Texas Eastern Transmission, LP

Consolidated Financial Statements

December 31, 2016 and 2015

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Partners of Texas Eastern Transmission, LP

We have audited the accompanying consolidated financial statements of Texas Eastern Transmission, LP and its subsidiaries (the "Partnership"), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of operations, cash flows, and partners' capital for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Partnership's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Texas Eastern Transmission, LP, and its subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

March 27, 2017

TEXAS EASTERN TRANSMISSION, LP
CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions)

	Years Ended December 31,	
	2016	**2015**
Operating Revenues		
Transportation of natural gas	$ 1,239	$ 1,160
Storage of natural gas and other services	111	129
Total operating revenues	1,350	1,289
Operating Expenses		
Operating, maintenance and other	485	394
Depreciation and amortization	139	127
Property and other taxes	81	48
Total operating expenses	705	569
Operating Income	645	720
Other Income		
Allowance for funds used during construction - equity	13	26
Other income	2	3
Total other income	15	29
Interest Expense	80	77
Earnings Before Income Taxes	580	672
Income Tax Expense	1	1
Net Income	$ 579	$ 671

See Notes to Consolidated Financial Statements.

TEXAS EASTERN TRANSMISSION, LP
CONSOLIDATED BALANCE SHEETS
(In millions)

	December 31, 2016	December 31, 2015
ASSETS		
Current Assets		
Receivables (net of allowance for doubtful accounts of $1 at December 31, 2016 and 2015, respectively)	$ 129	$ 116
Gas imbalances receivable	83	38
Inventory	33	32
Cash collateral held by affiliate	40	40
Fuel tracker	—	25
Other	11	14
Total current assets	296	265
Other Assets		
Advances receivable, net - affiliates	53	—
Goodwill	136	136
Other	3	2
Total other assets	192	138
Property, Plant and Equipment		
Cost	9,156	8,765
Less accumulated depreciation and amortization	2,073	1,978
Net property, plant and equipment	7,083	6,787
Regulatory Assets and Deferred Debits	173	149
Total Assets	$ 7,744	$ 7,339

See Notes to Consolidated Financial Statements.

TEXAS EASTERN TRANSMISSION, LP
CONSOLIDATED BALANCE SHEETS
(In millions)

	December 31,	
	2016	**2015**
LIABILITIES AND PARTNERS' CAPITAL		
Current Liabilities		
Accounts payable	$ 69	$ 86
Taxes accrued	53	34
Interest accrued	26	26
Collateral liabilities	25	30
Gas imbalances payable	83	38
Fuel tracker liabilities	23	—
Current maturities of long term debt	400	—
Deposits	12	11
Other	13	13
Total current liabilities	704	238
Advances Payable, Net — Affiliates	—	80
Long-term Debt	1,243	1,641
Deferred Credits and Other Liabilities		
Deferred state income tax	6	5
Other	84	89
Total deferred credits and other liabilities	90	94
Commitments and Contingencies		
Partners' Capital	5,707	5,286
Total Liabilities and Partners' Capital	$ 7,744	$ 7,339

See Notes to Consolidated Financial Statements.

TEXAS EASTERN TRANSMISSION, LP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Years Ended December 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 579	$ 671
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	141	129
Allowance for funds used during construction — equity	(13)	(26)
Deferred income tax expense	1	—
Decrease (increase) in:		
Receivables	(17)	5
Inventory	(1)	1
Fuel tracker	—	13
Other current assets	3	3
Increase (decrease) in:		
Accounts payable	—	(7)
Interest accrued	—	1
Taxes accrued	19	(8)
Collateral liabilities	(5)	3
Deposits	1	—
Other current liabilities	50	(9)
Other, assets	(3)	(1)
Other, liabilities	(3)	(8)
Net cash provided by operating activities	752	767
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(472)	(762)
Change in advances receivable, net — affiliates	(217)	(60)
Other	17	3
Net cash used in investing activities	(672)	(819)
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in advances payable, net — affiliates	(80)	52
Net cash provided by (used in) financing activities	(80)	52
Net change in cash and cash equivalents	—	—
Cash and cash equivalents, at beginning of period	—	—
Cash and cash equivalents, at end of period	$ —	$ —
Supplemental Disclosures		
Cash paid for interest, net of amount capitalized	$ 79	$ 75
Property, plant and equipment non-cash accruals	23	40

See Notes to Consolidated Financial Statements.

