TRANSCRIPT
Q1 2017 EARNINGS CALL

PHILLIPS 66 PARTNERS (NYSE: PSXP)
April 28, 2017 AT 2:00 pm ET

PHILLIPS 66 PARTNERS PARTICIPANTS

Jeff Dietert, General Manager, Investor Relations

Tim Taylor, Director and President

Kevin Mitchell, Director, Vice President and Chief Financial Officer

Robert Herman, Senior Vice President, Operations

Tom Liberti, Vice President and Chief Operating Officer

CALL PARTICIPANTS

Kristina Kazarian, *Deutsche Bank*

Jeremy Tonet, *JP Morgan*

Brian Zarahn, *Mizuho Americas*

Richard Roberts, *Scotia Howard Weil*

Christine Cho, *Barclays Capital*

Jerren Holder, *Goldman Sachs*

TRANSCRIPT

Operator

Welcome to the First Quarter 2017 Phillips 66 Partners Earnings Conference Call. My name is Krista 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 Jeff Dietert, Vice President, Investor Relations. Jeff, you may begin.

Jeff Dietert – Phillips 66 Partners – Vice President, Investor Relations

Good afternoon and welcome to Phillips 66 Partners' First Quarter Earnings Conference Call. Participants on today's call will include Tim Taylor, President, Kevin Mitchell, Vice President and CFO, Bob Herman, Senior Vice President, Operations, Tom Liberti, Vice President and Chief Operating Officer. The presentation materials we'll be using during the call can be found on 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. Factors that could cause actual results to differ are included here, as well as in our SEC filings.

With that, I'll turn it over to Tim Taylor for opening remarks.

Tim Taylor – Phillips 66 Partners – Director and President

Thanks, Jeff, and good afternoon, everyone.

Phillips 66 Partners had solid first quarter results. Earnings were $97 million and adjusted EBITDA was $155 million.

Our Board of Directors recently approved a first quarter distribution of 58.6 cents per unit, a 5% increase over the fourth quarter. Distribution coverage this quarter remained strong at 1.31 times. Since our 2013 IPO we've increased distributions for 14 consecutive quarters at a compound annual growth rate of 34%. We remain on track to achieve a 30% compound annual growth rate on distributions from the fourth quarter of 2013 through 2018.

Now, turning to Slide 4, during the first quarter we continued to execute on our organic growth projects. For the year, our capital budget is $437 million, reflecting $381 million of growth capital and $56 million of maintenance capital. On the growth side, development continues on the second leg of the Bayou Bridge pipeline from Lake Charles to St. James, Louisiana. We expect construction to begin this quarter with commercial operations starting in the fourth quarter of 2017. Phillips 66 Partners owns a 40% interest in this joint venture project.

The Sand Hills pipeline expansion continues to progress. The project will expand capacity from 280,000 barrels per day to 365,000 barrels per day with an expected in-service date by the end of 2017. Phillips 66 Partners owns a one-third interest in this joint venture.

The STACK joint venture, in which we own a 50% interest, has started an expansion project to loop the existing pipeline and extend further into the STACK play to access additional production. The project will increase capacity by 150,000 barrels per day, and we expect it to be complete by the end of 2017.

As announced today, we're developing a 25,000 barrel per day isomerization unit to increase production of high octane gasoline blend components at the Phillips 66 Lake Charles refinery. Total capital for the project is expected to be about $200 million. Final investment decision is expected in the first half of 2018.

Just like our existing asset base, we would expect the isomerization unit to generate consistent fee-based earnings. The Partnership would enter into a long-term agreement with Phillips 66 for processing services, including a minimum volume commitment. Development of this organic opportunity would further increase our growth portfolio beyond 2018.

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, volumes across the system were similar to the fourth quarter. Total pipeline throughput, excluding volumes from equity affiliates, was 1.9 million barrels per day, up from 1.8 million barrels per day in the fourth quarter.

Total terminal throughput was 1.4 million barrels per day, similar to the prior quarter. Crude oil terminal volumes decreased while refined product and NGL volumes increased.

