

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **November 20, 2019**

NuStar Energy L.P.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

001-16417

(Commission File Number)

74-2956831

(I.R.S. Employer Identification No.)

19003 IH-10 West

San Antonio, Texas 78257

(Address of principal executive offices)

(210) 918-2000

(Registrant's telephone number, including area code)

Not applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common units	NS	New York Stock Exchange
Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units	NSprA	New York Stock Exchange
Series B Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units	NSprB	New York Stock Exchange
Series C Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units	NSprC	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 Regulation FD Disclosure.

Senior management of NuStar Energy L.P. is meeting with members of the investment community at the 2019 RBC Capital Markets Midstream Conference on Wednesday, November 20, 2019. The slides attached to this report were prepared in connection with, and are being used during, the meetings. The slides are included in Exhibit 99.1 to this report and are incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) **Exhibits.**

Exhibit Number	EXHIBIT
Exhibit 99.1	Slides to be used on November 20, 2019
Exhibit 104	Cover Page Interactive Data File – the cover page XBRL tags are embedded within the Inline XBRL document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NUSTAR ENERGY L.P.

By: Riverwalk Logistics, L.P.
its general partner

By: NuStar GP, LLC
its general partner

Date: November 20, 2019

By: /s/ Amy L. Perry

Name: Amy L. Perry

Title: Executive Vice President-Strategic Development and General Counsel

2019 RBC

Capital Markets Midstream Conference

November 20, 2019



Forward-Looking Statements



Statements contained in this presentation other than statements of historical fact are forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will likely vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance presented or suggested in this presentation. These forward-looking statements can generally be identified by the words "anticipates," "believes," "expects," "plans," "intends," "estimates," "forecasts," "budgets," "projects," "could," "should," "may" and similar expressions. These statements reflect our current views with regard to future events and are subject to various risks, uncertainties and assumptions.

We undertake no duty to update any forward-looking statement to conform the statement to actual results or changes in the company's expectations. For more information concerning factors that could cause actual results to differ from those expressed or forecasted, see NuStar Energy L.P.'s annual report on Form 10-K and quarterly reports on Form 10-Q, filed with the SEC and available on NuStar's website at www.nustarenergy.com. We use financial measures in this presentation that are not calculated in accordance with generally accepted accounting principles ("non-GAAP") and our reconciliations of non-GAAP financial measures to GAAP financial measures are located in the appendix to this presentation. These non-GAAP financial measures should not be considered an alternative to GAAP financial measures.

This Year, We Have Continued to Build on the Strong Foundation We Established in 2018



NYSE: NS

• Common Unit Price(1):	\$28.71
• Distribution/CU/Year:	\$2.40
• Yield(1):	8.4%
• Market Cap(1):	~\$3 billion
• Credit Ratings:	
➢ Fitch: BB/Stable	
➢ Moody's: Ba2/Stable	
➢ S&P: BB-/Stable	
• Enterprise Value:	~\$8 billion
• Total Assets:	~\$6 billion
• Pipeline Miles:	~9,900
• Pipeline Volumes (2):	1.8MMBPD
• Storage Capacity:	~74MM B
• Storage Throughput Volumes(2):	439MBPD

Lower Debt-to-EBITDA

No IDR Burden

Strict Capital Discipline

Transparent Governance

Strong Coverage

Maximized Self-Funding

Simplified Structure

1. As of November 15, 2019

2. Average daily volume for quarter ended September 30, 2019

NuStar's Third Quarter 2019 Results Demonstrate Our Progress and Growth This Year



**Q3
2018**

Q3'18
Debt-to-
EBITDA
4.52X²

**Pipeline
Throughputs**

**Up
20%**

**EBITDA
(Continuing
Operations)**

Up 10%

**DCF
(Continuing
Operations)**

**Up
Nearly
15%**

**Q3
2019**

Q3'
Debt-
EBIT
3.96

1 - Please see Appendix for reconciliations of non-GAAP financial measures to their most directly comparable GAAP measures

2 - Based on a rolling four quarters

Our Recent Divestitures Allowed NuStar to Lower Our Leverage and Focus ALL Our Resources on Our North American Assets



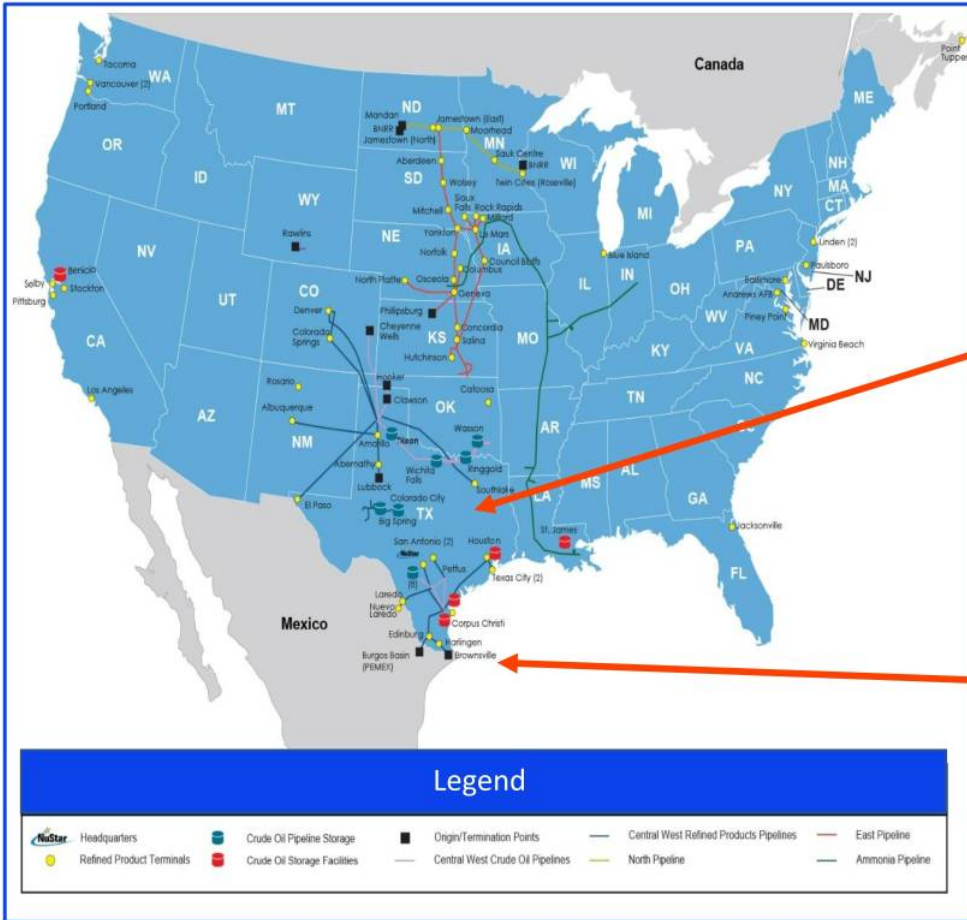
Over
\$500,000,000
in Nine Months

- **In July, we closed on the sale of the St. Eustatius operations for a purchase price that implies a healthy double digit multiple**
- **With the sale of the St. Eustatius operations, we:**
 - ❑ Improved both our forecasted 2019 debt-to-EBITDA and our DCF coverage
 - ❑ Reduced our op-ex by about \$30MM for the remainder of 2019
 - ❑ Reduced our 2019 reliability capital by about \$10MM
 - ❑ Simplified and de-risked our business overall
- **We have deployed the proceeds from both sales to lower our debt, and both are helping us fund the high-return, low-multiple projects comprising our 2019 strategic capital program**

...And We Now Expect to Spend \$485-515MM on Our 2019 Capital Spending Program



● Our 2019 project program is primarily devoted to spending for:

