

2018 CUSTOMER MEETING

October 18, 2018



The Future Is Now

Welcome

SOUTHERN STAR 
— CENTRAL GAS PIPELINE —

SHAWN

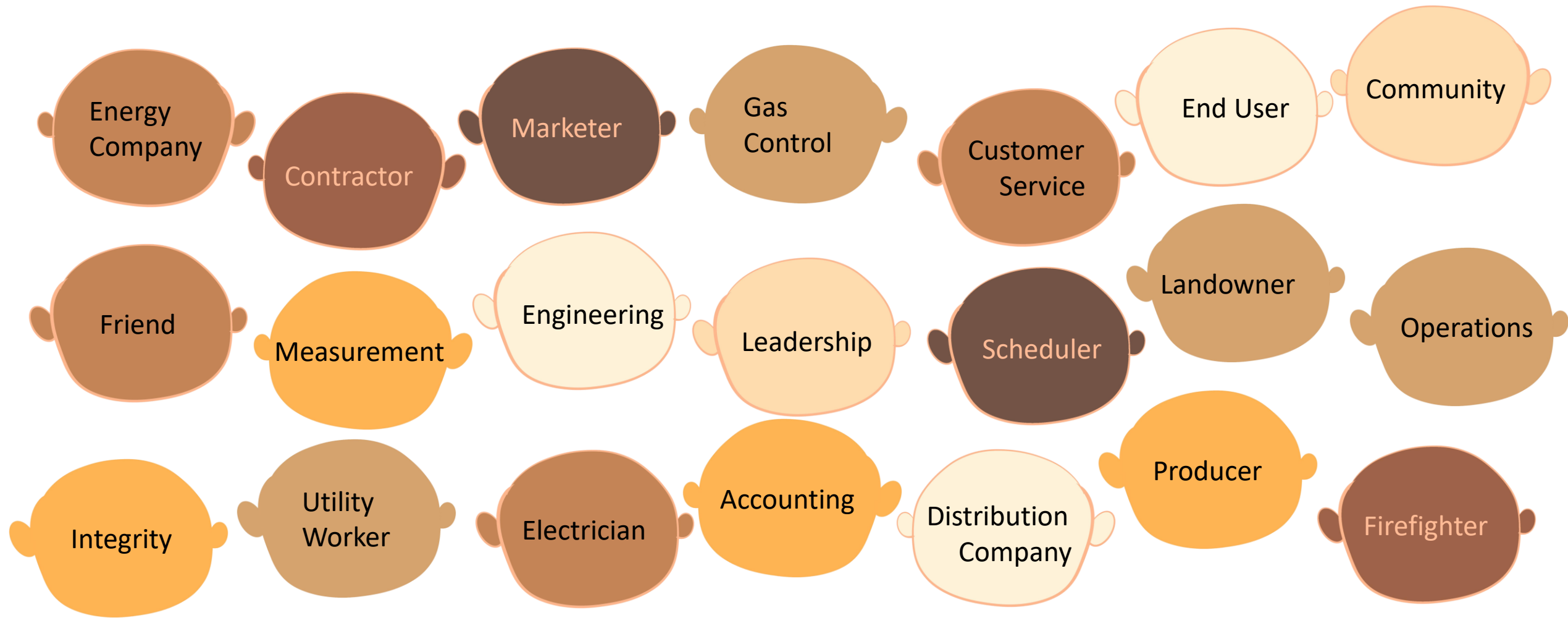
PATTERSON

VP, CHIEF OPERATIONS OFFICER

SAFETY MOMENT CHRIS DAVIS

2018 CUSTOMER MEETING

The Many Faces of Safety



No matter which face is yours, we all care about the same things:

- Going home safely
- Quality of life
- Commitment to stakeholders
- Industry pride



Safety

Safety

What is my responsibility?



Who am I accountable to?

What's in it for me?

JIMMY STATON

PRESIDENT & CHIEF EXECUTIVE OFFICER

SOUTHERN STAR

- Thank You
- Our Team
- Our Focus
- Our Commitment



OUR TEAM

- In 2018, we lost over 100 years of experience
- We've reached out for experienced, external leaders
- We've asked new leaders to step up



OUR TEAM



Carol Burchfield
VP, Business
Development



Karen Goedde
Director,
Communications
& Public
Relations



Robin Joska
Director,
Marketing &
Customer
Service



Shawn Patterson
VP, Chief
Operations
Officer



Open
VP, Chief
Financial Officer

Leading forward

OUR FOCUS – LAST YEAR WE SAID...



MAXIMIZE

Attract Supply

Optimize System

Be Commercially Savvy



MODERNIZE

Infrastructure

IT Systems

Regulatory Process

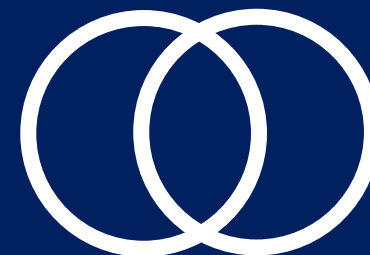


MARKET

New Projects

Get Gas Off System

New Customers



MERGE

Expand to New Markets

Partner

Acquire

We will be the BEST pipeline in North America.

WHAT WE'VE DONE

- 600 MMDDt/d of gas attached to the system
- Overall throughput up 20%
- Invested \$150 million in 2018
- Replaced approximately 50 miles of pipeline
- Completed interconnections with NGPL and EOIT
- Hired a dedicated Business Development Executive



WHAT TO EXPECT

- Continue to attach gas to the system
- Modernize our infrastructure
- Add greater connectivity
- Communicate and coordinate better



OUR COMMITMENT

- We outkicked our coverage
- Our job is to make internal changes transparent
- We did not deliver on that commitment



OUR COMMITMENT

Missed the opportunity to make a good first impression

- Transition communications were not adequate
- Our investment plans were not coordinated to minimize disruptions
- We experienced two significant pipeline events
- We did not over communicate
- We were not proactive
- We were not creative enough



OUR COMMITMENT – WHAT YOU CAN EXPECT

- Cross functional team to develop our response
- This team will reach out to you for input
- We've established a customer advisory group
- I have required the following:
 - Return calls before end of the day
 - Establish "touch base" accountabilities
 - More flexibility at the representative level
- If we don't respond:
 - Call me / text me - 304-841-8405
 - Email me - Jimmy.D.Staton@sscgp.com



QUESTIONS

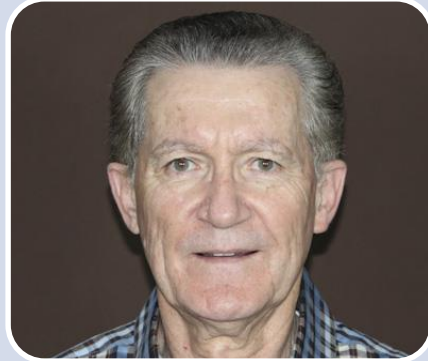


CAROL

BURCHFIELD

VP, BUSINESS DEVELOPMENT

OUR TEAM



Jim Neukam
Director, Market
Research



Robbie Clark
Account
Manager Sr.,
Business
Development



Chad Priar
Account
Manager,
Business
Development

GAS FUNDAMENTALS UPDATE

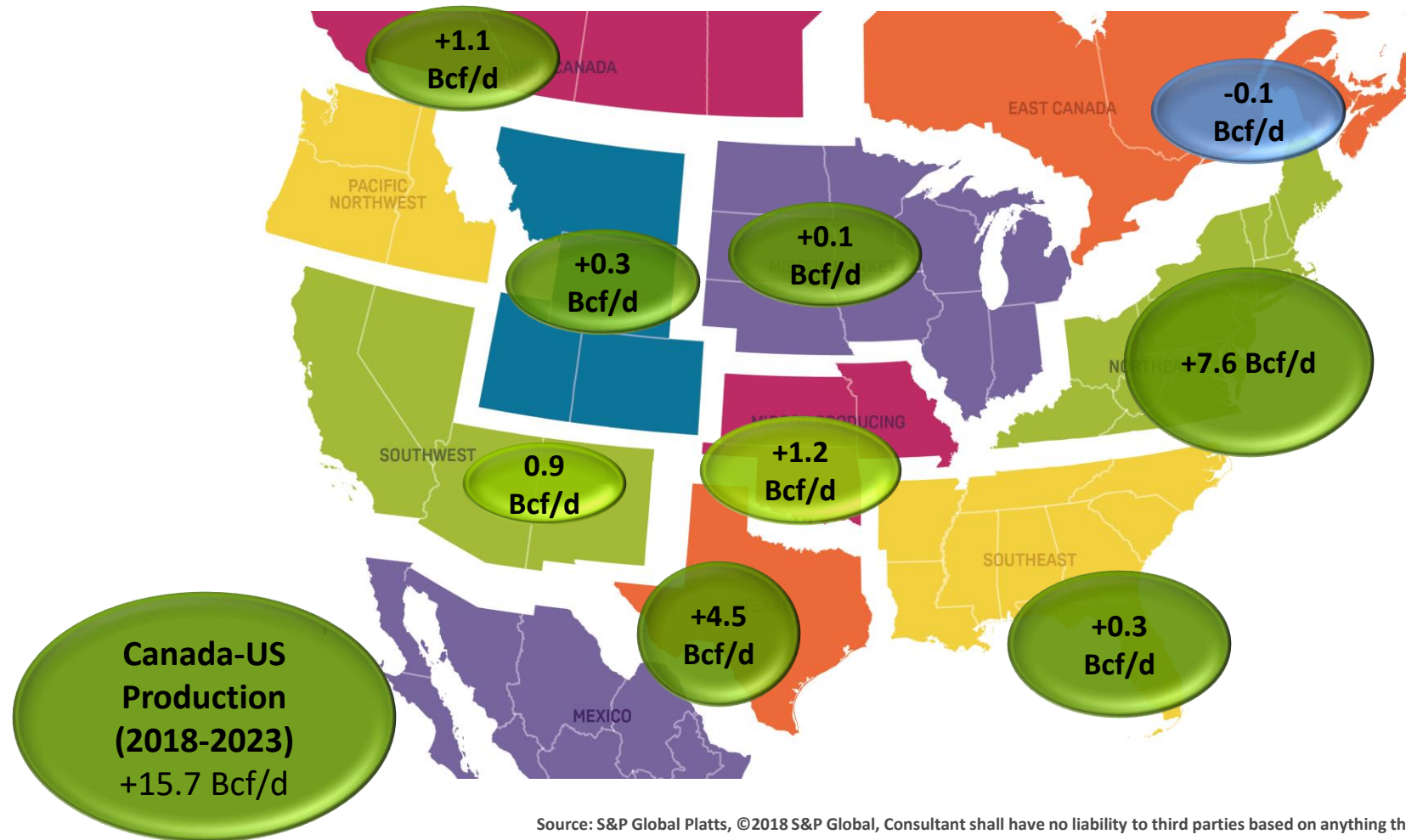
- North America Natural Gas Fundamentals Study – Platts Analytics
 - Gas Supply Analysis
 - Gas Demand Outlook
 - Pipeline Constraints and Development Opportunities
- Implications for Southern Star
 - Gas Supply Drives Business Development



