



ANRPL/Mid Michigan Leases

October 1, 2019



Introduction

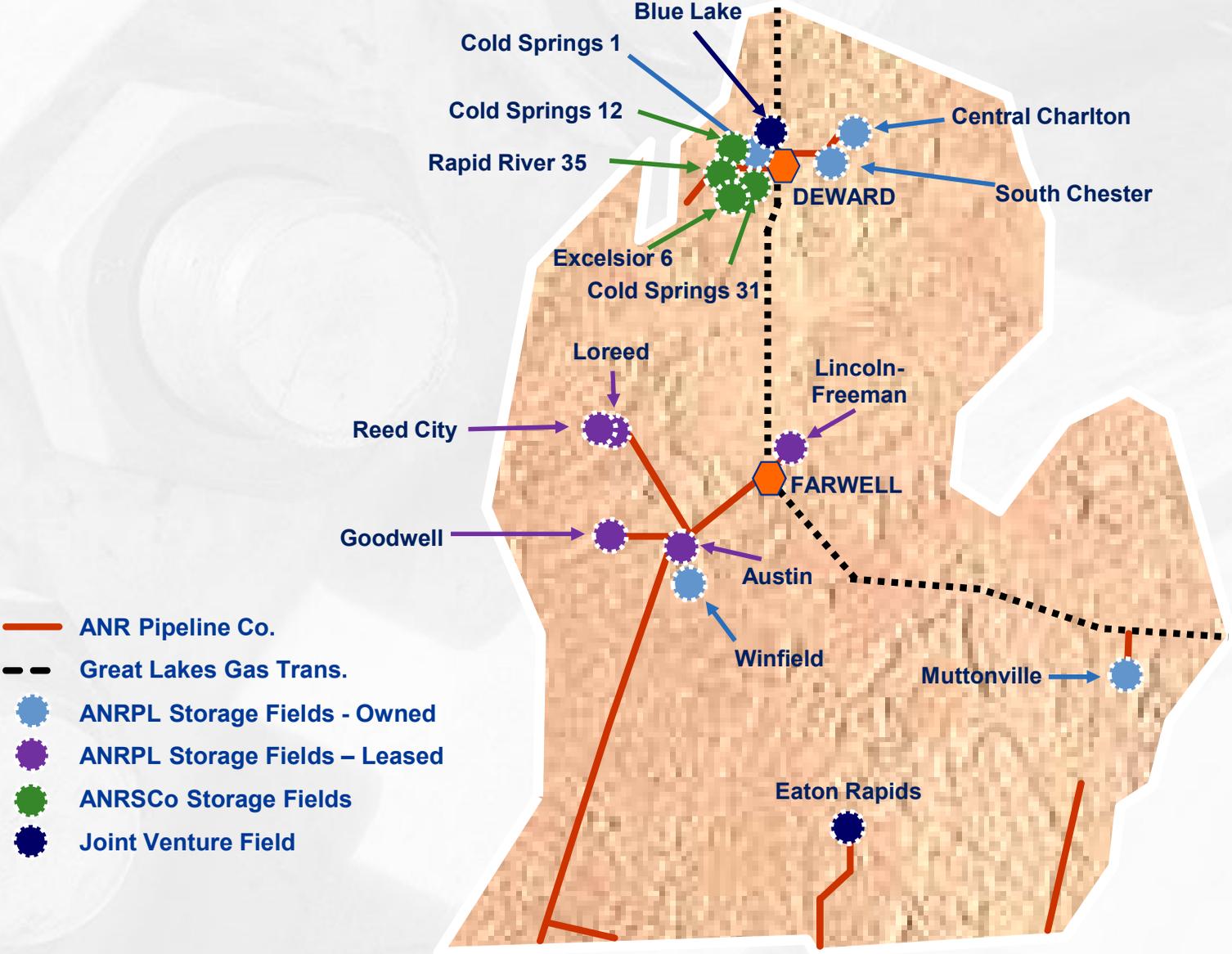
Overview

- ANR Pipeline Company (ANRPL) leases storage reservoirs, land, wells, compression, gas conditioning facilities, appurtenant facilities and base gas from Mid Michigan Gas Storage Company (MM), an ANRPL affiliate, at five storage fields (Austin, Goodwell, Lincoln-Freeman, Loreed and Reed City).