Volumes were higher compared to the prior quarter due to a full quarter's ownership of the assets that were acquired in mid-October 2016. This was largely offset by the impact of higher turnaround activity at Phillips 66 refineries connected to our logistics assets.

Average pipeline revenue increased $0.04 per barrel in the first quarter to $0.63 due to volume mix. Average terminal revenue was slightly higher at $0.41 per barrel. Both of these rates exclude equity affiliates.

Slide 6 shows the change in adjusted EBITDA from the previous quarter. First quarter adjusted EBITDA was $155 million, down $6 million from the fourth quarter.

Turnaround activity at Phillips 66 refineries connected to the Partnership's assets reduced first quarter adjusted EBITDA by $6 million.

The February fire on our River Parish NGL system contributed to a $3 million decrease in EBITDA on that system. These items were partially offset by a make-whole payment from an equity affiliate and other smaller items.

Slide 7 walks through the DCF calculation. During the quarter we had deferred revenue impacts related to the Gold Line, Eagle Ford Gathering, and River Parish Systems, which increased distributable cash flow by $4 million. Net interest expense was $24 million, and maintenance capital expenditures were $11 million. Distributable cash flow for the quarter was $124 million. Total cash distributions of $95 million will result in a distribution coverage ratio of 1.31 times.

The recently approved first quarter cash distribution of 58.6 cents per limited partner unit will be payable on May 12.

Slide 8 highlights the growth that we have achieved over the last year. Our first quarter distribution per unit represents a 22% increase over first quarter 2016. Adjusted EBITDA increased by 109% and distributable cash flow by 94% year-over-year.

We continue to progress toward our goal of $1.1 billion of run rate EBITDA by the end of 2018. At the end of the first quarter, annualized run rate EBITDA for the Partnership was approximately $625 million.

Slide 9 shows our financial position at the end of the first quarter. We ended the quarter with $1 million of cash and $157 million of outstanding borrowings under our revolving credit facility. Our debt-to-EBITDA ratio was 3.8 times on a revolver covenant basis. Long term, we expect leverage to be at our targeted level of 3.5 times.

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 one on your touchtone phone. If you wish to be removed from the queue, please press the pound sign. 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.

Your first question comes from the line of Kristina Kazarian from Deutsche Bank. Your line is open.

Kristina Kazarian – Deutsche Bank

Afternoon, guys.

Tim Taylor – Phillips 66 Partners – Director and President

Hi, Kristina.

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

Hi.

Kristina Kazarian – Deutsche Bank

Congrats, Jeff; excited to have you here. So, I figured I'd start off—just get this one out of the way. You probably won't answer it, but I'm going to try anyways. You guys reiterated guidance, or PSX did, in terms of EBITDA for PSXP in the longer-term growth rate on it. Just, can you provide me any updated thoughts on timing of the next drop or just generally how you guys are thinking about capital market trends and activity right now?

Tim Taylor – Phillips 66 Partners – Director and President

Well, Kristina, we certainly don't give guidance about when we drop, but, clearly, to hit the $1.1 billion target, we need to acquire additional assets at PSXP, we have the supporting sponsor. So, I think as we look at that, that says that we'll continue to grow and that's the commitment that we've made, both at PSXP and {at the} PSX's sponsor.

In terms of the capital markets, I might have Kevin talk a bit about that, but I think that still have an attractive cost to capital. The debt markets are very attractive with our credit rating, and so I think we always look at ways to optimize the cost of capital. But we think we've got the right propositions around our assets and the way we structure that to access those. Kevin?

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

Yes. I would just supplement with, as we've done to date, we'll fund our acquisitions over time. It'll be a combination of debt and equity financing. Everything we've done to date has worked out very well for us. We still think the markets are there and available on both the debt and an equity standpoint as we look at going into the equity markets. I mean, we want to optimize our cost of capital and we're also mindful of how we tap those markets and what impact that has on our equity. So, we'll consider various options and alternatives as we go down that path. But, all of that will be—as we get to the next transactions, we'll develop specific plans that make the most sense at that point in time.

