ONEOK INC /NEW/
Form 10-Q
October 31, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

X Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2018.
OR
___ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from __________ to __________.

Commission file number 001-13643

ONEOK, Inc.
(Exact name of registrant as specified in its charter)

Oklahoma	73-1520922
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
100 West Fifth Street, Tulsa, OK	74103
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (918) 588-7000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No __

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes X No __

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 X	Accelerated filer __	Non-accelerated filer __
Smaller reporting company__	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.__

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes __ No X

On October 22, 2018, the Company had 411,361,477 shares of common stock outstanding.

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As used in this Quarterly Report, references to “we,” “our” or “us” refer to ONEOK, Inc., an Oklahoma corporation, and its predecessors, divisions, and subsidiaries, unless the context indicates otherwise.

The statements in this Quarterly Report that are not historical information, including statements concerning plans and objectives of management for future operations, economic performance or related assumptions, are forward-looking statements. Forward-looking statements may include words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “pla “believe,” “should,” “goal,” “forecast,” “guidance,” “could,” “may,” “continue,” “might,” “potential,” “scheduled” and other w of similar meaning. Although we believe that our expectations regarding future events are based on reasonable assumptions, we can give no assurance that such expectations or assumptions will be achieved. Important factors that could cause actual results to differ materially from those in the forward-looking statements are described under Part I, Item 2, Management’s Discussion and Analysis of Financial Condition and Results of Operations “Forward-Looking Statements,” in this Quarterly Report and under Part I, Item 1A, “Risk Factors,” in our Annual Report.

INFORMATION AVAILABLE ON OUR WEBSITE

We make available, free of charge, on our website (www.oneok.com) copies of our Annual Reports, Quarterly Reports, Current Reports on Form 8-K, amendments to those reports filed or furnished to the SEC pursuant to Section 13(a) or 15(d) of the Exchange Act and reports of holdings of our securities filed by our officers and directors under Section 16 of the Exchange Act as soon as reasonably practicable after filing such material electronically or otherwise furnishing it to the SEC. Copies of our Code of Business Conduct and Ethics, Corporate Governance Guidelines, Director Independence Guidelines, Bylaws and the written charter of our Audit Committee are also available on our website, and we will provide copies of these documents upon request.

In addition to our filings with the SEC and materials posted on our website, we also use social media platforms as additional channels of distribution to reach public investors. Information contained on our website, posted on our social media accounts, and any corresponding applications, are not incorporated by reference into this report.

We also make available on our website the Interactive Data Files required to be submitted and posted pursuant to Rule 405 of Regulation S-T.

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GLOSSARY

The abbreviations, acronyms and industry terminology used in this Quarterly Report are defined as follows:

$2.5 Billion Credit Agreement	ONEOK's $2.5 billion revolving credit agreement, as amended
AFUDC	Allowance for funds used during construction
Annual Report	Annual Report on Form 10-K for the year ended December 31, 2017
ASU	Accounting Standards Update
Bbl	Barrels, 1 barrel is equivalent to 42 United States gallons
Bbl/d	Barrels per day
BBtu/d	Billion British thermal units per day
Bcf	Billion cubic feet
Bcf/d	Billion cubic feet per day
CFTC	U.S. Commodity Futures Trading Commission
Clean Air Act	Federal Clean Air Act, as amended
DJ	Denver-Julesburg
EBITDA	Earnings before interest expense, income taxes, depreciation and amortization
EPA	United States Environmental Protection Agency
Exchange Act	Securities Exchange Act of 1934, as amended
FERC	Federal Energy Regulatory Commission
Foundation	ONEOK Foundation, Inc.
GAAP	Accounting principles generally accepted in the United States of America
Intermediate Partnership	ONEOK Partners Intermediate Limited Partnership, a wholly owned subsidiary of ONEOK Partners, L.P.
LIBOR	London Interbank Offered Rate
MBbl/d	Thousand barrels per day
MDth/d	Thousand dekatherms per day
Merger Transaction	The transaction, effective June 30, 2017, in which ONEOK acquired all of ONEOK Partners' outstanding common units not already directly or indirectly owned by ONEOK
MMBbl	Million barrels
MMBtu	Million British thermal units
MMcf/d	Million cubic feet per day
Moody's	Moody's Investors Service, Inc.
Natural Gas Act	Natural Gas Act of 1938, as amended
NGL(s)	Natural gas liquid(s)
NGL products	Marketable natural gas liquid purity products, such as ethane, ethane/propane mix, propane, iso-butane, normal butane and natural gasoline
NYMEX	New York Mercantile Exchange
NYSE	New York Stock Exchange
ONEOK	ONEOK, Inc.
ONEOK Partners	ONEOK Partners, L.P.
OPIS	Oil Price Information Service
PHMSA	United States Department of Transportation Pipeline and Hazardous Materials Safety Administration
POP	Percent of Proceeds
Quarterly Report(s)	Quarterly Report(s) on Form 10-Q
Roadrunner	Roadrunner Gas Transmission, LLC, a 50 percent-owned joint venture
S&P	S&P Global Ratings
SCOOP	South Central Oklahoma Oil Province, an area in the Anadarko Basin in Oklahoma