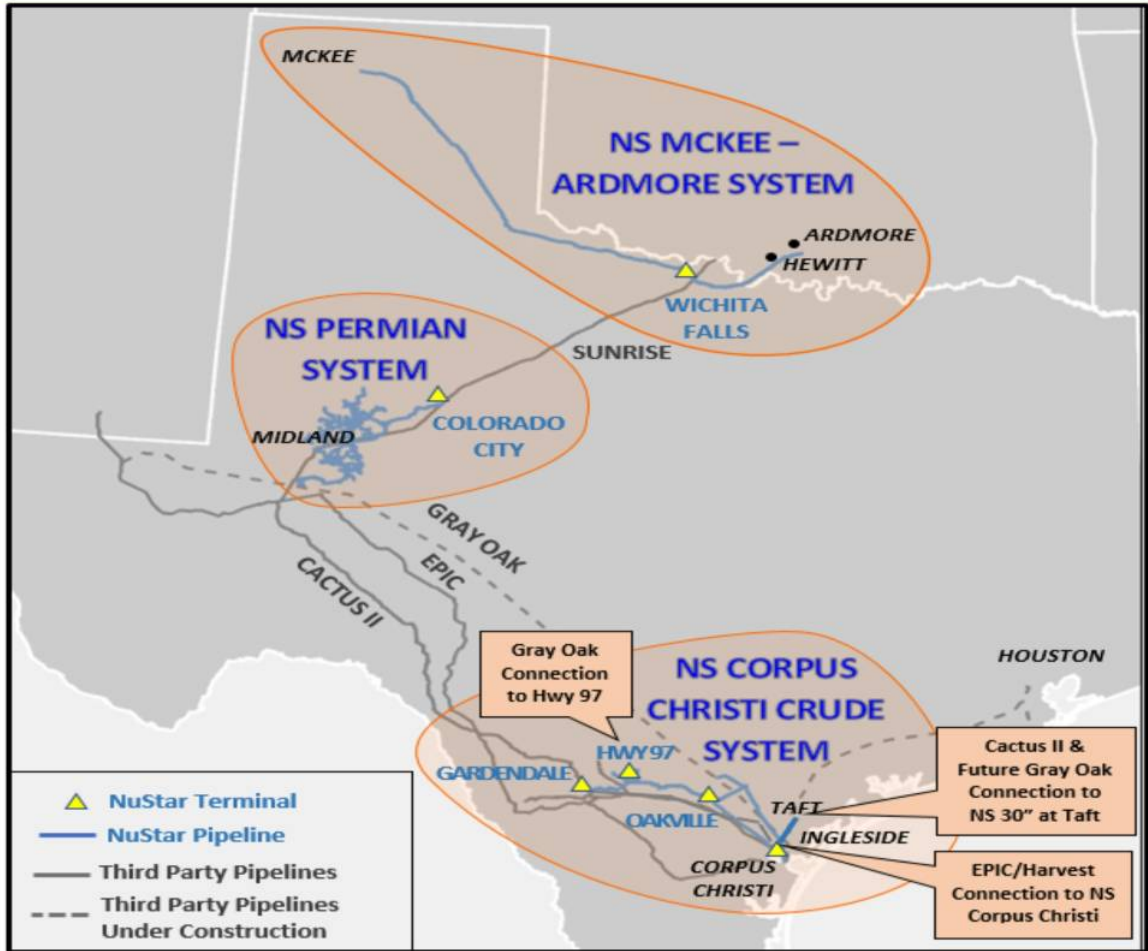


Shale Production Growth
Projects Across Texas:

- Permian Crude System build out - ~\$160MM
- South Texas/Corpus export project - ~\$105M
- Projects to Support PA Sunrise Pipeline Volume to Wichita Falls and Hewitt - ~\$10MM

N. Mexico refined product supply projects
 ~\$145MM

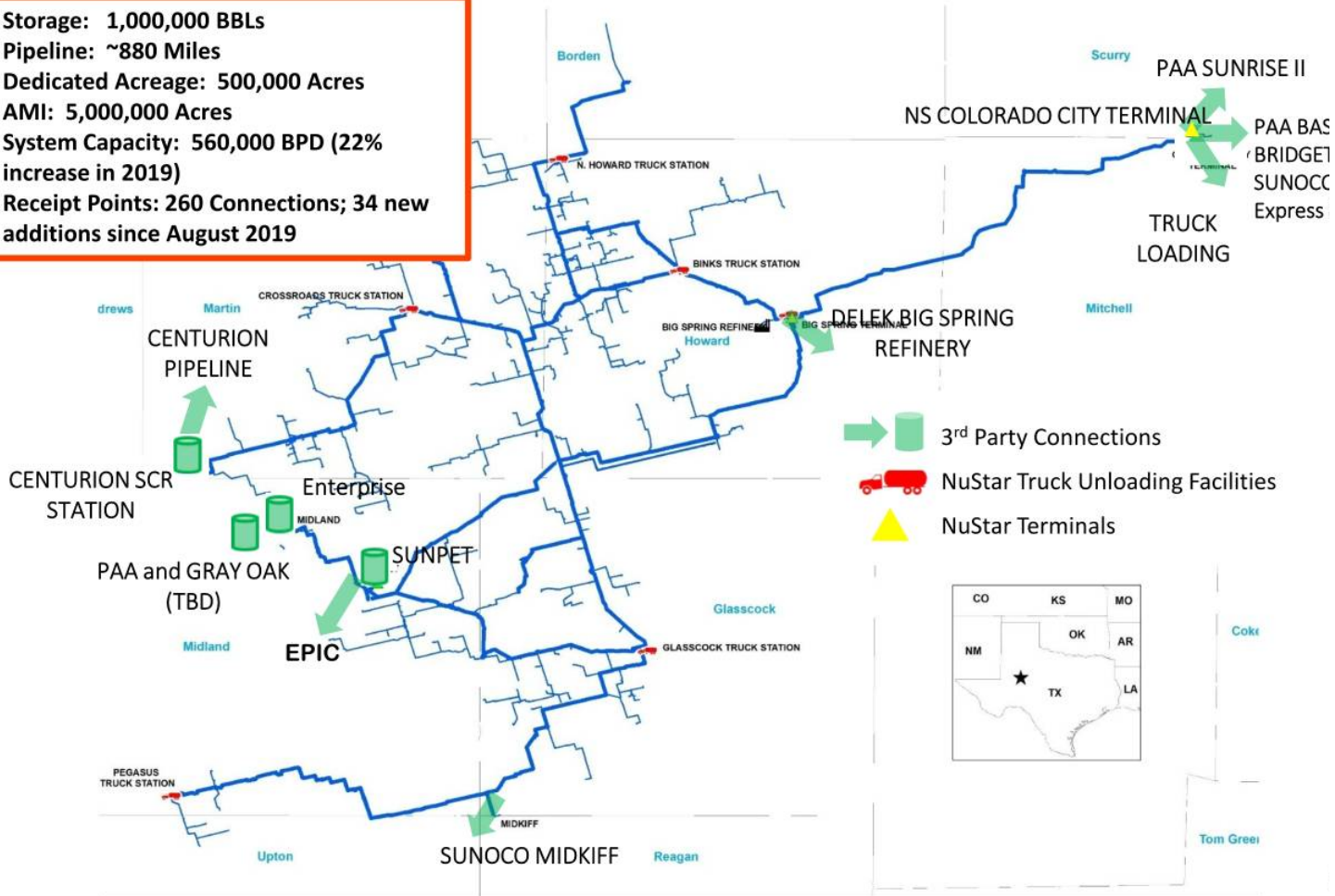
Growth in Shale Production Continues to Drive Growth and Opportunities for NuStar, Across Our Texas Systems



Permian Crude System: We Are Continuing to EXPAND and CONNECT Our Permian Crude System- to New Wells and to Third-Party Pipelines- in Step With Our Customers' Needs



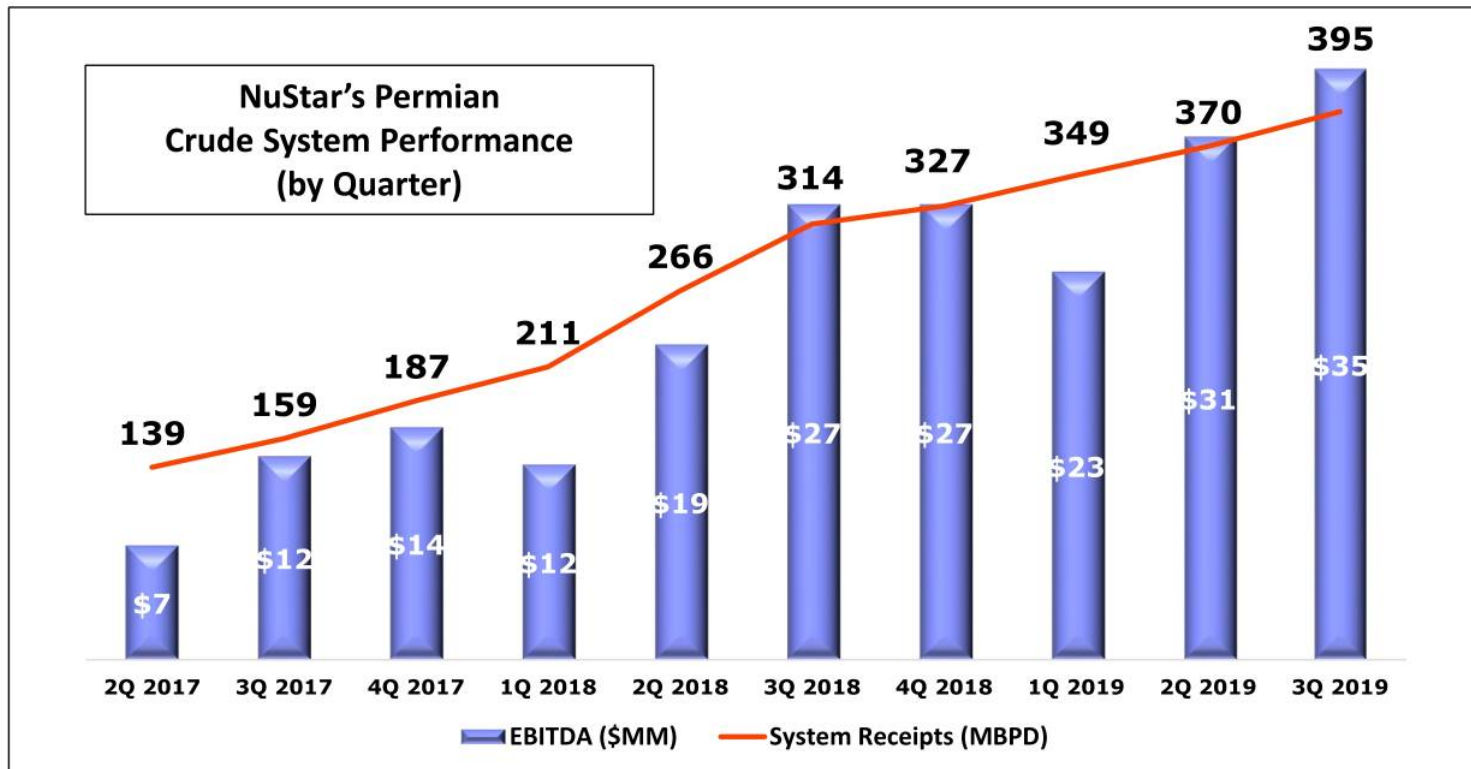
- Storage: 1,000,000 BBLs
- Pipeline: ~880 Miles
- Dedicated Acreage: 500,000 Acres
- AMI: 5,000,000 Acres
- System Capacity: 560,000 BPD (22% increase in 2019)
- Receipt Points: 260 Connections; 34 new additions since August 2019



