Rebuilding the Midla Pipeline: A Century of History and Today's Reconstruction

May 2016
Cautionary statement

This presentation includes forward-looking statements. These statements relate to, among other things, projections of operational volumetrics and improvements, growth projects, cash flows and capital expenditures. We have used the words "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "predict," "project," "should," "will," "potential," and similar terms and phrases to identify forward-looking statements in this presentation. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate and the forward-looking statements based on these assumptions could be incorrect. Our operations and future growth involve risks and uncertainties, many of which are outside our control, and any one of which, or a combination of which, could materially affect our results of operations and whether the forward-looking statements ultimately prove to be correct. Actual results and trends in the future may differ materially from those suggested or implied by the forward-looking statements depending on a variety of factors, which are described in greater detail in our filings with the SEC. Construction of the projects described in this presentation is subject to risks beyond our control including cost overruns and delays resulting from numerous factors. In addition, we face risks associated with the integration of acquired businesses, decreased liquidity, increased interest and other expenses, assumption of potential liabilities, diversion of management’s attention, and other risks associated with acquisitions and growth. Please see our Risk Factor disclosures included in our Annual Report on Form 10-K for the year ended December 31, 2015 filed on March 7, 2016 and on Form 10-Q for the quarter ended March 31, 2016 filed on May 7, 2016. All future written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the previous statements. We undertake no obligation to update any information contained herein or to publicly release the results of any revisions to any forward-looking statements that may be made to reflect events or circumstances that occur, or that we become aware of, after the date of this presentation.
American Midstream Partners, LLC

Assets primarily located in Alabama, Louisiana, Mississippi, North Dakota, Offshore Gulf of Mexico, Tennessee, and Texas

- Twelve gathering systems, six processing facilities, three fractionation facilities, three interstate pipelines, five intrastate pipelines, three terminals, and one crude oil pipeline system
- ~3,000 miles of pipelines and ~1.8 million barrels of liquid storage capacity

Gathering and Processing
- Diversified asset portfolio with significant portion of volumes driven by oil and liquids-rich wells
- Opportunities to grow through organic system expansion and bolt-on acquisitions
- Fee-based and POP contracts
- Assets in segment: Lavaca, Longview, Chapel Hill, Yellow Rose, Bakken, Chatom, Bazor, Burns Point / Quivira, MPOG, Mesquite, Gloria / Lafitte, GIGS, Brazos

Transmission
- Geographically diverse asset base
- Opportunity to capture market share and add delivery points
- Primarily fee-based business
- High Point, AlaTenn, Midla, BamaGas, TriGas, Magnolia

Terminals
- 100% fee-based
- No direct commodity risk
- Significant organic growth and expansion opportunities
- Blackwater - Westwego, Harvey, and Brunswick
Monroe, Louisiana Gas Field
Monroe, Louisiana Gas Field

- Discovered in 1916
  - About 30 miles long by 20 miles wide; covers about 500 square miles.
  - Dry gas – no liquefiables or condensate.
- By 1924,
  - It was the largest gas field in the world.
  - 308 wells had been drilled.
  - Capacity to produce about 3 billion cubic feet of gas per day.
  - Most of the production was owned by Standard Oil of New Jersey.
Dresser Coupling

Style 38 and Style 40 Coupling Gasket cross section.
Construction Begins:
Interstate Natural Gas Company 1926

"Good leadership consists of showing average people how to do the work of superior people."

John D. Rockefeller
Construction: Intrastate Natural Gas Company 1926
A Remarkable Achievement
Bending Pipe - 1926
Crossing a Creek
Brock Compressor Station Construction - 1927
Brock Compressor Station - 1928
Life as a Pipeline Worker 1930 - 1940s
Leak History – MIDLA Pipeline
Midla Today: Retiring a Piece of History
Midla Today: Retiring a Piece of History
Midla Today: Retiring a Piece of History
ABANDONMENT OF THE MIDLA PIPELINE

• Midla built to deliver the Monroe Field gas to the Baton Rouge refinery. The Baton Rouge refinery no longer relied on any of the Monroe Field gas.

• Midla traverses a part of Louisiana and Mississippi that is very thinly populated and does not have any energy-intensive industries – Midla lacks markets significant enough to justify a rebuild to serve its existing customers.

• The largest metropolitan area on the pipeline, other than Monroe and Baton Rouge, is Natchez, Mississippi. In the 2010 census, it had a population of roughly 18,000.

• Any rebuilding of Midla would require Midla to file for a significant rate increase.
ABANDONMENT OF THE MIDLA PIPELINE

- Discussion with customers, regulators, and stakeholders May-November 2013.

- Decision is made to rebuild line.

