

PHILLIPS 66 PARTNERS LP
Form S-3
November 03, 2017

As filed with the Securities and Exchange Commission on November 3, 2017

Registration No. 333-

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

FORM S-3

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Phillips 66 Partners LP

(Exact name of registrant as specified in its charter)

2331 CityWest Boulevard
Houston, Texas 77042
(855) 283-9237

Delaware

(State or other jurisdiction of
incorporation or organization)

(Address, including zip code, and telephone number, including area code, of each
registrant's principal executive offices)

38-389943
(I.R.S. Em
Identificat

Paula A. Johnson
Vice President, General Counsel and Secretary
2331 CityWest Boulevard
Houston, Texas 77042
(855) 283-9237

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copy to:

William N. Finnegan IV

Thomas G. Brandt
Latham & Watkins LLP
811 Main Street, Suite 3700
Houston, Texas 77002
(713) 546-5400

Approximate date of commencement of proposed sale to the public:

From time to time after the effective date of this Registration Statement.

If the only securities being registered on this Form are to be offered pursuant to dividend or interest reinvestment plans, please check the following box. "

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same

offering. "

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. "

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. "

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

Large accelerated filer
 Accelerated filer
 Non-accelerated filer
 Smaller reporting company
 Emerging growth company
 (Do not check if a smaller reporting 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 7(a)(2)(B) of the Securities Act.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to be Registered ⁽¹⁾⁽²⁾	Proposed Maximum Aggregate Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Series A Perpetual Convertible Preferred Units	15,201,775	\$ 54.27	⁽³⁾⁽⁴⁾ \$ 825,000,329.25	⁽⁴⁾ \$ 102,712.54
Common Units	6,304,204	\$ 50.69	⁽³⁾⁽⁵⁾ \$ 319,560,100.76	⁽⁵⁾ \$ 39,785.23

(1)

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Pursuant to Rule 416(a), the number of units being registered shall be adjusted to include any additional such units that may become issuable as a result of any unit distribution, split, combination or similar transaction.

- (2) Includes (a) 13,819,791 Series A Perpetual Convertible Preferred Units that the registrant originally issued to the selling unitholders and up to an additional 1,381,984 Series A Perpetual Convertible Preferred Units that the registrant may issue to the selling unitholders as payment in kind in lieu of cash distributions and (b) 6,304,204 common units that the registrant originally issued to the selling unitholders.
- (3) The proposed maximum offering price per unit will be determined from time to time by the selling unitholders in connection with, and at the time of, the sale by the selling unitholders of the units registered hereby.
- (4) The registration fee is calculated based on the price of the Series A Perpetual Convertible Preferred Units of \$54.27 at the time of original issuance on October 6, 2017.

(5) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, with respect to the common units to be sold by the selling unitholders, based on the average of the high and low prices of the common units as reported on the New York Stock Exchange on November 1, 2017.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. The securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted

SUBJECT TO COMPLETION, DATED NOVEMBER 3, 2017

PROSPECTUS

Phillips 66 Partners LP

15,201,775 Series A Perpetual Convertible Preferred Units

6,304,204 Common Units Representing Limited Partner Interests

This prospectus relates to up to 15,201,775 Series A perpetual convertible preferred units representing limited partner interests in Phillips 66 Partners LP (the “Series A preferred units”), including 13,819,791 Series A preferred units initially issued to the selling unitholders listed herein and up to 1,381,984 Series A preferred units that may be issued as payment in kind with respect to the Series A preferred units in lieu of quarterly cash distributions (the “Series A PIK Units”), and up to 6,304,204 common units representing limited partner interests in Phillips 66 Partners LP initially issued to the selling unitholders, that may be offered and sold from time to time in one or more offerings by the selling unitholders named in this prospectus or any supplement to this prospectus. The Series A preferred units and the common units were initially issued to the selling unitholders in connection with a private placement that closed on October 6, 2017. We refer to the common units and the Series A preferred units collectively as the “units” in this prospectus.

We are not selling any units under this prospectus and will not receive any proceeds from the sale of units owned by the selling unitholders. For more information relating to the selling unitholders, please read “Selling Unitholders.”

