

**Phillips 66 Pipeline LLC's Response to
Staff of the Illinois Commerce Commission ("Staff") Data Requests
JF 1.01 – 1.06
Date Received: November 6, 2013
Date Served: December 4, 2013**

REQUEST NO. JF 1.01:

The Company provided excerpts from its 2012 FERC Form 6 as Exhibit C to the Petition. Please provide the rest of the financial statements (balance sheet, income statement and statement of cash flows) from Phillips 66's 2012 FERC Form 6.

RESPONSE:

Please see the attachment labeled as JF 1.01_Attach 1. This file contains the following FERC Form 6 pages:

<u>PDF Page No.</u>	<u>Form 6 Page No.</u>	
1, 2, 3	110, 111, 113	Balance Sheet
4	114	Income Statement
5, 6	120, 121	Statement of Cash Flows

Name of Respondent Phillips 66 Pipeline LLC	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2012/Q4</u>
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Comparative Balance Sheet Statement

For instructions covering this schedule, see the text and instructions pertaining to Balance Sheet Accounts in the U.S. of A. The entries in this balance sheet should be consistent with those in the supporting schedules on the pages indicated.

1.) For instructions covering this schedule, see the text and instructions pertaining to Balance Sheet Accounts in the U.S. of A. The entries in this balance sheet should be consistent with those in the supporting schedules on the pages indicated.

2.) On line 30, include depreciation applicable to investment in system property.

For instructions covering this schedule, see the text and instructions pertaining to Balance Sheet Accounts in the U.S. of A. The entries in this balance sheet should be consistent with those in the supporting schedules on the pages indicated.

Line No.	Item (a)	Reference Page No. for Annual (b)	Current Year End of Quarter/Year Balance (in dollars) (c)	Prior Year End Balance 12/31 (in dollars) (d)
	CURRENT ASSETS			
1	Cash (10)			
2	Special Deposits (10-5)			
3	Temporary Investments (11)			
4	Notes Receivable (12)			
5	Receivables from Affiliated Companies (13)	200	37,348,617	698,669,302
6	Accounts Receivable (14)		9,224,883	7,857,244
7	Accumulated Provision For Uncollectible Accounts (14-5)			
8	Interest and Dividends Receivable (15)			
9	Oil Inventory (16)			
10	Material and Supplies (17)		880,825	318,775
11	Prepayment (18)		582,647	592,228
12	Other Current Assets (19)			
13	Deferred Income Tax Assets (19-5)	230-231		4,087,000
14	TOTAL Current Assets (Total of lines 1 thru 13)		48,036,972	711,524,549
	INVESTMENTS AND SPECIAL FUNDS			
	Investments in Affiliated Companies (20):			
15	Stocks	202-203	488,955,403	487,720,282
16	Bonds	202-203		
17	Other Secured Obligations	202-203		
18	Unsecured Notes	202-203		
19	Investment Advances	202-203		
20	Undistributed Earnings from Certain Invest. in Acct. 20	204	392,741,198	335,587,572
	Other Investments (21):			
21	Stocks			
22	Bonds			
23	Other Secured Obligations			
24	Unsecured Notes			
25	Investment Advances			
26	Sinking and other funds (22)			
27	TOTAL Investment and Special Funds (Total lines 15 thru 26)		881,696,601	823,307,854
	TANGIBLE PROPERTY			
28	Carrier Property (30)	213 & 215	1,190,435,375	1,141,502,161

Comparative Balance Sheet Statement (continued)

For instructions covering this schedule, see the text and instructions pertaining to Balance Sheet Accounts in the U.S. of A. The entries in this balance sheet should be consistent with those in the supporting schedules on the pages indicated.

1.) For instructions covering this schedule, see the text and instructions pertaining to Balance Sheet Accounts in the U.S. of A. The entries in this balance sheet should be consistent with those in the supporting schedules on the pages indicated.

2.) On line 30, include depreciation applicable to investment in system property.

For instructions covering this schedule, see the text and instructions pertaining to Balance Sheet Accounts in the U.S. of A. The entries in this balance sheet should be consistent with those in the supporting schedules on the pages indicated.

