TRANSCRIPT
Q2 2016 EARNINGS CALL

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PHILLIPS 66 PARTNERS PARTICIPANTS

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Tim Taylor, Director and President

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Tom Liberti, Vice President and Chief Operating Officer

CALL PARTICIPANTS

Kristina Kazarian, *Deutsche Bank*

Justin Jenkins, *Raymond James*

Jeremy Tonet, *JP Morgan*

Tom Abrams, *Morgan Stanley*

Michael Blum, *Wells Fargo*

Ryan Levine, *Citigroup*

TRANSCRIPT

Operator

Welcome to the Second Quarter 2016 Phillips 66 Earnings Conference Call. My name is Erica and I will be your Operator for today's call. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session. Please note that this conference is being recorded.

I will now turn the call over to Rosy Zuklic, General Manager, Investor Relations. Rosy, you may begin.

Rosy Zuklic – Phillips 66 Partners – General Manager, Investor Relations

Thank you, Erica. Good afternoon and welcome to the Phillips 66 Partners Second Quarter Earnings Conference Call. With me today are Tim Taylor, President of Phillips 66 Partners; Kevin Mitchell, Vice President and CFO; Bob Herman, Senior Vice President, Operations; and Tom Liberti, Vice President and Chief Operating Officer. The presentation materials we will be using during the call can be found on the Events section of the Phillips 66 Partners website along with supplemental financial and operating information.

Slide 2 contains our Safe Harbor statement. It's a reminder that we will be making forward-looking statements during the presentation and the question-and-answer session. Actual results may differ materially from what we present here today. Factors that could cause actual results to differ are included here as well as in our filings with the SEC.

With that, I'll turn the call over to Tim Taylor for some opening remarks. Tim?

Tim Taylor – Phillips 66 Partners – Director and President

Thank you, Rosy, and good afternoon, everyone. We had a strong second quarter on a number of fronts as we operated safely, completed a significant acquisition from our sponsor, and conducted a large equity offering. In addition, earlier this week we announced a third-party asset acquisition.

Our Board of Directors recently approved a second quarter distribution of 50.5 cents per unit, a 5% increase over the first quarter. Since our 2013 IPO we've increased distributions in 11 consecutive quarters at a compound annual growth rate of 37%. We remain on track to achieve our goal of a 30% CAGR from fourth quarter 2013 through 2018.

Distribution coverage this quarter increased to 1.21x while leverage improved to 3x EBITDA. Our strong balance sheet and investment-grade credit rating provide us with significant financial flexibility and position us well for continued growth.

Looking at operations on Slide 4, total pipeline throughput volumes for the quarter, excluding volumes from equity affiliates, were 893,000 barrels per day, up 11% from the first quarter. Higher throughput was driven by increased volumes on almost all of our pipelines. Total terminal throughput volumes were just over 1 million barrels per day, 9% higher than in the first quarter. The terminal volume increase was mostly due to higher volumes at Clifton Ridge and Pasadena.

Average pipeline revenue increased $0.02 per barrel in the second quarter to $0.48. Average terminal revenue decreased by $0.02 per barrel from $0.40 in the prior quarter due to lower butane blending. Both of these rates exclude equity affiliates.

Turning to Slide 5, we continue to execute our growth plans through organic projects, dropdowns, and third-party acquisitions. In the first quarter, we acquired a 25% controlling interest in the Sweeny Fractionator and Clemens NGL Storage Caverns from Phillips 66. In May, we acquired the remaining 75% of these assets, as well as the Standish Pipeline from our sponsor. We expect approximately $90 million in annual EBITDA from these additions.

The May transaction was financed primarily with equity, including take-back units to the sponsor and a $656 million public equity offering. This offering demonstrates our ability to finance our growth plans while creating additional debt capacity for future transactions.

Earlier this week we announced that we are acquiring an additional 2.5% equity interest in the Explorer Pipeline. This acquisition will increase our ownership interest in Explorer to approximately 22%. The acquisition is expected to be immediately accretive to the Unitholders and will be funded with cash and borrowings under the partnership revolving credit facility. We expect the transaction to close in August.

The first leg of the Bayou Bridge Pipeline began operations early in the second quarter. It delivers crude oil from our Nederland, Texas to our Clifton Ridge Terminal in Lake Charles, Louisiana. The second leg is expected to start up in the second half of 2017 and will connect Lake Charles to St. James, Louisiana. The project is part of a joint venture in which we have a 40% interest.

