

Enbridge and Questar: Building a Future Together

Enbridge Quail Holdings' Acquisition of Questar Gas and Wexpro

Public Service Commission of Utah Technical Conference



Docket No. 23-057-16
December 7, 2023

Dominion Energy

Divestiture of gas distribution utilities, including Questar Gas & Wexpro

Governance process for sale of gas utilities



November 2022

- Dominion initiates a ‘top-to-bottom’ business review

March 2023

- Dominion, with its advisors Citigroup and Goldman Sachs, launches competitive sale process for gas distribution utility assets
- Delivers Confidential Information Memorandum (CIM) to prospective bidders

May/July 2023

- Deadline for first and second round of bids

August/September 2023

- Enbridge selected as winning bidder on all gas distribution utility assets
- Dominion Energy Board approves transaction; receives fairness opinion from advisors

Rationale for sale of gas utilities



Sale provides a source of efficient capital at attractive valuation

Re-deployment of capital to regulated electric utility growth

- Expected to improve Dominion Energy’s credit profile and balance sheet to support regulated investment opportunity focused on resiliency and decarbonization

Significant improvement to Dominion Energy’s financial credit metrics

- Expected to reduce significant levels of debt and to improve the company’s credit metrics

Agenda

**Corporate
Overview**

1

**Transaction
Overview**

2

**Integration
Plan**

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**Financing
Details**

4

**Regulatory
Commitments**

5

Introductions

Michele Harradence

- Executive Vice President & President, Gas Distribution and Storage of Enbridge Inc.
- President and Chief Executive Officer of Enbridge Gas Inc.

Chris Johnston (“CJ”)

- Vice President, Finance – Integration of Enbridge Inc.

Jim Sanders

- Senior Vice President, Enterprise and Utility Integration of Enbridge Gas Inc.

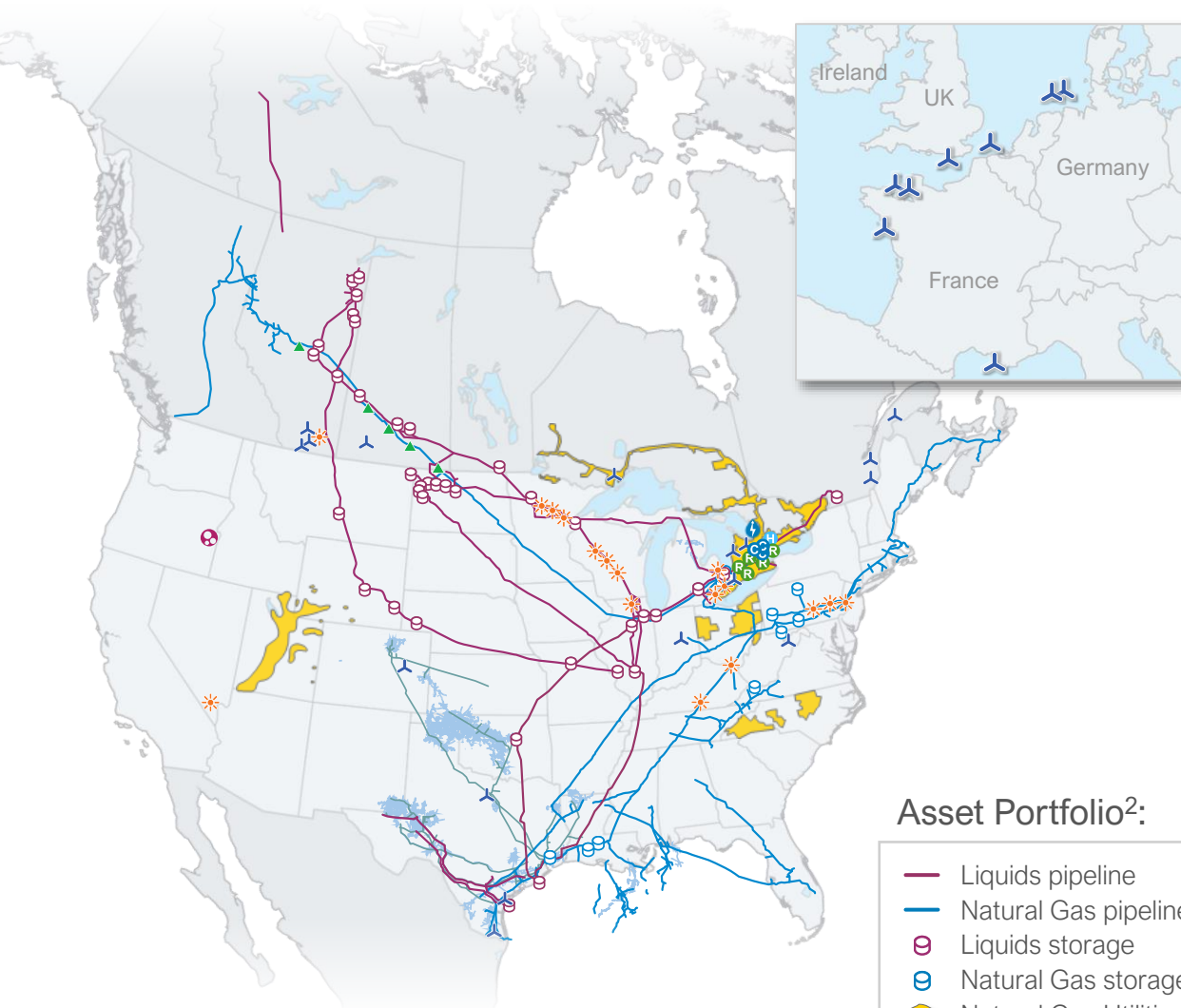


Enbridge Inc.

