

Shell Midstream Partners, L.P.
Form 10-Q
August 12, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2015

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 001-36710

Shell Midstream Partners, L.P.

(Exact name of registrant as specified in its charter)

Delaware 46-5223743
(State or other jurisdiction of (I.R.S. Employer

incorporation or organization) Identification No.)
One Shell Plaza, 910 Louisiana Street, Houston, Texas 77002

(Address of principal executive offices) (Zip Code)

(713) 241-6161

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐

Non-accelerated filer ☒ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The registrant had 75,167,376 common units and 67,475,068 subordinated units outstanding as of August 12, 2015.

SHELL MIDSTREAM PARTNERS, L.P.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

SHELL MIDSTREAM PARTNERS, L.P.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2015	December 31, 2014
	(in millions of dollars)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 113.0	\$ 150.2
Accounts receivable - third parties, net	14.7	16.3
Accounts receivable - related parties	7.7	10.3
Allowance oil	3.3	3.4
Prepaid expenses	1.4	3.6
Total current assets	140.1	183.8
Equity method investments	155.3	160.7
Property, plant and equipment, net	272.7	275.0
Other assets	6.9	4.2
Total assets	\$ 575.0	\$ 623.7
LIABILITIES		
Current liabilities		
Accounts payable - third parties	\$ 0.5	\$ —
Accounts payable - related parties	4.8	10.6
Debt payable - related party	70.8	—
Distribution payable to SPLC	—	11.9
Distribution payable to noncontrolling interest	15.8	—
Deferred revenue - third parties	17.8	15.3
Deferred revenue - related parties	9.3	4.7
Accrued liabilities - third parties	10.2	0.9
Accrued liabilities - related parties	1.3	1.4
Total current liabilities	130.5	44.8
Total liabilities	130.5	44.8
Commitments and Contingencies (Note 11)		
EQUITY		
Common unitholders - public (53,692,308 and 46,000,000 units issued and		
outstanding as of June 30, 2015 and December 31, 2014)	1,320.8	1,016.2
Common unitholder - SPLC (21,475,068 units issued and		
outstanding as of June 30, 2015 and December 31, 2014)	(137.8)	(140.3)
Subordinated unitholder - SPLC (67,475,068 units issued and		
outstanding as of June 30, 2015 and December 31, 2014)	(433.4)	(440.9)
General Partner - SPLC (2,911,070 and 2,754,084 units issued and	(404.1)	(18.0)

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outstanding as of June 30, 2015 and December 31, 2014)		
Total partners' capital	345.5	417.0
Noncontrolling interest	99.0	161.9
Total equity	444.5	578.9
Total liabilities and equity	\$ 575.0	\$ 623.7

The accompanying notes are an integral part of the condensed consolidated financial statements.

SHELL MIDSTREAM PARTNERS, L.P.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended		Six Months Ended	
	June 30, 2015	2014	June 30, 2015	2014
	(in millions of dollars, except per unit data)			
	Predecessor		Predecessor	
Revenue				
Third parties	\$46.5	\$ 32.4	\$87.8	\$ 58.8
Related parties	11.1	11.0	21.5	20.7
Total revenue	57.6	43.4	109.3	79.5
Costs and expenses				
Operations and maintenance - third parties	7.7	5.6	14.6	14.2
Operations and maintenance - related parties	3.4	3.6	7.3	7.2
General and administrative - third parties	3.4	1.1	5.0	1.5
General and administrative - related parties	4.8	4.4	9.8	6.8
Depreciation	3.5	2.5	6.9	5.3
Property and other taxes	3.2	(0.2)	6.4	3.1
Total costs and expenses	26.0	17.0	50.0	