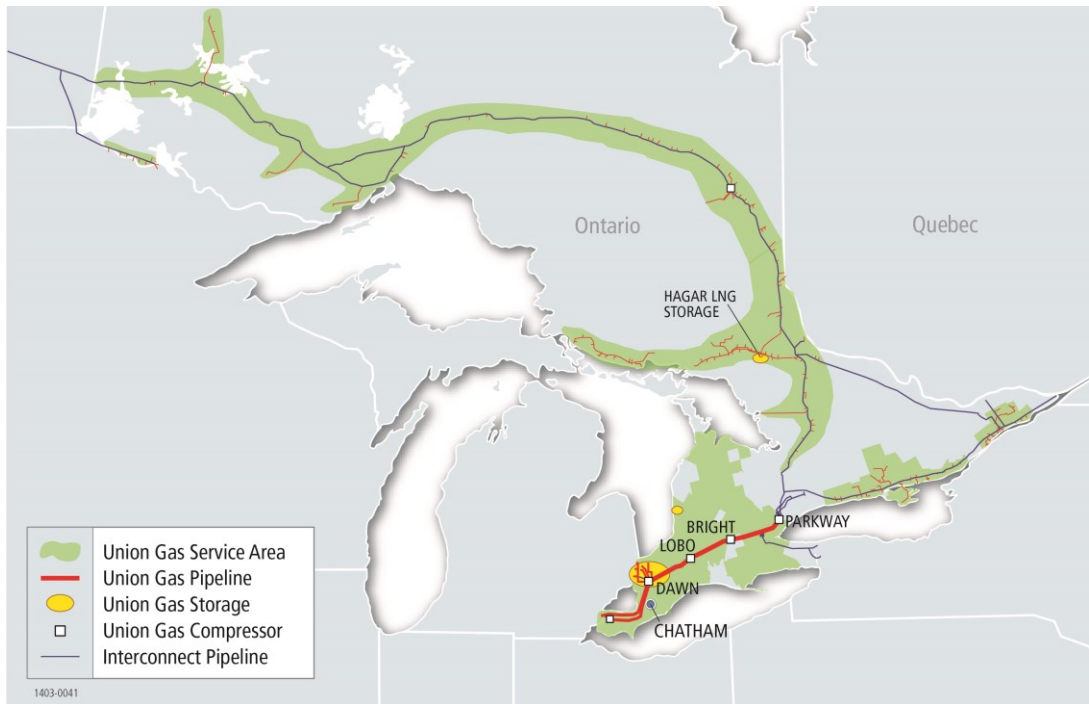




Extending Natural Gas Service: *Auburn*

June 5, 2017

Union Gas



1.4 Million
Retail Customers

1.2Tcf
Pipeline Throughput

65,390 km / 40,630 mi
Distribution Pipe

165 Bcf
Storage Capacity

4,850 km / 3,015mi
Transmission Pipe

- Major Canadian natural gas storage, transmission and distribution company based in Ontario
- Over 100 years of experience and safe service to customers
- Dawn Storage facility – largest underground storage facility in Canada
- Dawn Hub, one of the top-5 physically traded hubs in North America
- Assets of \$7.2 billion, ~1.4 million customers, ~2,300 employees
- One of Canada's Top 100 Employers 2011-2017
- An Enbridge company