SEC	Securities and Exchange Commission
Series E Preferred Stock	Series E Non-Voting, Perpetual Preferred Stock, par value $0.01 per share
STACK	Sooner Trend Anadarko Canadian Kingfisher, an area in the Anadarko Basin in Oklahoma

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Tax Cuts and Jobs Act	H.R. 1, the tax reform bill, signed into law on December 22, 2017
Term Loan Agreement	The senior unsecured three-year $1.0 billion term loan agreement dated January 8, 2016, as amended
Topic 606	Accounting Standards Update 2014-09, “Revenue from Contracts with Customers”
West Texas LPG	West Texas LPG pipeline and Mesquite pipeline
WTI	West Texas Intermediate
WTLPG	West Texas LPG Pipeline Limited Partnership
XBRL	eXtensible Business Reporting Language

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ONEOK Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Unaudited)	2018	2017	2018	2017
	(Thousands of dollars, except per share amounts)			
Revenues				
Commodity sales	$3,083,625	$2,322,534	$8,578,891	$6,700,260
Services	310,265	583,832	877,605	1,681,489
Total revenues	3,393,890	2,906,366	9,456,496	8,381,749
Cost of sales and fuel (exclusive of items shown separately below)	2,560,765	2,229,416	7,104,609	6,464,281
Operations and maintenance	206,247	179,693	589,465	532,529
Depreciation and amortization	107,383	102,298	317,908	302,566
Impairment of long-lived assets	—	15,970	—	15,970
General taxes	24,124	24,641	81,263	76,098
Gain on sale of assets	(163)	(274)	(348)	(904)
Operating income	495,534	354,622	1,363,599	991,209
Equity in net earnings from investments (Note I)	39,313	40,058	116,070	118,985
Impairment of equity investments (Note I)	—	(4,270)	—	(4,270)
Allowance for equity funds used during construction	2,294	40	3,328	75
Other income	5,072	3,296	7,667	11,670
Other expense	(3,404)	(3,554)	(11,104)	(31,581)
Interest expense (net of capitalized interest of $8,326, $1,068, $15,498, and $4,254, respectively)	(121,910)	(126,533)	(351,131)	(361,468)
Income before income taxes	416,899	263,659	1,128,429	724,620
Income taxes	(102,983)	(97,128)	(266,285)	(195,913)
Net income	313,916	166,531	862,144	528,707
Less: Net income attributable to noncontrolling interests	657	789	3,329	203,911
Net income attributable to ONEOK	313,259	165,742	858,815	324,796
Less: Preferred stock dividends	275	276	825	493
Net income available to common shareholders	$312,984	$165,466	$857,990	$324,303
Basic earnings per common share	$0.76	$0.43	$2.09	$1.21
Diluted earnings per common share	$0.75	$0.43	$2.07	$1.20
Average shares (thousands)				
Basic	412,117	380,907	411,400	268,108
Diluted	414,847	383,419	414,035	270,349
Dividends declared per share of common stock	$0.825	$0.745	$2.390	$1.975

See accompanying Notes to Consolidated Financial Statements.

