TRANSCRIPT
Q3 2016 EARNINGS CALL

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PHILLIPS 66 PARTNERS PARTICIPANTS

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Tim Taylor, Director and President

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Robert Herman, Senior Vice President, Operations

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CALL PARTICIPANTS

Jeremy Tonet, *JP Morgan*

Kristina Kazarian, *Deutsche Bank*

Brian Zarahn, *Mizuho Americas*

Selman Akyol, *Stifel Nicolaus*

TRANSCRIPT

Operator

Welcome to the Third Quarter 2016 Phillips 66 Partners Earnings Conference Call. My name is Julie 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, Julie. Good afternoon and welcome to the Phillips 66 Partners Third 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 is 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 today, and 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.

PSXP earned $83.1 million in the third quarter, up 23% from the second quarter. We continue to execute our organic growth projects and take advantage of third-party acquisition opportunities. In addition, after the quarter closed, we completed at $1.3 billion acquisition from Phillips 66, our largest to date.

These activities support our strong distribution growth. Our Board of Directors recently approved a third quarter distribution of 53.1 cents per unit, a 5% increase over the second quarter. Distribution coverage this quarter was 1.24x.

Since our 2013 IPO, we've increased distributions in 12 consecutive quarters at a compound annual growth rate of 36%. We remain on track to achieve our goal of a 30% CAGR from fourth quarter 2013 through 2018.

We've raised over $2 billion in the debt and equity capital markets this year in support of our growth activities.

Turning to slide 4, we continue to execute our growth plans through drop downs, organic projects, and third-party acquisitions.

In August, we formed the STACK JV with Plains. The JV owns a pipeline in Oklahoma that transports crude from the STACK play to Cushing, where it connects to our newly acquired CushPo Pipeline to supply crude to the Phillips 66 Ponca City refinery. As part of the JV formation, Plains contributed storage and pipeline assets, while we contributed $50 million.

Also in August, we acquired an additional 2.5% equity interest in Explorer Pipeline, increasing our ownership to approximately 22%.

We're progressing due diligence on the announced acquisition of an NGL logistics system in southeast Louisiana. We expect this transaction to close in the fourth quarter.

Development continues on the second leg of the Bayou Bridge Pipeline from Lake Charles to St. James, Louisiana with commercial operations for this segment expected to begin in the second half of 2017. We own a 40% interest in the project.

In the Bakken, the Sacagawea Pipeline is mechanically complete. The project is awaiting a final permit approval and is expected to be in service in November. Once in operation, the pipeline will feed the recently completed Palermo Rail Terminal, which is currently receiving crude by truck to load rail cars.

Earlier this month, we acquired crude, refined product, and NGL logistics assets from Phillips 66 for $1.3 billion, reflecting an 8.7x multiple of forecasted EBITDA. We funded the transaction with $1.1 billion in cash raised in a long-term senior notes offering and $196 million in take-back units to Phillips 66. The transaction is expected to be accretive and increases the Partnership's run-rate EBITDA to approximately $580 million per year.

Now I'll turn the call over to Kevin Mitchell to provide both operational and financial updates for the quarter.

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

Thank you, Tim. Good afternoon, everyone.

Looking at Operations on slide 5, total pipeline throughput for the quarter, excluding volumes from equity affiliates, was 876,000 barrels per day, down slightly from the second quarter. Crude volumes were lower on Clifton Ridge due to lower utilization of Phillips 66's Lake Charles Refinery. Refined product volumes were higher than the prior quarter, primarily due to a full quarter's ownership of the Standish Pipeline and higher volumes through the Hartford Connector. This was partially offset by lower volumes on the Gold Line.

Total terminal throughput was just under one million barrels per day, slightly lower than in the second quarter. The decrease was mostly due to lower volumes at Pasadena and Clifton Ridge, which was impacted by scheduled tank maintenance.

