

**Maritimes & Northeast Pipeline
Annual Surveillance Report
Financial and Throughput Information
Period Ending March 31, 2016**

June 2016

NEB Surveillance Report
For the Period January 1, 2016 to December 31, 2016

Attachment List

- Schedule 1 Income Summary
- Schedule 2 Average Rate Base
- Schedule 3 Throughput Detail
- Schedule 4 Payroll Statistics - Salaries, Wages, and Employee Benefits
- Schedule 5 Payroll Statistics - Employee Allocation
- Schedule 6 Deferral Accounts
- Schedule 7 Performance Ratios

SCHEDULE 1
Part XI

MARITIMES AND NORTHEAST PIPELINE
INCOME SUMMARY
For the Period January 1, 2016 to December 31, 2016
(\$000's)

Particulars	YTD March 2016 Actual	Updated Annual Forecast	NEB Decision or Initial Forecast	Variance
(a)	(b)	(c)	(d)	(e) = (c) - (d)
Revenues				
Firm Transportation Revenue	31,238	119,985	121,973	(1,988)
IT/Other Transportation Revenue	2,511	7,500	5,000	2,500
Total Revenues	33,749	127,485	126,973	512
Operating Expenses				
Operating & Maintenance	3,310	14,742	13,750	992
Depreciation & Amortization	12,225	50,168	50,168	0
Income & Capital Taxes ⁽¹⁾	4,850	19,399	19,399	0
Municipal Taxes	3,213	12,852	11,785	1,067
NEB Cost Recovery	0	884	884	0
Interest Expense	2,742	10,968	N/A ³	N/A
Toll Hearing Costs	0	0	0	0
2015 Deferral Disposition	(42)	(170)	0	(170)
2016 Deferrals	2,245	1,433	0	1,433
Other Income and Expense ⁽²⁾	(378)	(1,512)	0	(1,512)
Total Operating Expenses	28,164	108,764	95,986	1,810
Operating Income	5,585	18,721	N/A ³	N/A
Rate of Return on Rate Base	8.7576%	8.1197%	8.4746%	N/A
Rate of Return on Common Equity	6.52%	5.46%	N/A ³	N/A

(1) Capital and Income Taxes projected as per Settlement (actual results not available)

(2) Other Income and Expense refers to AFUDC Equity, Interest Income & Foreign Exchange.

(3) 2014-16 Toll Settlement Agreement was blackboxed therefore information not available

SCHEDULE 2
Part XI

MARITIMES AND NORTHEAST PIPELINE
AVERAGE RATE BASE
For the Period January 1, 2016 to December 31, 2016
(\$000's)

Particulars	YTD March 2016 Actual	Updated Annual Forecast	NEB Decision or Initial Forecast	Variance
(a)	(b)	(c)	(d)	(e) = (d) - (c)
Plant in Service				
Net Plant	358,082	341,858	341,858	0
Total Plant	<u>358,082</u>	<u>341,858</u>	<u>341,858</u>	<u>0</u>
Working Capital				
Materials and Supplies	262	263	263	0
Transmission Line Pack	4,709	4,709	4,709	0
Prepayments and Deposits	(205)	3,943	3,943	0
Other	17,486	14,866	14,866	0
Total Working Capital	<u>22,252</u>	<u>23,781</u>	<u>23,781</u>	<u>0</u>
Total Average Rate Base	<u>380,334</u>	<u>365,639</u>	<u>365,639</u>	<u>0</u>

SCHEDULE 3
Part XI

MARITIMES AND NORTHEAST PIPELINE
THROUGHPUT DETAIL ⁽¹⁾
For the Period January 1, 2016 to December 31, 2016

Particulars (a)	Actual during Quarter				Actual ⁽³⁾ (f)	Updated Annual Forecast ⁽³⁾ (g)	NEB Decision or Initial Forecast ⁽³⁾ (h)	Variance (i) = (g) - (h)
	Jan. ⁽²⁾ (b)	Feb. ⁽²⁾ (c)	Mar. ⁽²⁾ (d)	Total (e)				
Firm Volumes	266,370	272,756	252,324	791,450	791,450	5,208,000	5,208,000	0
Interruptible Volumes	10,914	3,456	8,247	22,617	22,617	N/A	N/A	N/A
Total Volumes	277,284	276,212	260,571	814,067	814,067	5,208,000	5,208,000	0

⁽¹⁾ Details for Export and Canadian volumes not provided in NEB forecast. (Annual Actual Domestic 79% & Annual Actual Export 21%)

