

Gulfstream Natural Gas System, L.L.C.

Condensed Financial Statements

(Unaudited)

June 30, 2016

GULFSTREAM NATURAL GAS SYSTEM, L.L.C.
CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)
(In millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Operating Revenues				
Transportation of natural gas	\$ 69.0	\$ 69.4	\$ 137.3	\$ 136.6
Other	-	-	-	0.5
Total operating revenues	<u>69.0</u>	<u>69.4</u>	<u>137.3</u>	<u>137.1</u>
Operating Expenses				
Operating, maintenance and other	4.7	5.2	8.8	9.7
Depreciation and amortization	8.9	8.9	17.8	17.8
Property and other taxes	3.9	4.3	7.7	8.7
Total operating expenses	<u>17.5</u>	<u>18.4</u>	<u>34.3</u>	<u>36.2</u>
Operating Income	51.5	51.0	103.0	100.9
Other Income and Expenses	(0.1)	0.1	(0.1)	0.7
Interest Expense	<u>19.1</u>	<u>17.6</u>	<u>40.0</u>	<u>35.1</u>
Net Income	<u>\$ 32.3</u>	<u>\$ 33.5</u>	<u>\$ 62.9</u>	<u>\$ 66.5</u>

GULFSTREAM NATURAL GAS SYSTEM, L.L.C.
CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(In millions)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Net Income	\$ 32.3	\$ 33.5	\$ 62.9	\$ 66.5
Other comprehensive loss				
Reclassification of cash flow hedges into earnings	(0.1)	(0.4)	(0.3)	(0.7)
Total Comprehensive Income	\$ 32.2	\$ 33.1	\$ 62.6	\$ 65.8

GULFSTREAM NATURAL GAS SYSTEM, L.L.C.
CONDENSED BALANCE SHEETS
(Unaudited)
(In millions)

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 9.0	\$ 46.0
Receivables, net	23.0	320.5
Inventory	8.0	8.0
Other	0.1	2.6
Total current assets	<u>40.1</u>	<u>377.1</u>
Property, Plant and Equipment		
Cost	2,063.7	2,067.4
Less accumulated depreciation and amortization	<u>417.3</u>	<u>406.7</u>
Net property, plant and equipment	<u>1,646.4</u>	<u>1,660.7</u>
Regulatory Assets and Deferred Debits		
Regulatory tax asset - allowance for funds used during construction	<u>21.6</u>	<u>21.8</u>
Total regulatory assets and deferred debits	<u>21.6</u>	<u>21.8</u>
Total Assets	<u>\$ 1,708.1</u>	<u>\$ 2,059.6</u>

GULFSTREAM NATURAL GAS SYSTEM, L.L.C.
CONDENSED BALANCE SHEETS
(Unaudited)
(In millions)

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 1.9	\$ 1.7
Taxes accrued	7.8	1.7
Interest accrued	14.2	16.2
Fuel tracker liabilities	1.5	2.4
Current maturities of long-term debt	0.1	299.9
Other	7.4	2.8
Total current liabilities	<u>32.9</u>	<u>324.7</u>
Long-term Debt	<u>1,140.1</u>	<u>1,139.8</u>
Commitments and Contingencies		
Members' Equity		
Members' equity	531.4	591.1
Accumulated other comprehensive income	3.7	4.0
Total members' equity	<u>535.1</u>	<u>595.1</u>
Total Liabilities and Members' Equity	<u>\$ 1,708.1</u>	<u>\$ 2,059.6</u>

GULFSTREAM NATURAL GAS SYSTEM, L.L.C.
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)
(In millions)

	Six Months Ended	
	June 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 62.9	\$ 66.5
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	17.8	18.5
Net change in operating assets and liabilities	3.6	9.1
Net cash provided by operating activities	84.3	94.1
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(2.8)	(0.6)
Other	3.9	2.1
Net cash provided by investing activities	1.1	1.5
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions to members	(122.4)	(110.6)
Net cash used in financing activities	(122.4)	(110.6)
Net decrease in cash and cash equivalents	(37.0)	(15.0)
Cash and cash equivalents at beginning of period	46.0	57.9
Cash and cash equivalents at end of period	\$ 9.0	\$ 42.9

GULFSTREAM NATURAL GAS SYSTEM, L.L.C.
CONDENSED STATEMENTS OF MEMBERS' EQUITY
(Unaudited)
(In millions)

	<u>Spectra Energy Partners, LP</u>	<u>Williams Partners L.P.</u>	<u>Total</u>
Balance December 31, 2015	\$ 297.5	\$ 297.6	\$ 595.1
Net income	31.4	31.5	62.9
Reclassification of cash flow hedges into earnings	(0.1)	(0.2)	(0.3)
Distributions to members	(61.2)	(61.2)	(122.4)
Attributed deferred tax expense	(0.1)	(0.1)	(0.2)
Balance June 30, 2016	<u>\$ 267.5</u>	<u>\$ 267.6</u>	<u>\$ 535.1</u>
Balance December 31, 2014	\$ 321.2	\$ 321.2	\$ 642.4
Net income	33.2	33.3	66.5
Reclassification of cash flow hedges into earnings	(0.3)	(0.4)	(0.7)
Distributions to members	(55.3)	(55.3)	(110.6)
Attributed deferred tax expense	(0.1)	(0.1)	(0.2)
Balance June 30, 2015	<u>\$ 298.7</u>	<u>\$ 298.7</u>	<u>\$ 597.4</u>