The units to which this prospectus relates may be offered and sold from time to time directly by the selling unitholders in the open market or through negotiated transactions or, alternatively, through underwriters or broker-dealers or agents, or a combination of these methods. The units may be sold in one or more transactions, at fixed prices, at prevailing market prices at the time of sale or at negotiated prices. Please refer to “Plan of Distribution.” The selling unitholders will be responsible for underwriting commissions, discounts and fees, if any, and any transfer taxes applicable to the units. We will be responsible for all other offering expenses, other than the fees and expenses of legal counsel that are incurred by any selling unitholder.

You should carefully read this prospectus, any prospectus supplement, and the documents incorporated by reference herein and therein before you invest in any of our securities. You should also read the documents we refer to in the “Where You Can Find More Information” section of this prospectus for information on us and our financial statements.

Our common units are traded on the New York Stock Exchange, or the NYSE, under the symbol “PSXP.” On November 2, 2017, the last reported sale price of our common units on the NYSE was \$50.14 per common unit. The Series A preferred units have not been, and will not be, listed for trading on the NYSE or any other national securities exchange.

Investing in our units involves risks. You should carefully consider the factors described under “*Risk Factors*” beginning on page 2 of this prospectus and any similar section contained in the applicable prospectus supplement before you make an investment in our units.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2017.

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Neither we nor any of the selling unitholders have authorized anyone to provide you with information different from that contained or incorporated by reference in this prospectus, any amendment or supplement to this prospectus or any free writing prospectus prepared by us or on our behalf. Neither we nor any of the selling unitholders take any responsibility for, or can provide any assurance as to the reliability of, any information other than the information

contained or incorporated by reference in this prospectus, any amendment or supplement to this prospectus or any free writing prospectus prepared by us or on our behalf.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement on Form S-3 that we have filed with the Securities and Exchange Commission, or the SEC, under the Securities Act of 1933, as amended, or the Securities Act, utilizing a “shelf” registration process. We have filed the registration statement for this shelf registration process pursuant to a registration rights agreement dated October 6, 2017 among us and the selling unitholders. Under this shelf registration process, the selling unitholders may, from time to time, offer and sell any combination of the units described in this prospectus in one or more offerings.

This prospectus provides you with a general description of Phillips 66 Partners LP and the units that are registered hereunder that may be offered by the selling unitholders. Each time any selling unitholder sells units offered by this prospectus, such selling unitholder is required to provide you with this prospectus and any related prospectus supplement containing specific information about the terms of that offering. A prospectus supplement may also add to, update or change information in this prospectus. To the extent information in this prospectus is inconsistent with the information contained in a prospectus supplement, you should rely on the information in the prospectus supplement.

This prospectus contains summaries of certain provisions contained in some of the documents described herein, but reference is made to the actual documents for complete information. All of the summaries are qualified in their entirety by reference to the actual documents. Copies of some of the documents referred to herein have been filed or will be filed or incorporated by reference as exhibits to the registration statement of which this prospectus is a part, and you may obtain copies of those documents as described under the heading “Where You Can Find More Information.”

Unless the context otherwise requires, references in this prospectus to “Phillips 66 Partners LP,” “the Partnership,” “we,” “our,” “us,” or like terms refer to Phillips 66 Partners LP and our subsidiaries. “Phillips 66” refers to Phillips 66 and its consolidated subsidiaries, other than Phillips 66 Partners LP, our subsidiaries and our general partner. References to “our general partner” refer to Phillips 66 Partners GP LLC.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement with the SEC under the Securities Act that registers the units offered by this prospectus. The registration statement, including the attached exhibits, contains additional relevant information about us. The rules and regulations of the SEC allow us to omit some information included in the registration statement from this prospectus.

The SEC allows us to “incorporate by reference” the information we have filed with the SEC. This means that we can disclose important information to you without actually including the specific information in this prospectus by referring you to other documents filed separately with the SEC. These other documents contain important information about us, our financial condition and our results of operations. The information incorporated by reference is an important part of this prospectus. Information that we file later with the SEC will automatically update and may replace information in this prospectus and information previously filed with the SEC.