Permian Crude System: Our System's Receipts and EBITDA Continue to Grow Rapidly



- System volumes up 233% since acquisition, compared to 98% for Permian Basin
- We averaged 416MBPD in October with November nominations of 436MBPD, AND we continue to expect to achieve throughput of around 450MBPD by year-end 2019



1 - Please see Appendix for reconciliations of non-GAAP financial measures to their most directly comparable GAAP measures

Corpus Christi Crude System: Utilization Has Increased, and We Expect Throughput to Grow, For Both Permian WTI and Eagle Ford Barrels



- During the month of October, aggregate volumes increased to 591MBPD, double our receipt in July, before Taft projects were in service
- We have also made progress on increasing our market share by leveraging our system flexibility and reach, our optionality, and our reputation for great service
- We have seen, and expect to see, additional utilization of our Corpus Christi Crude System assets from:



Our export project for Trafigura to transport Permian barrels from Cactus II to our Corpus Christi North Beach Terminal



Our new connection to Gray Oak at our Highway 97 location as soon as the fourth quarter and future Gray Oak connection at Taft

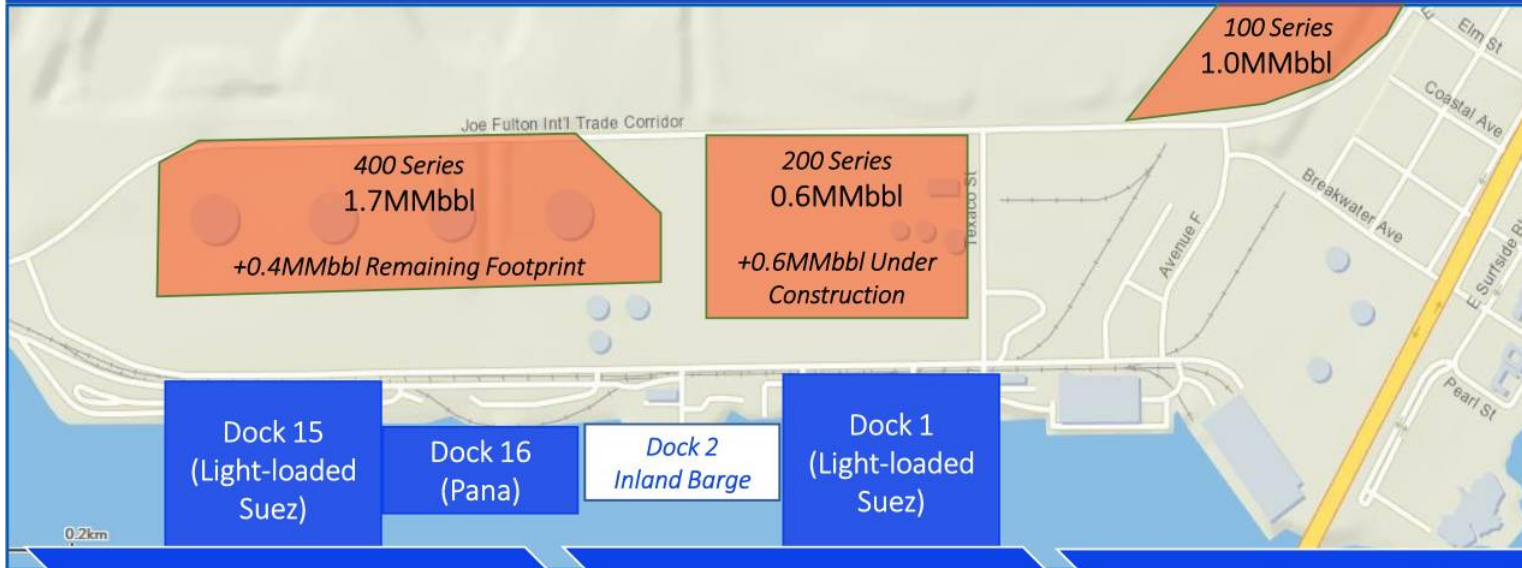


Harvest recently filed a new FERC tariff to transport WTI barrels from EPIC at Midway Junction on Harvest's pipeline to our Corpus Christi North Beach Terminal



Truck deliveries from the Permian to our system when differentials widen

Corpus Christi Crude System: NuStar's Corpus Christi North Beach Terminal is Now Exporting Permian Long-haul Barrels



In-bound Capacity

Current total: 1.2MMbpd

- South Texas Crude System 16" Pipeline- 240Mbpd
- Taft 30" - 720Mbpd and expandable
- Harvest 16" Pipeline - 240Mbpd

Storage Capacity

Current total: 3.3MMbbl

- Plus (under construction)- 0.6MMbbl
- Potential 0.4MMbbl

Out-bound Capacity

Current total: 1.1MMbpd

- Ship docks- 750Mbpd to 1.0MMbpd
- Refinery pipeline- 100Mbpd
- Anticipated throughputs after 0.6MMbbl storage build - 600Mbpd to 700Mbpd

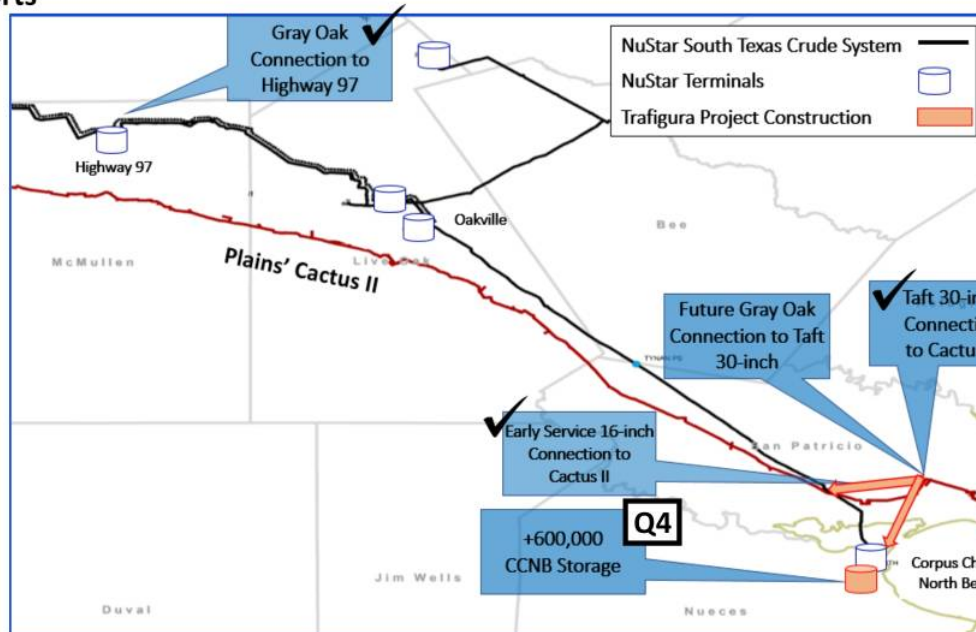
● Combined deliveries for export and into refineries doubled from July to 591MBPD in October

Corpus Christi Crude System: Our Project for Trafigura Utilizes Our Existing Assets and Expands Our Ability to Facilitate Growing Gulf Coast Exports



● Our existing South Texas assets and project for Trafigura expands our ability to transport Permian barrels to facilitate growing Gulf Coast exports

- ❑ In August, we began transporting WTI via our South Texas system 16" existing pipeline from a connection to PAA's Cactus II pipeline to our Corpus Christi North Beach Terminal
- ❑ In early September, we completed construction on a new 30" pipeline from a connection in Taft, TX to our Corpus Christi North Beach Terminal and continue to build 600Mbbbls of storage at Corpus Christi, which will bring our capacity at the facility to 3.9MMbbbls



