Gulfstream Natural Gas System, L.L.C.

Financial Statements

For the Years Ended December 31, 2017, 2016 and 2015

FINANCIAL STATEMENTS OF
GULFSTREAM NATURAL GAS SYSTEM, L.L.C.

INDEX TO FINANCIAL STATEMENTS

	Page
Financial Statements:	
Report of Independent Registered Public Accounting Firm	F-2
Statements of Operations for the years ended December 31, 2017, 2016 and 2015	F-3
Statements of Comprehensive Income for the years ended December 31, 2017, 2016 and 2015	F-4
Balance Sheets as of December 31, 2017 and 2016	F-5
Statements of Cash Flows for the years ended December 31, 2017, 2016 and 2015	F-6
Statements of Members' Equity for the years ended December 31, 2017, 2016 and 2015	F-7
Notes to Financial Statements	F-8

Report of Independent Registered Public Accounting Firm

To the Management Committee and Members of Gulfstream Natural Gas System, L.L.C.:

Opinion on the Financial Statements

We have audited the accompanying balance sheet of Gulfstream Natural Gas System, L.L.C. (the "Company") as of December 31, 2017, and the related statements of operations, comprehensive income, cash flows, and members' equity for the year then ended, including the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements of the Company as of December 31, 2016 and for the years ended December 31, 2016 and 2015 were audited by other auditors whose report, dated February 22, 2017, expressed an unqualified opinion on those financial statements.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of these financial statements in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Houston, Texas
February 22, 2018

We have served as the Company's auditor since 2018.

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GULFSTREAM NATURAL GAS SYSTEM, L.L.C.

STATEMENTS OF OPERATIONS

(In millions)

	Years Ended December 31,		
	2017	**2016**	**2015**
Operating Revenues	$ 279.7	$ 276.7	$ 275.8
Operating Expenses			
Operating, maintenance and other	1.5	1.7	1.6
Operating, maintenance and other — affiliates	18.5	17.4	17.0
Depreciation and amortization	35.4	35.5	35.6
Property and other taxes	12.5	13.6	14.9
Total operating expenses	67.9	68.2	69.1
Operating Income	211.8	208.5	206.7
Other Income and (Expenses), net	(0.1)	—	0.6
Interest Expense	62.3	71.2	76.6
Net Income	$ 149.4	$ 137.3	$ 130.7

See Notes to Financial Statements.

GULFSTREAM NATURAL GAS SYSTEM, L.L.C.

STATEMENTS OF COMPREHENSIVE INCOME

(In millions)

	Years Ended December 31,		
	2017	**2016**	**2015**
Net Income	$ 149.4	$ 137.3	$ 130.7
Other comprehensive loss:			
Reclassification of cash flow hedges into earnings	(0.4)	(0.4)	(1.1)
Comprehensive Income	$ 149.0	$ 136.9	$ 129.6

See Notes to Financial Statements.

GULFSTREAM NATURAL GAS SYSTEM, L.L.C.

BALANCE SHEETS

(In millions)

	December 31,	
	2017	**2016**
ASSETS		
Current Assets		
Cash and cash equivalents	$ 14.0	$ 9.4
Receivables — trade (allowance for doubtful accounts of zero at December 31, 2017 and 2016)	23.1	23.1
Inventory	8.1	8.5
Other	0.9	3.5
Total current assets	46.1	44.5
Property, Plant and Equipment		
Cost	2,063.0	2,063.0
Less accumulated depreciation and amortization	467.8	433.7
Net property, plant and equipment	1,595.2	1,629.3
Regulatory Assets and Deferred Debits	10.6	21.4
Total Assets	$ 1,651.9	$ 1,695.2
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts payable — trade	$ 1.8	$ —
Accounts payable — affiliates	1.2	1.3
Taxes accrued	1.6	1.6
Interest accrued	14.2	14.2
Fuel tracker	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

See Notes to Financial Statements.

