SABAL TRAIL TRANSMISSION, LLC

FINANCIAL STATEMENTS

December 31, 2020

Report of Independent Auditors

To the Management Committee and Management of Sabal Trail Transmission, LLC:

We have audited the accompanying financial statements of Sabal Trail Transmission, LLC (the "Company"), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of earnings, of members' equity, and of cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sabal Trail Transmission, LLC as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

March 19, 2021

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SABAL TRAIL TRANSMISSION, LLC
STATEMENTS OF EARNINGS

Year ended December 31,	**2020**	2019
(millions of US dollars)		
Operating revenues	**441.7**	374.6
Operating expenses		
Operating, maintenance and other	**80.5**	63.0
Depreciation and amortization	**51.9**	49.9
Property and other taxes	**24.3**	24.6
Total operating expenses	**156.7**	137.5
Operating income	**285.0**	237.1
Other income/(expenses)		
Allowance for funds used during construction - equity	**2.4**	3.7
Interest expense, net	**(67.5)**	(66.6)
Amortization of debt costs	**(0.8)**	(0.8)
Total other expenses	**(65.9)**	(63.7)
Earnings	**219.1**	173.4

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

SABAL TRAIL TRANSMISSION, LLC
STATEMENTS OF MEMBERS' EQUITY

(millions of US dollars)	Spectra Energy Partners Sabal Trail Transmission, LLC (50%)	US Southern Gas Infrastructure, LLC (42.5%)	Duke Energy Sabal Trail, LLC (7.5%)	Total
December 31, 2018	773.5	657.7	116.1	1547.3
Earnings	86.7	73.7	13.0	173.4
Attributed deferred tax expense	(0.2)	(0.2)	(0.1)	(0.5)
Contributions from members	47.9	40.7	7.2	95.8
Distributions to members	(108.5)	(92.2)	(16.3)	(217.0)
December 31, 2019	799.4	679.7	119.9	1,599.0
Earnings	**109.6**	**93.1**	**16.4**	**219.1**
Modified retrospective adoption of ASU 2016-13 Financial Instruments - Credit Losses *(Note 3)*	**(0.1)**	**(0.1)**	**—**	**(0.2)**
Attributed deferred tax expense	**(0.2)**	**(0.2)**	**—**	**(0.4)**
Contributions from members	**15.9**	**13.5**	**2.4**	**31.8**
Distributions to members	**(127.1)**	**(108.0)**	**(19.1)**	**(254.2)**
December 31, 2020	**797.5**	**678.0**	**119.6**	**1,595.1**

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

SABAL TRAIL TRANSMISSION, LLC
STATEMENTS OF CASH FLOWS

Year ended December 31,	**2020**	2019
(millions of US dollars)		
Operating activities		
Earnings	**219.1**	173.4
Adjustments to reconcile earnings to net cash provided by operating activities:		
Depreciation and amortization	**51.9**	49.9
Allowance for funds used during construction - equity	**(2.4)**	(3.7)
Amortization of debt issuance costs	**0.8**	0.8
Change in operating assets and liabilities	**(3.4)**	(0.2)
Net cash provided by operating activities	**266.0**	220.2
Investing activities		
Capital expenditures	**(58.2)**	(78.0)
Net cash used in investing activities	**(58.2)**	(78.0)
Financing activities		
Contributions from members	**37.0**	90.4
Distributions to members	**(254.2)**	(217.0)
Net cash used in financing activities	**(217.2)**	(126.6)
Net (decrease)/increase in cash	**(9.4)**	15.6
Cash at beginning of year	**29.1**	13.5
Cash at end of year	**19.7**	29.1
Supplementary cash flow information		
Cash paid for interest, net of amounts capitalized	**67.6**	68.7
Property, plant and equipment non-cash accruals	**9.2**	25.9

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

SABAL TRAIL TRANSMISSION, LLC
STATEMENTS OF FINANCIAL POSITION

December 31,	**2020**	2019
(millions of US dollars)		
Assets		
Current assets		
Cash	**19.7**	29.1
Accounts receivable - affiliates and other, net *(Note 9)*	**40.4**	37.0
Other	**4.8**	3.6
Total current assets	**64.9**	69.7
Property, plant and equipment, net *(Note 6)*	**2,989.6**	3,005.2
Regulatory assets *(Note 5)*	**62.7**	63.1
Total assets	**3,117.2**	3,138.0
Liabilities and members' equity		
Current liabilities		
Accounts payable	**8.4**	21.7
Accounts payable - affiliates *(Note 9)*	**5.6**	4.7
Interest payable	**11.4**	11.4
Other liabilities	**8.5**	13.8
Total current liabilities	**33.9**	51.6
Long-term debt *(Note 7)*	**1,488.2**	1,487.4
Commitments and contingencies *(Note 10)*		
Members' equity	**1,595.1**	1,599.0
Total liabilities and members' equity	**3,117.2**	3,138.0

