

Common Carrier Pipeline

# ANNUAL REPORT

For Year Ending December 31, 2017

OF

Phillips 66 Pipeline LLC

to

THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MONTANA

Dept. Use Only

Received	
Date	_____
By	_____

## INSTRUCTIONS

Section 69-13-301, MCA, Requirements in ARM 38.7.102, **Rule II: ANNUAL REPORTS** (1) Each Intrastate Common Carrier Pipeline Company shall file with the Commission, at its office in Helena, MT an annual report for each calendar year. This Report shall be filed not later than the 30th day of April next following the year for which the report is made. The report shall show the names of officers, directors and the residences of each; amount of capital stock and bonded indebtedness outstanding; capital investment with additional investments made during the year; assets and liabilities; revenues and expenditures; depreciation; statistical data as to petroleum delivered and lost during transportation (as it relates to Montana).

(2)... The above stated ARM 38.7.102 may be fulfilled by submission of Federal Energy Regulatory Commission (FERC) Form 6 Annual Report of oil pipeline companies, supplemented by such other forms as the Commission may prescribe. The supplemental forms shall be duly verified under oath by an officer of the company.

## OPERATING PROPERTY

For Year 2017

	System		Montana	
	Bal Begin Year	Bal End Year	Bal Beg Year	Bal End Year
<b>GATHERING LINES</b>				
Land .....	1,895	1,895	0	0
Right of Way .....	406,562	406,562	65,667	65,667
Line Pipe .....	3,381,972	3,381,972	0	0
Line Pipe Fittings .....	2,269,460	2,280,098	0	0
Pipeline Construction .....	7,251,213	7,251,213	23,261	23,261
Buildings .....	581,755	581,755	0	0
Boilers .....	0	0	0	0
Pumping Equipment .....	1,000,192	1,000,192	0	0
Machine Tools & Machinery .....	6,078	6,078	0	0
Other Station Equipment .....	3,397,980	3,397,980	0	0
Oil Tanks .....	3,418,499	3,418,499	0	0
Delivery Facilities .....	415,809	417,755	0	0
Communication Systems .....	194,010	194,010	0	0
Office Furniture and Equipment .....	433,696	2,287,769	0	0
Vehicles & Other Work Equipment .....	74,533	74,533	0	0
Other Property .....	0	0	0	0
Asset Retirement Costs for Gathering Lines	0	0	0	0
<b>TOTAL</b> .....	<b>22,833,654</b>	<b>24,700,311</b>	<b>88,928</b>	<b>88,928</b>
<b>TRUNK LINES</b>				
Land .....	2,818,987	2,828,718		
Right of Way .....	8,541,168	8,667,424	231,379	231,379
Line Pipe .....	105,850,664	107,340,752	558,485	558,485
Line Pipe Fittings .....	29,177,491	30,893,342	2,044,688	1,125,619
Pipeline Construction .....	162,560,103	162,219,954	2,765,638	2,697,172
Buildings .....	12,520,408	13,778,808	25,409	25,409
Boilers .....	0	0		
Pumping Equipment .....	21,348,145	22,684,921	248,872	248,872
Machine Tools & Machinery .....	22,740	22,740	0	
Other Station Equipment .....	90,757,855	96,473,876	427,333	393,846
Oil Tanks .....	30,824,831	32,478,450	0	
Delivery Facilities .....	5,857,443	5,927,833	0	
Communication Systems .....	13,523,011	13,784,331	18,213	114,778
Office Furniture and Equipment .....	41,451,210	55,457,980	43,351	43,352
Vehicles & Other Work Equipment .....	8,604,830	9,205,313	18,625	60,985
Other Property .....	511,978	511,978		
Asset Retirement Costs for Trunk Lines	(14,923,681)	(14,923,681)		
<b>TOTAL</b> .....	<b>519,447,183</b>	<b>547,352,739</b>	<b>6,381,993</b>	<b>5,499,897</b>
<b>GENERAL</b>				
Land .....	0	0		
Buildings .....	2	2		
Machine Tools & Machinery .....	26,377	26,377		
Communications Systems .....	0	0		
Office Furniture .....	1,341,118	761,745		
Vehicles & Other Work Equipment .....	(1,825)	(1,825)		
Other Properties .....	1,324,961	1,324,961		
Asset Retirement Costs for General Property	0	0		
Construction Work in Progress .....	28,826,331	50,781,760		
<b>TOTAL</b> .....	<b>31,516,964</b>	<b>52,893,020</b>	<b>0</b>	<b>0</b>
<b>GRAND TOTAL</b> .....	<b>573,797,801</b>	<b>624,946,070</b>	<b>6,470,921</b>	<b>5,588,825</b>

## NON-OPERATING PROPERTY

As of December 31, 2017

(Include only the Noncarrier Property which is included on the Balance Sheet)

