

# Utilities

**grow organically.  
minimize risk.  
streamline.**

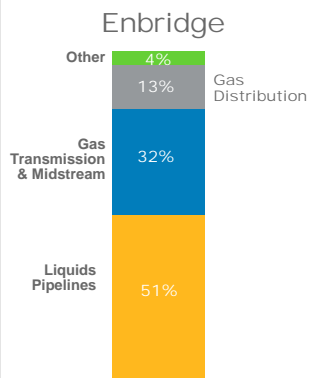


Cynthia Hansen  
EVP, Gas Distribution and Power Operations

## Best in Class North American Utility Footprint

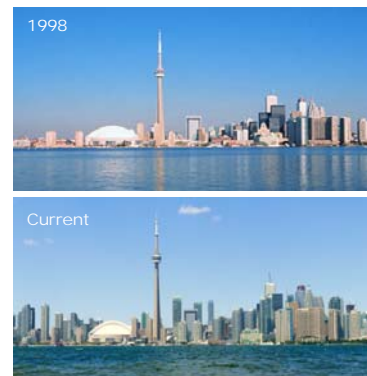


### 2018e EBITDA



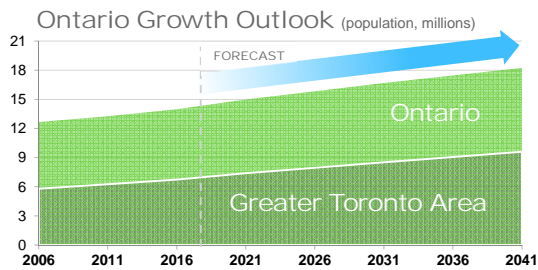
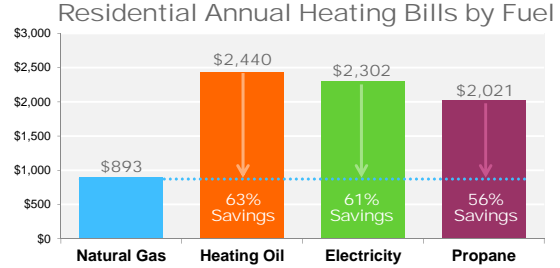
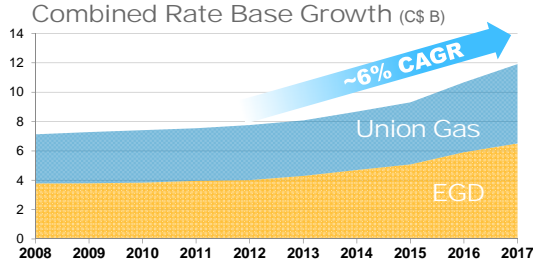
### Largest distribution franchises in Canada

- Valued assets underpinned by regulated, low risk business model with incentive upside
- Exceptional growth with 50,000+/year customer additions
- Strong regulated transmission and storage businesses supporting Ontario, Quebec and other Northeast markets
- Annual capital deployment of >\$1B
- Credit accretive
- Currently operating as separate utilities, application submitted to OEB for amalgamation



Critical infrastructure serving the heart of the Canadian economy

## Highly transparent rate base growth driven by position and competitiveness Strong and Consistent Growth



### Largest Cities in North America

1 New York City	6 Toronto
2 Los Angeles	7 Washington DC
3 Chicago	8 Philadelphia
4 Dallas-Fort Worth	9 Miami
5 Houston	

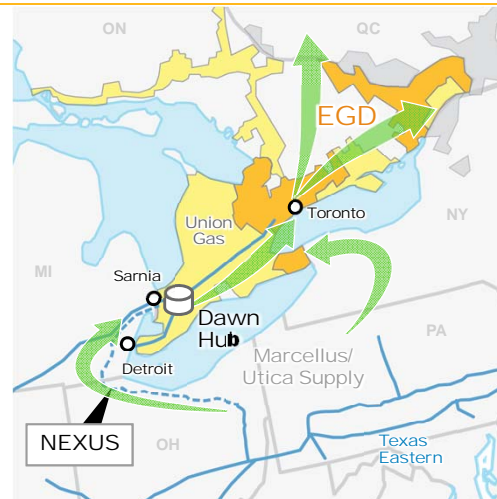
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## Dawn Hub provides Opportunities for Growth



### Dawn is 2nd most liquid physical hub in N. America

- Connects multiple supply basins with strategic markets
- Dawn supply growing rapidly:
  - TransCanada LTFP in service 4Q17
  - Rover flowing to Dawn in 1Q18
  - NEXUS in service 3Q18
- 278 Bcf of storage asset capacity with growth post 2020
- Dawn-Parkway transmission system
  - 2017 Dawn-Parkway expansion brings capacity to 8.2 Bcf/d
  - Regulated rates, highly contracted, high quality customers
  - Northeast U.S. LDCs looking to increase supply at Dawn
  - Further opportunity for utilities to move supply to Dawn



Infrastructure positioned to serve both growing supply basins and growing end use markets

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# Incentive mechanisms have benefited customers and shareholders



## Current Incentive Regulation:

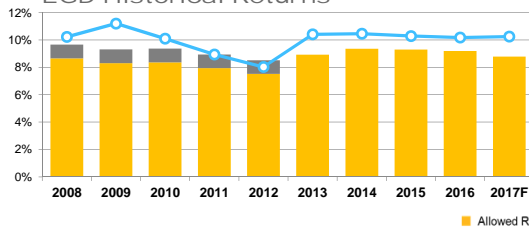
### EGD: Custom IR

- Rates adjusted for forecasted capital
- ROE reset each year
- Excess above allowed ROE shared 50% with ratepayers