GULFSTREAM NATURAL GAS SYSTEM, L.L.C.

STATEMENTS OF CASH FLOWS

(In millions)

	Years Ended December 31,		
	2017	**2016**	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 149.4	$ 137.3	$ 130.7
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	36.2	36.5	36.9
Reclassification adjustments from accumulated other comprehensive income into net income	(0.4)	(0.4)	(1.1)
Decrease (increase) in:			
Receivables	(0.1)	0.1	—
Inventory	—	—	0.1
Other current assets	1.7	—	(0.1)
Increase (decrease) in:			
Accounts payable — trade and affiliates	1.7	(0.4)	0.4
Taxes accrued	—	(0.1)	0.3
Accrued liabilities	—	(2.0)	6.2
Other current liabilities	5.1	(4.5)	(3.1)
Net cash provided by operating activities	193.6	166.5	170.3
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(4.8)	(3.4)	(1.4)
Advances to affiliates	—	—	(793.0)
Return of advances to affiliates	—	297.4	495.6
Other, net	—	3.5	1.3
Net cash provided by (used in) investing activities	(4.8)	297.5	(297.5)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions to members	(184.2)	(200.6)	(176.4)
Payments for redemption of long-term debt	—	(300.0)	(500.0)
Proceeds from the issuance of long-term debt	—	—	798.8
Payments for debt issuance costs	—	—	(7.1)
Net cash provided by (used in) financing activities	(184.2)	(500.6)	115.3
Net increase (decrease) in cash and cash equivalents	4.6	(36.6)	(11.9)
Cash and cash equivalents at beginning of period	9.4	46.0	57.9
Cash and cash equivalents at end of period	$ 14.0	$ 9.4	$ 46.0
Supplemental Disclosures			
Cash paid for interest, net of amount capitalized	$ 61.8	$ 72.5	$ 70.3

See Notes to Financial Statements.

GULFSTREAM NATURAL GAS SYSTEM, L.L.C.

STATEMENTS OF MEMBERS' EQUITY

(In millions)

	Spectra Energy Partners, LP	Williams Partners, L.P.	Total
Balance December 31, 2014	$ 321.2	$ 321.2	$ 642.4
Net income	65.3	65.4	130.7
Reclassification of cash flow hedges into earnings	(0.5)	(0.6)	(1.1)
Distributions to members	(88.2)	(88.2)	(176.4)
Attributed deferred tax expense	(0.3)	(0.2)	(0.5)
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	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	$ 242.5	$ 242.5	$ 485.0

See Notes to Financial Statements.

GULFSTREAM NATURAL GAS SYSTEM, L.L.C.
Notes to Financial Statements

1. Summary of Operations and Significant Accounting Policies

Nature of Operations. Gulfstream Natural Gas System, L.L.C. (collectively, "we", "our", "us" and "company") owns an interstate natural gas pipeline system and is owned 50% by Spectra Energy Partners, LP (Spectra Energy Partners), and 50% by Williams Partners, L.P. (Williams Partners). We are operated under joint management by Spectra Energy Corp (Spectra Energy), which provides the business functions, and The Williams Companies, Inc. (Williams), which provides the technical functions. We transport natural gas that we receive from various onshore and offshore supply sources in the Mississippi and Alabama area, across the Gulf of Mexico, and deliver that natural gas to markets in central and southern Florida. Our interstate natural gas transmission operations are subject to the rules and regulations of the Federal Energy Regulatory Commission (FERC). We were formed on May 17, 1999 as a Delaware limited liability company.

On February 27, 2017, Enbridge Inc. (Enbridge) and Spectra Energy completed a merger transaction (the Merger) resulting in Spectra Energy being a wholly-owned subsidiary of Enbridge. As a result of the Merger, we became an indirect subsidiary of Enbridge through Enbridge's ownership of Spectra Energy.

Basis of Presentation. The financial statements reflect the results of operations, financial position and cash flows of our company. The financial statements do not include any of the assets, liabilities, revenues or expenses of the members.

