GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

February 17, 2015

Becky McNamus
Assistant Superintendent of Finance
Barbers Hill Independent School District
PO Box 1108
Mont Belvieu, Texas 77580

Dear Assistant Superintendent McNamus:

On November 20, 2014, the Comptroller issued written notice that Lone Star NGL Asset Holdings II, LLC (the applicant) submitted a completed application (Application #1034) for a limitation on appraised value under the provisions of Tax Code Chapter 313[1]. This application was originally submitted on October 27, 2014, to the Barbers Hill Independent School District (the school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.
Sec. 313.024(d)	Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application #1034.

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

[1] All statutory references are to the Texas Tax Code, unless otherwise noted.

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period. See Attachment B.

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. See Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-286) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of November 20, 2014, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Robert Wood, Associate Deputy Comptroller, by email at robert.wood@cpa.texas.gov or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,

Mike Reissig
Deputy Comptroller

Enclosure

cc: Robert Wood

Attachment A – Economic Impact Analysis

This following tables summarizes the Comptroller's economic impact analysis of Lone Star NGL II, LLC (Frac IV) (the project) applying to Barbers Hill Independent School District (the district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of Lone Star NGL II, LLC (Frac IV).

Applicant	Lone Star NGL II, LLC (Frac IV)
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Barbers Hill ISD
2011-12 Enrollment in School District	4676
County	Chambers County
Proposed Total Investment in District	$300,000,000
Proposed Qualified Investment	$300,000,000
Limitation Amount	$30,000,000
Number of new qualifying jobs committed to by applicant	10
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	$1,149.71
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	$1,149.71
Minimum annual wage committed to by applicant for qualified jobs	$59,785
Minimum weekly wage required for non-qualifying jobs	
Minimum annual wage required for non-qualifying jobs	
Investment per Qualifying Job	$30,000,000
Estimated M&O levy without any limit (15 years)	$31,483,060
Estimated M&O levy with Limitation (15 years)	$9,890,860
Estimated gross M&O tax benefit (15 years)	$21,592,200
** Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).*	

Table 2 is the estimated statewide economic impact of Lone Star NGL II, LLC (Frac IV) (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2015	189	198	387	$10,395,000	$13,605,000	$24,000,000
2016	199	230	429	$11,003,380	$17,996,620	$29,000,000
2017	10	59	69	$608,380	$7,391,620	$8,000,000
2018	10	49	59	$608,380	$5,391,620	$6,000,000
2019	10	41	51	$608,380	$5,391,620	$6,000,000
2020	10	37	47	$608,380	$5,391,620	$6,000,000
2021	10	39	49	$608,380	$4,391,620	$5,000,000
2022	10	39	49	$608,380	$4,391,620	$5,000,000
2023	10	45	55	$608,380	$5,391,620	$6,000,000
2024	10	41	51	$608,380	$4,391,620	$5,000,000
2025	10	51	61	$608,380	$5,391,620	$6,000,000
2026	10	45	55	$608,380	$5,391,620	$6,000,000
2027	10	41	51	$608,380	$5,391,620	$6,000,000
2028	10	39	49	$608,380	$5,391,620	$6,000,000
2029	10	39	49	$608,380	$5,391,620	$6,000,000

Source: CPA, REMI, Lone Star NGL II, LLC (Frac IV)

Table 3 examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives								
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Barbers Hill ISD I&S Tax Levy	Barbers Hill ISD M&O Tax Levy	Barbers Hill ISD M&O and I&S Tax Levies	Chambers County Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	0.26980	1.0600		0.4782	
2016	$17,500,000	$17,500,000		$47,215	$185,500	$232,715	$83,691	$316,406
2017	$285,000,000	$285,000,000		$768,930	$3,021,000	$3,789,930	$1,362,973	$5,152,903
2018	$273,600,000	$273,600,000		$738,173	$2,900,160	$3,638,333	$1,308,454	$4,946,786
2019	$262,200,000	$262,200,000		$707,416	$2,779,320	$3,486,736	$1,253,935	$4,740,670
2020	$250,800,000	$250,800,000		$676,658	$2,658,480	$3,335,138	$1,199,416	$4,534,554
2021	$239,400,000	$239,400,000		$645,901	$2,537,640	$3,183,541	$1,144,897	$4,328,438
2022	$228,000,000	$228,000,000		$615,144	$2,416,800	$3,031,944	$1,090,378	$4,122,322
2023	$216,600,000	$216,600,000		$584,387	$2,295,960	$2,880,347	$1,035,859	$3,916,206
2024	$205,200,000	$205,200,000		$553,630	$2,175,120	$2,728,750	$981,340	$3,710,090
2025	$193,800,000	$193,800,000		$522,872	$2,054,280	$2,577,152	$926,821	$3,503,974
2026	$182,400,000	$182,400,000		$492,115	$1,933,440	$2,425,555	$872,302	$3,297,858
2027	$171,000,000	$171,000,000		$461,358	$1,812,600	$2,273,958	$817,784	$3,091,742
2028	$159,600,000	$159,600,000		$430,601	$1,691,760	$2,122,361	$763,265	$2,885,625
2029	$148,200,000	$148,200,000		$399,844	$1,570,920	$1,970,764	$708,746	$2,679,509
2030	$136,800,000	$136,800,000		$369,086	$1,450,080	$1,819,166	$654,227	$2,473,393
					Total	$39,496,390	$14,204,087	$53,700,477

Source: CPA, Lone Star NGL II, LLC (Frac IV)

[1]Tax Rate per $100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Chambers County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought								
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Barbers Hill ISD I&S Tax Levy	Barbers Hill ISD M&O Tax Levy	Barbers Hill ISD M&O and I&S Tax Levies	Chambers County Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	0.2698	1.0600		0.4782	
2016	$17,500,000	$17,500,000		$47,215	$185,500	$232,715	$83,691	$316,406
2017	$285,000,000	$30,000,000		$768,930	$318,000	$1,086,930	$545,189	$1,632,119
2018	$273,600,000	$30,000,000		$738,173	$318,000	$1,056,173	$523,381	$1,579,554
2019	$262,200,000	$30,000,000		$707,416	$318,000	$1,025,416	$501,574	$1,526,990
2020	$250,800,000	$30,000,000		$676,658	$318,000	$994,658	$479,766	$1,474,425
2021	$239,400,000	$30,000,000		$645,901	$318,000	$963,901	$457,959	$1,421,860
2022	$228,000,000	$30,000,000		$615,144	$318,000	$933,144	$436,151	$1,369,295
2023	$216,600,000	$30,000,000		$584,387	$318,000	$902,387	$414,344	$1,316,730
2024	$205,200,000	$30,000,000		$553,630	$318,000	$871,630	$392,536	$1,264,166
2025	$193,800,000	$30,000,000		$522,872	$318,000	$840,872	$370,729	$1,211,601
2026	$182,400,000	$30,000,000		$492,115	$318,000	$810,115	$348,921	$1,159,036
2027	$171,000,000	$171,000,000		$461,358	$1,812,600	$2,273,958	$817,784	$3,091,742
2028	$159,600,000	$159,600,000		$430,601	$1,691,760	$2,122,361	$763,265	$2,885,625
2029	$148,200,000	$148,200,000		$399,844	$1,570,920	$1,970,764	$708,746	$2,679,509
2030	$136,800,000	$136,800,000		$369,086	$1,450,080	$1,819,166	$654,227	$2,473,393
					Total	**$17,904,190**	**$7,498,262**	**$25,402,452**
					Diff	**$21,592,200**	**$6,705,825**	**$28,298,025**

Source: CPA, Lone Star NGL II, LLC (Frac IV)
[1]Tax Rate per $100 Valuation

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment B – Tax Revenue over 25 Years