NYSE: ENB | TSX: ENB.TO



Enbridge Inc.



Gas Distribution	N.A.'s largest natural gas utility serving ~4 MM customers ¹
Gas Transmission	Deliver 20% of natural gas consumed by >170 MM people
Liquids	Transports ~30% of crude oil produced in North America
Power	2.3GW ¹ of renewable energy serving ~900,000 homes

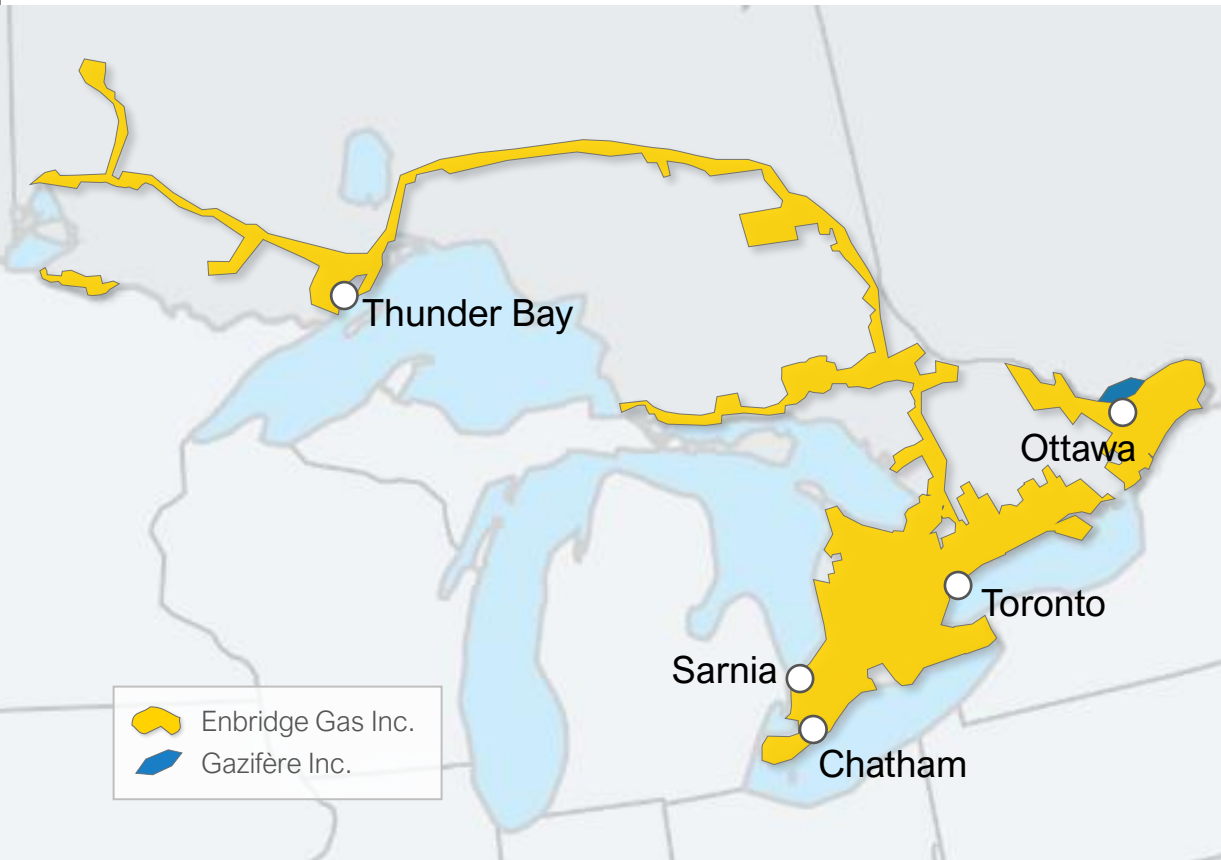
- Our mission is to deliver the energy that fuels quality of life and be the first-choice provider for resilient sustainable energy solutions
- Enbridge's core values are Safety, Integrity, Respect, Inclusion, and High Performance
- \$28B acquisition of Spectra Energy created North America's premier energy infrastructure company

Asset Portfolio²:

Liquids pipeline	23 Wind farms – onshore & offshore	7 RNG
Natural Gas pipeline	16 Solar energy operations	2 Hydrogen
Liquids storage	5 Waste heat recovery facilities	1 Geothermal facility
Natural Gas storage	3 CNG Fueling Stations	1 Hydro facility
Natural Gas Utilities		

(1) Largest by volume delivered
 (2) Includes assets in operations and under construction

Enbridge Gas Inc. & Gazifère Inc.