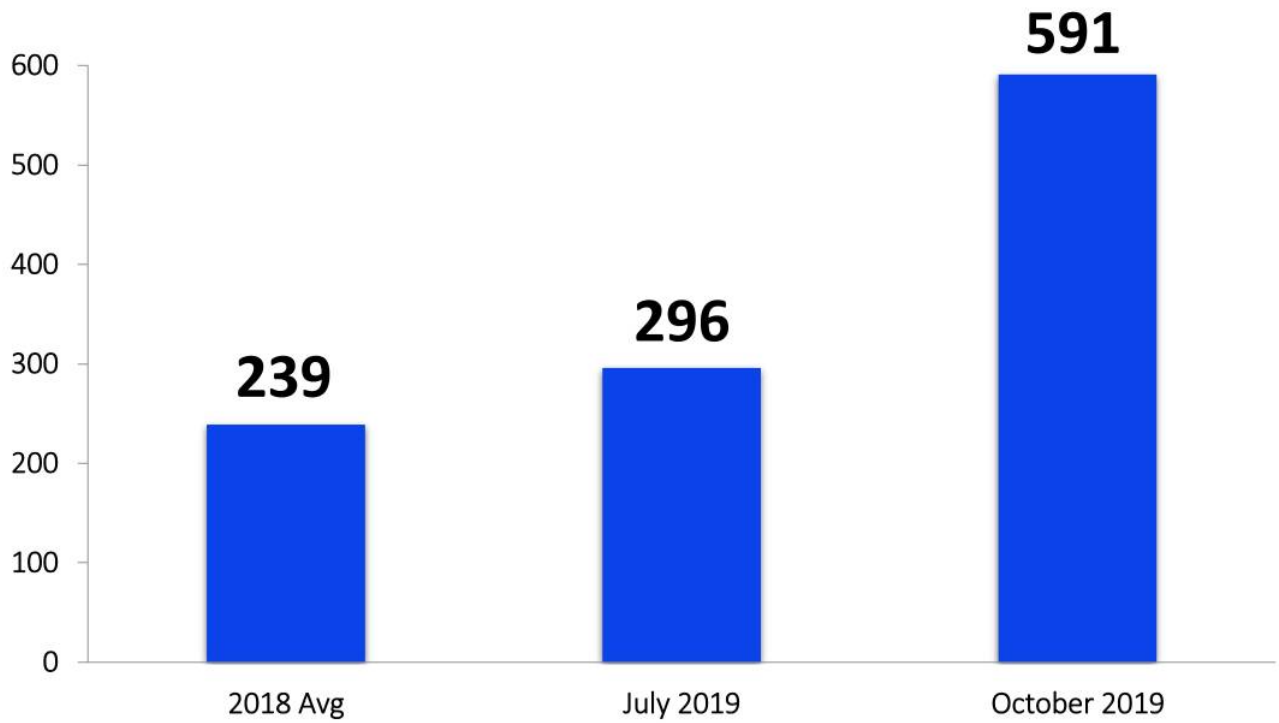
● Taft, TX offers a point of convergence for all three new pipelines and shipper optionality to deliver to either of the ship channel (Ingleside or Corpus Christi)

- ❑ We are in discussions to connect to other long-haul pipeline projects and with parties for additional commitments

Corpus Christi Crude System: Average Daily Throughputs Received Into Our Corpus Christi North Beach Terminal in October are More Than Double 2018's Average



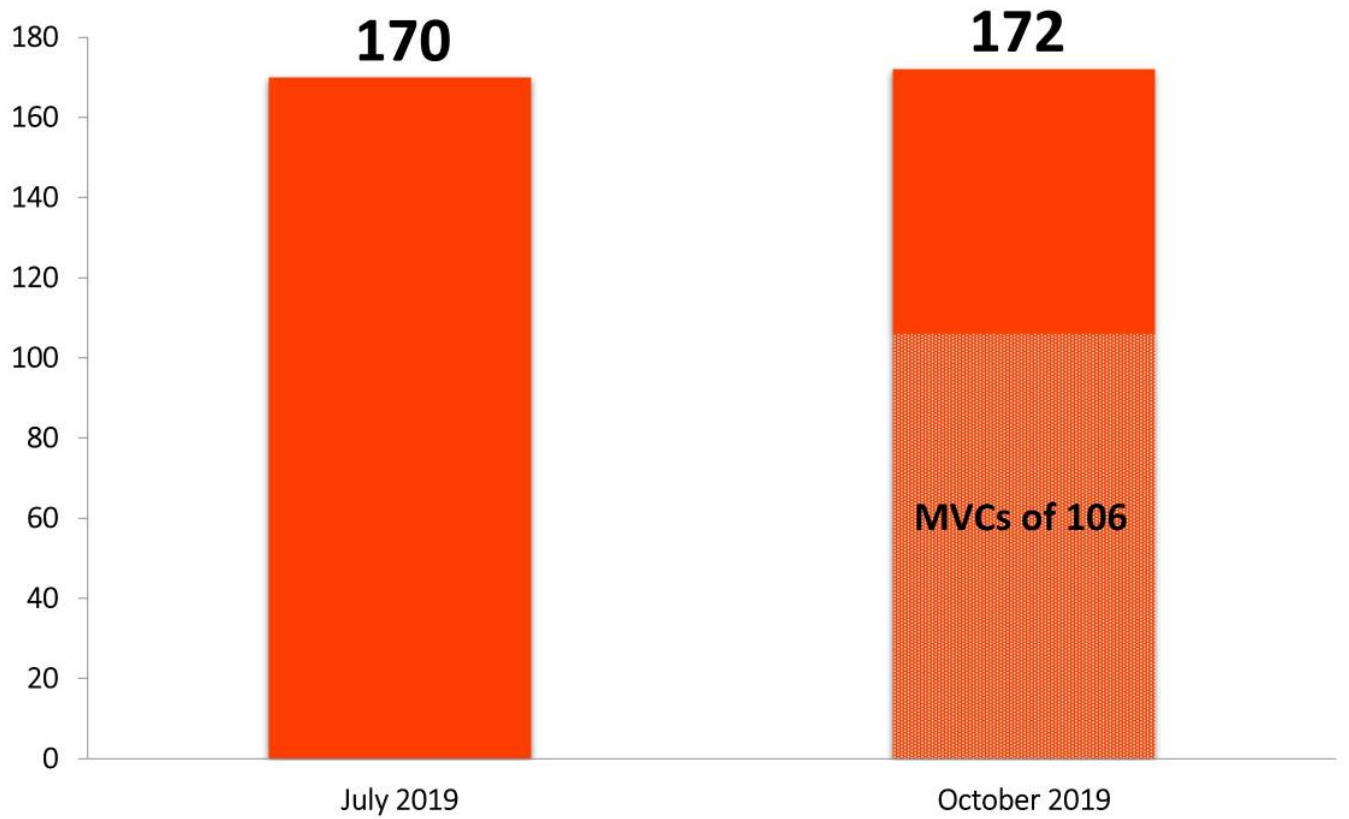
- **Our Corpus Christi North Beach Terminal is now receiving barrels from our South Tex Crude Oil Pipeline System, our 12" Three Rivers Supply Pipeline and our new 30" pip from Taft, as well as from third-party pipeline connections**



Corpus Christi Crude System: And Throughput on Our South Texas Crude Oil Pipeline System (STCS) Continues to be Well in Excess of Contract Minimums for That System



- **October 2019 STCS volumes are well in excess of minimum volume commitments (MVCs of 106MBPD)**



McKee - Ardmore Crude Systems: We Are Now Transporting Permian Barrels From a Connection With Plains' Sunrise II Pipeline

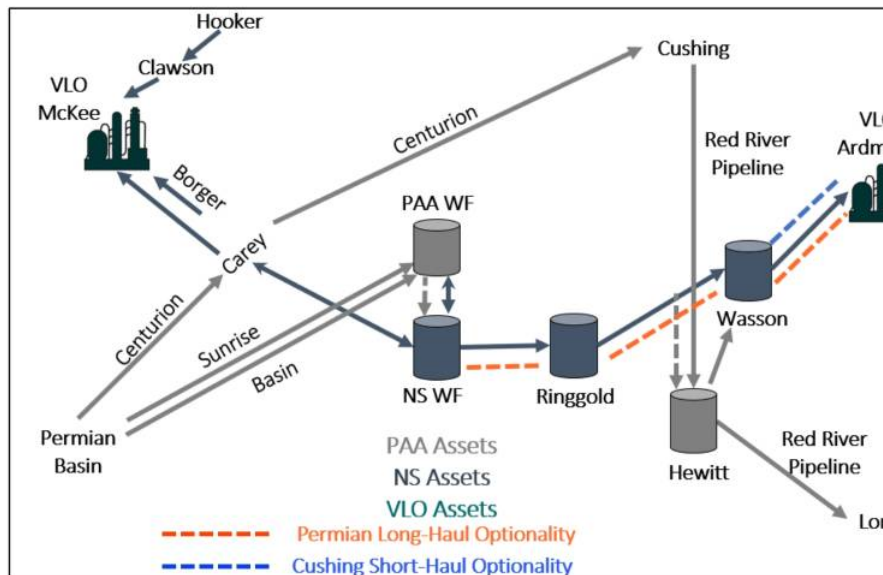


- **We provide our customer with optionality to supply the Ardmore and McKee refineries with Permian barrels from Plains' Sunrise II expansion**

