

**SABAL TRAIL TRANSMISSION, LLC**

**FINANCIAL STATEMENTS**  
*(unaudited)*

**September 30, 2024**

# SABAL TRAIL TRANSMISSION, LLC

## STATEMENTS OF EARNINGS

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
<i>(unaudited; millions of United States dollars)</i>				
Operating revenues	<b>127.1</b>	124.7	<b>377.4</b>	363.0
Operating expenses				
Operating and administrative	<b>23.1</b>	23.7	<b>72.1</b>	69.0
Depreciation and amortization	<b>13.3</b>	13.2	<b>39.7</b>	39.6
Property and other taxes	<b>6.3</b>	6.2	<b>18.2</b>	18.4
Total operating expenses	<b>42.7</b>	43.1	<b>130.0</b>	127.0
Operating income	<b>84.4</b>	81.6	<b>247.4</b>	236.0
Other expenses				
Interest expense	<b>(17.3)</b>	(17.6)	<b>(52.3)</b>	(52.3)
Other	<b>0.2</b>	0.5	<b>0.5</b>	4.1
Earnings	<b>67.3</b>	64.5	<b>195.6</b>	187.8

*The accompanying notes are an integral part of these interim financial statements.*

# SABAL TRAIL TRANSMISSION, LLC

## STATEMENTS OF CHANGES IN MEMBERS' EQUITY

(unaudited; millions of United States dollars)	Spectra Energy Partners Sabal Trail Transmission, LLC (50%)	US Southeastern Gas Infrastructure, LLC (42.5%)	Duke Energy Sabal Trail, LLC (7.5%)	Total
December 31, 2023	724.6	615.7	108.8	1,449.1
Earnings	97.8	83.1	14.7	195.6
Attributed deferred tax expense	(0.4)	(0.3)	(0.1)	(0.8)
Distributions to members	(121.6)	(103.4)	(18.2)	(243.2)
<b>September 30, 2024</b>	<b>700.4</b>	<b>595.1</b>	<b>105.2</b>	<b>1,400.7</b>
December 31, 2022	745.0	633.1	111.7	1,489.8
Earnings	93.9	79.8	14.1	187.8
Attributed deferred tax expense	(0.4)	(0.3)	(0.1)	(0.8)
Distributions to members	(113.8)	(96.7)	(17.0)	(227.5)
<b>September 30, 2023</b>	<b>724.7</b>	<b>615.9</b>	<b>108.7</b>	<b>1,449.3</b>

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# SABAL TRAIL TRANSMISSION, LLC

## STATEMENTS OF CASH FLOWS

	Nine months ended September 30,	
	<b>2024</b>	<b>2023</b>
<i>(unaudited; millions of United States dollars)</i>		
<b>Operating activities</b>		
Earnings	<b>195.6</b>	187.8
Adjustments to reconcile earnings to net cash provided by operating activities:		
Depreciation and amortization	39.7	39.6
Amortization of debt issuance costs	0.5	0.5
Changes in operating assets and liabilities	<b>31.5</b>	69.4
Net cash provided by operating activities	<b>267.3</b>	297.3
<b>Investing activities</b>		
Capital expenditures	<b>(8.0)</b>	(11.6)
Net cash used in investing activities	<b>(8.0)</b>	(11.6)
<b>Financing activities</b>		
Distributions to members	<b>(243.2)</b>	(227.5)
Net cash used in financing activities	<b>(243.2)</b>	(227.5)
Net change in cash	<b>16.1</b>	58.2
Cash at beginning of period	<b>10.1</b>	1.4
Cash at end of period	<b>26.2</b>	59.6

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# SABAL TRAIL TRANSMISSION, LLC

## STATEMENTS OF FINANCIAL POSITION

	September 30, 2024	December 31, 2023
<i>(unaudited; millions of United States dollars)</i>		
<b>Assets</b>		
Current assets		
Cash	26.2	10.1
Accounts receivable	1.8	2.0
Accounts receivable from affiliates	39.5	39.8
Other	7.3	10.1
	<b>74.8</b>	<b>62.0</b>
Property, plant and equipment, net	2,823.4	2,856.3
Regulatory assets	58.7	59.5
<b>Total assets</b>	<b>2,956.9</b>	<b>2,977.8</b>
 <b>Liabilities and members' equity</b>		
Current liabilities		
Accounts payable and accrued liabilities	7.1	8.8
Accounts payable to affiliates	11.5	11.8
Interest payable	28.6	11.4
Other	18.0	6.1
	<b>65.2</b>	<b>38.1</b>
Long-term debt	1,491.0	1,490.6
	<b>1,556.2</b>	<b>1,528.7</b>
Contingencies (Note 3)		
Members' equity	1,400.7	1,449.1
<b>Total liabilities and members' equity</b>	<b>2,956.9</b>	<b>2,977.8</b>

