



DTE Energy[®]

**Ohio Gas Association
2014 Market Conditions Conference**

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Today's discussion

- DTE Overview
- Appalachian Supply Fundamentals
- Market Access for Supply
- NEXUS Gas Transmission Project
- Summary

Safe Harbor Statement

The information contained herein is as of the date of this presentation. Many factors may impact forward-looking statements including, but not limited to, the following: impact of regulation by the FERC, MPSC, NRC and other applicable governmental proceedings and regulations, including any associated impact on rate structures; the amount and timing of cost recovery allowed as a result of regulatory proceedings, related appeals or new legislation; impact of electric and natural gas utility restructuring in Michigan, including legislative amendments and Customer Choice programs; economic conditions and population changes in our geographic area resulting in changes in demand, customer conservation and thefts of electricity and natural gas and high levels of uncollectible accounts receivable; environmental issues, laws, regulations, and the increasing costs of remediation and compliance, including actual and potential new federal and state requirements; health, safety, financial, environmental and regulatory risks associated with ownership and operation of nuclear facilities; changes in the cost and availability of coal and other raw materials, purchased power and natural gas; the potential for losses on investments, including nuclear decommissioning and benefit plan assets and the related increases in future expense and contributions; volatility in the short-term natural gas storage markets impacting third-party storage revenues; volatility in commodity markets impacting the results of our energy trading operations; access to capital markets and the results of other financing efforts which can be affected by credit agency ratings; instability in capital markets which could impact availability of short and long-term financing; the timing and extent of changes in interest rates; the level of borrowings; the potential for increased costs or delays in completion of significant construction projects; changes in and application of federal, state and local tax laws and their interpretations, including the Internal Revenue Code, regulations, rulings, court proceedings and audits; the effects of weather and other natural phenomena on operations and sales to customers, and purchases from suppliers; unplanned outages; the cost of protecting assets against, or damage due to, terrorism or cyber attacks; employee relations and the impact of collective bargaining agreements; the availability, cost, coverage and terms of insurance and stability of insurance providers; cost reduction efforts and the maximization of plant and distribution system performance; the effects of competition; changes in and application of accounting standards and financial reporting regulations; changes in federal or state laws and their interpretation with respect to regulation, energy policy and other business issues; binding arbitration, litigation and related appeals; and the risks discussed in our public filings with the Securities and Exchange Commission. New factors emerge from time to time. We cannot predict what factors may arise or how such factors may cause our results to differ materially from those contained in any forward-looking statement. Any forward-looking statements speak only as of the date on which such statements are made. We undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. This presentation should also be read in conjunction with the "Forward-Looking Statements" sections in each of DTE Energy's and DTE Electric's 2013 Forms 10-K and 2014 Forms 10Q (which sections are incorporated herein by reference), and in conjunction with other SEC reports filed by DTE Energy and DTE Electric.

DTE Energy is an integrated energy company



Strong, Stable and Growing Utilities

~80% of DTE Energy's Earnings



DTE Electric

- 10th largest U.S. electric utility
- 2.1 million distribution customers in Southeast Michigan
- Fully regulated by the Michigan Public Service Commission



DTE Gas

- 11th largest U.S. gas utility
- 138 Bcf of working gas storage capacity; purchases 120 – 150 Bcf of gas annually
- 1.2 million distribution customers in Southeast Michigan
- 900 Bcf annual throughput
- Fully regulated by the Michigan Public Service Commission

Complementary Non-Utility Businesses

~20% of DTE Energy's Earnings

Gas Storage & Pipelines



- Transports and stores natural gas
- 91 Bcf of gas storage; 535 miles of pipeline
 - Washington 10 Storage Corp. (100%)
 - Vector Pipeline (40%)
 - Millennium Pipeline (26.25%)
 - DTE Michigan Gathering Holding Company (100%)
 - Bluestone Gathering Company (100%)
 - Proposed NEXUS Gas Transmission (33%)

Power & Industrial Projects



- Owns and operates energy assets
 - Industrial / utility solid fuels
 - Utility services and renewable energy

Energy Trading



- Transports gas on more than 60 pipelines
- Asset management and sales to major utilities
- Producer services, including risk management