Use of Estimates. To conform with generally accepted accounting principles (GAAP) in the United States, we make estimates and assumptions that affect the amounts reported in the Financial Statements and Notes to Financial Statements. Although these estimates are based on our best available knowledge at the time, actual results could differ.

Fair Value Measurements. We measure the fair value of financial assets and liabilities by maximizing the use of observable inputs and minimizing the use of unobservable inputs. Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Cost-Based Regulation. The economic effects of regulation can result in a regulated company recording assets for costs that have been or are expected to be approved for recovery from customers or recording liabilities for amounts that are expected to be returned to customers or for instances where the regulator provides current rates that are intended to recover costs that are expected to be incurred in the future. Accordingly, we record assets and liabilities that result from the regulated ratemaking process that may not be recorded under GAAP for non-regulated entities. We continually assess whether regulatory assets are probable of future recovery by considering factors such as applicable regulatory changes and recent rate orders to other regulated entities. Based on this assessment, we believe our existing regulatory assets are probable of recovery. These regulatory assets are classified in the Balance Sheets as Regulatory Assets and Deferred Debits. We evaluate our regulated assets and consider factors such as regulatory changes and the effect of competition. If cost-based regulation ends or competition increases, we may have to reduce our asset balances to reflect a market basis less than cost and write-off the associated regulatory assets and liabilities. See Note 3 for further discussion.

Revenue Recognition. Revenues from the transportation of natural gas are recognized when the service is provided. Revenues related to these services provided but not yet billed are estimated each month. These estimates are generally based on contract data, regulatory information and preliminary throughput and allocation measurements. Final bills for the current month are billed and collected in the following month. Differences between actual and estimated revenues are immaterial.

Customers accounting for 10% or more of revenues during 2017, 2016 and 2015 are as follows:

	% of Revenues		
Customer	**2017**	**2016**	**2015**
Nextera Energy, Inc.	51%	52%	52%
Duke Energy Florida, Inc	35	34	34

Allowance for Funds Used During Construction (AFUDC). AFUDC, which represents the estimated debt and equity costs of capital funds necessary to finance the construction and expansion of certain new regulated facilities, consists of two components, an equity component and an interest expense component. The equity component is a non-cash item. After construction is completed, we are permitted to recover these costs through inclusion in the rate base and in the depreciation

provision. AFUDC is capitalized as a component of Property, Plant and Equipment cost in the Balance Sheets, with offsetting credits to the Statements of Operations through Other Income and Expenses, Net for the equity component and Interest Expense for the interest expense component. There was no material AFUDC recognized for 2017, 2016 and 2015.

Income Taxes. We are not subject to federal income taxes, but rather our taxable income or loss is reported on the income tax returns of our members. We are subject to cost-based regulation and consequently record a regulatory tax asset in connection with the tax gross up of AFUDC equity. The corresponding deferred tax liability is recognized as an Attributed Deferred Tax Benefit in the Statements of Members' Equity since we are a pass-through entity. We considered the impact of the U.S. tax reform legislation dated December 22, 2017, and determined the only impact to us is related to the tax gross up on AFUDC equity. See Note 3 for further discussion.

Cash and Cash Equivalents. Highly liquid investments with original maturities of three months or less at the date of acquisition are considered cash equivalents.

Inventory. Inventory consists mainly of natural gas retained from shippers for fuel and also includes materials and supplies. Natural gas is recorded at the lower of cost or net realizable value. Materials and supplies are recorded at cost, using the average cost method.

Cash Flow Hedges. In 2005, we entered into derivative transactions that are hedges of the future cash flows of forecasted transactions (cash flow hedges). We are exposed to the impact of market fluctuations in interest rates. To protect from increasing interest rates and the resulting higher cost of the debt that was issued in 2005, we locked in existing interest rates by using financial derivatives (swaps) for hedge strategies. The associated interest rate swaps were terminated on October 12, 2005, prior to the issuance of the related debt. These derivatives were initially recorded on the Balance Sheets at their fair value as Accumulated Other Comprehensive Income (AOCI). Deferred gains of $3.2 million in AOCI as of December 31, 2017 will continue to be amortized to interest expense over the term of the debt issued. The total amortization was $0.4 million in 2017, $0.4 million in 2016 and $1.1 million in 2015.