*The accompanying notes are an integral part of these interim financial statements.*

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

(unaudited)

## 1. BASIS OF PRESENTATION

The accompanying unaudited interim financial statements of Sabal Trail Transmission, LLC ("we", "our", "us" and "Sabal Trail"), have been prepared in accordance with generally accepted accounting principles in the United States of America (US GAAP) for interim financial information. They do not include all of the information and notes required by US GAAP for annual financial statements and should therefore be read in conjunction with our audited financial statements and notes for the year ended December 31, 2023. In the opinion of management, the interim financial statements contain all normal recurring adjustments necessary to present fairly our financial position, results of operations and cash flows for the interim periods reported. These interim financial statements follow the same significant accounting policies as those included in our audited financial statements for the year ended December 31, 2023. Amounts are stated in United States (US) dollars unless otherwise noted.

## 2. REVENUES

### REVENUE FROM CONTRACTS WITH CUSTOMERS

#### Major Services

All operating revenues for the period ended September 30, 2024 were earned from contracts with customers for the transportation of natural gas.

#### Contract Balances

	Contract Receivables
<i>(millions of US dollars)</i>	
Balance as at September 30, 2024	42.0
Balance as at December 31, 2023	42.0

Contract receivables represent the amount of receivables derived from contracts with customers. Payments are received monthly from customers under long-term transportation contracts. There were no contract assets or liabilities as at September 30, 2024 and December 31, 2023.

#### Revenue from Unfulfilled Performance Obligations

Total revenues from performance obligations expected to be fulfilled in future periods are \$9.0 billion, of which \$124 million and \$492 million are expected to be recognized during the remaining three months ending December 31, 2024 and year ending December 31, 2025, respectively.

Excluded from these amounts are variable consideration, the effect of escalation on certain tolls, contracts that have an original expected duration of one year or less pursuant to the practical expedient provision of the standard and interruptible contracts not enforceable until volumes are nominated by customers for transportation.

### **Long-Term Transportation Agreements**

For long-term transportation agreements, significant judgments pertain to the period over which revenue is recognized. Transportation revenue earned from firm contracted capacity arrangements is recognized ratably over the contract period. Transportation revenue from interruptible or volumetric-based arrangements is recognized when services are performed.

### **Estimates of Variable Consideration**

Revenue from arrangements subject to variable consideration is recognized only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Uncertainties associated with variable consideration relate principally to differences between estimated and actual volumes and prices. These uncertainties are resolved each month when actual volumes are sold or transported and actual tolls and prices are determined.

### **Performance Obligations Satisfied Over Time**

For arrangements where the transportation services are simultaneously received and consumed by the customer, we recognize revenue over time using an output method based on volumes of commodities delivered or transported. The measurement of the volumes delivered or transported corresponds directly to the benefits received by the customer during that period. All operating revenues for the nine months ended September 30, 2024 and 2023 were from services transferred over time.

### **Determination of Transaction Prices**

Prices for transportation services are determined based on the capital cost of the facilities, pipelines and associated infrastructure required to provide such services plus a rate of return on capital invested that is determined either through negotiations with customers or through regulatory processes for those operations that are subject to rate regulation.

### **3. CONTINGENCIES**

#### **GENERAL INSURANCE**

We maintain, either independently, or through inclusion in the corporate insurance programs maintained by our respective owners in proportion to their respective interest in our company, insurance coverage in types and amounts, and with terms and conditions, that are generally consistent with coverage considered customary for our industry.

#### **ENVIRONMENTAL**

We are subject to various US federal, state and local laws relating to the protection of the environment. These laws and regulations can change from time to time, imposing new obligations on us.

Environmental risk is inherent to natural gas pipeline operations, and we are, at times, subject to air emissions limitations and environmental remediation obligations at various sites where we operate. We manage this environmental risk through appropriate environmental policies, programs and practices to minimize any impact our operations may have on the environment. To the extent that we are unable to recover payment for environmental liabilities from insurance or other potentially responsible parties, or from recovery through cost of service rate increases, we will be responsible for payment of costs arising from environmental obligations or incidents associated with the operating activities of our natural gas business.

#### **LITIGATION**

We are involved in various legal and regulatory actions and proceedings which arise in the normal course of business, including interventions in regulatory proceedings and challenges to regulatory approvals and permits. While the final outcome of such actions and proceedings cannot be predicted with certainty, management believes that the resolution of such actions and proceedings will not have a material impact on our financial position or results of operations.

Legal costs related to the defense of loss contingencies are expensed as incurred. Reserves for legal matters related to litigation recorded as at September 30, 2024 and December 31, 2023 was nil.

### **4. SUBSEQUENT EVENTS**

We have evaluated significant events and transactions that occurred from October 1, 2024 through November 27, 2024, the date the financial statements were issued, and have identified no subsequent events for disclosure.