- Service to Ardmore – ~85MBPD (similar volumes with higher tariff)
- Service to McKee – ~110MBPD (similar volumes and tariff)

- **We entered into an agreement with a customer to construct an additional connection to our Wichita Falls terminal to support increased volumes and move Permian barrels to both Ardmore and McKee refineries and third-party pipelines**

- **We have signed a long-term commitment to ship barrels between Wichita Falls, TX and Hewitt, OK to support deliveries to a third-party pipeline**



- New service to Hewitt - May 2019 (incremental revenue)
- The projects help us serve our customers' needs and benefit from longer-haul tariff and incremental barrels

Northern Mexico Refined Products Supply: Mexico's Refined Product Demand is Expected to Continue to Exceed the Capacity of Mexico's Infrastructure



- Mexico refineries currently operate around 50% of nameplate capacity due to weak returns and historical under-investment
- With limited domestic supply, imports make up approximately 70% of Mexico's gasoline and diesel consumption for the year through September 2019
- In 3Q 2019, we completed service on two projects we developed to address the supply imbalance in Northern Mexico:

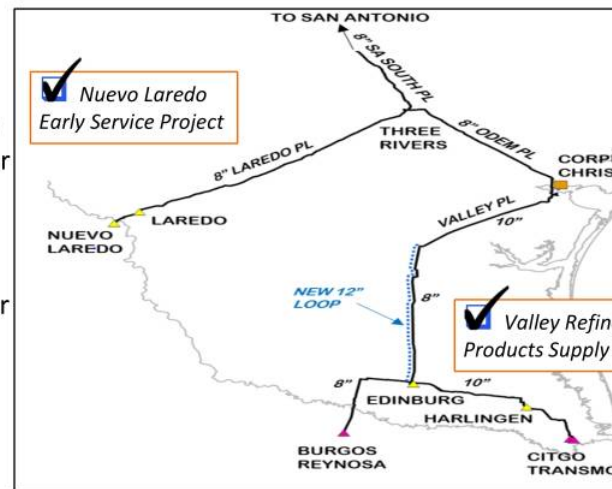
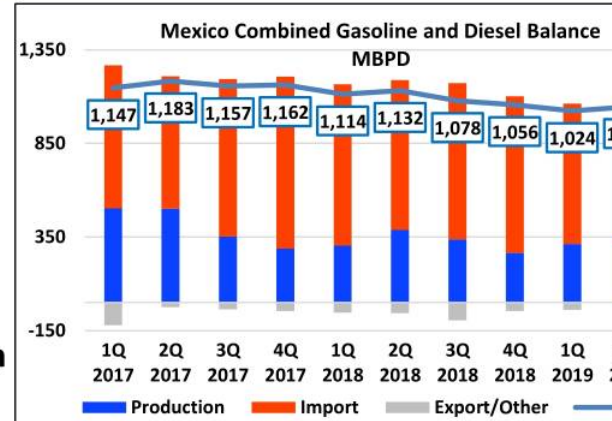
Nuevo Laredo Project for Valero

- Early ULSD service completed in September 2019
- Odem pipeline, Dos Laredos pipeline and Nuevo Laredo terminal expansion on track to be completed by February 2020
- ~28Mbpd new capacity with take-or-pay volumes on seven-year contract term

Valley Pipeline Expansion for major customers

- Receiving facility in Matamoros is expected to be in service later this year
- NuStar's project completed in September 2019
- 45Mbpd new capacity with seven-year contract term
- Recent open season was fully subscribed

Source: Petroleos Mexicanos (PEMEX)





Project execution

Financial discipline

Safe, responsible operations

2019 Projects List:

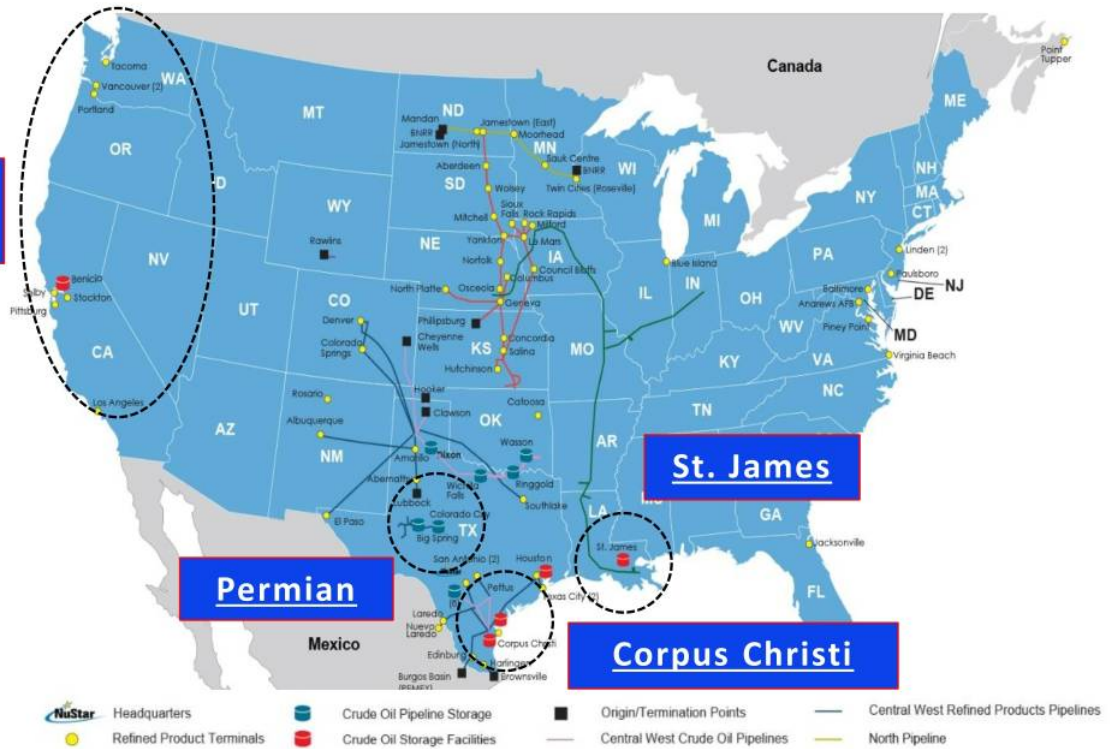
- Selby Renewable Diesel*
- Stockton Biodiesel*
- Permian (Co City)/Sunrise Connection*
- Midland Connection Projects*
- Wichita Falls/Hewitt/Sunrise*
- St. James/Bayou Bridge Connection*
- Corpus Early Service Export on 16"*
- Corpus Full-service Export on 30"*
- Valley Project*
- Nuevo Laredo Early Service Project*
- Gray Oak/Hwy 97 Connection*
- Portland Biodiesel/Renewable Diesel*
(December 2019)
- Nuevo Laredo Full Service Project*
(February 2020)

In 2020, With Our 2019 Capital Projects Complete, We Expect to Spend \$300-350MM, a ~35% Ramp-Down in Strategic Capital Spending from 2019



- We intend to focus on low-spend, low-multiple projects to enhance our existing footprint to take advantage of market opportunities, including St. James and on the West Coast

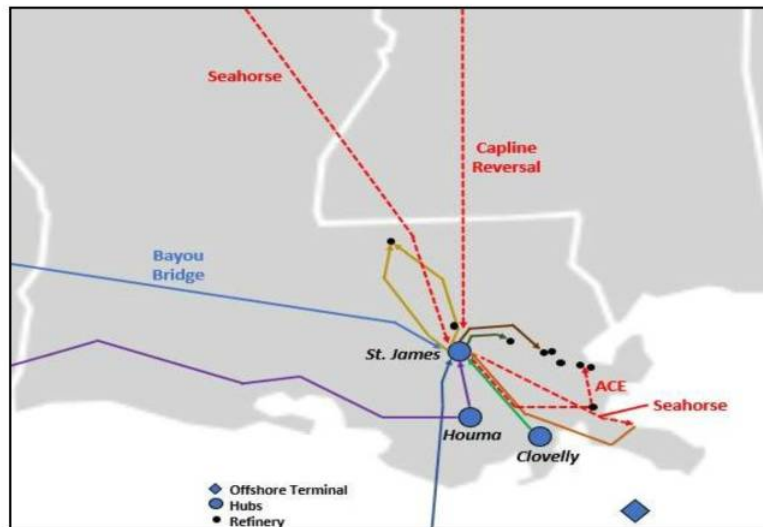
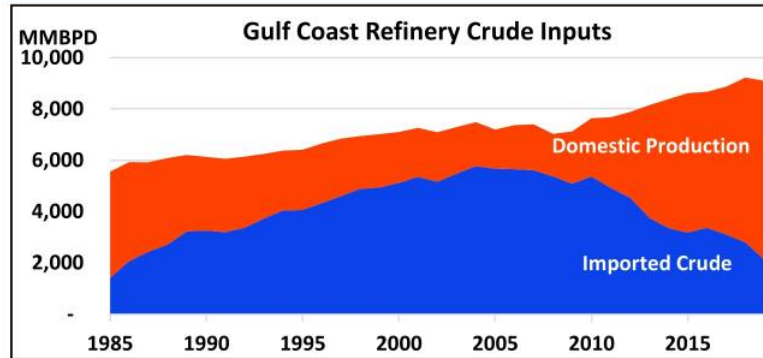
West Coast Biofuel



