MANAGEMENT DISCUSSION SECTION

Operator: Good morning, and welcome to the DCP Midstream Partners Third Quarter 2010 Earnings Conference Call. [Operator Instructions] After today's presentation there will be an opportunity to ask questions. [Operator Instructions] Please note this event is being recorded. I would now like to turn the conference over to Mike Richards, Vice President and General Counsel. Please go ahead.

Michael S. Richards, Vice President, General Counsel

Thank you, Amy. Good morning, and welcome to the DCP Midstream Partners third quarter 2010 earnings release conference call. As always we want to thank you for your interest in the partnership. Today you will hear from Mark Borer, President and Chief Executive Officer; and Angela Minas, Vice President and Chief Financial Officer. Before turning it over to Mark, I will mention a couple of items.

First, all of the slides we will be talking from today are available on our web site at www.dcppartners.com in PDF format. You may access them by clicking on the investor page and then the web site icon. Next, I would like to remind you that our discussion today may contain forward-looking statements. Actual results may differ due to certain risk factors that affect our business. Please review the second slide in the deck that describes our use of forward-looking statements and lists some of the risk factors that may affect actual results. For a complete listing of the risk factors that may impact our business results, please review our Form 10-K for the year ended December 31, 2009 as filed with the SEC on March 11, 2010 and updated through subsequent SEC filings.

In addition, during our discussion we will use various non-GAAP measures including distributable cash flow, adjusted EBITDA and adjusted segment EBITDA. These measures are reconciled to the nearest GAAP measure and schedules provided on our Web site. We ask that you review that information as well. And now I will turn it over to Mark Borer.

Mark A. Borer, President and Chief Executive Officer

Thanks, Mike. Good morning, everyone, and thanks for joining us today for a discussion of our third quarter results. As you saw in our press release last evening, we reported third quarter results which were in line with our 2010 DCF forecast. In addition to meeting our financial goals, we have continued to diligently execute on our growth strategy, including a drop-down from our sponsor, which we announced in our earnings release last evening.

On Slide 3, you'll see our agenda for this morning. I will begin some highlights of the quarter, including an overview of the drop-down transaction, followed by an operational update. Angela will follow with a financial overview of the quarter. We will close with our outlook and summary. We are pleased with the progress we have made thus far this year. We are optimistic about the future, and believe we are favorably positioned to continue executing our growth strategy.

Turning to Slide 4, let's discuss some highlights for the quarter. Third quarter financial results are on track to achieve our 2010 DCF forecast. We generated distributable cash flow of $24 million for the quarter, and 80.6 million year-to-date, providing a distribution coverage of 1.14 times over the trailing four quarters. Our integration efforts related to our numerous bolt-on acquisitions are progressing according to plan. For the November 2009 Michigan Gathering and Treating System acquisition, January 2010, Wattenberg, NGL pipeline acquisition, and our most recent acquisitions during the third quarter of the Chesapeake propane terminal and the remaining 55% interest in our

Black Lake NGL pipeline. Wattenberg capital expansion project which we expect to complete in early 2011 is also progressing on plan.

We successfully accessed the term debt market through our inaugural investment-grade debt offering. We believe our financial positioning is a key element of our growth strategy. Angela will provide additional color on this in a few moments.

Finally, last evening, we announced the $150 million acquisition of a one third interest in the Southeast Texas joint venture from our general partner DCP Midstream. This transaction complements the third party acquisitions and organic growth we have executed thus far this year and demonstrates our multi-faceted growth strategies. In summary, we are progressing well in terms of delivering on our 2010 business plan commitment.

Turning to Slide 5, I will provide some additional color on the drop down transaction. The DCP Southeast Texas joint venture is a fully-integrated, mid-stream business that fits well with the MLP business model. The assets in the joint venture include 675 miles of natural gas pipelines, three natural gas processing plants totaling 350 million cubic feet per day of processing capacity, natural gas storage assets with nine Bcf up high deliverability's, salt dome storage capacity, favorable access to interstate and intrastate gas markets, NGL market deliveries direct to Exxon Mobil and to Mont Belvieu via our Black Lake NGL pipeline.