Kristina Kazarian – Deutsche Bank

Perfect. A couple of thematic ones. I think it terms of backlog of assets that might eventually fit into PSXP on the Parent call this morning, I'm pretty sure they mentioned fracs with an S on the end and debating locations. Can you just talk about updated thoughts there, as well as also mention the importance of export trends, so potential in terms of developing crude export assets, and where you guys might have export dock capacity and where you guys might think about doing that, if at all, locationally?

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

Yes. Kristina, this is Bob. I think on the frac question, from the beginning of the Sweeny Hub development in Frac 1, we've always talked about that being—we can call it Frac 1 as we envision Frac 2 and beyond as the NGL continue to grow. In fact, we invested in infrastructure with the original assets down there to be able to kind of plug-and-play on the next set of fracs that would come there.

Certainly, we view NGL growth, particularly out of the Permian, to be very strong over the coming years. They're going to create a need for additional fractionation capacity in the U.S. Gulf Coast and we think we're well-positioned at Sweeny between the assets we've got there, the Clemens Storage Terminal and

then direct access to the water where we think, particularly the propane, has to eventually end up. It really positions us well to continue to build fracs there and I think it's reasonable to think that those assets will be structured so that we could do what we did with Frac 1 at some point in time, and our sponsor could move those down into PSXP.

I think the same is true when you look at some of our other assets out there that are setting up for energy export, which is a growing theme in the country. Beaumont in particular sits very nicely. We've just finished 2 million barrels of crude expansion. You heard PSX announced this morning that we've taken FID and another 2 million barrels of crude storage there. We've got three docks with significant capacity available and we think that really sets that facility up long-term for, as an export facility, for us and for others.

So, again, that facility belongs to our sponsor and the eventual build out there is theirs, but you can see that being the type of asset that our sponsor would probably want to see in PSXP at some point in time.

Kristina Kazarian – Deutsche Bank

Perfect. Real last quick one for me; can you just give an update on this isomerization unit and maybe how it came to fruition and what kind of we're waiting on if we're not doing FID until first half of '18?

Tim Taylor – Phillips 66 Partners – Director and President

So, we just—Kristina, this is Tim—but we've just taken the AFD, the development piece of that to kind of really further develop the costs and that. But we have that stream as available. It's the right stream on a C5, C6 stream isomerization, increases the octane level really of the light naphtha. If you think out forwardly, if you believe light crudes continue to increase, I think you'll continue to see the need for octane to blend into that to make gasolines at the right performance levels.

So, that was really the thinking, and the decision on FID is really dependent on wrapping up and defining the cost, and so that's why we said the first half of '18. It just takes that long to fully develop the contracts around that and how we look at the tie-ins at the refinery, etc.

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

I think one thing I'd add to that, too, is that over the last year or so you've heard us talk about pivoting towards more projects around our sponsor's refining assets and whether those be pipes to feed, pipes to take away, or kind of growth projects like this that are beneficial both to that particular refinery but give us an opportunity to really set in some nice fee-based income.

Kristina Kazarian – Deutsche Bank

Perfect. Nice job.

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

Kristina, this is Tom. I would just add too, this is kind of an example, too. We've talked all along about as the MLP grows, it'll be able to take on larger projects and larger timeframe projects, and I think this is a pretty good example of that.

Kristina Kazarian – Deutsche Bank

Got it. Nice job on moving all these guys forward.

Operator

Your next question comes from the line of Jeremy Tonet with JP Morgan. Your line is now open.

Jeremy Tonet – JP Morgan

Good afternoon.

Tim Taylor – Phillips 66 Partners – Director and President

Hey, Jeremy.

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

Hi, Jeremy.

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

Hi.

Jeremy Tonet – JP Morgan

Picking up on the topic of kind of production getting lighter, especially out in the Delaware, just wondering if this ISO project is maybe the first in the step of other things that you guys might be able to do to capitalize on that, be it splitters or just other logistics, assets, and general. Just wondering if you could provide any thoughts there.