Average pipeline revenue decreased $0.02 per barrel in the third quarter to $0.46, as a result of asset mix and the reduction in the FERC pipeline tariff escalator. Average terminal revenue increased by $0.01 per barrel to $0.39. Both of these rates exclude equity affiliates.

Slide 6 shows the change in adjusted EBITDA from the previous quarter. These amounts exclude predecessor results.

Third quarter adjusted EBITDA was $110.9 million, up $13.6 million from the second quarter. The majority of the increase was attributable to the Partnership owning 100% of the Sweeny Fractionator in Clemens Caverns for the full quarter.

We also had increased cash distributions from the Sand Hills, Southern Hills, and Bayou Bridge pipelines in the third quarter.

Adjusted EBITDA from other assets decreased slightly this quarter, with lower earnings on the Gold Line, Sweeny to Pasadena Pipeline, and Clifton Ridge due to lower utilization of Phillips 66 refineries. This was partially offset by increased earnings at Hartford.

We continue to deliver strong growth, as we progress towards our goal of $1.1 billion of run-rate EBITDA by 2018. Over the last year, adjusted EBITDA has increased by over 50%.

Slide 7 walks through the DCF calculation. Adjusted EBITDA for the third quarter was $110.9 million, and distributable cash flow was $101.9 million.

During the quarter, we had deferred revenue impacts related to several assets, including the Eagle Ford crude gathering system, and the expansion of the Clemens storage caverns, which increased distributable cash flow by $4.3 million. Net interest expense was $9.9 million and maintenance capital expenditures were $3.4 million. In future quarters, we expect our maintenance expense to increase to a more typical midstream percentage of EBITDA after the recent acquisition of mature pipeline and terminal assets from Phillips 66.

Total cash distributions of $82.5 million will result in a distribution coverage ratio of 1.24x.

The recently approved third quarter cash distribution of 53.1 cents per limited partner unit will be payable on November 14, 2016.

Slide 8 shows our financial position at the end of the third quarter. We ended the quarter with $19 million of cash and $50 million of outstanding borrowings under our revolving credit facility. After the close of the quarter, the capacity of our revolving credit facility was increased from $500 million to $750 million.

Our debt-to-EBITDA ratio at the end of the quarter was 2.5x on a revolver covenant basis. Recently, we issues $1.1 billion in senior notes to fund our $1.3 billion acquisition from our sponsor. After this

acquisition, we estimate our debt-to-EBITDA ratio to be 3.9x. Long-term, we expect leverage to be at our targeted level of 3.5x.

During the third quarter, we issued 6 million common units in a public offering, generating net proceeds of approximately $300 million. The proceeds from this offering were used to pay off an outstanding sponsor loan, fund the purchase of interests in the STACK JV and Explorer Pipeline, and fund organic projects.

This concludes our prepared remarks. We will 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 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, then one on your touchtone phone.

Jeremy Tonet from JP Morgan is online with a question. Your line is open.

Jeremy Tonet – JP Morgan

Good afternoon.

Tim Taylor – Phillips 66 Partners – Director and President

Hey, Jeremy.

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

Hey, Jeremy.

Jeremy Tonet – JP Morgan

There was some conversations in the MLP markets recently with concern over a recent IRS ruling and how that could impact dropdown stories. I'm just wondering if this is something that you guys had seen kind of coming in advance, if this does have kind of any impact on how your plans are going forward or any other color you could provide there would be great?

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

Hi, Jeremy. It's Kevin. So just one part of that question, we did not have much advance notice on this. We first heard about it probably a couple of weeks before it actually came out and there was a lot of uncertainty at that time. So not something we'd had a lot of advanced notice on, so we're continuing to kind of work our way through that. But based on what we see to date, [we] don't really expect this to have a major impact on plans from a dropdown standpoint. I mean, obviously talking really from a PSX position here because the impact on—there is no impact on the MLP as such, other than what it means to potential dropdowns.