This transaction is a prime example of how we are co-investing and effectively partnering with our sponsor. In line with our strategy of utilizing the MLP as a growth vehicle for DCP Enterprise, DCP Midstream will redeploy the proceeds into ongoing capital projects.

There are numerous compelling attributes to this transaction as outlined on Slide 6. This collection of assets provides additional diversification to our asset portfolio, geography and resource exposure. The spindletop natural gas storage business provides us with a new business line with stable cash flows that are not sensitive to either commodity prices or volumes. More specifically, we have structured the joint venture such that set the natural gas storage revenues we've realized are a 100% fee based and tied to a storage capacity under a seven-year contract. The Gathering Processing business does have commodity exposure. However, we expect to enter into the hedges for our equity buy in, consistent with our overall hedging philosophy. In the near term, we would expect that 80% plus of our margins for this transaction would be either fee based or supported by commodity hedges.

The joint venture is also well positioned for future growth. Drilling in the area remains active given the liquids rich nature of production and its proximity to strong NGL and gas markets.

The Raywood Plant, which was acquired by DCP Midstream earlier this year and is connected to our Black Lake Pipeline is running near full capacity. Given robust producer drilling plans, the JV has an on-going organic expansion project to increase processing capacity by 50 million cubic feet per day to 2011. The JV also has plans underway to expand the spindletop Storage Facility by 2013 in conjunction with an agreement with Midstream to fully contract for the additional capacity. Importantly, this joint venture also provides the mechanism for future drop-down opportunities. This transaction, which will be immediately accreted to distributable cash flow, is expected to close in January. With that exciting new addition to our natural gas services segment, let me know turn to a broader view of the segment and an operational update on Slide 7.

As is the case again this quarter, we view our diverse geographic footprint as a strong positive, as it provides us with access to multiple resource plays, contract types and customers.

Gas through-put volumes have remained rather resilient in the aggregate, with volumes virtually flat on a sequential quarter basis and down a modest 2% to 3% since the third quarter 2009. NGL production was up 5% since the third quarter 2009.

Integration efforts related to our bolt-on acquisition of fee based assets in Michigan are proceeding according to plan, on time and on budget. We continue to see growth opportunities in this segment. We believe the emerging shale plays will continue to provide infrastructure development opportunities.

On last quarter's call, we indicated that in conjunction with our general partner DCP Midstream, we have signed a non-binding letter of intent with EQT Corporation to create a natural gas processing and related NGL infrastructure joint venture to serve EQT and third party producers in the Marcellus and Huron shale areas of the Appalachian basin. Since that time, natural gas prices have continued to decline, thereby changing the priorities and needs of EQT. In this regard, DCP and EQT have been evaluating a number of alternative structures in addition to the originally proposed joint venture structure to address EQT's processing needs. We continue to have discussions with EQT and the other third parties such as Magnum Hunter around strategic entry points into the Marcellus.

Now moving to Slide 8 for our wholesale propane segment. We continue to see favorable demand from the residential services providers for the upcoming winter heating season at our various New England and mid-Atlantic terminals. Integration and footprint expansion of our recently acquired Chesapeake, Virginia terminal is proceeding on plan. We are pleased with the expansion opportunity into the mid-Atlantic that this asset provides.

During the second and third quarters, we had a plant outage related to the Providence terminal inspection, which is required once every 20 years. The completion of the inspection and resumption of service has extended beyond the planned timing due to operational delays. Providence is scheduled to resume distribution of propane later this month. As the past several years have shown this business model with the fee-like nature and diversity of supply has provided attractive growth. We continue to target opportunities to expand into new markets either through acquisition or organic expansion projects.

Moving to slide 9 for our NGL Logistics Segment, this segment generates 100% fee-based margins and is complementary to our gathering and processing business, providing broader exposure to the NGL value chain. This has been another area in which we are pleased to have been recently able to execute on targeted expansion opportunities.