We incorporate by reference the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), excluding any information in those documents that is deemed by the rules of the SEC to be furnished not filed, until the termination of the registration statement:

our Annual Report on Form 10-K for the year ended December 31, 2016, which was filed with the SEC on February 17, 2017;

our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2017, June 30, 2017 and September 30, 2017 which were filed with the SEC on May 5, 2017, August 1, 2017 and October 27, 2017, respectively;

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our Current Reports on Form 8-K as filed with the SEC on January 18, 2017, February 3, 2017, April 19, 2017, April 28, 2017, July 19, 2017, September 25, 2017, October 10, 2017, October 13, 2017 and October 18, 2017 (excluding any information furnished pursuant to Items 2.02 or 7.01 of any such Current Report on Form 8-K); and

the description of our common units contained in our registration statement on Form 8-A (File No. 001-36011) filed with the SEC on July 18, 2013, and including any other amendments or reports filed for the purpose of updating such description.

Our principal executive offices are located at 2331 CityWest Boulevard, Houston, Texas 77042, and our telephone number is (855) 283-9237. Our common units trade on the New York Stock Exchange under the symbol "PSXP." We file annual, quarterly and other reports and other information with the SEC. You may read and copy any document that we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Our SEC filings are also available to the public on the SEC's website at <http://www.sec.gov>. We also make available, free of charge on our website at <http://www.phillips66partners.com>, all materials that we electronically file with the SEC, including our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, Section 16 reports, and amendments to these reports as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The information on our website, however, is not, and should not be deemed to be, a part of this prospectus. You may request a copy of any document incorporated by reference in this prospectus (including exhibits to those documents specifically incorporated by reference in this prospectus), free of charge by contacting us at

Phillips 66 Partners LP

Attention: Investor Relations

2331 CityWest Boulevard

Houston, Texas 77042

(855) 283-9237

investorrelations@p66partners.com.

We also post on our website our governance guidelines, code of business ethics and conduct, and the charter for the audit committee of our general partner's board of directors.

FORWARD-LOOKING STATEMENTS

Some of the statements and information included in this prospectus, any prospectus supplement and the information incorporated by reference in this prospectus or any prospectus supplement may contain forward-looking statements. You can identify our forward-looking statements by the words “anticipate,” “estimate,” “believe,” “budget,” “continue,” “could,” “intend,” “may,” “plan,” “potential,” “predict,” “seek,” “should,” “will,” “would,” “expect,” “objective,” “projection,” “forecast,” “outlook,” “effort,” “target” and similar expressions.

We based the forward-looking statements on our current expectations, estimates and projections about us and the industries in which we operate in general. We caution you these statements are not guarantees of future performance as they involve assumptions that, while made in good faith, may prove to be incorrect, and involve risks and uncertainties we cannot predict. In addition, we based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. Accordingly, our actual outcomes and results may differ materially from what we have expressed or forecast in the forward-looking statements. Any differences could result from a variety of factors, including the following:

- The continued ability of Phillips 66 to satisfy its obligations under our commercial and other agreements.

The volume of crude oil, natural gas liquids (“NGL”) and refined petroleum products we transport, fractionate, process, terminal and store.

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The tariff rates with respect to volumes that we transport through our regulated assets, which rates are subject to review and possible adjustment by federal and state regulators.

Changes in revenue we realize under the loss allowance provisions of our regulated tariffs resulting from changes in underlying commodity prices.

Fluctuations in the prices for crude oil, NGL and refined petroleum products.

Changes in global economic conditions and the effects of a global economic downturn on the business of Phillips 66 and the business of its suppliers, customers, business partners and credit lenders.

Liabilities associated with the risks and operational hazards inherent in transporting, fractionating, processing, terminaling and storing crude oil, NGL and refined petroleum products.

Curtailed operations due to severe weather disruption; riots, strikes, lockouts or other industrial disturbances; or failure of information technology systems due to various causes, including unauthorized access or attack.

Inability to obtain or maintain permits in a timely manner, if at all, including those necessary for capital projects, or the revocation or modification of existing permits.

Inability to comply with government regulations or make capital expenditures required to maintain compliance.

Failure to timely complete construction of announced and future capital projects.

The operation, financing and distribution decisions of our joint ventures.

Costs or liabilities associated with federal, state, and local laws and regulations relating to environmental protection and safety, including spills, releases and pipeline integrity.

Costs associated with compliance with evolving environmental laws and regulations on climate change.

Costs associated with compliance with safety regulations, including pipeline integrity management program testing and related repairs.

Changes in the cost or availability of third-party vessels, pipelines, railcars and other means of delivering and transporting crude oil, NGL and refined petroleum products.

- Direct or indirect effects on our business resulting from actual or threatened terrorist incidents or acts of war.

