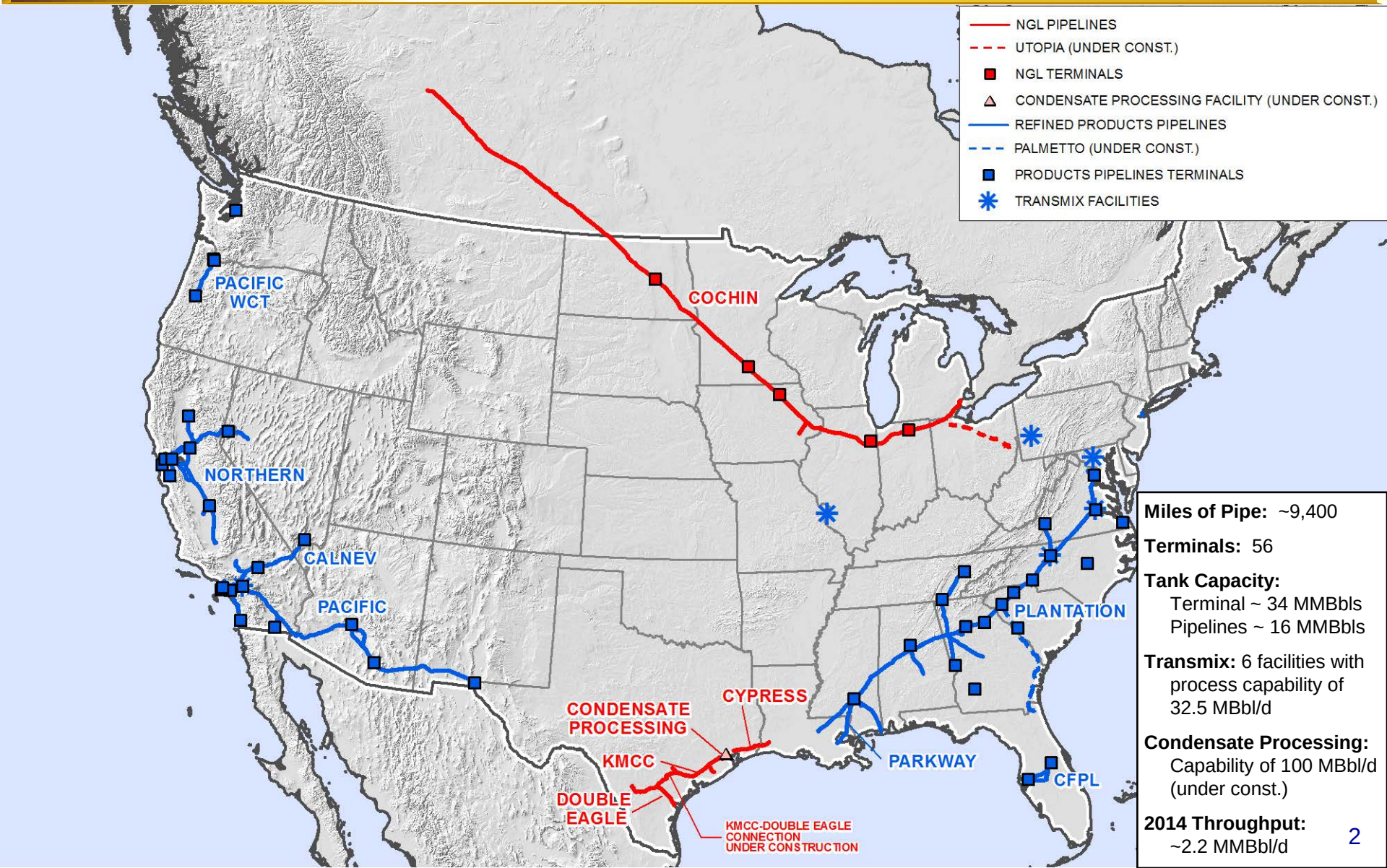
Products Pipelines

Ron McClain

President Products Pipelines Group

Products Pipelines Assets



Miles of Pipe: ~9,400

Terminals: 56

Tank Capacity:
Terminal ~ 34 MMBbls
Pipelines ~ 16 MMBbls

Transmix: 6 facilities with process capability of 32.5 MBbl/d

Condensate Processing: Capability of 100 MBbl/d (under const.)

2014 Throughput: ~2.2 MMBbl/d

Financial Overview

($ in millions)	2012	2013	2014	2015B
	Compound Annual Growth Rate = 17.5%			
Segment EBDA	702.6	783.8	859.6	1,113.7
Sustaining Capex[(a)]	(47.8)	(50.2)	(44.3)	(52.4)
DCF	**654.8**	**733.6**	**815.3**	**1,061.3**

Note: Excludes certain items.
(a) Excludes corporate overhead.