- Open Season with Three Options Held December 2013

- NO Takers

- Discussions with Customers Break Off Jan 2014

- Filed For 7(b) Abandonment of Midla March 28, 2014
Abandonment of Midla Pipeline

• Initial contact was a face-to-face meeting in July 2013
• Steep price tag to rebuild entire line
• Additional meetings in fall of 2013
• Open Season alternative presented as abandonment
• Filed complaint March 24, 2014
Reaction to MIDLA Abandonment Filing

Midla COO: We knew about 'significant issues' before buying pipeline

Vance McAllister, Bill Cassidy call for safety records of Midla pipeline

Adley: thousands in east Louisiana could be without natural gas due to pipeline

American Midstream Announces FERC Filing for Abandonment of Midla Mainline Pipeline
Company says safety is key driver

FERC Denies Shortened Objection Period For Proposed Midla Pipeline Abandonment

American Midstream Partners' request for a shortened 30-day objection period related to its proposed abandonment of the Tule Pipeline was rejected by FERC on June 11. FERC instead adopted a 22-day objection period that will end May 2. In response, the company filed a request to obtain the 30-day period. Vance McAllister, chair and CEO of American Midstream Partners, released a statement: "We believe it is crucial that the public and our shareholders have access to a fair and comprehensive review process before we proceed with the abandonment of the Tule Pipeline. Unfortunately, FERC's decision does not provide the necessary safeguards for a thorough review."

FERC extends review of plan to shut Midla line after Landrieu's request

FERC has extended its review of a plan by American Midstream Partners to shut down the Tule Pipeline after a request by Senator Mary Landrieu. Landrieu called on FERC to extend its consideration of the plan, which was filed on May 1. "I am concerned about the potential impact of this decision on the energy security of our region," Landrieu said. "It is important that FERC carefully consider the implications of shutting down the Tule Pipeline before making a final decision."
The Road to the Future: Building on the Past

May - December 2014
- Settlement discussions (ADR) to address future service requirements

December 2014
- Files uncontested Settlement with FERC, including intention to construct the Midla-Natchez Pipeline

April 2015
- FERC approves uncontested Settlement

June 2015
- Files for authorization to construct the Midla-Natchez Pipeline

December 2015
- American Midstream receives authorization to construct the Midla-Natchez Pipeline
Road to the Future

- Parties agreed to non-binding ADR at FERC
- Atmos required its state regulators to participate
- Creative solutions (more on that later)
- Settlement and withdrawal of adversarial pleadings
MIDLA - Reconfiguration
Creative Solutions

- Providing service to current customers who would no longer be served by the new pipeline
  - Connecting some systems to alternative pipelines
  - Paying for conversion to propane
  - Transfer of laterals
- Negotiated Rate Structure
Creative Solutions

• Abandoning some systems (propane)
• Reconfiguring local distribution systems
• Tying into new sources of supply
• Acquiring additional pipeline assets
Rebuilding for safe, reliable energy transportation

- 12-inch, 50-mile Midla-Natchez pipeline will serve existing customers from Winnsboro, LA to Natchez, MS
- Supported by multiple, 10 to 15-year firm transportation agreements with key customers
- ~80% existing rights-of-way utilized
- Anticipated capital expenditures of ~$50 million
- Expected online late 2016
Aging Natural Gas Infrastructure

2013 Gulf South Abandonments

May 19, 2016
Beginning

- Abandonment applications filed March 1, 2013
  - Louisiana Hinshaws
  - Mississippi Hinshaw
  - Texas Hinshaw
- 2,000 miles of pipe – 25% of the system
- No assets removed from service
- No initial rate changes
Rationale

• Lines were “underutilized”
• Lines were old
• Subsidization issues with other customers
• Unable to earn FERC-approved ROE
• Claimed that a rate case would not address problems
Response

- Protests and more protests
- Requests for consolidation
- “Unprecedented in size or scope”
- Facilities essential to interstate service
- Harm to shippers
- Intrastate transportation ≠ Interstate transportation
Potential Impact

• Rate Stacking
• Cost shifting
• Marginalization of older facilities
Burden to Abandon

(1) [A] pipeline which has obtained a certificate of public convenience and necessity to serve a particular market has "an obligation, deeply embedded in the law, to continue service," and (2) the burden of proof is on the applicant for abandonment to show that the "public convenience and necessity" permits abandonment, that is, that the public interest "will in no way be disserved" by abandonment.

-Transcontinental Gas Pipe Line Corp. v. FPC, 488 F.2d 1325, 1328 (D.C. Cir. 1973), citing, Michigan Consolidated Gas Co. v. FPC, 283 F.2d 204, 214 (D.C. Cir. 1960)
FERC Order on Abandonment

- Predictably, FERC denied the abandonment applications (Dec. 2013)

- Found that loss of interstate service was not permitted by the “present or future public convenience or necessity.”
  
  - 15 U.S.C. § 717f(b)

- Held that many of the issues would be better addressed in a section 4 rate proceeding
Section 4 Rate Proceeding

- In 2015, Gulf South filed its first rate case in nearly two decades
- New rate design proposed
  - New design looked a lot like the abandonments
- Settlement was achieved
  - Potential for CRM in accordance with PL15-1
Modernization of the Columbia System – An Innovative Approach

Georgia Carter
Vice President and General Counsel
Millennium Pipeline Company, LLC

May 19, 2016
Columbia Pipeline Group

Total Interstate Pipeline
- More than 15,000 Miles
  - Columbia Gas: 12,000 Miles
  - Columbia Gulf: 3,400 Miles
  - Millennium: 180 Miles
  - Crossroads: 200 Miles
- Delivers Approximately 1.3 Tcf/Year & 10 Bcf/day
  - 5% of U.S. Market
  - Serves Customers in 16 States