Now, what I'd also do is just remind you that PSXP is and continues to be more than just a dropdown story, so certainly, there are legacy assets at the sponsor and that's some of what we've just done in the most recent transaction. But we've got organic capital at the MLP, we've done some acquisition-related transactions at the MLP, and we're also, at the sponsor level, investing in some pretty large new projects, which, while that doesn't eliminate tax exposure, it's significantly less so than when you've got the fully depreciated older assets.

Tim Taylor – Phillips 66 Partners – Director and President

Jeremy, this is Tim. I just think, I'd wrap up by saying we're still committed to our distribution targets and our growth. And I'd still say that it may have an impact on some of that, but we don't see it as something that changes our strategy about how we approach growth around the MLP and how we utilize the pool of assets we have that the sponsor has to perhaps grow that faster or keep up with that pace.

Jeremy Tonet – JP Morgan

Okay, great. Thanks for that. Just wondering, you guys have had ample access to the capital market this year, but it appears overall that the private capital market is much more robust than the public, and we've seen some other MLPs take advantage of that, some kind of attractive financing. Just wondering about your appetite to explore some of those potential avenues, given that there seems to be so much private capital on the sidelines here?

Tim Taylor – Phillips 66 Partners –President

Jeremy, just high-level—and Kevin can follow up—but, frankly, we just have to look at the relative cost of each of those. We always want to go with the best financing for the Partnership and I think that's where I'd leave that. So we've been happy with the access that we've had and the way we've gone to market.

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

No. I would agree. I think that's right. It's all about, ultimately, cost of capital and we've been very pleased with what we've been able to do to date.

Jeremy Tonet – JP Morgan

Great. Thanks. And then just on expanding the platform going forward, you guys have, gathering in a lot of different basins out there, crude oil gathering, and the Permian is in a place where PSXP isn't too active these days. It seems like there's a lot of activity out there. Just wondering about your appetite to kind-of expand in that direction?

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

Jeremy, this is Bob. I think your statement is absolutely correct. Permian is kind of the place to play and we've got kind of a limited set of assets out there now, so it is an area of interest to us. As we pivot towards maybe smaller, quicker capital projects, both at the PSX and the PSXP level in the midstream, I think that's an area of great interest for us to expand our footprint, expand our gathering systems. Those things that are kind of in the wheelhouse for us of crude product storage, transport, NGLs, all of that. So, yes, it's of a lot of interest to us out to go out to play in the Permian.

Jeremy Tonet – JP Morgan

Thanks so much. Then just one last one if I could. With the Sacagawea Pipeline—apologies if I mispronounced that—just wondering if you could provide any additional color there as far as visibility you have into getting the permit? It seems like building pipeline is a much more difficult proposition these days, even working with the Army Corps there. Just wondering if what you're seeing there gives you comfort in just kind of building pipelines in general. Have you kind of changed your philosophy or process at all given the increasing difficulties with the regulatory and environment concern?

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

Okay. So maybe I'll answer the first part of that first. On Sacagawea itself—and you got the pronunciation right; not many people do. That pipeline is built, it's in the ground, and so the permits have all been issued. The Corps of Engineers permit that we got had several permit conditions, as they always do for how you build it and hold points and all that. So we're actually working through the final administrative point around responsible ends and stuff for the pipeline operation that we're helping our partner move through the Corps. We actually would expect that final permit condition to be signed off in the very near future and we'll start line fill.

We've staged barrels now in Keene and in tanks, and other shippers, and we're ready to start putting oil in that pipe, so it's coming. It's a very different situation than maybe Dakota Access and that sort of thing. But it does come back to the second half of that question. And that I would say that what we've seen from the Corps of Engineers and from FEMSA is they are taking their time and being very diligent about pipeline reviews, pipeline permit condition reviews, like the one we're going through right now. And really doing themselves and us a favor by dotting every 'i' and crossing every 't' before the paper is issued. So while it might take us a little bit longer upfront, it doesn't really—they're kind of airtight when the permit comes to us, and so we'll be ready to go.