This represents the Comptroller's determination that Lone Star NGL Asset Holdings II, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy and direct, indirect and induced tax effects from project employment directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2014	$0	$0	$0	$0
	2015	$0	$0	$0	$0
	2016	$185,500	$185,500	$0	$0
Limitation Period (10 Years)	2017	$318,000	$503,500	$2,703,000	$2,703,000
	2018	$318,000	$821,500	$2,582,160	$5,285,160
	2019	$318,000	$1,139,500	$2,461,320	$7,746,480
	2020	$318,000	$1,457,500	$2,340,480	$10,086,960
	2021	$318,000	$1,775,500	$2,219,640	$12,306,600
	2022	$318,000	$2,093,500	$2,098,800	$14,405,400
	2023	$318,000	$2,411,500	$1,977,960	$16,383,360
	2024	$318,000	$2,729,500	$1,857,120	$18,240,480
	2025	$318,000	$3,047,500	$1,736,280	$19,976,760
	2026	$318,000	$3,365,500	$1,615,440	$21,592,200
Maintain Viable Presence (5 Years)	2027	$1,812,600	$5,178,100	$0	$21,592,200
	2028	$1,691,760	$6,869,860	$0	$21,592,200
	2029	$1,570,920	$8,440,780	$0	$21,592,200
	2030	$1,450,080	$9,890,860	$0	$21,592,200
	2031	$1,329,240	$11,220,100	$0	$21,592,200
Additional Years as Required by 313.026(c)(1) (10 Years)	2032	$1,208,400	$12,428,500	$0	$21,592,200
	2033	$1,087,560	$13,516,060	$0	$21,592,200
	2034	$966,720	$14,482,780	$0	$21,592,200
	2035	$845,880	$15,328,660	$0	$21,592,200
	2036	$845,880	$16,174,540	$0	$21,592,200
	2037	$845,880	$17,020,420	$0	$21,592,200
	2038	$845,880	$17,866,300	$0	$21,592,200
	2039	$845,880	$18,712,180	$0	$21,592,200
	2040	$845,880	$19,558,060	$0	$21,592,200
	2041	$845,880	$20,403,940	$0	$21,592,200
		$20,403,940	is less than	**$21,592,200**	

Analysis Summary	
Is the project reasonably likely to generate school M & O tax revenue in an amount sufficient to offset the school M&O levy loss as a result of the limitation agreement within a 25 year period?	No

Source: CPA, Lone Star NGL Asset Holdings II, LLC

Employment Indirect and Induced Tax Effects

	Employment			Personal Income			Revenue & Expenditure		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2015	189	198	387	$10,395,000	$13,605,000	$24,000,000	$1,319,885	-$633,240	$1,953,125
2016	199	230	429	$11,003,380	$17,996,620	$29,000,000	$1,586,914	-$450,134	$2,037,048
2017	10	59	69	$608,380	$7,391,620	$8,000,000	$465,393	$450,134	$15,259
2018	10	49	59	$608,380	$5,391,620	$6,000,000	$427,246	$473,022	-$45,776
2019	10	41	51	$608,380	$5,391,620	$6,000,000	$411,987	$450,134	-$38,147
2020	10	37	47	$608,380	$5,391,620	$6,000,000	$358,582	$411,987	-$53,405
2021	10	39	49	$608,380	$4,391,620	$5,000,000	$335,693	$366,211	-$30,518
2022	10	39	49	$608,380	$4,391,620	$5,000,000	$297,546	$335,693	-$38,147
2023	10	45	55	$608,380	$5,391,620	$6,000,000	$289,917	$282,288	$7,629
2024	10	41	51	$608,380	$4,391,620	$5,000,000	$305,176	$244,141	$61,035
2025	10	51	61	$608,380	$5,391,620	$6,000,000	$328,064	$205,994	$122,070
2026	10	45	55	$608,380	$5,391,620	$6,000,000	$335,693	$183,105	$152,588
2027	10	41	51	$608,380	$5,391,620	$6,000,000	$236,511	$137,329	$99,182
2028	10	39	49	$608,380	$5,391,620	$6,000,000	$244,141	$99,182	$144,959
2029	10	39	49	$608,380	$5,391,620	$6,000,000	$213,623	$83,923	$129,700
2030	10	37	47	$608,380	$5,391,620	$6,000,000	$198,364	$61,035	$137,329
2031	10	33	43	$608,380	$5,391,620	$6,000,000	$167,847	$22,888	$144,959
2032	10	39	49	$608,380	$4,391,620	$5,000,000	$175,476	$0	$175,476
2033	10	35	45	$608,380	$5,391,620	$6,000,000	$152,588	-$38,147	$190,735
2034	10	37	47	$608,380	$6,391,620	$7,000,000	$175,476	-$53,406	$228,882
2035	10	35	45	$608,380	$5,391,620	$6,000,000	$129,700	-$91,553	$221,253
2036	10	37	47	$608,380	$6,391,620	$7,000,000	$106,812	-$129,700	$236,512
2037	10	39	49	$608,380	$5,391,620	$6,000,000	$99,182	-$144,958	$244,140
2038	10	37	47	$608,380	$6,391,620	$7,000,000	$152,588	-$137,329	$289,917
2039	10	41	51	$608,380	$7,391,620	$8,000,000	$137,329	-$213,623	$350,952
2040	10	45	55	$608,380	$7,391,620	$8,000,000	$137,329	-$221,252	$358,581
2041	10	41	51	$608,380	$7,391,620	$8,000,000	$137,329	-$236,511	$373,840
						Total	**$8,926,391**	**$1,457,213**	**$7,469,178**
							$27,873,118	is greater than	**$21,592,200**

Analysis Summary	
Is the project reasonably likely to generate total tax revenue in an amount sufficient to offset the school district M&O levy loss as a result of the limitation agreement?	Yes

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that "the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state." This represents the basis for the Comptroller's determination.

Methodology
Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination
The Comptroller is **has determined** that the limitation on appraised value is a determining factor in the Lone Star NGL (Frac IV) decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per the applicant, they are considering the Gulf Coast of Louisiana where they currently have significant infrastructure and pipeline availability to transport NGL's reaching from there through Texas and on into New Mexico, Arizona, and California. Also at this time, they are in the process of building a $10,000,000,000 (ten billion) Liquid Natural Gas export facility in Louisiana, where the state provides a 10 year mfg. property tax exemption that would significantly impact economics, especially in times such as these.
- Per the company, this project will operate independently and is not dependent upon or offer enhancement to the operation of Fractionation Plants I, II and III.
- Per the applicant's website regarding the merger of ETP and Regency published January 30, 2015, Lone Star is among the best positioned NGL businesses in Mont Belvieu. Enhanced "baseline business" positions Lone Star for further growth such as Fractionator IV.
- Per the applicant's Analyst Day Presentation published November 18, 2014, the current Mont Belvieu footprint has the ability to build a total of six fractionators.

Supporting Information

a) Section 8 of the Application for a Limitation on Appraised Value
b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
c) Additional information provided by the Applicant or located by the Comptroller

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Supporting Information

Section 8 of the Application for a Limitation on Appraised Value

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? ☑ Yes ☐ No
2. The property will be used for one of the following activities:
   (1) manufacturing ☑ Yes ☐ No
   (2) research and development ☐ Yes ☑ No
   (3) a clean coal project, as defined by Section 5.001, Water Code ☐ Yes ☑ No
   (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code ☐ Yes ☑ No
   (5) renewable energy electric generation ☐ Yes ☑ No
   (6) electric power generation using integrated gasification combined cycle technology ☐ Yes ☑ No
   (7) nuclear electric power generation ☐ Yes ☑ No
   (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) ☐ Yes ☑ No
   (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 ☐ Yes ☑ No
3. Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☑ No
4. Will any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☑ No
5. Will any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☑ No
6. Are you including property that is owned by a person other than the applicant? ☐ Yes ☑ No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? ☐ Yes ☑ No

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:
   - ☑ Land has no existing improvements
   - ☐ Land has existing improvements *(complete Section 13)*
   - ☐ Expansion of existing operation on the land *(complete Section 13)*
   - ☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? ☑ Yes ☐ No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? ☐ Yes ☑ No
3. Does the applicant have current business activities at the location where the proposed project will occur? ☐ Yes ☑ No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? ☐ Yes ☑ No
5. Has the applicant received any local or state permits for activities on the proposed project site? ☐ Yes ☑ No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? ☐ Yes ☑ No
7. Is the applicant evaluating other locations not in Texas for the proposed project? ☑ Yes ☐ No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? ☐ Yes ☑ No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? ☐ Yes ☑ No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? ☑ Yes ☐ No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

Supporting Information

Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value

TAB 05

Limitation as Determining Factor

Limitation is a Determining as a Factor:

Energy Transfer is a leading midstream energy company whose primary activities include gathering, treating, processing and transporting natural gas and natural gas liquids to a variety of markets and states. Energy Transfer currently operates over 17,500 miles of pipeline, 3 gas processing plants, 17 gas treating facilities and 10 gas conditioning plants. Locations for these operations included Arizona, New Mexico, Utah, Colorado, Kansas, Oklahoma, Texas, Arkansas and Louisiana.