Changes in the fair value of a derivative designated and qualified as a cash flow hedge, to the extent effective, are included in Statements of Members’ Equity and Comprehensive Income as AOCI until earnings are affected by the hedged transaction. We discontinue hedge accounting prospectively when it is determined that a derivative no longer qualifies as an effective hedge, or when it is no longer probable that the hedged forecasted transaction will occur. When hedge accounting is discontinued because the derivative no longer qualifies as an effective hedge, the derivative is subject to the mark-to-market model of accounting prospectively. Gains and losses related to discontinued hedges that were previously accumulated in AOCI will remain in AOCI until the underlying contract is reflected in earnings; unless it is probable that the hedged forecasted transaction will not occur at which time associated deferred amounts in AOCI are immediately recognized in current earnings. All derivatives designated and accounted for as hedges are classified in the same category as the item being hedged in the Statements of Cash Flows. In addition, all components of each derivative gain or loss are included in the assessment of hedge effectiveness.

When available, quoted market prices or prices obtained through external sources are used to measure a contract’s fair value.

Property, Plant and Equipment. Property, plant and equipment is stated at historical cost less accumulated depreciation. We capitalize all construction-related direct labor and material costs, as well as indirect construction costs. Indirect costs include general engineering, taxes, administrative and general costs, and the cost of funds used during construction. The costs of renewals and betterments that extend the useful life or increase the expected output of property, plant and equipment are also capitalized. The costs of repairs, replacements and major maintenance projects that do not extend the useful life or increase the expected output of property, plant and equipment are expensed as incurred. Depreciation is generally computed over the asset’s estimated useful life using the straight-line method.

When we retire property, plant and equipment, we charge the original cost plus the cost of retirement, less salvage value, to accumulated depreciation and amortization. When we sell entire regulated operating units, or retire or sell certain non-regulated properties, the cost is removed from the property account and the related accumulated depreciation and amortization accounts are reduced. Any gain or loss is recorded in earnings, unless otherwise required by FERC.

Preliminary Project Costs. Project development costs, including expenditures for preliminary surveys, plans, investigations, environmental studies, regulatory applications and other costs incurred for the purpose of determining the feasibility of capital expansion projects, are capitalized when it is determined that recovery of such costs through regulated revenues of the completed project is probable. Any inception-to-date costs of the projects that were initially incurred are reversed and capitalized as Property, Plant and Equipment.

Long-Lived Asset Impairments. We evaluate whether long-lived assets, excluding goodwill, have been impaired when circumstances indicate the carrying value of those assets may not be recoverable. For such long-lived assets, an impairment exists when its carrying value exceeds the sum of estimates of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. When alternative courses of action to recover the carrying amount of a long-lived asset are under consideration, a probability-weighted approach is used in developing estimates of future undiscounted cash flows. If the carrying value of the long-lived asset is not recoverable based on these estimated future undiscounted cash flows, an impairment loss is measured as the excess of the asset's carrying value over its fair value, such that the asset's carrying value is adjusted to its estimated fair value.

We assess the fair value of long-lived assets using commonly accepted techniques, and may use more than one source. Sources to determine fair value include, but are not limited to, recent third-party comparable sales, internally developed discounted cash flow analyses and analyses from outside advisors. Significant changes in market conditions resulting from events such as changes in natural gas available to our systems, the condition of an asset, a change in our intent to utilize the asset or a significant change in contracted revenues or regulatory recoveries would generally require us to reassess the cash flows related to the long-lived assets.