Name & Description of Property held at close of year	Date Included as Noncarrier	Book Cost Close of Year	Market Value Close of Year	Remarks
Pipeline at Mt. Vernon/Belle, Missouri	12/31/1977	1,826,702		
Rack Terminals moved to Noncarrier in 2002				
LaJunta Terminal, LaJunta, Colorado	1/1/2002	3,113,674		
Denver Terminal, Denver, Colorado	1/1/2002	39,575,101		
SCADA	12/31/2011	20,807,452		
Seaway Pipeline, Galena Park, Texas (inactive)	12/31/2014	11,700,000		
Control Center - Ponca City	12/31/2015	5,762,951		
Midstream Operations-Houston	1/1/2015	9,202,518		See Footnote
Scheduling Ponca City	1/1/2010	1,119,179		See Footnote
Transportation Term Pasadena	1/1/2005	1,067,941		See Footnote
Minor Items, Less than \$1,000,000		2,771,801		
Footnote:				
Asset balance was previously reported in "Minor items, less than \$1,000,000", but the balance				
increased to over \$1,000,000 in 2017.				
<b>TOTAL</b>		96,947,319		

**INCOME ACCOUNT****MONTANA****As of December 31, 2017**

	This Year	Last Year
<b>OPERATING REVENUES</b>		
Pipeline Operating Revenues .....	176,589	35,652,784
Other Earnings from Operations .....	0	0
Total Operating Revenues .....	176,589	35,652,784
<b>OPERATING EXPENSES</b>		
Pipeline Trans. & Other Oper. Expenses .....	1,491,395	8,873,971
Rental Expense .....	20,649	5,111,908
General Expense .....	109,462	246,148
Total .....	1,621,507	14,232,027
Depreciation .....	103,567	437,771
Taxes, Federal Excluded .....	427,019	5,268,948
Federal Taxes .....	0	0
Total Operating Expenses .....	2,152,092	19,938,746
Net Operating Expenses .....	(1,975,503)	15,714,038
Non-Operating Revenues (Net) .....	145,975	3,987,841
Gross Income .....	(1,829,528)	19,701,879
<b>DEDUCTIONS FROM GROSS INCOME</b>		
Interest on Funded Debt .....		
Interest on Other Debt .....		
Other Deductions .....		
Total .....	0	0
Net Income .....	(1,829,528)	19,701,879
<b>DISPOSITION OF NET INCOME</b>		
Dividends .....	<b>Not Allocated Among States</b>	
Surplus or Deficit for Year .....		
Surplus or Deficit Beginning of Year .....		
Adjustments During Year .....		
Surplus or Deficit at Close of Year		

**ALLOCATION INFORMATION**

**PHILLIPS 66 PIPELINE LLC**

**As of December 31, 2017**

BASIC DATA	SYSTEM	MONTANA	BALANCE OF SYSTEM
<b>INVESTMENT</b>			
Lines of Pipe .....	\$574,164,310	\$5,588,825	\$568,575,485
Other (included CWIP, M & S) .....	\$50,781,760	\$0	\$50,781,760
<b>USE</b>			
Barrel Miles .....	21,160,657,812	8,593,667	21,152,064,145
<b>TERMINAL</b>			
Originating Barrels .....	164,675,540	501,949	164,173,591
Terminating Barrels .....	163,822,696	501,949	163,320,747
<b>MILES</b>			
Pipe .....	2,429	128	2,301

**NOTES:**

**PROPERTIES IN MONTANA PURCHASED OR SOLD DURING  
THE YEAR 2017**

<u>TYPE</u>	<u>LOCATION</u>	<u>PURCHASE OR SALES PRICE</u>
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No acquisitions or dispositions of properties in Montana

**AFFIDAVIT**

STATE OF OKLAHOMA )  
 ) ss.  
County of WASHINGTON )

I, the undersigned, on oath do say that the foregoing return and any accompanying schedules have been prepared from the original books, papers and records of Phillips 66 Pipeline LLC; that I have carefully examined the same; and declare the same to be a complete and correct statement of the business and affairs of the said company in respect to each and every matter ant thing set forth, to the best of my knowledge and belief; and I further say that no deductions were made before stating the gross earnings or receipts herein set forth, except those shown in the foregoing accounts.

Carl W Castleberry  
(Signature)

Carl W. Castleberry  
Coordinator, Regulatory Reporting  
(Official Title)

SUBSCRIBED AND SWORN to before me at Bartlesville, Oklahoma

this 23<sup>rd</sup> day of March, 2018.

LADONNA MILLER  
NOTARY PUBLIC  
STATE OF OKLAHOMA  
MY COMMISSION EXPIRES: 6-19-18  
COMMISSION #06005952

Ladonna Miller  
(Notary Public)

Ladonna Miller  
(Name printed or typed)

My Commission Expires: 6-19-18