Gas Storage & Pipeline assets

Pipeline Platform



Bluestone Pipeline

Bluestone Pipeline

- 0.6 Bcf/d to Millennium and Tennessee pipelines; expanding in 2014

Millennium Pipeline

- 1Q 2014 expansion; total capacity over 0.8 Bcf/d

Vector Pipeline

- 1.3 Bcf/d from Chicago to Dawn, Ontario

Proposed NEXUS Pipeline

- 1 Bcf/d from western Marcellus and central / northern Utica shale

Gathering Platform



Bluestone Gathering

Bluestone Gathering

- Long-term agreement with Southwestern in Marcellus shale

Michigan Gathering

- Lateral additions ongoing

New Developments

- Working with interested parties in Marcellus, Utica and Michigan shales

Storage Platform



Washington 10

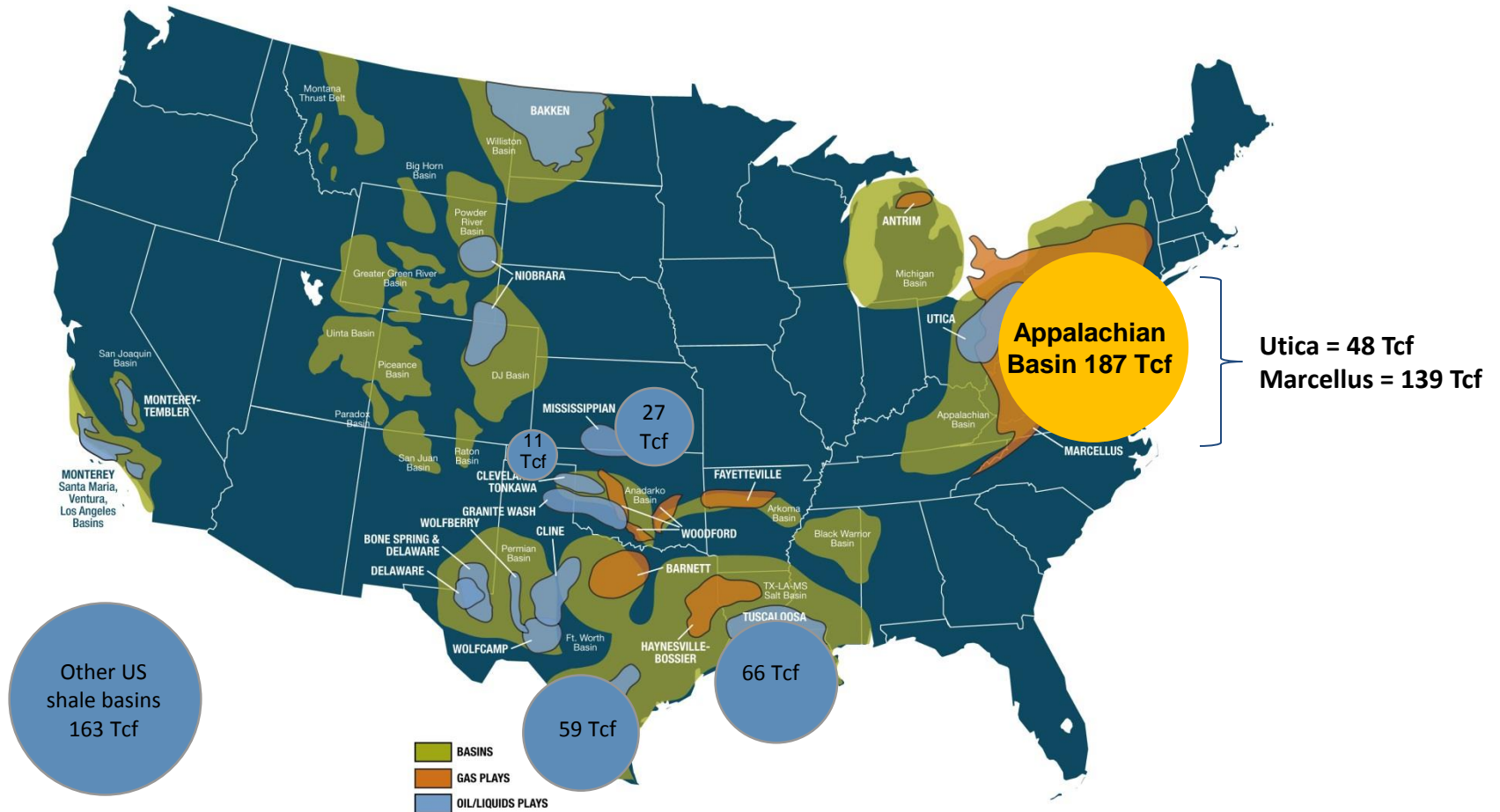
Michigan Storage

- 91 Bcf of working capacity
- Strategically located between Chicago and Dawn trading hubs

Northeast market fundamentals are shaped by the resource in the Appalachian Basin

