Gulfstream Natural Gas System, L.L.C.

Financial Statements

For the Years Ended December 31, 2018, 2017 and 2016

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

INDEX TO FINANCIAL STATEMENTS

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 sheets of Gulfstream Natural Gas System, L.L.C. (the "Company") as of December 31, 2018 and 2017, and the related statements of operations, comprehensive income, cash flows, and members' equity for the years 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, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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 audits. 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 audits 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 audits 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 audits 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 audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Houston, Texas
February 21, 2019

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

GULFSTREAM NATURAL GAS SYSTEM, L.L.C.

STATEMENTS OF OPERATIONS

(In millions)

	Years Ended December 31,		
	2018	2017	2016
Operating Revenues	$ 281.7	$ 279.7	$ 276.7
Operating Expenses			
Operating, maintenance and other	1.0	1.5	1.7
Operating, maintenance and other — affiliates (Note 2)	21.0	18.5	17.4
Depreciation and amortization	35.3	35.4	35.5
Property and other taxes	11.8	12.5	13.6
Total operating expenses	69.1	67.9	68.2
Operating Income	212.6	211.8	208.5
Other Income and Expenses, net	0.8	(0.1)	—
Interest Expense	62.4	62.3	71.2
Net Income	$ 151.0	$ 149.4	$ 137.3

The accompanying notes are an integral part of these financial statements.

GULFSTREAM NATURAL GAS SYSTEM, L.L.C.

STATEMENTS OF COMPREHENSIVE INCOME

(In millions)

	Years Ended December 31,		
	2018	**2017**	**2016**
Net Income	$ 151.0	$ 149.4	$ 137.3
Other comprehensive loss:			
Reclassification of cash flow hedges into earnings	(0.4)	(0.4)	(0.4)
Comprehensive Income	$ 150.6	$ 149.0	$ 136.9

The accompanying notes are an integral part of these financial statements.

GULFSTREAM NATURAL GAS SYSTEM, L.L.C.

BALANCE SHEETS

(In millions)

	December 31, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	$ 4.0	$ 14.0
Receivables — trade	23.5	23.1
Inventory	8.2	8.1
Other	2.0	0.9
Total current assets	37.7	46.1
Property, Plant and Equipment		
Cost (Note 4)	2,061.3	2,063.0
Less accumulated depreciation and amortization (Note 4)	497.5	467.8
Net property, plant and equipment (Note 4)	1,563.8	1,595.2
Regulatory Assets and Deferred Debits (Note 3)	10.6	10.6
Total Assets	$ 1,612.1	$ 1,651.9
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts payable — trade	$ —	$ 1.8
Accounts payable — affiliates (Note 2)	1.0	1.2
Taxes accrued	1.7	1.6
Interest accrued	14.2	14.2
Regulatory Liabilities (Note 3)	3.7	3.4
Current maturities of long-term debt (Note 5)	0.1	0.1
Other	0.5	3.3
Total current liabilities	21.2	25.6
Long-term Debt (Note 5)	1,142.1	1,141.3
Commitments and Contingencies (Note 8)		
Members' Equity		
Members' equity	446.0	481.8
Accumulated other comprehensive income	2.8	3.2
Total members' equity	448.8	485.0
Total Liabilities and Members' Equity	$ 1,612.1	$ 1,651.9

The accompanying notes are an integral part of these financial statements.

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

	Years Ended December 31,		
	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 151.0	$ 149.4	$ 137.3
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	36.1	36.2	36.5
Other changes in operating assets and liabilities	(3.7)	8.0	(7.3)
Net cash provided by operating activities	183.4	193.6	166.5
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(6.6)	(4.8)	(3.4)
Return of advances to affiliates	—	—	297.4
Other, net	—	—	3.5
Net cash (used in)/provided by investing activities	(6.6)	(4.8)	297.5
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions to members	(186.8)	(184.2)	(200.6)
Payments for redemption of long-term debt	—	—	(300.0)
Net cash used in financing activities	(186.8)	(184.2)	(500.6)
Net decrease in cash and cash equivalents	(10.0)	4.6	(36.6)
Cash and cash equivalents at beginning of period	14.0	9.4	46.0
Cash and cash equivalents at end of period	$ 4.0	$ 14.0	$ 9.4
Supplemental Disclosures			
Cash paid for interest, net of amount capitalized	$ 61.8	$ 61.8	$ 72.5

The accompanying notes are an integral part of these 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, 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
Net income	75.5	75.5	151.0
Reclassification of cash flow hedges into earnings	(0.2)	(0.2)	(0.4)
Distributions to members	(93.4)	(93.4)	(186.8)
Balance December 31, 2018	$ 224.4	$ 224.4	$ 448.8

The accompanying notes are an integral part of these 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 September 6, 2016, Spectra Energy announced that they entered into a definitive merger agreement with Enbridge Inc. (Enbridge). Under this agreement, Enbridge and Spectra Energy combined in a stock-for-stock merger transaction, which values Spectra Energy's stock at approximately $28 billion, based on the closing price of Enbridge common shares as of September 2, 2016. This transaction was approved by the boards of directors and shareholders of both Spectra Energy and Enbridge, and closed in the first quarter of 2017.