TEXAS EASTERN TRANSMISSION, LP
CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
(In millions)

December 31, 2014	$ 4,628
Net income	671
Attributed deferred income tax benefit	16
Distributions to partners	(60)
Contributions from partners	31
December 31, 2015	5,286
Net income	579
Attributed deferred income tax benefit	6
Distributions to partners	(164)
December 31, 2016	$ 5,707

See Notes to Consolidated Financial Statements.

1. Summary of Operations and Significant Accounting Policies

The terms "we," "our" and "us" as used in this report refer collectively to Texas Eastern Transmission, LP and its subsidiaries unless the context suggests otherwise. These terms are used for convenience only and are not intended as a precise description of any separate legal entity within Texas Eastern Transmission, LP.

Nature of Operations. Texas Eastern Transmission, LP, a Delaware limited partnership, is an indirect, 100%-owned subsidiary of Spectra Energy Partners, LP (SEP), which is owned 75% by Spectra Energy Corp (Spectra Energy). We are mostly engaged in the interstate transmission and storage of natural gas. Our interstate natural gas transmission and storage operations are subject to the rules and regulations of the Federal Energy Regulatory Commission (FERC).

Basis of Presentation. The accompanying Consolidated Financial Statements are prepared in accordance with generally accepted accounting principles (GAAP) in the United States and reflect our consolidated results of operations, financial position and cash flows.

Consolidation. The Consolidated Financial Statements reflect the elimination of intercompany transactions and balances.

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

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 and liabilities are mostly classified in the Consolidated Balance Sheets as Regulatory Assets and Deferred Debits, and Deferred Credits and Other Liabilities — Other. 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 2 for further discussion.

Revenue Recognition. Revenues from the transmission and storage 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. We also have certain customer contracts with billed amounts that decline annually over the terms of the contracts. Differences between the amounts billed and recognized are deferred on the Consolidated Balance Sheets.

Significant Customers. There were no customers accounting for 10% or more of consolidated revenues during 2016 and 2015.

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 Consolidated Balance Sheets, with offsetting credits to the Consolidated Statements of Operations through Other Income for the equity component and Interest Expense for the interest expense component. The total amount of AFUDC included in the Consolidated Statements of Operations was $16 million in 2016 (an equity component of $13 million and an interest expense component of $3 million) and $33 million in 2015 (an equity component of $26 million and an interest expense component of $7 million).

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 partners. We remain subject to Tennessee income tax.

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 Income Tax Benefit in the Consolidated Statements of Partners' Capital 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.

We had no cash or cash equivalents as of December 31, 2016 or 2015 because all cash is managed collectively by SEP on a centralized basis and is advanced between its affiliates as needed.

Inventory. Inventory consists of natural gas held in storage for operations and materials and supplies. Natural gas inventory is carried at historical cost and materials and supplies is recorded at the lower of cost or market value, using the average rate method.

Natural Gas Imbalances. The Consolidated Balance Sheets include in-kind balances as a result of differences in gas volumes received and delivered for customers. Since settlement of imbalances is in-kind, changes in balances do not have an effect on our Consolidated Statements of Operations or Consolidated Statements of Cash Flows. Natural gas volumes owed to or by us are valued at natural gas market index prices as of the balance sheet dates.

Goodwill. We perform our goodwill impairment test annually and evaluate goodwill when events or changes in circumstances indicate that its carrying value may not be recoverable. We completed our annual goodwill impairment test using a quantitative assessment as of April 1, 2016 and no impairments were identified.

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 expensed 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 recognize AROs for legal commitments associated with the retirement of long-lived assets that result from the acquisition, construction, development and/ or normal use of the asset and conditional AROs in which the timing or method of settlement are conditional on a future event that may or may not be within our control.

The fair value of a liability for an ARO is recognized in the period in which it is incurred if a reasonable estimate of fair value can be made and is added to the carrying amount of the associated asset. This additional carrying amount is depreciated over the estimated useful life of the asset.