Energy Transfer's pipeline footprint provides substantial flexibility in where future facilities or investments may be located. Capital investments are allocated to projects and locations based on expected economic return and property tax liabilities can make up a substantial ongoing cost of operation. See economic model showing business value with and without 313 Limitation Agreement and 312 Abatements.

Exhibit - A
Page 1

KE ANDREWS
VALUATION•TAX•SOLUTIONS

Frac IV
As of: 1/1/2015
Year 1 Ending: 12/31/2015

Property Tax: 2.35%
Cost: $ 300,000,000

Chambers County	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Terminal Year
Revenue	$ -	$ -	$ 45,136,957	$ 75,839,700	$ 75,839,700	$ 75,839,700	$ 76,047,480	$ 75,839,700	$ 75,839,700	$ 75,839,700	$ 75,839,700	$ 75,839,700	$ 75,839,700
% Growth				68.02%	0.00%	0.00%	0.27%	-0.27%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Expenses	$ -	$ -	$ 2,677,946	$ 3,272,960	$ 3,339,022	$ 3,406,418	$ 3,475,175	$ 3,545,319	$ 3,616,879	$ 3,689,883	$ 3,764,419	$ 3,840,460	$ 3,689,883
G&A Expenses	$ -	$ -	$ 803,384	$ 981,888	$ 1,001,707	$ 1,021,925	$ 1,042,552	$ 1,063,596	$ 1,085,064	$ 1,106,965	$ 1,129,326	$ 1,152,138	$ 1,152,138
Property Tax		$ 2,115,000	$ 7,050,000	$ 6,838,500	$ 6,556,500	$ 6,345,000	$ 6,063,000	$ 5,781,000	$ 5,499,000	$ 5,217,000			$ 4,935,000
EBITDA	$ -	$ (2,115,000)	$ 34,605,628	$ 64,746,352	$ 64,942,471	$ 65,066,356	$ 65,466,753	$ 65,449,786	$ 65,638,758	$ 65,825,852	$ 70,945,956	$ 70,847,101	$ 66,062,678
Margin %			76.67%	85.37%	85.63%	85.79%	86.09%	86.30%	86.55%	86.80%	93.55%	93.42%	87.11%
Growth Capex	$ 78,947,368	$ 196,875,000	$ 35,349,816	$ -	$ -	$ -	$ -	$ -	$ -	$ -			$ -
Free Cash Flow	$ (78,947,368)	$ (198,990,000)	$ (744,188)	$ 64,746,352	$ 64,942,471	$ 65,066,356	$ 65,466,753	$ 65,449,786	$ 65,638,758	$ 65,825,852	$ 70,945,956	$ 70,847,101	$ 66,062,678
Cumulative Free Cash Flow	$ (78,947,368)	$ (277,937,368)	$ (278,681,557)	$ (213,935,204)	$ (148,992,733)	$ (83,926,377)	$ (18,459,624)	$ 46,990,162	$ 112,628,919	$ 178,454,771	$ 249,400,727	$ 320,247,828	$ 386,310,507
Partial Period Adjustment	1	1	1	1	1	1	1	1	1	1	1	1	
Mid Year Convention	0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.50	11.50	
Present Value Factor @ 9.00%	0.96	0.88	0.81	0.74	0.68	0.62	0.57	0.52	0.48	0.44	0.40	0.37	
Present Value of Free Cash Flow	$ (75,617,865)	$ (174,860,415)	$ (599,952)	$ 47,887,544	$ 44,066,603	$ 40,505,197	$ 37,389,406	$ 34,293,317	$ 31,552,598	$ 29,029,848	$ 28,704,462	$ 26,297,675	

Sum of Present Value of Free Cash Flows	$ 13,646,280
Present Value of Terminal Value	$ 306,521,869
Operating Business Enterprise Value	$ 320,168,149
Working Capital Excess/(Deficit)	$ -
Total Business Enterprise Value	$ 320,168,149
IRR 12.28%	
Total Business Enterprise Value w/o Limitations	$ 320,168,149

Terminal Cash Flow	$ 66,062,678
Discount Rate	9.00%
Long Term Growth Rate	1.00%
Capitalization Rate	8.00%
Terminal Value	$825,783,481
Present Value Factor	0.37
PV of Terminal Value	$306,521,869

Frac IV
As of: 1/1/2015
Year 1 Ending: 12/31/2015

Property Tax: 0.00%
Cost: $ 300,000,000

KEANDREWS
VALUATION•TAX•SOLUTIONS

Chambers County

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Terminal Year
Revenue	$ -	$ -	$ 45,136,957	$ 75,839,700	$ 75,839,700	$ 75,839,700	$ 76,047,480	$ 75,839,700	$ 75,839,700	$ 75,839,700	$ 75,839,700	$ 75,839,700	$ 75,839,700
% Growth				68.02%	0.00%	0.00%	0.27%	-0.27%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Expenses	$ -	$ -	$ 2,677,946	$ 3,272,960	$ 3,339,022	$ 3,406,418	$ 3,475,175	$ 3,545,319	$ 3,616,879	$ 3,689,883	$ 3,764,419	$ 3,689,883	$ 3,689,883
G&A Expenses	$ -	$ -	$ 803,384	$ 981,888	$ 1,001,707	$ 1,021,925	$ 1,042,552	$ 1,063,596	$ 1,085,064	$ 1,106,965	$ 1,129,326	$ 1,152,138	$ 1,152,138
Property Tax		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
EBITDA	$ -	$ -	$ 41,655,628	$ 71,584,852	$ 71,498,971	$ 71,411,356	$ 71,529,753	$ 71,230,786	$ 71,137,758	$ 71,042,852	$ 70,945,956	$ 70,997,678	$ 70,997,678
Margin %			92.29%	94.39%	94.28%	94.16%	94.06%	93.92%	93.80%	93.68%	93.55%	93.62%	93.62%
Growth Capex	$ 92,105,263	$ 221,052,632	$ 36,842,105	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Free Cash Flow	$ (92,105,263)	$ (221,052,632)	$ 4,813,522	$ 71,584,852	$ 71,498,971	$ 71,411,356	$ 71,529,753	$ 71,230,786	$ 71,137,758	$ 71,042,852	$ 70,945,956	$ 70,997,678	$ 70,997,678
Cumulative Free Cash Flow	$ (92,105,263)	$ (313,157,895)	$ (308,344,372)	$ (236,759,520)	$ (165,260,549)	$ (93,849,193)	$ (22,319,440)	$ 48,911,346	$ 120,049,104	$ 191,091,955	$ 262,037,911	$ 333,035,590	$ 404,033,268
Partial Period Adjustment	1	1	1	1	1	1	1	1	1	1	1	1	
Mid Year Convention	0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.50	11.50	
Present Value Factor @ 9.00%	0.96	0.88	0.81	0.74	0.68	0.62	0.57	0.52	0.48	0.44	0.40	0.37	
Present Value of Free Cash Flow	$ (88,220,842)	$ (194,247,726)	$ 3,880,581	$ 52,945,419	$ 48,515,504	$ 44,455,095	$ 40,852,110	$ 37,322,352	$ 34,195,971	$ 31,330,596	$ 28,704,462	$ 26,353,568	

