

Gulfstream Natural Gas System, L.L.C.

Condensed Financial Statements

(Unaudited)

December 31, 2017

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2017	2016	2017	2016
Operating Revenues				
Transportation of natural gas	\$ 141.9	\$ 139.4	\$ 279.7	\$ 276.7
Other	(0.3)	-	-	-
Total operating revenues	<u>141.6</u>	<u>139.4</u>	<u>279.7</u>	<u>276.7</u>
Operating Expenses				
Operating, maintenance and other	11.5	10.3	20.0	19.1
Depreciation and amortization	17.7	17.7	35.4	35.5
Property and other taxes	5.4	5.9	12.5	13.6
Total operating expenses	<u>34.6</u>	<u>33.9</u>	<u>67.9</u>	<u>68.2</u>
Operating Income	107.0	105.5	211.8	208.5
Other Income and Expenses	0.1	0.1	(0.1)	-
Interest Expense	<u>31.2</u>	<u>31.2</u>	<u>62.3</u>	<u>71.2</u>
Net Income	<u>\$ 75.9</u>	<u>\$ 74.4</u>	<u>\$ 149.4</u>	<u>\$ 137.3</u>

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

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2017	2016	2017	2016
Net Income	\$ 75.9	\$ 74.4	\$ 149.4	\$ 137.3
Other comprehensive loss				
Reclassification of cash flow hedges into earnings	(0.1)	(0.1)	(0.4)	(0.4)
Total Comprehensive Income	\$ 75.8	\$ 74.3	\$ 149.0	\$ 136.9

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

	<u>December 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 14.0	\$ 9.4
Receivables, trade	23.1	23.1
Inventory	8.1	8.5
Other	0.9	3.5
Total current assets	<u>46.1</u>	<u>44.5</u>
Property, Plant & Equipment		
Cost	2,063.0	2,063.0
Less accumulated depreciation and amortization	467.8	433.7
Net property, plant and equipment	<u>1,595.2</u>	<u>1,629.3</u>
Regulatory Assets and Deferred Debits		
Regulatory tax asset - allowance for funds used during construction	10.6	21.4
Total regulatory assets and deferred debits	<u>10.6</u>	<u>21.4</u>
Total Assets	<u>\$ 1,651.9</u>	<u>\$ 1,695.2</u>

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

	<u>December 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 3.0	\$ 1.3
Taxes accrued	1.6	1.6
Interest accrued	14.2	14.2
Fuel tracker liabilities	3.4	-
Current maturities of long-term debt	0.1	0.1
Other	3.3	6.5
Total current liabilities	25.6	23.7
Long-term Debt	1,141.3	1,140.5
Commitments and Contingencies		
Members' Equity		
Members' equity	481.8	527.4
Accumulated other comprehensive income	3.2	3.6
Total members' equity	485.0	531.0
Total Liabilities and Members' Equity	\$ 1,651.9	\$ 1,695.2

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

	Twelve Months Ended December 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 149.4	\$ 137.3
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	36.2	36.5
Net change in operating assets and liabilities	8.0	(7.3)
Net cash provided by operating activities	193.6	166.5
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(4.8)	(3.4)
Return of advances to affiliates	-	297.4
Other	-	3.5
Net cash (used in) provided by investing activities	(4.8)	297.5
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions to members	(184.2)	(200.6)
Payments for redemption of long-term debt	-	(300.0)
Net cash used in financing activities	(184.2)	(500.6)
Net increase (decrease) in cash and cash equivalents	4.6	(36.6)
Cash and cash equivalents at beginning of period	9.4	46.0
Cash and cash equivalents at end of period	\$ 14.0	\$ 9.4

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, 2016	\$ 265.5	\$ 265.5	\$ 531.0
Net income	74.7	74.7	149.4
Reclassification of cash flow hedges into earnings	(0.2)	(0.2)	(0.4)
Distributions to members	(92.1)	(92.1)	(184.2)
Attributed deferred tax expense	(5.4)	(5.4)	(10.8)
Balance December 31, 2017	<u>\$ 242.5</u>	<u>\$ 242.5</u>	<u>\$ 485.0</u>
Balance December 31, 2015	\$ 297.5	\$ 297.6	\$ 595.1
Net income	68.7	68.6	137.3
Reclassification of cash flow hedges into earnings	(0.2)	(0.2)	(0.4)
Distributions to members	(100.3)	(100.3)	(200.6)
Attributed deferred tax expense	(0.2)	(0.2)	(0.4)
Balance December 31, 2016	<u>\$ 265.5</u>	<u>\$ 265.5</u>	<u>\$ 531.0</u>