2014 Volumes / Markets

Total refined product volumes up 6.0% vs. 2013

- **Gasoline up 6.7%, diesel up 6.4%, jet fuel up 2.5%**
- **West Coast**
  - **Pacific up 1.2%**
    - Arizona up 2.4%, Northern CA up 0.1% and Southern CA up 1.4%
    - Military up 12.6%
  - **Calnev up 0.4%**
    - McCarran Airport/Las Vegas down 0.3%, Military up 29.9%
- **Southeast**
  - Central Florida Pipeline up 0.9%
    - Gasoline up 2.9%
    - Diesel up 3.6%
    - Jet down 8.2%
  - Plantation up 10.5%
    - Gasoline up 9.8%
    - Diesel up 15.9%
    - Jet up 6.8%
- **2015 Volume Sensitivity – 1% change equals $5.3MM EBITDA**
- **2015 Commodity Sensitivity – $1 change in WTI equals $718K EBITDA**

Total NGL volumes down 5.6% vs. 2013

- **Cochin volumes down due to planned outages to allow for construction; Cypress pipeline increased by 3.0% year over year**

Total Crude and Condensate volumes

- **2013 – 34.5 MBbl/d, 2014 – 100.8 MBbl/d**
- **Increase driven by the completion of various expansion projects as well as higher volumes on KMCC and Double Eagle Pipeline**

Expanding to Meet Customer Demand

Recently Completed Projects

Project	Description	In-Service	Cost ($MM)
West Various Terminal Projects	Includes biodiesel truck offloading, blending services, tank modifications and additive systems	Throughout 2014	7.4
East Various Terminal Projects	Includes additive systems, blending services, tank conversions and pipeline connections	Throughout 2014	5.4
Plantation Pipeline	Terminal connections and fluorescent dye injection at Collins, MS	Throughout 2014	1.8[(a)]
NGLs/Crude & Condensate Cochin Reversal	Reverse product flow from Milford, IN west on Cochin to provide light condensate to oil sands producers in Western Canada	July 2014	300.9
Kinder Morgan Crude & Condensate – Helena Extension	Construct 30 miles of new pipeline from Helena to Dewitt, the Helena pump station, two new tanks and a four lane truck offload system	September 2014	98.7
Additional Tanks and Truck Racks at Helena	Construct three new 120 MB tanks and ten new truck racks	September 2014	22.8
		Grand Total =	436.9
		First full year EBITDA =	101.0
		EBITDA Multiple =	4.3

(a) KM share.

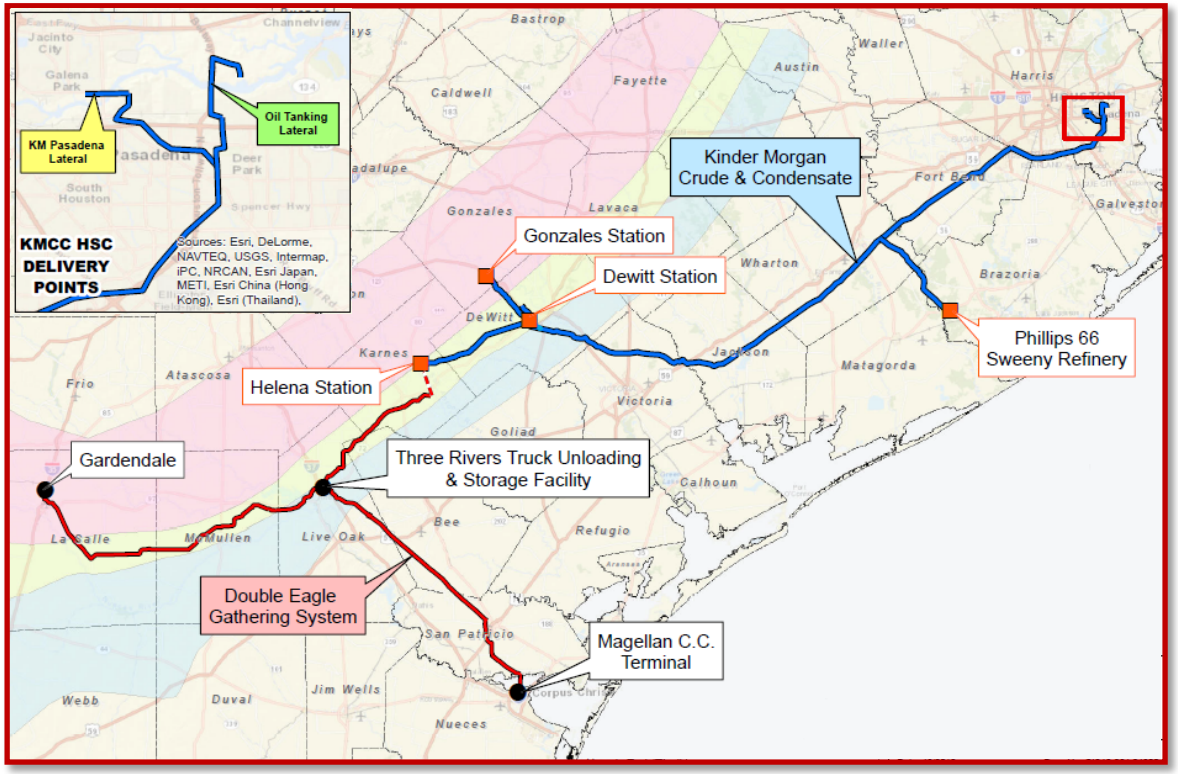
Kinder Morgan Crude & Condensate Pipeline / Double Eagle Pipeline