When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements set forth in this prospectus and any prospectus supplement, as well as other written and oral statements made or incorporated by reference from time to time by us in other reports and filings with the SEC. All forward-looking statements included in this prospectus, any prospectus supplement and all subsequent written or oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. The forward-looking statements speak only as of the date made, other than as required by law, and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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ABOUT PHILLIPS 66 PARTNERS LP

We are a growth-oriented master limited partnership formed to own, operate, develop and acquire primarily fee-based crude oil, refined petroleum product and NGL pipelines and terminals, as well as other midstream assets. We are managed and operated by the executive officers of our general partner, with oversight provided by its board of directors. Neither we nor our subsidiaries have any employees. Our general partner has the sole responsibility for providing the employees and other personnel necessary to conduct our operations.

We primarily generate revenue by providing fee-based transportation, processing, terminaling, storage and NGL fractionation services to Phillips 66 and other customers. Our equity affiliates primarily generate revenue from transporting and terminaling NGL, refined petroleum products and crude oil. Since we do not own any of the NGL, crude oil and refined petroleum products we handle and do not engage in the trading of NGL, crude oil and refined petroleum products, we have limited direct exposure to risks associated with fluctuating commodity prices, although these risks indirectly influence our activities and results of operations over the long term.

We have multiple commercial agreements with Phillips 66, including transportation services agreements, terminal services agreements, storage services agreements, stevedoring services agreements, a fractionation services agreement, a tolling services agreement, and rail terminal services agreements. Under many of these agreements, Phillips 66 commits to provide us with minimum quarterly throughput volumes or minimum monthly capacity or service fees. We believe these agreements promote stable and predictable cash flows and they are the source of a substantial portion of our revenue.

Our general partner, Phillips 66 Partners GP LLC, is a Delaware limited liability company. We are managed and controlled by our general partner.

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RISK FACTORS

An investment in the units involves risks. Before you invest in the units, you should carefully consider the risk factors below, as well as the risk factors included in our most recent annual report on Form 10-K, subsequent quarterly reports on Form 10-Q, current reports on Form 8-K and those that may be included in or incorporated by reference in any applicable prospectus supplement, as well as risks described in “Management's Discussion and Analysis of Financial Condition and Results of Operations” and cautionary notes regarding forward-looking statements included or incorporated by reference in this prospectus, together with all of the other information included or incorporated by reference in this prospectus, any prospectus supplement and the documents we incorporate by reference.

If any of these risks were to materialize, our business, results of operations, cash flows and financial condition could be materially adversely affected. In that case, our ability to make distributions to our unitholders may be reduced, the trading price of our securities could decline and you could lose all or part of your investment.

Risks Related to the Series A preferred units and this offering

The Series A preferred units are subordinated to our existing and future debt obligations, and your interests could be diluted by the issuance of additional units, including additional Series A preferred units, and by other transactions.

The Series A preferred units are subordinated to all of our existing and future indebtedness (including indebtedness outstanding under our revolving credit facility and our outstanding senior notes). As of November 1, 2017, we had approximately \$2.9 billion of consolidated indebtedness. We may incur additional debt under our revolving credit facility. The payment of principal and interest on our debt reduces cash available for distribution to us and on our units, including the Series A preferred units.

The issuance of additional units *pari passu* with or senior to the Series A preferred units would dilute the interests of the holders of the Series A preferred units with the requisite approval of the holders of Series A preferred units, and any issuance of such securities or additional indebtedness could affect our ability to pay distributions on, redeem or pay the liquidation preference on, the Series A preferred units.

The Series A preferred units do not have an established trading market and will not be listed on a national securities exchange.

The Series A preferred units do not have an established trading market, which may negatively affect their market value and your ability to transfer or sell your units. Further, the Series A preferred units are not listed for trading on the NYSE or any other national securities exchange and we have no intention of listing the Series A preferred units on any national securities exchange in the future.

The Internal Revenue Service could challenge our treatment of the holders of Series A preferred units as partners for tax purposes, and if such challenge were sustained, certain holders of Series A preferred units could be adversely impacted.