GAS SUPPLY ANALYSIS

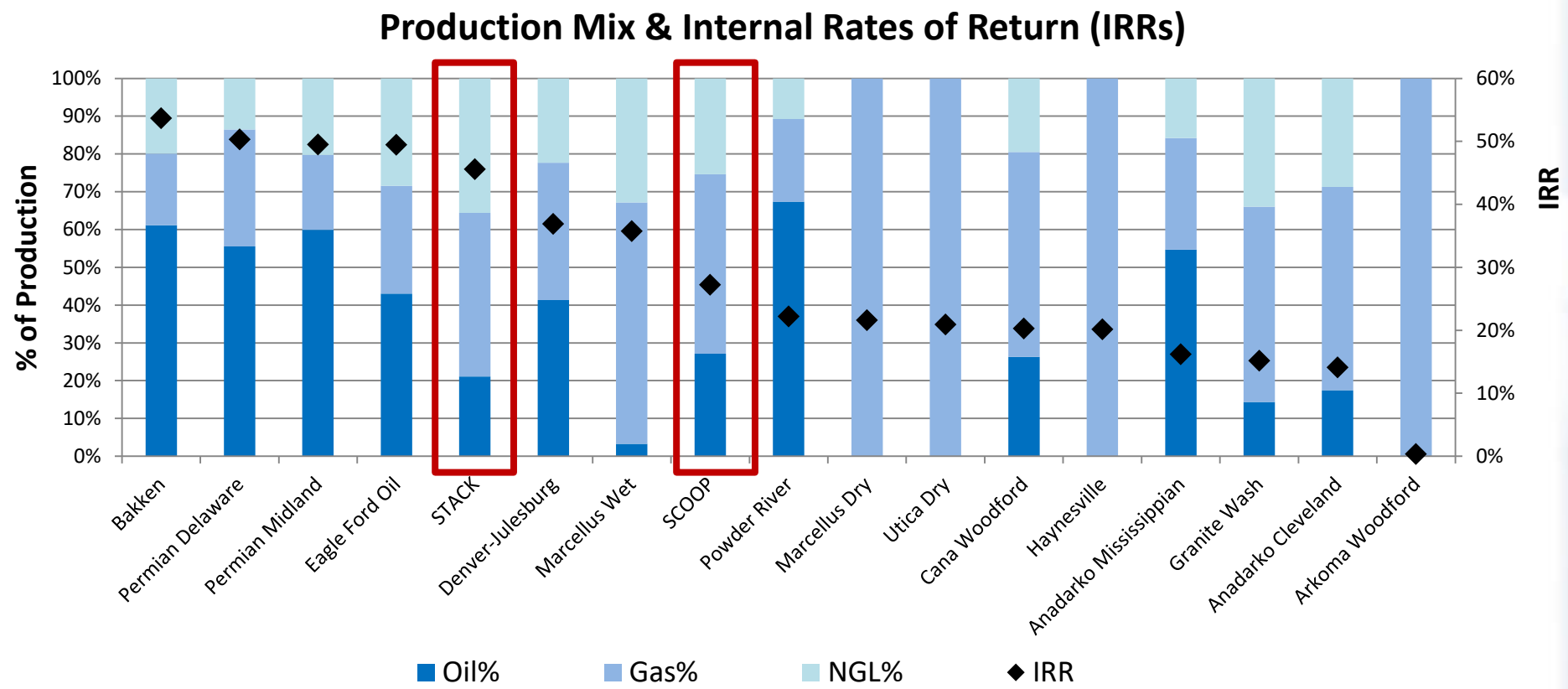
- Oil and NGL yield continues to drive drilling returns and rig activity
- Marcellus and Utica continue to grow due to drilling efficiencies
- Permian production growth accelerates on liquids yield and higher oil prices
- SCOOP and STACK sustain growth rates with favorable IRRs
- Denver-Julesberg and Powder River have renewed interest with solid returns
- Haynesville is swing basin with returns solely based on gas prices

NORTHEAST CONTINUES TO BE LARGEST DRIVER OF GROWTH, ASSOCIATED GAS GROWS ON HIGHER OIL PRICE



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OIL- AND WET-GAS PLAYS REMAIN PRODUCERS' FOCUS, LEAVING GAS PLAYS AS MARGINAL SUPPLY SOURCE

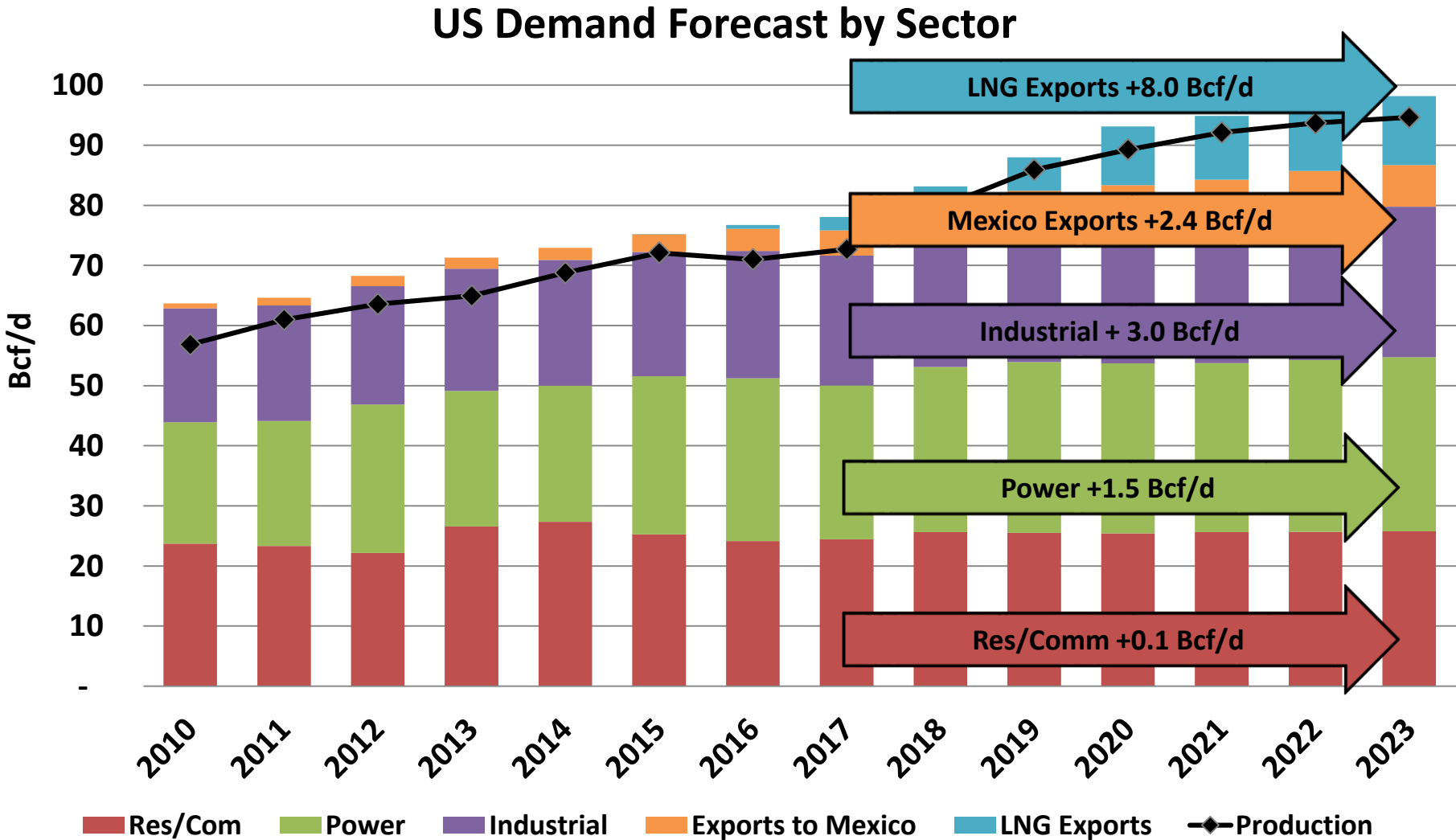


July 2018 Price Assumptions:

- Gas=12 month forward average curve for each regional pricing point (range \$1.29 - \$2.85/Mcf)
- Oil=12 month forward average WTI +/- differential (range \$58.77 - \$67.84/barrel)
- NGLs=weighted average \$/barrel, 12-mo forward average Mt. Belvieu prices (range \$30.55 - \$37.65/barrel)

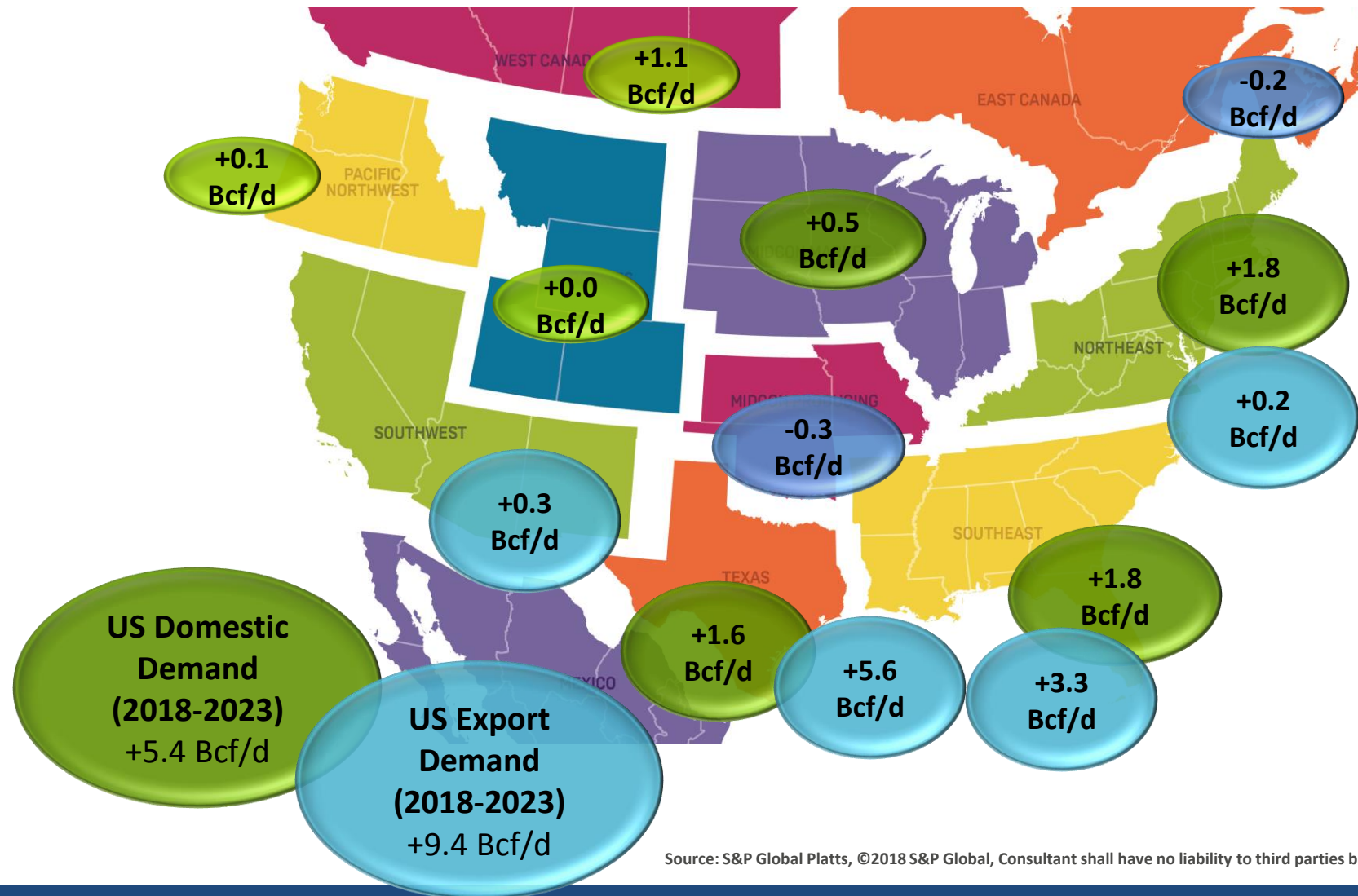
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US DEMAND DRIVEN BY EXPORTS TO MEXICO, LNG EXPORTS TO GLOBAL MARKET



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DOMESTIC DEMAND GROWTH SLOWS, GLOBAL DEMAND DRIVES PRICE AND PRODUCTION



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PIPELINE CONSTRAINTS AND DEVELOPMENT OPPORTUNITIES

- Marcellus – with projects under construction, the buildout is essentially done
- Permian – couple of projects needed to Gulf Coast for basin relief
- Midcon – another project (1.0 to 1.5 Bcf/d) needed, pointed to Gulf Coast
- Bennington Constraint - build and/or lease capacity that accesses the growing Gulf Coast Demand Centers
- Denver-Julesberg & Powder River – longer term opportunity as production grows, additional infrastructure opportunities for associated liquids will occur first

IMPLICATIONS FOR SOUTHERN STAR

- What does Gas Fundamentals mean for Southern Star?
- As Permian pipes get built, flows into SSC will revert to local production
- Near term drivers and opportunities
 - Organic supply growth in footprint
 - Shorter term contracts for Permian impacted gas
 - Shorter contracts require flexible facilities
- Medium to longer term
 - Reconfigure system to move gas to southeast
- Longer Term
 - Optimize Rockies Assets
 - Evaluate new mainline facilities to increase access to growing Oklahoma gas production
 - Develop access to Gulf Coast Demand Centers