In the Bakken, the Sacagawea Pipeline project continues to progress and is expected to be completed during the third quarter of 2016. The pipeline will feed the recently completed Palermo Rail Terminal, which is currently receiving crude by truck to load rail cars.

Now I'll turn the call over to Kevin Mitchell to provide a more detailed update on the financial results for the quarter.

Kevin Mitchell – Phillips 66 Partners – Director, Vice President and Chief Financial Officer

Thanks, Tim. Good afternoon, everyone. Beginning on Slide 6, I'll walk through our financials, which exclude predecessor results. Because PSXP acquired a controlling interest in the Fractionator and Storage Caverns in the first quarter, we fully consolidated the financial results. The earnings associated with Phillip 66's 75% ownership prior to the May acquisition is removed through non-controlling interest.

Second quarter revenues and other income were $138.8 million, up $35.5 million from the first quarter. This increase was driven primarily by revenues from the assets acquired during the quarter, higher equity earnings, and higher volumes throughout our asset portfolio. Total cost and expenses were $66.6 million in the second quarter, up $18.8 million from the prior quarter, mainly due to expenses related to

the assets acquired in the second quarter and higher maintenance expense at the Clifton Ridge Terminal and Pipeline.

After deducting non-controlling interest, net income attributable to PSXP was $67.5 million, up $15.2 million from the prior quarter. The recently approved second quarter cash distribution of 50.5 cents per limited partner unit will be payable on August 12.

The next slide shows the significant growth we have delivered over the last year. Adjusted EBITDA increased 71% from the second quarter of 2015 to the second quarter of 2016. Over the same time period, distributable cash flow was up 77%.

Slide 8 walks through the DCF calculation. Adjusted EBITDA for the second quarter was $97.3 million and distributable cash flow was $84.4 million. During the quarter, we had deferred revenue impacts related to the expansion of the Clemens Storage Caverns, which increased distributable cash flow, by $1.3 million. Net interest expense was $10.9 million and maintenance capital expenditures were $3 million. Total cash distributions of $69.8 million will result in a distribution coverage ratio of 1.21x.

Slide 9 shows our financial position at the end of the second quarter. We ended the quarter with $36 million of cash, $40 million of outstanding borrowings under our $500 million revolving credit facility. Our debt-to-EBITDA ratio at the end of the quarter was 3x on a revolver covenant basis. Long term, we expect leverage to be at a targeted level of 3.5x.

Also in May we launched a $250 million At-the-Market equity issuance program. During the second quarter, approximately 263,000 common units were issued under our ATM, generating net proceeds of approximately $14 million.

This concludes our prepared remarks. We'll now open the line for questions.

Operator

Thank you. We will now begin the question-and-answer session. If you have a question, please press star, then the number one on your touchtone phone. If you wish to be removed from the queue, please press the pound key. If you are using a speakerphone, you may need to pick up the handset first before pressing the numbers. Once again, if you have a question, please press star, one on your touchtone phone.

Our first question comes from the line of Kristina Kazarian from Deutsche Bank. Please go ahead.

Rosy Zuklic – Phillips 66 Partners – General Manager, Investor Relations

Hi, Kristina.

Kristina Kazarian - Deutsche Bank

Hey, Rosy. Can you hear me?

Rosy Zuklic – Phillips 66 Partners – General Manager, Investor Relation

Yes. We can hear you now.

Kristina Kazarian - Deutsche Bank

Perfect. All right. Afternoon, guys and Rosy. So with the LPG Export facility, DAPL/ETCOP, kind of nearing completion this year, can you guys talk about the next set of opportunities, parent-level more so than the PSXP level that you guys are kind of thinking about that could make its way down here? It also sounded like today we got a deferral in terms of the thought process on doing Frac 2, so just industry trends you're seeing that led to that decision and what we should be thinking about in terms of the next opportunity set.

Robert Herman – Phillips 66 Partners – Senior Vice President, Operations

Yes. Kristina, this is Bob Herman. I think when we look at the opportunities that's in front of us, we still see a pretty rich backlog of projects, but most of our thinking right now is pivoting towards expanding and building out current assets that we have that, I would say, are less dependent on volumes coming from the drill bit. So things around some of our refineries to bring—to tight-line crude in from some of the existing field, expansion of dock capabilities, expansion over Beaumont of crude and product storage. We've always seen those in our backlog. I think we just pull them forward a little bit as we see things like Frac 2 push out.