St. James: North American Shale Production Growth has Reversed Crude Flows, Driving Additional Crude to St. James, LA



- **As rapid growth in U.S. shale production has allowed refiners to replace much of crude imports with domestic crude, imports from outside the U.S. through St. James have decreased dramatically**
- **At the same time, North American shale production continues to grow and St. James continues to play a central role in crude distribution and storage for the region and the world, illustrated by a number of projects to address that changing supply and demand:**
 - LOOP exports
 - ACE
 - Bayou Bridge
 - Seahorse
 - Capline reversal

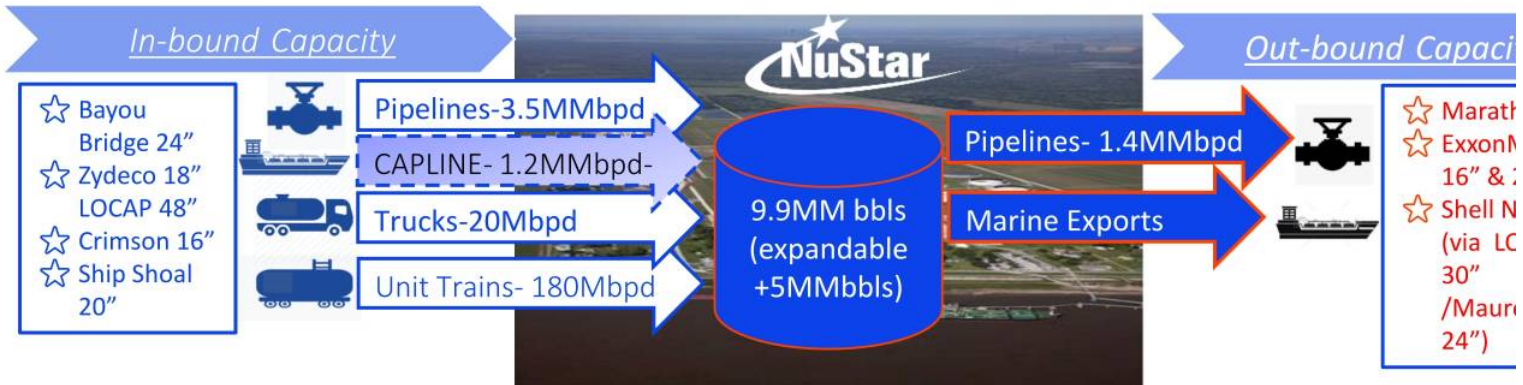


Source: RBN

St. James: Our Terminal has the Capacity, Connectivity and Potential Expandability to Take Maximum Advantage of Changing Regional Crude Flows as They Develop

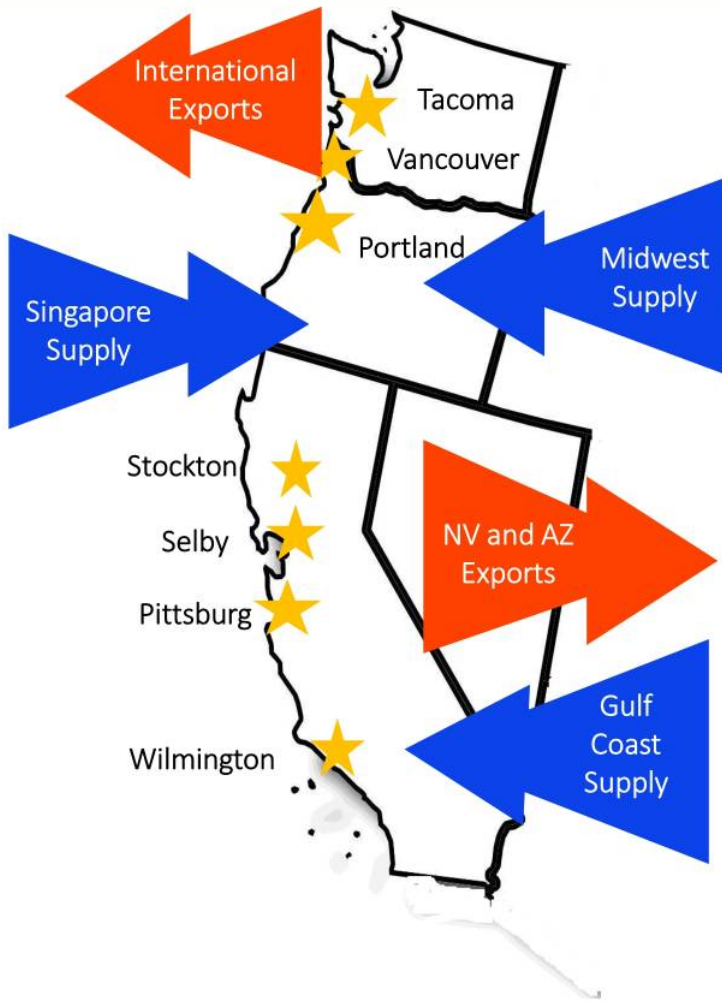


- We recently increased unit train off-loading commitments from 20MBPD to 30MBPD per month driven by favorable price differentials of WTI, WCS and Bakken and the recent production curtailment lift by Canada for wells
 - Dislocations will likely continue with the delay of Enbridge's Line 3 replacement
- We are also working to facilitate exports of barrels delivered via our existing and planned pipeline connector long-haul pipelines debottleneck shale plays and new pipes debottleneck the broader system

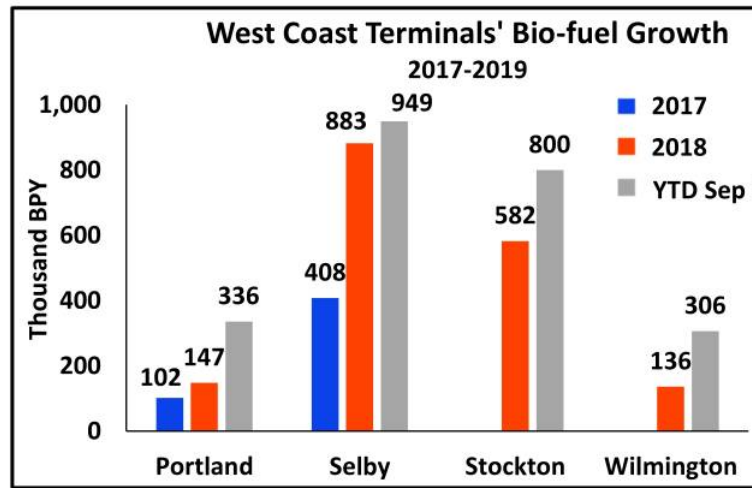


- We are working on developing commitments to facilitate storage, export and blending services for crude from Gulf of Mexico and from shale plays across North America with our existing facility and with low-capital expansion/upgrade projects
 - Expandable up to ~15MMbbls storage capacity with potential to increase dock loading from 32 to up to 60Mbbls/hour

West Coast Bio-Fuels Logistics: We Will Continue to Develop Projects for Our Customers to Address Market Dislocations Driven by Aggressive Carbon Emissions Reduction Goals in West Coast States



- Regulatory priorities on the West Coast are dramatically increasing demand for biofuels, which require improved infrastructure and storage, and are likely to drive exports of petroleum products in the future
- At the same time, obtaining permits for greenfield projects in the region is difficult, which increases the value of existing assets
- We plan to continue to develop low-capital projects and re-purpose assets at our terminal facilities to receive biofuels from outside the region and to provide a platform for distribution of biofuel products across the West Coast region



We Plan to Continue to Make Safe, Responsible and Efficient Operations NuStar's #1 Priority...