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

Yes. I think you're absolutely right, Jeremy. As we see the production growth coming on, it appears that it's going to be lighter and lighter, particularly as the Permian kind of expands to the west, and that creates a need for additional infrastructure. Certainly, part of our thinking around upgrading a very light naphtha stream as we're doing here in the isomerization project is dealing with kind of a low-value stream, and upgrading it is directionally a good thing to do, both for our sponsor and for us.

I think if we rewind a couple of years, we had talked about condensate splitters making sense. I think we're a long way from condensate splitters making sense today, but I think directionally that's where we're headed. Those type of opportunities to deal with either additional really light barrels that need to get to the water to get exported or need to be slightly modified and move the lightest portion of that out and keep the heavier barrels maybe in a refining system probably make sense at some point.

Jeremy Tonet – JP Morgan

Great. Thanks. Then just looking at the STACK JV, just wondering, is that an area where you guys could expand further? It seems like you have kind of a bolt-on going deeper into the play there. Do you see runway for incremental opportunities?

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

Jeremy, it's Tom. We'll get this loop done. This will add another 150,000 barrels a day capacity and then we'll just look at where producers are. That value is pretty hot right now and we would expect it to increase in the future.

Jeremy Tonet – JP Morgan

Great. Thanks. Then maybe just one last one for Kevin if I could; I was wondering, that make-whole payment that you listed there, if you could provide any more detail on that or the other line that was $7 million in the income statement, if you could provide a little bit more color on that.

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

Yes. So the make-whole payment is actually, I think this is the second time we've had this come through. So it was about a year-plus ago we had a similar related to the Sand Hills-Southern Hills Equity Ventures and the restructuring of ECP triggered a tax termination and that, in effect, triggered the make-whole payment.

Jeremy Tonet – JP Morgan

Great. Thank you.

Operator

Your next question comes from the line of Brian Zarahn with Mizuho. Your line is now open.

Brian Zarahn – Mizuho Americas

Good afternoon, everyone.

Tim Taylor – Phillips 66 Partners – Director and President

Hi.

Brian Zarahn – Mizuho Americas

On the isomerization project, can you kind of talk a little bit more about how to think about expected returns? I know it's not an FID yet, but if it does move forward, how do you think about the return profile and in-service date?

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

Yes. So I'll start the last question first. In-service date we see in the first half of 2020, and driven primarily by a permitting and then kind of turnaround cycles with the Lake Charles refinery to fit in to their schedule. The second piece is, you know, we haven't given EBITDA in that and that's why we're still in development phase to nail down all the costs, but we would actually expect a good build multiple type return for this assets that competes very well with the other organic projects we've got in our backlog.

Brian Zarahn – Mizuho Americas

Then along those lines, anything you can share on other potentially similar projects you're looking at that could be done at the PSXP level?

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

Yes. I think at our sponsor, at PSX, they're certainly looking at other opportunities for yield improvement and upgrading low-value streams like this one. Whether we do them at PSX or at PSXP, they're always project dependent on how big they are, their timeframe. This one, for refining projects, is actually a fairly short timeframe and we're able to get going pretty quick on this one. So, there's no doubt in my mind there's more projects out there to do and we'll decide at the time whether we do them at our sponsor or at PSXP.

Brian Zarahn – Mizuho Americas

Just moving over to a project that is at the sponsor now, for your Permian crude gathering system open-season, any update on where that stands? Then if you could maybe elaborate a bit on how you view the opportunities set on the Permian, could you look at potential JVs similar to what you've done in other sponsor pipeline investments in the crude area?

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

So, the Rodeo project which we announced in mid-March and went to open season March 24, we're still in open season, still in active discussions with lots of producers out there. As everybody knows, that's the hot place to be and so there's a lot of competition for those barrels that are going to get produced next year, and the year after and beyond. So, we already operate out there so we have a foothold and we think that that helps give us an advantage over maybe a few to develop another gathering system, but we'll have to see how that comes together. Those types of opportunities are really a scramble against other players and people who have an advantage or have a toehold already or have a connection point out, it makes sense.