Asset Retirement Obligations (AROs). We have determined that substantially all of our assets have an indeterminate life, and as such, the fair values of those AROs are not reasonably estimable. These assets include pipelines whose retirement dates will depend mostly on the various natural gas supply sources that connect to our systems and the ongoing demand for natural gas usage in the markets we serve. We expect these supply sources and market demands to continue for the foreseeable future, therefore we are unable to estimate retirement dates that would result in AROs.

Unamortized Debt Expense. Debt expenses incurred with the issuance of outstanding long-term debt are amortized over the terms of the debt issued. Any call premiums or unamortized expenses associated with refinancing higher-cost debt obligations to finance regulated assets and operations are amortized consistent with regulatory treatment of those items, where appropriate.

New Accounting Pronouncements. The following new Accounting Standards Updates (ASUs) were adopted during 2017 and the effects of such adoptions, if any, are presented in the accompanying Consolidated Financial Statements:

In January 2017, the Financial Accounting Standards Board (FASB) issued ASU No. 2017-01, *"Clarifying the Definition of a Business in an Acquisition (Topic 805)."* Effective January 1, 2017, we early adopted ASU 2017-01 on a prospective basis. The new standard was issued with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (disposals) of assets or businesses. The adoption of the pronouncement did not have a material impact on our consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-06, *"Simplifying the Embedded Derivatives Analysis for Debt instruments (Topic 815)."* Effective January 1, 2017 , we adopted ASU 2016-06 on a modified retrospective basis. The new guidance simplifies the embedded derivative analysis for debt instruments containing contingent call or put options. The adoption of the pronouncement did not have a material impact on our consolidated financial statements.

Pending. The following new Accounting Standards Updates (ASUs) were issued but not adopted as of December 31, 2017:

In February 2017, the FASB issued ASU No. 2017-05, *"Clarifying Guidance on derecognition and Partial Sales of Nonfinancial Assets (Topic 610),"* with the intent of clarifying the scope of asset derecognition guidance and accounting for partial sales of nonfinancial assets. ASU 2017-05 clarifies the scope provisions of nonfinancial assets and how to allocate consideration to each distinct asset, and amends he guidance for derecognition of a distinct nonfinancial asset in partial sale transactions. The accounting update is effect January 1, 2018 and will be applied on a modified retrospective basis. We do not expect the adoption of this accounting update to have a material impact on our consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13 *"Accounting for Credit Losses (Topic 326),"* with the intent of providing financial statement users with more useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. Current treatment uses the incurred loss methodology for recognizing credit losses that delays the recognition until it is probable a loss has been incurred. The accounting update adds a new impairment model, known as the current expected credit loss model, which is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes as an allowance its estimate of expected credit losses, which the Financial Accounting Standards Board believes will result in more timely recognition of such losses. We are currently assessing the impact of the new standard on our consolidated financial statements. The accounting update is effective January 1, 2020.

In January 2016, the FASB issued ASU 2016-01 *"Recognition and Measurement of Financial Assets and Liabilities (Topic 825),"* with the intent to address certain aspects of recognition, measurement, presentation and disclosure of financial assets and liabilities. Investments in equity securities, excluding equity method and consolidated investments, are no longer classified as trading or available-for-sale securities. All investments in equity securities with readily determinable fair values are classified as investments at fair value through net income. Investments in equity securities without readily determinable fair values are measured using the fair value measurement alternative and are recorded at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer. Investments in equity securities measured using the fair value measurement alternative are reviewed for indicators of impairment each reporting period. Fair value of financial instruments for disclosure purposes is measured using exit price. The accounting update is effective January 1, 2018 and will be applied on a prospective basis. We do not expect the adoption of this accounting update to have a material impact on our consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *"Leases (Topic 842),"* with the intent to increase transparency and comparability among organizations. It requires lessees of operating lease arrangements to recognize lease assets and lease liabilities on the statement of financial position and disclose additional key information about lease agreements. The accounting update also replaces the current definition of a lease and requires that an arrangement be recognized as a lease when a customer has the right to obtain substantially all of the economic benefits from the use of an asset, as well as the right to direct the use of the asset. We are currently gathering a complete inventory of our lease contracts in order to assess the impact of the new standard on our consolidated financial statements. The accounting update is effective January 1, 2019 and will be applied using a modified retrospective approach.