Sum of Present Value of Free Cash Flows	$ 66,087,090
Present Value of Terminal Value	$ 329,419,599
Operating Business Enterprise Value	$ 395,506,690
Working Capital Excess/(Deficit)	$ -
Total Business Enterprise Value	$ 395,506,690
IRR 14.27%	
Total Business Enterprise Value w/Limitations	$ 395,506,690

Terminal Cash Flow	$ 70,997,678
Discount Rate	9.00%
Long Term Growth Rate	1.00%
Capitalization Rate	8.00%
Terminal Value	$887,470,981
Present Value Factor	0.37
PV of Terminal Value	$329,419,599

Supporting Information

Additional information provided by the Applicant or located by the Comptroller

REGENCY ENERGY PARTNERS

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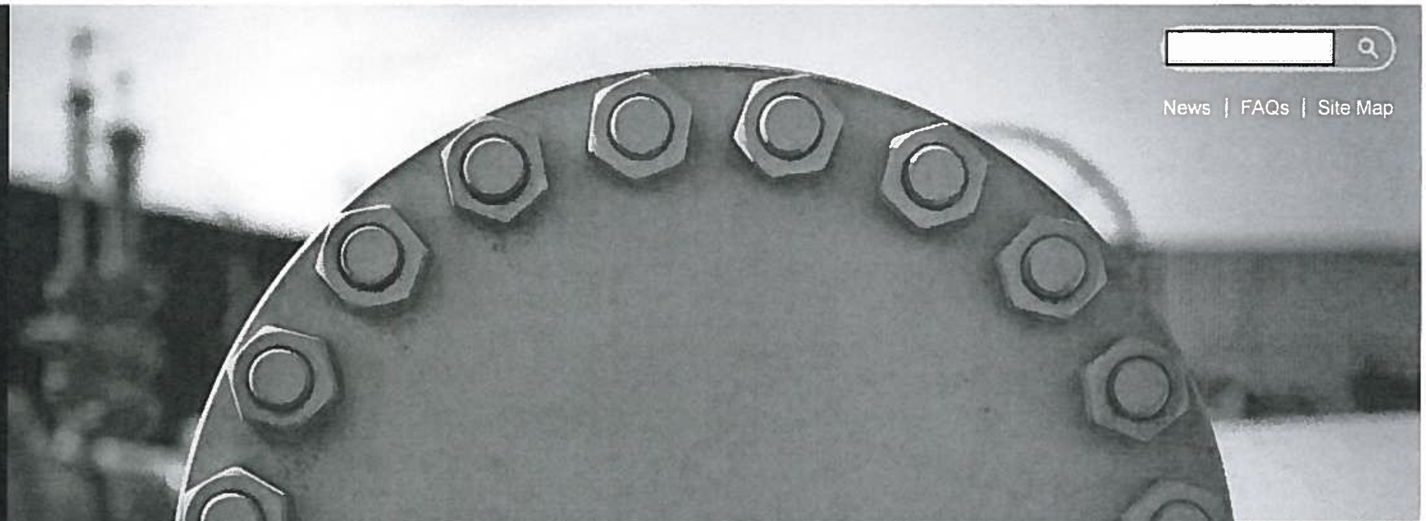

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News Release

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Energy Transfer Partners and Regency Energy Partners to Construct Large Diameter NGL Pipeline from Permian Basin to Mont Belvieu

Partnerships Also Announce Plans to Convert Existing 12-inch NGL Pipeline to Crude Oil/Condensate Service

DALLAS--(BUSINESS WIRE)--Nov. 17, 2014-- **Energy Transfer Partners, L.P. (NYSE: ETP)** and **Regency Energy Partners LP (NYSE:RGP)** today announced that their joint venture, Lone Star NGL LLC ("Lone Star"), has Board of Directors approval to construct a 533 mile, 24 and 30-inch natural gas liquids (NGL) pipeline from the Permian Basin to Mont Belvieu, Texas, and convert Lone Star's existing West Texas 12-inch NGL pipeline into crude oil/condensate service. The new pipeline and conversion projects, estimated to cost between $1.5 and $1.8 billion, are expected to be operational by third quarter of 2016 and first quarter of 2017, respectively.

The new pipeline is being built to accommodate Lone Star's contracted NGL transportation volumes that will exceed Lone Star's existing 290,000 barrels per day of capacity from the Permian Basin by 2016. The 24-inch pipeline will initially be sized to transport 375,000 barrels per day from the Permian Basin to Bosque County while the 30-inch pipeline is currently sized to transport 495,000 barrels per day from Bosque County to Mont Belvieu, Texas. The pipelines can be easily expanded to transport additional volumes in the future.

Lone Star's 12-inch West Texas NGL pipeline will be converted to crude/condensate service. The pipeline runs from the Midland area to the Gulf Coast and will be sized to ship 70,000 barrels per day to Corsicana, Texas and 100,000 barrels per day to Sour Lake, Texas. Lone Star plans on holding an open season for the crude/condensate service at a future date.

Potential shippers interested in transportation service may contact Lone Star via e-mail at M.Mckee@energytransfer.com to request additional information.

Investor Toolkit
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Financial Tear Sheet

Energy Transfer Partners, L.P. (NYSE: ETP) is a master limited partnership owning and operating one of the largest and most diversified portfolios of energy assets in the United States. ETP currently owns and operates approximately 35,000 miles of natural gas and natural gas liquids pipelines. ETP also owns 100% of Panhandle Eastern Pipe Line Company, LP (the successor of Southern Union Company) and a 70% interest in Lone Star NGL LLC, a joint venture that owns and operates natural gas liquids storage, fractionation and transportation assets. ETP also owns the general partner, 100% of the incentive distribution rights, and approximately 67.1 million common units in Sunoco Logistics Partners L.P. (NYSE: SXL), which operates a geographically diverse portfolio of crude oil and refined products pipelines, terminalling and crude oil acquisition and marketing assets. ETP owns 100% of Sunoco, Inc. and 100% of Susser Holdings Corporation. Additionally ETP owns the general partner, 100% of the incentive distribution rights and approximately 44% of the limited partnership interests in Sunoco LP (formerly Susser Petroleum Partners LP) (NYSE: SUN), a wholesale fuel distributor and convenience store operator. ETP's general partner is owned by ETE. For more information, visit the Energy Transfer Partners, L.P. web site at www.energytransfer.com.

Regency Energy Partners LP (NYSE:RGP) is a growth-oriented, master limited partnership engaged in the gathering and processing, compression, treating and transportation of natural gas; the transportation, fractionation and storage of natural gas liquids; the gathering, transportation and terminaling of oil (crude and/or condensate) received from producers; and the management of coal and natural resource properties in the United States. Regency's general partner is owned by Energy Transfer Equity, L.P. (NYSE:ETE). For more information, please visit Regency's website at www.regencyenergy.com.

Forward-Looking Statements

This press release may include certain statements concerning expectations for the future that are forward-looking statements as defined by federal law. Such forward-looking statements are subject to a variety of known and unknown risks, uncertainties, and other factors that are difficult to predict and many of which are beyond management's control. An extensive list of factors that can affect future results are discussed in the Partnerships' Annual Reports on Form 10-K and other documents filed from time to time with the Securities and Exchange Commission. The Partnerships undertake no obligation to update or revise any forward-looking statement to reflect new information or events.

The information contained in this press release is available on Energy Transfer Partners, L.P.'s website at www.energytransfer.com and on the Regency Energy Partners LP website at www.regencyenergy.com.

