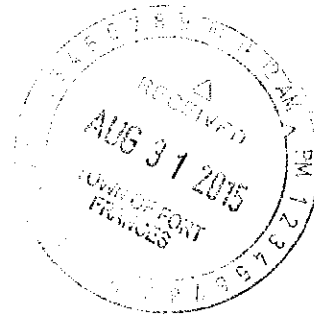


Aug. 24, 2015

Roy Avis
Mayor, Town of Fort Frances
320 Portage Avenue,
Fort Frances, ON P9A 3P9



Re: TransCanada Pipeline's Energy East Project

Dear Roy:

As you are aware, for the past several years Union Gas along with other eastern local natural gas distribution companies have expressed concerns about TransCanada's proposed Energy East Pipeline. Our concerns centered around the conversion of the fully-utilized natural pipeline between North Bay and Ottawa to oil, and TransCanada's plan to replace it with a new natural gas pipeline (the Eastern Mainline Project).

From the beginning, our collective objective has been to protect the interest of our customers by ensuring there is sufficient natural gas transportation capacity available from the proposed new pipeline to supply the needs of Ontario and Québec, and to ensure that gas consumers in the two provinces are not negatively impacted with any of the costs related to the Energy East oil project and the related Eastern Mainline Project.

Many of these concerns were recently confirmed in public consultation and reviews conducted by the Ontario and Québec governments.

Today, I am pleased to share with you that we have reached an agreement in principle with TransCanada that resolves our concerns and ensures natural gas consumers in Ontario and Québec are not negatively impacted by the Energy East oil project.

Specifically, the agreement ensures there is enough natural gas capacity to serve the needs of natural gas consumers in Ontario and Québec and provides a net benefit of approximately \$100 million to natural gas consumers through 2050.

Union Gas, Gaz Métro and Enbridge Gas Distribution will now work with TransCanada to finalize the details of a definitive agreement by no later than October 30, 2015. TransCanada is expected to amend its application for the Eastern Mainline Project, which is before the National Energy Board to reflect the content of the agreement.

This is a positive outcome and I would like to take this opportunity to thank you for your interest, cooperation and support as we worked to achieve this agreement on behalf of our customers.

If you need further information, Steven Jelich would be pleased to answer your questions at 705-475-7914 or email at sjelich@uniongas.com.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Steve Baker".

Steve Baker
President, Union Gas Limited