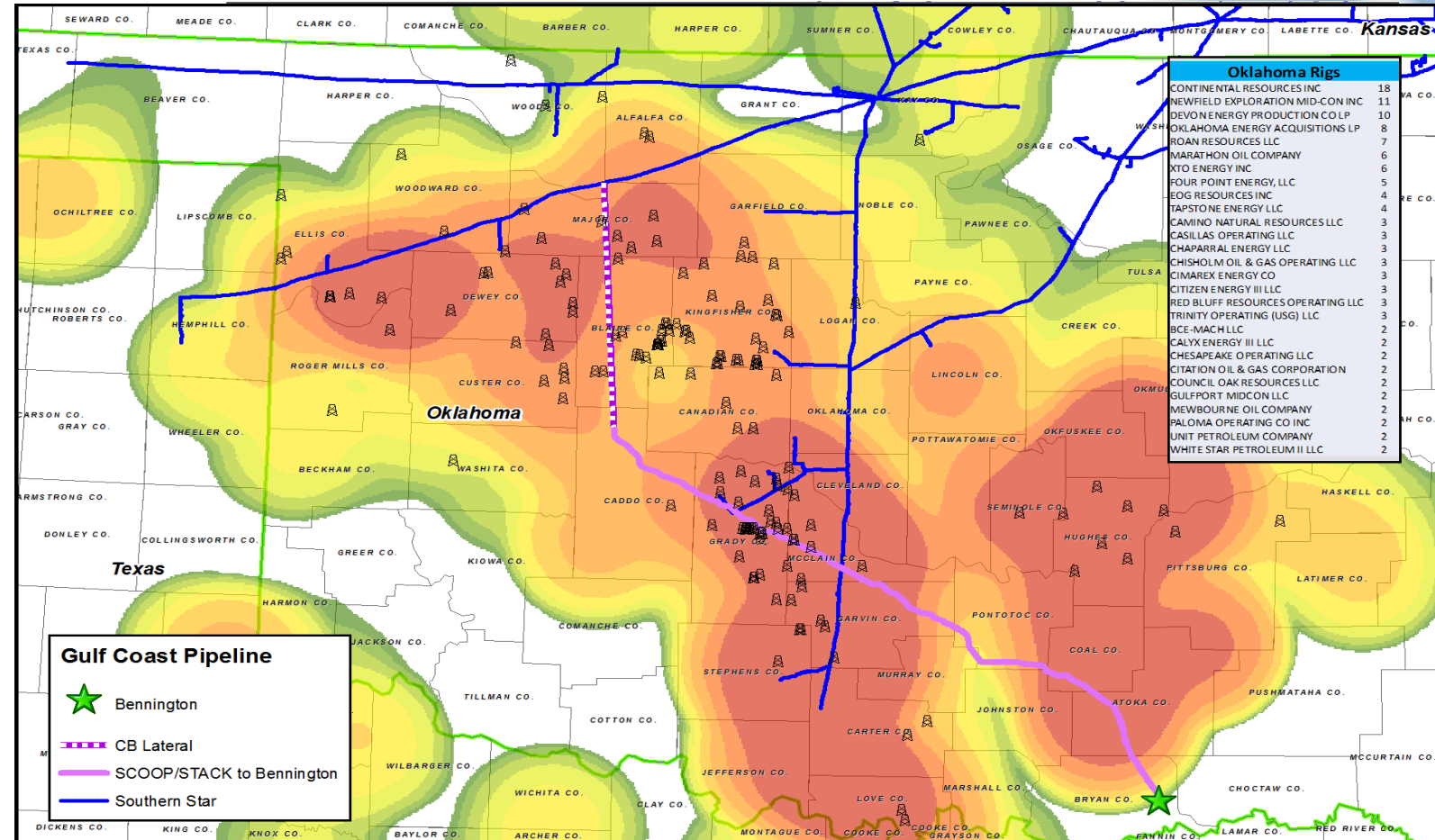


BOOMING GAS SUPPLY DEVELOPMENT

“The Future Is Now”

STACK & SCOOP Play

- Very Strong Well Performance
- Very Favorable Returns
- High Quality Well Locations
- Close to Excellent Markets for the Liquids
- High Volumes of Associated Natural Gas
- 138 Drilling Rigs Currently Deployed



GAS SUPPLY DRIVES BUSINESS DEVELOPMENT

- Enhance Liquidity/Optionality for Customers
- Increase Direct Connected Supplies
- Provide New Pipeline Interconnects
- Enhance Bi-directional Flow Capability
- Increase System Throughput
- Provide Access to New Markets
 - Southwest, Southeast, Gulf Coast, LNG Export & Mexico Export

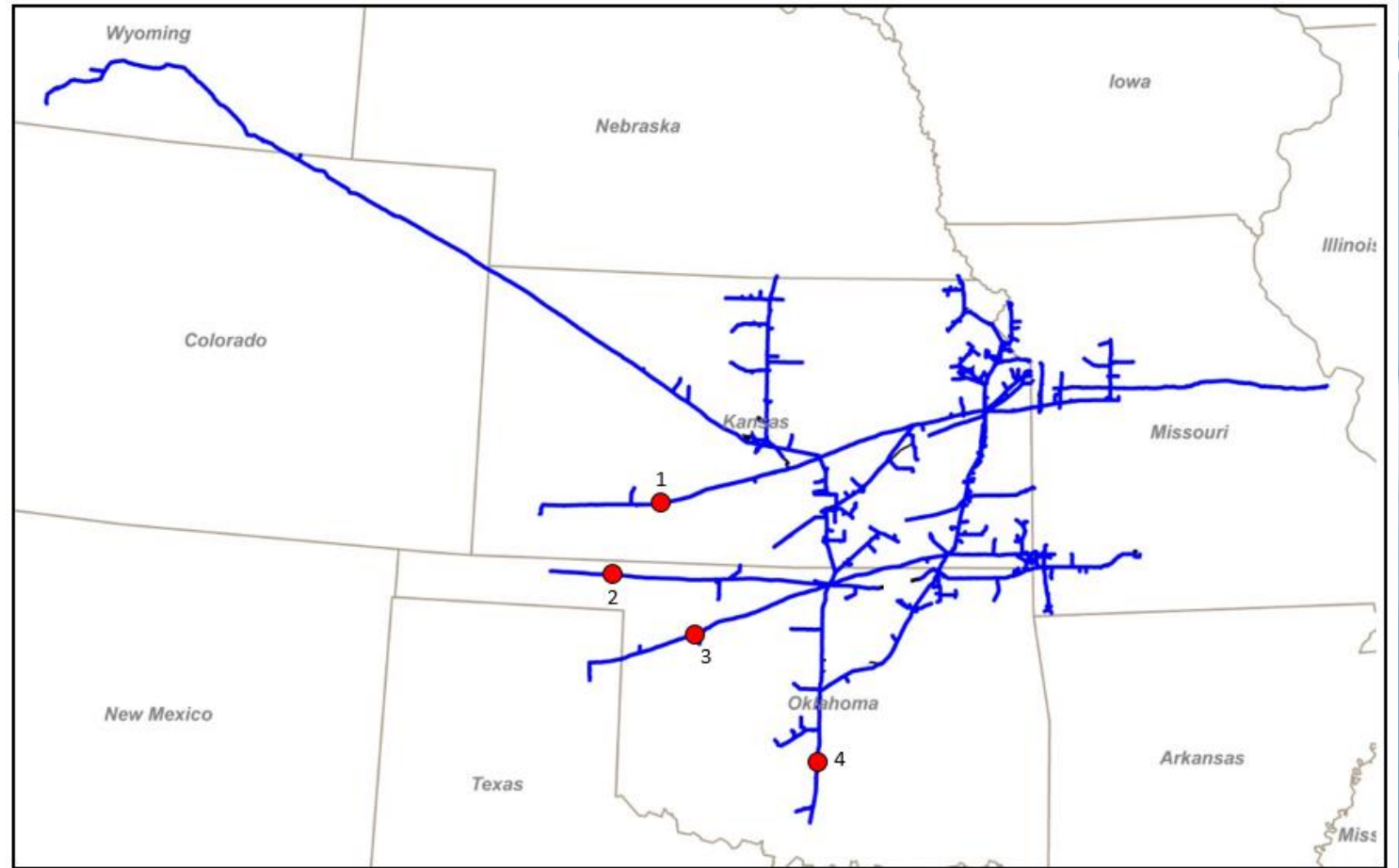
The Future Is Now



POTENTIAL NEW PIPELINE INTERCONNECTS

Overview

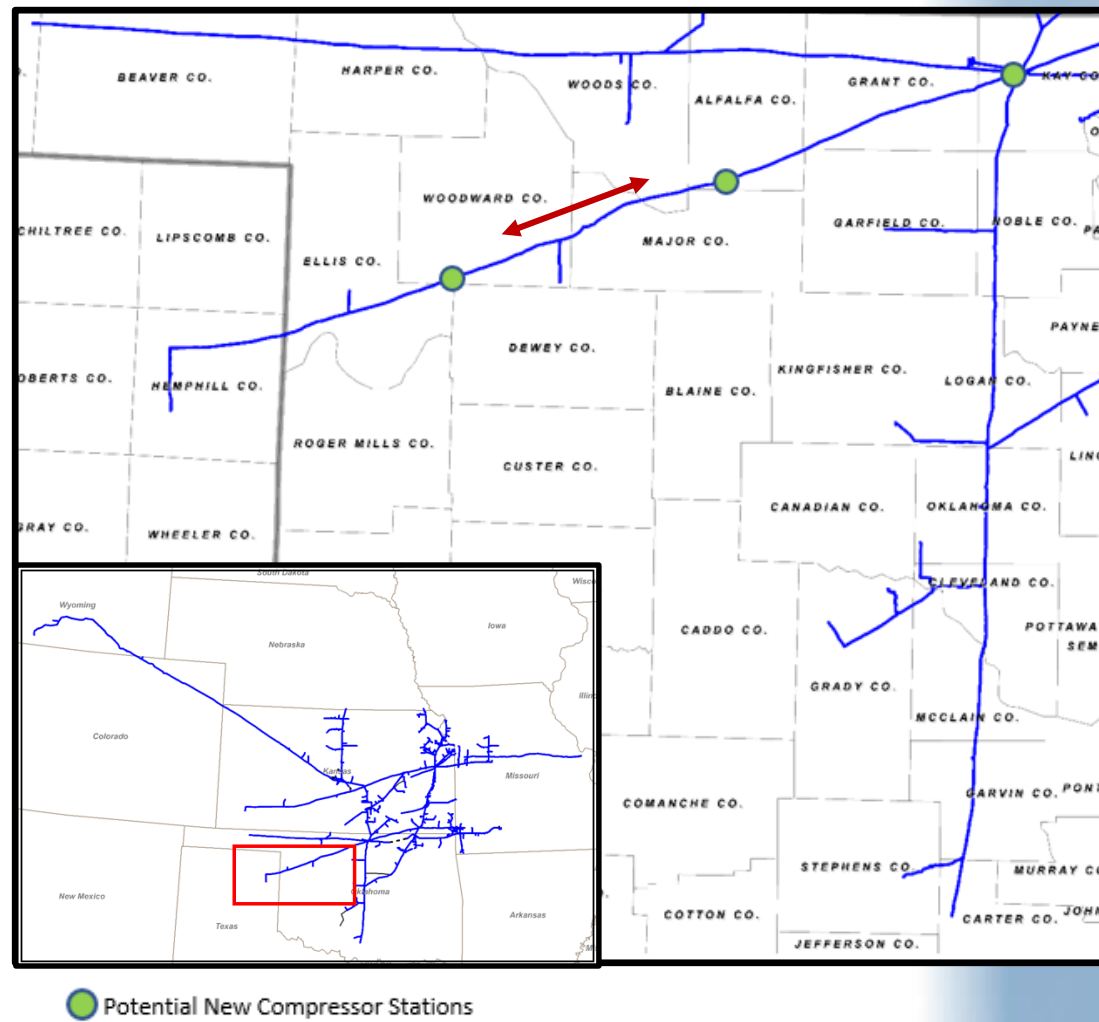
- Growing production has created demand for off-system outlets
- Southern Star has 31 pipeline interconnects and is looking at modifications at existing points as well as new interconnects
 - **1- NNG Kiowa (Bi)**
 - **2- NNG Harper (D)**
 - **3- NGPL Mutual (D)**
 - **4- OGT Maysville (R)**



CANADIAN BLACKWELL EXPANSION

Overview

- The Canadian Blackwell line has a current capacity of 230,000 Dth/d east with no mainline compression
- Potential to expand eastward capacity to 400,000 Dth/d with the addition of 2 or 3 compressors
- 12 - 30 Month Project Duration
- Bi-Directional Expansion Potential
 - East to PMI/Market Area
 - West to TW, Oneok WesTex, Potential new NPGL Interconnect