Photos/Multimedia Gallery Available:
http://www.businesswire.com/multimedia/home/20141117005279/en/

Source: Energy Transfer Partners, L.P. and Regency Energy Partners LP

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Vice President, Investor Relations
or
Regency Energy Partners
Lyndsay Hannah, 214-840-5477
Director, Finance & Investor Relations
or
Media Relations:

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Frac III

1 4 0 0 5

Failed sale leads to closure of | Petrokemya lets contract for Al Jubail complex

Lone Star ns construction on third Mont Belv rac unit

HOUSTON, Nov. 6
11/06/2014
By OGJ editors

Lone Star NGL LLC, a joint ver y Transfer Partners LP (70%) and Regency Energy Partners LP (30%), both of Dallas, has begun con hird 100,000-b/d NGL fractionation unit at Mont Belvieu, Tex.

The fractionator is fully subscri e long-term contracts and is necessary, Lone Star said, to handle the increasing NGLs delivered via ne Star's raw-make pipelines that gather NGLs from Permian, Eagle Ford, and North Texas production.

Estimated by the companies to cost $420-430 million, the fractionator is to be in operation by December 2015.

In addition, Lone Star said it continues to evaluate additional fractionation expansions at Mont Belvieu and in other areas.

The fractionator will combine with two other, 100,000-b/d units. Lone Star placed in service Lone Star Frac II fractionator in November 2013 (OGJ Online, Nov. 4, 2013), with the Frac I unit previously completed in 2012 (OGJ, May 7, 2012, p. 88; June 6, 2011, p. 88).

Both fractionators receive NGLs from production from the Permian basin, Eagle Ford shale, and other producing regions via several sources, including Lone Star's West Texas NGL pipelines and ETP's Justice NGL pipeline (OGJ, June 2, 2014, p. 86).

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Failed sale leads to closure of Welsh refinery | Petrokemya lets contract for Al Jubail complex

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ENERGY TRANSFER PARTNERS, L.P.
REGENCY ENERGY PARTNERS LP

ETP's Merger with Regency

January 30, 2015

ENERGY TRANSFER

REGENCY
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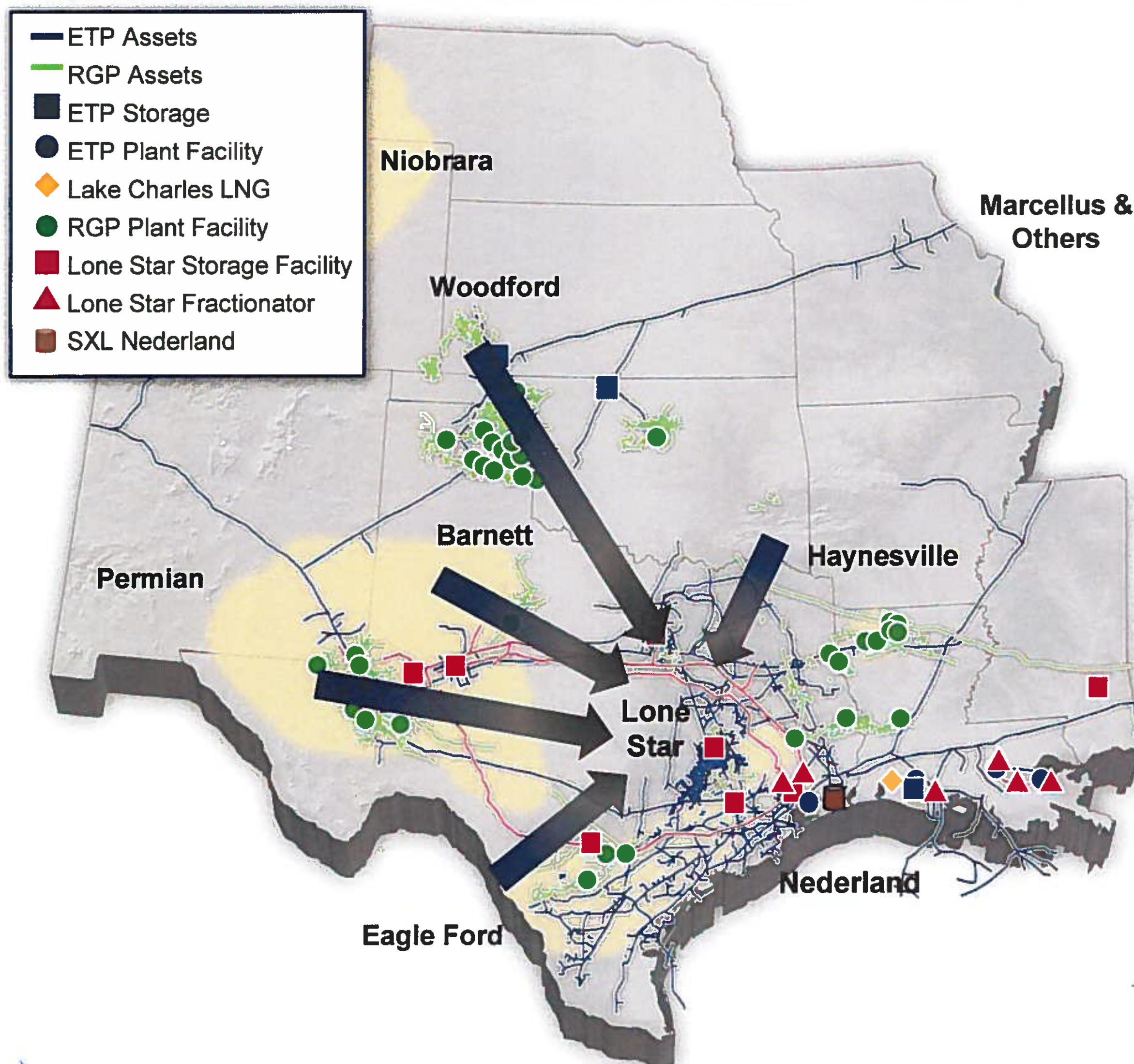
1/30/15