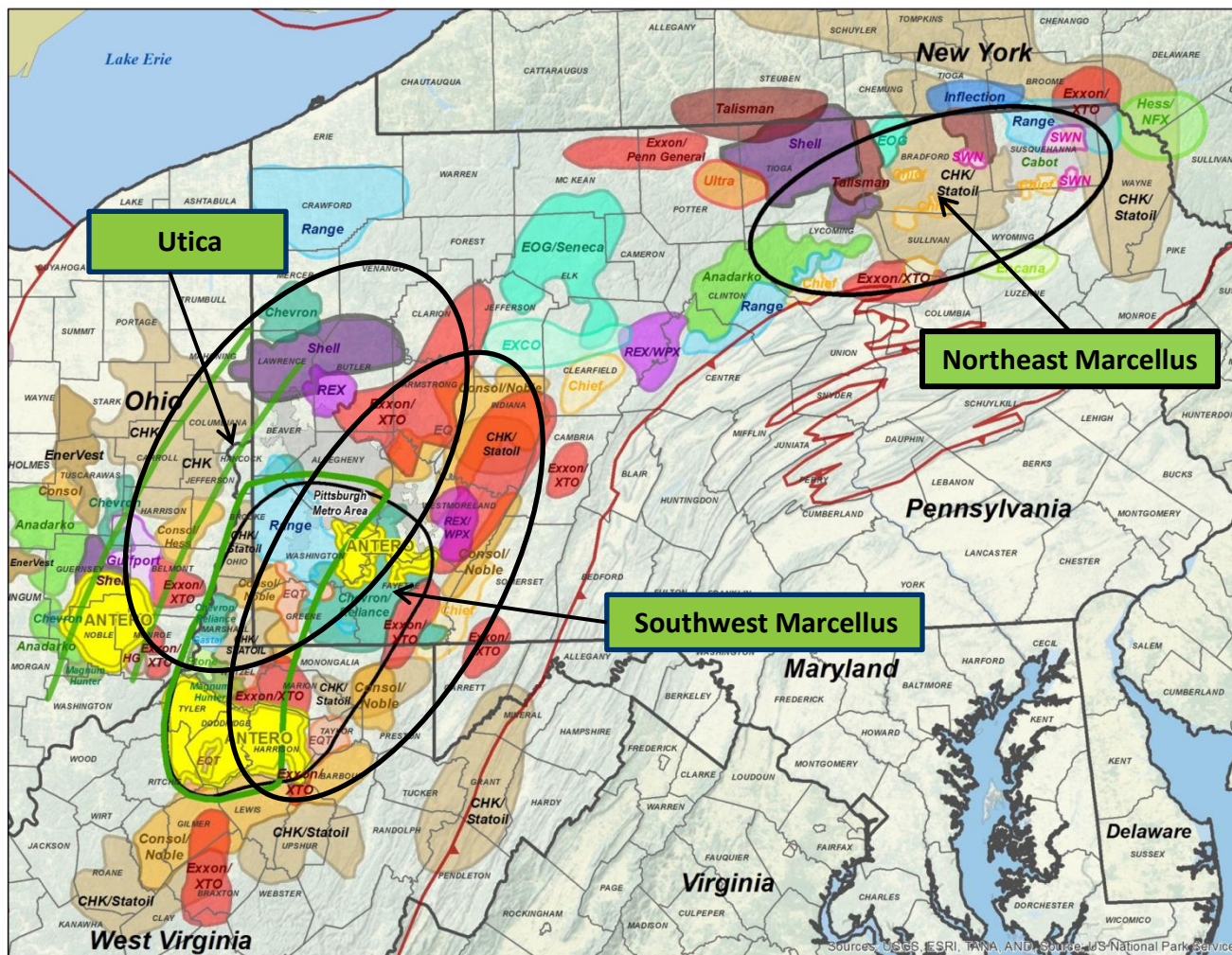


US Shale Basins and their Natural Gas Resource Base (Tcf)¹



1. Unproved technically recoverable resources
 Source: EIA, USGS

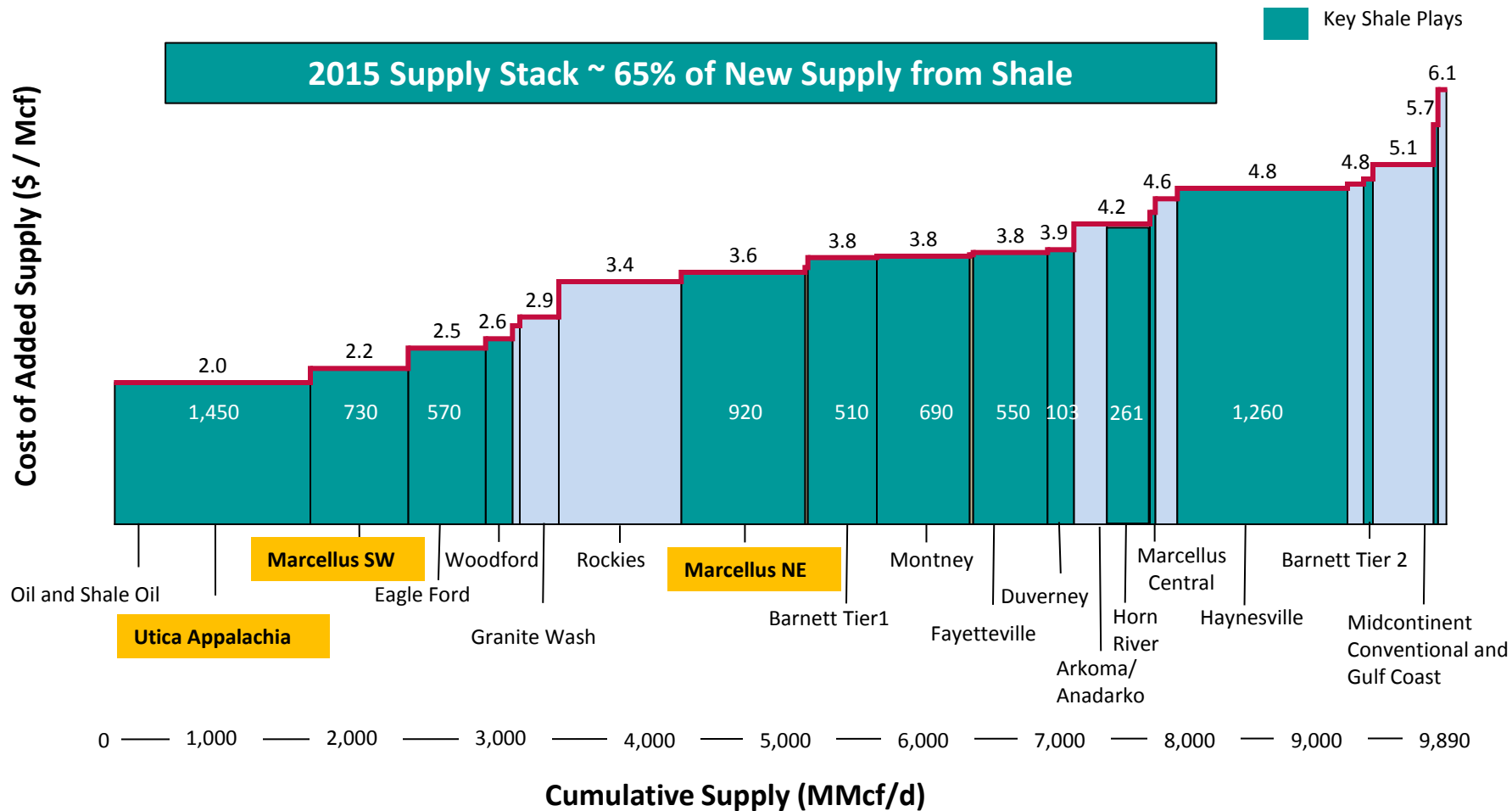
Utica & Marcellus: Core areas of focus are driven by well economics



Three areas of intense activity are emerging in the Appalachian basin:

- Northeast Marcellus (Northeast PA) contains dry gas and very high well productivity
- Southwest Marcellus (Southwest PA and Northern WV) contains liquids rich gas
- Utica shale (Eastern OH and Northwest PA) has a liquids window and a dry gas window
- Near the Ohio / PA border the Marcellus resource overlays the Utica – stacked play

