TEXAS EASTERN TRANSMISSION, LP

CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

March 31, 2024

TEXAS EASTERN TRANSMISSION, LP
CONSOLIDATED STATEMENTS OF EARNINGS

	Three months ended March 31,	
	2024	2023
(unaudited; millions of United States dollars)		
Operating revenues		
Transportation of natural gas	**479**	518
Storage of natural gas and other services	**30**	24
Total operating revenues	**509**	542
Operating expenses		
Operating, maintenance and other	**156**	183
Depreciation and amortization	**92**	90
Property and other taxes	**31**	31
Total operating expenses	**279**	304
Operating income	**230**	238
Other income		
Allowance for funds used during construction - equity	**5**	6
Interest expense	**(30)**	(31)
Total other expenses	**(25)**	(25)
Earnings	**205**	213

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

TEXAS EASTERN TRANSMISSION, LP
CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL

	Three months ended March 31,	
	2024	2023
(unaudited; millions of United States dollars)		
Balance at beginning of period	**7,503**	6,995
Earnings	**205**	213
Attributed deferred tax (expense)/benefit	**3**	(4)
Rate case settlement	**6**	7
Balance at end of period	**7,717**	7,211

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

TEXAS EASTERN TRANSMISSION, LP
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended March 31,	
	2024	2023
(unaudited; millions of United States dollars)		
Operating activities		
Earnings	**205**	213
Adjustments to reconcile earnings to net cash provided by operating activities:		
Depreciation and amortization	**92**	90
Allowance for funds used during construction - equity	**(5)**	(6)
Other	**10**	3
Changes in operating assets and liabilities	**(64)**	58
Net cash provided by operating activities	**238**	358
Investing activities		
Capital expenditures	**(167)**	(198)
Change in advances receivable, net — affiliates	**(71)**	(160)
Net cash used in investing activities	**(238)**	(358)
Financing activities		
Distributions to member	**—**	—
Net cash used in financing activities	**—**	—
Net change in cash	**—**	—
Cash at beginning of year	**—**	—
Cash at end of year	**—**	—

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TEXAS EASTERN TRANSMISSION, LP
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31, 2024	December 31, 2023
(unaudited; millions of United States dollars)		
Assets		
Current assets		
Accounts receivable and other	**184**	186
Accounts receivable from affiliates	**6**	6
Gas imbalance receivable	**34**	64
Inventory	**37**	35
Fuel tracker	**22**	12
	283	303
Advances receivable, net - affiliates	**181**	110
Goodwill	**136**	136
Right-of-use assets	**386**	387
Property, plant and equipment, net	**10,387**	10,298
Regulatory assets	**253**	256
Other	**69**	66
Total assets	**11,695**	11,556
Liabilities and partners' capital		
Current liabilities		
Accounts payable and other	**183**	178
Accounts payable to affiliates	**69**	90
Property and other taxes accrued	**73**	90
Interest payable	**30**	37
Collateral liabilities	**24**	23
Gas imbalance payable	**34**	64
Lease liabilities	**16**	15
	429	497
Long-term debt	**2,538**	2,538
Deferred state income tax	**11**	10
Lease liabilities	**364**	366
Regulatory and other liabilities	**636**	642
	3,978	4,053
Partners’ capital	**7,717**	7,503
Total liabilities and partners' capital	**11,695**	11,556

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

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The accompanying unaudited interim consolidated financial statements of Texas Eastern Transmission, LP ("we", "our", "us" and "Texas Eastern") have been prepared in accordance with generally accepted accounting principles in the United States of America (US GAAP) for interim consolidated information. They do not include all of the information and notes required by US GAAP for annual consolidated financial statements and should therefore be read in conjunction with our audited consolidated annual financial statements and notes for the year ended December 31, 2023. In the opinion of management, the interim consolidated 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 consolidated financial statements follow the same significant accounting policies as those included in our audited consolidated 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 periods ended March 31, 2024 and 2023 were earned from contracts with customers for the transportation of natural gas, storage of natural gas and other services.

Contract Balances

	Receivables	Contract assets	Contract liabilities
(millions of US dollars)			
Balance as at March 31, 2024	**189**	**53**	**24**
Balance as at December 31, 2023	194	51	25

Contract receivables represent the amount of receivables derived from contracts with customers.