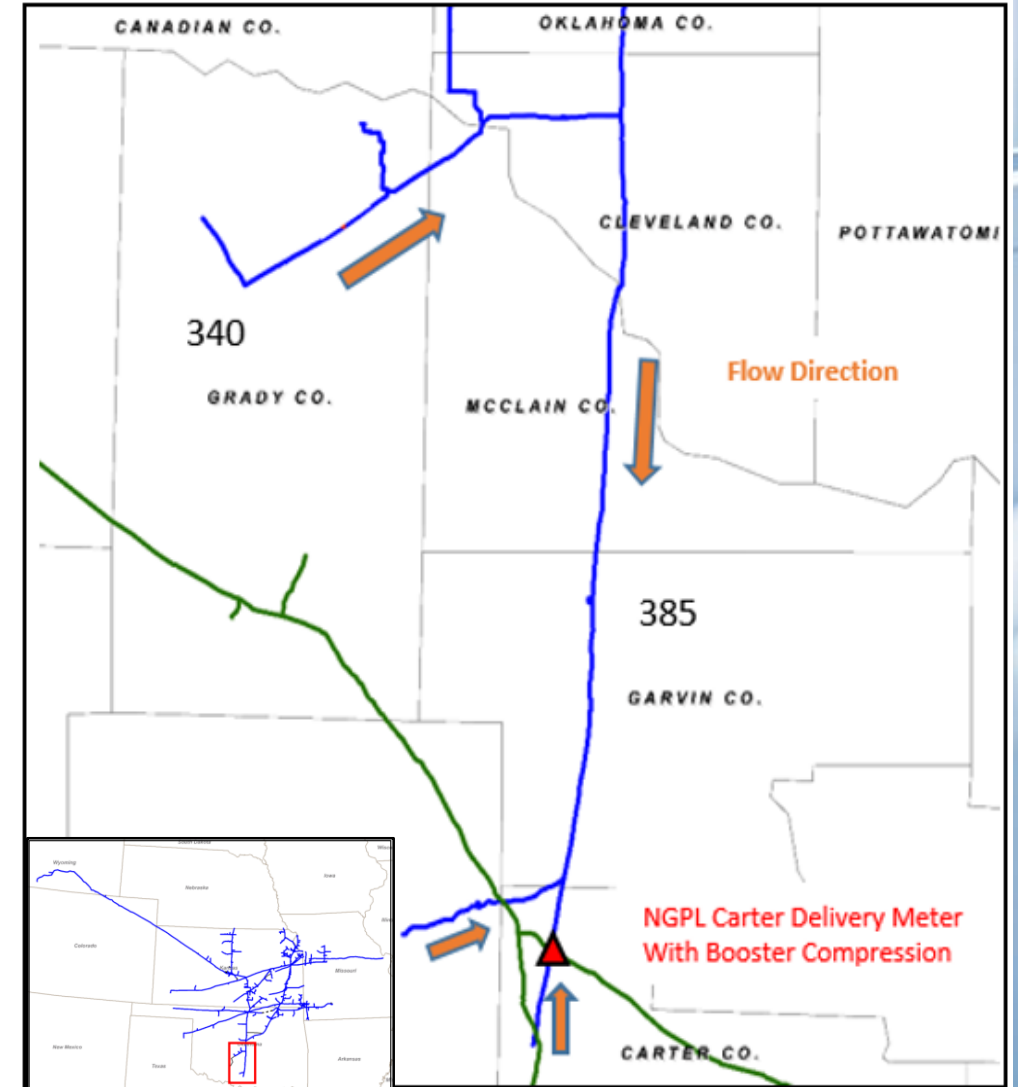
NGPL CARTER EXPANSION

Capacity to NGPL Carter Downstream 801

- Current Transportation Capacity of 85,000 Dth/d
- Potential for Expansion up to 150,000 Dth/d
 - requires additional compression
 - 6 to 9 Month Project Duration

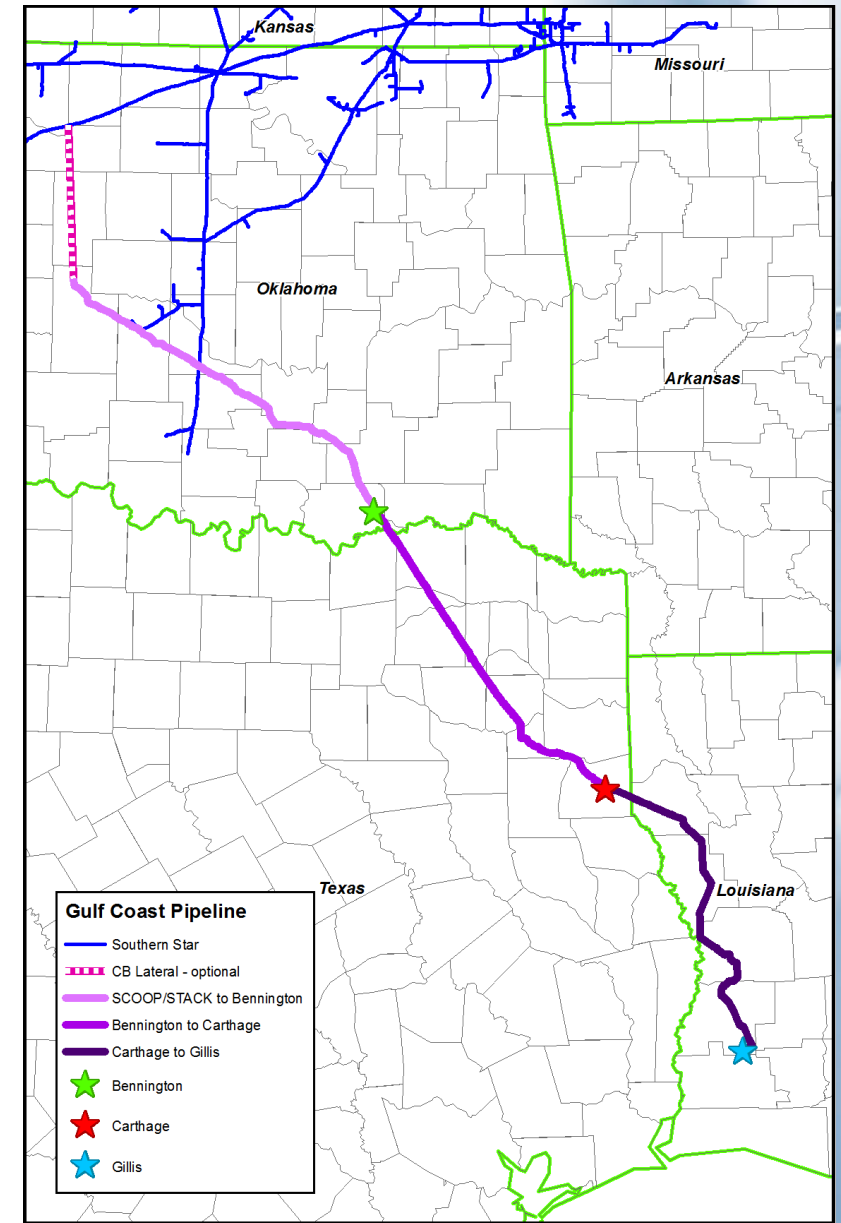
Expansion Available for Receipts on 340 & 385:

- Blue Mountain Chisholm Trail
- New Interconnects on 340
- OFS Maysville
- Targa Velma
- DCP Sholem, Fox
- New Interconnects on 385 (OGT Maysville)



GULF COAST PROJECT

- Southern Star is proposing the Gulf Coast Project
 - Evaluating options ranging from 2 Bcf/d down to 500 MMcf/d accessing the Gulf Coast Markets and the LNG Export facilities
 - Targeted In-Service 2021
- Project Options
 - Section I – Scoop/Stack to Bennington, OK
 - Section II - Bennington to Carthage
 - Section III – Carthage to Gillis
- Project Bypasses Congested Pipeline Corridors
- Market Access
 - LNG Exports
 - Southeast Utilities, Industrial, Petrochem and Power Gen
- Supply Access
 - Anadarko & Arkoma Basins – STACK, SCOOP, and Merge
 - Haynesville, East TX, Permian, Barnett, Marcellus and Utica



QUESTIONS



The background is a deep blue with a subtle radial grid pattern. A horizontal line of six dots, transitioning from dark blue to light blue, extends from the center towards the right edge. The word "BREAK" is centered in a bold, white, sans-serif font.

BREAK

DOOR PRIZES



ROBIN JOSKA

DIRECTOR, MARKETING &
CUSTOMER SERVICE

OUR TEAM

Marketing & Customer Service



Robin Joska
Director, Marketing &
Customer Service



Tamara Morgan
Administrative
Assistant, Sr.



Kurt Gregson
Manager,
Commercial
Marketing



Scott Warren
Account
Manager, Sr.,
Customer
Service



Chris Williams
Representative
II,
Customer
Service



David Tipmore
Representative
II,
Customer
Service



Kevin Gray
Manager,
Capacity
Scheduling &
Contract
Administration



Derek Hibbs
Leader,
Customer
Billing &
Measurement



Ryan Edge
Leader,
Customer
Projects

OUR TEAM

Capacity Scheduling & Contract Administration



Kevin Gray
Manager,
Capacity Scheduling
& Contract
Administration



Ronnie Hensley
Analyst Sr.,
Business



Susan Morrison
Analyst Sr.,
Capacity
Scheduler



Kevin Renshaw
Analyst Sr.,
Capacity
Scheduler

Capacity Scheduling



Kurt Stranathan
Analyst Sr.,
Capacity
Scheduler



Amy Baker
Analyst Sr.,
Capacity
Scheduler



Will Higdon
Analyst,
Capacity
Scheduler



Buster Ashley
Analyst,
Capacity
Scheduler



Julie Price
Analyst,
Capacity
Scheduler



Tammy Glahn
Analyst, Sr.,
Cust. Contract
Administration



Stephanie
Hathaway
Analyst, Sr.,
Cust. Contract
Administration

OUR TEAM

Customer Billing & Measurement



Derek Hibbs
Leader, Customer
Billing &
Measurement

Measurement



Carene Hobson
Analyst Sr.,
Measurement
Data

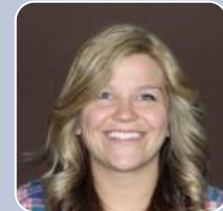


Leia Head
Analyst I,
Measurement
Data



Patsy Miles
Analyst III,
Measurement
Data

Billing



Marissa Cauley
Analyst I,
Billing

SOUTHERN STAR GUIDING PRINCIPLES

Maximize

- Decision-making authority changes (DOA re-alignment)
- Value
- Personnel knowledge development

Modernize

- CSI front page
- PSO content and map update
- Electronic contracting system

SOUTHERN STAR GUIDING PRINCIPLES

Market

- Value added service offerings
- Capacity offerings through Open Season postings
- System connectivity
- Creative ways to attract new business

Merge

- Synergies & joint opportunities
- New service offerings

INTERCONNECTS

INTERCONNECT DELIVERIES

RateArea	LocationNumber	LocationName	2016	2017	2018	% Increase
Production	7	TIGT Thomas	721,408	545,593	1,729,781	217%
	52	PSCO Chalk Bluffs	66,652	103	1,005	876%
	121515	NGPL Ford	4,730,773	1,294,484	4,065,083	214%
	17069	NGPL Carter	0	0	12,417,270	NEW
	17004	NGPL Beaver	16,991,659	6,230,916	13,417,105	115%
	16923	Mid-Continent Market	1,227,164	1,864,656	2,153,956	16%
		TOTALS	43,589,157	40,323,507	41,886,133	16%
Market	135533	PEPL Princeton	206,641	104,947	164,094	56%
	37175	EGT Jane - Delivery	2,716,305	13,474,677	15,316,617	14%
		TOTALS	2,922,946	13,579,624	15,480,711	14%

INTERCONNECTS

INTERCONNECT RECEIPTS

RateArea	LocationNumber	LocationName	2016	2017	2018	% Increase
Production	17067	Blue Mountain - Chisholm Trail III	0	0	6,641,927	NEW
	16813	Cheyenne Plains - Sand Dune	7,631,842	8,830,086	19,801,053	124%
	14965	CIG Riner	492,374	1,241,750	3,506,199	182%
	17068	EOIT Alfalfa			1,946,380	NEW
	13011	OGT Mutual	2,983,625	4,496,699	12,416,520	176%
	16584	Oneok Westex Hemphill	0	10,906	6,089,848	55739%
	11377	Transwestern Canadian - Rec.	531,026	815,042	9,462,391	1061%
		TOTALS	13,489,676	28,883,492	53,195,706	84%
Market						
	10997	EGT Jane - Receipt	1,263,435	1,319,912	763,412	-42%
	16592	TIGT Sugar Creek	214,545	152,098	200,782	32%
	16593	TIGT Glavin	573,690	226,943	1,499,756	561%
		TOTALS	2,071,940	1,699,050	2,464,270	45%

CUSTOMER FOCUS

- Energy Insights Survey Highlights
- Enhanced customer communication
- Customer Focus Team is back
- Managing 2018 challenges
 - Planned Service Outage
 - Capacity Limitations
 - Physical Storage Levels
- System Updates

TOP 9 THINGS I HAVE LEARNED ABOUT KENTUCKY?