As far as joint ventures, we have a lot of joint ventures today. Sometimes that's a way to get an asset lifted economically is to bring a partner in who can bring volume with them. We're open to those and we always continue to talk about those sorts of things. So, I would say stay tuned. There'll be a lot of activity out in the Permian before this is all done.

Tim Taylor – Phillips 66 Partners – Director and President

Yes. We also, not only just the crude side but certainly in the NGL side with the Sand Hills expansion, there's a piece of that. So, we talked about condensate and we talked about crude oil, we talked about NGL. So, I think it's an area where we already have some exposure. We'd like to continue that, and so it's also, as Bob said, a very competitive area. But it is, from an upstream standpoint, the most active development area in the North America.

Brian Zarahn – Mizuho Americas

Thank you.

Operator

Your next question comes from the line of Richard Roberts with Scotia Howard Weil. Your line is now open.

Richard Roberts - Scotia Howard Weil

Hi. Good afternoon, folks. I guess one more back on the isom unit. I'm just curious, maybe can you talk about what some of the considerations are that you look at when you're deciding where to build an asset like that at the PSX or the PSXP level, just thinking along the lines of more refining type assets? Just, what are the puts and takes on where that's more appropriate?

Tim Taylor – Phillips 66 Partners – Director and President

Well, I think, first, is it a project that can be done at the size that PSXP can manage from a carrier or a cost standpoint, and a couple of hundred million dollars on this period, that clears that from a financial sense. But fundamentally, the project's got to make sense from an economic whole. So, there has to be call to general interest, but it has to be a project that has economic drivers, both when we think about those kinds of things both at PSX and PSXP, then it's a question of what's the best way to really capture value, and I think this is an example where we have a good general interest project and it's a great project for PSXP, so it works for both the sponsor, as well as the Partnership.

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

Richard, I think from a fundamental standpoint, too, it's how we can structure it. Can we structure it so it can be a fee-based type of asset so that it fits in the PSXP portfolio?

Tim Taylor – Phillips 66 Partners – Director and President

We tend to look at this a little bit like we would a fractionator. It's the same concept that that kind of concept tends to work, I think, with the structure we have and the nature of our Partnership.

Richard Roberts - Scotia Howard Weil

So can we think about this maybe as a blueprint for some of the type of new investments going forward that maybe blur the line between midstream and refined type investments?

Tim Taylor – Phillips 66 Partners – Director and President

I think that that just depends on each one, but I think we're demonstrating that there is that opportunity there as a way to grow value for the Company in total.

Richard Roberts - Scotia Howard Weil

Okay. Great. Then one more; on the expansion of the STACK JV, could you maybe give us a sense of what kind of commitments you have on the additional capacity there or maybe just how much of that capacity you think is going to be taken by PSX for its own system?

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

Yes. We haven't announced any of the contracts that are on the expansion going forward other than to say, like I said, it expands the capacity by about 150,000 barrels a day. We have some commitments and we would expect more in the future.

Richard Roberts - Scotia Howard Weil

Great. Thank you.

Operator

Your next question comes from the line of Christine Cho with Barclays. Your line is now open.

Christine Cho - Barclays

Hi, everyone. I wanted to start with the Rodeo pipeline. What sort of drove the interest in wanting to build this line? Was it wanting to play in the Permian or was it driven by wanting to secure some additional supply for your refinery? Is the spending here manageable enough where if it were to move forward, PSXP could do it at their level rather than the Parent?

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

Well, it's, I think—the answer to the first question is we see the need for infrastructure investments in the Permian, and that drives us to want to participate out there. We think there's a lot of opportunity. Tim mentioned, we've got some synergies out there. We're already exposed on the NGL side. We already have crude gathering systems in the Midland/Odessa area and operate there today. So this is really kind of core to our strategy of expanding on our current footprint and reaching out and doing things that we already know how to do.