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

NOTES TO THE FINANCIAL STATEMENTS

1. BUSINESS OVERVIEW

Sabal Trail Transmission, LLC (collectively, “we”, “our” and “us”) owns an interstate natural gas pipeline system and is owned 50% by Spectra Energy Partners, LP (SEP), 42.5% by US Southeastern Gas Infrastructure, LLC (NextEra) and 7.5% by Duke Energy Corporation (Duke). SEP is an indirect subsidiary of Enbridge Inc. (Enbridge).

We are engaged in the interstate transmission of natural gas. Our interstate natural gas transmission operations are subject to the rules and regulations of the Federal Energy Regulatory Commission (FERC).

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (US GAAP) and reflect the results of our operations, our financial position and cash flows. The financial statements do not include any of the assets, liabilities, revenues or expenses of the members. Amounts are stated in US dollars unless otherwise noted.

BASIS OF PRESENTATION AND USE OF ESTIMATES
The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities in the financial statements. Significant estimates and assumptions used in the preparation of the financial statements include, but are not limited to: carrying values of regulatory assets and liabilities *(Note 5)*; expected credit losses; depreciation rates and carrying value of property, plant and equipment *(Note 6)*; and commitments and contingencies *(Note 10)*. Actual results could differ from these estimates.

Certain comparative figures in our financial statements have been reclassified to conform to the current year's presentation.

REGULATION
The economic effects of regulation can result in a regulated company recording assets for costs that have been, or are expected to be, approved for recovery from customers, recording liabilities for amounts that are expected to be returned to customers or for instances where the regulator provides current rates intended to recover costs expected to be incurred in the future. Accordingly, we record assets and liabilities that result from the regulated ratemaking process that may not be recorded under US GAAP for non-regulated entities. We continually assess whether regulatory assets are probable of future recovery by considering factors such as applicable regulatory changes and recent rate orders to other regulated entities. Based on this assessment, we believe our existing regulatory assets are probable of recovery. These regulatory assets are classified in the Statements of Financial Position as Regulatory assets. We evaluate our regulated assets and consider factors such as regulatory changes and the effect of competition. If cost-based regulation ends or competition increases, we may have to reduce our asset balances to reflect a market basis less than cost and write-off the associated regulatory assets and liabilities. See *Note 5. Regulatory Matters* for further discussion.

REVENUE RECOGNITION
Revenues from the transportation of natural gas are recognized when products have been delivered or services have been performed, the amount of revenue can be reliably measured and collectability is reasonably assured. Revenues related to these services provided, but not yet billed, are estimated each month. These estimates are generally based on contract data, regulatory information and preliminary throughput and allocation measurements. Final bills for the current month are billed and collected in the following month. Differences between actual and estimated revenues are immaterial.

ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION
Allowance for funds used during construction (AFUDC) represents the estimated debt and equity costs of capital funds necessary to finance the construction of certain new regulated facilities and consists of two components, an equity component and an interest expense component. The equity component is a non-cash item. After construction is completed, we are permitted to recover these costs through inclusion in the rate base and in the depreciation provision. AFUDC is capitalized as a component of Property, plant and equipment in the Statements of Financial Position with offsetting credits to the Statements of Earnings through Allowance for funds used during construction - equity for the equity component and Allowance for funds used during construction - debt for the interest expense component. The total amount of AFUDC for the years ended December 31, 2020 and 2019 was $3.5 million (an equity component of $2.4 million and an interest expense component of $1.1 million) and $5.3 million (an equity component of $3.7 million and an interest expense component of $1.6 million), respectively.

INCOME TAXES
We are not subject to federal income taxes, but rather our taxable income (or loss) is reported on the income tax returns of our members. We are subject to cost-based regulation and, consequently, record a regulatory tax asset in connection with the tax gross up of AFUDC equity. Since we are a pass-through entity, the corresponding deferred tax liability is recognized as an Attributed deferred tax expense in the Statements of Members' Equity.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents include short-term investments with a term to maturity of three months or less when purchased.

PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment is recorded at historical cost. Expenditures for construction, expansion, major renewals and betterments are capitalized. Maintenance and repair costs are expensed as incurred. Expenditures for project development are capitalized if they are expected to have future benefit. We capitalize interest incurred during construction for non-rate-regulated assets. For rate-regulated assets, AFUDC is included in the cost of property, plant and equipment and is depreciated over future periods as part of the total cost of the related asset. Depreciation is generally computed over the asset's estimated useful life using the straight-line method over the estimated useful lives of the assets commencing when the asset is placed in service.

When we retire property, plant and equipment, we charge the original cost plus the cost of retirement, less salvage value, to accumulated depreciation and amortization. When we sell entire regulated operating units, or retire or sell certain non-regulated properties, the cost is removed from the property account and the related accumulated depreciation and amortization accounts are reduced. Any gain or loss is recorded in earnings, unless otherwise required by the FERC.

PRELIMINARY PROJECT COSTS
Project development costs, including expenditures for preliminary surveys, plans, investigations, environmental studies, regulatory applications and other costs incurred for the purpose of determining the feasibility of capital expansion projects are capitalized when it is determined that recovery of such costs through regulated revenues of the completed project is probable.

LONG-LIVED ASSETS IMPAIRMENT
We review the carrying values of our long-lived assets as events or changes in circumstances warrant. If it is determined that the carrying value of an asset exceeds the undiscounted cash flows expected from the asset, we calculate fair value based on the discounted cash flows and write the assets down to the extent that the carrying value exceeds the fair value.

TRANSACTION COSTS
Transaction costs are incremental costs directly related to the acquisition of a financial asset or the issuance of a financial liability. We incur transaction costs primarily from the issuance of debt and account for these costs as a deduction from Long-term debt on the Statements of Financial Position. These costs are amortized using the effective interest rate method over the term of the related debt instrument and are recorded in Interest expense. Any call premiums or unamortized expenses associated with refinancing higher-cost debt obligations to finance regulated assets and operations are amortized consistently with the regulatory treatment of those items, where appropriate.

CURRENT EXPECTED CREDIT LOSSES
For accounts receivable, a loss allowance matrix is utilized to measure lifetime expected credit losses. The matrix contemplates historical credit losses by age of receivables, adjusted for any forward-looking information and management expectations. Other loan receivables and applicable off-balance sheet commitments utilize a discounted cash flow methodology which calculates the current expected credit losses based on historical default probability rates associated with the credit rating of the counterparty and the related term of the loan or commitment, adjusted for forward-looking information and management expectations.

ASSET RETIREMENT OBLIGATIONS
We have determined that substantially all of our assets have an indeterminate life, and as such, the fair values of asset retirement obligations (ARO) are not reasonably estimable. These assets include pipelines whose retirement dates will depend mostly on the various natural gas supply sources that connect to our systems and the ongoing demand for natural gas usage in the markets we serve. We expect these supply sources and market demands to continue for the foreseeable future, therefore we are unable to estimate retirement dates that would result in ARO liabilities.

COMMITMENTS AND CONTINGENCIES
Liabilities for other commitments and contingencies are recognized when, after fully analyzing available information, we determine it is either probable that an asset has been impaired, or a liability has been incurred, and the amount of the impairment or loss can be reasonably estimated. When a range of probable loss can be estimated, we recognize the most likely amount, or if no amount is more likely than another, the minimum of the range of probable loss is accrued. We expense legal costs associated with loss contingencies as such costs are incurred.

3. CHANGES IN ACCOUNTING POLICIES

ADOPTION OF NEW ACCOUNTING STANDARDS

Clarifying Interaction between Collaborative Arrangements and Revenue from Contracts with Customers

Effective January 1, 2020, we adopted ASU 2018-18 on a retrospective basis. The new standard was issued in November 2018 to provide clarity on when transactions between entities in a collaborative arrangement should be accounted for under the new revenue standard, Accounting Standards Codification (ASC) 606. In determining whether transactions in collaborative arrangements should be accounted for under the revenue standard, the update specifies that entities shall apply unit of account guidance to identify distinct goods or services and whether such goods and services are separately identifiable from other promises in the contract. ASU 2018-18 also precludes entities from presenting transactions with a collaborative partner which are not in scope of the new revenue standard together with revenue from contracts with customers. The adoption of this ASU did not have a material impact on our financial statements.