Just to refresh, we are executing a project to spend approximately $18 million of expansion capital to connect and integrate the Watford pipeline we acquired earlier this year with DCP Midstream processing facilities. DCP Midstream, the largest gatherer and processor in the DJ Basin, is investing capital to construct a new natural gas processing plant. It is expected to be completed by early 2011, at which time we also expect to begin receiving cash flow contributions from our investment. Our integration efforts and capital expansion project are progressing on plan. With the drilling focus on the liquids rich plays, we continue to have a favorable outlook on buys for this expansion. As I mentioned earlier, we also acquired the remaining 55% ownership interest in our Black Lake pipeline, bringing our ownership interest to 100%. Effective November 1, we successfully transitioned the operatorship of the pipeline from the seller to DCP. With that brief operational update, I will now turn it over to Angela, to review the financial results.

Angela A. Minas, Vice President and Chief Financial Officer

Thanks, Mark. Good morning, and thank you for joining us. On Slide 10, we begin with the consolidated financial results. Results are adjusted to remove the impact of non-cash mark-to-market activities of our commodity hedges which are outlined in the appendix, as well as the non-controlling interests in our joint venture. Adjusted EBITDA was 37.9 million for the quarter compared to 30.2 million for the prior year. Year-to-date results of 104.2 million for 2010 compared to 102.8 million in 2009.

Distributable cash flow for the quarter increased from 21.2 million in '09 to 24 million in 2010. Distributable cash flow for the quarter resulted in the distribution coverage ratio of approximately 0.9 times, slightly below that for the same period last year. As a reminder, given the seasonality of our Wholesale Propane business, that the majority of the earnings coming during the first and fourth quarters, we would expect a lighter third quarter. As such, it is appropriate to look at distribution coverage on an annual basis. For the last four quarters, our distribution coverage ratio was 1.14 times. When adjusting for the timing of actual cash distributions paid, our cash coverage ratio would be approximately one times for the quarter and 1.2 times for the trailing four quarters. For more detail on our results, let's move to the segments.

Starting on Slide 11 with natural gas services, adjusted EBITDA of 33.8 million was relatively flat compared to the last quarter and prior year results. Compared to the prior year, results for the quarter were positively impacted by the addition of our Michigan acquisition and organic growth at our Piceance Basin asset, offset by differences in gas quality and lower gas throughput volumes at certain of our natural gas assets. Year-to-date adjusted EBITDA increased from 93 million in 2009 to 100.2 million in 2010. Results for 2009 include the impact of operational downtime at our Discovery, East Texas and Wyoming assets.

Slide 12 indicates the results by wholesale propane segment. Historically this business has typically generated its cash flows in the fourth and first quarters, with the second and third quarter providing break even or nominal cash flow. As such, this quarter's results are somewhat lower than last year, but still in line with historical trends. 2010 results were impacted by the planned outage related to the Providence terminal inspection and lower unit margins resulting from the associated shifting and logistics of inventories and sales volumes to our other terminals. 2009 results reflected light winter weather and increased spot sales opportunities driven by a very favorable marketing environment.

As a reminder, due to the timing of winter and propane demand, quarterly results often do not provide a meaningful comparison. As such, we review results of this business on a fiscal year or heating season basis, so April 1 to March 31, with the upcoming two quarters being the most relevant.

On Slide 13, our NGL logistics EBITDA for the quarter of 11.9 million includes the 9.1 million non-cash equity interest re-measurement gain, which reflects the accounting treatment that's required to adjust the historical carrying value of our initial 50% interest in Black Lake to fair value. Adjusting for this non-cash item, EBITDA for the quarter would have been 2.8 million as compared to 2 million in 2009. Our EBITDA for the quarter and year-to-date reflect higher per unit margins as well as increased throughput volumes associated with our Wattenberg and Black Lake acquisitions.

Slide 14 reflects our 2010 DCF forecast which we provided on our year-end earnings call. First quarter in year-to-date results were in line with our forecast. If you take into account the commodity prices year-to-date and general market views for prices for the balance of 2010, the highlighted section of the table would indicate 2010 DCF between 105 and 115 million, providing a distribution coverage of 1/0 to 1 time at our current approximately 105 million distribution level. This forecast excluded the impact of future potential acquisitions or any unannounced organic expansion projects.