The IRS may disagree with our treatment of the Series A preferred units as equity for federal income tax purposes, and no assurance can be given that our treatment will be sustained. If the IRS were to successfully characterize the Series A preferred units as indebtedness for tax purposes, certain holders of Series A preferred units may be subject to additional withholding and reporting requirements (please read “Material U.S. Federal Income Tax Consequences—Administrative Matters—Additional Withholding Requirements”). Further, if the Series A preferred units were treated as indebtedness for federal income tax purposes, rather than equity, distributions likely would be treated as payments of interest by us to the holders of Series A preferred units. Holders of Series A preferred units are encouraged to consult their tax advisors regarding the tax consequences applicable to the recharacterization of the Series A preferred units as indebtedness for tax purposes.

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Sales by the selling unitholders of common units that are covered by this prospectus could adversely affect the trading price of our common units.

We are registering for resale an aggregate of 6,304,204 common units that may be held by the selling unitholders, which represent approximately 5% of our currently outstanding common units as of November 1, 2017. Subject to certain exceptions, we are obligated to keep this prospectus current so that the common units can be sold in the public market at any time. The resale of all or a substantial portion of the common units in the public market, or the perception that these sales might occur, could cause the market price of our common units to decrease and may make it more difficult for us to sell our equity securities in the future at a time and upon terms that we deem appropriate.

Table of Contents**RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED UNIT DISTRIBUTIONS**

The following table sets forth our ratio of earnings to fixed charges for the periods indicated on a consolidated historical basis. For purposes of computing the ratio of earnings to fixed charges, “earnings” are defined as income before taxes adjusted for undistributed equity earnings, plus fixed charges less capitalized interest. “Fixed charges” consist of interest expensed and capitalized, amortization of deferred loan costs and an estimate of interest within rent expense.

	Nine Months Ended September 30 2017	Years Ended December 31				
		2016	2015	2014	2013	2012
Ratio of Earnings to Fixed Charges	5.2x	8.0x	5.1x	20.9x	N/A	N/A
Ratio of Earnings to Combined Fixed Charges and Preferred Unit Distributions (1)						

(1) No preferred units were outstanding during any of the periods presented and therefore, no historical ratio of earnings to combined fixed charges and preferred unit distributions are presented for these periods.

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USE OF PROCEEDS

The units to be offered and sold pursuant to this prospectus or any applicable prospectus supplement will be offered and sold by the selling unitholders. We will not receive any proceeds from the sale of units by the selling unitholders. We have agreed to pay certain expenses of the selling unitholders in connection with the sale of the units offered by this prospectus. Please read “Plan of Distribution.”

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DESCRIPTION OF OUR COMMON UNITS

The following description of our common units is not complete and may not contain all of the information you should consider before investing in our common units. This description is summarized from, and qualified in its entirety by reference to, our Second Amended and Restated Agreement of Limited Partnership, which we refer to herein as the “partnership agreement.” We urge you to read the full text of the partnership agreement, which has been publicly filed with the SEC, as the partnership agreement, and not this prospectus, governs the Partnership, the common units and the Series A preferred units.

General

The common units represent limited partner interests in us. The holders of common units are entitled to participate in partnership distributions and exercise the rights or privileges available to limited partners under our partnership agreement. The holders of Series A preferred units have rights, preferences and privileges that are not held by, and are preferential to, the rights of holders of common units. For a description of the relative rights and preferences of holders of common units in and to partnership distributions, please read this section and “Provisions of Our Partnership Agreement Relating to Cash Distributions.” For a description of the rights and privileges of limited partners under our partnership agreement, including voting rights, please read “Our Partnership Agreement.” Our outstanding common units are listed on the NYSE under the symbol “PSXP” and any additional common units we issue will also be listed on the NYSE under such symbol. As of November 1, 2017, 121,522,819 common units were outstanding.

Transfer Agent and Registrar

Duties

American Stock Transfer & Trust Company, LLC serves as registrar and transfer agent for our common units. We pay all fees charged by the transfer agent for transfers of common units, except for the following, which must be paid by unitholders:

- surety bond premiums to replace lost or stolen certificates, or to cover related taxes and other governmental charges;
- special charges for services requested by a holder of a common unit; and

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· other similar fees or charges.

There is no charge to unitholders for disbursements of our cash distributions. We will indemnify the transfer agent, its agents and each of their stockholders, directors, officers and employees against all claims and losses that may arise out of acts performed or omitted for its activities in that capacity, except for any liability due to any gross negligence or intentional misconduct of the indemnified person or entity.