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ONEOK, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Unaudited)	2018	2017	2018	2017
	(Thousands of dollars)			
Net income	$313,916	$166,531	$862,144	$528,707
Other comprehensive income (loss), net of tax				
Unrealized gains (losses) on derivatives, net of tax of $1,054, $12,217, $(3,204) and $8,689, respectively	(3,526)	(20,620)	10,729	(1,287)
Realized (gains) losses on derivatives recognized in net income, net of tax of $(5,752), $(7,671), $(12,962) and $(13,077), respectively	19,261	13,062	43,397	40,272
Change in pension and postretirement benefit plan liability, net of tax of $(966), $(1,360), $(2,714) and $(4,081), respectively	3,236	2,041	9,086	6,122
Other comprehensive income (loss) on investments in unconsolidated affiliates, net of tax of $(442), $100, $(1,578) and $288, respectively	1,480	(169)	5,281	(1,214)
Total other comprehensive income (loss), net of tax	20,451	(5,686)	68,493	43,893
Comprehensive income	334,367	160,845	930,637	572,600
Less: Comprehensive income attributable to noncontrolling interests	657	789	3,329	234,937
Comprehensive income attributable to ONEOK	$333,710	$160,056	$927,308	$337,663

See accompanying Notes to Consolidated Financial Statements.

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ONEOK, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS

(Unaudited)	September 30, 2018	December 31, 2017
Assets	(Thousands of dollars)	
Current assets		
Cash and cash equivalents	$84,464	$37,193
Accounts receivable, net	1,085,075	1,202,951
Materials and supplies	128,574	90,301
Natural gas and natural gas liquids in storage	426,293	342,293
Commodity imbalances	22,162	38,712
Other current assets	61,340	53,008
Total current assets	1,807,908	1,764,458
Property, plant and equipment		
Property, plant and equipment	17,120,187	15,559,667
Accumulated depreciation and amortization	3,159,660	2,861,541
Net property, plant and equipment	13,960,527	12,698,126
Investments and other assets		
Investments in unconsolidated affiliates	981,592	1,003,156
Goodwill and intangible assets	970,117	993,460
Deferred income taxes	—	205,907
Other assets	191,170	180,830
Total investments and other assets	2,142,879	2,383,353
Total assets	$17,911,314	$16,845,937

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ONEOK, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
(Continued)

(Unaudited)	September 30, 2018	December 31, 2017
Liabilities and equity	(Thousands of dollars)	
Current liabilities		
Current maturities of long-term debt (Note D)	$507,650	$432,650
Short-term borrowings (Note D)	120,000	614,673
Accounts payable	1,339,507	1,140,571
Commodity imbalances	162,990	164,161
Accrued interest	111,747	135,309
Other current liabilities	208,312	179,971
Total current liabilities	2,450,206	2,667,335
Long-term debt, excluding current maturities (Note D)	8,325,708	8,091,629
Deferred credits and other liabilities		
Deferred income taxes	132,242	52,697
Other deferred credits	350,400	348,924
Total deferred credits and other liabilities	482,642	401,621
Commitments and contingencies (Note J)		
Equity (Note E)		
ONEOK shareholders' equity:		
Preferred stock, $0.01 par value: issued 20,000 shares at September 30, 2018, and December 31, 2017	—	—
Common stock, $0.01 par value: authorized 1,200,000,000 shares, issued 445,016,234 shares and outstanding 411,358,838 shares at September 30, 2018; issued 423,166,234 shares and outstanding 388,703,543 shares at December 31, 2017	4,450	4,232
Paid-in capital	7,662,673	6,588,878
Accumulated other comprehensive loss (Note F)	(158,138)	(188,530)
Retained earnings	—	—
Treasury stock, at cost: 33,657,396 shares at September 30, 2018, and 34,462,691 shares at December 31, 2017	(856,227)	(876,713)
Total ONEOK shareholders' equity	6,652,758	5,527,867
Noncontrolling interests in consolidated subsidiaries	—	157,485
Total equity	6,652,758	5,685,352
Total liabilities and equity	$17,911,314	$16,845,937

See accompanying Notes to Consolidated Financial Statements.