Low Utica and Marcellus production costs support continued development

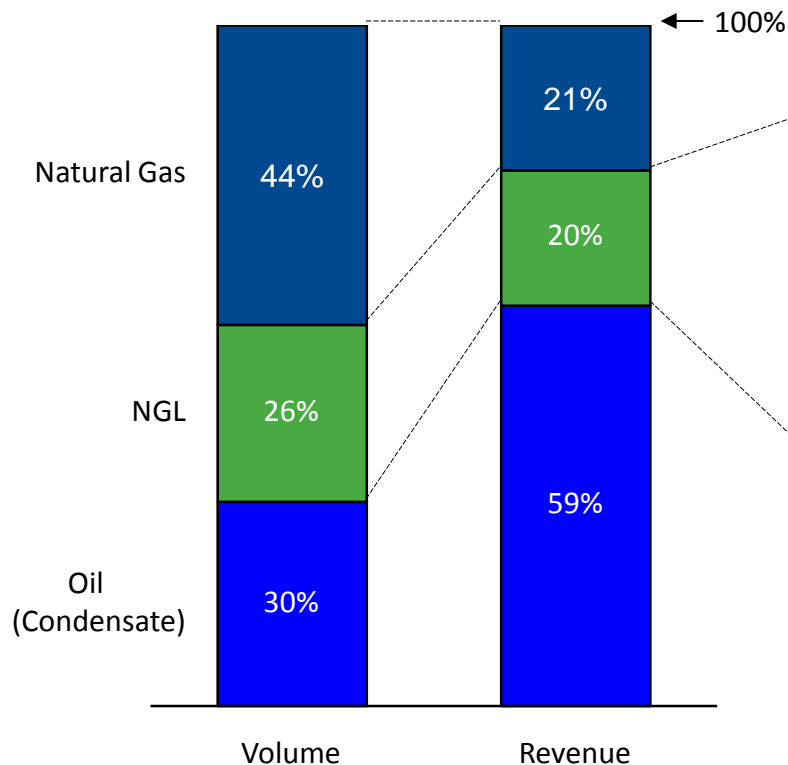


Source: Wood Mackenzie; WoodMac calculates cost of supply at 10% After-Tax IRR

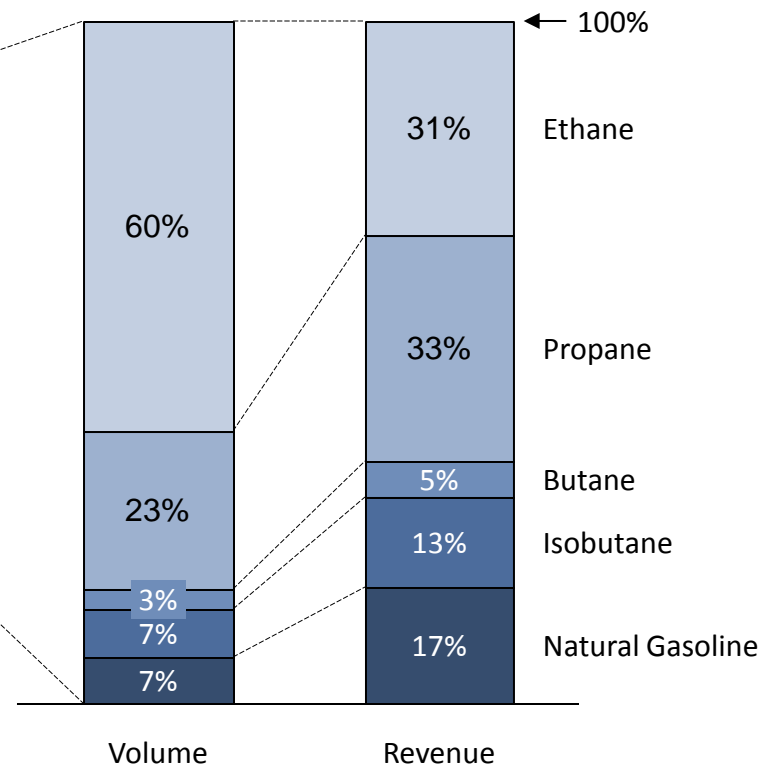
Uplift from oil and NGLs drive strong well economics