Kinder Morgan Crude & Condensate (KMCC)

- Capacity 300 MBbl/d; Over 90% of capacity committed
- Provides Eagle Ford producers access to Houston Ship Channel (Refineries, Export Opportunities), KM Splitter, Phillips 66 Sweeny Refinery, and Explorer/Cochin condensate market

Double Eagle Pipeline

- Capacity 100 MBbl/d; Three quarters of capacity committed; JV w/ Magellan
- Provides Eagle Ford producers access to Magellan Corpus Christi Terminal and KMCC



2014 Milestones

- Sweeny Lateral (~27 mi of 12” pipe) placed into service in January 2014.
- Gonzales Extension (~15 mi of 24” pipe) placed into service in March of 2014
- Helena Extension (~30 mi of 24” pipe) placed into service in September 2014
- 1.2MM Bbls of storage (placed into service at Dewitt, Helena, and Wharton stations)
- All expansions supported by long term customer commitments

2015 Plans

- KMCC/Double Eagle Connection ~9 mi of 12” pipe and associated facilities to allow for delivery of western Eagle Ford production on Double Eagle/KMCC to the Houston Ship Channel is scheduled to be in-service Q1 2015
- Marshall Lateral ~10 mi of 10” pipe from Gonzales Station further back into the oil window of the Eagle Ford is scheduled to be in-service by the end of the year
- 1.1MM Bbls of storage (shell capacity) expected to be placed into service throughout the year

Capacity Expansion

- Plans to increase capacity to 360 MBbl/d in 2015 with addition of Midline booster station

Kinder Morgan Condensate Processing Facility



Strategic Value

- Engineered for Eagle Ford production
- Supports volume demand for KMCC
- Integrated connectivity to refining, petchem, pipeline and marine facilities