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ONEOK, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)	Nine Months Ended September 30, 2018	2017
	(Thousands of dollars)	
Operating activities		
Net income	$862,144	$528,707
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	317,908	302,566
Impairment charges	—	20,240
Noncash contribution of preferred stock, net of tax	—	12,600
Equity in net earnings from investments	(116,070)	(118,985)
Distributions received from unconsolidated affiliates	125,824	124,517
Deferred income taxes	264,509	186,584
Share-based compensation expense	23,963	19,688
Pension and postretirement benefit expense, net of contributions	(2,902)	818
Allowance for equity funds used during construction	(3,328)	(75)
Gain on sale of assets	(348)	(904)
Changes in assets and liabilities:		
Accounts receivable	117,876	(33,224)
Natural gas and natural gas liquids in storage	(91,170)	(174,232)
Accounts payable	(41,837)	82,174
Commodity imbalances, net	15,379	(4,004)
Risk-management assets and liabilities	66,966	34,534
Other assets and liabilities, net	(22,464)	(45,008)
Cash provided by operating activities	1,516,450	935,996
Investing activities		
Capital expenditures (less allowance for equity funds used during construction)	(1,309,655)	(330,431)
Cash paid for acquisition	(195,000)	—
Contributions to unconsolidated affiliates	(831)	(87,653)
Distributions received from unconsolidated affiliates in excess of cumulative earnings	19,613	21,577
Proceeds from sale of assets	1,053	1,910
Cash used in investing activities	(1,484,820)	(394,597)
Financing activities		
Dividends paid	(983,068)	(543,445)
Distributions to noncontrolling interests	(3,500)	(275,060)
Borrowing (repayment) of short-term borrowings, net	(494,673)	(178,027)
Issuance of long-term debt, net of discounts	1,245,773	1,190,067
Debt financing costs	(11,301)	(11,340)
Repayment of long-term debt	(930,738)	(992,864)
Issuance of common stock	1,195,128	45,849
Other, net	(1,980)	(13,778)
Cash provided by (used in) financing activities	15,641	(778,598)
Change in cash and cash equivalents	47,271	(237,199)
Cash and cash equivalents at beginning of period	37,193	248,875
Cash and cash equivalents at end of period	$84,464	$11,676

See accompanying Notes to Consolidated Financial Statements.

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ONEOK, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited)	ONEOK Shareholders' Equity Common Stock Issued	Preferred Stock Issued	Common Stock	Preferred Stock	Paid-in Capital
	(Shares)		(Thousands of dollars)		
January 1, 2018	423,166,234	20,000	$4,232	$ —	$6,588,878
Cumulative effect adjustment for adoption of ASUs (Note A)	—	—	—	—	—
Net income	—	—	—	—	—
Other comprehensive income (loss) (Note F)	—	—	—	—	—
Preferred stock dividends (Note E)	—	—	—	—	—
Common stock issued	21,850,000	—	218	—	1,178,503
Common stock dividends - $2.39 per share (Note E)	—	—	—	—	(85,632)
Distributions to noncontrolling interests	—	—	—	—	—
Contributions from noncontrolling interests	—	—	—	—	—
Acquisition of noncontrolling interests (Note E)	—	—	—	—	(21,220)
Other	—	—	—	—	2,144
September 30, 2018	445,016,234	20,000	$4,450	$ —	$7,662,673

(Unaudited)	ONEOK Shareholders' Equity Common Stock Issued	Preferred Stock Issued	Common Stock	Preferred Stock	Paid-in Capital
	(Shares)		(Thousands of dollars)		
January 1, 2017	245,811,180	—	$2,458	$ —	$1,234,314
Cumulative effect adjustment for adoption of ASU 2016-09	—	—	—	—	—
Net income	—	—	—	—	—
Other comprehensive income (loss)	—	—	—	—	—
Common stock issued	1,181,493	—	12	—	68,032
Preferred stock issued	—	20,000	—	—	20,000
Common stock dividends - $1.975 per share	—	—	—	—	(144,912)
Preferred stock dividends	—	—	—	—	(493)
Distributions to noncontrolling interests	—	—	—	—	—
Acquisition of ONEOK Partners' noncontrolling interests	168,920,831	—	1,689	—	5,228,580
Other	—	—	—	—	12,517
September 30, 2017	415,913,504	20,000	$4,159	$ —	$6,418,038