Upon completion of the proposed merger, Spectra Energy shareholders received 0.984 Enbridge common shares for each share of Spectra Energy stock they own. The consideration received is valued at $40.33 per Spectra Energy share, based on the closing price of Enbridge common shares as of September 2, 2016, representing an approximate 11.5% premium to the closing price of Spectra Energy stock as of September 2, 2016. Upon completion of the merger, Enbridge shareholders now own approximately 57% of the combined company and Spectra Energy shareholders now own approximately 43%.

As a result of this transaction, Enbridge and its subsidiaries collectively own the interest in us currently held by 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 2018, 2017 and 2016 are as follows:

	% of Revenues		
Customer	**2018**	**2017**	**2016**
Nextera Energy, Inc	51%	51%	52%
Duke Energy Florida, Inc	35%	35%	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 2018, 2017 and 2016.

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.

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 market. 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 with the offset to Accumulated Other Comprehensive Income (AOCI). Deferred gains of $2.8 million in AOCI as of December 31, 2018 will continue to be amortized to interest expense over the term of the debt issued. The total amortization was $0.4 million in each of 2018, 2017 and 2016, respectively.

The effective portion of the change in the fair value of a cash flow hedging instrument is recorded in Other comprehensive income (OCI) and is reclassified to earnings when the hedged item impacts earnings. Any hedge ineffectiveness is recorded in current period earnings. If a derivative instrument designated as a cash flow hedge ceases to be effective or is terminated, hedge accounting is discontinued and the gain or loss at that date is deferred in OCI and recognized concurrently with the related transaction. If a hedged anticipated transaction is no longer probable, the gain or loss is recognized immediately in earnings. Subsequent gains and losses from derivative instruments for which hedge accounting has been discontinued are recognized in earnings in the period in which they occur.

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.

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 2018 and the effects of such adoptions, if any, are presented in the accompanying Financial Statements:

Simplifying Cash Flow Classification
Effective January 1, 2018, we adopted ASU 2016-15 on a retrospective basis. The new standard reduces diversity in practice of how certain cash receipts and cash payments are classified in the Statements of Cash Flows. The new guidance addresses eight specific presentation issues. We assessed each of the eight specific presentation issues and determined that the adoption of this ASU did not have a material impact on our financial statements.

Pending. The following new Accounting Standard Updates (ASUs) have been issued but not yet adopted as of December 31, 2018.

Clarifying Interaction between Collaborative Arrangements and Revenue from Contracts with Customers
In November 2018, ASU 2018-18 was issued to provide clarity on when transactions between entities in a collaborative arrangement should be accounted for under the new revenue standard, ASC 606. In determining whether transactions in collaborative arrangements should be accounted under the revenue standard, the update specifies that entities shall apply unit of account guidance to identify distinct goods or services and whether such goods and services are separately identifiable from other promises in the contract. ASU 2018-18 also precludes entities from presenting transactions with a collaborative partner which are not in scope of the new revenue standard together with revenue from contracts with customers. The accounting update is effective January 1, 2020 and early adoption is permitted. We are currently assessing the impact of the new standard on our financial statements.

Disclosure Effectiveness
In August 2018, the Financial Accounting Standards Board (FASB) issued amendments as a part of its disclosure framework project aimed to improve the effectiveness of disclosures in the notes to financial statements. ASU 2018-13 was issued to modify the disclosure requirements in ASC 820, Fair Value Measurement. The amendments in ASU 2018-13 eliminate and modify some disclosures, while also adding new disclosures for fair value measurements. This update is effective January 1, 2020, however entities are permitted to early adopt the eliminated or modified current disclosures. We are currently assessing the impact of the new standard on our financial statements.

Recognition of Leases
ASU 2016-02 was issued in February 2016 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. The new standard will become effective for us on January 1, 2020 and in adopting ASC 842, we intend to apply the transition practical expedients offered in connection with this update. Application of the package of practical expedients permits entities not to reassess a) whether any expired or existing contracts contain leases in accordance with the new guidance, b) lease classifications, and c) whether initial direct costs capitalized under ASC 840 continue to meet the definition of initial direct costs under the new guidance. Under the new lease guidance, we have also decided to elect, by class of underlying asset, to not separate non-lease components from the associated lease components of its lessee contracts and account for both components as a single lease component.