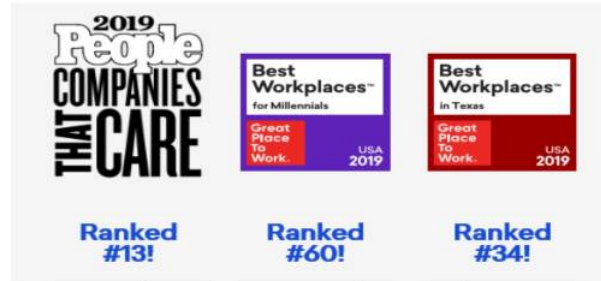
- **Our safety statistics reflect our commitment to safe, responsible operations**
 - In 2018, as in years past, our safety statistics were substantially better than our peers
 - 23 times better than the Bureau of Labor Statistics (BLS) comparison data for the Bulk Terminals Industry
 - 8 times better than the BLS data for the Pipeline Transportation Industry
- **NuStar has received the International Liquids Terminals Association's (ILTA) Safety Excellence Award 10 times**
 - ILTA reviews its members' safety reports filed with OSHA, and recognizes member companies that achieve exemplary safety statistics with an award
- **We participate in the OSHA Voluntary Protection Program (VPP), which promotes effective worksite safety and health**
 - Achieving VPP *Star Status* requires rigorous OSHA review and audit, and *Star Status* requires renewal every three years
 - 80% of our U.S. terminals are VPP-certified



... And We Will Remain Committed to Our Employees and Our Communities Across North America



- NuStar has been recognized with numerous awards for its strong corporate culture






- NuStar employees contributed 90,000 volunteer hours in 2018 alone
 - NuStar maintains local volunteer councils in each community in which we operate to contribute to the charitable and civic causes unique to that local community
- 100% of our U.S. employees contribute to our United Way campaign, and our average per capita contribution is the highest in the nation for a company of our size
 - In total, NuStar contributed \$3 million in 2018
- Each year since 2007, NuStar's employees have hosted a golf tournament to support Haven for Hope, a transformational campus in San Antonio that addresses homelessness
 - During those 13 years, the tournament has generated over \$42 million for Haven for Hope



We Expect Our Employees' Hard Work in 2019 to Reap Rewards in 2020 and Beyond



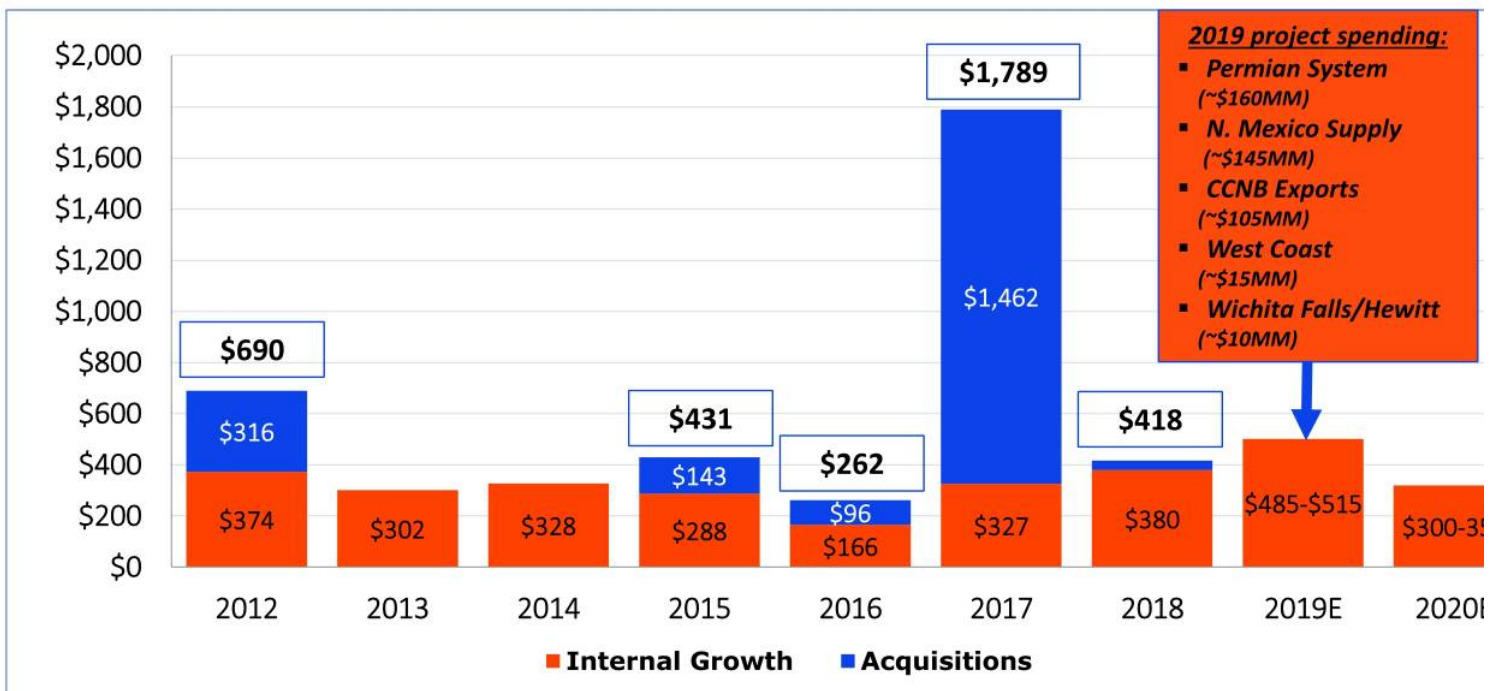
	<u>2019</u>	<u>2020</u>
EBITDA from Continuing Operations	\$625-675MM	\$715-765MM 
DCF Coverage	1.3-1.4X	1.4-1.6X 
Strategic Capital	\$485-515MM	\$300-350MM 

1 - Please see Appendix for reconciliations of non-GAAP financial measures to their most directly comparable GAAP measures

Historic and 2019/2020 Estimated Capital Spending



- We are carefully managing our capital spending to ensure we maintain our financial strength and further lower our leverage and continue to grow our EBITDA with high-return projects
- In 2020, we expect to lower capital spending by ~35%

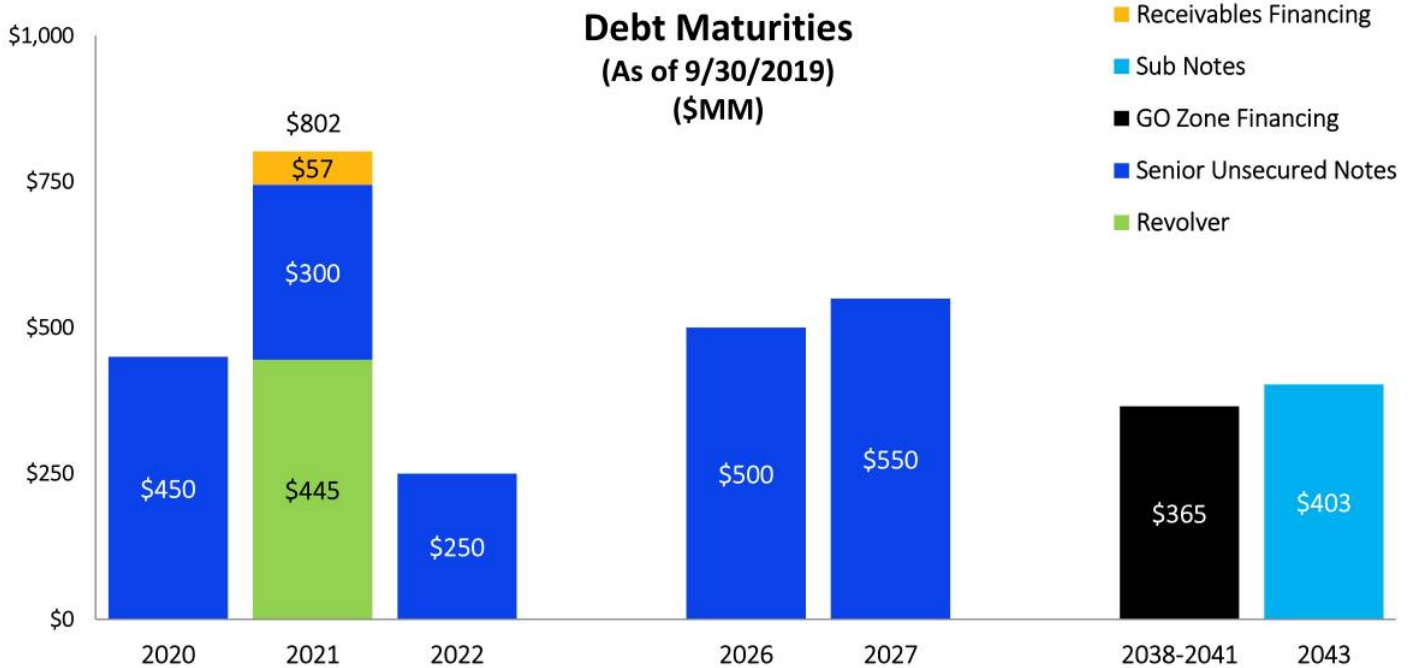


Debt Maturity Schedule



- **We have applied the proceeds from recent dispositions to our revolver balance, which has allowed us to reduce leverage and redeploy capital to invest in low-multiple projects**

- ☐ ~\$230MM of proceeds from our sale of St. Eustatius operations in July 2019
- ☐ ~\$270MM of proceeds from our sale of the European assets in November 2018



- **In May, we issued \$500MM 6.0% senior unsecured notes that mature in June 2026 – we used a portion of the proceeds to refinance \$350MM 7.65% senior unsecured notes that matured in April 2018**
- **In September, we extended our revolver maturity date by one year to October 2021**

Capital Structure as of September 30, 2019

(\$ in Millions)