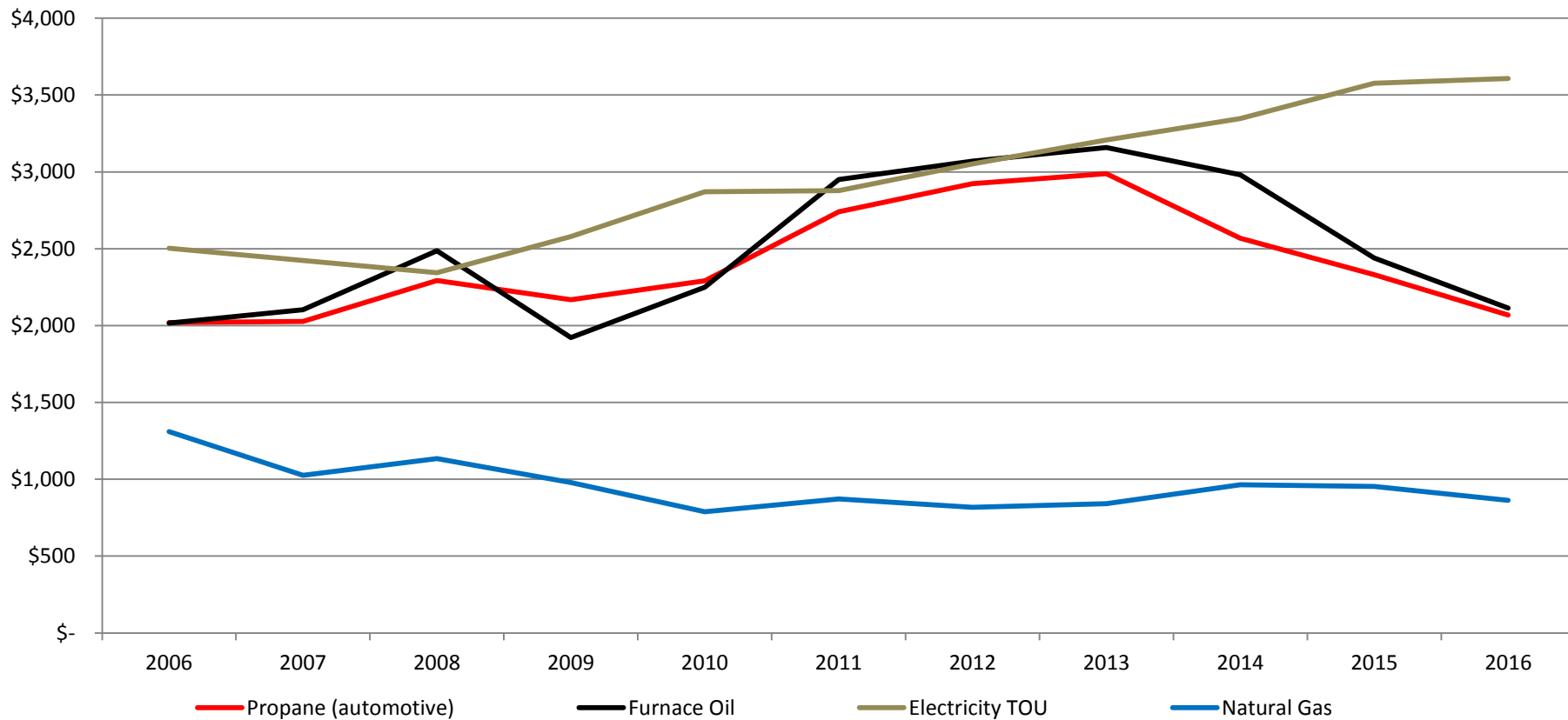
Why We Are Here

- Expanding access to natural gas supports local economic growth, creating jobs and improving the lives of Ontario families and business
- Natural gas continues to be the low cost, reliable and clean energy solution - Union Gas' rates are regulated and are currently the lowest in Ontario
- Compared to propane or oil, natural gas has the lowest greenhouse gas emissions
- Natural gas is a reliable source of energy and is abundant.



Cost Comparison

**Average Ontario
Estimated Annual Cost of Energy**
(annual average use of 82 GJ)



The Ontario Energy Board

- The Ontario Energy Board (OEB) is an independent regulatory body which has jurisdiction over production, distribution, transmission and storage of natural gas in Ontario
- OEB approves natural gas rates quarterly
- Within Union Gas' regulatory framework, **existing customers can not subsidize the costs of new customers**
- Other utilities operate under a different regulatory framework
- Economic model is approved by the OEB
- OEB sets specific metrics we need to achieve

Ontario's Natural Gas Grant Program

The Program:

- Ontario is helping to expand access to natural gas across the province
- Municipalities, First Nations and unincorporated areas are eligible
 - \$70m for community expansion,
 - \$30m for economic development opportunities
- Applications to be submitted by natural gas distributor
- Cost of converting equipment and connecting individual properties are not eligible for coverage



What would expansion look like?