In August 2016, the FASB issued ASU No. 2016-15,*"Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments,"* with the intent of reducing diversity in practice of how certain cash receipts and cash payments are classified in the Consolidated Statements of Cash Flows. The new guidance addresses eight specific presentation issues. The accounting update is effective January 1, 2018 and will be applied on a retrospective basis. We assessed each of the eight specific presentation issues and the adoption of this ASU does not have a material impact on our consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *"Statement of Cash Flows (Topic 230): Restricted Cash,"* with the intent to clarify guidance on the classification and presentation of changes in restricted cash and restricted cash equivalents within the statement of cash flows. The accounting update requires that changes in restricted cash and restricted cash equivalents be included within cash and cash equivalents when reconciling the opening and closing period amounts shown on the statement of cash flows. We currently present the changes in restricted cash and restricted cash equivalents under investing activities in the Consolidated Statements of Cash Flows. The accounting update is effective January 1, 2018 and will be applied on a retrospective basis. We will amend the presentation in the Consolidated Statement of Cash Flows to include restricted cash and restricted cash equivalents with cash and cash equivalents and we will retrospectively reclassify all periods presented.

In May 2014, the FASB issued ASU No. 2014-09, *"Revenue from Contracts with Customers (Topic 606),"* with the intent of significantly enhancing consistency and comparability of revenue recognition practices across entities and industries. The new standard establishes a single, principles-based five-step model to be applied to all contracts with customers and introduces new and enhanced disclosure requirements. It also requires the use of more estimates and judgments than the present standards in addition to additional disclosures. The new standard is effective January 1, 2018. The new standard permits either a full retrospective method of adoption with restatement of all prior periods presented, or a modified retrospective method with the cumulative effect of applying the new standard recognized as an adjustment to opening retained earnings in the period of adoption. We have decided to adopt the new standard using the modified retrospective method effective January 1, 2019, using the option made available to entities which meet the definition of a public business entity solely due to the inclusion of their financial statements in another entity's Securities Exchange Commission filing.

The company is in the process of assessing the impact of the new standard on its financial statements. At the present time, we do not expect that these changes will have a material impact on revenue or earnings.

2. Transactions with Affiliates

Gulfstream Management & Operating Services, L.L.C. (GMOS), owned 50% by Spectra Energy Partners and 50% by Williams Partners, provides management, construction and operating services pursuant to agreements entered into with us and with affiliates of Spectra Energy and Williams. GMOS bills us for services rendered including labor and benefit costs, employee expenses, overhead costs and in some cases, third-party costs. Such amounts are reflected in the Statements of Operations as Operating, Maintenance and Other — Affiliates or in the Balance Sheets as Property, Plant and Equipment, as appropriate.

Transactions with affiliates are summarized in the tables below:

Statements of Operations

	2017	2016	2015
		(in millions)	
Operating, maintenance and other — affiliates	$ 18.5	$ 17.4	$ 17.0

Balance Sheets

	December 31,	
	2017	2016
	(in millions)	
Receivables — affiliates	$ 0.1	$ —
Current assets — other	—	1.6
Accounts payable — affiliates	1.2	1.3
Current liabilities — other	2.7	6.1

Transactions billed from affiliates, included within Property, Plant and Equipment in the Balance Sheets, were $0.9 million in 2017 and $0.7 million in 2016.

3. Regulatory Matters

Regulatory Assets and Liabilities. We record assets and liabilities that result from the regulated ratemaking process that would not be recorded under GAAP for non-regulated entities. See Note 1 for further discussion.

