

Gulfstream Natural Gas System, L.L.C.

Condensed Financial Statements

(Unaudited)

September 30, 2016

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Operating Revenues				
Transportation of natural gas	\$ 70.7	\$ 70.0	\$ 208.0	\$ 206.6
Other	-	-	-	0.5
Total operating revenues	<u>70.7</u>	<u>70.0</u>	<u>208.0</u>	<u>207.1</u>
Operating Expenses				
Operating, maintenance and other	5.6	4.1	14.4	13.8
Depreciation and amortization	8.9	8.9	26.7	26.7
Property and other taxes	3.6	3.9	11.3	12.6
Total operating expenses	<u>18.1</u>	<u>16.9</u>	<u>52.4</u>	<u>53.1</u>
Operating Income	52.6	53.1	155.6	154.0
Other Income and Expenses	0.1	(0.1)	-	0.6
Interest Expense	<u>15.6</u>	<u>18.3</u>	<u>55.6</u>	<u>53.4</u>
Net Income	<u>\$ 37.1</u>	<u>\$ 34.7</u>	<u>\$ 100.0</u>	<u>\$ 101.2</u>

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Net Income	\$ 37.1	\$ 34.7	\$ 100.0	\$ 101.2
Other comprehensive loss				
Reclassification of cash flow hedges into earnings	-	(0.3)	(0.3)	(1.0)
Total Comprehensive Income	\$ 37.1	\$ 34.4	\$ 99.7	\$ 100.2

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

	<u>September 30,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 20.7	\$ 46.0
Receivables, trade	22.6	23.1
Receivables, affiliate	-	297.4
Inventory	7.9	8.0
Other	4.4	2.6
Total current assets	55.6	377.1
Property, Plant & Equipment		
Cost	2,063.9	2,067.4
Less accumulated depreciation and amortization	426.0	406.7
Net property, plant and equipment	1,637.9	1,660.7
Regulatory Assets and Deferred Debits		
Regulatory tax asset - allowance for funds used during construction	21.5	21.8
Total regulatory assets and deferred debits	21.5	21.8
Total Assets	\$ 1,715.0	\$ 2,059.6

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

	<u>September 30,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 2.4	\$ 1.7
Taxes accrued	11.4	1.7
Interest accrued	17.0	16.2
Fuel tracker liabilities	-	2.4
Current maturities of long-term debt	0.1	299.9
Other	7.4	2.8
Total current liabilities	<u>38.3</u>	<u>324.7</u>
Long-term Debt	<u>1,140.3</u>	<u>1,139.8</u>
Commitments and Contingencies		
Members' Equity		
Members' equity	532.7	591.1
Accumulated other comprehensive income	3.7	4.0
Total members' equity	<u>536.4</u>	<u>595.1</u>
Total Liabilities and Members' Equity	<u>\$ 1,715.0</u>	<u>\$ 2,059.6</u>

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

	Nine Months Ended September 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 100.0	\$ 101.2
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	26.7	25.8
Net change in operating assets and liabilities	8.0	24.8
Net cash provided by operating activities	134.7	151.8
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(3.0)	(0.9)
Other	3.7	2.0
Net cash provided by investing activities	0.7	1.1
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions to members	(158.1)	(951.5)
Contributions from members	297.4	-
Payments for redemption of long-term debt	(300.0)	-
Proceeds from the issuance of long-term debt	-	798.8
Payments for debt issuance costs	-	(5.8)
Net cash used in financing activities	(160.7)	(158.5)
Net decrease in cash and cash equivalents	(25.3)	(5.6)
Cash and cash equivalents at beginning of period	46.0	57.9
Cash and cash equivalents at end of period	\$ 20.7	\$ 52.3

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	50.0	50.0	100.0
Reclassification of cash flow hedges into earnings	(0.1)	(0.2)	(0.3)
Distributions to members	(79.1)	(79.0)	(158.1)
Attributed deferred tax expense	(0.1)	(0.2)	(0.3)
Balance September 30, 2016	<u>\$ 268.2</u>	<u>\$ 268.2</u>	<u>\$ 536.4</u>
Balance December 31, 2014	\$ 321.2	\$ 321.2	\$ 642.4
Net income	50.6	50.6	101.2
Reclassification of cash flow hedges into earnings	(0.5)	(0.5)	(1.0)
Distributions to members	(79.2)	(79.3)	(158.5)
Attributed deferred tax expense	(0.2)	(0.1)	(0.3)
Balance September 30, 2015	<u>\$ 291.9</u>	<u>\$ 291.9</u>	<u>\$ 583.8</u>