Resignation or Removal

The transfer agent may resign, by notice to us, or be removed by us. The resignation or removal of the transfer agent will become effective upon our appointment of a successor transfer agent and registrar and its acceptance of the appointment. If no successor has been appointed and has accepted the appointment within 30 days after notice of the resignation or removal, our general partner may act as the transfer agent and registrar until a successor is appointed.

Transfer of Common Units

Upon the transfer of a common unit in accordance with our partnership agreement, each transferee of common units shall be admitted as a limited partner with respect to the common units transferred when such transfer and admission are reflected in our books and records. Each transferee:

· automatically agrees to be bound by the terms and conditions of, and is deemed to have executed, our partnership agreement;

· represents and warrants that the transferee has the right, power, authority, and capacity to enter into our partnership agreement; and

· gives the consents, waivers and approvals contained in our partnership agreement.

Our general partner will cause any transfers to be recorded on our books and records no less frequently than quarterly.

We may, at our discretion, treat the nominee holder of a common unit as the absolute owner. In that case, the beneficial holder's rights are limited solely to those that it has against the nominee holder as a result of any agreement between the beneficial owner and the nominee holder.

Common units are securities and any transfers are subject to the laws governing the transfer of securities. In addition to other rights acquired upon transfer, the transferor gives the transferee the right to become a substituted limited partner in our partnership for the transferred common units.

Until a common unit has been transferred on our books, we and the transfer agent may treat the record holder of the common unit as the absolute owner for all purposes, except as otherwise required by law or stock exchange regulations.

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DESCRIPTION OF OUR SERIES A PREFERRED UNITS

The following description of our Series A preferred units is not complete and may not contain all of the information you should consider before investing in our Series A preferred units. This description is summarized from, and qualified in its entirety by reference to, our partnership agreement. For a description of our partnership agreement, please read “Our Partnership Agreement.” We urge you to read the full text of the partnership agreement, which has been publicly filed with the SEC, as the partnership agreement, and not this prospectus, governs the Partnership and the Series A preferred units. Capitalized terms used but not defined herein shall have the meanings ascribed thereto in our partnership agreement.

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General

As of the date of this prospectus, we have 13,819,791 Series A preferred units issued and outstanding. These Series A preferred units were sold by us to the selling unitholders in a private placement on October 6, 2017 at a price of \$54.27 per Series A preferred unit (the “Series A Issue Price”).

The Series A preferred units represent limited partner interests in us and, unlike our indebtedness, will not give rise to a claim for payment of a principal amount at a particular date. As such, the Series A preferred units rank junior to all of our current and future indebtedness (including indebtedness outstanding under our revolving credit facility and our outstanding senior notes) and other liabilities with respect to assets available to satisfy claims against us.

The Series A preferred units rank senior to our common units with respect to the payment of distributions and distribution of assets upon liquidation, dissolution and winding up. For a description of the relative rights and preferences of holders of our Series A preferred units and common units, please read this section and “Provisions of our Partnership Agreement Relating to Cash Distributions.”

The holders of Series A preferred units are entitled to receive cumulative quarterly distributions equal to \$0.678375 per Series A preferred unit for any quarter ending on or before September 30, 2020, and thereafter the quarterly distributions on each Series A preferred unit will equal the greater of (1) \$0.678375 per unit and (2) the amount that such Series A preferred unit would have otherwise received if it had been converted into common units immediately prior to the record date for the quarter in respect of which such distributions are being paid at the then applicable conversion rate (as defined below). We may not pay any distributions for any quarter on any junior securities, including any common units and the incentive distribution rights, unless the distribution payable to the Series A preferred units with respect to such quarter, together with any previously accrued but unpaid distributions to the Series A preferred units, have been paid in full.

Ranking

The Series A preferred units, with respect to anticipated quarterly distributions, rank:

senior to any class or series of partnership interests in us that, with respect to the payment of distributions and distribution of assets upon liquidation, dissolution and winding up, ranks junior to the Series A preferred units (“Series A Junior Securities”), including our common units and the incentive distribution rights;

pari passu with any class or series of partnership interests in us that, with respect to the payment of distributions and distribution of assets upon liquidation, dissolution and winding up, ranks *pari passu* with the Series A preferred units (“Series A Parity Securities”);

junior to all of our existing and future indebtedness (including indebtedness outstanding under our revolving credit facility and our outstanding senior notes) and other liabilities with respect to assets available to satisfy claims against us; and

junior to any class or series of partnership interests in us that, with respect to the payment of distributions and distribution of assets upon liquidation, dissolution and winding up, ranks senior to the Series A preferred units (“Series A Senior Securities”).