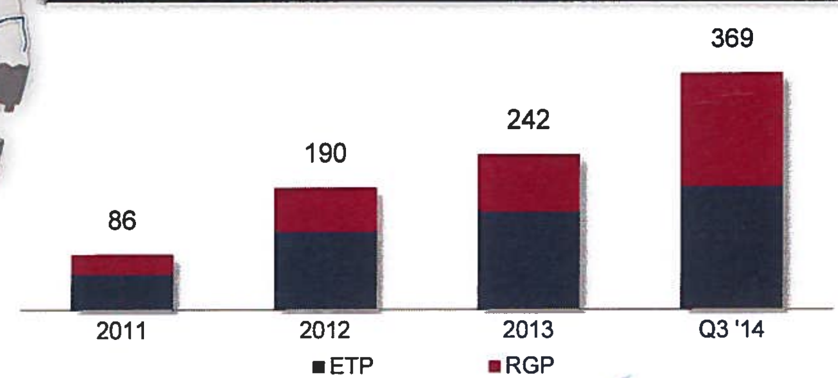
ACCELERATING NGL FLOWS TO LONE STAR

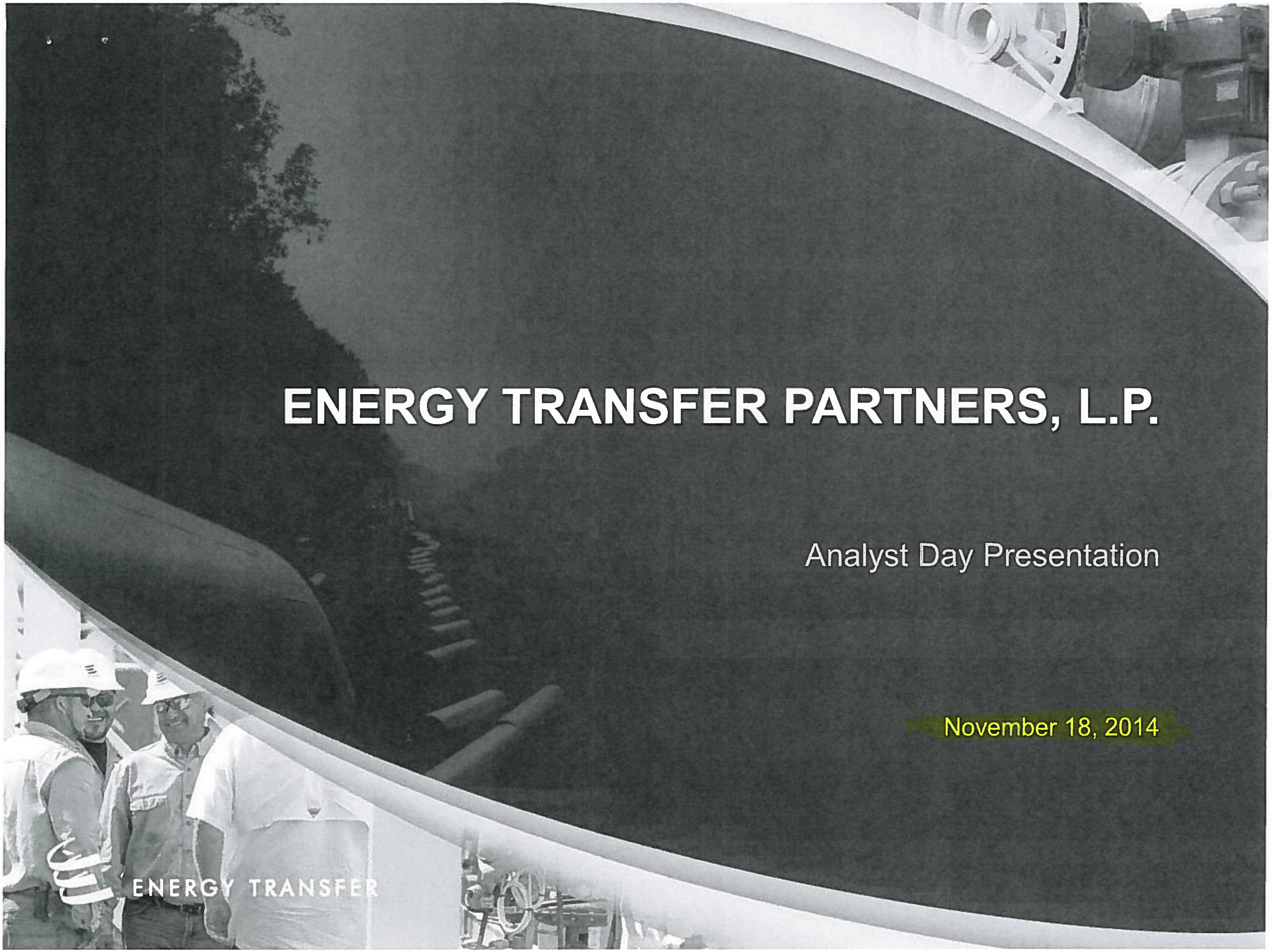
Lone Star is Among the Best Positioned NGL Businesses in Mont Belvieu



- Opportunity to move legacy PVR and EROC liquids volumes to Lone Star
- Enhances baseline business and positions Lone Star for further growth such as Fractionator IV
- Increased NGL production will support Mariner South JV with SXL for additional export opportunities
- Lone Star and SXL's Nederland terminal are world-class assets

Combined NGL Production (Mbpd)




ENERGY TRANSFER PARTNERS, L.P.
Analyst Day Presentation
November 18, 2014
ENERGY TRANSFER

LONE STAR NGL UPDATE

11/18/14

LONE STAR NGL ASSETS

NGL Storage

- ~53 million barrels NGL storage
- Permitted to drill additional 8 caverns

Pipeline Transportation

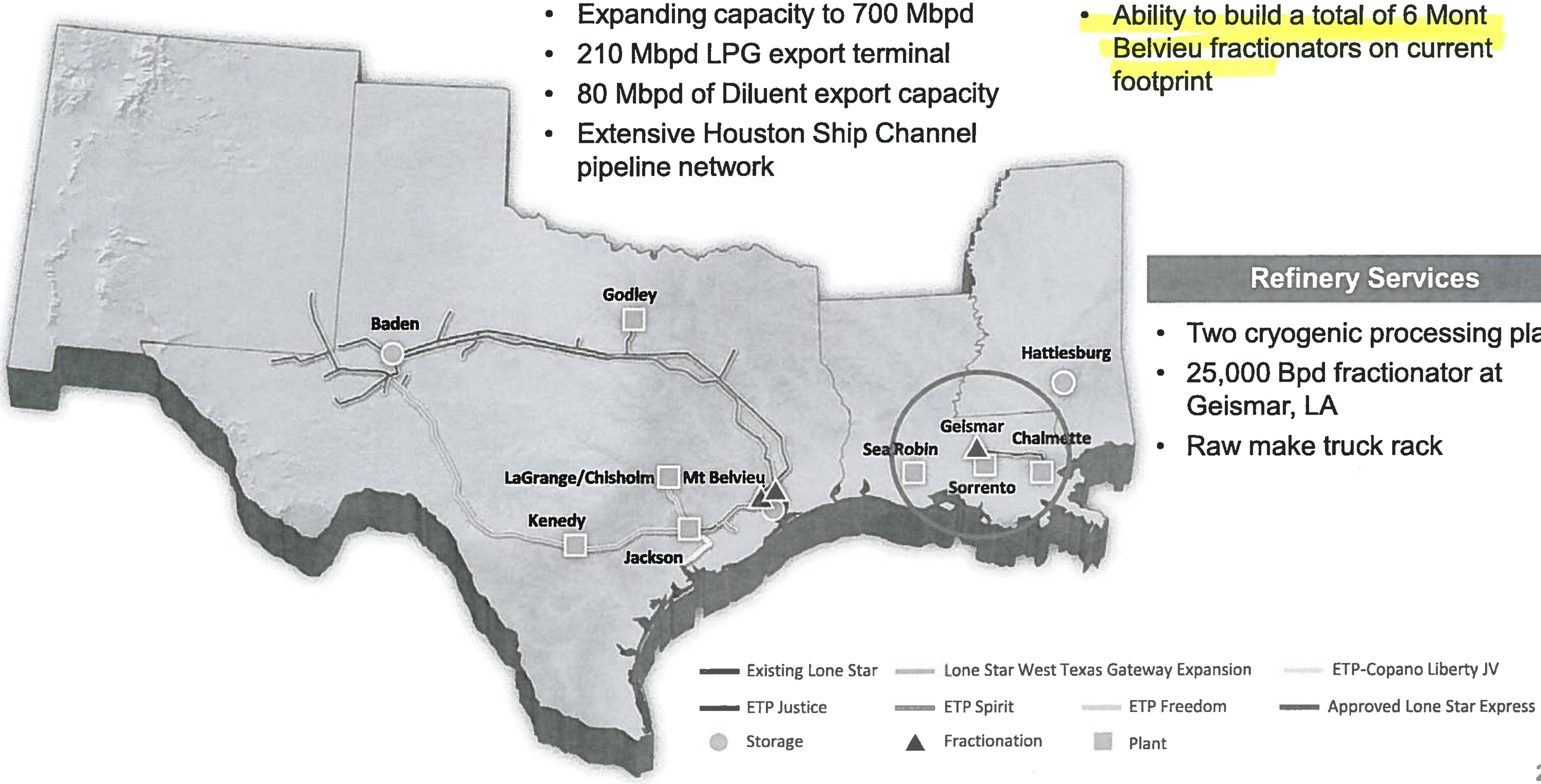
- 2,000+ miles of NGL Pipelines
- ~ 400 Mbpd of raw make transport capacity
- Expanding capacity to 700 Mbpd
- 210 Mbpd LPG export terminal
- 80 Mbpd of Diluent export capacity
- Extensive Houston Ship Channel pipeline network