Utica Wet Gas Composition



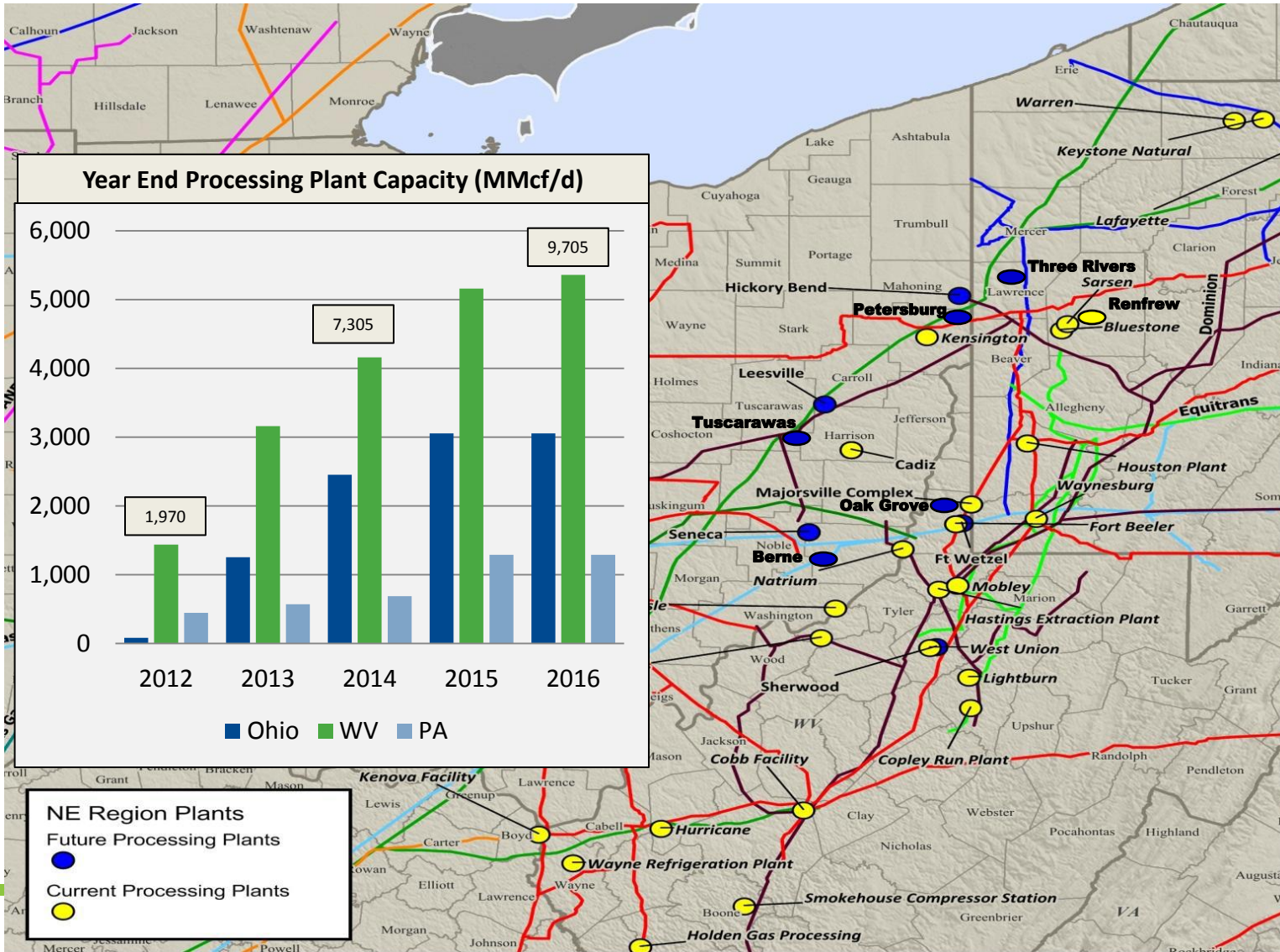
Utica NGL Barrel Composition



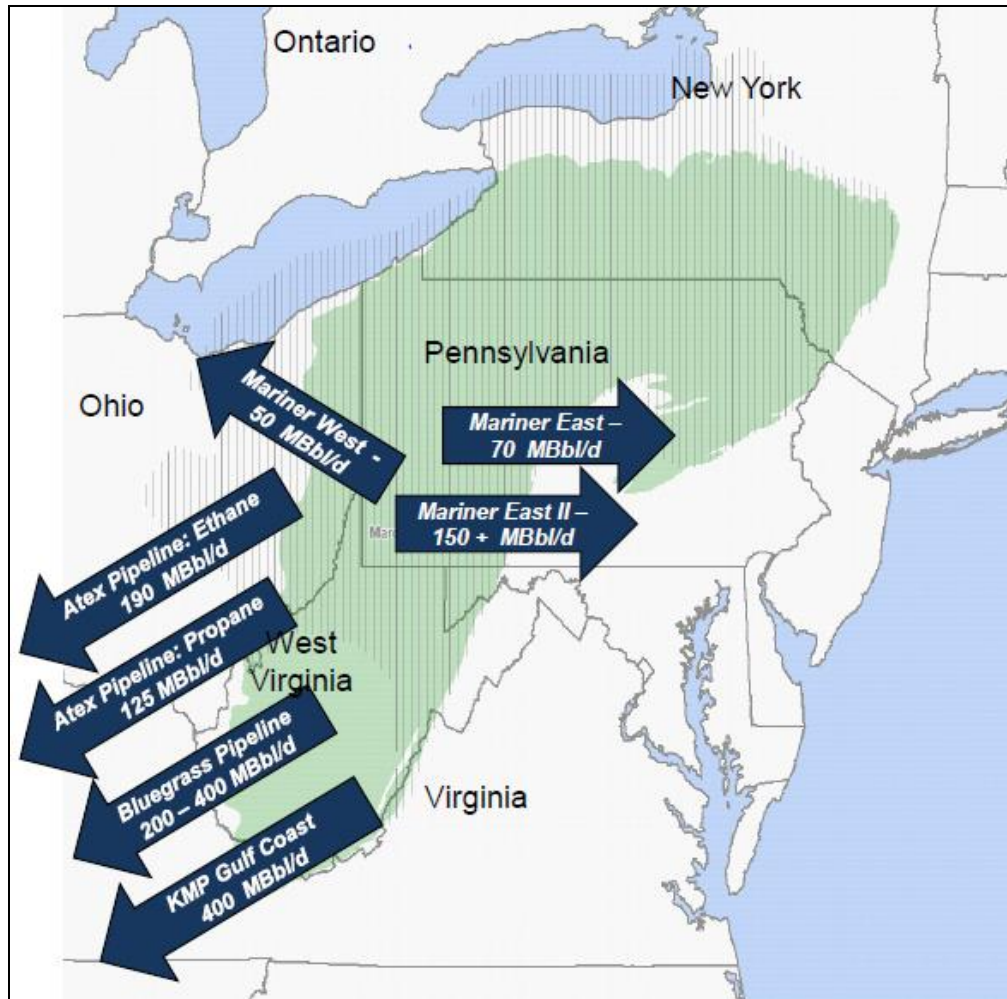
Oil and NGLs account for nearly 80% of the revenue stream in the liquids-rich Utica

Note: Gas priced at \$3.5/MMBtu, oil at \$85/bbl, and NGLs at 39% of crude (2013 YTD average)

Significant processing plant infrastructure has been built and more is on the horizon



And multiple pipeline projects have been announced to move NGLs to market



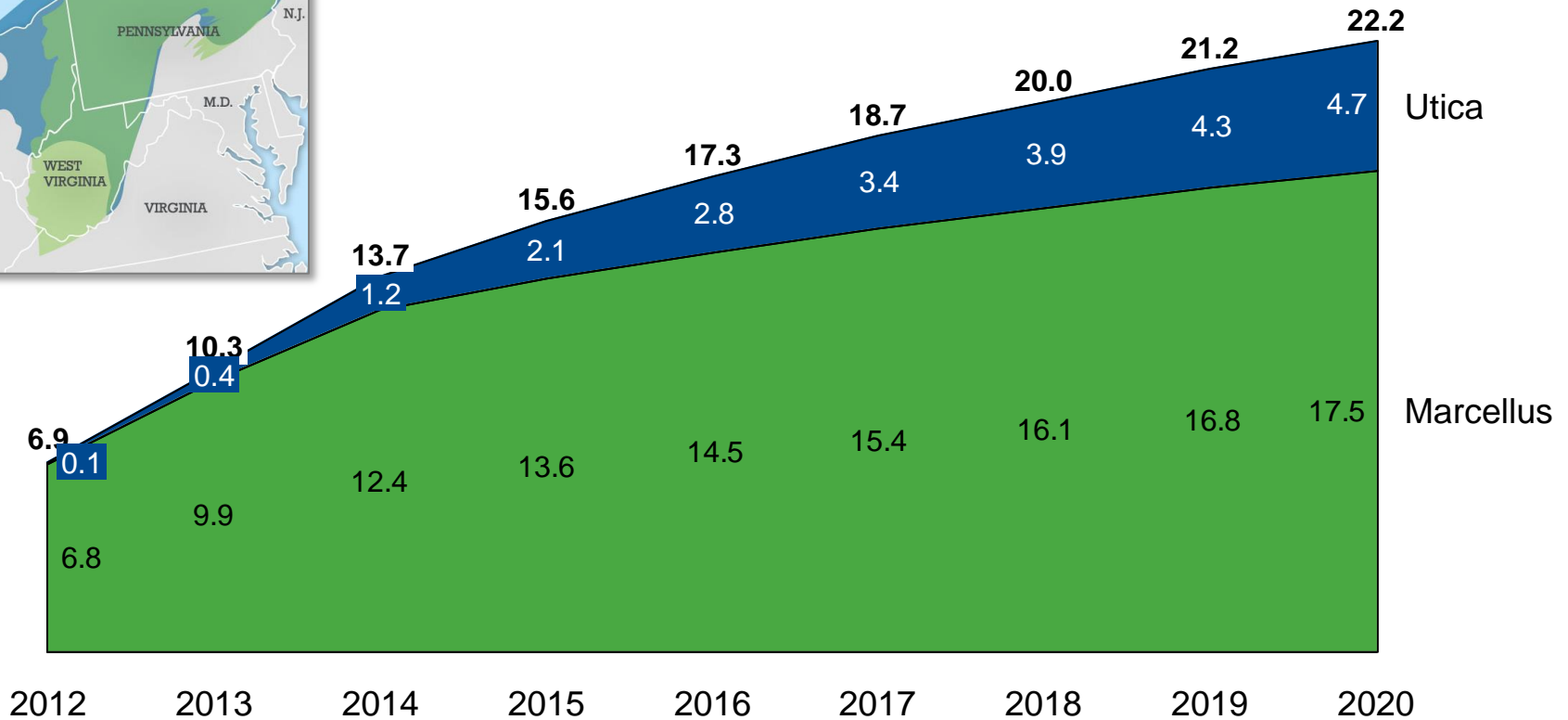
Project Details

- **Mariner West – In Service**
 - 50 MBbl/d of ethane to Sarnia
- **Mariner East**
 - Phase 1 (2014) 70 MBbl/d of propane to Marcus Hook PA
 - Phase 2 (2015) 150 MBbl/d of propane and ethane
- **ATEX**
 - Phase 1 (2013) 190 MBbl/d of ethane to Mont Belvieu
 - Phase 2 (2015) 125 MBbl/d of propane
- **Bluegrass – 2015 (on-hold)**
 - 200-400 MBbl/d of Y-grade to the Gulf
- **Kinder Morgan / MarkWest JV – 2016**
 - 150-400 MBbl/d of Y-grade to the Gulf