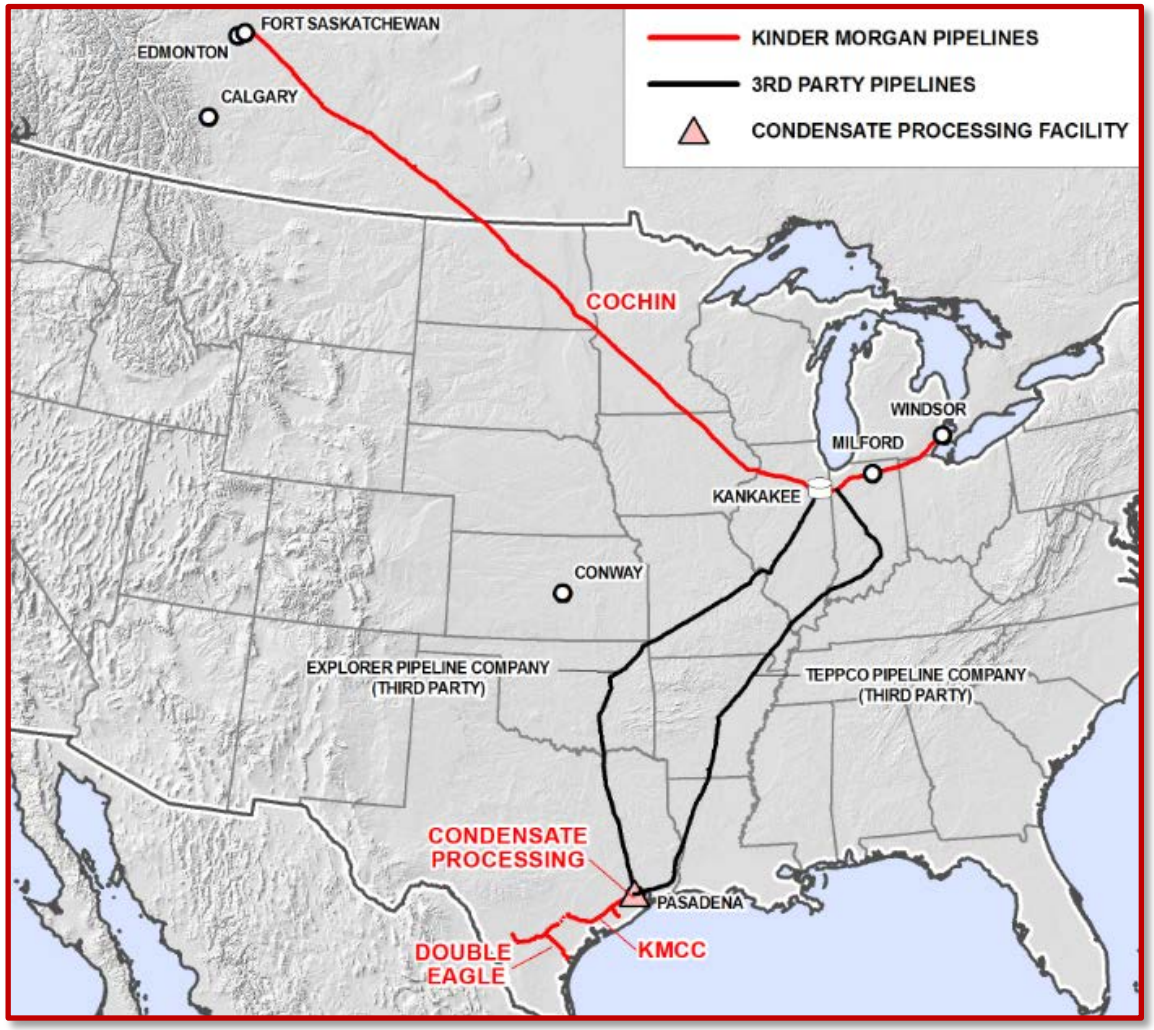
Facility Specifications

- $383MM Project
- Processing Unit and 1.9 MMBbls of new tankage on 60 acres within KM's Galena Park Terminal
- BP committed for 10 years to 84 MBbl/d of the 100 MBbl/d capacity
- Estimated in-service:
  - Phase I (50 MBbl/d) Mar-15
  - Phase II (100 MBbl/d) Jul-15

Further Opportunities

- Design provides possibility for a third unit to increase total capacity to 150 MBbl/d

Cochin Pipeline Conversion and Expansion



Cochin Reversal - Completed

- Began delivery of light condensate to oil sands producers in Western Canada in July 2014
- Supported by 85 MBbl/d shipper commitments for initial 10-yr term (~95 MBbl/d capacity)
- Receipt connections from Explorer Pipeline and TEPPCO Pipeline

Pipeline Specifications

- $301 million investment (which was under budget) – includes TEPPCO connection and additional Kankakee work
- Project included construction of new receipt terminal/tank farm/pump station, reversal of 25 pump stations

Next Steps

- Currently working to add additional delivery locations in Fort Saskatchewan, Alberta
- Additional receipt connectivity is being evaluated

Utopia Projects – Utopia East/Utopia West



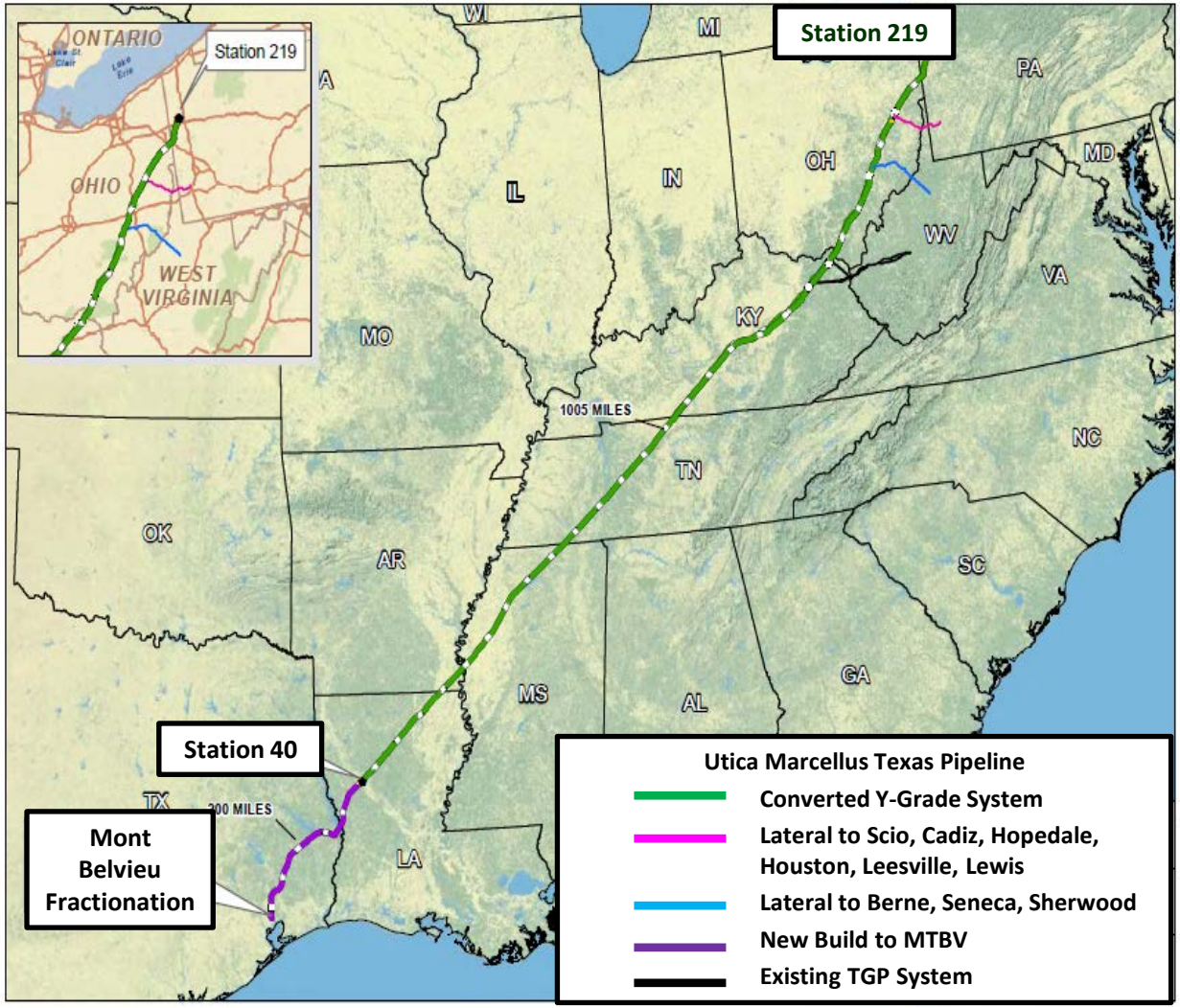
Ethane & Ethane/Propane Mix – Utopia East