1. Half of KY goes to Florida for Spring/Fall Break
2. Lingo – Kentuckians like to add letters to words or words to phrases
 - Warsh your clothes...This is a great idea!... Can I borrow your ink pen?
 - Some pronunciation is also challenging to understand – flares, tars, far, hrrr
3. Addressing others with the loud and clear “Y’all”
4. Coke - Soda
5. If there is snow in KY, there is widespread panic
6. Pronunciation of Louisville, KY (Looneyville, Louis-ville, Loo-a-vul, Loo-a-ville)
7. Kentucky’s Special Medicine – KY Bourbon
8. Kentuckians love horses and horse racing
9. Battle of the Bluegrass - Cats vs. Cards

**WHEN YOU PUT CUSTOMERS FIRST
THEY RETURN THE FAVOR**

QUESTIONS



SCOTT LAMAR

DIRECTOR, RATES & REGULATORY



CODE OF FEDERAL REGULATIONS

Title 18

Conservation of Power and Water
Resources

Parts 1 to 399

Revised as of April 1, 2018

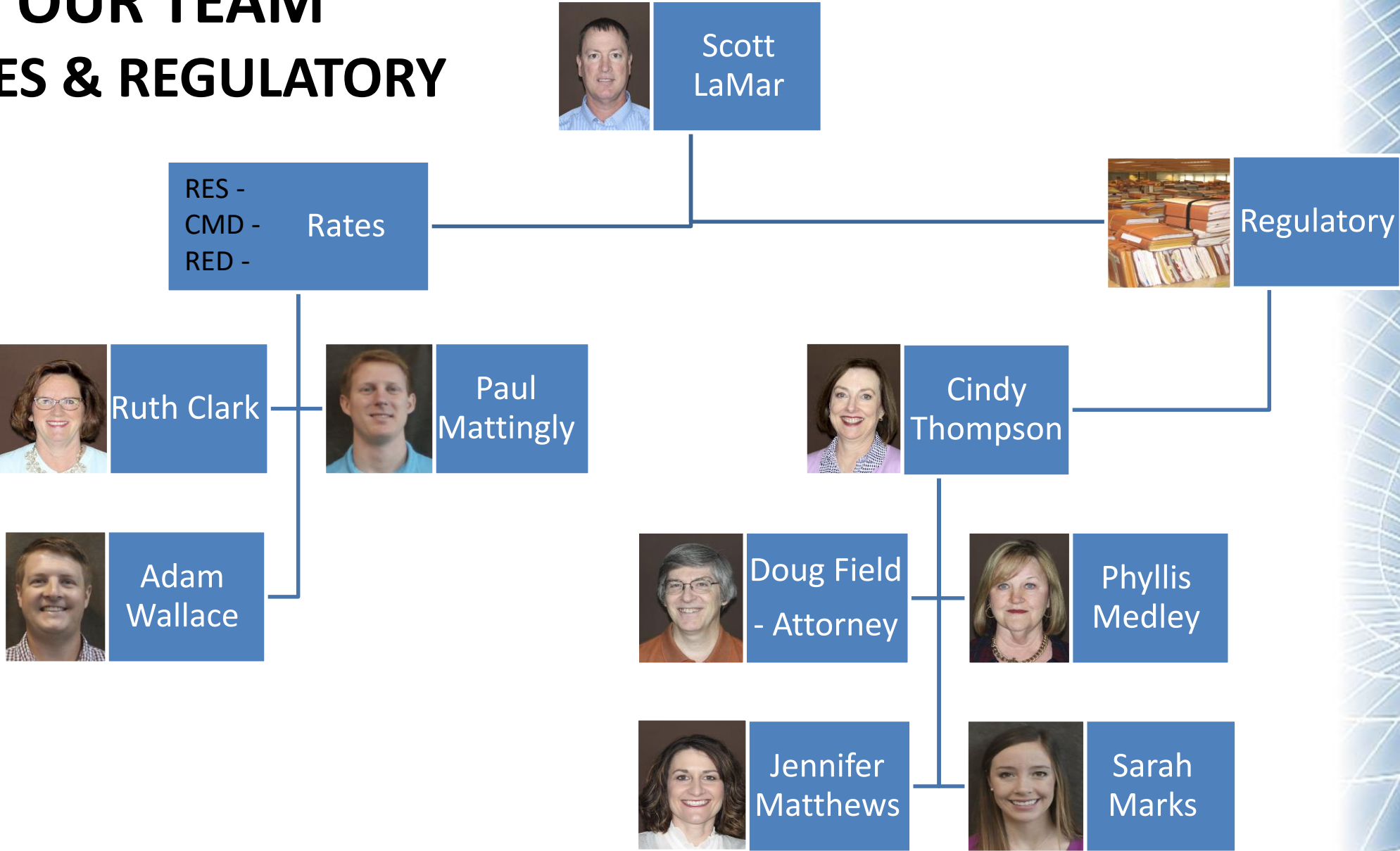
Containing a codification of documents
of general applicability and future effect

As of April 1, 2018

Published by the Office of the Federal Register
National Archives and Records Administration
as a Special Edition of the Federal Register

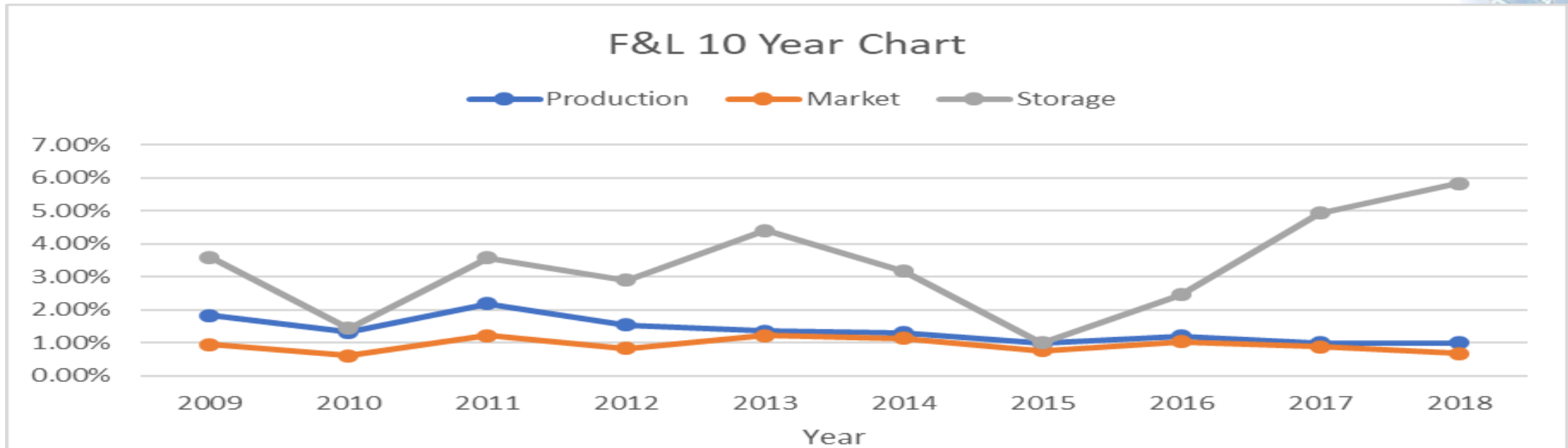
OUR TEAM

RATES & REGULATORY



Southern Star Fuel & Loss Rates

	<u>10 - Year Average</u>	<u>5 - Year Average</u>	<u>2018 Actual</u>	<u>Trend</u>
Production Area	1.38%	1.10%	1.01%	↓
Market Area	0.94%	0.90%	0.68%	↓
Storage Area	3.33%	3.48%	5.82%	↑



STORAGE FUEL & LOSS RATES

- 2018 Fuel Filing - second year of a two-year waiver on certain components of the storage loss rate calculation.
 - Webex with shippers before 2017 filing to offer a rate limiting solution
 - Used a 10-year average for losses instead of 3-year average
 - Used 1,000,000 Dth band instead of 500,000 Dth
 - Call with shippers before 2018 filing to keep all informed
- Fundamental cause of higher calculated rates
 - Multiple warmer than average winters leading to:
 - More gas remaining in the storage fields all year
 - More storage losses due to not cycling of the storage fields
 - Less injections required to fill storage = more under-recovery
 - More under-recovery = larger surcharge
- Total Loss Percentage Calculation = $(\text{3-Yr avg losses} + \text{under recovery}) / \text{3-Yr avg injections}$



FUTURE STORAGE FUEL RATES

- CP17-219 Storage Filing – to expand the certificated boundary of our Webb storage field
 - Order approved certificated boundary expansion horizontally of 480 acres in Grant County, Oklahoma
 - Southern Star plans to seek partial rehearing on 80 acres of boundary expansion that wasn't approved
 - Approval should protect Webb from losses due to proximity drilling
- Potential tariff modifications to smooth out future rate changes
 - Southern Star realizes substantial fuel rate changes affect planning
 - Use a 10-year average on storage losses?
 - Use a 5-year or 10-year average on injections?
 - Other options suggested by shippers?



MODERNIZATION PROGRAM UPDATE

- What is Modernization for Southern Star
 - A systematic approach to begin modernizing and improving our pipeline's integrity, safety, reliability, and efficiency to:
 - Reduce risk
 - Address aging infrastructure
 - Comply with legislation and regulation (PHMSA and EPA)
- Why Modernization
 - More efficient and less time consuming method for pipelines and shippers than continuous investment followed by multiple rate cases
- How
 - Develop a cost-recovery mechanism (CRM)
 - CRM only recovers based on capex...no recovery of increased O&M expenses
 - Rate Case moratorium until 2021

MODERNIZATION PROGRAM UPDATE (CONTINUED)

- Additional complexity in negotiations
 - Tax Cut & Jobs Act of 2017 – reduced federal income tax rate for corporations
- Status
 - Southern Star and a majority of shippers and interested stakeholders have agreed to a settlement in principle, which includes:
 - Southern Star already investing additional \$90M in 2018 not to be included in CRM
 - Base reservation rate reduction to begin by Jan 1, 2019 thru Oct 2021- subject to FERC approval
 - CRM surcharge from Mar 2020 thru Oct 2021 on MOD capex in 2019 and 2020
 - CRM applied to max rate reservation component for transportation and storage quantities
- Next Steps
 - Finish circulating and finalize the Stipulation & Agreement
 - File the Tax Savings/Modernization Settlement by Oct 31