Overall, yes, I think we and others would say permitting pipelines, particularly interstate pipelines, is going to take longer in the future because the permitting process is going to slow down, and I think you have to plan for more opposition to infrastructure projects, whether they be pipelines or power lines or anything else. Everything seems to gather a lot of attention today. So while we don't have any of those kind of big projects coming on the books right now, in the future, there's no doubt we would end up building into the timeline a longer permitting period than maybe we have in the past. So I think it makes what we have in the ground more valuable as we go forward. Like anything else, supply and demand, and as you dry up the ability to supply more infrastructure, you'll see us pivot towards using what we've got to a greater degree.

Jeremy Tonet – JP Morgan

Great. That's all very helpful. Thank you.

Operator

Kristina Kazarian from Deutsche Bank is online with a question. Your line is open.

Kristina Kazarian – Deutsche Bank

Afternoon, guys.

Tim Taylor – Phillips 66 Partners – Director and President

Good afternoon, Kristina.

Kristina Kazarian – Deutsche Bank

So, quick question; I don't think this was in the release, but I do think you alluded to it in your prepared comments. Can you guys just talk about the recent acquisition of CVX's south Louisiana NGL assets? It sounds like you said you're doing diligence on them now, so just an update in terms of what that means and if there's upside beyond original forecasted EBITDA and how you just generally think about that.

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

So, Kristina, that's an NGL system that we're buying in South Louisiana. I would say we're nearing the end of the due diligence period on that with Chevron, which we've worked our way through all the issues like you would have on any asset, and we're nearing the point where we'll be able to close. So, really in the final phases of that. That's a system we look forward to owning. As you know, we've got a refinery over there that's attached to that system. It's a market we've been trading in for a long time and I think, like any asset that you purchase, you usually are buying it for what you think you can do with it in the future versus what it'll do today. So we think we've got upside to that system and we look forward to taking over operation here in the fourth quarter and starting to build out on those plans.

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

I was going to say, Kristina, from an EBITDA perspective I think the estimate of $25 million, which was in the release, is still a good estimate.

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

Yes. Yes. We would agree with that.

Kristina Kazarian – Deutsche Bank

Okay. Perfect. Then maybe can you talk a little bit about the STACK JV—pipeline JV that you entered into with Plains back in August? Maybe what you guys are thinking you can do cash flow-wise off of this, the synergy opportunities, maybe around your PSX's refinery, just any color there would be great.

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

Yes. I don't think we've actually given the expected EBITDA for that particular system, but if you look at—we talked about the Permian in the last set of questions. Probably the next place we'd like to play is the STACK/SCOOP. We see a lot of growth from the production side to come there with our Ponca City Refinery just sitting up the road from it, there's an obvious synergy there. As a crude buyer, we, as a Company, like to be able to buy at the wellhead and ship that flavor of crude all the way into the refinery. We think there's great growth potential in the STACK/SCOOP and I think you even saw us in the original release talk about expansion opportunities as soon as next year. And, in fact, that'll play into our capital

plans to be able to expand that part of the system between the fields and into Cushing where you've got great connectivity to, not only our refinery but a lot of other peoples'.

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

And Kristina, to add a little bit more color, we're building a truck rack with Plains down there at Cashion and they'll connect in, and then those barrels in Cushing flow nicely into the Cush-Po Pipeline that we recently purchased in this October dropdown acquisition of PSXP, and that line goes from Cushing into Ponca City Refinery.

Kristina Kazarian – Deutsche Bank

Perfect. Then last one for me, with this most recent larger drop, PSXP's really starting to get up there in terms of scale. How do I think in terms of timeframe to starting to move some of the larger scale organic growth projects down to the PSXP level, and have them funded there more on a go-forward basis and moving it more to their organic growth story you guys were talking about earlier?