- Construct new 240-mile, 12-inch pipeline from facilities in Harrison County, OH to existing Cochin pipeline in Fulton County, OH where product can then move via Cochin east to Windsor, Ontario, Canada (Utopia East)
- Pipeline Capacity of 50 MBbl/d expandable to 75 MBbl/d
- $507 million investment
- Signed transportation services agreement with NOVA Chemicals
- January 1, 2018 In-Service

Natural Gasoline Opportunities – Utopia West

- Evaluating second pipeline in the Utopia East corridor that will provide natural gasoline gathering solution for the growing Utica & Marcellus shale play (Utopia West)
- New pipeline would connect to the existing Cochin pipeline in Fulton County, OH where product could then flow west to Cochin's existing Kankakee Terminal
- Connectivity to Enbridge Southern Lights Manhattan Terminal will provide access to committed shippers on both pipeline systems
- Pipeline Capacity for up to 95 MBbl/d

Utica Marcellus Texas Pipeline (UMTP)



Strategic Value

- Fully-integrated solution for growing NGL production in the Utica/Marcellus shale
- NGL pipeline utilizing TGP infrastructure to transport Y-grade from Utica/Marcellus shale to Mont Belvieu, TX
- Fractionation options in Mont Belvieu, TX with access to export docks for ethane, propane, butane

