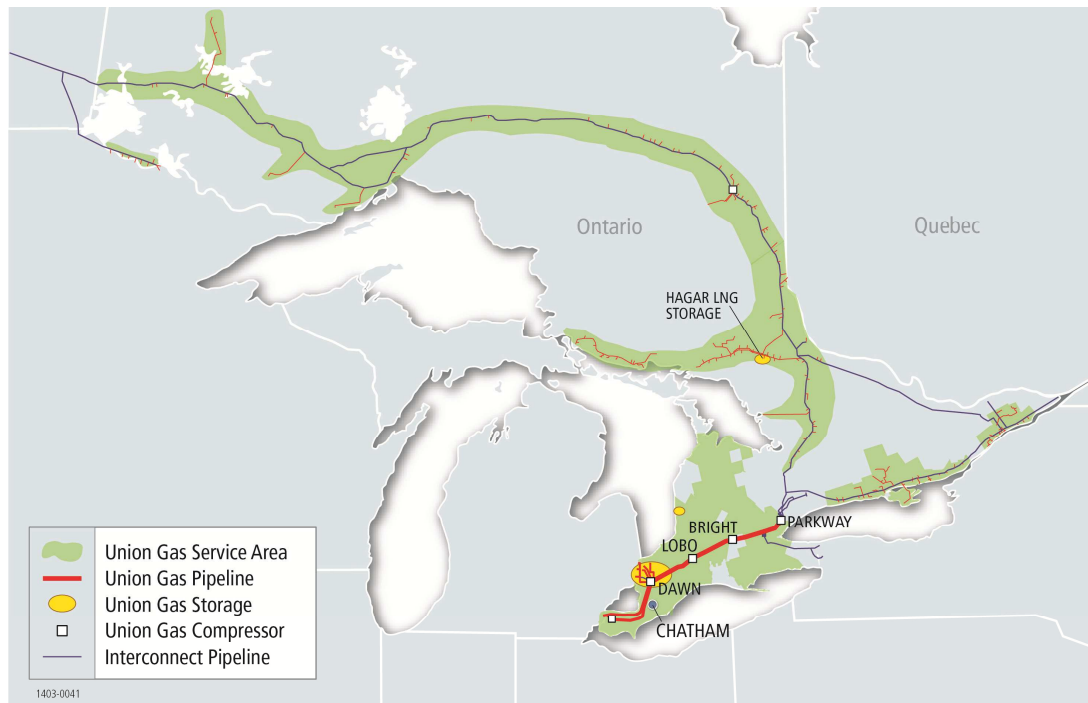
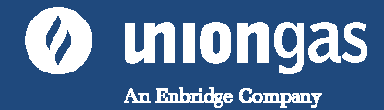




Extending Natural Gas Service: *City of Hamilton* *Sheffield*

July 10, 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



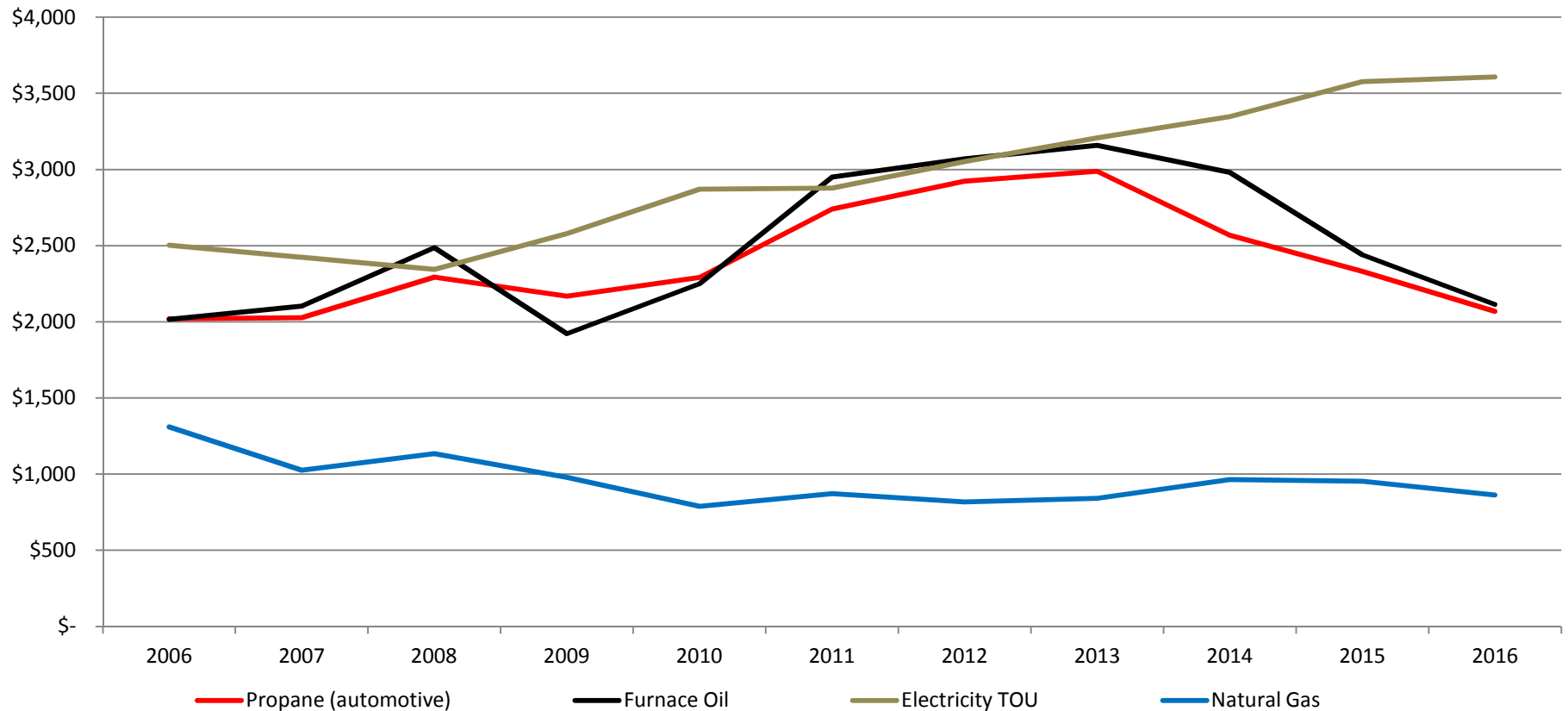
- Expanding access to natural gas supports local economic growth, creating jobs and improving the lives of Ontario families and business
- Natural gas continues to be a low cost, reliable and clean energy solution
- Union Gas' rates are regulated and are currently the lowest in Ontario
- Compared to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