Reconciliation of Changes in Asset Retirement Obligation Liabilities

	2016	2015
	(in millions)	
Balance at beginning of year	$ 45	$ 13
Accretion expense	2	—
Revisions in estimated cash flows	(4)	32
Balance at the end of the year (a)	$ 43	$ 45

(a) Amounts included in Deferred Credits and Other Liabilities — Other in the Consolidated Balance Sheets.

Our AROs relate mostly to the retirement of offshore pipelines and certain onshore assets. We have determined that substantially all of our assets have an indeterminate life, and as such, the fair values of those associated retirement obligations are not reasonably estimable. These assets include onshore pipeline, and storage facilities, whose retirement dates will depend mostly on the various natural gas supply sources that connect to our system 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 Premium, Discount and Expense. Premiums, discounts and 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.

Environmental Expenditures. We expense environmental expenditures related to conditions caused by past operations that do not generate current or future revenues. Environmental expenditures related to operations that generate current or future revenues are expensed or capitalized, as appropriate. Undiscounted liabilities are recorded when the necessity for environmental remediation becomes probable and the costs can be reasonably estimated, or when other potential environmental liabilities are reasonably estimable and probable.

New Accounting Pronouncements. There were no significant accounting pronouncements adopted during 2016.

Pending. The following new Accounting Standards Updates (ASUs) were issued but not yet adopted as of December 31, 2016:

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *"Revenue from Contracts with Customers (Topic 606),"* in an effort to improve revenue recognition practices across entities and industries. The ASU introduces a single, principle-based revenue recognition model which centers on the core principle of an entity recognizing revenue in a manner that depicts the transfer of goods and services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Since its release, the FASB has issued multiple amendments clarifying and/or amending ASU No. 2014-09. We have substantially completed a review of contracts with customers in relation to the requirements of ASU No. 2014-09. While we have not identified any material difference in the amount or timing of revenue recognition for the categories we have reviewed to date, our evaluation is not complete and we have not concluded on the overall impacts of adopting this standard. In addition, we are in the process of implementing appropriate changes to our business processes, systems and controls to support the recognition and disclosure requirements under the new standard. ASU No. 2014-09 is effective for us January 1, 2018 and allows for either full retrospective or modified retrospective adoption.

In July 2015, the FASB issued ASU No. 2015-11, *"Inventory (Topic 330): Simplifying the Measurement of Inventory,"* which simplifies the subsequent measurement of inventory by requiring inventory to be measured at the lower of cost and net realizable value. This ASU is effective for us January 1, 2017. This ASU is not expected to have a material impact on our consolidated results of operations, financial position, or cash flows.

In February 2016, the FASB issued ASU No. 2016-02, *"Leases (Topic 842),"* to improve the financial reporting around leasing transactions. The new guidance requires companies to begin recording assets and liabilities arising from those leases classified as operating leases under previous guidance. Furthermore, the new guidance will require significant additional disclosures about the amount, timing and uncertainty of cash flows from leases. Topic 842 retains a distinction between finance leases and operating leases. The classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in previous guidance. The result of retaining a distinction between finance leases and operating leases is that under the lessee accounting model in Topic 842, the effect of leases in the statement of comprehensive income and the statement of cash flows is largely unchanged from previous guidance. This ASU is effective for us January 1, 2019. We are currently evaluating this ASU and its potential impact on us.

In June 2016, the FASB issued ASU No. 2016-13, *"Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,"* to replace the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires the consideration of a broader range of reasonable and supportable information to inform credit loss estimates. This ASU is effective for us on January 1, 2020. We are currently evaluating this ASU and its potential impact on us.

In August 2016, the FASB issued ASU No. 2016-15,*"Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments,"* to provide guidance on specific cash flow issues with the objective of reducing the existing diversity in practice. This ASU is effective for us on January 1, 2018. We are currently evaluating this ASU and its potential impact on us.

In November 2016, the FASB issued ASU No. 2016-18, *"Statement of Cash Flows (Topic 230): Restricted Cash,"* to address the diversity in the classification and presentation of changes in restricted cash and restricted cash equivalents on the statement of cash flows. The update requires that restricted cash and restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. This ASU is effective for us on January 1, 2018. We are currently evaluating this ASU and its potential impact on us.