Line No.	Item (a)	Reference Page No. for Annual (b)	Current Year End of Quarter/Year Balance (in dollars) (c)	Prior Year End Balance 12/31 (in dollars) (d)
29	(Less) Accrued Depreciation-Carrier Property (31)	216 & 217	387,225,565	371,019,812
30	(Less) Accrued Amortization-Carrier Property (32)			
31	Net Carrier Property (Line 28 less 29 and 30)		803,209,810	770,482,349
32	Operating Oil Supply (33)			
33	Noncarrier Property (34)	220	79,218,321	63,483,125
34	(Less) Accrued Depreciation-Noncarrier Property		28,134,186	24,569,851
35	Net Noncarrier Property (Line 33 less 34)		51,084,135	38,913,274
36	TOTAL Tangible Property (Total of lines 31, 32, and 35)		854,293,945	809,395,623
	OTHER ASSETS AND DEFERRED CHARGES			
37	Organization Costs and Other Intangibles (40)			
38	(Less) Accrued Amortization of Intangibles (41)			
39	Reserved			
40	Miscellaneous Other Assets (43)			
41	Other Deferred Charges (44)	221	242,785	1,073,305
42	Accumulated Deferred Income Tax Assets (45)	230-231		20,227,600
43	Derivative Instrument Assets (46)			
44	Derivative Instrument Assets - Hedges (47)			
45	TOTAL Other Assets and Deferred Charges (37 thru 44)		242,785	21,300,905

Comparative Balance Sheet Statement (continued)

For instructions covering this schedule, see the text and instructions pertaining to Balance Sheet Accounts in the U.S. of A. The entries in this balance sheet should be consistent with those in the supporting schedules on the pages indicated.

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2.) On line 30, include depreciation applicable to investment in system property.

For instructions covering this schedule, see the text and instructions pertaining to Balance Sheet Accounts in the U.S. of A. The entries in this balance sheet should be consistent with those in the supporting schedules on the pages indicated.

Line No.	Item (a)	Reference Page No. for Annual (b)	Current Year End of Quarter/Year Balance (in dollars) (c)	Prior Year End Balance 12/31 (in dollars) (d)
46	TOTAL Assets (Total of lines 14, 27, 36 and 45)		1,784,270,303	2,365,528,931
	CURRENT LIABILITIES			
47	Notes Payable (50)			
48	Payables to Affiliated Companies (51)	225	495,049	987,961
49	Accounts Payable (52)		28,698,688	13,962,487
50	Salaries and Wages Payable (53)		18,485,626	19,282,084
51	Interest Payable (54)			
52	Dividends Payable (55)			
53	Taxes Payable (56)		4,086,795	20,367,027
54	Long-Term Debt - Payable Within One Year (57)	226-227		
55	Other Current Liabilities (58)		9,842,669	6,627,475
56	Deferred Income Tax Liabilities (59)	230-231		111,000
57	TOTAL Current Liabilities (Total of lines 47 thru 56)		61,608,827	61,338,034
	NONCURRENT LIABILITIES			
58	Long-Term Debt - Payable After One Year (60)	226-227		
59	Unamortized Premium on Long-Term Debt (61)			
60	(Less) Unamortized Discount on Long-Term Debt-Dr. (62)			
61	Other Noncurrent Liabilities (63)		5,732,995	4,710,082
62	Accumulated Deferred Income Tax Liabilities (64)	230-231		171,935,951
63	Derivative Instrument Liabilities (65)			
64	Derivative Instrument Liabilities - Hedges (66)			
65	Asset Retirement Obligations (67)		28,034,330	44,874,892
66	TOTAL Noncurrent Liabilities (Total of lines 58 thru 65)		33,767,325	221,520,925
67	TOTAL Liabilities (Total of lines 57 and 66)		95,376,152	282,858,959
	STOCKHOLDERS' EQUITY			
68	Capital Stock (70)	251	1,689,761,164	500,000
69	Premiums on Capital Stock (71)			
70	Capital Stock Subscriptions (72)			
71	Additional Paid-In Capital (73)	254	0	1,102,878,640
72	Appropriated Retained Income (74)	118		
73	Unappropriated Retained Income (75)	119	0	979,881,021
74	(Less) Treasury Stock (76)			
75	Accumulated Other Comprehensive Income (77)	116	(867,013)	(589,689)
76	TOTAL Stockholders' Equity (Total of lines 68 thru 75)		1,688,894,151	2,082,669,972
77	TOTAL Liabilities and Stockholders' Equity (Total of lines 67 and 76)		1,784,270,303	2,365,528,931

Income Statement

1. Enter in column (c) the year to date operations for the period, and enter in column (d) the year to date operations for the same period of the prior year.

