

Enable Midstream Partners, LP
Form 10-K
February 21, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2016

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 No. 1-36413

ENABLE MIDSTREAM PARTNERS, LP
(Exact name of registrant as specified in its charter)

Delaware 72-1252419
(State or jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

One Leadership Square
211 North Robinson Avenue
Suite 150
Oklahoma City, Oklahoma 73102
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code: (405) 525-7788

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Units Representing Limited Partner Interests	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.

Yes No

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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 (Do not check if a smaller reporting company) 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 aggregate market value of the Common Units held by non-affiliates of the registrant, based upon the closing price of \$13.51 per common unit on June 30, 2016, was approximately \$1,047 million.

As of February 1, 2017, there were 224,532,959 common units and 207,855,430 subordinated units outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None

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GLOSSARY

2011 Pipeline Safety Act.	Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011.
Adjusted EBITDA.	Please read “Measures We Use to Evaluate Results of Operations” under Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operation” for the definition.
Adjusted interest expense.	Please read “Measures We Use to Evaluate Results of Operations” under Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operation” for the definition.
APSA.	Accountable Pipeline Safety and Partnership Act of 1996.
ArcLight.	ArcLight Capital Partners, LLC, a Delaware limited liability company, its affiliated entities ArcLight Energy Partners Fund V, L.P., ArcLight Energy Partners Fund IV, L.P., Bronco Midstream Partners, L.P., Bronco Midstream Infrastructure LLC and Enogex Holdings LLC, and their respective general partners and subsidiaries.
ASU.	Accounting Standards Update.
Atoka.	Atoka Midstream LLC, in which the Partnership owns a 50% interest as of December 31, 2016, which provides gathering and processing services.
Barrel.	42 U.S. gallons of petroleum products.
Bbl.	Barrel.
Bbl/d.	Barrels per day.
Bcf.	Billion cubic feet.
Bcf/d.	Billion cubic feet per day.
Board of Directors.	The board of directors of Enable GP, LLC.
Btu.	British thermal unit. When used in terms of volume, Btu refers to the amount of natural gas required to raise the temperature of one pound of water by one degree Fahrenheit at one atmospheric pressure.
CAA.	Clean Air Act, as amended.
CenterPoint Energy.	CenterPoint Energy, Inc., a Texas corporation, and its subsidiaries.
CERCLA.	Comprehensive Environmental Response, Compensation and Liability Act of 1980.
CFTC.	Commodity Futures Trading Commission.
CO ₂ e.	Carbon dioxide equivalent.
Code.	The Internal Revenue Code of 1986, as amended.
Condensate.	A natural gas liquid with a low vapor pressure, mainly composed of propane, butane, pentane and heavier hydrocarbon fractions.
DCF.	Please read “Measures We Use to Evaluate Results of Operations” under Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operation” for the definition.
Delaware Act.	Delaware Revised Uniform Limited Partnership Act.
DHS.	Department of Homeland Security.
Distribution coverage ratio.	Please read “Measures We Use to Evaluate Results of Operations” under Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operation” for the definition.
Dodd-Frank Act.	Dodd-Frank Wall Street Reform and Consumer Protection Act.
DOT.	Department of Transportation.
EGT.	Enable Gas Transmission, LLC, a wholly owned subsidiary of the Partnership that operates a 5,900-mile interstate pipeline that provides natural gas transportation and storage services to customers principally in the Anadarko, Arkoma and Ark-La-Tex Basins in Oklahoma, Texas, Arkansas, Louisiana, Missouri and Kansas.
EIA.	Energy Information Administration.
EIIT.	

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Enable Illinois Intrastate Transmission, LLC, a wholly owned subsidiary of the Partnership that operates a 20-mile intrastate pipeline that provides natural gas transportation and storage services to customers in Illinois.

Enable GP. Enable GP, LLC, a Delaware limited liability company and the general partner of Enable Midstream Partners, LP.