Disclosure Effectiveness

Effective January 1, 2020, we adopted ASU 2018-13 on both a retrospective and prospective basis depending on the change. The new standard was issued to improve the disclosure requirements for fair value measurements by eliminating and modifying some disclosures, while also adding new disclosures. The adoption of this ASU did not have a material impact on our financial statements.

Accounting for Credit Losses

Effective January 1, 2020, we adopted ASU 2016-13 on a modified retrospective basis.

The new standard was issued in June 2016 with the intent of providing financial statement users with more useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The previous accounting treatment used the incurred loss methodology for recognizing credit losses that delayed the recognition until it was probable a loss had been incurred. The accounting update adds a new impairment model, known as the current expected credit loss model, which is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes as an allowance its estimate of expected credit losses, which the Financial Accounting Standards Board believes results in more timely recognition of such losses.

Further, ASU 2018-19 was issued in November 2018 to clarify that operating lease receivables should be accounted for under the new leases standard, ASC 842, and are not within the scope of ASC 326, Financial Instruments - Credit Losses.

On January 1, 2020, we recorded $0.2 million of additional Deficit on our Statements of Financial Position in connection with the adoption of ASU 2016-13. The adoption of this ASU did not have a material impact on the Statements of Earnings or Cash Flows during the period.

Recognition of Leases

Effective January 1, 2020, we adopted ASU 2016-02 (Topic 842) on a modified retrospective basis. The new standard was issued with the intent to increase transparency and comparability among organizations. It requires lessees of operating lease arrangements to recognize right-of-use assets and the related lease liabilities on the statements of financial position and disclose additional key information about lease agreements. The new standard also replaces the current definition of a lease and requires that an arrangement be recognized as a lease when a customer has the right to obtain substantially all of the economic benefits from the use of an asset, as well as the right to direct the use of the asset. The adoption of this standard did not have a material impact on our financial statements.

4. REVENUE

REVENUE FROM CONTRACTS WITH CUSTOMERS

Major Services

All operating revenues for the year ended December 31, 2020 were earned from contracts with customers for the transportation of natural gas.

Contract Balances

(millions of US dollars)	Contract Receivables
Balance as at December 31, 2020	**40.6**
Balance as at December 31, 2019	31.6

Contract receivables represent the amount of receivables derived from contracts with customers. There were no contract assets or liabilities as at December 31, 2020 or December 31, 2019.

Revenue from Unfulfilled Performance Obligations

Total revenue from performance obligations expected to be fulfilled in future periods is $10.2 billion, of which $472.0 million is expected to be recognized during the year ending December 31, 2021.

Excluded from these amounts are variable considerations, effects of escalation on certain contracts that have a 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 and whether the agreement provides for make-up rights for the shippers. 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 transportation services are transferred, we recognize revenue over time using the output method. Outputs are determined based on the volumes of commodities delivered or transported and correspond directly to the benefits received by the customer during that period. All operating revenues earned by us for the years ended December 31, 2020 and December 31, 2019 were from services transferred over time.

Determination of Transaction Prices

Prices for gas processing and 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.

Payment Terms
Payments are received monthly from customers under long-term transportation and commodity sales contracts.

5. REGULATORY MATTERS

We record assets and liabilities that result from regulated ratemaking processes that would not be recorded under US GAAP for non-regulated entities. See *Note 2. Significant Accounting Policies* for further discussion.

December 31,	**2020**	2019
(millions of US dollars)		
Regulatory assets		
Regulatory assets related to income taxes[1,2]	**62.7**	63.1
Total Regulatory assets	**62.7**	63.1

1 Relate to tax gross up of AFUDC equity portion.
2 All amounts are expected to be included in future rate filings and will be recovered over the life of the associated assets.

We have no regulatory liabilities of as at December 31, 2020 and December 31, 2019.

Rate-Related Information
We continue to operate under rates approved by the FERC in 2016.

6. PROPERTY, PLANT AND EQUIPMENT

December 31,	Weighted Average Depreciation Rate	**2020**	2019
(millions of US dollars)			
Pipeline	1.7 %	**2,850.8**	2,710.8
Land and right-of-way[1]	1.7 %	**285.7**	280.6
Other	2.0 %	**26.1**	26.1
Under construction	— %	**—**	108.9
Total property, plant and equipment		**3,162.6**	3,126.4
Total accumulated depreciation and amortization		**(173.0)**	(121.2)
Total net property, plant and equipment		**2,989.6**	3,005.2

1 The measurement of weighted average depreciation rate excludes non-depreciable assets.

All of our property, plant and equipment is regulated with estimated useful lives based on depreciation rates approved by the FERC. Sabal Trail Phase II, which is an expansion of our existing pipeline through the addition of two new greenfield compressor stations in Albany, Georgia and Dunnellon, Florida, was placed into service in the second quarter of 2020, after receiving approval from the FERC.