2. Enter in column (e) the operations for the reporting quarter and enter in column (f) the operations for the same three month period for the prior year. Do not report Annual data in columns (e) and (f)

Line No.	Item (a)	Reference Page No. in Annual Report (b)	Total current year to date Balance for Quarter/Year (c)	Total prior year to date Balance for Quarter/Year (d)	Current 3 months ended Quarterly only no 4th Quarter (e)	Prior 3 months ended Quarterly only no 4th Quarter (f)
	ORDINARY ITEMS - Carrier Operating Income					
1	Operating Revenues (600)	301	331,258,445	326,942,792		
2	(Less) Operating Expenses (610)	302-303	288,864,457	261,950,251		
3	Net Carrier Operating Income		42,393,988	64,992,541		
	Other Income and Deductions					
4	Income (Net) from Noncarrier Property (620)	335	3,699,668	2,610,071		
5	Interest and Dividend Income (From Investment under Cost Only) (630)	336	573,833,805	2,591,097		
6	Miscellaneous Income (640)	337	5,300,348	374,684,716		
7	Unusual or Infrequent Items--Credits (645)					
8	(Less) Interest Expense (650)		11,258	451		
9	(Less) Miscellaneous Income Charges (660)	337				
10	(Less) Unusual or Infrequent Items--Debit (665)					
11	Dividend Income (From Investments under Equity Only)		8,510,302	(17,340,643)		
12	Undistributed Earnings (Losses)	205	57,463,950	94,048,040		
13	Equity in Earnings (Losses) of Affiliated Companies (Total lines 11 and 12)		65,974,252	76,707,397		
14	TOTAL Other Income and Deductions (Total lines 4 thru 10 and 13)		648,796,815	456,592,830		
15	Ordinary Income before Federal Income Taxes (Line 3 +/- 14)		691,190,803	521,585,371		
16	(Less) Income Taxes on Income from Continuing Operations (670)			230,566,887		
17	(Less) Provision for Deferred Taxes (671)	230-231		(20,706,330)		
18	Income (Loss) from Continuing Operations (Total lines 15 thru 17)		691,190,803	311,724,814		
	Discontinued Operations					
19	Income (Loss) from Operations of Discontinued Segments (675)*					
20	Gain (Loss) on Disposal of Discontinued Segments (676)*					
21	TOTAL Income (Loss) from Discontinued Operations (Lines 19 and 20)					
22	Income (Loss) before Extraordinary Items (Total lines 18 and 21)		691,190,803	311,724,814		
	EXTRAORDINARY ITEMS AND ACCOUNT CHANGES					
23	Extraordinary Items -- Net -- (Debit) Credit (680)	337				
24	Income Taxes on Extraordinary Items -- Debit (Credit) (695)	337				
25	Provision for Deferred Taxes -- Extraordinary Items (696)	230-231				
26	TOTAL Extraordinary Items (Total lines 23 thru 25)					
27	Cumulative Effect of Changes in Accounting Principles (697)*					
28	TOTAL Extraordinary Items and Accounting Changes -- (Debit) Credit (Line 26 + 27)					
29	Net Income (Loss) (Total lines 22 and 28)		691,190,803	311,724,814		
	* Less applicable income taxes as reported on page 122					

Statement of Cash Flows

(1) Codes to be used: (a) Net Proceeds or Payments; (b) Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.

(2) Information about noncash investing and financing activities must be provided on Page 122 Notes to the Financial Statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.

(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show on Page 122 Notes to the Financial Statements the amounts of interest paid (net of amount capitalized) and income taxes paid.

