



DECISION

IN THE MATTER of a Review of Enbridge Gas
New Brunswick LP 2011 Natural Gas Sales

September 26, 2012

NEW BRUNSWICK ENERGY AND UTILITIES BOARD

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NEW BRUNSWICK ENERGY AND UTILITIES BOARD:

CHAIRMAN: Raymond Gorman, Q.C.

VICE-CHAIRMAN: Cyril Johnston

MEMBERS: Edward McLean

Terry Totten

SECRETARY: Lorraine Légère

COUNSEL: Ellen Desmond

APPLICANT:

Enbridge Gas New Brunswick

Dave Charleson
Louise Steward

INTERVENORS:

Public Intervenor

René Basque

The New Brunswick Energy and Utilities Board (Board) conducts an annual review of Enbridge Gas New Brunswick Limited Partnership's (EGNB) natural gas sales. This decision relates to EGNB's sales for 2011.

This review followed a different process than in previous years. In the past, this review was done in conjunction with the annual review of EGNB's regulatory financial results. This year, as a result of significant legislative changes, it was determined that this review would be held separate from other regulatory processes and by way of a written hearing.

The Board issued a public notice and interested parties were invited to intervene. Only one party, namely the Public Intervenor, provided the Board with a written submission.

This review, conducted pursuant to the *Gas Distributor Marketing Regulation (the Regulation)*, is meant to ensure that the regulation and any Board orders are complied with. To assist in this review, the Board engaged John Butler of JC Butler Management Ltd. to conduct an independent review of the gas sales. Among Mr. Butler's tasks was to ensure that EGNB complied with section 6 of the regulation prohibiting cross-subsidization between gas sales and the gas distribution operations.

In June, 2012, Mr. Butler filed a report outlining his findings. Mr. Butler noted no significant issues. He did raise one possible concern, with respect to the methodology being used by EGNB during 2011 to allocate gas costs between customers taking the Standard Offer Price (SOP) and those taking the Alternative Offer price.

While an approximate overpayment of 1.9% may have been made by SOP customers, Mr. Butler notes, that the allocation methodology has been changed starting 2012. He also recommends that the Board find that EGNB, acted in good faith when it reviewed this methodology and made a change, effective January 1st, 2012.

Mr. Butler makes this recommendation for the following reasons, as explained at pages 14-15 of his report:

- The calculation of a 1.9% overpayment is approximate only as it is based on information that could only be available at year end.
- EGNB does not gain any advantage or benefit, or achieve any material increase in profit by choosing a different date for the change in allocation methodology,
- Percent volume allocation is not 100% accurate (it is unlikely that average cost allocation will be any more accurate),
- Separate contracts for SOP and Alternative offer volumes would be more accurate but would be neither practical or economic, and
- As noted above the refunds to SOP consumers would be relatively small.

The Board accepts the recommendation of Mr. Butler, for the reasons provided above and accepts that EGNB acted in good faith when the allocation methodology was changed effective January 1, 2012.

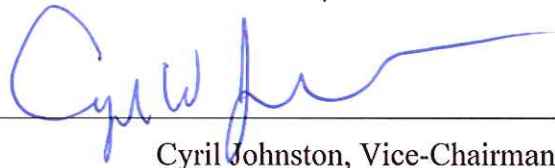
The Board finds that EGNB has complied with all relevant regulations and Board orders for 2011.

In his submission dated August 22nd, 2012, the Public Intervenor recommended that future reviews of EGNB natural gas sales be dealt with as an internal Board review. The Board agrees and intends to proceed in this fashion in future reviews.

Dated at the City of Saint John, New Brunswick this 26th day of September, 2012.



Raymond Gorman, Q.C., Chairman



Cyril Johnston, Vice-Chairman



Edward McLean, Member



Terry Totten, Member