

Common Carrier Pipeline

# ANNUAL REPORT

For Year Ending December 31, 2018

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 2018

|   | System             |                    | Montana          |                  |
|---|--------------------|--------------------|------------------|------------------|
|   | Bal Begin<br>Year  | Bal End<br>Year    | Bal Beg<br>Year  | Bal End<br>Year  |
| <b>GATHERING LINES</b>                      |                    |                    |                  |                  |
| Land .....                                  | 1,895              | 1,895              | 0                | 0                |
| Right of Way .....                          | 406,562            | 99,776             | 65,667           | 1,818            |
| Line Pipe .....                             | 3,381,972          | 4,321,278          | 0                | 0                |
| Line Pipe Fittings .....                    | 2,280,098          | 2,587,522          | 0                | 0                |
| Pipeline Construction .....                 | 7,251,213          | 6,379,315          | 23,261           | 0                |
| Buildings .....                             | 581,755            | 371,117            | 0                | 0                |
| Boilers .....                               | 0                  | 0                  | 0                | 0                |
| Pumping Equipment .....                     | 1,000,192          | 978,506            | 0                | 0                |
| Machine Tools & Machinery .....             | 6,078              | 0                  | 0                | 0                |
| Other Station Equipment .....               | 3,397,980          | 4,237,600          | 0                | 0                |
| Oil Tanks .....                             | 3,418,499          | 3,403,046          | 0                | 0                |
| Delivery Facilities .....                   | 417,755            | 417,755            | 0                | 0                |
| Communication Systems .....                 | 194,010            | 187,581            | 0                | 0                |
| Office Furniture and Equipment .....        | 2,287,769          | 2,287,769          | 0                | 0                |
| Vehicles & Other Work Equipment .....       | 74,533             | 98,444             | 0                | 0                |
| Other Property .....                        | 0                  | 0                  | 0                | 0                |
| Asset Retirement Costs for Gathering Lines  | 0                  | 0                  | 0                | 0                |
| <b>TOTAL</b> .....                          | <b>24,700,311</b>  | <b>25,371,604</b>  | <b>88,928</b>    | <b>1,818</b>     |
| <b>TRUNK LINES</b>                          |                    |                    |                  |                  |
| Land .....                                  | 2,828,718          | 2,828,718          |                  |                  |
| Right of Way .....                          | 8,667,424          | 7,882,835          | 231,379          | 231,379          |
| Line Pipe .....                             | 107,340,752        | 149,602,995        | 558,485          | 558,485          |
| Line Pipe Fittings .....                    | 30,893,342         | 34,402,819         | 1,125,619        | 1,110,725        |
| Pipeline Construction .....                 | 162,219,954        | 156,747,339        | 2,697,172        | 2,659,052        |
| Buildings .....                             | 13,778,808         | 13,800,091         | 25,409           | 15,669           |
| Boilers .....                               | 0                  | 0                  | 0                | 0                |
| Pumping Equipment .....                     | 22,684,921         | 25,876,177         | 248,872          | 234,983          |
| Machine Tools & Machinery .....             | 22,740             | 22,740             | 0                | 0                |
| Other Station Equipment .....               | 96,473,876         | 104,335,834        | 393,846          | 322,468          |
| Oil Tanks .....                             | 32,478,450         | 32,191,231         | 0                | 0                |
| Delivery Facilities .....                   | 5,927,833          | 5,697,529          | 0                | 0                |
| Communication Systems .....                 | 13,784,331         | 12,485,782         | 114,778          | 114,777          |
| Office Furniture and Equipment .....        | 55,457,980         | 56,755,482         | 43,352           | 42,469           |
| Vehicles & Other Work Equipment .....       | 9,205,313          | 8,906,248          | 60,985           | 60,985           |
| Other Property .....                        | 511,978            | 511,610            | 0                | 0                |
| Asset Retirement Costs for Trunk Lines      | (14,923,681)       | (10,021,428)       | 0                | 0                |
| <b>TOTAL</b> .....                          | <b>547,352,739</b> | <b>602,026,002</b> | <b>5,499,897</b> | <b>5,350,992</b> |
| <b>GENERAL</b>                              |                    |                    |                  |                  |
| Land .....                                  | 0                  | 0                  | 0                | 0                |
| Buildings .....                             | 2                  | 0                  | 0                | 0                |
| Machine Tools & Machinery .....             | 26,377             | 13,907             | 0                | 0                |
| Communications Systems .....                | 0                  | 0                  | 0                | 0                |
| Office Furniture .....                      | 761,745            | 658,836            | 0                | 0                |
| Vehicles & Other Work Equipment .....       | (1,825)            | (1,825)            | 0                | 0                |
| Other Properties .....                      | 1,324,961          | 790,285            | 0                | 0                |
| Asset Retirement Costs for General Property | 0                  | 0                  | 0                | 0                |
| Construction Work in Progress .....         | 50,781,760         | 21,023,869         | 0                | 0                |
| <b>TOTAL</b> .....                          | <b>52,893,020</b>  | <b>22,485,072</b>  | <b>0</b>         | <b>0</b>         |
| <b>GRAND TOTAL</b> .....                    | <b>624,946,070</b> | <b>649,882,678</b> | <b>5,588,825</b> | <b>5,352,810</b> |