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ONEOK, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Continued)

(Unaudited)	ONEOK Shareholders' Equity Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock	Noncontrolling Interests in Consolidated Subsidiaries	Total Equity
	(Thousands of dollars)				
January 1, 2018	$(188,530)	$ —	$(876,713)	$ 157,485	$5,685,352
Cumulative effect adjustment for adoption of ASUs (Note A)	(38,101)	39,803	—	17	1,719
Net income	—	858,815	—	3,329	862,144
Other comprehensive income (loss) (Note F)	68,493	—	—	—	68,493
Preferred stock dividends (Note E)	—	(825)	—	—	(825)
Common stock issued	—	—	20,486	—	1,199,207
Common stock dividends - $2.39 per share (Note E)	—	(897,793)	—	—	(983,425)
Distributions to noncontrolling interests	—	—	—	(3,500)	(3,500)
Contributions from noncontrolling interests	—	—	—	16,449	16,449
Acquisition of noncontrolling interests (Note E)	—	—	—	(173,780)	(195,000)
Other	—	—	—	—	2,144
September 30, 2018	$(158,138)	$ —	$(856,227)	$ —	$6,652,758

(Unaudited)	ONEOK Shareholders' Equity Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock	Noncontrolling Interests in Consolidated Subsidiaries	Total Equity
	(Thousands of dollars)				
January 1, 2017	$(154,350)	$ —	$(893,677)	$ 3,240,170	$3,428,915
Cumulative effect adjustment for adoption of ASU 2016-09	—	73,368	—	—	73,368
Net income	—	324,796	—	203,911	528,707
Other comprehensive income (loss)	12,867	—	—	31,026	43,893
Common stock issued	—	—	12,746	—	80,790
Preferred stock issued	—	—	—	—	20,000
Common stock dividends - $1.975 per share	—	(398,164)	—	—	(543,076)
Preferred stock dividends	—	—	—	—	(493)
Distributions to noncontrolling interests	—	—	—	(275,060)	(275,060)
Acquisition of ONEOK Partners' noncontrolling interests	(40,288)	—	—	(3,043,519)	2,146,462
Other	—	—	—	360	12,877
September 30, 2017	$(181,771)	$ —	$(880,931)	$ 156,888	$5,516,383

See accompanying Notes to Consolidated Financial Statements.

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ONEOK, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Our accompanying unaudited consolidated financial statements have been prepared pursuant to the rules and regulations of the SEC. These statements have been prepared in accordance with GAAP and reflect all adjustments that, in our opinion, are necessary for a fair statement of the results for the interim periods presented. All such adjustments are of a normal recurring nature. The 2017 year-end Consolidated Balance Sheet data was derived from our audited financial statements but does not include all disclosures required by GAAP. Certain reclassifications have been made in the prior-year financial statements to conform to the current year presentation. These unaudited consolidated financial statements should be read in conjunction with our audited consolidated financial statements in our Annual Report.

Merger Transaction - On June 30, 2017, we completed the acquisition of all of the outstanding common units of ONEOK Partners that we did not already own at a fixed exchange ratio of 0.985 of a share of our common stock for each ONEOK Partners common unit. We issued 168.9 million shares of our common stock to third-party common unitholders of ONEOK Partners in exchange for all of the 171.5 million outstanding common units of ONEOK Partners that we previously did not own. As a result of the completion of the Merger Transaction, common units of ONEOK Partners are no longer publicly traded.