QUESTIONS

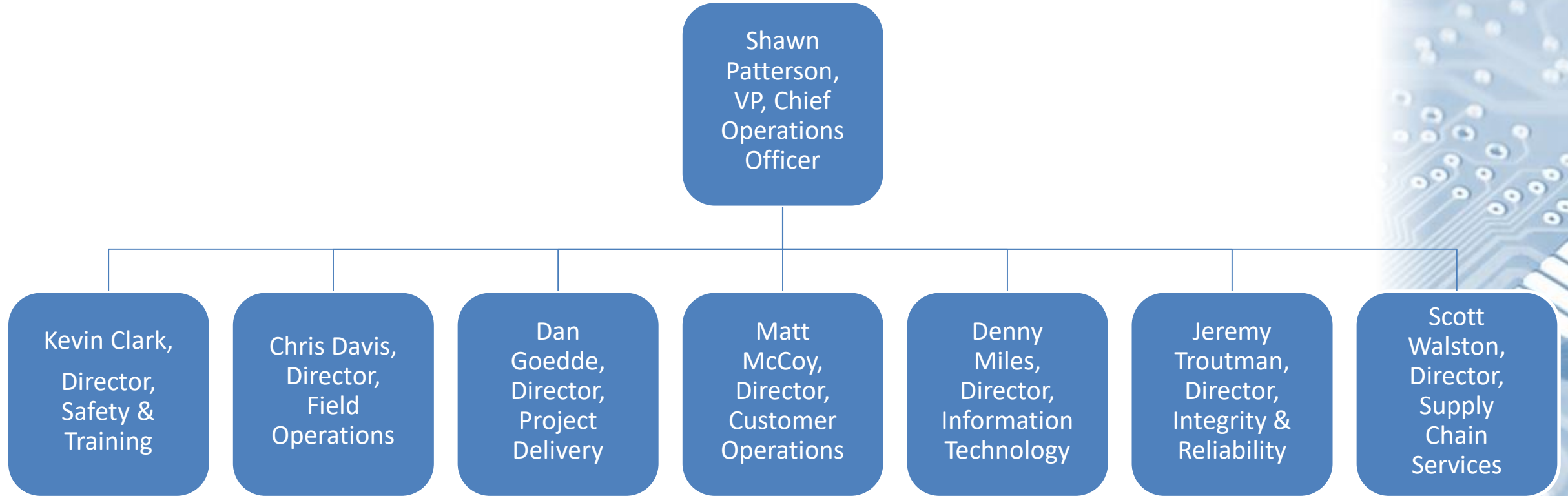


SHAWN

PATTERSON

VP, CHIEF OPERATIONS OFFICER

OUR TEAM



Leading Forward

OPERATIONS UPDATE

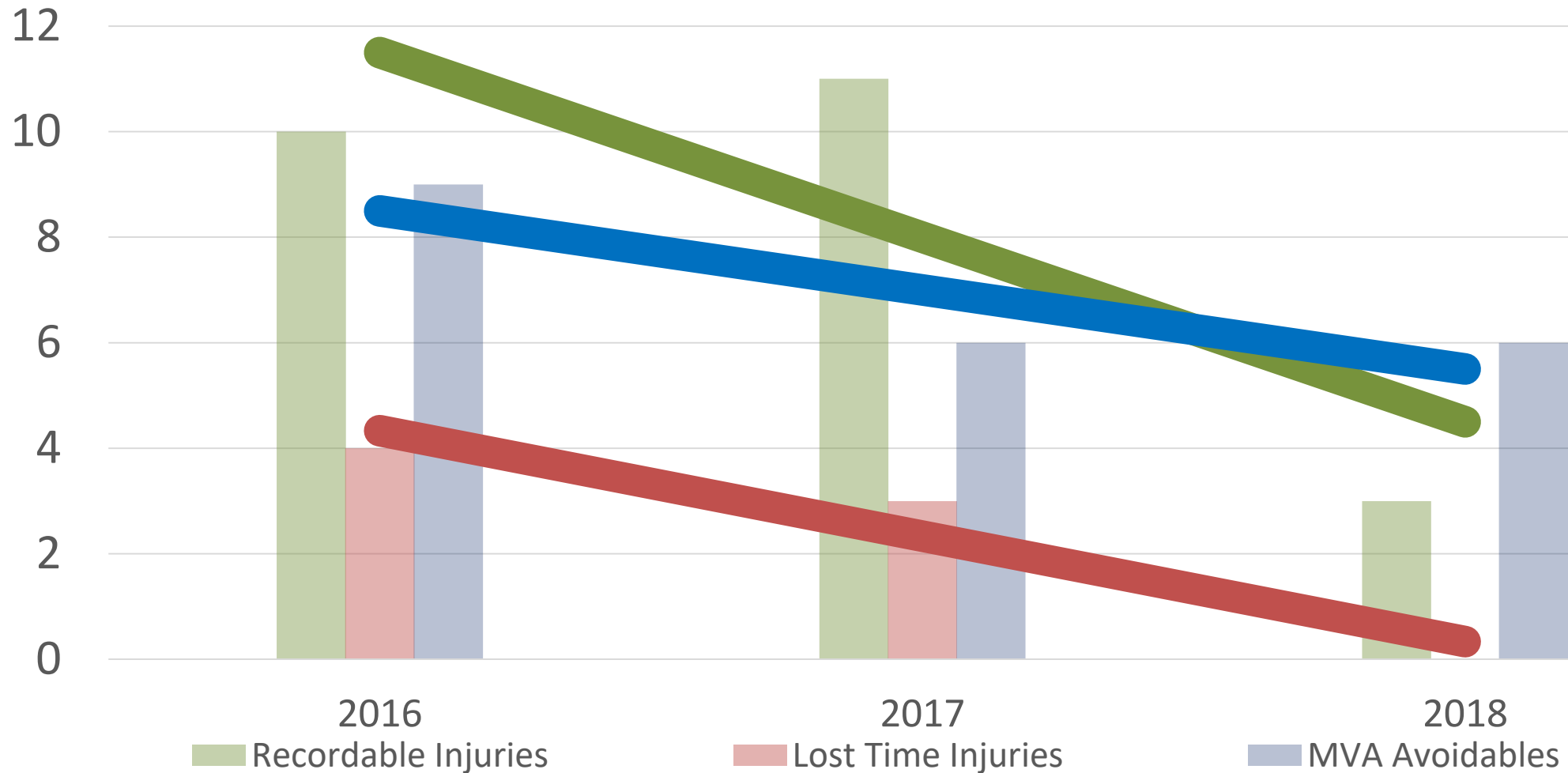
- Employee Safety
- Capital Plan
- Modernization
- Integrity & Reliability
- Winter Preparedness

Southern Star Commitment



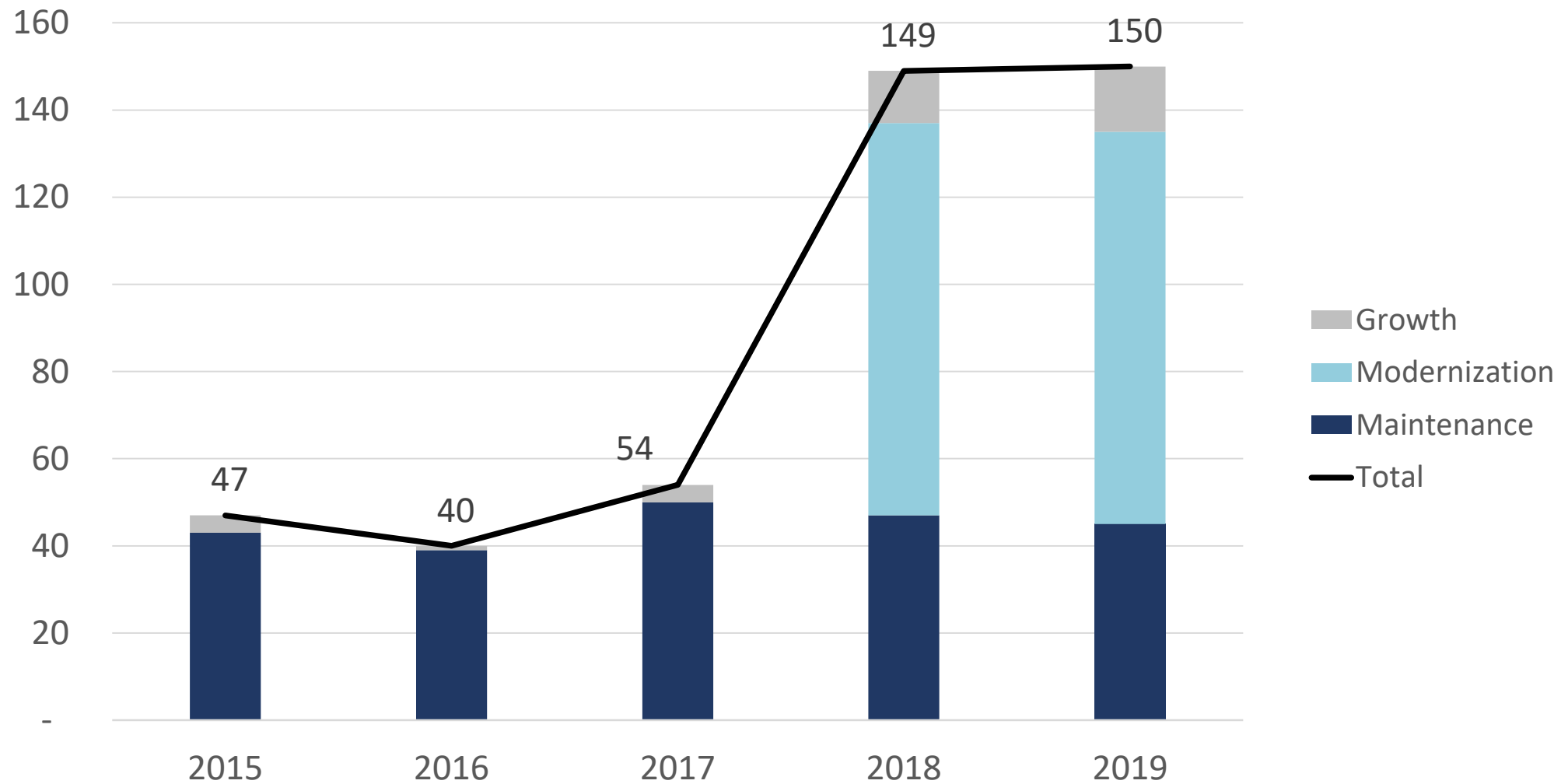
- Care for coworkers
- Drive carefully
- Perform JHAs
- Follow LOTO procedures
- Use proper PPE

EMPLOYEE SAFETY PERFORMANCE

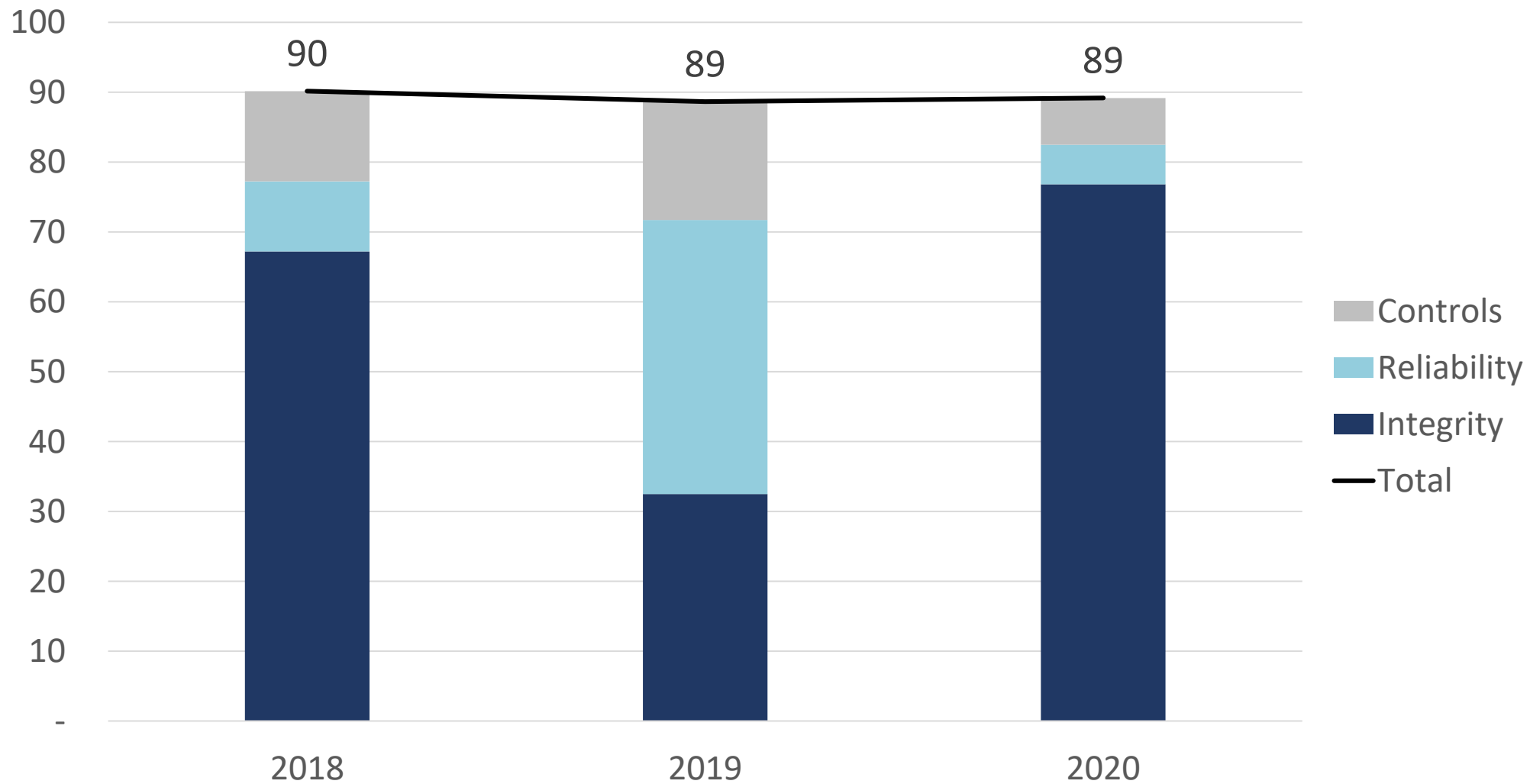


Advancing Our Safety Culture

5 YEAR CAPITAL EXPENDITURES (IN MILLIONS)



MODERNIZATION SPEND (IN MILLIONS)



Modernizing Our Infrastructure

MODERNIZATION

Through
Modernization,
Southern Star
is able to...