I think the answer to the second question always comes down to what does the eventual size of this project turn out to be, what's the timing of it, how long do we see the development, is it an easy carry for PSXP or do we continue to do it at PSX and it becomes eligible for one of those assets that moves to PSXP at some point in time. So, that's usually a decision. You've seen us kind of do everything right, so we've had projects where, like, the isom where we just start out of the gate at PSXP. We've had projects like Bayou Bridge where we start at PSX and we move them across at cost during the engineering or early construction phase. Then we've got obviously projects that we constructed, our sponsor PSX, and dropped down at some point in time.

Christine Cho - Barclays

Okay. Then, thoughts on potentially extending one step further and building a bigger export pipeline out of the Permian, is any potential to do this dependent on whether or not Rodeo moves forward or you guys don't think that they're related?

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

Well, I think there's been a lot of capacity announced coming out of the Permian, so that's obviously a very competitive space. In typical midstream you go to open season and you see what commitments you can get and we would be in the same kind of boat. But we think there's a need for this gathering system in these particular counties where we've laid out a plan with the producers, and certainly there are multiple pipes that it can connect to, to get out of the Permian, either to Cushing, to Houston, or to Corpus Christi.

Christine Cho - Barclays

Okay. Then moving over to the NGL side, with the Sand Hills pipeline being expanded, and it sounds like with the Permian going at the pace that it is, there could be more expansions behind it, is there any potential to contractually set up contracts or provide some bundling service with any of the future fracs that you guys are thinking about at Sweeny?

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

Yes. I think that makes a natural extension, right. We're a large owner of Sand Hills pipe that goes right by Sweeny and it's an alternative to taking it all the way to Mount Bellevue. I think there could be a synergy there. Obviously, there's a value chain there and there's different players in different parts of the value chain, but when we look at working together with the DCP partners at the PSX level, we see opportunities across the value chain to work.

Tim Taylor – Phillips 66 Partners – Director and President

Yes. Just to comment on the frac, I mean, fundamentally we just see the increased supply. Ethane comes back out of rejection in the system. So, we think this is still an area, as the basin develops, that regardless there's other supply options, but there is a need, and will continue to be a need on the Gulf Coast for additional processing capacity for both exports and petrochemical feedstock.

Christine Cho - Barclays

Okay. One last question for me. The STACK pipeline, you guys talked about extending that; what county are you extending that into?

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

I think you stumped us. We'll have to get back to you on that one.

Christine Cho - Barclays

Okay. Great. Thank you.

Operator

Your next question comes from the line of Jerren Holder with Goldman Sachs. Your line is now open.

Jerren Holder- Goldman Sachs

Hi. Good afternoon. Given the potential for tax reform, does that change how you guys think about the size and pace of drop downs, just given the—going from $625 million run rate to the $1.1 billion by the end of 2018?

Tim Taylor – Phillips 66 Partners – Director and President

Well, we certainly have visibility to 2018 on our side. I have a lot less visibility around what the tax policy would be. I think there has to be a lot more understood about that, about how that works and what it does. But I think that's something that we'll watch, but we still look at that and, say the MLP structures; it still has some advantages, and so I think that that's a story that's still developing, but it's not clear to us all the ins and outs of what's covered. Kevin, if you want to add anything else on that?

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

No. I think that's exactly right. There's a lot of uncertainty. I mean, we've seen high level statements around tax proposals, but a lot of detail is still waiting to follow on that. So, clearly there's a lot of energy for some degree of tax reform, but we just have to stay on top of that as we get more details and work through it. But, for now, the $1.1 billion target is still intact.

Jerren Holder- Goldman Sachs

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

Operator

We have no further questions. At this time I'll turn the call back over to Jeff.

Jeff Dietert – Phillips 66 Partners – Vice President, Investor Relations

Thank you, Krista, and thank all of you for your interest in Phillips 66 Partners. If you have any questions, please call Rosy, CW, or me. Thank you.

Operator

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