Tim Taylor – Phillips 66 Partners – Director and President

Yes, Kristina; this is Tim. We're going to continue to progress that. This year the budget's roughly in that $300 million range or so with PSXP. We just want to see that continue to grow. I think as you get a longer period or carry period for construction, that's still more difficult, but certainly you've seen our willingness to say these projects that have shorter cycle times and stuff will do more and more of that. So, over time, we should—we look out and think about our growth and what we have, we want to do more and more of that at the PSXP level.

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

Kristina, if you add in—this is Tom. I was just going to say if you add in the acquisitions too into what we would call cap-ex budget and things, we'd be closer to $0.5 billion this year.

Kristina Kazarian – Deutsche Bank

Perfect. Thanks for the update. See ya, guys.

Operator

Justin Jenkins from Raymond James is online with a question. Your line is open.

Justin Jenkins – Raymond James

Hey, good afternoon, everybody. I guess I'll follow up to some of the earlier questions from a high-level growth perspective. Clearly, the financial guidance figures haven't changed and PSXP is important to the overall Phillips 66 family, and access to capital has definitely been there. But I'm sure you're as frustrated as anybody with the unit price performance. Do you think that's just cyclical market appetite or could that lead to a modest shift in overall strategy if that continues?

Tim Taylor – Phillips 66 Partners – Director and President

No. I think we just look at this and say the MLP between value creation between the LP, the GP, PSX, PSXP is still a very strong performance, and so we still see today unlocking a lot of value. Then we have the need behind that and the opportunity to grow to expand the business above it. So all those things work to say this is still a great vehicle that, with our sponsor, to support growth. There's a need there and I think that we still look at it as very viable.

Justin Jenkins – Raymond James

Yes. I agree with you there. Then I guess a follow-up with maybe more of an operational question. Looks like crude oil pipeline volumes are down quite a bit sequentially on a system, and Kevin, you mentioned this in your remarks. But, I'm guessing that's mostly just refining maintenance related, but is there anything else we maybe should be thinking about there from a sequential perspective?

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

No. I think quarter-to-quarter you've got it right, and not even so much refining maintenance. If you look at our sponsor's refining system, they ran flat out in the second quarter and ran really, really well in the third quarter, but utilization was about three points lower overall across the system. So, a lot of that translates right into that crude oil number.

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

Justin, that crude oil number's—that's basically Clifton Ridge for the Lake Charles refinery and the Eagle Ford gathering. So, actually with the recent dropdown we'll add more crude lines in, so that number will be larger.

Justin Jenkins – Raymond James

Perfect. Appreciate it, guys.

Operator

Brian Zarahn from Mizuho is online with a question. Your line is open.

Brian Zarahn – Mizuho Americas

Good afternoon.

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

Hey, Brian.

Brian Zarahn – Mizuho Americas

I guess following up on some of the prior questions, on the IRS ruling, you mentioned no major impact. How should we think about potential impacts to the dropdown inventories? Any changes in what you think could be included, also, with the change—so the equity appetite for the parent on the financing side?

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

Yes. Brian, it's Kevin. At a high-level, I don't think any of that changes. We have a large inventory, between the exact assets that exist today and the projects we have under construction, we have a large inventory, we have a lot of options. Every time we do a transaction, we're looking at optimizing around take back units, debt at the MLP, and equity issuance at the MLPs. So we're always kind of optimizing across all of that anyway, so I really don't think it changes the forward-look on this.

Brian Zarahn – Mizuho Americas

Then on the LPG Export facility, any update on the contracted capacity or are those negotiations still ongoing?

Tim Taylor – Phillips 66 Partners – Director and President

Yes. Well, first of all, that's a PSX asset, so we'll just maybe comment from a PSX perspective on that.