Total Storage
- Over 280 Bcf working gas capacity
  - 4.5 Bcf/Deliverability
  - 36 Storage Fields in Four States

Total Power Generation
- 27 Power Plants on Systems; 21 on Columbia Gas in PJM
Millennium – The Original Modernization Effort

- Late 1990’s: Columbia’s A-5 System at end of useful life
  - Prohibitive replacement cost
  - A-5 markets small in relation to Columbia’s total market
  - Uncertain outcome under FERC’s certificate policy
  - Columbia faced capital constraints
- 1997: Columbia formed a partnership; sought authorization to construct the Millennium Pipeline.
- 2008: Millennium Pipeline placed into service.
  - Columbia maintained service to A-5 customers through capacity lease on Millennium
  - Millennium’s remaining capacity sold to NY LDC customers
- Win/Win
  - Upgrade of a key facility; little impact to existing customers
Columbia Gas Modernization Settlement: Drivers

- Changing Environment:
  - New Natural Gas Supply/Demand Dynamics
    - Emergence of Marcellus and Utica Shale Plays
    - Increased Demand for Transportation Service
  - Aging Infrastructure/ Declining Flexibility
  - Increased Legislation and Regulation
  - Safety and Reliability

- Significant Infrastructure Upgrades Needed Across the System
  - Traditional Rate Case Approach Not Ideal

- Size and Scope of Project Required a Non-Traditional Approach

- Began Working with Customers in 2011 to Address the Issue
Columbia Gas Modernization
Settlement: Framework

- Settlement reached Sept 2012, filed with the FERC and approved in January, 2013
- Customers received immediate refunds and base rate relief without rate case
  - Approximately $60 Million in refunds
  - Approximately $50 Million cost of service decrease
- $300 million (+/-) can be spent annually by Columbia for specific system upgrades
  - Replace bare steel and wrought iron
  - Upgrade compression and compressor station control systems
  - Increase system reliability: looping, expanding pigging capabilities
  - $1.5 Billion Cap
- Annual rates adjustments through Capital Cost Recovery Mechanism (CCRM) filings
- Revenue sharing mechanism with 75/25 split after exceeding annual threshold
- Requirement for minimum $100 million/year capital maintenance spend
- Five-year term
  - Rate moratorium until January 2018;
  - Extension or rate case by January 2019
Columbia Gas Modernization – Transforming the System

2013-15 Modernization Results

- 110,490 HP Upgraded Compression at 11 Stations
- 76,110 HP Standby Compression at 8 Stations
- ~129 miles of bare steel/wrought iron replaced
- WB System Efficiency Project restored 80,000 Dth/d
- Critical Compressor Control Panels Replaced/ “Real-Time” System diagnostics added
- 10 Customer Meetings
- Annual CO2e emissions reduced by over 26,000 metric tons
Columbia Gas Modernization - Customer Benefits

- Increased Delivery Pressures
- Pancaked Rate Cases Avoided
- Greater Reliability/ Fewer Restrictions
- Minimum Capital Maintenance Spend
- Project Input and Transparency
- Reduced Fuel Usage

Rate impact mitigated by system growth
Modernization II Settlement: Continuing the Work

- In Dec. 2015, Columbia filed its Modernization II Settlement.
- This Settlement provides for a 3-year extension of core elements of the original settlement, as well as:
  - Additional rate reductions, rate reset and moratorium,
  - Inclusion of storage projects in the modernization program,
  - Increased modernization spending,
  - A reduction in the pre-tax return for the CCRM,
  - A Columbia rate case effective in February, 2022.
- Certain parties raised concerns as to whether the Settlement strictly complied with the Modernization Policy.
- FERC approved the Settlement in March as uncontested but declined to address modernization policy issues.
## Columbia Gas Modernization – Beyond FERC Policy

### Columbia Gas Mod I & Mod II Settlements

- Rate Reductions/Refunds
- Defined Projects and Costs
- Billing Determinant Floor
- Unanimous Customer Support
- Limited Terms
- Input on Projects/Changes
- Cap on Annual/Overall Costs
- Cost Sharing w/growth Projects
- Minimum Maintenance Spend
- Transparency

### FERC Policy Statement

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Mod I Settlement</th>
<th>Mod II Settlement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recent Rate Review</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Eligible Costs Defined</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Avoid Cost Shifts</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Customer Support</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Periodic Surcharge Review</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Mod I & Mod II Implementation–Columbia’s Challenges

What Facilities to Include?
- Difficult to Predict all Needs for Settlement Period
- Must Prioritize
- Build in Flexibility & Mechanisms for Changes

Managing Numerous Projects
- Landowner and Environmental Opposition
- Long Lead Time for Permits and Construction
- Difficult to Predict Costs and Timing

Tracker Requires Timely In-Service
- Annual Filing Based on Projects Completed by Specified Date
- Delays in Permits or Construction Can Push Projects to Later Years
- Tremendous Internal Coordination Needed

Changing PHMSA and EPA Regulations Create Uncertainty