7. DEBT

Summary of Debt and Related Terms

December 31,	Maturity	**2020**	2019
(millions of US dollars)			
4.246% senior unsecured bonds	2028	**500.0**	500.0
4.682% senior unsecured bonds	2038	**600.0**	600.0
4.832% senior unsecured bonds	2048	**400.0**	400.0
Unamortized debt issuance costs		**(11.8)**	(12.6)
Total long-term debt		**1,488.2**	1,487.4

As at December 31, 2020, we were in compliance with all debt covenants.

8. RISK MANAGEMENT

CREDIT RISK

Our principal customers for natural gas transportation services are utilities located throughout the state of Florida, Alabama and Georgia, and we have concentrations of receivables from the utility sector in these states. These concentrations of customers may affect our overall credit risk in that risk factors can negatively affect the credit quality of the entire sector. Where exposed to credit risk, we analyze the customers' financial condition prior to entering into an agreement, establish credit limits and monitor the appropriateness of those limits on an ongoing basis. We also obtain parental guarantees, cash deposits or letters of credit from customers to provide credit support, where appropriate, based on our financial analysis of the customer and the regulatory or contractual terms and conditions applicable to each contract.

COVID-19 PANDEMIC RISK

The spread of the COVID-19 pandemic has caused significant volatility in the US. While we have taken proactive measures to deliver energy safely and reliably during this pandemic, given the ongoing dynamic nature of the circumstances surrounding COVID-19, the impact of this pandemic on our business remains uncertain.

9. RELATED PARTY TRANSACTIONS

Related party transactions are conducted in the normal course of business and, unless otherwise noted, are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

We are currently party to a Construction, Operation and Management Agreement (the COM) with Sabal Trail Management, LLC (the Operator). The Operator has been engaged to develop, construct, market and operate our natural gas transmission assets, amongst other administrative responsibilities, and is to be reimbursed for all costs incurred in accordance with the COM. As the Operator is an indirect subsidiary of Enbridge, these transactions are inherently related party transactions.

Statements of Earnings

Year ended December 31,	**2020**	2019
(millions of US dollars)		
Operating revenues[1]	**435.9**	366.8
Operating, maintenance and other expenses[2]	**18.4**	17.1

1 In the normal course of business, we provide natural gas transmission services to NextEra and Duke.

2 Includes management and operating services provided by SEP and its affiliates pursuant to an agreement entered into between us and an affiliate of SEP.

Statements of Financial Position

December 31,	2020	2019
(millions of US dollars)		
Trade receivables[1]	**39.9**	36.5
Other current assets[2]	**3.2**	2.6
Accounts payable - affiliates	**5.6**	4.7

1 Reported within Accounts receivables - affiliates and other in the Statements of Financial Position.
2 Reported within Other in the Statements of Financial Position.

Transactions billed from the Operator, included within Property, plant and equipment, net in the Statements of Financial Position, were $4.2 million and $5.1 million for the years ended December 31, 2020 and 2019, respectively.

10. COMMITMENTS AND CONTINGENCIES

COMMITMENTS

As at December 31, 2020, we have commitments as detailed below:

	Total	Less than 1 year	2 years	3 years	4 years	5 years	Thereafter
(millions of US dollars)							
Annual debt maturities	1,500.0	—	—	—	—	—	1,500.0
Interest obligations	1,182.6	68.7	68.7	68.7	68.7	68.7	839.1
Operating commitments	1,492.3	69.3	69.3	69.3	69.3	69.3	1,145.8
Total	4,174.9	138.0	138.0	138.0	138.0	138.0	3,484.9

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, at times, we are subject to environmental remediation obligations at our various operating sites. 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, we will be responsible for payment of costs arising from environmental incidents associated with the operating activities of our natural gas business.

LITIGATION AND LEGAL PROCEEDINGS

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. We had no material reserves for legal matters recorded at either December 31, 2020 or 2019, related to litigation.

11. SUBSEQUENT EVENTS

We have evaluated significant events and transactions that occurred from January 1, 2021 through March 19, 2021, the date the financial statements were issued, and have identified no subsequent events for disclosure.