The following ASU was adopted in 2015 and the effect of such adoption, if any, is presented in the accompanying Consolidated Financial Statements:

In April 2015, the FASB issued ASU No. 2015-03, *"Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs,"* which requires that debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of the related debt liability, rather than as a deferred charge asset. We adopted the provisions of this ASU as of December 31, 2015.

2. Regulatory Matters

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

The following items are reflected in the consolidated balance sheets. All regulatory assets and liabilities are excluded from rate base unless otherwise noted below.

	Recovery/Refund Period Ends	December 31, 2016	2015
		(in millions)	
Regulatory Assets (a)			
Regulatory asset related to income taxes (b)	Life of associated asset	$ 127	$ 121
Vacation accrual	Various	15	15
Asset retirement obligations	Various	17	2
Under-recovery of fuel costs (c,d)		—	25
Environmental clean-up costs	2017	9	9
Total Regulatory Assets		$ 168	$ 172
Regulatory Liabilities			
Over-recovery of fuel costs (f,g)	—	$ 23	$ —
Pipeline rate credit (e)	Life of associated liability	23	24
Total Regulatory Liabilities		$ 46	$ 24

(a) Included in Regulatory Assets and Deferred Debits unless otherwise noted.
(b) Relates to tax gross-up of the AFUDC equity portion. All amounts are expected to be included in future rate filings.
(c) Includes amounts settled in cash annually through transportation rates in accordance with FERC gas tariffs.
(d) Included in Fuel Tracker.
(e) Included in Deferred Credits and Other Liabilities.
(f) Included in Fuel Tracker liabilities.
(g) Includes certain costs which are settled in cash annually through transportation rates in accordance with FERC gas tariffs.

Rate Related Information. We continue to operate under rates approved by the FERC in 1998, in an uncontested settlement with our customers.

3. Transactions with Affiliates

Consolidated Statements of Operations

	Years Ended December 31, 2016	2015
	(in millions)	
Transportation of natural gas (a)	$ 1	$ 4
Storage of natural gas and other services (a)		
DCP Midstream, LLC	31	46
Other	3	3
Operating, maintenance and other expenses (b)	201	199

(a) In the normal course of business, we provide natural gas transmission, storage and other services to affiliates such as DCP Midstream, LLC (DCP Midstream) and its subsidiary DCP Midstream Partners, LP.
(b) Includes allocations from Spectra Energy affiliates for various services and other costs, including employee benefit, retirement and other post-retirement benefit plan costs. Spectra Energy and its affiliates charge such expenses based on the cost of actual services provided or using various allocation methodologies based on our percentage of assets, employees, earnings or other measures, as compared to Spectra Energy's other affiliates.

We are party to an agreement with DCP Midstream, an equity investment of Spectra Energy, in which DCP Midstream processes certain of our customers' gas to meet gas quality specifications in order to be transported on our system. DCP Midstream processes the gas and sells the natural gas liquids (NGLs) that are extracted from the gas. A portion of the proceeds from those sales are retained by DCP Midstream and the balance is remitted to us. We recognized revenues of $31 million and

$46 million in 2016 and 2015, respectively, related to those services, classified as Storage of Natural Gas and Other Services in our Consolidated Statements of Operations.

Consolidated Balance Sheets

	December 31,	
	2016	2015
	(in millions)	
Receivables	$ 2	$ 1
Gas imbalances receivable	27	26
Cash collateral held by affiliate	40	40
Current assets — other	1	2
Advances receivable, net — affiliates	53	—
Accounts payable	1	6
Gas imbalances payable	41	22
Collateral liabilities	10	10
Advances payable, net — affiliates	—	80

Transactions billed from affiliates, included within Property, Plant and Equipment in the Balance Sheets, were $15 million in 2016 and $32 million in 2015.

Advances Receivable, Net—Affiliates and Advances Payable, Net—Affiliates do not bear interest. Advances are carried as unsecured, open accounts and are not segregated between current and non-current amounts.