### NON-OPERATING PROPERTY

As of December 31, 2018

(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                    | 3,670,299               |                            |         |
| Denver Terminal, Denver, Colorado                    | 1/1/2002                    | 41,201,465              |                            |         |
|  |                             |                         |                            |         |
| SCADA  | 12/31/2011                  | 21,216,791              |                            |         |
|  |                             |                         |                            |         |
| 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                    | 10,055,596              |                            |         |
|  |                             |                         |                            |         |
| Scheduling Ponca City                                | 1/1/2010                    | 1,119,179               |                            |         |
|  |                             |                         |                            |         |
| Transportation Term Pasadena                         | 1/1/2005                    | 2,327,847               |                            |         |
|  |                             |                         |                            |         |
| Minor Items, Less than \$1,000,000                   |                             | 3,427,999               |                            |         |
|  |                             |                         |                            |         |
|  |                             |                         |                            |         |
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|  |                             |                         |                            |         |
|  |                             |                         |                            |         |
|  |                             |                         |                            |         |
| <b>TOTAL</b>   |                             | 102,308,829             |                            |         |

**INCOME ACCOUNT****MONTANA**

As of December 31, 2018

|  | This Year                         | Last Year   |
|--|-----------------------------------|-------------|
| <b>OPERATING REVENUES</b>                    |                                   |             |
| Pipeline Operating Revenues .....            | 202,929                           | 176,589     |
| Other Earnings from Operations .....         | 0                                 | 0           |
| Total Operating Revenues .....               | 202,929                           | 176,589     |
| <b>OPERATING EXPENSES</b>                    |                                   |             |
| Pipeline Trans. & Other Oper. Expenses ..... | 1,183,536                         | 1,491,395   |
| Rental Expense .....                         | 18,335                            | 20,649      |
| General Expense .....                        | (17,065)                          | 109,462     |
| Total .....                                  | 1,184,806                         | 1,621,507   |
| Depreciation .....                           | 95,205                            | 103,567     |
| Taxes, Federal Excluded .....                | (70,590)                          | 427,019     |
| Federal Taxes .....                          | 0                                 | 0           |
| Total Operating Expenses .....               | 1,209,421                         | 2,152,092   |
| Net Operating Expenses .....                 | (1,006,492)                       | (1,975,503) |
| Non-Operating Revenues (Net) .....           | 236,619                           | 145,975     |
| Gross Income .....                           | (769,873)                         | (1,829,528) |
| <b>DEDUCTIONS FROM GROSS INCOME</b>          |                                   |             |
| Interest on Funded Debt .....                |                                   |             |
| Interest on Other Debt .....                 |                                   |             |
| Other Deductions .....                       |                                   |             |
| Total .....                                  | 0                                 | 0           |
| Net Income .....                             | (769,873)                         | (1,829,528) |
| <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, 2018**

| BASIC DATA                         | SYSTEM         | MONTANA     | BALANCE OF SYSTEM |
|------------------------------------|----------------|-------------|-------------------|
| <b>INVESTMENT</b>                  |                |             |                   |
| Lines of Pipe .....                | \$628,858,809  | \$5,352,810 | \$623,505,999     |
| Other (included CWIP, M & S) ..... | \$21,023,869   | \$0         | \$21,023,869      |
| <b>USE</b>                         |                |             |                   |
| Barrel Miles .....                 | 20,103,992,335 | 9,700,346   | 20,094,291,989    |
| <b>TERMINAL</b>                    |                |             |                   |
| Originating Barrels .....          | 166,800,684    | 566,609     | 166,234,075       |
| Terminating Barrels .....          | 166,403,744    | 566,609     | 165,837,135       |
| <b>MILES</b>                       |                |             |                   |
| Pipe .....                         | 2,576          | 128         | 2,448             |
|                                    |                |             |                   |

**NOTES:**

**PROPERTIES IN MONTANA PURCHASED OR SOLD DURING  
THE YEAR 2018**

| <b><u>TYPE</u></b> | <b><u>LOCATION</u></b> | <b><u>PURCHASE OR SALES PRICE</u></b> |
|--------------------|------------------------|---------------------------------------|
|--------------------|------------------------|---------------------------------------|

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 and 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.

Sara E Flora  
(Signature)

Sara E. Flora  
Coordinator, Regulatory Reporting  
(Official Title)

SUBSCRIBED AND SWORN to before me at Bartlesville, Oklahoma

this 15<sup>th</sup> day of April, \_\_\_\_\_.

Ladonna Miller  
(Notary Public)

LADONNA MILLER  
NOTARY PUBLIC  
STATE OF OKLAHOMA  
MY COMMISSION EXPIRES: 6-19-22  
COMMISSION #06005952

Ladonna Miller  
(Name printed or typed)

My Commission Expires: 6-19-22