Fractionation and Processing

- Two 100,000 Bpd fractionators at Mont Belvieu
- Third Fractionator (Dec 2015)
- Ability to build a total of 6 Mont Belvieu fractionators on current footprint

Refinery Services

- Two cryogenic processing plants
- 25,000 Bpd fractionator at Geismar, LA
- Raw make truck rack



11/18/14

LONE STAR NGL HIGHLIGHTS

Announced Projects

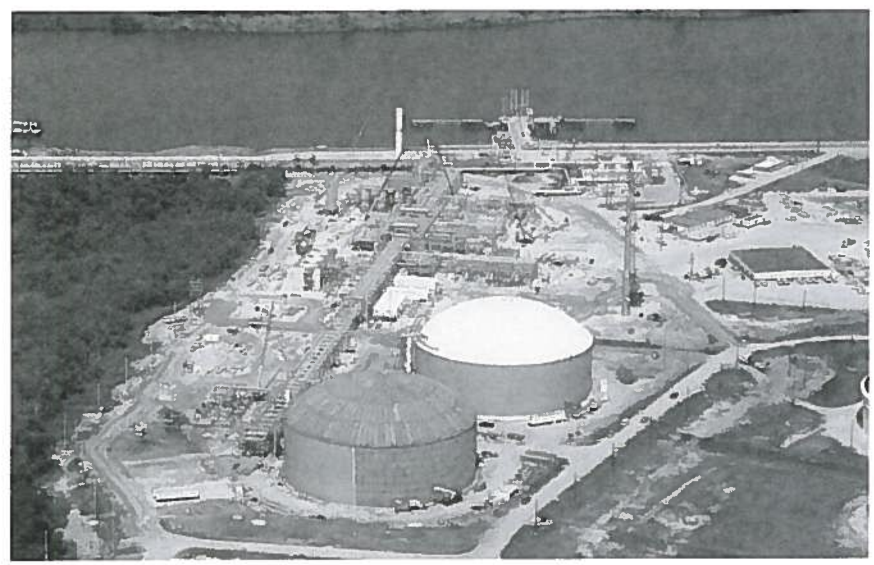
- Lone Star Express NGL Pipeline
- Conversion of existing 12” NGL line to crude oil service
- Fractionator III
- Mariner South expected in-service by year end

Volume Growth

- Volumes transported are up over 25% year over year
- Fractionated volumes are up over 129% year over year

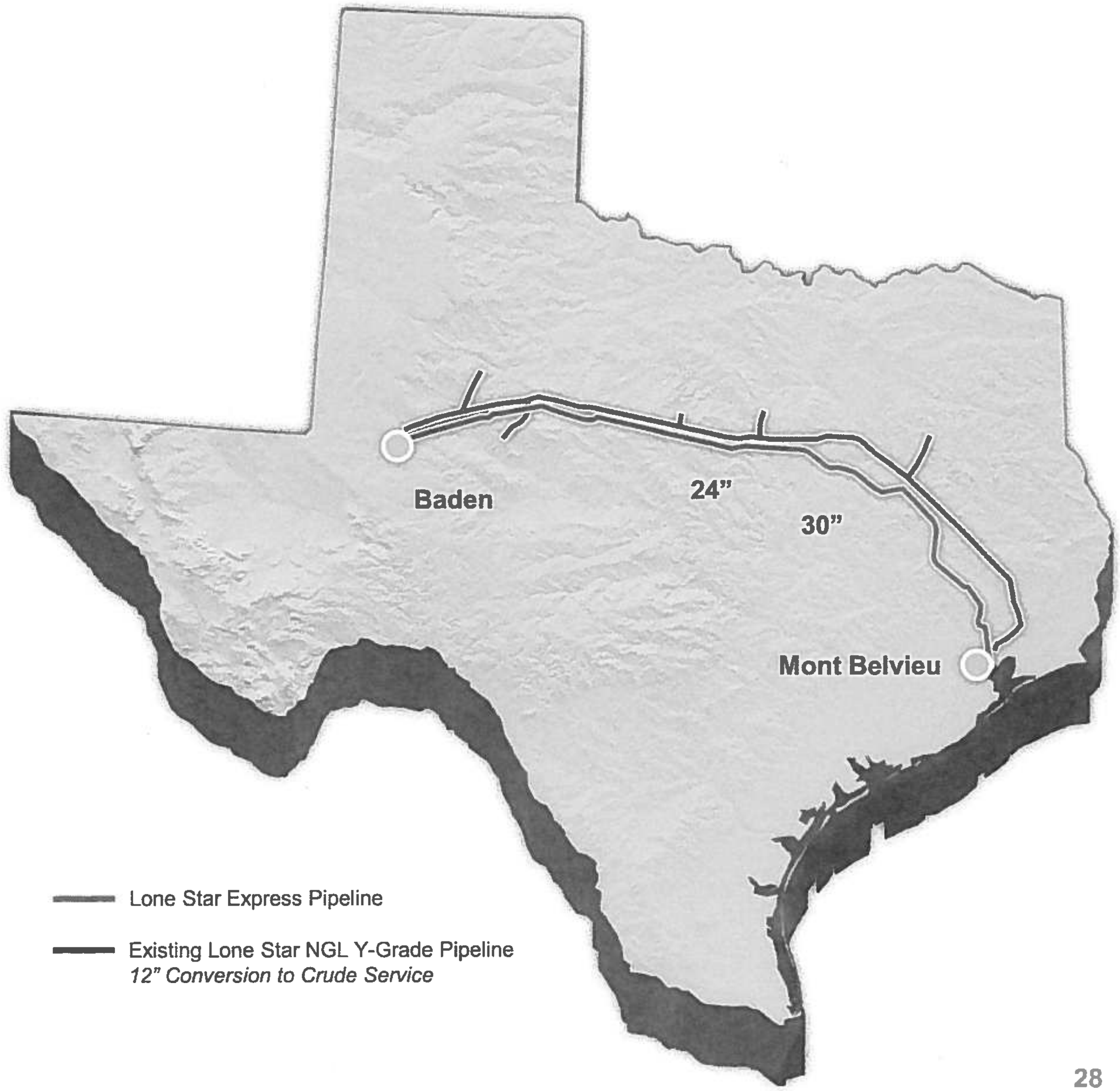
Future Opportunities

- Footprint for Fractionators IV, V & VI
- Expansion of NGL export capacity
- Continued development of Houston ship channel NGL distribution system
- Development of 8 additional NGL storage caverns