The Chesapeake and Black Lake acquisitions would add an estimated 3 million to 2010 DCF. Of note, the distribution coverage is lighter than our ongoing run rate would imply, as the units issued last August and in November 2009 to finance the acquisitions and the Wattenburg project were issued in advance of realizing the full cash flows of those transactions. In 2011, we would forecast additional cash flow contributions as the Wattenburg integration and expansion is completed in early 2011, and as we complete the integration of the Michigan acquisitions and more fully realize

the synergy benefits. Similarly we would have a full year of cash flow benefits from the Chesapeake, Black Lake, and Southeast Texas acquisitions.

Moving on now to our financial positioning objectives on Slide 15. We're committed to a financing strategy that maintains a strong capital structure, a competitive cost of capital and significant liquidity to enable us to execute on our growth strategy. With respect to long-term financing of growth and debt under our existing credit facility, we will continue to take a strategic and disciplined approach.

We are very pleased to have successfully executed our inaugural investment grade public debt offering through the issuance of 250 million of 3.25% five year notes, making that the lowest coupon ever for an MLP debt issuance. The execution of our accelerated investment grade plan through the achievement of investment grade ratings by S&P and Fitch has served us well, translating into significant benefits with this offering and also positioning us well for refinancing our existing low-cost debt at very competitive rates. The terming of debt has also provided us with substantial liquidity. We believe that our sources of capital are more than adequate to support our future growth plan. The successful execution of our 93 million August equity offering demonstrates again our ability to access the equity market and our investment grade ratings and proven execution of our recent debt offering position us well to access the public debt market at a competitive cost of cap.

Turning to Slide 16 for the numbers behind our balance sheet and credit metrics. In addition to our recent debt offering, we have an excellent 850 million credit facility that extends through June 2012. At the end of the third quarter we had drawn 363 million, resulting in unused capacity of 487 million. Our cost of debt is highly competitive with the interest rate on our revolver at LIBOR plus 44 basis points. Similar to our view on commodity risk management, we utilize interest rate hedges to provide cash flow stability. Virtually all of our debt on our revolvers currently hedged with an effective interest rate on our overall debt position of 4.3%. At the end of the quarter, our leverage ratio was 3.8 times and our long-term debt-to-cap ratio was 48%.

In summary, we've ended the quarter with solid capitalization, substantial dry powder on the revolver to support the execution of future growth opportunities, and credit metrics in line with our target. We've maintained liquidity in credit metrics consistent with our investment grade ratings and plan to continue to do so in the future. And now I will turn it back over to Mark.

Mark A. Borer, President and Chief Executive Officer

Thanks, Angela. Please turn to Slide 17. As you can see from the assets that we've acquired over the course of the past year, the Wattenberg pipeline extension project, and the newly announced dropdown of the interest in Southeast Texas joint venture, we have executed on a variety of attractive opportunities. Not only are we pleased with each of the opportunities individually, but we are also very pleased with the strategic and disciplined execution of our overall growth plan.

On our year-end earnings call, I provided you with some insights to how we were thinking about future growth opportunities. Although a very broad potential opportunity set, we have made substantive progress in each of our business segments. This growth will result in an increasing percentage of fee-based margins. In particular, the addition of the natural gas storage business in the Southeast Texas joint venture with its demand charge nature is not sensitive to either commodity prices or volumes. In summary, our growth opportunities have continued to enhance the diversity of our asset portfolio, geographic footprint, and resource exposure.

Moving to the next slide, I'd like to close this morning with our outlook and a few summary points. First, our results to date position us well. We are on track to achieve our 2010 business plan commitments and DCF forecast.

Our target continues to be top quartile total shareholder return and we believe that that is achievable given the breadth of the DCP enterprise. We believe this translates into a 5% to 7% long-term distribution growth target. We view 2010 as a transition year. Resuming distribution growth was an important 2010 objective. However, our clear goal is to return to a model of consistent distribution growth.

The growth opportunities that we have captured thus far this year, plus other potential opportunities in the pipeline, will contribute to distributable cash flows in 2011. Our recently acquired investment grade ratings and proven execution of our inaugural debt offering have improved our relative positioning on cost of capital, which in turn supports the execution of the DCP enterprise strategy to utilize the MLP as a key growth vehicle.