Contract assets represent the amount of revenue which has been recognized in advance of payments received for performance obligations we have fulfilled (or partially fulfilled) and prior to the point in time at which our right to the payment is unconditional. Amounts included in contract assets are transferred to accounts receivable when our right to the consideration becomes unconditional.

Contract liabilities represent payments received for performance obligations which have not been fulfilled.

Revenue from Unfulfilled Performance Obligations
Total revenue from performance obligations expected to be fulfilled in future periods is $11.6 billion, of which $1.4 billion is expected to be recognized during the remaining nine months ending December 31, 2024.

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. 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 involving transportation where the transportation services or commodities are simultaneously received and consumed by the shipper or customer, we recognize revenue over time using an output method based on volumes of commodities delivered or transported. The measurement of the volumes transported or delivered corresponds directly to the benefits received by the shippers or customers during that period.

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 contracts.

3. REGULATORY MATTERS

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 are subject to cost-based regulation and consequently record a regulatory tax asset in connection with the tax gross up of Allowance for funds used during construction - equity. The corresponding deferred tax liability is recognized as an Attributed deferred tax benefit in the Consolidated Statements of Partners' Capital, since we are a pass-through entity.

On September 10, 2018, Spectra Energy Partners, LP (SEP) filed with the Federal Energy Regulatory Commission (FERC) in Docket No. AC18-220-000 a request on behalf of certain of SEP's pipeline affiliates, including Texas Eastern, to adjust Accumulated Deferred Income Taxes (ADIT) and the Excess Accumulated Deferred Income Tax (EDIT) recorded in the respective official books in accordance with the Commission's March, 15, 2018 and July 18, 2018 orders on its revised income tax allowance policy. The AC18-220 proceeding is currently pending before the FERC and as such, we continue to reflect ADIT and EDIT on the books.

On June 1, 2019, Texas Eastern started amortizing the EDIT regulatory liability over the remaining average useful life of the assets, as agreed to in the rate case settlement approved by the Commission in Docket No. RP19-343 (2019 Settlement).

On November 30, 2022, we received approval from the FERC of our uncontested rate case settlement (November 2022 Order), in which the Commission directed Texas Eastern to file actual tariff records consistent with the Settlement.

Pursuant to the November 2022 Order and the Stipulation and Agreement, Texas Eastern filed actual tariff records effective on the Settlement Effective Date of January 1, 2023. We also filed actual tariff records effective February 1, 2023, and March 1, 2023. Texas Eastern continues to operate under the rates approved by the FERC in the November 2022 Order.

On November 27, 2023, SEP, a subsidiary of Enbridge Inc., filed with the FERC in Docket No. AC18-220-000 a request on behalf of certain of SEP's pipeline and affiliates, including Texas Eastern, for a Motion for Action on its September 10, 2018 request for approval of accounting entries in this proceeding.

4. CONTINGENCIES

GENERAL INSURANCE

We are included in the comprehensive insurance program maintained by Enbridge for its subsidiaries to mitigate a certain portion of our risks. However, not all potential risks arising from our operations are insurable, or are insured as a result of availability, high premiums and for various other reasons. Enbridge self-insures a significant portion of certain risks through its wholly-owned captive insurance subsidiaries, which require certain assumptions and management judgments regarding the frequency and severity of claims, claim development and settlement practices and the selection of estimated loss among estimates derived using different methods. Enbridge's insurance coverage is also subject to terms and conditions, exclusions and large deductibles or self-insured retentions which may reduce or eliminate coverage in certain circumstances.

Enbridge's insurance policies are generally renewed on an annual basis and, depending on factors such as market conditions, the premiums, terms, policy limits and/or deductibles can vary substantially. We can give no assurance that we will be able to maintain adequate insurance in the future at rates or on other terms we consider commercially reasonable. In such case, we may decide to self-insure additional risks.

In the unlikely event multiple insurable incidents occur which exceed coverage limits within the same insurance period, the total insurance coverage will be allocated among Enbridge entities on an equitable basis based on an insurance allocation agreement we have entered into with Enbridge and other Enbridge subsidiaries.

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 consolidated 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 as at March 31, 2024 or December 31, 2023, related to litigation.

5. SUBSEQUENT EVENTS

We have evaluated significant events and transactions that occurred from April 1, 2024 through May 29, 2024, the date the interim Consolidated Financial Statements were issued, and have identified no subsequent events for disclosure.