Key points

- As part of its fiduciary responsibility to shareholders, MM periodically evaluates its assets to ensure that it is realizing revenue that is commensurate with the value of the assets. Based on a recent assessment, MM is now interested in selling the storage assets it owns in the Leased Fields.
- ANRPL requires these assets to provide its jurisdictional storage services and proposes to acquire these necessary assets to continue providing such service.

Location of TC Energy (formerly TransCanada) Fields - West



ANRPL/MM Current Leases

- ANRPL leases facilities and base gas at all five of MM's storage fields
- Leased assets include:
 - Fee property (surface land rights)
 - Storage leases & deeds/mineral leases & deeds (subsurface rights)
 - Injection/withdrawal/observation wells & equipment, pipelines, compression, gas conditioning equipment *et al.*
 - MM's base gas - 34.5 Bcf
- ANRPL has also installed and owns related certificated storage facilities at the leased fields as well as some base gas in the leased fields
- ANRPL serves as operator of both leased and owned facilities and base gas pursuant to FERC certificate authority

Leased Fields	Leased Base Gas (Bcf)	Working Gas (Bcf)	Certificated Max Deliverability (MMcf/d)
Austin	6.2	7.0	864
Goodwell	2.9	21.3	400
Reed City	7.6	15.2	312
Lincoln-Freeman	10.6	18.5	400
Loreed	7.2	19.0	860
Total	34.5	81.0	2,836.0

Transaction Concept (subject to change)

Termination of Existing Leases - (FERC authorization required)

Purchase of Facilities - (FERC authorization required)

MM sells all facilities, excluding base gas, to ANRPL at net book value as soon as practicable

Transitional Sale of MM's Base Gas - (FERC authorization required)

1. MM/ANRPL enter into new base-gas-only lease at book value
2. ANRPL purchases replacement base gas periodically via open season(s) at off-peak prevailing market values at pre-set frequency/volumes; MM will be allowed to bid for ANRPL purchases, or sell corresponding gas volumes at prevailing market values
3. Termination of transitional lease following completion of base gas purchases
4. ANRPL targeting full base gas replacement by July 31, 2022

Timing – Transaction needs to commence multi-year transition by Q2 2020

ANRPL Ownership – Benefits to ANRPL Customers

- The leased facilities and the quantity of base gas under leases are necessary for ANRPL to continue to provide its jurisdictional storage services
- The certificated working capacity of the leased fields is 81.0 Bcf of the approximately 204 Bcf that ANRPL is certificated to sell to customers
- The leased fields provide a maximum withdrawal quantity of 2.836 Bcf/d of deliverability
- ANRPL owns substantial facilities at the leased fields that only have operational value in conjunction with the leased assets
- Cost to purchase MM facilities at net book value and associated base gas is significantly lower than the cost to develop new storage fields and replace the leased capacity and facilities
- ANRPL plans on purchasing replacement base gas periodically via open season(s) at off-peak prevailing market values at pre-set frequency/volumes (Summer Periods) to protect the company and shippers from excessive pricing
- With the proposed transaction, ANRPL would have ownership and direct control over all of the facilities and base gas necessary for its jurisdictional services
- Purchase of assets ensures stability for ANRPL and its customers
- The assets remain entirely under FERC jurisdiction
- Smooth “lease-to-own” transition with completion before next rate case end of test period

ANRPL/MM Transition - Proposed Timeline

Action	Timeline
File FERC application 7b/7c	October 2019
FERC approval	Q1 2020
Targeted implementation	Q1 2020
Completion of base gas replacement	July 31, 2022

Questions?

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