\$1.2B Credit Facility	\$445	Series D Preferred Units	\$57
NuStar Logistics Notes (4.80%)	450	Series A, B and C Preferred Units	\$79
NuStar Logistics Notes (4.75%)	250	Common Equity and AOCI	1,034
NuStar Logistics Notes (5.625%)	550	Total Equity¹	2,344
NuStar Logistics Notes (6.00%)	500	Total Capitalization	\$5,711
NuStar Logistics Notes (6.75%)	300		
NuStar Logistics Sub Notes	403		
GO Zone Bonds	365		
Receivables Financing	57		
Finance Lease Liability	59		
Short-term Debt & Other	<u>(12)</u>		
Total Debt	\$3,367		

● **As of September 30, 2019:**

- Credit facility availability ~\$750MM
- Debt-to-EBITDA ratio² 3.96x

1 - Total Equity includes Partners' Equity and Mezzanine Equity

2 - Please see Appendix for reconciliations of non-GAAP financial measures to their most directly comparable GAAP measures

Reconciliation of Non-GAAP Financial Information



NuStar Energy L.P. utilizes financial measures, such as earnings before interest, taxes, depreciation and amortization (EBITDA), distributable cash flow (DCF) and distribution coverage ratio, which are not defined in U.S. generally accepted accounting principles (GAAP). Management believes these financial measures provide information to investors and other external users of our financial information because (i) they provide additional information about the operating performance of the partnership's assets and the cash the business is generating, (ii) investors and other external users of our financial statements benefit from having access to the same financial measures being utilized by management and our board of directors when making financial, operational, compensation and planning decisions and (iii) they highlight the impact of significant transactions. We also use adjusted results or results from continuing operations, which may include non-GAAP financial measures to enhance the comparability of performance across periods.

Our board of directors and management use EBITDA and/or DCF when assessing the following: (i) the performance of our assets, (ii) the viability of potential projects, (iii) our ability to fund distributions, (iv) our ability to fund capital expenditures and (v) our ability to service debt. In addition, our board of directors uses a distribution coverage ratio, which is calculated based on DCF, as one of the factors in its compensation determinations. DCF is a widely accepted financial indicator used by the master partnership (MLP) investment community to compare partnership performance. DCF is used by the MLP investment community, in part, because the value of a partnership unit is partially based on its yield, and its yield is based on the cash distributions a partnership can pay its unitholders.

None of these financial measures are presented as an alternative to net income, or for any periods presented reflecting discontinued operations, income from continuing operations. They should not be considered in isolation or as substitutes for a measure of performance prepared in accordance with GAAP. For purposes of segment reporting, we do not allocate general and administrative expenses to our reported operating segments because those expenses relate primarily to the overall management of the entity at the entity level. Therefore, EBITDA reflected in the segment reconciliations exclude any allocation of general and administrative expenses consistent with our practice in determining segmental operating income, the most directly comparable GAAP measure.

Reconciliation of Non-GAAP Financial Information (continued)



The following is the reconciliation for the calculation of our Consolidated Debt Coverage Ratio, as defined in our revolving credit agreement (the Revolving Credit Agreement) (in thousands of dollars, except ratio data):

	For the Four Quarters Ended September	
	2019	2018
Net (loss) income	\$ (181,975)	\$
Interest expense, net	181,558	
Income tax expense	4,599	
Depreciation and amortization expense	285,126	
EBITDA	289,308	
Other income (a)	(3,674)	
Equity awards (b)	12,742	
Pro forma effect of disposition (c)	335,995	
Material project adjustments and other items (d)	95,479	
Consolidated EBITDA, as defined in the Revolving Credit Agreement	<u>\$ 729,850</u>	<u>\$</u>
Total consolidated debt	\$ 3,331,040	\$ 3
NuStar Logistics' floating rate subordinated notes	(402,500)	
Proceeds held in escrow associated with the Gulf Opportunity Zone Revenue Bonds	(41,476)	
Consolidated Debt, as defined in the Revolving Credit Agreement	<u>\$ 2,887,064</u>	<u>\$ 2</u>
Consolidated Debt Coverage Ratio (Consolidated Debt to Consolidated EBITDA)		3.96x

- (a) Other income is excluded for purposes of calculating Consolidated EBITDA, as defined in the Revolving Credit Agreement.
- (b) This adjustment represents the non-cash expense related to the vestings of equity-based awards with the issuance of our common units.
- (c) For the four quarters ended September 30, 2019, this adjustment represents the pro forma effects of the sales of our European and St. Eustatius operations as if we had completed the sales on October 1, 2018.
- (d) This adjustment represents a percentage of the projected Consolidated EBITDA attributable to any Material Project and other noncash items, as defined in the Revolving Credit Agreement.

Reconciliation of Non-GAAP Financial Information (continued)



The following is a reconciliation of income from continuing operations to EBITDA from continuing operations, DCF from continuing operations and distribution coverage ratio from continuing operations (in thousands of dollars, except ratio data):

	Three Months Ended September 30,	
	2019	2018
Income from continuing operations	\$ 52,588	\$
Interest expense, net	46,902	
Income tax expense	1,090	
Depreciation and amortization expense	68,548	
EBITDA from continuing operations	169,128	
Interest expense, net	(46,902)	
Reliability capital expenditures	(11,838)	
Income tax expense	(1,090)	
Long-term incentive equity awards (a)	3,111	
Preferred unit distributions	(30,423)	
Other items	5,856	
DCF from continuing operations available to common limited partners	\$ 87,842	\$
Distributions applicable to common limited partners	\$ 64,660	\$
Distribution coverage ratio from continuing operations (b)	1.36x	

Continued on following slide.

Reconciliation of Non-GAAP Financial Information (continued)



The following is a reconciliation of net (loss) income to EBITDA, DCF and distribution coverage ratio; therefore, the reconciling items include activity from continuing discontinued operations on a combined basis (in thousands of dollars, except ratio data):

	Projected for the Year Ended December 31,	
	2019	2020
Net (loss) income	\$ (137,000 - 107,000)	\$ 233,000 -
Interest expense, net	182,000 - 188,000	190,000 -
Income tax expense	2,000 - 6,000	2,000
Depreciation and amortization expense	278,000 - 283,000	290,000 -
EBITDA	325,000 - 370,000	715,000 -
Interest expense, net	(182,000 - 188,000)	(190,000 - 2
Reliability capital expenditures	(65,000 - 75,000)	(40,000 -
Income tax expense	(2,000 - 6,000)	(2,000
Long-term incentive equity awards (a)	5,000 - 15,000	5,000 -
Preferred unit distributions	(120,000 - 125,000)	(120,000 - 1
Insurance gain adjustment (c)	18,000	
Impairment losses and loss on sale (d)	340,000 - 345,000	
Other items	10,000 - 15,000	10,000 -
DCF available to common limited partners	\$ 329,000 - 369,000	\$ 378,000 -
Distributions applicable to common limited partners	\$ 255,000 - 260,000	\$ 260,000 -
Distribution coverage ratio (b)	1.3x - 1.4x	1.4

(a) We intend to satisfy the vestings of these equity-based awards with the issuance of our common units. As such, the expenses related to these awards are considered non-cash and added back to DCF. Certain awards include distribution equivalent rights (DERs). Payments made in connection with DERs are deducted from DCF.

(b) Distribution coverage ratio is calculated by dividing DCF available to common limited partners by distributions applicable to common limited partners.

(c) Each quarter we add an amount to DCF to offset the amount of reliability capital expenditures incurred related to hurricane damage at the St. Eustatius terminal.

(d) Represents non-cash impairment losses associated with long-lived assets and goodwill at the St. Eustatius terminal, as well as the loss on the sale of the St. Eustatius terminal in September 2019.

Reconciliation of Non-GAAP Financial Information (continued)



The following is a reconciliation of income from continuing operations to EBITDA from continuing operations (in thousands of dollars):

	Projected for the Year Ended December 31,	
	2019	2020
Income from continuing operations	\$ 171,000 - 206,000	\$ 233,000
Interest expense, net	182,000 - 188,000	190,000
Income tax expense	2,000 - 6,000	2,000
Depreciation and amortization expense	270,000 - 275,000	290,000
EBITDA from continuing operations	\$ 625,000 - 675,000	\$ 715,000

The following is a reconciliation of operating (loss) income to EBITDA for the Permian Crude System (in thousands of dollars):

	Three Months Ended								
	June 30, 2017	Sept. 30, 2017	Dec. 31, 2017	Mar. 31, 2018	June 30, 2018	Sept. 30, 2018	Dec. 31, 2018	Mar. 31, 2019	June 30, 2019
Operating (loss) income	\$ (3,424)	\$ 1,050	\$ 650	\$ (1,847)	\$ 3,605	\$ 11,546	\$ 10,878	\$ 5,358	\$ 13,543
Plus depreciation and amortization expense	10,227	11,005	13,165	13,477	15,059	15,235	16,589	17,647	17,182
EBITDA	\$ 6,803	\$ 12,055	\$ 13,815	\$ 11,630	\$ 18,664	\$ 26,781	\$ 27,467	\$ 23,005	\$ 30,725