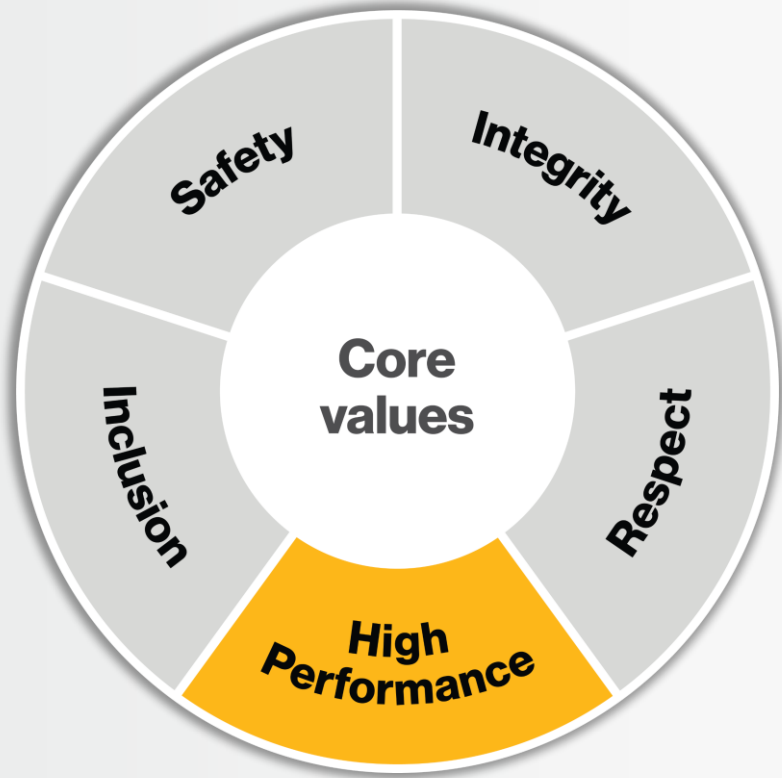


- Over 175 years of experience delivering safe, reliable, and affordable energy
- Merger of Ontario's two largest natural gas utilities to create N.A.'s largest natural gas utility¹
- Rate base in excess of \$11B
- Provides heating to more than 75% of Ontario homes with reliability of more than 99.99%
- Owns and operates one of two natural gas distributors in Québec
- Over 93,000 miles of distribution pipe, 2,200 miles of transmission pipe, and ~290 Bcf of storage
- Growth of 45k+ new customers per year²

Largest natural gas utility in N.A. by volume delivered; third-largest by customer count

(1) Largest by volume delivered, (2) 2022

Enbridge's Core Values & Life Saving Rules



Lifesaving Rules



Rule 1
Hazard Management




Rule 2
Driving Safety



Rule 3
Confined Space Entry



Rule 4
Ground Disturbance



Rule 5
Isolation of Energized System



Rule 6
Report of Safety Events



Rule 7
Bypassing Safety Control

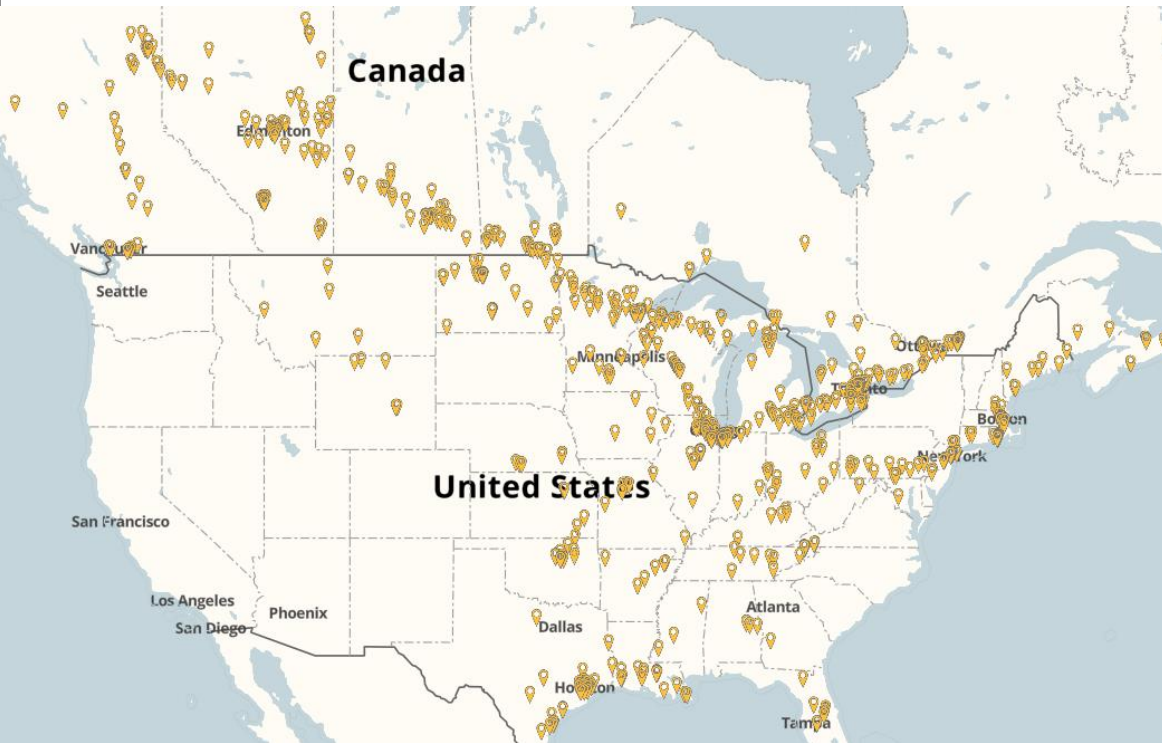
Enbridge's Management Philosophy

- Committed to safety and the environment
- Experienced natural gas system operator: storage, transmission, and distribution
- Dedicated to investing in natural gas assets
- Customer centric
- Maintain presence in local community
- Devoted to being a first-choice employer
- Experience seamlessly integrating companies
- Financial wherewithal to grow and modernize assets, and execute on lower-carbon growth