Accomplish
Integrity Plan
Faster



Reduce Leaks



Increase Engine
Reliability



Reduce Risk

- Blackwell Compression - \$27M
- Welda Flow Control and Welda Station Measurement Upgrade - \$5M
- Making System Piggable - \$8M
- Measurement Upgrades - \$2M
- Pipeline Replacement - \$11M

2019
Modernization
\$89M Target

Safe, Reliable and Compliant

LINE V - 13 MILE REPLACEMENT (20" & 24") LOGAN & OKLAHOMA COUNTY, OKLAHOMA

- Cost

- Estimate

\$23.8 M

- Items of Note

- Construction Start
 - Planned In-Service

July 10, 2018

October 19, 2018



LINE FD - 10 MILE REPLACEMENT (10")

CHEROKEE & CRAWFORD COUNTY, KANSAS

- Cost
 - Estimate \$10.0 M
- Items of Note:
 - Construction Start Aug. 9, 2018
 - Planned In-Service Date Oct. 31, 2018



COMPREHENSIVE ASSET MANAGEMENT PROGRAM

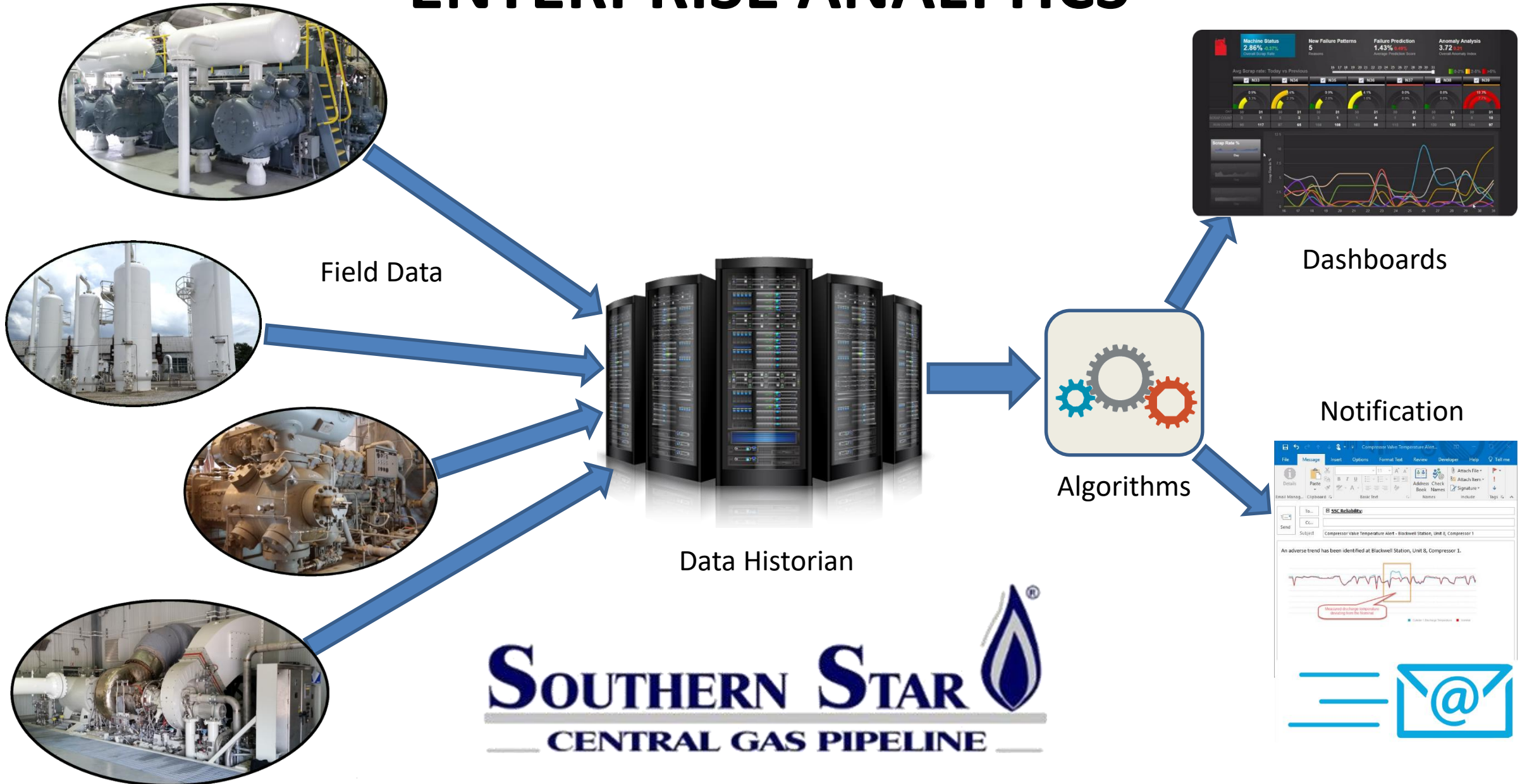
Corrosion Control, Integrity Management, and PHMSA Compliance

- Always compliant
- Protect the public and environment
- Risk-based approach
- Proactive assessments
- Engineering sound remediation
- Avoid failures and interruption of service



Safe, Reliable and Compliant

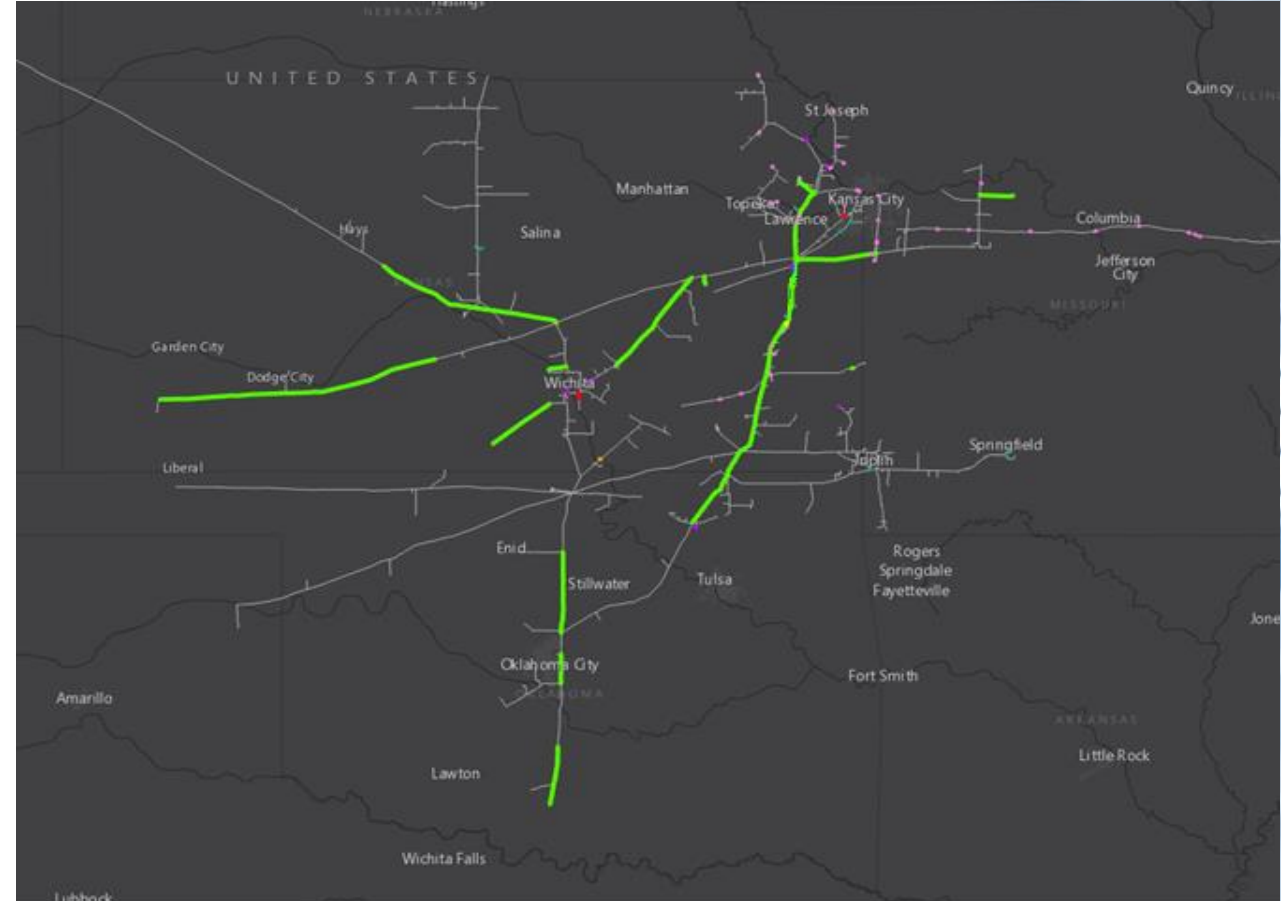
ENTERPRISE ANALYTICS



2019 INTEGRITY ASSESSMENTS

731 Total Assessment Miles
(12.6% of system)

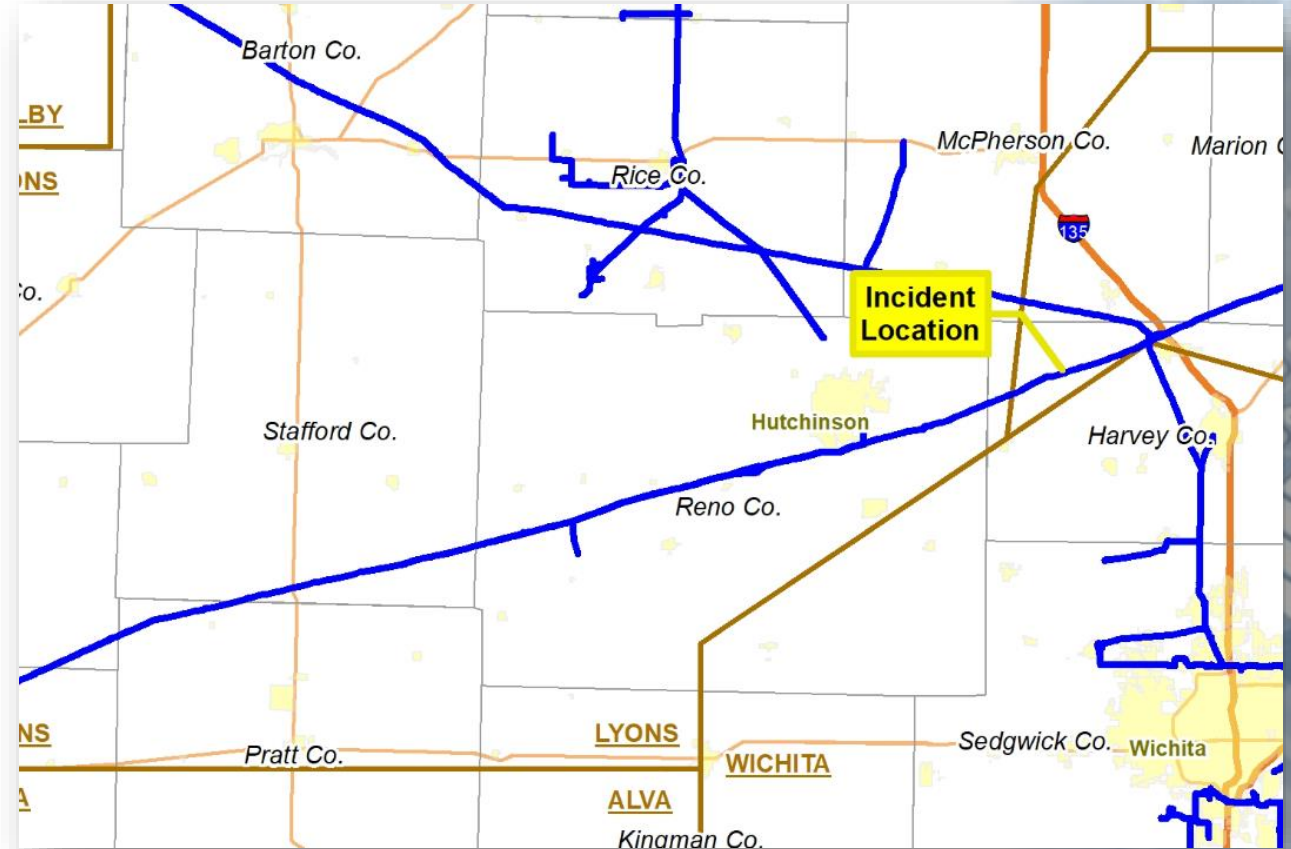
- 724 Miles ILI
 - 203 Miles Baseline
 - 521 Miles Reassessment
- 1 Mile Pressure Test
- 2.5 Miles River Crossing Assessments



