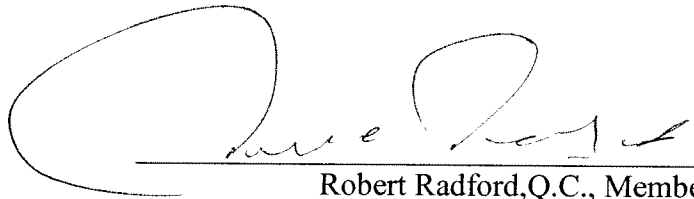
Raymond Gorman, Q.C., Chairman



Cyril Johnston, Vice-Chairman



Don Barnett, Member



Robert Radford, Q.C., Member