Utica and Marcellus production growth is expected to continue

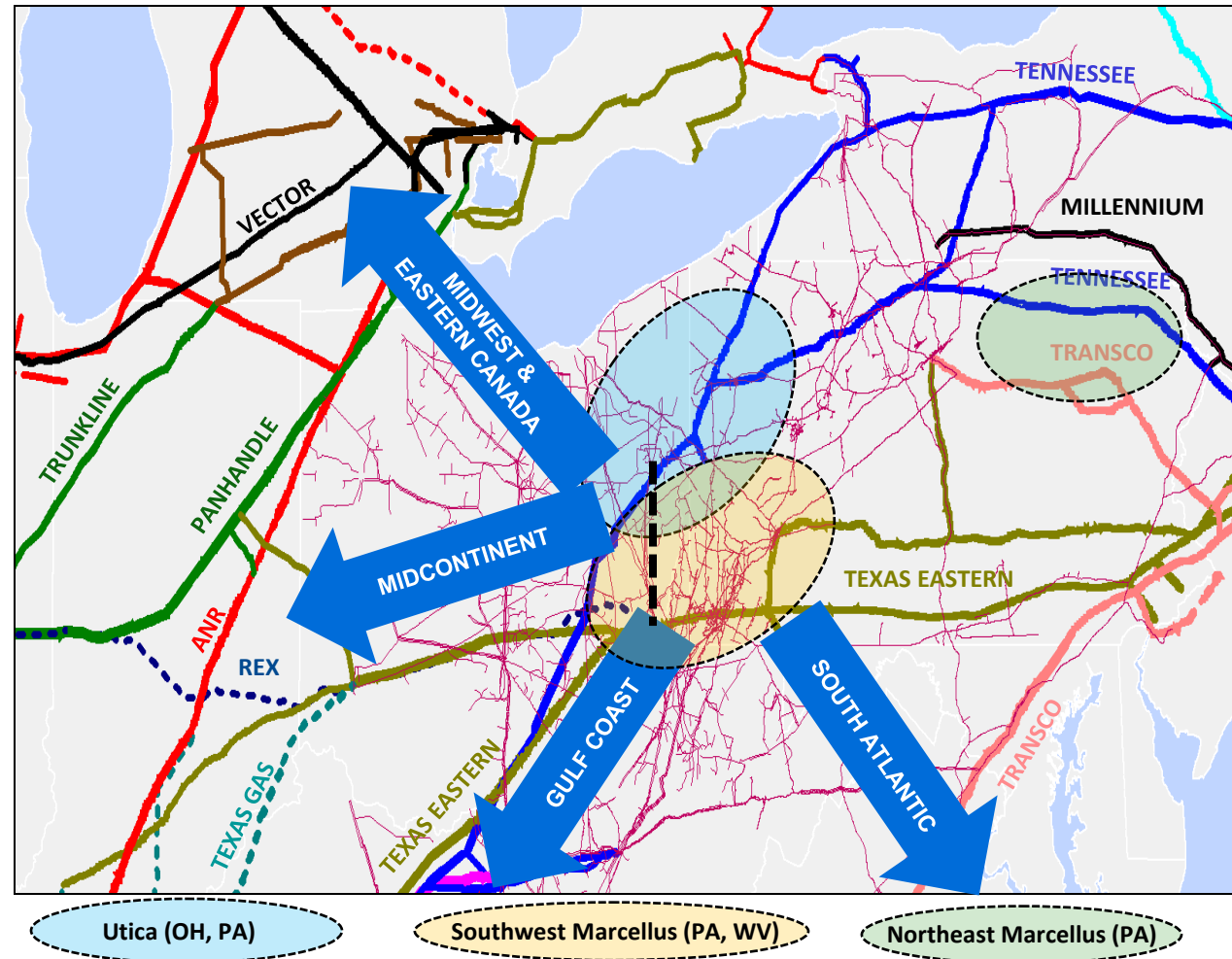


Total Gas Production
Bcf/d



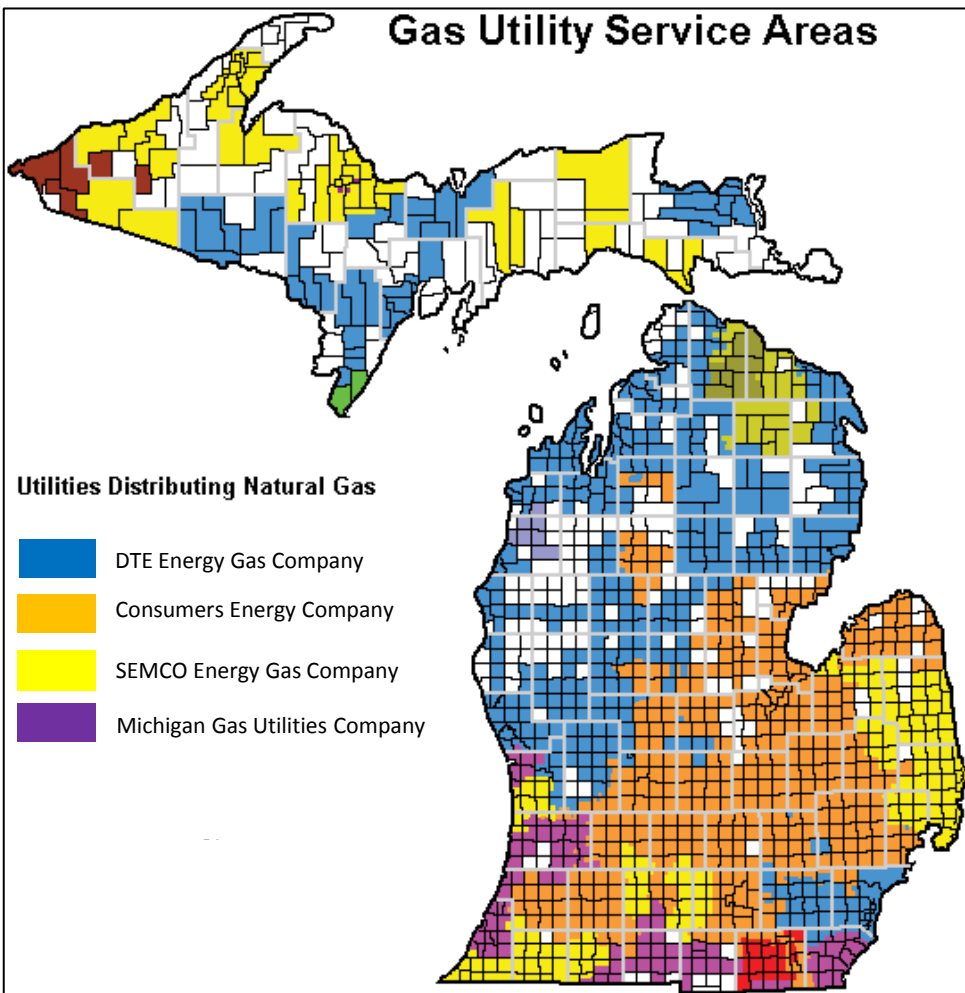
Combined Utica / Marcellus production doubled since 2012 and is expected to grow by 8.5 Bcf/d by 2020