Risk-based, Proactive Assessments

LINE R (KANSAS-HUGOTON) UPDATE

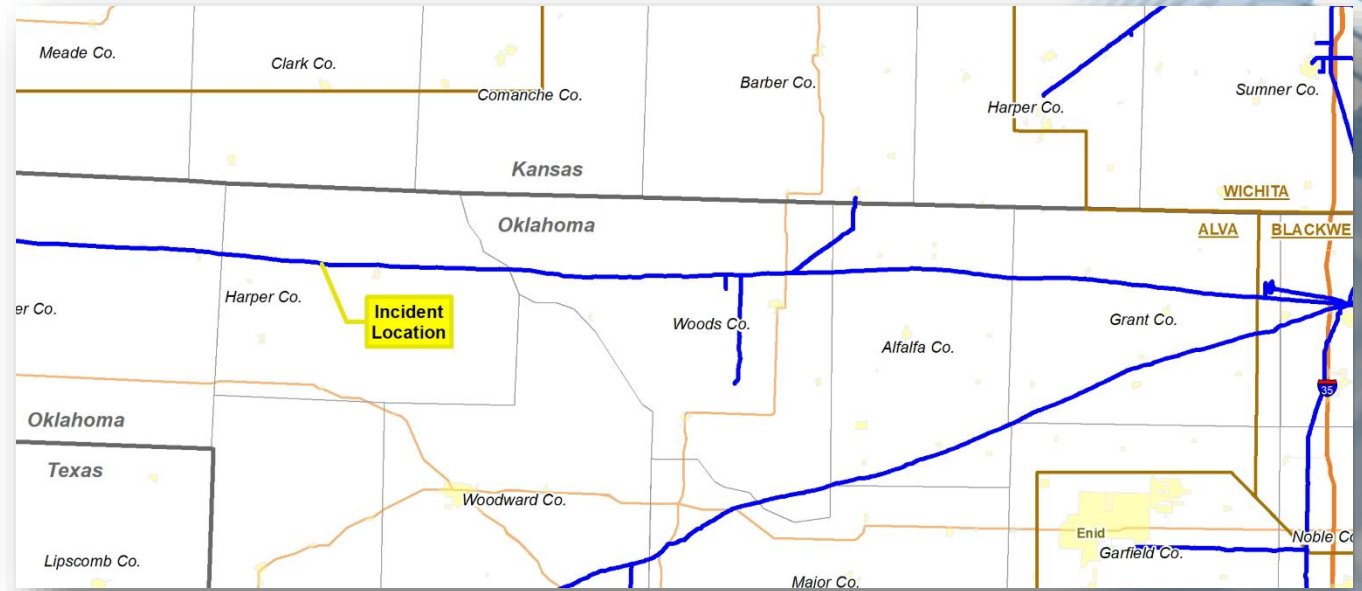
- 6/15/18 at 7:37AM CST rupture
- No injuries, fatalities, or damage to structures
- 26" pipeline segment operating at 837 psig
- Class 1, non-High Consequence Area
- Line returned to service 6/19/18
- Operating under 20% pressure reduction
- Metallurgist determined corrosion due to water infringement under coating
- Additional in-line inspection runs completed
- 6 Anomaly verification digs planned for October 2018
- Root Cause Failure Analysis (RCFA) in progress



Detailed investigation and analysis to ensure ongoing safety

LINE N (STRAIGHT BLACKWELL) UPDATE

- 8/6/18 at 2:20PM CST rupture
- No injuries, fatalities, ignition of gas, or damage to structures
- 26" pipeline segment operating at 750 psig
- Class 1, non-High Consequence Area
- Line returned to service 8/9/18 (operating under 20% pressure reduction)
- Pipe samples currently under metallurgical analysis review



Detailed investigation and analysis to ensure ongoing safety

FIELD OPERATIONS

Maintenance & Winter Preparation

- **Maintenance**

- Lighting heaters, servicing generators, changing filters, compressor maintenance/inspections
- Oil / Glycol / Methanol supply levels topped
- M&R orifice plates seasonal change outs, meter calibration & maintenance
- Employee Readiness Training / Mock Drills / Vehicle & Equipment Maintenance

- **Fluid Management**

- Pigging, blowing drips, dehy maintenance, frequent patrol tanks/drips, gas quality surveillance SCADA

- **System Health Checks**

- SCADA Real Time Network / IT Systems, M&R / Field Network Communications

- **Contingency Plans**

- Staffing, Communication, Spare Parts, Standby Contractors/Vendors
- Monitoring Inclement Weather Patterns – Enhances Predictability (USGS, NOAA, etc.)



FIELD OPERATIONS

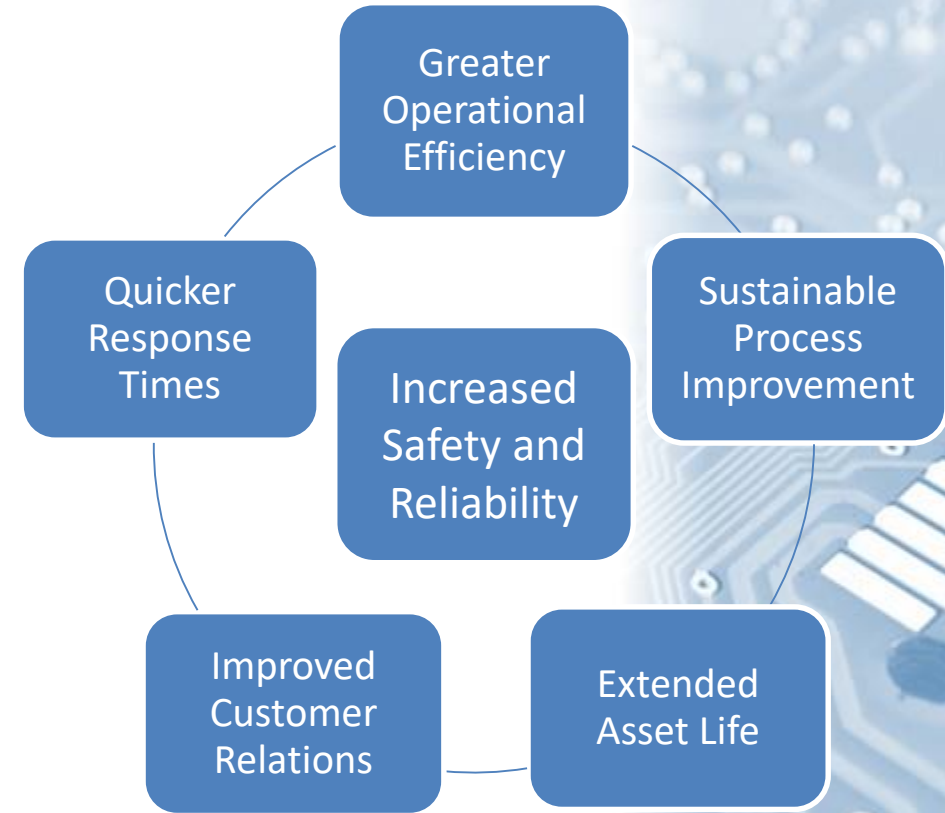
Communication

- Voice of customer
- Updated contact lists for Operations and Commercial
- Resurrecting monthly customer WebEx information calls
- Planning various face-to-face meetings
- Open lines of communications at all times

Communicate and Collaborate

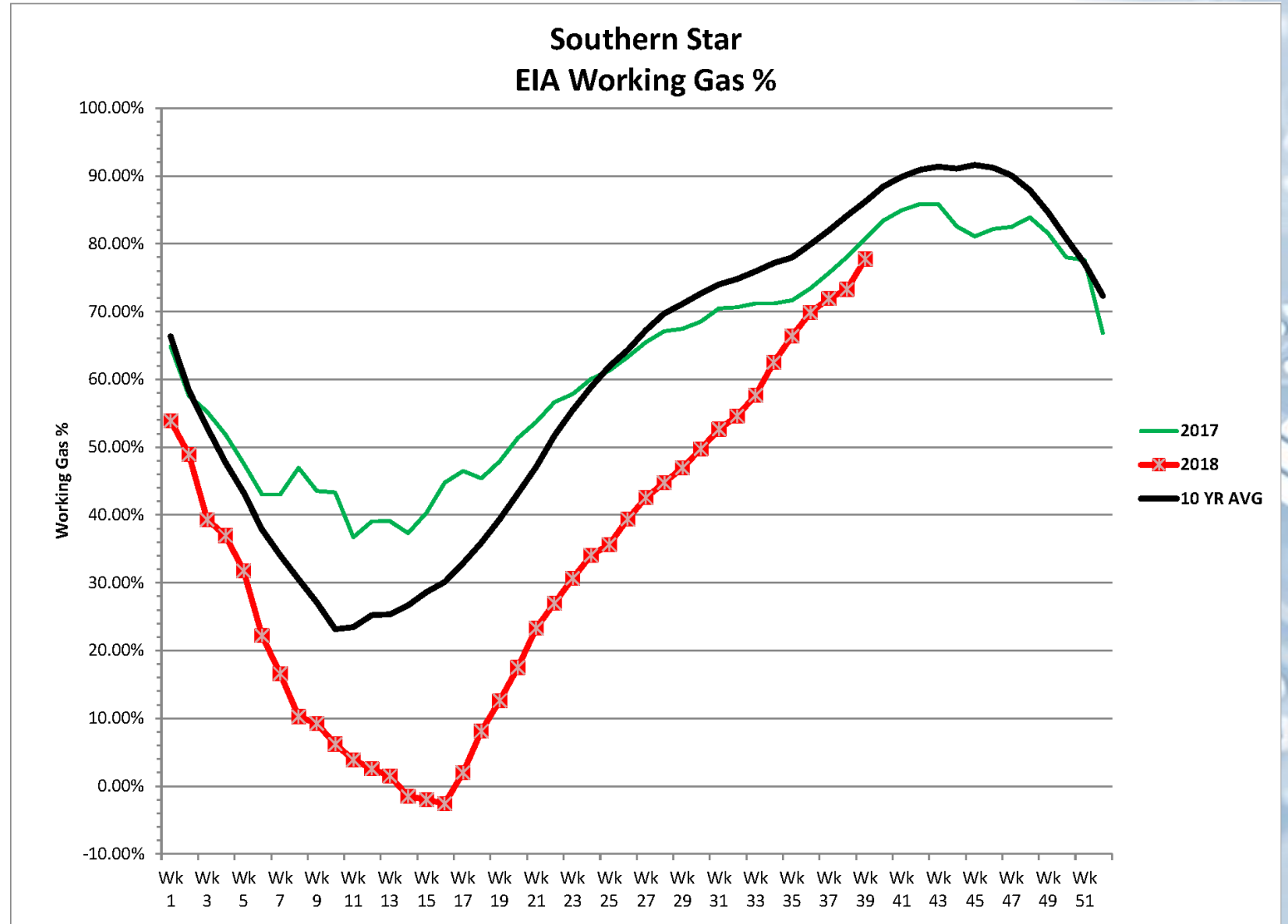
PLANNING & SCHEDULING

- EAM to align work practices with strategies for continuous improvement
- Improved scheduling of routine maintenance to better align with customer needs in timing of necessary restrictions on SSCGP system
- Improved execution of projects and maintenance resulting in less customer interruption and increased customer flexibility
- Increased efficiency leading to proactive operations maintenance reducing unplanned outages and extending asset life



STORAGE SERVICES

- Projecting 40 Bcf working gas capacity for the start of winter season (85% full)
- Integrity Testing
 - Casing Inspection Logs on 59 wells
 - Pressure MIT 45 wells
- Maintaining Well Deliverability
- Well Rehabilitations



Ready for Winter

SHAWN PATTERSON

VP, CHIEF OPERATIONS OFFICER

SHAWN.PATTERSON@SSCGP.COM

PHONE: 614-905-7025

QUESTIONS



DOOR PRIZES



ROBIN JOSKA

DIRECTOR, MARKETING &
CUSTOMER SERVICE

THANK YOU!

Notes:

1. Save the Date! **NEW FORMAT!!!**
2. **Our next Customer meeting will be Wednesday, May 15, 2019 at the Hilton President, Kansas City, MO.**
3. Please complete your survey and leave it at the registration desk. We appreciate your comments.