We still think there's a need for Frac 2. It's just not quite as soon as we might have thought two years ago, but as oil prices come back, volumes come up, and ethane comes out of rejection, we see a time in the not-too-distant future where frac capacity in the Gulf Coast tightens up and allows us to go forward with those type of opportunities. I think you'll see us continue to do a lot of smaller quick hit, maybe even higher return type projects around our existing assets.

Kristina Kazarian - Deutsche Bank

Perfect.

Tim Taylor – Phillips 66 Partners – Director and President

Kristina, maybe just one thing—this is Tim—to add to that. I look at our Beaumont Terminal that we have at PSX, Nederland, and you think—look at demand for storage, the export opportunity. So, we're continuing to grow that, but that's the example of things that we're really building up and filling out to drive both commercial opportunity, as well as midstream opportunity.

Kristina Kazarian - Deutsche Bank

Perfect. Then on the incremental purchase in the Explorer Pipe you guys mentioned, can you just give me any color on why now and if you guys are interested in increasing your ownership further, or any stats around that?

Robert Herman – Phillips 66 Partners – Senior Vice President, Operations

Yes. I think the why now is because there was a partner that wanted to sell and several of the existing owners exercised the ROFR they have on other parts of that pipe. We like that pipe a lot. That's a

longtime legacy asset for our sponsor and now for PSXP. If you think about it, so we own 22% of it, but that's a big pipe. That's an 1,800 mile Products Pipeline from the Gulf coast all the way into the Chicago market. Average is about 650,000 to 660,000 barrels a day, so this is pretty good volume even at 22% interest. We thought it was an attractive opportunity for us, and if those kind of opportunities came in the future, we would be very quick, I think, to pull the trigger again.

Kristina Kazarian - Deutsche Bank

Okay. Perfect. Last one from me, I know this morning you guys reiterated your $1.1 billion EBITDA run rate guidance by 2018, and it sounds like $2 billion of funding is still the plan on that PSX mentioned earlier. How do you guys think about when transacting in the markets? We kind of saw a bit of a range on multiples from you guys on the two transactions this year, as well as sizing. Do you guys think it's more about sensitivity to the multiple, more about market timings? What kind of factors should I be thinking about?

Robert Herman – Phillips 66 Partners – Senior Vice President, Operations

Yes. I think we think about all those factors, right, and you saw us do two transactions here in the first half of the year and one smaller because we didn't think the market was there to support us and then as the capital markets opened up to us, we went. Part of it is when the assets are ready to be dropped, and obviously a lot of what our sponsor is doing that might find its way to PSXP over time, we need to complete it and get it started up and get the big expenses kind of behind us. So we'll continue to look at every asset we've got and opportunity, and as we see the timing being right around the assets, we'll assess whether it's the right time in the equity and the debt markets, and then go.

But we feel pretty good about the path we're on right now. It really hasn't changed over time. We've always said that we'll get to the $1.1 billion by the end of '18. It won't be a linear drop schedule and it hasn't been, and I think we'll continue on that path. But you can—yes, you can expect us to be very active over the next couple of years here in both the equity issuance and the debt market to support the dropdowns.

Kristina Kazarian - Deutsche Bank

Perfect. Nice job.

Tom Liberti - Phillips 66 Partners - Vice President and Chief Operating Officer

Kristina, this is Tom. I think it's key and I think we tried to do this in the past and we'll continue to do it in the future. We want to maintain the flexibility we have so that when the market is there for us, not just the drop required asset, we have the capability of doing that. So, we try to keep the balance sheet as good as it's been so that we can take advantage of the opportunity when it's there.

Kristina Kazarian - Deutsche Bank

Perfect. Nice job on a busy quarter, guys.

Robert Herman – Phillips 66 Partners – Senior Vice President, Operations

Thanks.

Tom Liberti - Phillips 66 Partners - Vice President and Chief Operating Officer

Thanks.

Operator

Your next question comes from the line of Justin Jenkins from Raymond James. Please go ahead.

Justin Jenkins – Raymond James

Hey, good afternoon, everybody. I guess I'll follow up on Kristina's last question and maybe ask it a different way. In regard to refining fundamentals here is certainly a bit softer than we'd probably all like to see, but does that play into the thinking in terms of cash needs at PSX in terms of the urgency or the pace of the tightening of the drops?