Utica and SW Marcellus production will seek liquid markets outside of Appalachia



- NE Marcellus will “block” out SW Marcellus and Utica production from the upper Northeast and New England region
- SW Marcellus and early Utica producers are signing up for transport out of the region
- Available capacity to the Midcontinent and Gulf Coast has been absorbed
- Next phase will be greenfield capacity

The Michigan market is large and includes both consumption and storage requirements



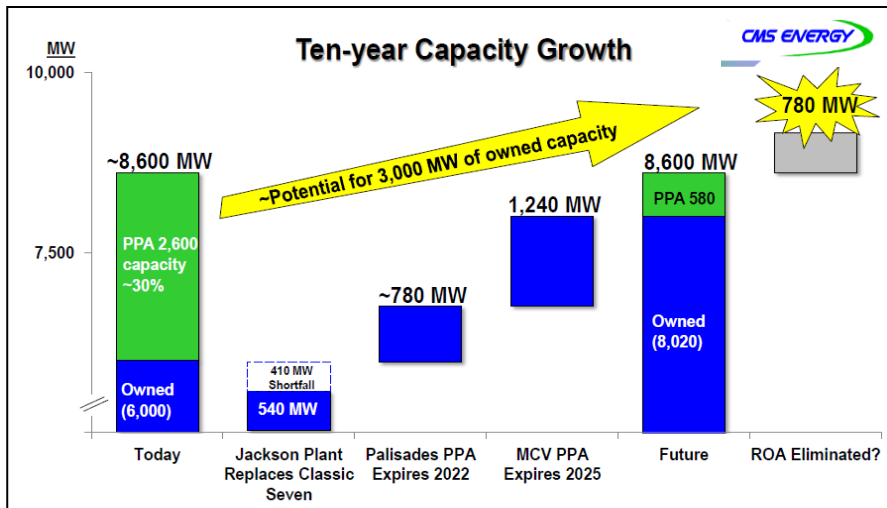
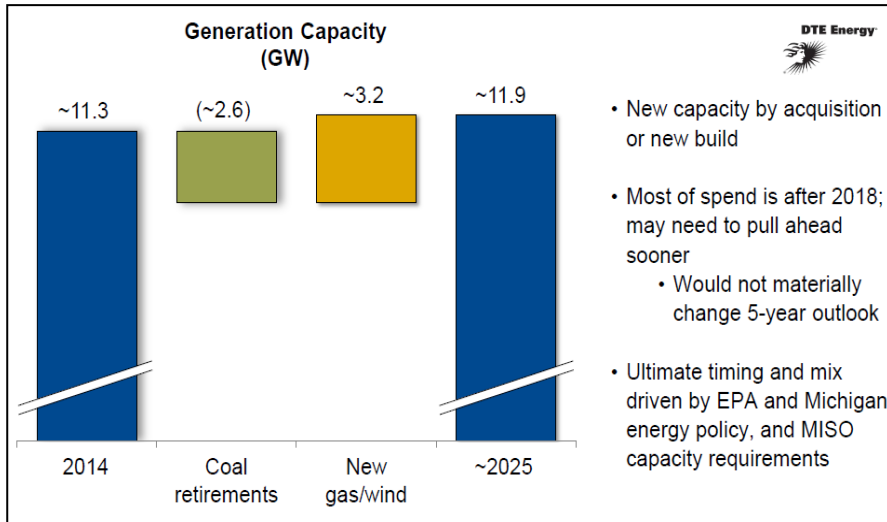
Michigan Gas Market

- Primary gas utilities are: DTE Gas Company, Consumers Energy, SEMCO and Michigan Gas Utilities
- Traditional gas supplies from the US Midcontinent, Gulf Coast, Rockies, Michigan and Western Canada
- Michigan market and storage demand is approximately 1.2 Tcf / year
 - **Average daily demand of 3.2 Bcfd**
 - Residential = 43%
 - Commercial = 22%
 - Industrial = 20%
 - Power Generation = 15%
- **Peak day demand is 7.5 Bcfd**
- **660 Bcf of working storage**
 - Michigan ranks #1 in U.S.
 - Provides flatter annual demand

Michigan Demand Growth

- New customer attachments; economic expansion
- Power generation

Michigan demand will grow as utilities transform their generation capacity



Both DTE Electric and Consumers Energy have announced plans to retire coal-fired generating capacity in Michigan

- Plant modernization and energy policy drive fleet transformation
- 3.6 GW of coal-fired capacity is slated for retirement beginning in 2016 and continuing over the next ten years
- Gas and renewable capacity will replace coal
- Incremental gas demand of up to 1.0 Bcf/d

The Dawn Hub – Staging area for Eastern Canadian demand



- The largest integrated natural gas storage facility in Canada
- The 3rd most physically traded gas market hub in North America
- High service reliability and price transparency
- Connected to Eastern Canadian and all Northeastern US markets



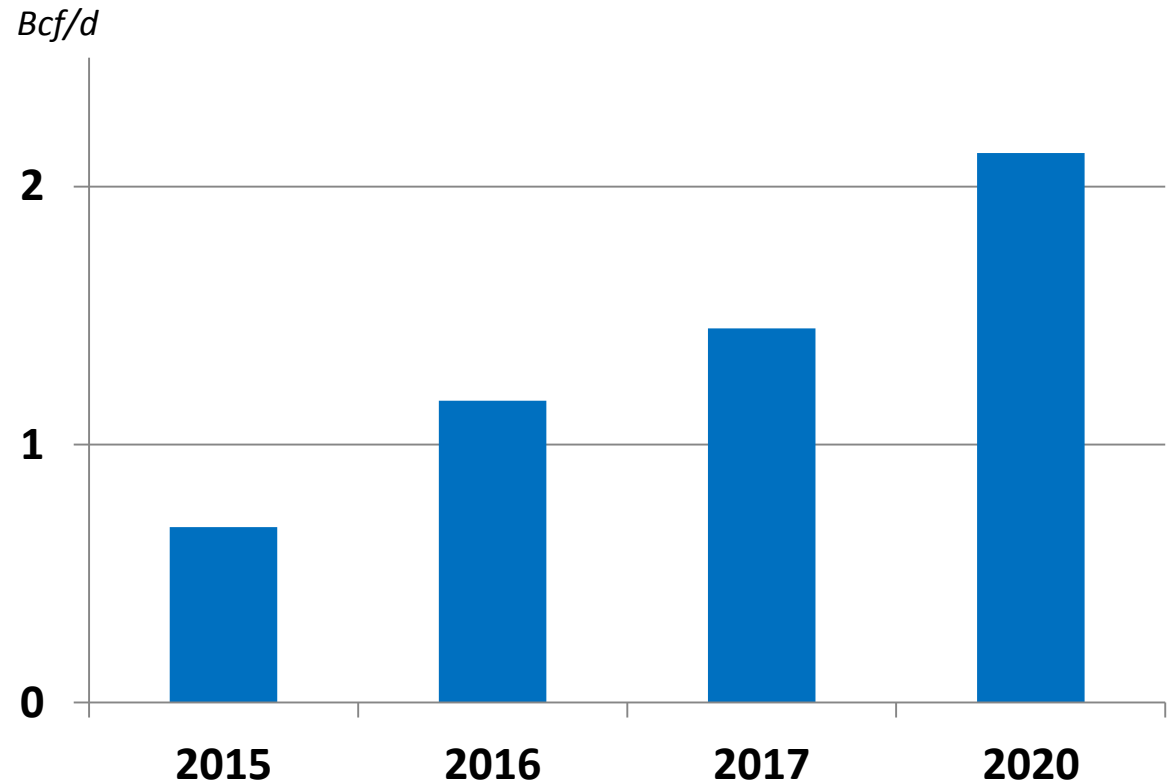
Dawn, one of the most liquid hubs in North America, has the capacity to export 6 Bcf/d on Dawn-Parkway alone