Corporate Citizenship & Recent Awards

Community Investments 2022 Map



Enbridge Fueling Futures community impact 2022

- ~\$16MM invested into the communities where we operate
- 53,712 volunteer hours by Enbridge employees
- 3,369 organizations supported

Recent Awards & Recognitions

- Women Lead Here
- Human Rights Campaign Foundation Corporate Equality Index
- Bloomberg Gender Equality Index
- Canada's Best Diversity Employers 2022
- Canada's Top 100 Employers for 18th consecutive year



In the past 5 years, Enbridge has invested \$80+ MM in donations into our communities

Supporting Local Communities

Low-income rate payer funded conservation programs

- Provided to income qualified homes at no cost

Safe Community Project Zero

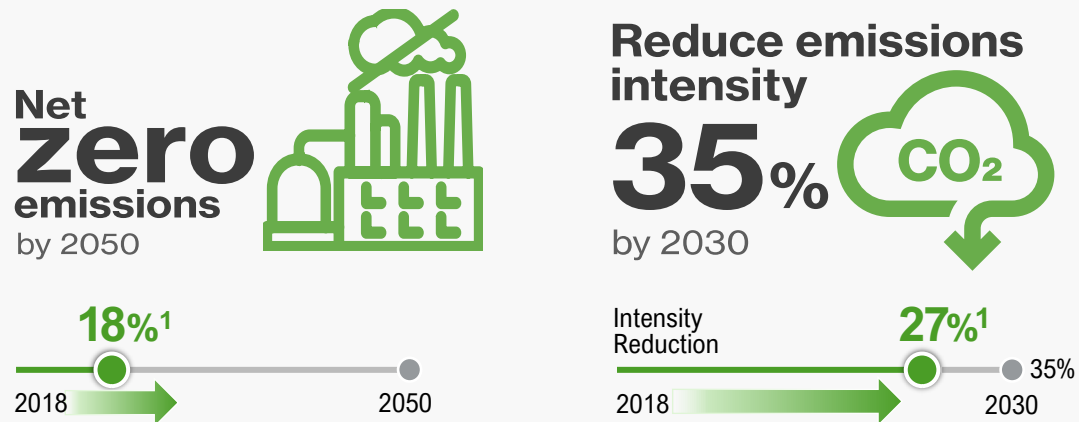
- Public education program & distribution of smoke and CO detectors
- Contribution to Fire Marshal's Public Safety Council (2023) and Ontario fire departments

Commitment to increase Questar's charitable contributions by \$175k/y for three years



Emission Reduction Strategy & Energy Transition

Enbridge Corporate Emissions



- Reducing our own emissions
- Modernization of equipment, capturing of vented emissions, and enhanced leak detection and repair programs

First-choice energy transition partner



Renewable Natural Gas



Carbon Capture & Sequestration



Hydrogen

(1) GHG emissions reduction relative to 2018 baseline as published in ENB's 2022 Sustainability report
 DPU Question 1.5, OCS Question 4(c), UAE Question 8

Acquisition Diligence

Relied on financial advisors and internal subject matter experts to perform diligence and confirm quality of assets

Evaluated acquisition of all three utilities and Wexpro on a consolidated basis

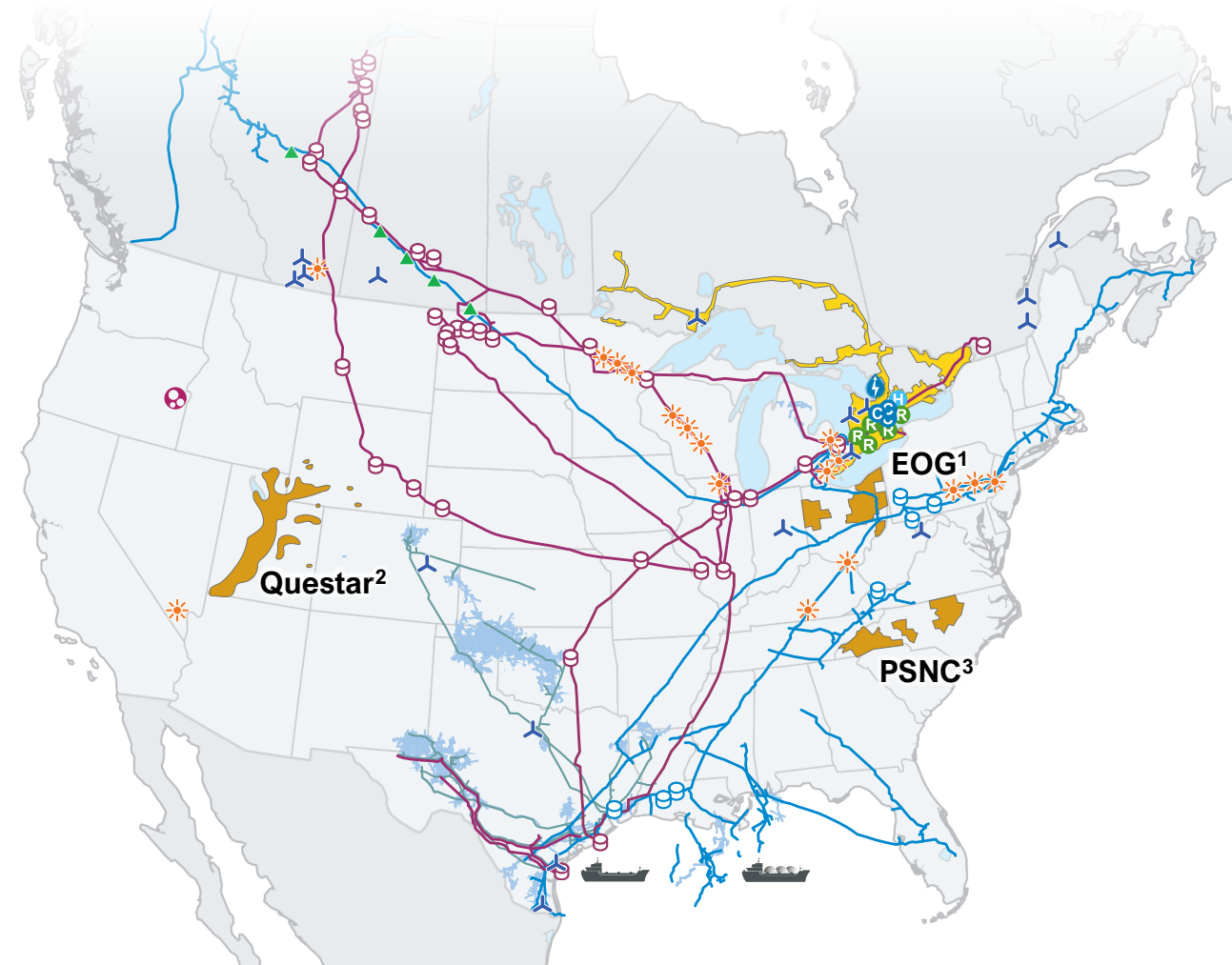
Retained legal and third-party advisors to opine on risks and regulatory process