Customer Rate - volumetric surcharge in addition to Union's current rates for a limited time period

Surcharge Term: 40 years

Municipal Contribution*: Approximately \$550/year (equivalent to the incremental increase in property taxes for minimum 10 years) as per requirements

Government Aid:** Union Gas will submit this amount to the Provincial government as part of the application

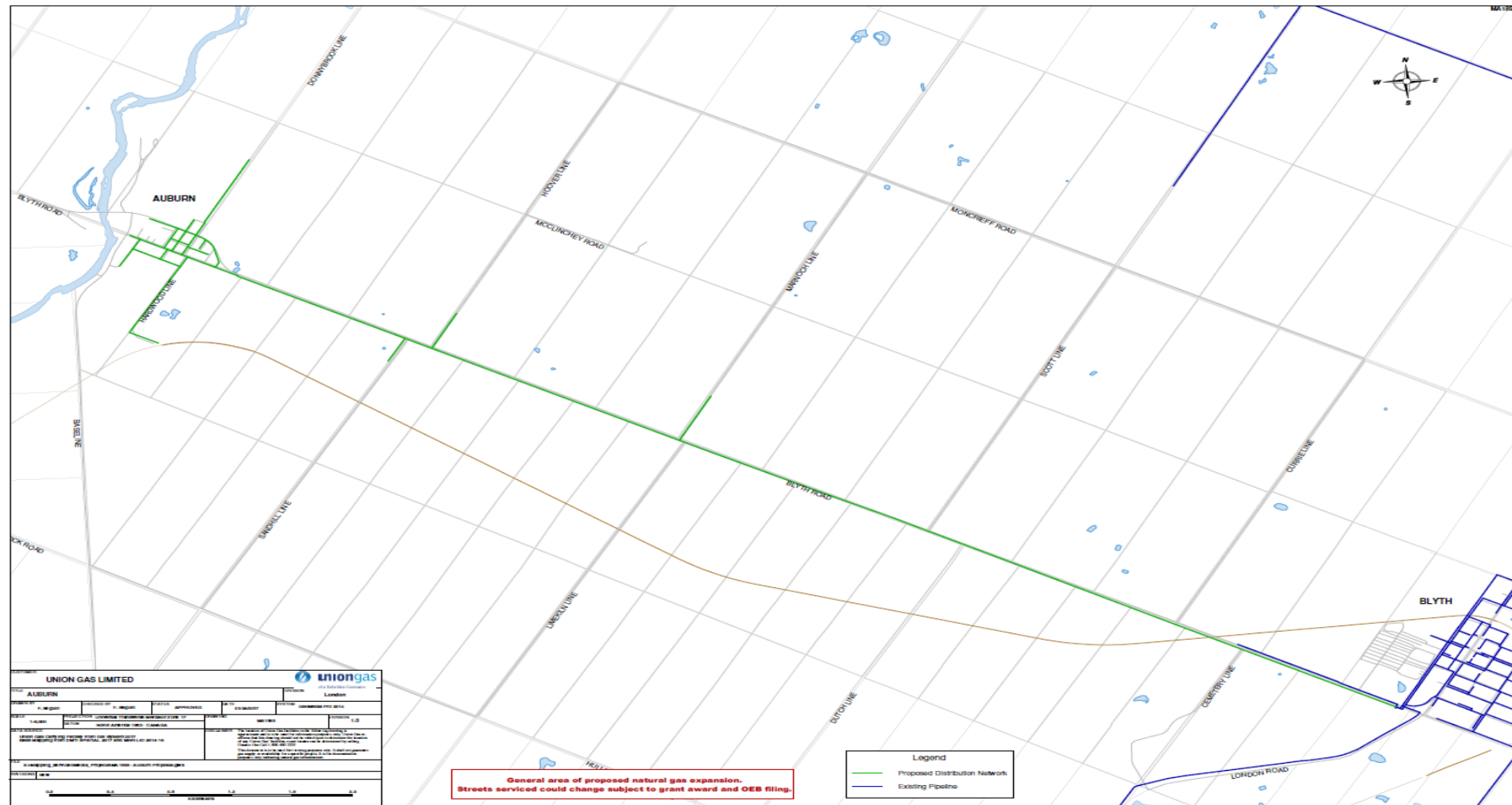
Timing: 2019 at the earliest pending approvals

Current Taxes Paid by Union: \$53,176.95

* This number is provided as an initial estimate based on preliminary design, may change slightly depending on final design / construction

** This number is confidential due to the commercially sensitive nature of the applications

Proposed Service Map*



* Initial design; subject to change based on community input/development approvals/regulatory process

Partnering on Grant Application

Our Commitment to you:

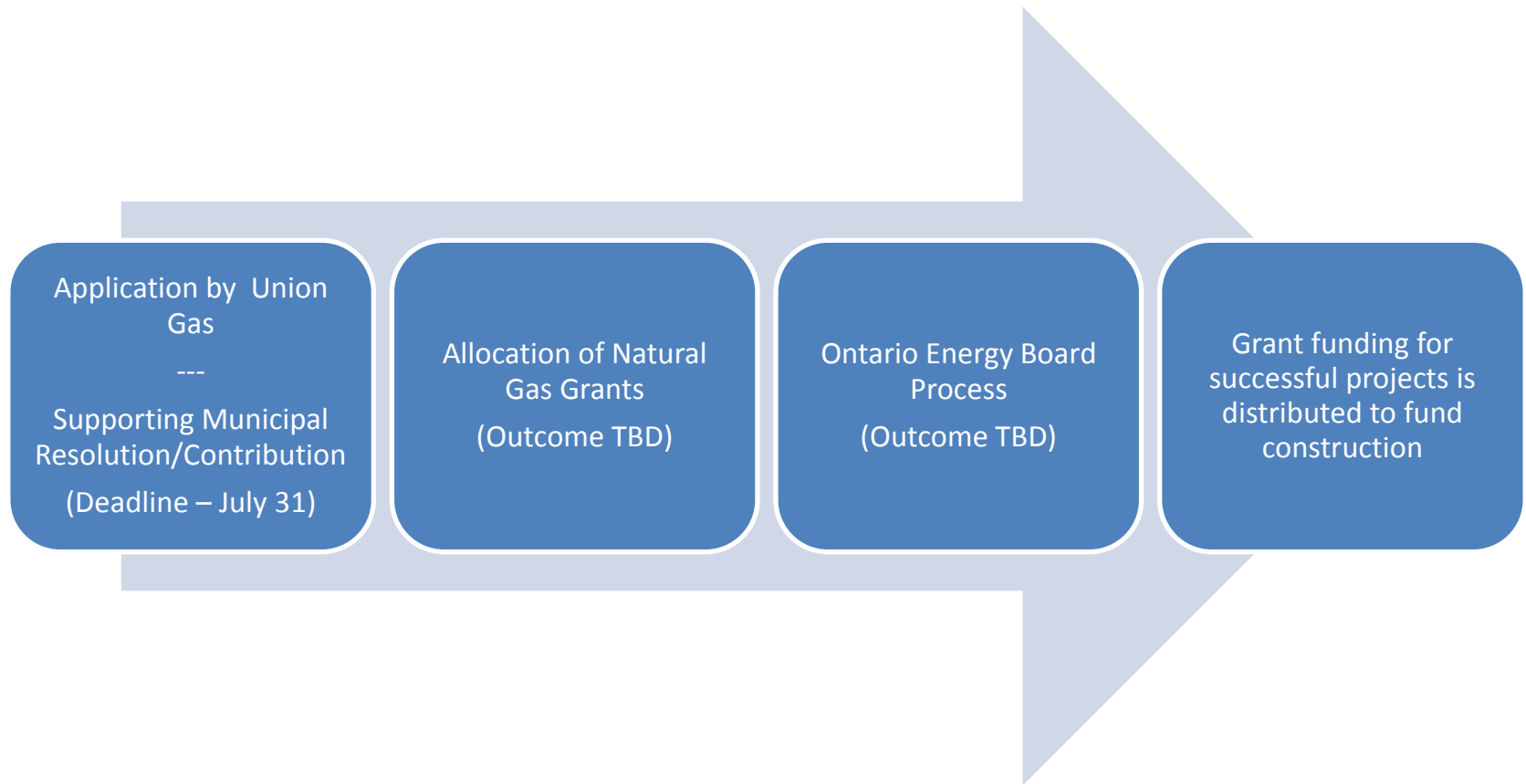
- Union Gas would submit grant application with relevant data
- If successful, Union Gas would submit the project to the Ontario Energy Board for final approval

What we need from you:

- Demonstration of support for project via a municipal resolution
- Make a financial contribution towards project costs
 - Contribution must be equivalent to property tax recovered from new natural gas infrastructure over a minimum of a ten-year period
- Pending approval, a commitment from the municipality to work together to identify favourable running lines to ensure minimized capital costs



Timeline



Looking Ahead

We:

- Are prepared to partner with your municipality on an application to the Natural Gas Grant Program (Due before July 31, 2017)

Our Ask of You:

- Demonstration of support for project via a municipal resolution
- A financial contribution towards project costs
 - Contribution equivalent to municipal portion of the property tax recovered from new infrastructure over minimum ten-year period





Q&A