Robert Herman – Phillips 66 Partners – Senior Vice President, Operations

No. It really doesn't, right. I mean, we've always said that we will use the MLP to really finance our midstream growth and it's more about when assets are ready to be dropped down and just stay on some kind of semi-ratable but lumpy path to the $1.1 billion by the end of '18. Our sponsor has got a strong balance sheet, so it's not a matter of trying to get cash at any particular moment back up to the sponsor. It's more about when the time is right for PSXP to access the markets.

Justin Jenkins – Raymond James

No. It's perfect. I appreciate that answer. I guess I'll turn my second one over to maybe the NGL market. Can you guys talk maybe about what you're seeing there from a volume perspective, both now and then maybe what you'd expect in the future? You saw a good bump in throughput on the Sand and Southern JV Pipe, so just curious if that's from the expansion work that's going on, maybe a bit less ethane rejection, or maybe some combination of the two.

Tom Liberti - Phillips 66 Partners - Vice President and Chief Operating Officer

Yes. This is Tom. The expansion on Sand Hills especially is growing. We're looking now at capacity, a total capacity between Sand and Southern of 465 mbd and we ran at about 75% of that capacity in the second quarter. So, a lot of that is Sand expanding and Sand as the—we're about 290 mbd now with Sand and growing to 350 mbd.

Tim Taylor – Phillips 66 Partners – Director and President

Yes. I think it's important to point out too that as ethane comes out of rejection to feed the new crackers, that—for instance on the Gulf Coast there happening around Mont Belvieu. You're going to see volumes come up because that thing comes out of rejection and Sand Hills and Southern Hills have upside just by the fact that ethane will come back into the stream and come back to market in Mont Belvieu. So I think we see slower overall NGL growth in the market, but still growing. Then you've got this tranche of need that's going to come with the crackers and maybe some export facilities here as well. So, I think the volume side will actually pull stuff back out of natural gas stream for a while.

Justin Jenkins – Raymond James

Perfect. Appreciate the color, guys.

Operator

Your next question comes from the line of Jeremy Tonet from JP Morgan. Please go ahead.

Jeremy Tonet – JP Morgan

Good afternoon.

Robert Herman – Phillips 66 Partners – Senior Vice President, Operations

Hey, Jeremy.

Jeremy Tonet – JP Morgan

Hey. I was just—I wanted to follow up on Explorer a bit here and was wondering what you guys see in the M&A market as far as third-party opportunities that concern. Was this kind of just a one-time thing that popped up or do you see other things of interest to you guys, especially as some of the other guys' midstream right now, their balance sheets might not be as strong as yours.

Robert Herman – Phillips 66 Partners – Senior Vice President, Operations

Yes. I think that's a very good question, Jeremy. I would say we're pretty active right now at looking at assets that are out there. What interests us are things that kind of fit right between our fairway—crude/product transportation, pipelines, storage, docks—and there is quite a bit out there. I would say that there are some owners that are still very proud of their assets and so maybe the bid/ask. So everything we look at we compare against the backlog of projects that we have to do organically, either at PSXP or at our sponsor, and they really do have to compete for our attention.

But I think we are very interested in assets that we think we can find synergies in or leverage with the rest of our existing system or around our sponsor's refining system, and so we won't hesitate to acquire those type of assets at the right price and add them to our portfolio.

Tim Taylor – Phillips 66 Partners – Director and President

Yes, Jeremy. We just need to look at things in terms of the returns, make sure they meet our long-run hurdle rates, and that they add value. Then those are kind of things we're interested in. So, we continue to look. Bob said, valuation is still typically seen a little bit rich, but we' always look at things that drive that long-term value above that cost of capital. I mean, the cost of capital long run that meets the hurdle rate that adds value.

Jeremy Tonet – JP Morgan

Thanks for that. Then just wanted to refresh a bit. You guys talked about a bit before here—as far as how you see the capital market's accessibility right now. You had a very large raise in May here, but just wondering is there any changes as far as how you guys think about what you can access over a given period of time and the pace of dropdowns that you look to achieve, or are things still very much in line there?

Kevin Mitchell – Phillips 66 Partners – Director, Vice President and Chief Financial Officer

Jeremy, this is Kevin. I really think that our view of that hasn't really changed. You know, so we're still on the path to the $1.1 billion of EBITDA by the end of 2018 and you can kind of back into some kind of assumption of what that means in terms of the pace of activity. The markets were there for us in the second quarter. Obviously more to come over the next 2.5 years, but fundamentally we think the markets are going to be there, both from the standpoint of the need for equity and debt.