Growing Demand at Dawn – More To Eastern Markets



Cumulative Incremental Demand at Dawn

- 2015: 0.68 Bcf/d
 - Contracted; approved and under construction
- 2016: 0.50 Bcf/d
 - Contracted; pending regulatory approval
- 2017: 0.28 Bcf/d
 - Contracted; beginning regulatory approval process
- 2020: 0.68 Bcf/d
 - Forecasted

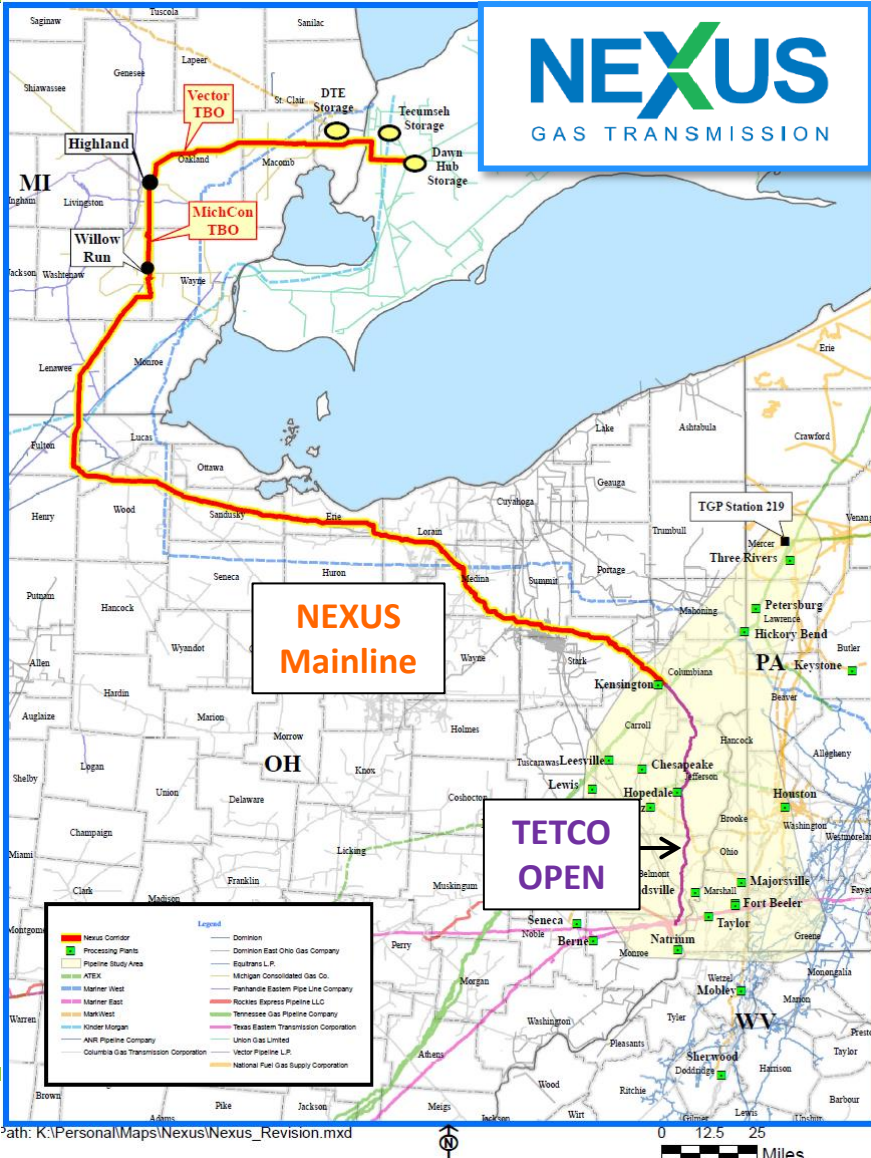


Over 2.0 Bcf/d of incremental demand is expected at Dawn through 2020

Moving Appalachia Shale to Michigan and Ontario



NEXUS Gas Transmission project overview



- New pipeline to connect Appalachian supply with Midwest U.S. and Ontario markets
 - 250 mile, large diameter pipeline delivering at least 1 Bcf/d
 - In-service date of November 2017 for greenfield pipeline
 - Phased-in project start with bridge capacity from Michigan to Dawn
- NEXUS mainline expected to originate at the Kensington processing plant
- Potential producer shippers are focusing on using Spectra's TETCO OPEN line to feed Utica and SW Marcellus supply into NEXUS
- Project is being supported by market area LDC's
 - Anchor PA's signed

NEXUS Benefits:

- Competitive with any other route to Dawn
- New greenfield pipeline – efficient, high pressure, low fuel
- Single rate and fuel
- Unique market access and optionality – Michigan, Dawn and Chicago via Vector
- Access to significant storage capacity – over 920 Bcf
- NEXUS has de-risked the project route
- Experienced and deep project team

NEXUS connects the market to Marcellus and Utica production

- The North American gas resource base is abundant and growing, but geographically shifting
- Appalachian U.S. gas production growth is accelerating
- Appalachian U.S. gas production is exceeding regional demand and must connect to new markets; new gas infrastructure is required
- The upper great lakes (Michigan & Ontario) is a large and growing market that needs new supply
- NEXUS Gas Transmission connects the growing supplies with a growing market

Thank You!

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