ASU 2018-01 was issued in January 2018 to address stakeholder concerns about the costs and complexity of complying with the transition provisions of the new lease requirements as they relate to land easements. The amendments provide an optional transition practical expedient to not evaluate existing or expired land easements that were not previously accounted for as leases under existing guidance. We intend to elect this practical expedient in connection with the adoption of the new lease requirements.

In July 2018, ASU 2018-11 was issued to address additional stakeholder concerns regarding the unanticipated costs and complexities associated with the modified retrospective transition method as well as the requirement for lessors to separate components of a contract. Under the new guidance, entities are provided with an additional transition method which allows entities to apply the new standard at the date of adoption and to elect not to recast comparative periods presented. This amendment also provides a practical expedient which allows lessors to combine associated lease and nonlease components within a contract when certain conditions are met. We intend to elect both of these practical expedients in the adoption of the new lease standard.

We are currently assessing the impact of the new standard on our financial statements.

Revenue from Contracts with Customers
ASU 2014-09 was issued in 2014 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 enhanced disclosures. The new standard is effective January 1, 2019 and 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.

Based on our assessment, we do not anticipate that the adoption of the new revenue standard will have a material impact on our financial statements. The most significant effect of adopting the new standard will be the additional disclosures which will be required commencing in 2019.

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

	2018	2017	2016
		(in millions)	
Operating, maintenance and other — affiliates	$ 21.0	$ 18.5	$ 17.4

Balance Sheets

	December 31,	
	2018	2017
	(in millions)	
Receivables — affiliates	$ —	$ (0.1)
Current assets — other	1.6	—
Accounts payable — affiliates	1.0	1.2
Current liabilities — other	—	2.7

Transactions billed from affiliates, included within Property, Plant and Equipment in the Balance Sheets, were $1.6 million in 2018 and $0.9 million in 2017.

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

	December 31, 2018	December 31, 2017
	(in millions)	
Regulatory Assets		
Regulatory asset related to income taxes (b, c)	$ 10.6	$ 10.5
Total Regulatory Assets	$ 10.6	$ 10.5
Regulatory Liabilities (a)		
Fuel tracker	$ 3.7	$ 3.4
Total Regulatory Liabilities	$ 3.7	$ 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.
(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 Average Depreciation (%)	December 31, 2018	December 31, 2017
		(in millions)	
Plant			
Natural gas transmission	1.67%	$ 1,881.0	$ 1,884.1
Rights of way	1.67%	117.7	117.7
Land	—	16.3	16.3
Construction in process	—	2.7	1.3
Other	4.56%	43.6	43.6
Total property, plant and equipment		2,061.3	2,063.0
Total accumulated depreciation and amortization		(497.5)	(467.8)
Total net property, plant and equipment		$ 1,563.8	$ 1,595.2

Amortization expense of intangible assets totaled $1.9 million in 2018, $1.9 million in 2017 and $2 million in 2016. Amortization expense for 2019 through 2023 is estimated to be $1.9 million each year.

Property, plant and equipment had no accruals in 2018 and 2017.

5. Debt

Summary of Debt and Related Terms

	Year Due	December 31, 2018	December 31, 2017
		(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	0.1
Unamortized debt discount		(1.2)	(1.2)
Unamortized debt expenses		(6.7)	(7.5)
Total debt		1,142.2	1,141.4
Current maturities of long-term debt		0.1	0.1
Total long-term debt		$ 1,142.1	$ 1,141.3

As of December 31, 2018, 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	December 31, 2018 Total	Level 1	Level 2	Level 3
		(in millions)			
Short-term money market securities	Cash and cash equivalents	$ 3.2	$ 3.2	$ —	$ —
Total Assets		$ 3.2	$ 3.2	$ —	$ —

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

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, 2018 Book Value	2018 Approximate Fair Value	2017 Book Value	2017 Approximate Fair Value
	(in millions)			
Long-term debt, including current maturities (a)	$ 1,150.0	$ 1,220.0	$ 1,150.0	$ 1,320.3

(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 2018 and 2017 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. Our operations are subject to many hazards inherent in our industry. Our assets may experience physical damage as a result of an accident or natural disaster. These hazards can also cause personal injury and loss of life, damage to and destruction of property and equipment, pollution, and suspension of operations. We carry, either independently or through our owners, insurance coverage of types and in amounts consistent with companies engaged in similar commercial operations, and with terms conditions and deductibles appropriate for our operations. Although we believe our current coverage is adequate for our purposes, occurrences may lead to losses that exceed applicable coverage limits, and there is no assurance that this may not happen in the future.

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, 2018 or 2017 related to litigation.

9. Subsequent Event

We have evaluated significant events and transactions that occurred from January 1, 2019 through February 21, 2019 the date the financial statements were issued.

A distribution to members of $21.5 million was declared on January 22, 2019 and paid on January 28, 2019.