Prior to June 30, 2017, we and our subsidiaries owned all of the general partner interest, which included incentive distribution rights, and a portion of the limited partner interest, which together represented a 41.2 percent ownership interest in ONEOK Partners. The earnings of ONEOK Partners that are attributed to its units held by the public until June 30, 2017, are reported as “Net income attributable to noncontrolling interest” in our accompanying Consolidated Statements of Income. Our general partner incentive distribution rights effectively terminated at the closing of the Merger Transaction.

Our significant accounting policies are consistent with those disclosed in Note A of the Notes to Consolidated Financial Statements in our Annual Report, except as described below.

Recently Issued Accounting Standards Update - Changes to GAAP are established by the Financial Accounting Standards Board (FASB) in the form of ASUs to the FASB Accounting Standards Codification. We consider the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be either not applicable or clarifications of ASUs listed below. We also exclude ASUs not yet adopted that were disclosed in our Annual Report to not materially impact us. The following tables provide a brief description of recent accounting pronouncements and our analysis of the effects on our financial statements:

Standard	Description	Date of Adoption	Effect on the Financial Statements or Other Significant Matters
Standards that were adopted			
ASU 2014-09, “Revenue from Contracts with Customers (Topic 606)”	The standard outlines the principles an entity must apply to measure and recognize revenue for entities that enter into contracts to provide goods or services to their customers. The core principle is that an entity should recognize revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange	First quarter 2018	We adopted this standard on January 1, 2018, using the modified retrospective method. We recognized the cumulative effect of adopting the new revenue standard as an increase to beginning retained earnings of $1.7 million. Results for reporting periods beginning after January 1, 2018, are presented under the new standard, while prior periods are not adjusted and continue to be reported under the accounting standards in effect

for transferring goods or services to a customer. The amendment also requires more extensive disaggregated revenue disclosures in interim and annual financial statements.

for those periods. The adoption of Topic 606 was not material to our net income; however, a significant portion of amounts historically presented as services revenues are now presented as a reduction to cost of sales and fuel. See Note K for discussion of these changes and additional disclosures.

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Standard	Description	Date of Adoption	Effect on the Financial Statements or Other Significant Matters
Standards that were adopted (continued)			
ASU 2016-01, “Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities”	The standard requires all equity investments, other than those accounted for using the equity method of accounting or those that result in consolidation of the investee, to be measured at fair value with changes in fair value recognized in net income, eliminates the available-for-sale classification for equity securities with readily determinable fair values and eliminates the cost method for equity investments without readily determinable fair values.	First quarter 2018	We do not have any equity investments classified as available-for-sale or accounted for using the cost method; therefore, the impact of adopting of this standard was not material.
ASU 2016-15, “Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments”	The standard clarifies the classification of certain cash receipts and cash payments on the statement of cash flows where diversity in practice has been identified.	First quarter 2018	The impact of adopting this standard was not material.
ASU 2017-07, “Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost”	The standard requires the service cost component of net benefit cost to be reported in the same line item or items as other compensation costs from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations.	First quarter 2018	We adopted this standard on January 1, 2018, and utilized the practical expedient to estimate the impact on the prior comparative period information presented. Immaterial reclassifications have been made to prior comparative period information to reflect the current period presentation. Prior to adoption, we expensed all components of the net periodic benefit costs for our pension and postretirement benefit plans in operations and maintenance expense. We now record only the service component of the net periodic benefit costs in operations and maintenance expense, with the remainder being recorded in other expense. There was no change to net income from the adoption of this standard.
ASU 2017-12, “Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities”	The standard more closely aligns hedge accounting with companies’ existing risk-management strategies by expanding the strategies eligible for hedge accounting, relaxing the timing requirements of hedge	First quarter 2018	We adopted this standard in the first quarter 2018 and recorded an immaterial cumulative-effect adjustment to the opening balance of retained earnings and other comprehensive income to eliminate the separate measurement of hedge ineffectiveness. See Note C for changes to

	documentation and effectiveness assessments, permitting in certain cases, the use of qualitative assessments on an ongoing basis to assess hedge effectiveness, and requiring new disclosures and presentation.		disclosures due to adopting this standard.
ASU 2018-02, “Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income”	This standard allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act.	First quarter 2018	We adopted this standard in the first quarter 2018 and recorded a $38.1 million adjustment to retained earnings and accumulated other comprehensive income to eliminate the stranded tax effects resulting from the Tax Cuts and Jobs Act.