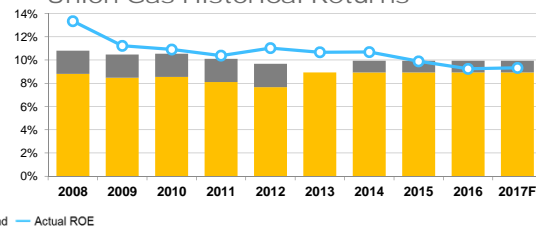
### Union Gas: Price Cap

- Price cap increasing revenues by 40% of inflation/year
- "Capital pass through" mechanism
- ROE fixed at 8.93%
- Excess >100 bps shared 50%, >200 bps shared 90%

EGD Historical Returns



Union Gas Historical Returns



Excellent history of maximizing efficiencies through incentive mechanisms

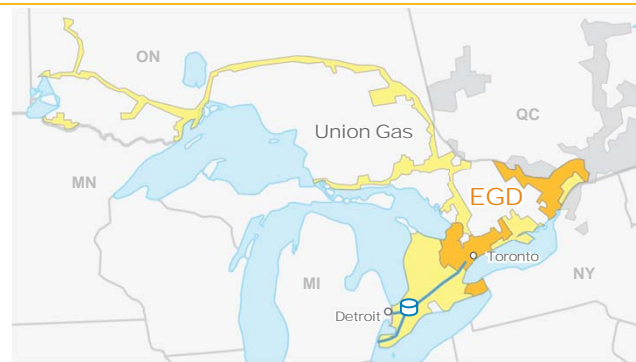
# Utility Amalgamation Plan



## Mergers Amalgamations Acquisitions & Divestitures (MAADs) filing

### Key Points:

- Price Cap Index
- 10 year term
- Incremental Capital Module
- Base Rate Adjustments
- Customer Protection Measures
- Deferral and Variance Accounts
- Earnings Sharing Mechanism for incentive upside
  - Years 1-5: No sharing
  - Years 6-10: 50% above 300 bps



	Enbridge Gas Distribution	Union Gas	Total
Customers	2.1MM	1.5MM	3.6MM
2016 new customers	~30,000	~22,000	~52,000
Rate base	\$5.9B	\$4.8B	\$10.7B

Predictable customer rates with opportunity to earn higher returns through efficiencies

## Utility Amalgamation Benefits Customers & Shareholders



Synergy potential:

- Customer care
- Distribution work management
- Utility shared services
- Storage and transmission, gas supply and gas control
- Management functions and other functions

Top Natural Gas Utilities in N. America by Volume

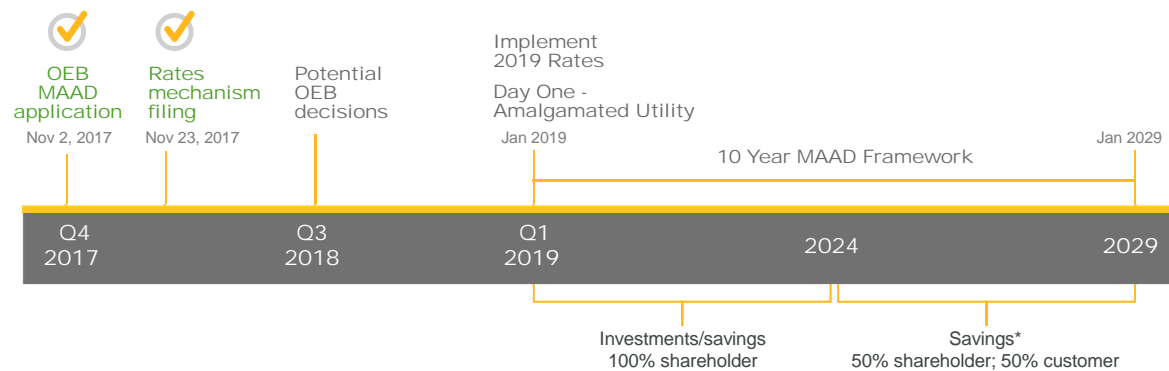
U.S. Rank	Company Name	Total Annual Volumes (Bcf)	Total Customers (Millions)
	<b>Enbridge Utilities</b>	<b>884.0</b>	<b>3.6</b>
1	Southern California Gas Co	294.6	5.7
2	Atmos Energy Corporation	260.7	3.1
3	Nicor Gas	228.9	1.9
4	Consumers Energy Company	204.6	1.7
5	Pacific Gas	196.7	4.0
6	Public Service Electric & Gas Co	170.1	1.7

Source: American Gas Association: Utility Rankings, excluding pipeline only companies

**Early investment supports synergy capture over the 10-year plan**

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## Amalgamation Implementation Timeline



\* Earnings in excess of 300 bps over allowed ROE.

**Applications filed with Ontario Energy Board support commencing integration in 2019**

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## Future Growth



- Rate base renewal and growth:
  - Customer additions 50,000/year
  - Community Expansion
  - \$1 B/year + capital program
  - Continue to optimize infrastructure in amalgamated utility
- Other opportunities:
  - Renewable Natural Gas (RNG)
  - Compressed Natural Gas (CNG)
  - Integrated gas & electric infrastructure
  - Geothermal



## Utilities Key Priorities



### **grow organically.**

- Strong continued rate base growth
- Expansions of Dawn area infrastructure
- Attach new communities

### **minimize risk.**

- Establish new, balanced regulatory framework with incentive upside

### **streamline.**

- Significant opportunity to achieve customer and shareholder benefits with integrated utility

# Q&A

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