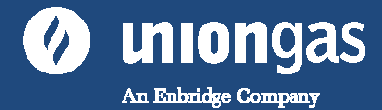
Cost Comparison



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

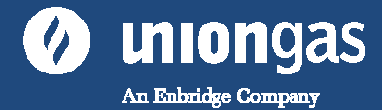


The Ontario Energy Board



- 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

Customer Term: 40 years

Municipal Contribution*: Approximately \$5,000/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

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

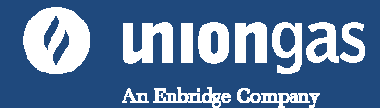
** This number is confidential due to the commercially sensitive nature of the applications

Proposed Service Map*



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

Partnering on Grant Application



Our Commitment to you:

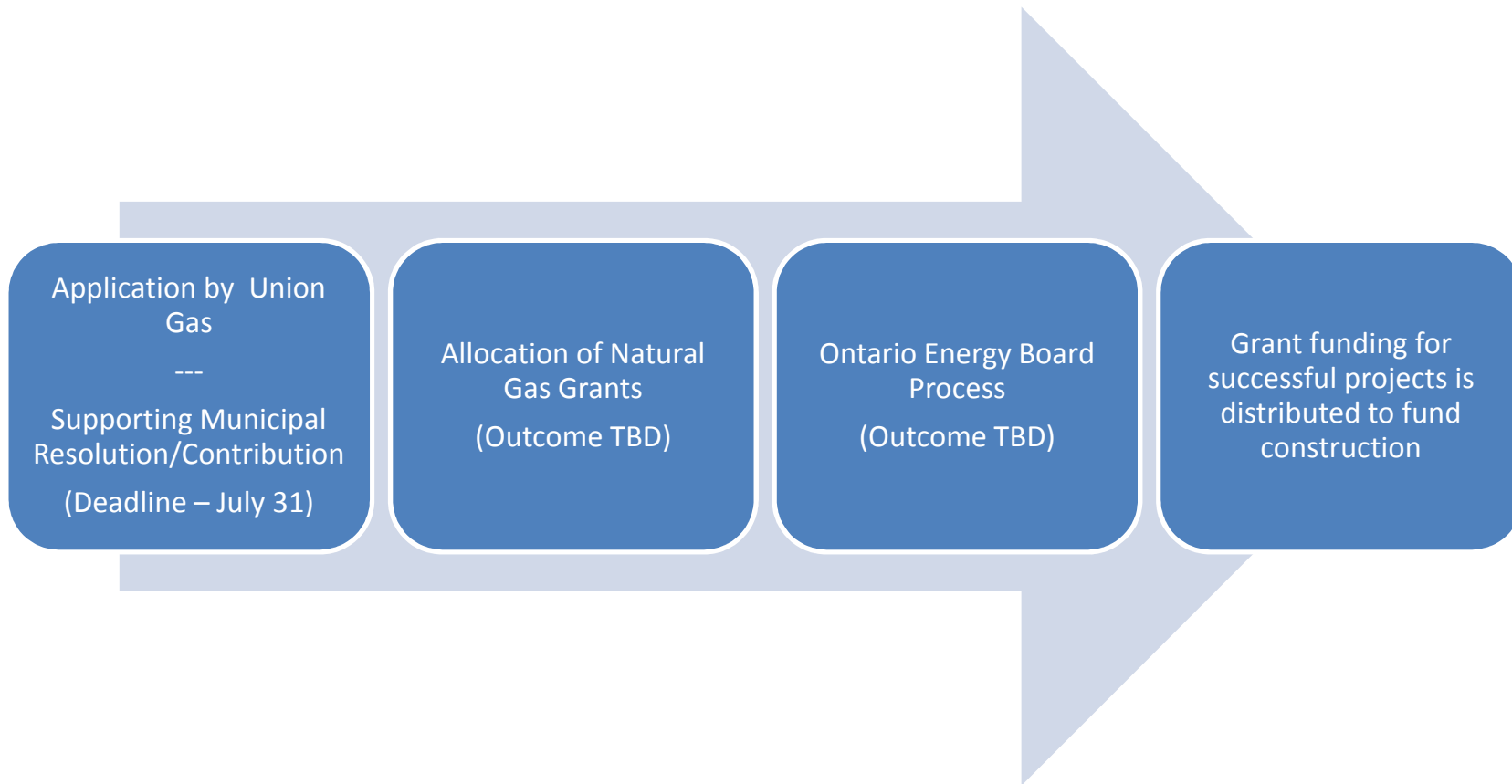
- Union Gas would submit grant application with relevant data
- If successful, Union Gas would submit the project to the Ontario Energy Board for final approval

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



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



www.uniongas.com