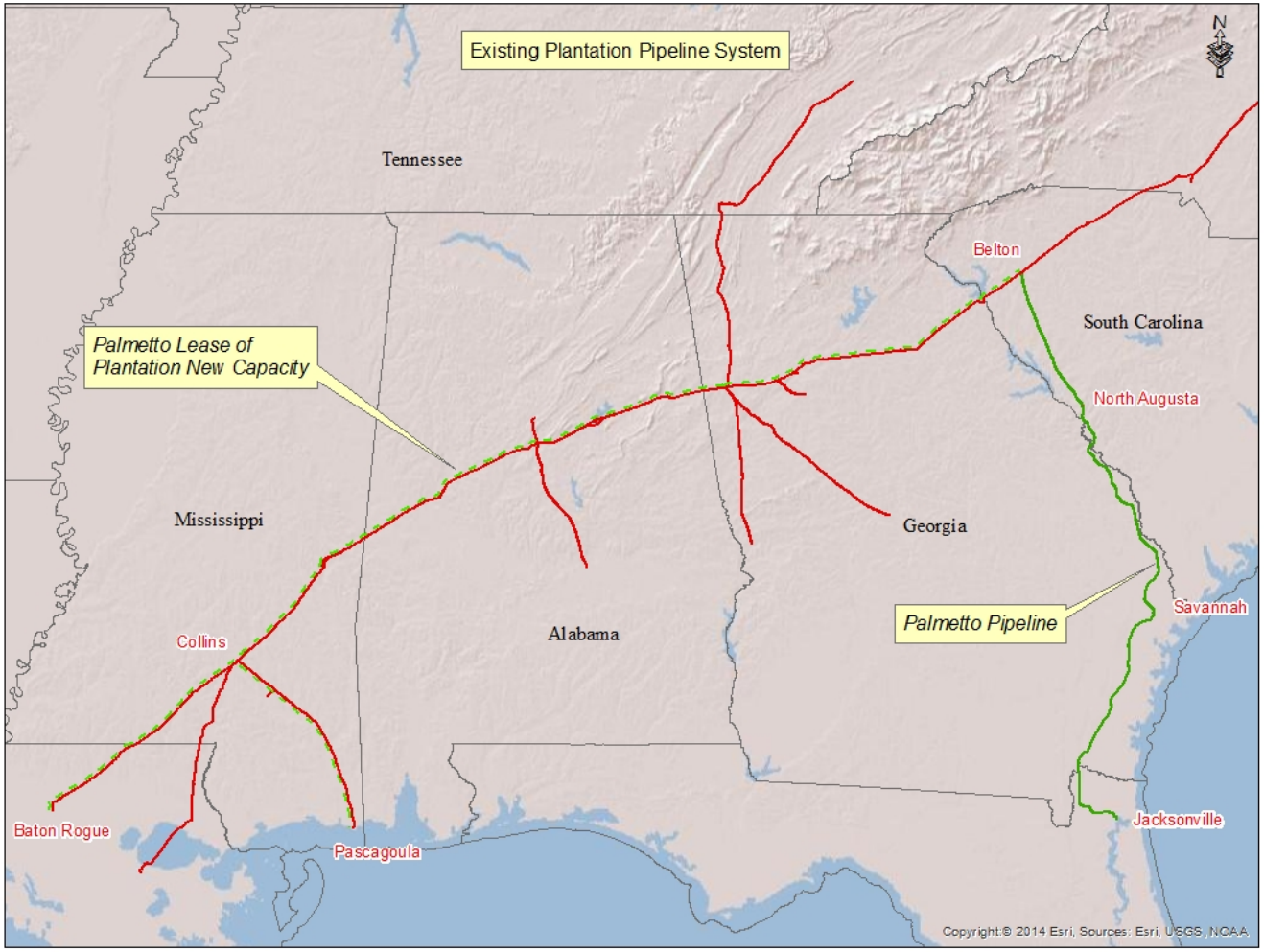
Specifications

- Conversion of 1,005 miles of existing 24-inch and 26-inch TGP currently in natural gas service from Mercer, PA to Natchitoches, LA
- 226 miles of new build to Mont Belvieu, TX
- 155 miles of new laterals in Ohio, Pennsylvania, and West Virginia
- 375 Mbpd C2+ capacity

Project Status and Timeline

- Environmental and cultural work complete
- Abandonment filing in Jan-Feb 2015
- Target in-service end of 2018

Palmetto Pipeline



Project Scope

- Total project cost = $1,118 MM
- Palmetto Pipeline – construction of new 360 mile, 20 and 16 inch pipeline with 167 kbpd capacity delivering to N Augusta SC, Savannah GA, Jacksonville FL
- Plantation Expansion – modification of existing facilities and construction of new tanks and pump stations resulting in 125 kbpd new capacity to be leased to Palmetto
- Savannah Terminal – new terminal with 25 kbpd initial capacity
- Belton Ethanol Receipt facility expansion – add additional tank and increase off-load capability at existing ethanol receipt facility

Market Driver

- Increase competitively priced supply of refined products from Gulf Coast refining complexes

Timeline

- Permitting and right of way acquisition - 2015
- Construction of Palmetto Pipeline - 2016
- Palmetto Pipeline in-service - July, 2017