Under our partnership agreement, we may issue Series A Junior Securities from time to time in one or more series without the consent of the holders of the Series A preferred units. The board of directors of our general partner has the authority to determine the preferences, powers, qualifications, limitations, restrictions and special or relative rights or privileges, if any, of any such series before the issuance of any units of that series. The board of directors of our general partner will also determine the number of units constituting each series of Series A Junior Securities. Our ability to issue additional Series A Parity Securities in certain circumstances or Series A Senior Securities is limited as described under “Our Partnership Agreement—Voting Rights.”

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Distributions

Distributions on each Series A preferred unit will be cumulative and will accrue at the Series A Distribution Amount (as defined below) from October 6, 2017 until such time as the Series A preferred units are converted into common units in accordance with our partnership agreement, whether or not quarterly distributions with respect to Series A preferred units (the “Series A Quarterly Distributions”) shall have been declared, and distributions will accrue on the amount of Series A Quarterly Distributions in arrears. Holders of Series A preferred units will be entitled to receive Series A Quarterly Distributions from time to time when, as, and if declared by our general partner. Distributions, when, as and if declared by our general partner to be paid by us in accordance with our partnership agreement, will be paid quarterly on each Series A Distribution Payment Date (as defined below).

As used herein, “Series A Distribution Payment Date” means the date that is no later than the earlier of 60 days after the end of the applicable quarter and the payment date of distributions, if any, on any Series A Parity Securities and Series A Junior Securities.

As used herein, “Series A Distribution Amount” means (1) with respect to any quarter ending on or before September 30, 2020, an amount per Series A preferred unit equal to \$0.678375 for such quarter, and (2) with respect to any quarter ending after September 30, 2020, an amount per quarter per Series A preferred unit equal to the greater of (a) \$0.678375 and (b) an amount equal to the distributions that would have been payable with respect to such Series A preferred unit if such Series A preferred unit had converted immediately prior to the record date for such quarter in respect of which such distributions are being paid into the number of common units into which such Series A preferred unit would be convertible at the then applicable conversion rate.

With respect to any quarter ending on or before September 30, 2019 (the “Series A PIK Distribution Period”), distributions may be paid in cash, in-kind in the form of Series A PIK Units, or in a combination thereof, at the election of our general partner. If we elect to pay some or all of a Series A Distribution Amount in Series A PIK Units, we shall publicly announce that election on or before the record date for which such election has been made and shall state in the announcement the amount of Series A PIK Units or combination of cash and Series A PIK Units to be paid per Series A preferred unit in connection with the Series A Quarterly Distribution. Any issuance of Series A PIK Units as a distribution will be made in accordance with our partnership agreement (the date of issuance of such Series A PIK Units, the “Series A PIK Payment Date”). On the Series A PIK Payment Date, we will issue to holders of Series A preferred units a certificate or certificates for the number of Series A PIK Units to which such Series A preferred unitholders shall be entitled, or, at our option, a notation in book-entry form in the books of the transfer agent. With respect to any quarter distributions made after the Series A PIK Distribution Period shall be paid in cash.

For purposes of maintaining Capital Accounts (as defined in our partnership agreement), if we issue one or more Series A PIK Units with respect to a Series A preferred unit, (i) we shall be treated as distributing cash with respect to

such Series A preferred unit in an amount equal to the Series A Issue Price of the Series A PIK Units issued in payment of the Series A Quarterly Distribution and (ii) the holder of such Series A preferred unit shall be treated as having contributed to us in exchange for such newly issued Series A PIK Unit an amount of cash equal to the Series A Issue Price.

Conversion

Each holder of Series A preferred units may elect to convert all or any portion of the Series A preferred units owned by such holder into common units initially on a one-for-one basis, subject to customary anti-dilution adjustments and an adjustment for any distributions that have accrued on such Series A preferred units but not been paid when due (which we refer to as the “conversion rate”), at any time (but not more often than once per quarter) after October 6, 2019 (or upon an earlier liquidation of the Partnership, in which case the conversion rate shall be the rate described in the first paragraph under “—Series A Change of Control” below), provided that any conversion involves an aggregate number of Series A preferred units with an underlying value of common units equal to or greater than \$50 million (calculated based on the Series A Issue Price) or suc