Line No.	Description (See Instructions No. 5 for Explanation of Codes) (a)	Current Quarter/Year Amount (b)	Previous Quarter/Year Amount (c)
1	Cash Flow from Operating Activities:		
2	Net Income	117,356,998	311,724,814
3	Noncash Charges (Credits) to Income:		
4	Depreciation	27,291,471	27,227,778
5	Amortization		
6	Depreciation - Noncarrier	2,391,764	1,848,651
7	Equity in Undistributed Earnings	(57,153,626)	(88,097,295)
8	Deferred Income Taxes		(20,706,330)
9	Accretion Expense on Asset Retirement Obligations		
10	Net (Increase) Decrease in Receivables	1,365,198	(359,118,998)
11	Net (Increase) Decrease in Inventory	(562,050)	(318,775)
12	Net Increase (Decrease) in Payables and Accrued Expenses	(15,435,856)	17,077,250
13			
14	Other:		
15	Net (Increase) Decrease in Prepayments & Other Current Assets	9,581	161,876
16	Net (Increase) Decrease in Other Assets & Deferred Charges	830,520	2,734,435
17			
18			
19			
20			
21	Net Cash Provided by (Used in) Operating Activities		
22	(Total of lines 2 thru 20)	76,094,000	(107,466,594)
23			
24	Cash Flows from Investment Activities:		
25	Construction and Acquisition of Plant (including land):		
26	Gross Additions to Carrier Property:	(63,232,190)	(19,527,150)
27	Gross Additions to Noncarrier Property	(15,846,032)	(4,869,294)
28	Other:		
29	Cost of Retirements - Carrier Property	3,213,260	2,541,009
30	Cost of Retirements - Noncarrier Property	1,283,407	776,875
31			
32			
33			
34	Cash Outflows for Plant (Total of lines 26 thru 33)	(74,581,555)	(21,078,560)
35			
36	Acquisition of Other Noncurrent Assets (d)		
37	Proceeds from Disposal of Noncurrent Assets (d)		
38			
39	Investments in and Advances to Assoc. and Subsidiary Companies	(1,235,121)	126,444,366
40	Contributors and Advances from Assoc. and Subsidiary Companies		
41	Disposition of Investments in (and Advances to)		
42	Associated and Subsidiary Companies		
43			
44	Purchase of Investment Securities (a)		
45	Proceeds from Sales of Investment Securities (a)		

Statement of Cash Flows (continued)

(4) Investing Activities: Include at Other net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed on Page 122 Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.
 (5) Under "Other" specify significant amounts and group others.
 (6) Enter on Page 122 clarifications and explanations.

Line No.	Description (See Instructions No. 5 for Explanation of Codes) (a)	Current Quarter/Year Amount (b)	Previous Quarter/Year Amount (c)
46	Loans Made or Purchased		
47	Collections on Loans		
48			
49	Net (Increase) Decrease in Receivables		
50	Net (Increase) Decrease in Inventory		
51	Net Increase (Decrease) in Payables and Accrued Expenses		
52	Other:		
53			
54			
55			
56	Net Cash Provided by (Used in) Investing Activities		
57	(Total of Lines 34 thru 55)	(75,816,676)	105,365,806
58			
59	Cash Flows from Financing Activities:		
60	Proceeds from Issuance of:		
61	Long-Term Debt (b)		
62	Capital Stock		
63	Other:		
64			
65			
66	Net Increase in Short-Term Debt (c)		
67	Other:		
68			
69			
70	Cash Provided by Outside Sources (Total of lines 61 thru 69)		
71			
72	Payment for Retirement of:		
73	Long-term Debt (b)		
74	Capital Stock		
75	Other:		
76	Increase (Decrease) to Equity due to Minimum Pension Liability Adj.	(277,324)	2,100,788
77			
78	Net Decrease in Short-Term Debt (c)		
79			
80	Dividends on Capital Stock		
81	Other:		
82	Net Cash Provided by (Used in) Financing Activities		
83	(Total of lines 70 thru 81)	(277,324)	2,100,788
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of Lines 22, 57, and 83)		
87			
88	Cash and Cash Equivalents at Beginning of Year		
89			
90	Cash and Cash Equivalents at End of Year		

ICC Docket No. 13-0602

**Phillips 66 Pipeline LLC's Response to
Staff of the Illinois Commerce Commission ("Staff") Data Requests**

JF 1.01 – 1.06

Date Received: November 6, 2013

Date Served: December 4, 2013

REQUEST NO. JF 1.02:

Please explain the \$1,689,261,164 increase to the balance of capital stock in Phillips 66's 2012 FERC Form 6 between December 31, 2011 and December 31, 2012. Provide all supporting documentation for the difference.

RESPONSE:

Corporations and LLCs utilize different accounting mechanisms. While corporations have capital stock, additional paid-in capital, and unappropriated retained income, LLCs do not. Rather, LLCs combine these items as "Partner Capital." Partner Capital is captured in FERC Account 70, Capital Stock.

