

RATES AND PROJECT FINANCING

1. The main objective of drilling the horizontal wells is to replace 60% of the existing deliverability at Dow, which was lost in 2017 as a result of abandoning 5 vertical gas storage wells, abandoning 1 observation well and the conversion of 1 gas storage well to an observation well. The pool performance for the 2017/2018 injection and withdrawal cycles was completed in June 2018 and it was determined that the abandonment and conversion of the above-mentioned wells has resulted in a decrease in deliverability in the Dow Pool of 60%. The observation wells are required to monitor the gas content and pressure in the underground storage area and are required to ensure the safe and reliable storage of natural gas for Enbridge's customers.
2. The wells will not increase deliverability or capacity. All costs will be included in Enbridge's regulated rate base and have been included in Enbridge's Asset Plan. In the recent amalgamation application of Enbridge and Union Gas (EB-2017-0306 & EB-2017-0307), the OEB approved a price cap incentive regulation formula for the setting of rates for fiscal years 2019-2023. There will be no rate impact to Enbridge customers from the drilling of the wells beyond the approved price cap rate mechanism for the 2019 to 2023 period.