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

Yes. Yes. Thanks, Tim. So maybe I'll just back up a little bit from that. The LPG Export facility really is mechanically complete and we're in the commissioning phase now, and we expect to start loading some of the first boats here before the end of the year. And we're really kind of ramp up into commercial operations in the first half of next year. So, as we sit today, we've got four cargoes a month contracted on a term basis. We've got the two cargoes that PSX commercial has always been committed to, so that's six of the eight. That really leaves us with two then to work on the spot market or maybe shorter-term tender type market. We're pretty comfortable going into next year at those levels, particularly in the current market environment with the more narrow arbs. Signing up long-term commitments today isn't maybe something that we'd want to do. We've seen good interest in spot cargo so far and people really are just waiting for us to get started up and being able to pull up to our dock.

As you know, we've got a global commercial organization. We trade LPGs, not only in the U.S. but we trade them out of London and Singapore, so we feel pretty good about where we sit today, Brian.

Brian Zarahn – Mizuho Americas

I appreciate the update. Last one for me; you still have one of the few MLPs able to access the capital markets and the currency hasn't probably gone the way you wanted this year. It's still accretive drop downs. But as you get to your goal in 2018, are there initial thoughts around potentially changing the GP structure in relation to the LP's cost of equity capital?

Tim Taylor – Phillips 66 Partners – Director and President

Again, that's a PSX question. I would say from a sponsor, we talked a bit about that in the PSX call. There's really nothing in the plans on that with what we see today.

Brian Zarahn – Mizuho Americas

Thank you.

Operator

Selman Akyol from Stifel is online with a question. Your line is open.

Selman Akyol – Stifel Nicolaus

Thank you. Good afternoon. Just one question for me; just thinking back in terms of ways to grow the Partnership, I know you considered third-party acquisitions, but can you kind of sort of remind me of your philosophy around that and how it relates to: to make sure it'd always be contiguous to assets that you already have. Does it always have to be crude-centric? I mean, can you just kind of expand in and around on that?

Tim Taylor – Phillips 66 Partners – Director and President

I think, first of all, we like fee-based assets, and right now on our fair way today and you look at the PSXP and its pipeline, just terminals, docks, fractionation assets that lend themselves to that. So, I think that's still the fair way that we like to think about. To the extent that it touches our system, we can build commercial value around the rest of our assets, at the PSX sponsor level, that's a powerful combination of the relationships that I think you saw with the acquisition that we're working on in south Louisiana, that we're actually extending our reach in some new areas. So I think that it's really just thinking about where do we have expertise, how do we keep that fee-based orientation, and how could we expand that, either organically or through acquisitions, that give us that solid footprint. There are things that we talk about that we could build out later and that's part of the growth potential and the value that we see. So, we kind of look across the board when we look at that.

But, the final thing I'd say is, in the middle the country, that's—where it touches from the Canadian border down to the Gulf Coast is strategically kind of where we are, although there are some other interesting areas. But that clearly fits given the extent of our infrastructure there.

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

Just one other clarification. I think you mentioned crude pipelines and infrastructure, and really, we're across the crude oil, refined products, and NGLs. We've got infrastructure on all of those different product categories and we've continued to grow across all areas, potentially.

Selman Akyol – Stifel Nicolaus

Thank you on that. Now, as I think about the Permian and expanding there, would you see that as a place you would potentially be doing third-party acquisitions, or would you rather be growing that organically?

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

I'd say we'll take either/or, right? If we can do a third-party acquisition that brings us sense and EBITDA and we can do it at an attractive price to the Partnership, we'll step out and do that. We've always said that we've really got a three-legged stool on how we're going to grow, and that is via dropdowns from our sponsor, third-party acquisitions (via M&A), and then the organic growth. And I think 2016 really demonstrates that we're going to use all three legs and use them often to stay on our pretty rapid growth trajectory.

Selman Akyol – Stifel Nicolaus

All right. Thank you.

Operator

We have no further questions at this time. I will now turn the call back over to Rosy Zuklic.

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

Thank you, Julie, and thank you all for your interest in Phillips 66 Partners. If there are additional questions, C.W. and I are available. Thank you.

Operator

Thank you, ladies and gentlemen. This concludes today's conference. You may now disconnect.