Expanding to Meet Customer Demand

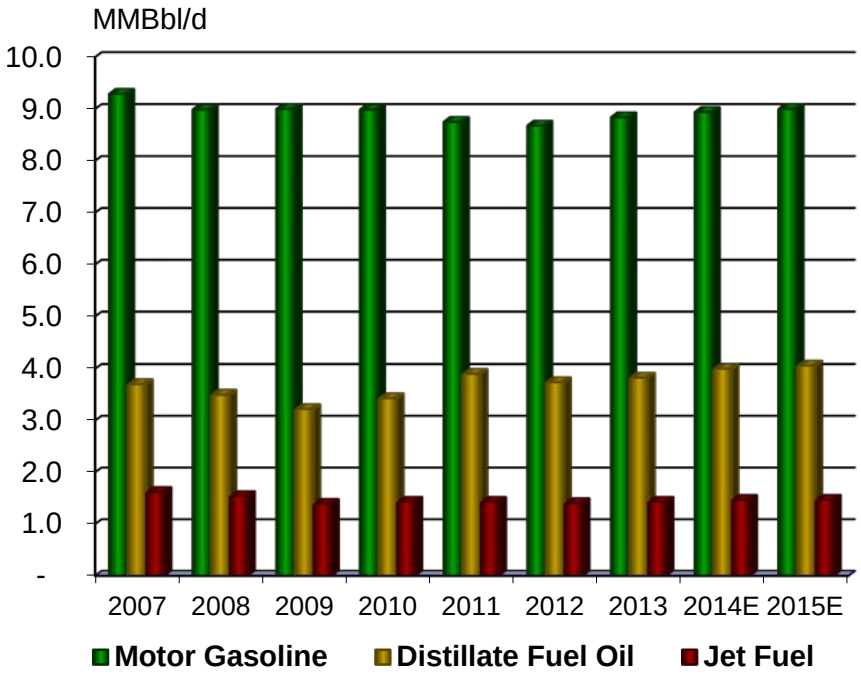
Approved Near-Term Projects

Project	Description	In-Service	Cost ($MM)
West Various Terminal Projects	Includes various Air Force base upgrades, filtration systems and additive systems	Varies	6.1
East KMST Projects	Construction of new Savannah and Belton terminal in conjunction with Palmetto project, as well as a new Spartanburg tank and other various tank modifications	Varies	45.4
CFPL Projects	Installation of butane blending units at Orlando and Tampa as well as various tank modifications and additive systems	Varies	3.0
Plantation/Palmetto	Palmetto project consists of the construction of a new 360 mile pipeline to serve North Augusta, Savannah and Jacksonville as well as the modification of the existing Plantation pipeline to increase capacity to lease Palmetto	July 2017	777.5[(a)]
NGLs/Crude & Condensate KMCC Condensate Processing Facility	Facility to process condensates into blend stocks	Phase 1 – Q1 2015 Phase 2 – Q2 2015	383.2
Kinder Morgan Crude & Condensate/Double Eagle Pipeline	Extensions to Gonzales, Dewitt and Marshall stations; additional tanks and truck racks, connection to Double Eagle Pipeline	Varies	234.9[(a)]
Cochin Utopia East Project	Construct new 240 mile pipeline that will tie-in with the eastern portion of Cochin; project to transport Ethane/Ethane-propane mix	Jan 2018	507.0
		Grand Total =	1,957.2
		First full year EBITDA =	257.4
		EBITDA Multiple =	7.6

(a) KM share.

Historical Demand and 2015 EIA Outlook

U.S. Product Consumption



Gasoline	2007	2008	2009	2010	2011	2012	2013	2014E	2015E
MMBbl/d	9.29	8.99	9.00	8.99	8.75	8.68	8.84	8.94	9.00

EIA Demand Outlook

	2013	2014	2015E
Mogas	1.6%	1.1%	0.6%
Distillate	2.0%	4.6%	1.5%
Jet Fuel	2.3%	2.3%	0.4%
Total	1.8%	2.2%	0.8%
KM Growth	4.2%	4.0%	2.1%

FERC Tariff Index

- Applicable to interstate volume on SFPP, Calnev, Plantation, Cochin (U.S.), KMCC and Central Florida

	7/1/13-6/30/14	7/1/14-6/30/15	7/1/15-6/30/16
FERC Rate Increase	4.59%	3.89%	4.58%[(a)]

Source: EIA Table 4a. U.S. Crude Oil and Liquid Fuel Supply, Consumption, and Inventories and Figure 15 U.S. Liquids Fuel Consumption Growth – January 2015

(a) Expected rate increase based on current regulatory information.

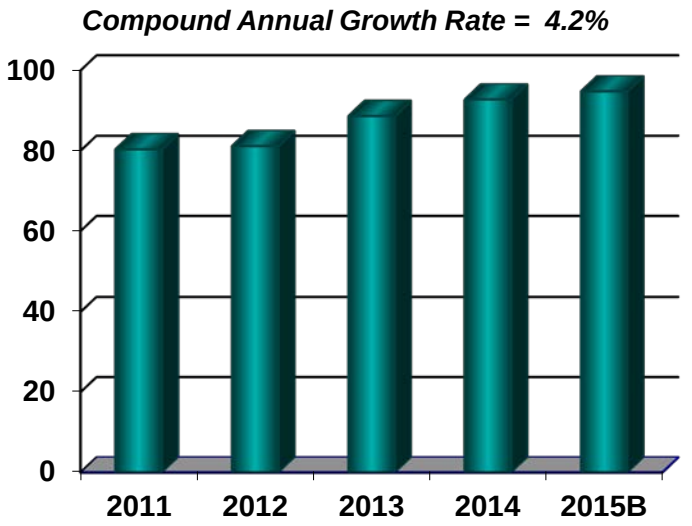
Biofuels

- 2014 Renewable Fuels Standard still not finalized
- Blending volumes remain strong on the west coast as a result of the retroactive 2014 Biodiesel tax credit legislation and sharply increased RIN values
- California LCFS regulations continue to benefit CA blending locations
- Projects to install new blending capabilities at the Mission Valley, CA terminal are planned for Q1 2015
- Continue to pursue ethanol distribution networks in the Southeast