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Standard	Description	Date of Adoption	Effect on the Financial Statements or Other Significant Matters
Standards that are not yet adopted			
ASU 2016-02, "Leases (Topic 842)"	The standard requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. It also requires qualitative disclosures along with specific quantitative disclosures by lessees and lessors to meet the objective of enabling users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases.	First quarter 2019	We are evaluating our current leases and other contracts that may be considered leases under the new standard and the impact on our internal controls, accounting policies and financial statements and disclosures. We have developed a database of our existing leases, and we have implemented accounting software to facilitate compliance with this standard. We are developing internal controls designed to ensure the completeness and accuracy of the data. Upon adoption of Topic 842, we expect to recognize right of use assets and lease liabilities not previously recorded on our Consolidated Balance Sheets and provide required footnote disclosures. We do not expect the impact of adopting this standard to be material to our Consolidated Financial Statements. We expect to elect the transition practical expedient, which allows us to not evaluate land easements that existed prior to January 1, 2019, and the optional transition method to record the adoption impact through a cumulative adjustment to equity.
ASU 2018-07, "Compensation - Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting"	The standard aligns the measurement and classification guidance for share-based payments to nonemployees with the guidance for share-based payments to employees, with certain exceptions.	First quarter 2019	We do not expect the adoption of this standard to materially impact us.
ASU 2018-13, "Fair Value Measurement (Topic 820)"	The standard modifies certain disclosure requirements for fair value measurements in Topic 820.	First quarter 2020	We are evaluating the impact of this standard on us.
ASU 2018-14, "Compensation - Retirement Benefits - Defined Benefit Plans - General (Topic 715-20)"	The standard modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans.	First quarter 2021	We are evaluating the impact of this standard on us.

Goodwill Impairment Review - We assess our goodwill for impairment at least annually as of July 1. At July 1, 2018, we assessed qualitative factors to determine whether it was more likely than not that the fair value of each of our reporting units was less than its carrying amount. After assessing qualitative factors (including macroeconomic conditions, industry and market considerations, cost factors and overall financial performance), we determined that it was more likely than not that the fair value of each reporting unit was greater than its respective carrying value, that no further testing was necessary and that goodwill was not considered impaired.

B. FAIR VALUE MEASUREMENTS

Determining Fair Value - We define fair value as the price that would be received from the sale of an asset or the transfer of a liability in an orderly transaction between market participants at the measurement date. We use market and income approaches to determine the fair value of our assets and liabilities and consider the markets in which the transactions are executed. We measure the fair value of a group of financial assets and liabilities consistent with how a market participant would price the net risk exposure at the measurement date.

While many of the contracts in our derivative portfolio are executed in liquid markets where price transparency exists, some contracts are executed in markets for which market prices may exist, but the market may be relatively inactive. This results in limited price transparency that requires management's judgment and assumptions to estimate fair values. For certain transactions, we utilize modeling techniques using NYMEX-settled pricing data and implied forward LIBOR curves. Inputs into our fair value estimates include commodity-exchange prices, over-the-counter quotes, historical correlations of pricing data, data obtained from third-party pricing services and LIBOR and other liquid money-market instrument rates. We validate our valuation inputs with third-party information and settlement prices from other sources, where available.

In addition, as prescribed by the income approach, we compute the fair value of our derivative portfolio by discounting the projected future cash flows from our derivative assets and liabilities to present value using interest-rate yields to calculate present-value discount factors derived from LIBOR, Eurodollar futures and the LIBOR interest-rate swaps market. We also

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contemplate the potential impact on market prices of liquidating positions in an orderly manner over a reasonable period of time under current market conditions. We consider current market data in evaluating counterparties', as well as our own, nonperformance risk, net of collateral, by using specific and sector bond yields and monitoring the credit default swap markets. Although we use our best estimates to determine the fair value of the derivative contracts we have executed, the ultimate market prices realized could differ materially from our estimates.