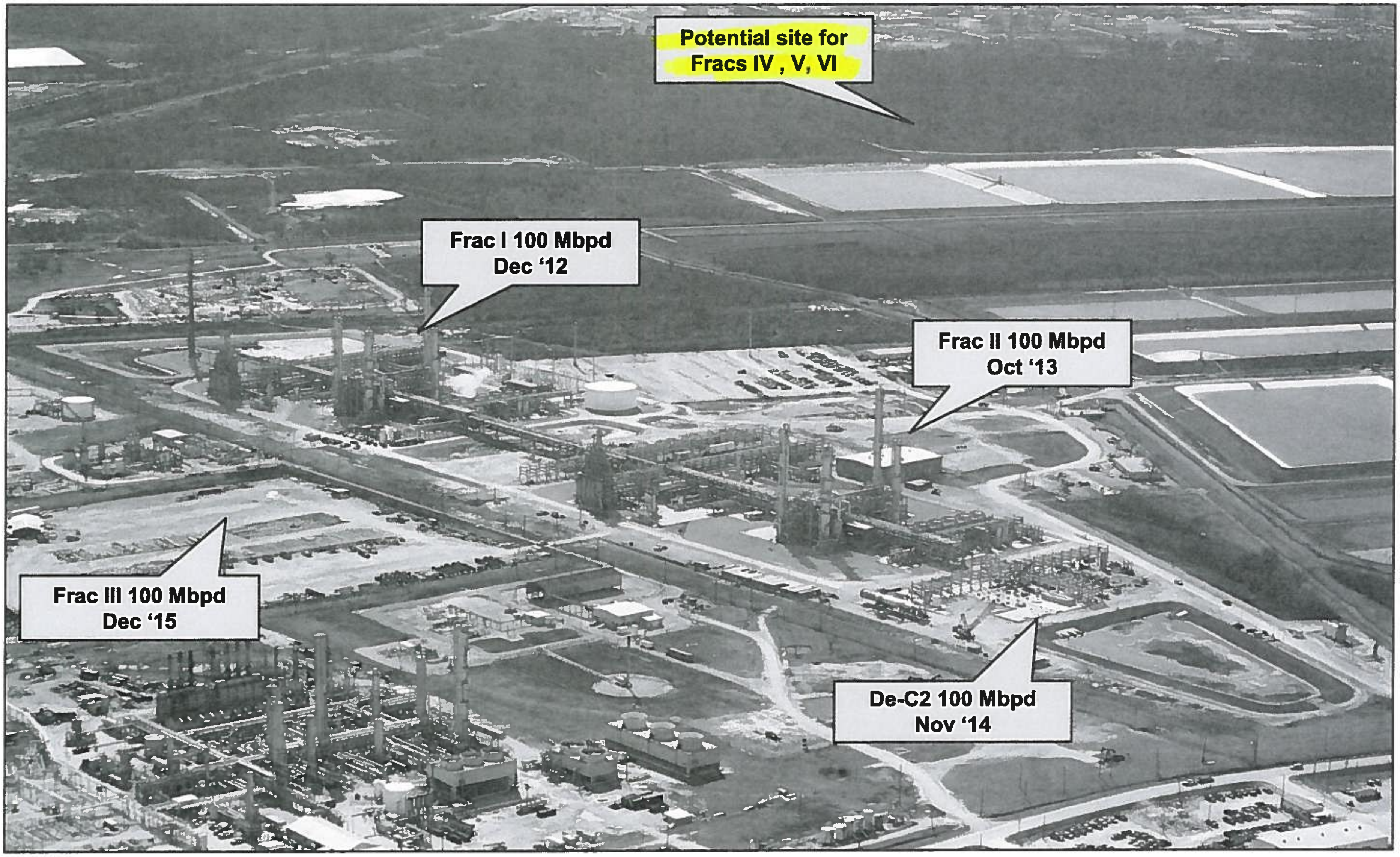


LONE STAR EXPRESS NGL PIPELINE & CONVERSION OF EXISTING 12" NGL LINE TO CRUDE OIL SERVICE

- 533 miles of new 24" and 30" NGL pipelines from the Permian Basin to Mont Belvieu
- Capacity:
  - 24" Pipeline - 375 Mbpd
  - 30" Pipeline - 495 Mbpd
- Contracted volumes in excess of 200 Mbpd
- Conversion of Lone Star's existing West Texas 12" NGL line to crude oil service
- Expected In-Service:
  - Phase I – 24" Q1 2016
  - Phase II – 30" Q3 2016
  - Phase III – Crude Oil Conversion Q1 2017
- Estimated cost - $1.5 to $1.8 billion

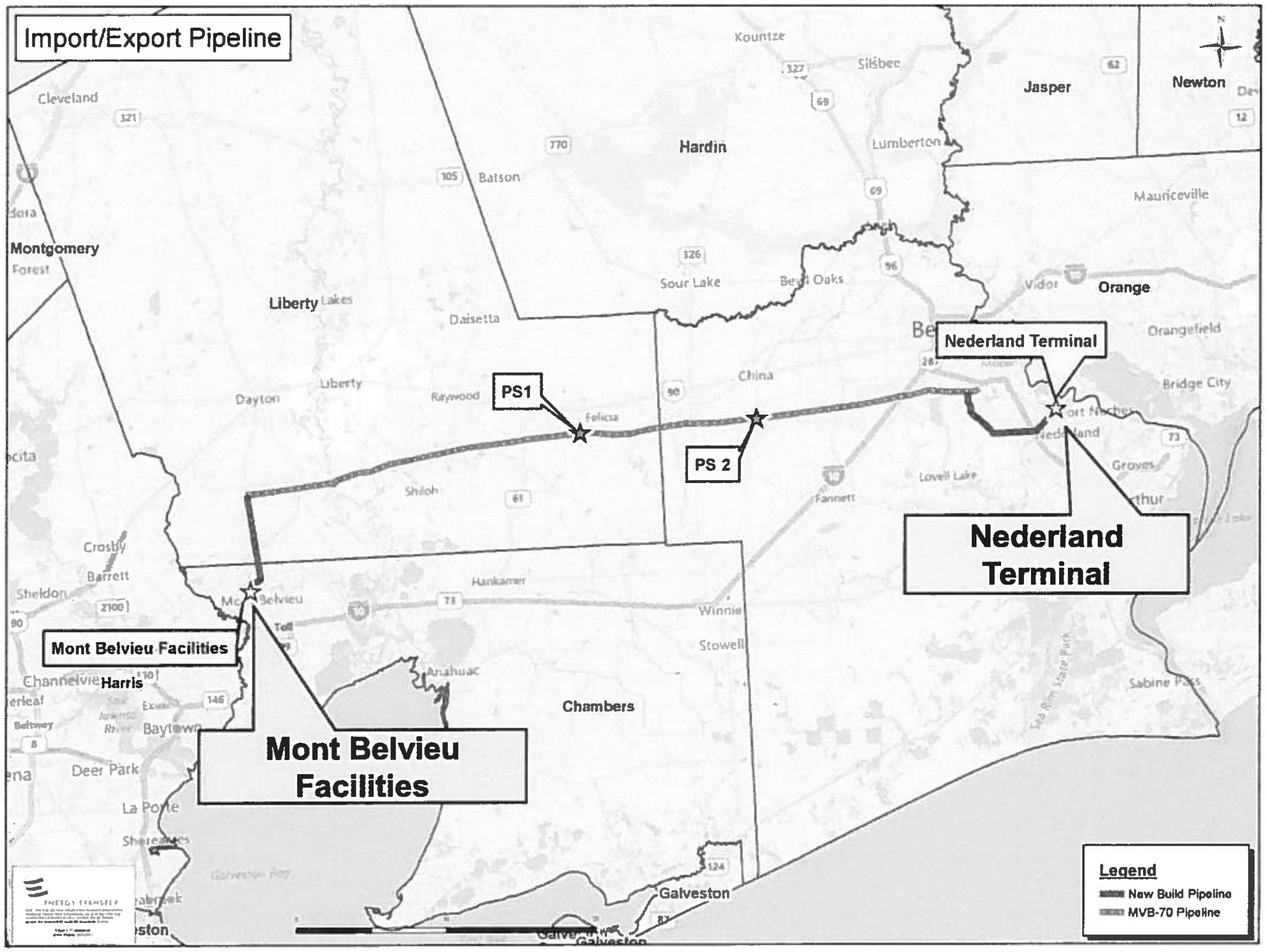


LONE STAR'S MONT BELVIEU COMPLEX – FRAC III TO BE IN-SERVICE DECEMBER 2015



MARINER SOUTH - EXPECTED IN-SERVICE BY YEAR END

- Joint project between SXL and Lone Star
- Will integrate SXL's existing Nederland terminal and pipeline with Lone Star's Mont Belvieu fractionation and storage facilities
- Creates a world-class LPG export/import operation in the Gulf Coast
- Capacity of ~200 Mbpd batching propane and butane
- Nederland Terminal will provide 24-hour ship access in the Gulf Coast with a load rate of up to 30,000 barrels/hr
- Supported under long-term, fee-based contract



MARINER SOUTH – NEDERLAND TERMINAL