Just as we have demonstrated this year with the investments in the DJ Basin in southeast Texas, we believe there will be numerous opportunities for us to co-invest with our sponsor. Having the strong sponsorship from DCP Midstream, Spectra Energy and ConocoPhillips is a significant benefit to us and our unit holders.

That is the conclusion of our prepared remarks, as I turn it back over to Amy, our operator, for your questions. I just want to express my appreciation for your interest in the partnership and joining the call today.

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QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Our first question comes from Gabe Moreen at Bank of America Merrill Lynch.

<Q – Gabe Moreen>: Good morning, everyone

<A – Mark Borer>: Good morning, Gabe.

<A – Angela Minas>: Good morning.

<Q – Gabe Moreen>: A couple of questions on the wholesale propane segment heading into the winter. Given press reports of some pretty tight propane supply in New England, although it's getting a little bit better, just wondering, I guess, how you feel your assets are positioned in light of that tight supply? And also, whether the fact that propane prices has been running up here in the last couple of weeks, presumably, having built, I guess, lower cost supply in some of your terminals, whether that may have an impact on margins as well?

<A – Mark Borer>: Okay, thanks, Gabe. We have a diverse [inaudible] of supply arrangements for our terminals which provides us a lot of flexibility in meeting the needs of the customers, whether a high volume winter – in the high volume winter months, so we think we're very well positioned with these supply arrangements. We have a very good reputation of being able to manage the supply. There have been some outages. I know that it's been well publicized that TEPCO is doing some repairs for enterprise, the old TEPCO line has been under repair since early September and I know that's reduced some deliveries. We have been working diligently to secure additional spot opening supplies to supplement supplies to the market and have been successful in doing so. So we fully expect to be able to meet the market's needs along with other suppliers.

As far as the pricing of products, we run a very matched book from the viewpoint of how we manage inventory. There can be some additional gains as you build inventory but generally it's pretty matched, given the fee-like nature, the way we manage the business. Thank you.

<Q – Gabe Moreen>: Thanks. Thanks, Mark, and if I could follow-up there on the Providence terminal outages. Is that something that for the fourth quarter you expect to be able to make up what you might lose there, shifting barrels around given your other supply resources?

<A – Mark Borer>: We think that we can for the most part make up the impact from the outage. It did last a couple weeks longer than anticipated to do the inspection work and as a result we did have some delay in scheduling a ship. We now expect that to happen, the ship will come in later this month but really because of the network of terminals we have and the variety of supply sources, we think we can pretty much make this a moderate impact as far as the outage.

<Q – Gabe Moreen>: Okay and just a quick one. I don't know if I caught. Did you talk about at all the CapEx required on the assets in South Texas, drop down assets, how much the expansions are going to cost?

<A – Mark Borer>: Angela?

<A – Angela Minas>: The expansion capital over the next two years is about 10 million per year in terms of expansion and then on a maintenance capital, about one-and-a-half to 2 million annual.

<Q – Gabe Moreen>: And that's for your share of the assets?

<A – Angela Minas>: That's for our share, correct.

<Q – Gabe Moreen>: Okay, great. Thanks, Angela. Thanks, Mark.

<A – Mark Borer>: Thank you.

Operator: The next question comes from Michael Blum at Wells Fargo.

<Q – Michael Blum>: Hi. Good morning, everyone.

<A – Mark Borer>: Good morning, Michael.

<Q – Michael Blum>: A couple of questions on the acquisition. One, can you talk about what types of contracts you have there on the processing side?

<A – Mark Borer>: Sure. Michael, this is Mark. We have a mix of percent of liquids and fee contracts. So we'll end up long the natural gas liquids barrel. We also received some condensate and then we also have fees in that business as well. The storage side of course is demand charge in nature or varied fee type business.

<Q – Michael Blum>: Okay. And then in terms of the gas that you're accessing, is that dry gas? Or mostly wet gas? And what basins are you sitting in over there?

<A – Mark Borer>: The gas that we access is very rich gas from a natural gas liquids viewpoint. It's the Deep Galway formation in Southeast Texas. It's actually yielded a number of very high rate wells with a very rich gas stream. The producers there are then very successful. We've actually had some of the larger initial production rates from these wells in recent history in the U.S.