Jeremy Tonet – JP Morgan

Great. Thanks. Then, 2018 is still a ways off at this point, but I'm just wondering if you could share any thoughts you have as far as how you think PSXP grows past that. Is it kind of a big step down at that point or do you guys still see good—stronger growth achievable? I know it's a ways out, but any thoughts on your philosophy would be helpful.

Tim Taylor – Phillips 66 Partners – Director and President

Just high-level, Jeremy, I mean, when you think about a commitment that we made starting at 30% compound annual growth rate, that's the anchors at that point. Clearly, the mathematics become difficult to continue 30% a year. So I think naturally there's a step back, but we still see this—from a PSX standpoint even—see this as a high value segment, adds commercial value at PSX, so there's a good relationship between what the sponsor sees as strategic and the opportunities set that we have at PSXP. So we haven't given guidance on the specifics, but I still think you'll see us look very favorably at things that can strengthen the overall position.

Jeremy Tonet – JP Morgan

Okay. Thank you very much. That's it for me.

Operator

Your next question comes from the line of Tom Abrams from Morgan Stanley. Please go ahead.

Tom Abrams – Morgan Stanley

Thanks. A couple of short-term questions, one is on the Sacagawea Pipe. Does the trajectory of the volumes on that depend on a Dakota access starting up? That's the first one.

Tom Liberti - Phillips 66 Partners - Vice President and Chief Operating Officer

Well, it's Sacagawea, Tom, and it doesn't depend on Dakota access starting up. That line actually feeds the Palermo Rail Terminal. There will be some—there could be some volumes that find their way into DAPL from that, but it basically feeds the rail system.

Tom Abrams – Morgan Stanley

All right. Fair. Secondly, with your sponsor talking about refiners in general trying to—or maybe needing to cut production as margins shrink, do you have any sense of how that might impact your volumes over the next quarter or so?

Robert Herman – Phillips 66 Partners – Senior Vice President, Operations

No. I think if you look at—the last quarter was very strong. Our sponsor's refining system ran very strong. We obviously are transporting most of their volumes. There is a big component of the sponsor's that goes out over the water and a lot of what we see on our pipes is the integrated barrels that feed our own marketing, or other people's marketing systems, and they're typically kind of first moving barrels. So, while we can see a little bit of downtick in volumes, we wouldn't expect it to be very impactful at the PSXP level.

Tom Abrams – Morgan Stanley

Excellent. Well, thanks a lot.

Operator

Your next question comes from the line of Michael Blum from Wells Fargo. Please go ahead.

Michael Blum – Wells Fargo

Thanks. Really just one other question I had—and I apologize if you covered this on the PSX call. So in terms of deferring Frac 2, can you just give us a sense of where Sweeny sits today from a utilization standpoint and how you see that ramping over the next 12 months?

Tim Taylor – Phillips 66 Partners – Director and President

Yes. So at Sweeny on Frac —we typically don't like to talk about individual assets, but we said today about 80,000 barrels a day is where we are. It's pretty close to design we've come up through the last quarter, and essentially it's the heavier feed composition that we're seeing. With ethane in rejection, we're kind of running into a limit at that particular Frac down there. So as ethane comes back out of the stream, it'll head toward that 100,000 barrels a day and we'll just continue to tweak and optimize that, and hopefully drive that a bit higher.

Michael Blum – Wells Fargo

Great. Thank you.

Operator

Your next question comes from the line of Ryan Levine from Citigroup. Please go ahead.

Ryan Levine – Citigroup

Yes. Hi. In terms of the Explorer transaction, could you provide any color around the valuation, and also if there's any other tagalong right that you have that could be part of your growth story?

Robert Herman – Phillips 66 Partners – Senior Vice President, Operations

Yes. So, no, we're not—we haven't disclosed the valuation around that nor who the selling party was. As far as tagalong rights, I'm not sure. We already have a Board seat there, so we have our amount of control on the Pipe and get our say on how—capital projects that might expand that pipe and future volumes. So I'd say we're—it's like most of our JVs in that we've got opportunities commensurate with our 22% ownership.

Tim Taylor – Phillips 66 Partners – Director and President

Yes. Governance did not change with this acquisition of the additional interest.