⁽²⁾ Average MMBtus/d

⁽³⁾ Sum of Average MMBtus/d (eg. 434,000 MMBtu/d * 12 months = 5,208,000)

SCHEDULE 4
Part XI

MARITIMES AND NORTHEAST PIPELINE
PAYROLL STATISTICS
For the Period January 1, 2016 to December 31, 2016
(\$000's)

Particulars	YTD March 2016 Actual	Updated Annual Forecast	NEB Decision or Initial Forecast	Variance
(a)	(b)	(c)	(d)	(e) = (d) - (c)
Salaries & Wages ⁽¹⁾				
Gross Salaries & Wages	1,248	5,270	5,270	-
Total Gross Salaries & Wages	1,248	5,270	5,270	-
Less:				
Charged to non-regulated	41	164	164	-
Capitalized	90	360	360	-
Charged to other accounts	-	-	-	-
Sub-total	131	524	524	-
Salaries & Wages charged to Cost of Service	1,117	4,746	4,746	-

(1) Includes management fee/overhead which encompasses employee benefits paid by St. Clair.

SCHEDULE 5
Part XI

MARITIMES AND NORTHEAST PIPELINE
PAYROLL STATISTICS - EMPLOYEE ALLOCATION ⁽¹⁾
For the Period January 1, 2016 to December 31, 2016

Particulars	YTD March 2016 Actual	Updated Annual Forecast	NEB Decision or Initial Forecast	Variance
(a)	(b)	(c)	(d)	(e) = (d) - (c)
Total Regular Employees	29	29	29	0
Total Temporary Employees	2	2	2	0
Total Employees	31	31	31	0
Less:				
Charged to non-regulated	1	1	1	0
Capitalized	2	2	2	0
Charged to other accounts	0	0	0	0
Sub-total	3	3	3	0
Employees charged to Cost of Service	28	28	28	0

(1) Based upon average number of employees for the period.

SCHEDULE 6
Part XI

MARITIMES AND NORTHEAST PIPELINE

DEFERRAL ACCOUNTS ⁽¹⁾

For the Period January 1, 2016 to December 31, 2016
(\$000's)

Particulars	YTD	
	March 2016	Annual 2016
	Actual	Forecast
(a)	(b)	(c)
Revenue Deferral Accounts:		
IT/Other Revenues	2,511	2,500
Demand Determinants	0	0
Billing Disputes	0	0
Sub-total	2,511	2,500
Cost of Service Deferral Accounts:		
Legislative and Assessment Changes to Various Taxes	(267)	(1,067)
Interest Expense	0	0
Toll Hearing Costs	0	0
Sub-total	(267)	(1,067)
Total Deferrals to be Amortized in Future Test Period	2,245	1,433

(1) Balances exclude carrying charges.

SCHEDULE 7
Part XI

MARITIMES AND NORTHEAST PIPELINE
PERFORMANCE RATIOS
For the Period January 1, 2016 to December 31, 2016

Performance Ratio	Formula	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Forecast
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Total Revenue Requirement per Throughput Km	$\$/10^6 \text{ m}^3 \text{ km}$	\$ 59.56	\$ 55.03	\$ 53.97	\$ 53.40	\$ 52.78
Operating Expenses per Throughput Km	$\$/10^6 \text{ m}^3 \text{ km}$	\$ 31.97	\$ 29.92	\$ 30.30	\$ 31.10	\$ 31.17
Operating Expenses per Gross Plant	% of Gross Plant	7.14%	7.15%	7.21%	7.34%	7.26%
Administrative and General Expenses per Employee	\$000/person	\$ 219.94	\$ 219.52	\$ 206.10	\$ 198.76	\$ 183.65
Administrative and General Expenses per Throughput Km	$\$/10^6 \text{ m}^3 \text{ km}$	\$ 2.98	\$ 2.78	\$ 2.26	\$ 2.46	\$ 2.37
Net Plant (Ratebase) per Throughput Km	$\$/10^6 \text{ m}^3 \text{ km}$	\$ 226.51	\$ 194.04	\$ 171.66	\$ 158.22	\$ 142.11
Throughput Km per Employee	$10^6 \text{ m}^3 \text{ km/person}$	73,793	79,000	91,311	80,702	77,599
Fuel and Power Costs per Throughput Km	$\$/10^6 \text{ m}^3 \text{ km}$	N/A	N/A	N/A	N/A	N/A
Average Salary per Employee	\$000/person	\$ 176.13	\$ 172.41	\$ 187.47	\$ 192.19	\$ 161.04
*Includes Benefits in Management Fee						