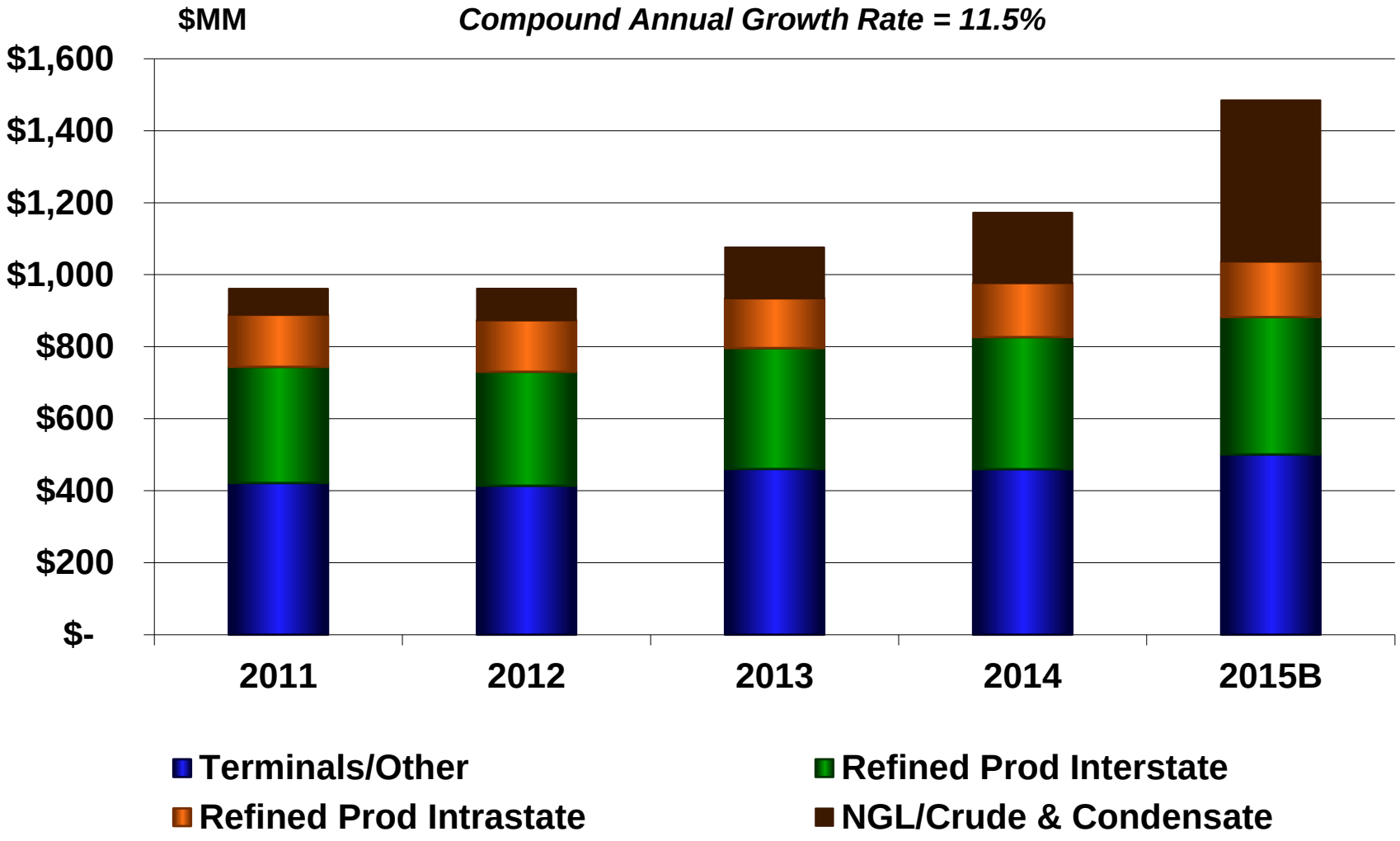
Products Pipelines Biofuel Volumes Handled (MMBbls)

2012	2013	2014	2015B
34.4	41.1	44.1	45.5

Biofuel Revenues ($MM)



Refined Products Segment Margin



CPUC and FERC Rate Cases – Update

SFPP - CPUC

- In a Decision effective on December 18, 2014, the CPUC unanimously adopted a global settlement between SFPP and its litigant Shippers that resolved 17 years of litigation and 18 pending rate and complaint cases (including the only pending Calnev case).
- The total amount of refunds paid to all shippers is approximately $320 million, slightly less than our reserved amount.
- SFPP and the litigant Shippers agreed to a 3-year moratorium on rate increases and challenges.

SFPP- FERC

- Two major rate cases, the West Line and the East Line, remain pending at FERC, awaiting the Commission's rehearing orders of Opinion Nos. 511/511-A and 522
- Those opinions upheld SFPP on key issues and strongly reiterated the Commission's ITA policy, which is favorable to SFPP
- Upon issuance of the FERC orders on rehearing, the two cases will be scheduled for briefing and oral argument at the D.C. Circuit, where SFPP and FERC will support the Commission's ITA policy, the most significant issue on appeal
- We have established reserves consistent with these opinions

Summary Highlights

- **Full year results from recently completed expansion projects and acquisitions**

- **Significant growth from identified opportunities currently under development**
  - Continued development of Eagle Ford assets
  - Completion of condensate processing facility and further expansion
  - Development of Utica/Marcellus take away capacity
  - Construction and continued development of Palmetto Pipeline

- **Expectation for continued economic recovery driving volume growth on refined product pipelines**

- **Safe, Reliable, Efficient Operations**
  - Pipeline Safety Management – KM's Operational Management System
  - Damage Prevention – Common Ground Alliance
  - Research and Development – PRCI
  - Participation and Leadership for Industry Safety Initiatives


KINDER MORGAN
INC.