With the change from a corporation to an LLC, the balances in the additional paid-in capital and unappropriated retained income accounts have been reclassified to FERC Account 70, Capital Stock. In lieu of all supporting documentation, which would be voluminous and is objectionably burdensome to provide, please see the table below detailing this reclassification:

\$ 500,000	Capital Stock beginning balance
1,102,878,640	Additional paid-in capital reclass
979,881,021	Unappropriated Retained Income reclass
691,190,803	Current year net income
(1,066,364,996)	Dividend appropriations
<u>(18,324,304)</u>	Cash pooling balance clearance
\$ 1,689,261,164	Current year increase
\$ 1,689,761,164	Ending Balance

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JF 1.01 – 1.06

Date Received: November 6, 2013

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REQUEST NO. JF 1.03:

Please explain the \$1,102,878,640 decrease to additional paid-in capital in Phillips 66's 2012 FERC Form 6 between December 31, 2011 and December 31, 2012. Provide all supporting documentation for the difference.

RESPONSE:

Please see Phillips 66 Pipeline LLC's Response to Request No. JF 1.02.

ICC Docket No. 13-0602

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JF 1.01 – 1.06

Date Received: November 6, 2013

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REQUEST NO. JF 1.04:

Please explain the \$979,881,021 decrease to additional paid-in capital in Phillips 66's 2012 FERC Form 6 between December 31, 2011 and December 31, 2012. Provide all supporting documentation for the difference.

RESPONSE:

Please see Phillips 66 Pipeline LLC's Response to Request No. JF 1.02.

ICC Docket No. 13-0602

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JF 1.01 – 1.06

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REQUEST NO. JF 1.05:

The Income Statement from the Company's 2012 FERC Form 6 (Exhibit C to the Petition) shows \$648,796,815 of other income for the year ended December 31, 2012. Please provide a detailed description of the sources of this income.

RESPONSE:

	Income from Noncarrier Property
\$ 18,165,498	Rack Delivery and Storage Facilities
12,074,066	Expense Other than Depreciation
<u>2,391,764</u>	Depreciation Expense
\$ 3,699,668	Total Income from Noncarrier Property
	Interest and Dividend Income from Subsidiary Investments
\$ 7	Miscellaneous interest income
472,951	Interest income received from Phillips 66 Company resulting from cash pooling agreements
5,001,665	Dividends from Pioneer Investments Corp
<u>568,359,182</u>	Dividend resulting from settlement of cash held in cash pooling agreements
\$ 573,833,805	Total Interest and Dividend Income from Subsidiary Investments
	Miscellaneous Income
\$ 3,944,834	Administrative Services Fee for Operation of SouthTex 66 Pipeline Company, Ltd.
117,000	Rent of 7.2 acres of land and office building in Aledo, TX
<u>1,238,514</u>	Minor items, each less than \$15,000
\$ 5,300,348	Total Miscellaneous Income
\$ 11,258	Interest Expense
	Equity in Earnings of Affiliated Companies
	Dividend Income
\$ 16,427	Colonial Pipeline Company
7,340,527	Conoco Offshore Pipe Line Company
3,312,400	Explorer Pipeline Company
(7,840,989)	URSA Oil Pipe Line Company LLC
621,816	Heartland Pipeline Company
<u>5,060,121</u>	Phillips Texas Pipeline Company, Ltd.
\$ 8,510,302	Total Dividend Income
	Undistributed Earnings in Subsidiary Companies
\$ (7,340,527)	Conoco Offshore Pipe Line Company

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214,063	Explorer Pipeline Company
48,497	Heartland Pipeline Company
8,296,072	URSA Oil Pipe Line Company LLC
4,423,786	Yellowstone Pipe Line Company
(4,337,827)	Phillips Texas Pipe Line Company, Ltd.
<u>56,159,885</u>	Noncarrier investments
<u>\$ 57,463,949</u>	Total Undistributed Earnings in Subsidiary Companies
<u>\$ 65,974,251</u>	Total Dividend Income and Undistributed Earnings in Subsidiary Companies
<u>\$ 648,795,814</u>	Total Other Income

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JF 1.01 – 1.06

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REQUEST NO. JF 1.06:

Please describe how the Company raises capital. Further, describe how the conversion from a corporation to a limited liability company impacted how the Company raises capital.

RESPONSE:

The Company receives an allocation of capital from its ultimate parent, Phillips 66, as a part of the budget process for the integrated Phillips 66 company. Phillips 66 funds its capital from earnings. In 2012, Phillips 66 had a net income of approximately \$4.1 billion. Phillips 66 allocates capital to fund sustainability investments (to ensure the safety and viability of its business) and growth projects, while increasing shareholder distributions and strengthening the balance sheet. In 2013, Phillips 66 intends to spend approximately \$1 billion of capital on sustainability investments.

The conversion from a corporation to a limited liability company has not impacted how the Company raises capital.