Regulatory Assets and Liabilities

	Recovery/Refund Period Ends	December 31, 2017	December 31, 2016
		(in millions)	
Regulatory Assets			
Regulatory asset related to income taxes (b)	(c)	$ 10.5	$ 21.4
Total Regulatory Assets		$ 10.5	$ 21.4
Regulatory Liabilities (a)			
Fuel tracker		$ 3.4	$ —
Total Regulatory Liabilities		$ 3.4	$ —

(a) All regulatory liabilities are excluded from rate base.
(b) Relates to tax gross-up of AFUDC equity portion and is included in Regulatory Assets and Deferred Debits. Decrease in 2017 relates to U.S. tax reform legislation dated December 22, 2017.
(c) Amortized over the life of the related property, plant and equipment.

Rate Related Information. We continue to operate under rates approved by the FERC in 2007.

4. Property, Plant and Equipment

	Weighted Avg Depreciation	December 31, 2017	December 31, 2016
	(%)	(in millions)	
Plant			
Natural gas transmission	1.67%	$ 1,884.1	$ 1,884.0
Rights of way	1.67%	117.7	117.7
Land	—	16.3	16.3
Construction in process	—	1.3	1.0
Other	4.54%	43.6	44.0
Total property, plant and equipment		2,063.0	2,063.0
Total accumulated depreciation and amortization		(467.8)	(433.7)
Total net property, plant and equipment		$ 1,595.2	$ 1,629.3

All of our property, plant and equipment is regulated with estimated useful lives based on rates approved by the FERC.

Capital leases totaled $0.1 million at December 31, 2017 and $0.2 million at 2016.

Amortization expense of intangible assets totaled $1.9 million in 2017, $2 million in 2016 and $2.1 million in 2015. Amortization expense for 2018 through 2021 is estimated to be $1.9 million each year.

5. Debt

Summary of Debt and Related Terms

	Year Due	December 31, 2017	December 31, 2016
		(in millions)	
Unsecured note payable, 4.60%	2025	550.0	550.0
Unsecured note payable, 6.19%	2025	350.0	350.0
Unsecured note payable, 5.95%	2045	250.0	250.0
Capital lease	2019	0.1	0.2
Unamortized debt discount		(1.2)	(1.3)
Unamortized debt expenses		(7.5)	(8.3)
Total debt		1,141.4	1,140.6
Current maturities of long-term debt		0.1	0.1
Total long-term debt		$ 1,141.3	$ 1,140.5

On September 24, 2015, we issued $800.0 million aggregate principal amount of senior unsecured notes, comprised of $550.0 million of 4.60% senior notes due in 2025 and $250.0 million of 5.95% senior notes due in 2045. Total net proceeds of $793.0 million was advanced to our members, based on their ownership percentages, to be returned to us to fund the repayment of our current debt as it matured. Our members returned $495.6 million in the fourth quarter of 2015 and the remaining $297.4 million was returned in the second quarter of 2016.

As of December 31, 2017, we were in compliance with all debt covenants.

6. Fair Value Measurements

The following table presents, for each of the fair value hierarchy levels, assets that are measured at fair value on a recurring basis:

Description	Balance Sheet Caption	Total	Level 1	Level 2	Level 3
		December 31, 2017 (in millions)			
Short-term money market securities	Cash and cash equivalents	$ 0.1	$ 0.1	$ —	$ —
Total Assets		$ 0.1	$ 0.1	$ —	$ —

Description	Balance Sheet Caption	Total	Level 1	Level 2	Level 3
		December 31, 2016 (in millions)			
Short-term money market securities	Cash and cash equivalents	$ 5.5	$ 5.5	$ —	$ —
Total Assets		$ 5.5	$ 5.5	$ —	$ —

Level 1 valuations represent quoted unadjusted prices for identical instruments in active markets.