Consulted credit rating agencies, obtained opinions, and studied alternate financing structures

Approved by Board of Directors; acquisition aligns with long-term growth and sustainability commitments

Complementary Opportunity

- Energy industry is transforming, and natural gas has a critical role to play in that transformation
- Compelling opportunity to expand our natural gas franchise and invest in utility assets
- Enbridge's expertise will complement Questar's infrastructure and well-run operations
- Questar will benefit from its affiliation with Enbridge
 - Access to resources and best practices
 - Collaborate on enhancement to safety, integrity, construction and operational programs
 - Share strong commitment to safety, customers, communities, and its employees



Together we can become a stronger and more resilient distribution company

Local Management and Leadership

- Remain headquartered in Salt Lake City
- Operate as a separate legal entity
- Managed by local seasoned team
- Budgets developed locally to address specific utility needs, and presented to Executive Management
- Policies and practices will be managed locally with access to resources of Enbridge
- Local input is critical and essential to enhance best-in-class practices



Grow & develop local talent

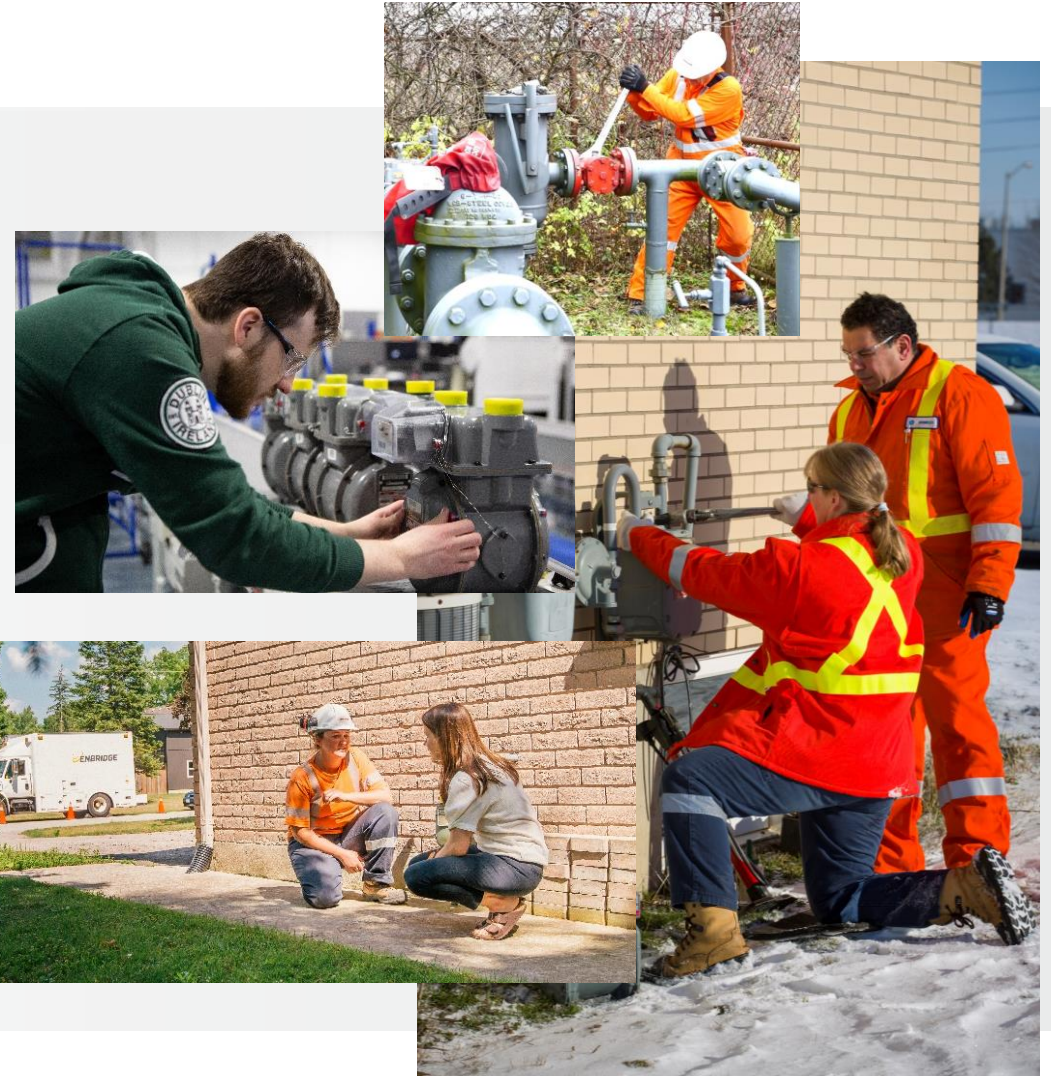
Utility Operations

Questar & Wexpro

Enbridge Gas Operations

Our proud team of ~3,000 employees across Operations and Engineering ensure the safe and reliable delivery of energy

- Principled approach to safety that supports a zero-event workplace
- Continuous improvement has achieved best ever performance
- Invest in programs to advance safety and reliability:
 - Integrated Management System
 - Joint Integrity Business Council



Integrated Management System

Purpose

Enhances leadership line of sight to safety and reliability functions

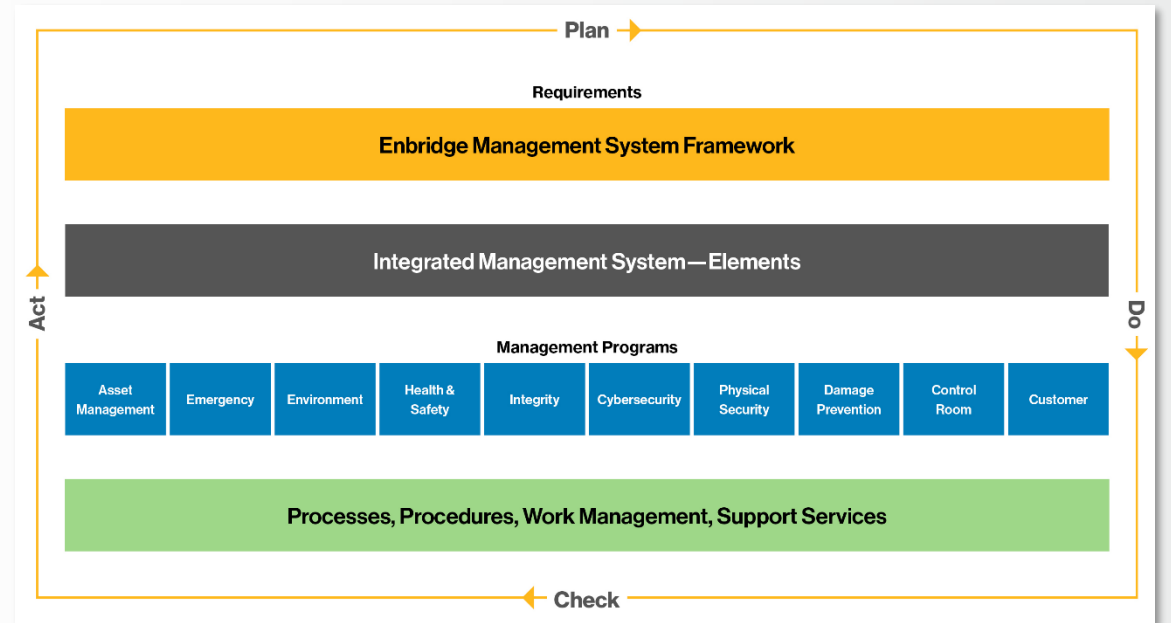


Implementation

Overlay IMS structure across key functions to leverage existing internal expertise



Enbridge Gas Distribution & Storage (GDS) Integrated Management System



IMS supports safe and reliable operations of our gas distribution company

Access to Utility Programs

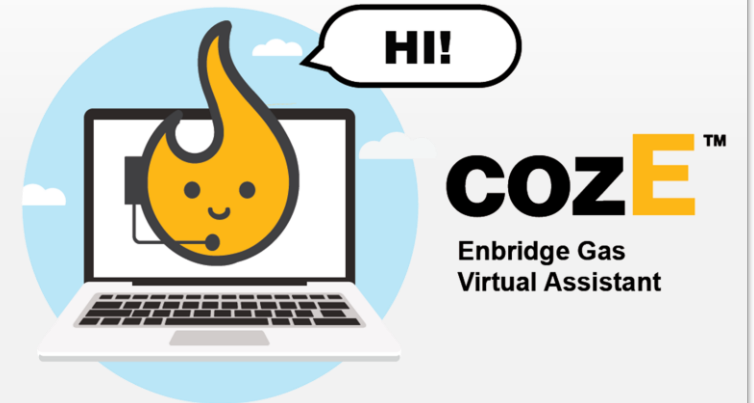
Enbridge Joint Pipeline Integrity Business Council



- Collaborate with one another on integrity and risk management best practices, drive common goals and share experiences, and lessons learned
- Questar will have an opportunity to participate and contribute