<Q – Michael Blum>: Okay. Great and then I apologize if I missed this in the opening remarks but did you say what EBITDA you're expecting or what multiple you paid for the acquisition?

<A – Angela Minas>: No, we did not. It's a market multiple. We will be filing both the historical and the pro forma financials over the next few days. What you'll see there, there will be a difference with respect to how we would operate the joint venture go forward versus the historicals in that as we talked about for the storage side of it, that's basically a fixed demand charge. What you'll see on the historical financials will be the storage margin moving with respect to different rates and bonds.

<Q – Michael Blum>: Okay. So has DCP Midstream historically, they've held that gas for their own account? Is that what you're saying?

<A – Angela Minas>: Right. And they'll continue to do that and the way we had it structured, we would as part of our fee from the joint venture, we would take a fixed fee for the storage based on capacity.

<Q – Michael Blum>: Okay, got it. Thank you.

Operator: Our next question comes from Yves Siegel at Credit Suisse.

<Q – Yves Siegel>: Thanks. Hi, Mark and Angela.

<A – Mark Borer>: Good morning.

<A – Angela Minas>: Good morning.

<Q – Yves Siegel>: When you just look at the assets that you just acquired could you say how fully utilized the assets are right now. You have 350 million cubic feet a day of processing capacity over those three plants. Can you describe the asset utilization there?

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<A – Mark Borer>: We have very good asset utilization there, Yves. It's running in the 80% to 90% range presently, or it's averaged that over the last several years. We also have a ongoing capacity expansion that will be completed in 2011 to add some additional processing capacity, but high utilization rates and very good overall activity in that footprint.

<Q – Yves Siegel>: And then when you think about the Black Lake NGL pipeline can you just remind me of the capacity there on that pipeline? And what the current volume is going through there? And would you expect that to increase given what's happening in South East Texas?

<A – Mark Borer>: The capacity of that pipeline is about 40,000 barrels a day. And I think on current volumes, we're -- I need to pull that number. It's about right about 50% utilization right now, Yves. So we do have nice, additional capacity there that can readily handle expansion volumes.

<Q – Yves Siegel>: Is your thought that, that won't grow fairly quickly? Or how do you think about the potential for that to grow over the next couple of years?

<A – Mark Borer>: Well I think it'll ramp up with the additional volumes that we expand from a processing capacity viewpoint. So I think it'll be a reasonable, moderate to reasonable expansion.

<Q – Yves Siegel>: Okay. And then if I could ask you the last question. Could you just talk about your approach to the drop down? So you bought a third of this asset. Why not buy 50%? Why not buy 75%? Is it just that you like that 150 million number?

<A – Mark Borer>: Well we think that's a reasonably sized transaction that can have impact given our size. Clearly having the joint venture structure provides us flexibility for future drop down opportunities. We also see some nice potential, some nice ongoing follow on organic opportunities and some potentially some other growth projects. So we felt comfortable with the size. We can, it was just a choice on how we looked at it overall.

<Q – Yves Siegel>: Okay. And my very last question. As you look to 2011 and as you look at the goals that you set out for the partnership, do you think 2011 is a normalized year for you in terms of do you think you'll be at the point where you could resume 5% to 7% type of distribution growth?

<A – Mark Borer>: Yves, that's definitely our target. As you think about consistent growth is a current and ongoing objective. If you think about some of the things we've done this year in a number of cases we refinanced a number of quality projects this year that will provide significant cash flow contributions in 2011 beyond. We think about that in the context of Michigan and Wattenberg are definitely in that category. Plus we will ramp up activity at Chesapeake on the propane side. We'll realize a full year on Black Lake, and we'll realize the benefits of the drop-down beginning January 1. So we think that with those opportunities, as well as other opportunities to co-invest and support a midstream growth, that we're well-positioned to transition into achieving that type of objective.

<Q – Yves Siegel>: All right. Thank you.

<A – Mark Borer>: Thank you.

Operator: Our next question comes from Selman Akyol at Stifel Nicolaus.

<Q – Selman Akyol>: Thank you, good morning.

<A – Mark Borer>: Good morning.

<A – Angela Minas>: Good morning.