Tom Liberti - Phillips 66 Partners - Vice President and Chief Operating Officer

Remember Explorer is a C-Corp and so we have an equity interest in it. Our 22% is an equity interest.

Ryan Levine – Citigroup

Are there any other assets that you may participate in buying out minority partners that are part of your growth story?

Robert Herman – Phillips 66 Partners – Senior Vice President, Operations

Well, I think it comes back to my earlier comments on all assets. We have a lot of joint ventures that we're a part of as part of our sponsor's traditional transportation business. Any opportunities that might come along, we will look at them. We'll compare them to the organic backlog that we have, and where they make sense, yes, we wouldn't hesitate to do that.

Ryan Levine – Citigroup

Okay. Then moving to capital markets, you reinstated an ATM program and started to exercise that. What's the intent to use that program for, or what are the proceeds going to be used for and should we expect that to be sizeable in the second half of the year?

Kevin Mitchell – Phillips 66 Partners – Director, Vice President and Chief Financial Officer

Well, so it's a $250 million program just started up towards the end of the second quarter, so relatively small proceeds during that period, but really anticipate that being a facility to provide funding for some of the organic capital to the extent of certain things. So I think we said the Explorer acquisition will be funded with some of the revolver, provide the ability to pay down some of that. So, general uses, organic capital primarily.

Ryan Levine – Citigroup

Okay. How is Bayou Bridge volumes ramping?

Robert Herman – Phillips 66 Partners – Senior Vice President, Operations

So, Bayou Bridge, the first leg of that started up in April, which goes from our Beaumont Terminal over to Lake Charles, Louisiana. So we've been flowing barrels on that to the refinery in Lake Charles at a pretty good rate. We haven't disclosed that rate because it's competitive information for our sponsor.

Then the second leg, remember, doesn't start up until sometime in 2017. So the construction on that project is progressing well. We're in the right of way in permitting phase and we don't see anything getting in the way of laying that pipe starting later this year and into next year and then starting up. Then you'll see volumes ramp up to the total volume as we can get over to St. James and kind of the refining center in that part of Louisiana.

Ryan Levine – Citigroup

Okay. Great. Thank you.

Operator

Again, that's star, one on your telephone keypad to ask a question.

Your next question comes from the line of Tom Abrams from Morgan Stanley. Please go ahead.

Tom Abrams – Morgan Stanley

Thanks. I wanted to just circle back to Dakota access. You may or may not want to comment, but I think you've received some permits lately. Just wanted to get a sense of if we're all done with the permits now and can start construction. Then also if you're willing to comment on project financing there at all.

Robert Herman – Phillips 66 Partners – Senior Vice President, Operations

Yes. So first on the permitting, so you've probably seen in the press. We've got our last kind of set of Federal permits. The Army Corps of Engineers issued some permits for water crossings along the route and those were the last big ones. I won't say that we've gotten every permit because there's a lot of small municipality permits that you get for road crossings and crossing railroads and that along the way, but those are pretty standard.

We did start laying pipe during the second quarter. They're actively laying pipe along the entire northern route. Remember that the ETCOP piece from Patoka down to Beaumont is a repurposing of an existing line with a little bit of modifications along the way, so it's really the line from the Bakken down to Patoka, and they are actively laying pipe and doing their horizontal drills. We expect that pipe to be done by the end of this year and start line fill and commercial operations for 2017.

Tom Abrams – Morgan Stanley

Project financing?

Robert Herman – Phillips 66 Partners – Senior Vice President, Operations

Project financing we continue to work with our partners on that, on progressing project financing and I think in the PSX call we talked quite a bit about it, but…

Kevin Mitchell – Phillips 66 Partners – Director, Vice President and Chief Financial Officer

Yes. I would just say we would be hopeful of getting that completed relatively soon, and from a PSX standpoint, we'll take care of a significant portion of our remaining DAPL capital expenditures for this year.

Tom Abrams – Morgan Stanley

Great. Thanks a lot.

Operator

We've reached the end of our Q&A session. I will turn the call back over to Rosy for closing remarks.

Rosy Zuklic – Phillips 66 Partners – General Manager, Investor Relations

Thank you, Erica, and thank you all for your interest in Phillips 66 Partners. If you have additional questions, please reach out to CW Mallon and myself. Bye.

Operator

Thank you. Ladies and gentlemen, this concludes today's conference. Thank you for participating. You may now disconnect.