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Enable Midstream Services.	Enable Midstream Services, LLC, a wholly owned subsidiary of Enable Midstream Partners, LP.
Enogex.	Enogex LLC, a Delaware limited liability company, and its subsidiaries.
EOIT.	Enable Oklahoma Intrastate Transmission, LLC, formerly Enogex LLC, a wholly owned subsidiary of the Partnership that operates a 2,200-mile intrastate pipeline that provides natural gas transportation and storage services to customers in Oklahoma.
ESA.	Endangered Species Act.
EPA.	Environmental Protection Agency.
EPAct of 2005.	Energy Policy Act of 2005.
ERISA.	Employee Retirement Income Security Act of 1974.
Exchange Act.	Securities Exchange Act of 1934, as amended.
FASB.	Financial Accounting Standards Board.
FERC.	Federal Energy Regulatory Commission.
Fractionation.	The separation of the heterogeneous mixture of extracted NGLs into individual components for end-use sale.
GAAP.	Generally accepted accounting principles in the United States.
Gas imbalance.	The difference between the actual amounts of natural gas delivered from or received by a pipeline, as compared to the amounts scheduled to be delivered or received.
General partner.	Enable GP, LLC, a Delaware limited liability company, the general partner of Enable Midstream Partners, LP.
GHG.	Greenhouse gas.
Gross margin.	Please read “Measures We Use to Evaluate Results of Operations” under Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operation” for the definition.
HCA.	High-consequence area.
HLPSA.	Hazardous Liquid Pipeline Safety Act of 1979.
Hinshaw pipeline.	A pipeline that is exempt from FERC’s NGA regulation if its operations are within a single state, if any gas received from interstate sources is received within the state and if its service is regulated by the state commission.
ICA.	Interstate Commerce Act.
IPO.	Initial public offering of Enable Midstream Partners, LP.
IRS.	Internal Revenue Service.
LDC.	Local distribution company involved in the delivery of natural gas to consumers within a specific geographic area.
Lean gas.	Natural gas that is primarily methane without NGLs.
LIBOR.	London Interbank Offered Rate.
LNG.	Liquefied natural gas.
MAOP.	Maximum allowable operating pressure for gas pipelines.
MBbl.	Thousand barrels.
MBbl/d.	Thousand barrels per day.
MFA.	Master Formation Agreement dated as of March 14, 2013.
MMcf.	Million cubic feet of natural gas.
MMBtu.	Million British thermal units.
MMcf/d.	Million cubic feet per day.
MOP.	Maximum operating pressure for hazardous liquid pipelines.
MRT.	Enable Mississippi River Transmission, LLC, a wholly owned subsidiary of the Partnership that operates a 1,600-mile interstate pipeline that provides natural gas transportation and storage services principally in Texas, Arkansas, Louisiana, Missouri and Illinois.
NEPA.	National Environmental Policy Act.
NGA.	Natural Gas Act of 1938.

NGPA. Natural Gas Policy Act of 1978.