<Q – Selman Akyol>: Congratulations on the joint venture. A couple quick questions, if I may. First of all, you talk about closing in January. So what remains to be done there?

<A – Mark Borer>: We'll need – we've signed the purchase and sale agreement. We'll need to file for HSR. We don't expect any issues there, and so we just targeted a January 1 closing. So things are pretty straightforward.

<Q – Selman Akyol>: All right. In terms of the gas storage, it's nine DCF. In terms of thinking of expansion, how large can that go?

<A – Mark Borer>: We have – the first project here will be an expansion. We have nine DCF existing, the first project is about six to seven DCF expansion. We do think that we have the potential also for a couple additional caverns beyond that which could probably be in the five to six DCF size each. So we've not committed to those additional expansions, we've just committed to the initial one here for six DCF. But we think we've got nice expansion potential going forward as well.

<Q – Selman Akyol>: Great. And then as we think about that being secured by the contract, is that with multiple parties?

<A – Mark Borer>: The contract is secured through our arrangement with DCP Midstream.

<Q – Selman Akyol>: Okay. And then last question. In terms of the growth in distribution, how should we think about coverage ratio? Or how do you think about it in terms of having a goal?

<A – Mark Borer>: Well as we've articulated in the past, we have targeted a coverage ratio in the 1.1 to 1.2 times. We obviously look at this each quarter, as well as on our annual planning process. It's very important from a sustainable viewpoint relative to distribution bumps. We also look at where we think we're at from a business cycle and the opportunities set around our assets as well as the potential for growth. But we intend to manage it in the 1.1 to 1.2 range. We have historically averaged at the high end of that range from our past results.

<Q – Selman Akyol>: Thank you very much.

<A – Mark Borer>: Thank you.

Operator: The next question comes from Jet Theriac at George Weiss Associates.

<Q – Jet Theriac>: Hi guys. Chesapeake spoke about a play yesterday that they said would garner worldwide interest. And a lot of people think it's the Collingwood and Utica shale. I'm just wondering how you view your Michigan assets as being positioned to capitalize off of the play. And are you seeing the kind of activity up there that would indicate that there's something to that play?

<A – Mark Borer>: Well clearly with the activity that the recent lease sale garnered, and I think they also had a second lease sale here in the past couple of weeks. There seems to be a lot of interest in the play. We expect that it is probably a more liquids-rich play than the conventional production that we have there today. We do think that we are well-positioned to meet the needs of the producers in that play. We've talked to a number of them, and at this point I think it's pretty early as far as from an activity level yet. There's only been a few wells drilled at this point. People have been pretty [inaudible] as far as the results, having said that, clearly the lease activity up there seems to be pretty high. So we're optimistic about its future potential.

<Q – Jet Theriac>: Okay, great. Thank you, guys.

<**A – Mark Borer**>**:** Thank you.

Operator: [Operator Instructions] And our next question comes from Yves Siegel at Credit Suisse.

<**Q – Yves Siegel**>**:** Thanks, just a quick follow-up on the potential for the expansion of the storage. Do you have any sense of what the incremental cost might be on a per Bcf basis?

<**A – Mark Borer**>**:** When we look at our initial expansion here, Yves, it's probably – it's in about the eight – probably about eight million per Bcf, and that excludes working gas, or [inaudible] gas, excuse me. So we look at probably about in that range.

<**Q – Yves Siegel**>**:** All right. And I guess the thought process would be that the expansion, you'd have a fee-based contract, and DCP Midstream's would basically take on the risk of using it for their own account, or marketing it elsewhere.

<**A – Mark Borer**>**:** That's a fair assessment, yes.

<**Q – Yves Siegel**>**:** All right. Thanks again.

<**A – Mark Borer**>**:** Thank you.

Operator: [Operator Instructions] This concludes our question and answer session. I would like to turn the conference back over to Mark Borer, for any closing remarks.

Mark A. Borer, President and Chief Executive Officer

In closing I'd just like to thank you for joining us today and your interest in the partnership. If you have any follow-up questions over the coming days, please feel to contact Angela Minas. Angela and I can make ourselves available to visit. So we appreciate your interest and have a good day.

Operator: The conference is now concluded. Thank you for attending today's presentation. You may now disconnect.

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