



May 24, 2011

The Bank of New York
101 Barclay Street
New York, NY 10286
Attention: Karen Trachtenberg and Ritu Khanna

Ladies and Gentlemen,

Re: Gulfstream Natural Gas System, L.L.C.
Indenture Dated October 26, 2005

Pursuant to Section 4.07(c)(ii) of the Indenture between Gulfstream Natural Gas System, L.L.C., (the "Company") and The Bank of New York, as Trustee, dated as of October 26, 2005, attached please find the unaudited financial statements of the Company for the first fiscal quarter of 2011.

Sincerely,



Frederick S. Bush

VP, Controller & Treas.,
GMOS (Operator of Gulfstream)

Gulfstream Natural Gas System, L.L.C.

Condensed Financial Statements

(Unaudited)

March 31, 2011

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

	Three Months Ended	
	March 31,	
	2011	2010
Operating Revenues		
Transportation of natural gas	\$ 66.0	\$ 66.0
Other	0.9	1.3
Total operating revenues	66.9	67.3
Operating Expenses		
Operating, maintenance and other	4.8	4.3
Depreciation and amortization	8.8	8.7
Property and other taxes	2.2	4.1
Total operating expenses	15.8	17.1
Operating Income	51.1	50.2
Other Income and Expenses	0.4	0.3
Interest Expense	17.2	17.5
Net Income	\$ 34.3	\$ 33.0

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

	<u>March 31,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 92.2	\$ 63.7
Receivables, net	22.2	25.4
Other	7.2	8.7
Total current assets	<u>121.6</u>	<u>97.8</u>
Property, Plant and Equipment		
Cost	2,063.4	2,056.6
Less accumulated depreciation and amortization	<u>255.4</u>	<u>247.0</u>
Net property, plant and equipment	<u>1,808.0</u>	<u>1,809.6</u>
Regulatory Assets and Deferred Debits		
Regulatory tax asset - allowance for funds used during construction	24.0	24.2
Unamortized debt expense	<u>6.9</u>	<u>7.2</u>
Total regulatory assets and deferred debits	<u>30.9</u>	<u>31.4</u>
Total Assets	<u>\$ 1,960.5</u>	<u>\$ 1,938.8</u>

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

	<u>March 31,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 3.9	\$ 5.9
Taxes accrued	4.6	3.5
Interest accrued	27.6	10.0
Accrued liabilities	3.6	1.2
Fuel tracker liabilities	4.7	3.0
Natural gas imbalance payables	-	0.6
Other	0.7	-
Total current liabilities	<u>45.1</u>	<u>24.2</u>
Long-term Debt	<u>1,149.0</u>	<u>1,149.0</u>
Other Long-term Liabilities	<u>-</u>	<u>0.4</u>
Commitments and Contingencies		
Members' Equity		
Members' equity	756.4	754.9
Accumulated other comprehensive income	10.0	10.3
Total members' equity	<u>766.4</u>	<u>765.2</u>
Total Liabilities and Members' Equity	<u>\$ 1,960.5</u>	<u>\$ 1,938.8</u>

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

	Three Months Ended	
	March 31,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 34.3	\$ 33.0
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	9.1	9.0
Allowance for funds used during construction - equity	(0.3)	(0.1)
Other	26.8	20.4
Net cash provided by operating activities	<u>69.9</u>	<u>62.3</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	<u>(8.8)</u>	<u>(5.5)</u>
Net cash used in investing activities	<u>(8.8)</u>	<u>(5.5)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions from members	7.7	5.2
Distributions to members	<u>(40.3)</u>	<u>(41.9)</u>
Net cash used in financing activities	<u>(32.6)</u>	<u>(36.7)</u>
Net increase in cash and cash equivalents	28.5	20.1
Cash and cash equivalents at beginning of period	<u>63.7</u>	<u>63.0</u>
Cash and cash equivalents at end of period	<u>\$ 92.2</u>	<u>\$ 83.1</u>

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

	<u>Spectra Energy Corp</u>	<u>Spectra Energy Partners, LP</u>	<u>The Williams Companies, Inc.</u>	<u>Williams Partners L.P.</u>	<u>Total</u>
Balance December 31, 2010	\$ 190.8	\$ 191.9	\$ 379.6	\$ 2.9	\$ 765.2
Net income	0.3	16.8	8.8	8.4	34.3
Reclassification of cash flow hedges into earnings	-	(0.1)	(0.1)	(0.1)	(0.3)
Total comprehensive income					<u>34.0</u>
Capital contributions from members	0.1	3.8	1.9	1.9	7.7
Distributions to members	(0.4)	(19.7)	(10.3)	(9.9)	(40.3)
Attributed deferred tax expense	-	(0.1)	(0.1)	-	(0.2)
Balance March 31, 2011	<u>\$ 190.8</u>	<u>\$ 192.6</u>	<u>\$ 379.8</u>	<u>\$ 3.2</u>	<u>\$ 766.4</u>
Balance December 31, 2009	\$ 198.0	\$ 190.2	\$ 388.1	\$ -	\$ 776.3
Net income	8.4	8.1	12.7	3.8	33.0
Reclassification of cash flow hedges into earnings	(0.1)	(0.1)	(0.1)	-	(0.3)
Total comprehensive income					<u>32.7</u>
Capital contributions from members	1.3	1.3	1.9	0.7	5.2
Distributions to members	(10.6)	(10.3)	(21.0)	-	(41.9)
Attributed deferred tax expense	(0.1)	-	-	-	(0.1)
Balance March 31, 2010	<u>\$ 196.9</u>	<u>\$ 189.2</u>	<u>\$ 381.6</u>	<u>\$ 4.5</u>	<u>\$ 772.2</u>