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Shell Midstream Partners, L.P.
Form 10-Q
November 03, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2016

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 001-36710

Shell Midstream Partners, L.P.
(Exact name of registrant as specified in its charter)

Delaware 46-5223743
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

One Shell Plaza, 910 Louisiana Street, Houston, Texas 77002
(Address of principal executive offices) (Zip Code)
(713) 241-6161
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The registrant had 109,842,376 common units and 67,475,068 subordinated units outstanding as of November 3, 2016.

SHELL MIDSTREAM PARTNERS, L.P.
TABLE OF CONTENTS

	Page
<u>Part I. Financial Information</u>	<u>3</u>
<u>Item 1. Financial Statements (Unaudited)</u>	<u>3</u>
<u>Unaudited Condensed Consolidated Balance Sheets</u>	<u>3</u>
<u>Unaudited Condensed Consolidated Statements of Income</u>	<u>4</u>
<u>Unaudited Condensed Consolidated Statements of Cash Flows</u>	<u>5</u>
<u>Unaudited Condensed Consolidated Statement of Changes in Equity</u>	<u>6</u>
<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	<u>7</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>27</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>48</u>
<u>Item 4. Controls and Procedures</u>	<u>48</u>
<u>Part II. Other Information</u>	<u>49</u>
<u>Item 1. Legal Proceedings</u>	<u>49</u>
<u>Item 1A. Risk Factors</u>	<u>49</u>
<u>Item 5. Other Information</u>	<u>49</u>
<u>Item 6. Exhibits</u>	<u>50</u>
<u>Signature</u>	<u>51</u>

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

SHELL MIDSTREAM PARTNERS, L.P.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2016	December 31, 2015
	(in millions of dollars)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 160.8	\$ 93.0
Accounts receivable – third parties, net	13.3	18.8
Accounts receivable – related parties	7.2	9.8
Allowance oil	7.8	4.2
Prepaid expenses	0.7	5.0
Total current assets	189.8	130.8
Equity method investments	174.2	185.0
Property, plant and equipment, net	395.5	392.9
Cost investments	37.7	6.2
Total assets	\$ 797.2	\$ 714.9
LIABILITIES		
Current liabilities		
Accounts payable – third parties	\$ 1.5	\$ 0.2
Accounts payable – related parties	5.7	9.3
Deferred revenue – third parties	4.3	2.6
Deferred revenue – related parties	1.5	3.6
Accrued liabilities – third parties	7.9	6.8
Accrued liabilities – related parties	5.6	3.6
Total current liabilities	26.5	26.1
Noncurrent liabilities		
Debt payable – related party	343.9	457.6
Lease liability – related party	25.0	22.8
Asset retirement obligations	1.4	1.3
Total noncurrent liabilities	370.3	481.7
Total liabilities	396.8	507.8
Commitments and Contingencies (Note 11)		
EQUITY		
Common unitholders – public (88,367,308 and 62,892,308 units issued and outstanding as of September 30, 2016 and December 31, 2015)	2,479.3	1,637.5
Common unitholder – SPLC (21,475,068 units issued and outstanding as of September 30, 2016 and December 31, 2015)	(125.6)	(130.4)
Subordinated unitholder – SPLC (67,475,068 units issued and outstanding as of September 30, 2016 and December 31, 2015)	(394.7)	(409.8)
General partner – SPLC (3,618,723 and 3,098,825 units issued and outstanding as of September 30, 2016 and December 31, 2015)	(1,580.6)	(998.6)
Total partners' capital	378.4	98.7
Noncontrolling interest	22.0	108.4

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Total equity	400.4	207.1
Total liabilities and equity	\$ 797.2	\$ 714.9

The accompanying notes are an integral part of the condensed consolidated financial statements.

3

SHELL MIDSTREAM PARTNERS, L.P.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015 (1)	2016	2015 (1)
	(in millions of dollars, except per unit data)			
Revenue				
Third parties	\$46.1	\$65.0	\$149.8	\$165.1
Related parties	21.8	31.2	65.9	76.8
Total revenue	67.9	96.2	215.7	241.9
Costs and expenses				
Operations and maintenance – third parties	11.4	12.2	33.1	32.0
Operations and maintenance – related parties	5.3	4.5	15.9	14.2
General and administrative – third parties	2.2	1.8	6.2	6.8
General and administrative – related parties	5.7	6.3	17.3	17.8
Depreciation, amortization and accretion	6.0			