- Utilization of integrity tools and methods to proactively identify integrity features
- Development of new:
 - Integrity programs for higher risk distribution assets
 - Identification and management of geohazards

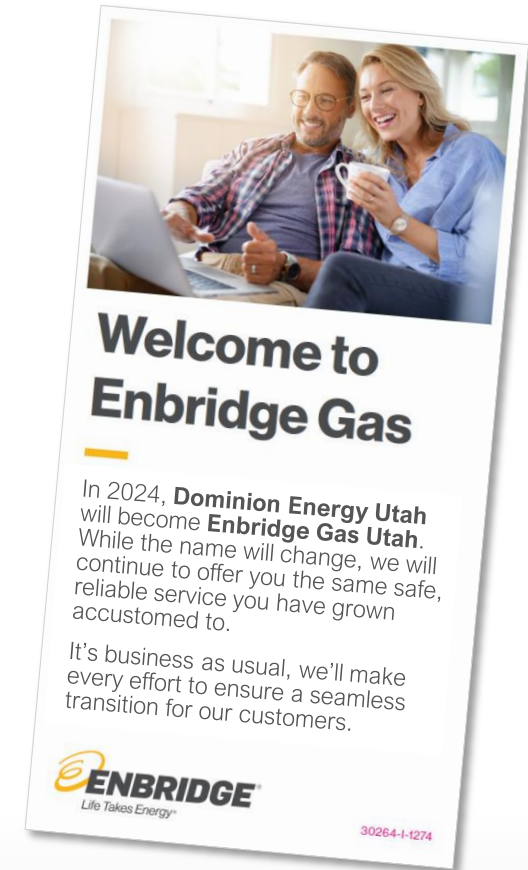
Customer Care



- Launched chatbot, coze, to address common questions
- Y-o-Y 22% increase in digital transactions
 - Most frequent transactions: meter reads, one-time payment, and moves

Customer Communications & Outreach

- Dominion Energy Utah will be rebranded to;
 - **“Enbridge Gas Utah”**¹
- Direct experience managing an integration process
- Tailored messaging for different customer classes: residential, business, large industrial as appropriate
- Methods under consideration include bill inserts, call center script, gradual rebranding and re-direct to Enbridge’s website
- Ongoing consultation with OCS, Division and Questar on communication of ownership change
- No changes expected from a Customer Care perspective



Day One

Bill/e-bill, web messages, social media, newsletters, call center scripts: about Enbridge, ownership change, and what to expect

Customer Experience Day (brand changes)

Transition Services Agreement (TSA)

- Questar currently receives certain services from Dominion affiliates under a shared services agreement
- Until these services can be provided by employees of Enbridge affiliates, Dominion employees will continue to provide these same services under a contract: Transition Services Agreement (“TSA”)
- The TSA ensures there is no interruption of necessary services to Questar and its customers for a seamless transition
- Questar will be charged for services provided by Dominion employees utilizing the methodologies generally approved for cost allocation of shared services by Dominion
- Questar customers will be shielded from any surcharges associated with the TSA



Financing Details

Questar & Wexpro

Positive Financial Strength of Enbridge

- Strong balance sheet with investment-grade credit ratings and access to significant liquidity
 - Over \$131.5B total assets and \$39B annual operating revenue
 - Diversified platform of low-risk energy and infrastructure assets
 - Access to ~\$16B in credit facilities
- Financial capacity to fund organic growth and to invest in Questar and Wexpro

Security	Standard & Poors	Moody's	DBRS	Fitch
Senior Unsecured Debt	BBB+	Baa1	BBB (High)	BBB+
Preferred Shares	P-2(low) ¹	Baa3	Pfd-3 (High)	BBB-
Commercial Paper	A-1(Low) ²	-	R-2 (High)	F2
Outlook	Negative	Negative	Under Review Developing	Stable

(1) Reflects Canadian Scale. Rate BBB- on global scale; (2) Reflects Canadian Scale. Rated A-2 on global scale for US program
OCS Question 1.

Transaction Financing

- Enbridge has obtained funding for the Questar Transaction
 - Completed sale of common shares for ~\$3.3B and ~\$3.5B subordinated notes
- Raised ~75% of \$9.4B acquisition to de-risk financing needs for the three gas utility acquisitions
- Balance of funding will be secured through:¹
 - Ongoing capital recycling
 - At-The-Market share offering program
 - Dividend reinvestment
 - Subordinated debt (Hybrid Capital)
 - Long-term debt



(1) Future financing plans are subject to change based on market conditions and other factors.

Transaction Financing Continued

- None of EQ Holdings, Questar Gas or Wexpro will incur any new indebtedness or liabilities for acquisition debt from the Transaction
- Questar will not seek recovery of transaction costs in its rates
 - Transaction costs include financial advisory and legal fees, executive change in control costs, and financing costs
- Questar and Wexpro will continue to have obligations under existing indebtedness

Enbridge Inc.

Funds raised to finance transaction

Enbridge US Holdings Inc.

Capital Contributions & Internal Loans

Enbridge U.S.