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NGPSA.	Natural Gas Pipeline Safety Act of 1968.
NGLs.	Natural gas liquids, which are the hydrocarbon liquids contained within natural gas including condensate.
NYMEX.	New York Mercantile Exchange.
NYSE.	New York Stock Exchange.
OCC.	Oklahoma Corporation Commission.
OGE Energy.	OGE Energy Corp., an Oklahoma corporation, and its subsidiaries.
OPA.	Oil Pollution Act of 1990.
OSHA.	Occupational Safety and Health Act of 1970.
Partnership.	Enable Midstream Partners, LP, and its subsidiaries.
Partnership Agreement.	Fourth Amended and Restated Agreement of Limited Partnership of Enable Midstream Partners, LP dated as of June 22, 2016.
PDO.	Petition for a Declaratory Order. Petition filed with FERC to seek regulatory assurances for key terms of service offered during an open season.
PHMSA.	Pipeline and Hazardous Materials Safety Administration.
PIPES Act.	Pipeline Inspection, Protection, Enforcement, and Safety Act of 2006.
PSA.	Pipeline Safety Act of 1992.
PSIA.	Pipeline Safety Improvement Act of 2002.
PVIR.	Preventable Vehicle Incident Rate.
Purchase Agreement.	Purchase Agreement, dated January 28, 2016, by and between the Partnership and CenterPoint Energy, Inc. for the sale by the Partnership and purchase by CenterPoint Energy, Inc. of Series A Preferred Units.
RCRA.	Resource Conservation and Recovery Act of 1976.
Revolving Credit Facility	\$1.75 billion senior unsecured revolving credit facility
RICE MACT.	Reciprocating internal combustion engines maximum achievable control technology.
Rich gas.	Natural gas containing higher concentrations of NGLs.
SCOOP.	South Central Oklahoma Oil Province.
SDWA.	Safe Drinking Water Act.
SEC.	Securities and Exchange Commission.
Securities Act.	Securities Act of 1933, as amended.
Series A Preferred Units.	10% Series A Fixed-to-Floating Non-Cumulative Redeemable Perpetual Preferred Units representing limited partner interests in the Partnership.
SESH.	Southeast Supply Header, LLC, in which the Partnership owns a 50% interest as of December 31, 2016, that operates an approximately 290-mile interstate natural gas pipeline from Perryville, Louisiana to southwestern Alabama near the Gulf Coast.
Sponsors.	CenterPoint Energy and OGE Energy.
STACK	Sooner Trend Anadarko Basin Canadian and Kingfisher Counties.
Superfund.	Comprehensive Environmental Response, Compensation and Liability Act of 1980.
TBtu.	Trillion British thermal units.
TBtu/d.	Trillion British thermal units per day.
Tcf.	Trillion cubic feet of natural gas.
Term Loan Agreements.	\$450 million unsecured term loan agreement dated July 31, 2015 (2015 Term Loan Agreement) and \$1.05 billion unsecured term loan agreement dated May 1, 2013 (2013 Term Loan Agreement).
TRIR.	Total Recordable Incident Rate.
WTI.	West Texas Intermediate.
2019 Notes.	\$500 million 2.400% senior notes due 2019.
2024 Notes.	\$600 million 3.900% senior notes due 2024.
2044 Notes.	\$550 million 5.000% senior notes due 2044.

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FORWARD-LOOKING STATEMENTS

Some of the information in this report may contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Forward-looking statements give our current expectations, contain projections of results of operations or of financial condition, or forecasts of future events. Words such as “could,” “will,” “should,” “may,” “assume,” “forecast,” “position,” “predict,” “strategy,” “expect,” “intend,” “plan,” “estimate,” “believe,” “project,” “budget,” “potential,” or “continue,” and similar expressions are used to identify forward-looking statements. Without limiting the generality of the foregoing, forward-looking statements contained in this report include our expectations of plans, strategies, objectives, growth and anticipated financial and operational performance, including revenue projections, capital expenditures and tax position. Forward-looking statements can be affected by assumptions used or by known or unknown risks or uncertainties. Consequently, no forward-looking statements can be guaranteed.

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We believe that we have chosen these assumptions or bases in good faith and that they are reasonable. However, when considering these forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this report. Those risk factors and other factors noted throughout this report could cause our actual results to differ materially from those disclosed in any forward-looking statement. You are cautioned not to place undue reliance on any forward-looking statements. You should also understand that it is not possible to predict or identify all such factors and should not consider the following list to be a complete statement of all potential risks and uncertainties. Factors that could cause our actual results to differ materially from the results contemplated by such forward-looking statements include:

- changes in general economic conditions;
- competitive conditions in our industry;
- actions taken by our customers and competitors;
- the supply and demand for natural gas, NGLs, crude oil and midstream services;
- our ability to successfully implement our business plan;
- our ability to complete internal growth projects on time and on budget;
- the price and availability of debt and equity financing;
- strategic decisions by CenterPoint Energy and OGE Energy regarding their ownership of us and our General Partner;
- operating hazards and other risks incidental to transporting, storing, gathering and processing natural gas, NGLs, crude oil and midstream products;
- natural disasters, weather-related delays, casualty losses and other matters beyond our control;
- interest rates;
- labor relations;
- large customer defaults;
- changes in the availability and cost of capital;
- changes in tax status;
- the effects of existing and future laws and governmental regulations;
- changes in insurance markets impacting costs and the level and types of coverage available;
- the timing and extent of changes in commodity prices;
- the suspension, reduction or termination of our customers’ obligations under our commercial agreements;
- disruptions due to equipment interruption or failure at our facilities, or third-party facilities on which our business is dependent;
- the effects of future litigation; and
- other factors set forth in this report and our other filings with the SEC.

Forward-looking statements speak only as of the date on which they are made. We expressly disclaim any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

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PART I