In 2016 and 2015, we made $164 million and $60 million, respectively, of non-cash distributions to our partners consisting of outstanding advances receivable due to us. In 2015, we recorded $31 million, of non-cash contributions consisting of outstanding advances payable due to our partners. In 2016 we did not have any material non-cash contributions.

4. Property, Plant and Equipment

	Estimated Useful Life	December 31,	
	(years)	2016	2015
		(in millions)	
Plant			
Natural Gas Transmission	12-85	$ 8,168	$ 7,943
Rights of Way	20-122	320	300
Natural Gas Storage	122	270	261
Land	—	32	31
Construction in process	—	239	108
Other	3-82	127	122
Total property, plant and equipment		9,156	8,765
Total accumulated depreciation		(1,994)	(1,901)
Total accumulated amortization		(79)	(77)
Total net property, plant and equipment		$ 7,083	$ 6,787

Composite weighted-average depreciation rates were 1.6% for both 2016 and 2015, respectively.

Amortization expense of intangible assets totaled $5.1 million in 2016 and $4.0 million in 2015. Estimated amortization expense for 2017 through 2021 is $5.1 million per year.

5. Debt

Summary of Debt and Related Terms

	Year Due	December 31, 2016	December 31, 2015
		(in millions)	
6.00% senior unsecured notes	2017	$ 400	$ 400
4.125% senior unsecured notes	2020	300	300
2.80% senior unsecured notes	2022	500	500
7.00% senior unsecured notes	2032	450	450
Unamortized debt discount		(2)	(3)
Unamortized debt expenses		(5)	(6)
Total debt		1,643	1,641
Current maturities of long-term debt		(400)	—
Total long-term debt		$ 1,243	$ 1,641

All scheduled debt payments correspond to the year due. The senior unsecured notes due 2020 are due within the next five years.

6. Commitments and Contingencies

General Insurance. We are insured through Spectra Energy's master insurance program for insurance coverages 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; (4) directors and officers liability insurance; and (5) 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 are 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 and Legal Proceedings. 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 coverage for certain of these losses should they be incurred. We believe that the final disposition of these proceedings will not have a material effect on our consolidated 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 recorded as of December 31, 2016 or 2015 related to litigation.

Operating Lease Commitments. We lease assets in various areas of our operations. Consolidated rental expense for operating leases classified in Operating Income was $7 million in 2016 and 2015, respectively, which is included in Operating, Maintenance and Other on the Consolidated Statements of Operations. The following is a summary of future minimum lease

payments under operating leases which at inception had noncancelable terms of more than one year. We had no capital lease commitments at December 31, 2016.

	Long-term Operating Leases
	(in millions)
2017	$ 10
2018	13
2019	13
2020	12
2021	10
Thereafter	46
Total future minimum lease payments	$ 104

7. Risk Management and Financial Instruments

Commodity Price Risk. We are exposed to the impact of market fluctuations in the prices of NGLs and natural gas related to certain of our operations. NGL and natural gas price fluctuations will continue to affect processing revenues that are associated with transportation services. There were no commodity derivatives outstanding in 2016 or 2015.

Credit Risk. Our principal customers for natural gas transmission and storage services are local distribution companies, industrial end-users, natural gas producers, marketers, and utilities located throughout the Mid-Atlantic and northeastern United States. We have concentrations of receivables from these sectors throughout these regions. 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 contract.

Financial Instruments. Our financial instruments included $1,650 million of long-term debt as of December 31, 2016 and 2015, with approximate fair values of $1,764 million and $1,671 million as of December 31, 2016 and 2015, respectively. Fair values of our long-term debt are determined based on market-based prices and are classified as Level 2. These valuations 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. 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 values of Receivables and Accounts Payable are not materially different from their carrying amounts because of the short-term nature of these accounts. The fair values of Advances Receivable, Net — Affiliates and Advances Payable, Net — Affiliates are not readily determinable since such amounts are carried as open accounts. See Note 3 for further discussion.

8. Subsequent Events

We have evaluated significant events and transactions that occurred from January 1, 2017 through March 27, 2017, the date the consolidated financial statements were issued.

On February 27, 2017, Enbridge Inc. completed the stock-for-stock merger transaction with Spectra Energy, acquiring Spectra Energy's ownership interest in us.