Capital Contributions & Internal Loans

Genoa Holdings

Capital Contributions

EQ Holdings

Capital Contributions

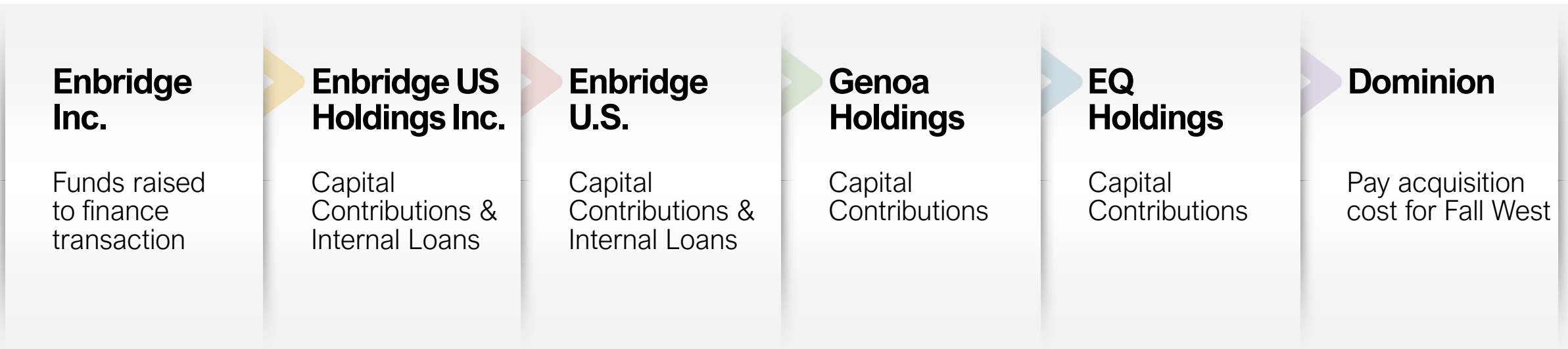
Dominion

Pay acquisition cost for Fall West

Ring-Fencing: Structural Design plus Commitments

Genoa Holdings and subsidiaries established as a new and separate line of wholly owned subsidiaries:

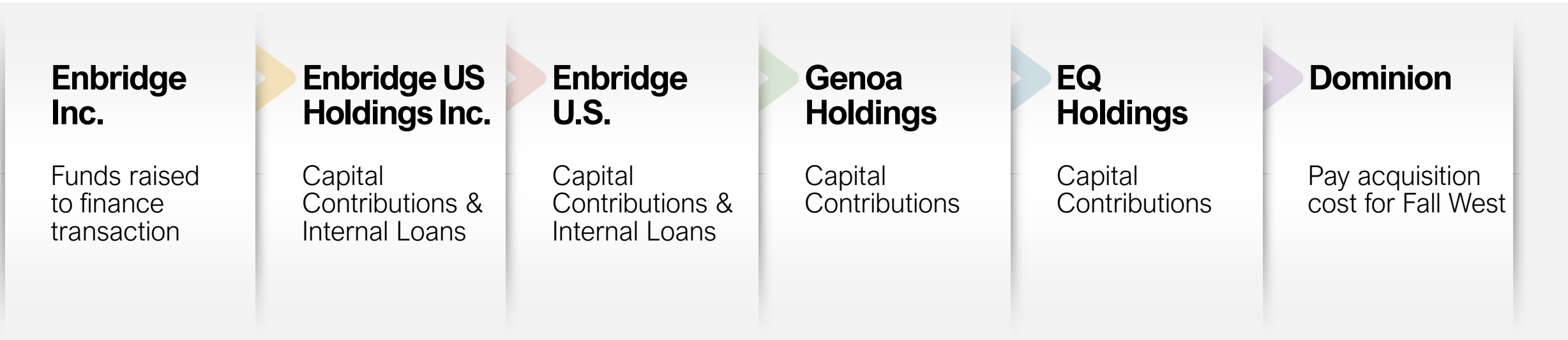
- U.S. gas utilities separate and apart from other U.S. operations of Enbridge
- Each U.S. gas utility separate and apart from each other



Ring-Fencing: Structural Design plus Commitments

Corporate structure ring-fences Questar from credit and commercial risks of other gas utilities and affiliate companies

- Continue to allow Questar to enjoy benefit from affiliation with Enbridge
- Provides an extra layer of protection to ensure no single gas utility is in the position of lending its credit to, or subsidizing the obligations of, another gas utility
- Ensures that the customers of each gas utility are protected from risks outside of normal operations
- EQ Holdings commits to make capital contributions to Questar as necessary to maintain an equity ratio in the range of 48% to 55%, consistent with prior decisions



Ring-Fencing: Structural Design plus Commitments

The corporate structure and commitments

- Questar will maintain separate financing arrangements, financial statements and bank accounts
- Questar's access to capital will be unaffected by the transaction
 - Questar will continue to issue its own long-term debt and maintain issuer credit ratings
 - Questar will continue to have access to short-term debt for day-to-day needs
- No cross-subsidization between affiliates (intermediate buffer entities are not operating entities and are not allocated operating costs from a utility)
- Questar will pay dividends to its parent, Fall West HoldCo

Additional ring-fencing commitments

- A Special Bankruptcy Director will be appointed with voting power on any decision to file voluntary bankruptcy petition
- Reasonable access to EQ Holdings and affiliates' transactional, accounting and other information to explain costs allocated to Questar with audit rights
- Shared services priced at PSCU approved methodologies
- Continued filing of annual affiliate transactions report with Utah PSC

Financing and Ring Fencing: Conclusion

Questar credit risks unchanged by the transaction

- Structural separation through separate subsidiary chains under Genoa Holdings
- Robust ring-fencing
- Equity ratio commitments
- Dividend commitments