Financial Instruments. The fair value of financial instruments that are recorded and carried at book value are summarized in the following table. Judgment is required in interpreting market data to develop the estimates of fair value. These estimates are not necessarily indicative of the amounts we could have realized in current markets. The fair value of long-term debt represents a level 2 valuation which is determined based on market-based prices which may include inputs such as quoted market prices of the exact or similar instruments, broker or dealer quotations, or alternative pricing sources that may include models or matrix pricing tools, with reasonable levels of price transparency.

	December 31, 2017		December 31, 2016	
	Book Value	Approximate Fair Value	Book Value	Approximate Fair Value
	(in millions)			
Long-term debt, including current maturities (a)	$ 1,150.0	$ 1,320.3	$ 1,150.0	$ 1,237.2

(a) Excludes unamortized items

The fair value of cash and cash equivalents, accounts receivable, and accounts payable are not materially different from their carrying amounts because of the short-term nature of these instruments or because the stated rates approximate market rates.

During the 2017 and 2016 periods, there were no adjustments to assets measured at fair value on a nonrecurring basis.

7. Credit Risk

Our principal customers for natural gas transmission services are utilities located throughout the state of Florida. We have concentrations of receivables from the utility sector in the state of Florida. These concentrations of customers may affect our overall credit risk in that risk factors can negatively affect the credit quality of the entire sector. Where exposed to credit risk, we analyze the customers' financial condition prior to entering into an agreement, establish credit limits and monitor the appropriateness of those limits on an ongoing basis. We also obtain parental guarantees, cash deposits or letters of credit from customers to provide credit support, where appropriate, based on our financial analysis of the customer and the regulatory or contractual terms and conditions applicable to each agreement.

8. Commitments and Contingencies

General Insurance. We carry, either independently or through our owners, insurance consistent with companies engaged in similar commercial operations with similar type properties. Our insurance program includes (1) commercial general and excess liability insurance for liabilities to third parties for bodily injury and property damage resulting from our operations; (2) workers' compensation liability coverage to required statutory limits; (3) automobile liability insurance for all owned, non-owned and hired vehicles covering liabilities to third parties for bodily injury and property damage; and (4) onshore replacement value property insurance, including machinery breakdown, business interruption and extra expense. All coverages are subject to certain deductibles, terms, exclusions, and conditions common for companies with similar types of operations.

Environmental. We are subject to various federal, state and local laws and regulations regarding air and water quality, hazardous and solid waste disposal and other environmental matters. These laws and regulations can change from time to time, imposing new obligations on us.

Like others in the energy industry, we and our affiliates may be responsible for environmental remediation at various contaminated sites. These include some properties that are part of our ongoing operations, sites formerly owned or used by us, and sites owned by third parties. Remediation typically involves management of contaminated soils and may involve groundwater remediation. Managed in conjunction with relevant federal, state/provincial and local agencies, activities vary with site conditions and locations, remedial requirements, complexity and sharing of responsibility. If remediation activities involve statutory joint and several liability provisions, strict liability, or cost recovery or contribution actions, we or our affiliates could potentially be held responsible for contamination caused by other parties. In some instances, we may share liability associated with contamination with other potentially responsible parties, and may also benefit from contractual indemnities that cover some or all cleanup costs. All of these sites generally are managed in the normal course of business or affiliated operations.

Litigation. We are involved in legal, tax and regulatory proceedings in various forums arising in the ordinary course of business, including matters regarding contracts and payment claims, some of which may involve substantial monetary amounts. We have insurance for certain of these losses should they be incurred. We believe that the final disposition of these proceedings will not have a material adverse effect on our results of operations, financial position or cash flows.

Legal costs related to the defense of loss contingencies are expensed as incurred. We had no material reserves for legal matters recorded as of December 31, 2017 or 2016 related to litigation.

9. Subsequent Event

We have evaluated significant events and transactions that occurred from January 1, 2018 through February 22, 2018 the date the financial statements were issued.

A distribution to members of $24.5 million was declared on January 18, 2018. On January 29, 2018, 50% was paid to Williams and on February 8, 2018, the remaining 50% was paid to Spectra Energy Partners.