

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

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PROVINCE OF NEW BRUNSWICK
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COMMISSION DES ENTREPRISES DE SERVICE PUBLIC

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January 18, 2007

SENT BY POST AND ELECTRONIC MAIL andrew.harrington@enbridge.com

Andrew J. Harrington
General Manager
Enbridge Gas New Brunswick
440 Wilsey Road, Suite 101
Fredericton, N.B.
E3B 7G5

Dear Mr. Harrington:

**Re: EGNB's Regulatory Financial Results for 2004 and 2005
Board Reference: 2006-010-02-07 Written Proceeding**

The Board of Commissioners of Public Utilities ("Board") has reviewed the regulatory financial information of Enbridge Gas New Brunswick ("EGNB") for 2004 and 2005 as filed by EGNB on October 18, 2006. The Board has also reviewed the reports of Mr. J.H.S. Easson, dated November 23, 2006 and November 26, 2006 respectively, that provide the results of his review of EGNB's financial information for the 2004 and 2005 years. EGNB, on December 19, 2006, filed comments on Mr. Easson's reports and the Board has reviewed these comments.

The Board wrote to EGNB, on January 5, 2007, requesting further information on two matters and EGNB provided this information in a letter dated January 9, 2007.

The letter stated that a typographical error had occurred in Note 11 of the 2005 regulatory financial information and that this error has no consequential effect on the statements as filed. EGNB is hereby directed to refile Note 11 for 2005 to correct this error.

The letter confirmed that there is a discrepancy in the continuity of the deferral account from December 31, 2004 to December 31, 2005 in the amount of \$14,000. EGNB stated that the correction of this error would be an increase of \$14,000 to each of the regulatory deferral and partner's equity accounts as well as a \$1,000 increase to each of the interest expense and regulated return on equity accounts and a \$2,000 increase to the regulatory deferral (statement of income) account. The Board considers that these adjustments are not material in nature and will not require EGNB to refile its information for this purpose. These calculations will be reviewed

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by the Board's independent financial advisor in the examination of EGNB's regulatory financial information for 2006 and proper adjustments will be made at that time.

The Board retained Mr. John Butler, P. Eng. to review EGNB's activities with respect to the purchase and sale of gas. Enbridge Utility Gas, a division of EGNB, conducts these activities. Mr. Butler conducted his reviews in conjunction with Mr. Easson and filed reports for 2004 and 2005 in September, 2005 and July, 2006 respectively. The Board has examined Mr. Butler's reports as part of its review of the regulatory financial results of EGNB for 2004 and 2005.

With the exceptions of the comments made above, the Board considers that the regulatory financial information filed by EGNB for 2004 and 2005 is in compliance with all of the Board's directions and therefore approves its use for regulatory purposes.

BY ORDER OF THE BOARD

Original Signed By

Lorraine Légère
Secretary to the Board

c.c. Mr. J.H.S. Easson, C.A.
Mr. A.P. Logan, C.A.
Mr. John Butler, P. Eng.