The fair value of our forward-starting interest-rate swaps are determined using financial models that incorporate the implied forward LIBOR yield curve for the same period as the future interest-rate swap settlements.

Fair Value Hierarchy - At each balance sheet date, we utilize a fair value hierarchy to classify fair value amounts recognized or disclosed in our financial statements based on the observability of inputs used to estimate such fair value. The levels of the hierarchy are described below:

- Level 1 - fair value measurements are based on unadjusted quoted prices for identical securities in active markets, including NYMEX-settled prices. These balances are composed predominantly of exchange-traded derivative contracts for natural gas and crude oil.
- Level 2 - fair value measurements are based on significant observable pricing inputs, such as NYMEX-settled prices for natural gas and crude oil, and financial models that utilize implied forward LIBOR yield curves for interest-rate swaps.
- Level 3 - fair value measurements are based on inputs that may include one or more unobservable inputs, including internally developed natural gas basis and NGL price curves that incorporate observable and unobservable market data from broker quotes, third-party pricing services, market volatilities derived from the most recent NYMEX close spot prices and forward LIBOR curves, and adjustments for the credit risk of our counterparties. We corroborate the data on which our fair value estimates are based using our market knowledge of recent transactions, analysis of historical correlations and validation with independent broker quotes. These balances categorized as Level 3 are composed of derivatives for natural gas and NGLs. We do not believe that our Level 3 fair value estimates have a material impact on our results of operations, as the majority of our derivatives are accounted for as hedges.

Determining the appropriate fair value measurement classification within the fair value hierarchy requires management's judgment regarding the degree to which market data is observable or corroborated by observable market data. We categorize derivatives for which fair value is determined using multiple inputs within a single level, based on the lowest level input that is significant to the fair value measurement in its entirety.

Recurring Fair Value Measurements - The following tables set forth our recurring fair value measurements for the periods indicated:

	September 30, 2018					
	Level 1	Level 2	Level 3	Total - Gross	Netting (a)	Total - Net
	(Thousands of dollars)					
Derivative assets						
Commodity contracts						
Financial contracts	$183	$—	$53,946	$54,129	$(54,129)	$—
Interest-rate contracts	—	50,509	—	50,509	—	50,509
Total derivative assets	$183	$50,509	$53,946	$104,638	$(54,129)	$50,509
Derivative liabilities						
Commodity contracts						
Financial contracts	$(17,337)	$—	$(83,013)	$(100,350)	$100,350	$—
Physical contracts	—	—	(2,010)	(2,010)	—	(2,010)
Total derivative liabilities	$(17,337)	$—	$(85,023)	$(102,360)	$100,350	$(2,010)

(a) - Derivative assets and liabilities are presented in our Consolidated Balance Sheets on a net basis. We net derivative assets and liabilities when a legally enforceable master-netting arrangement exists between the counterparty to a derivative contract and us. At September 30, 2018, we held no cash and posted $67.8 million of cash with various counterparties, including $46.2 million of cash collateral that is offsetting derivative net liability positions under master-netting arrangements in the table above. The remaining $21.6 million of cash collateral in excess of derivative net liability positions is included in other current assets in our Consolidated Balance Sheets.

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	December 31, 2017					
	Level 1	Level 2	Level 3	Total - Gross	Netting (a)	Total - Net
	(Thousands of dollars)					
Derivative assets						
Commodity contracts						
Financial contracts	$4,252	$—	$20,203	$24,455	$(24,455)	$—
Interest rate contracts	—	49,960	—	49,960	—	49,960
Total derivative assets	$4,252	$49,960	$20,203	$74,415	$(24,455)	$49,960
Derivative liabilities						
Commodity contracts						
Financial contracts	$(5,708)	$—	$(48,260)	$(53,968)	$53,936	$(32)
Physical contracts	—	—	(4,781)	(4,781)	—	(4,781)
Total derivative liabilities	$(5,708)	$—	$(53,041)	$(58,749)	$53,936	$(4,813)

(a) - Derivative assets and liabilities are presented in our Consolidated Balance Sheets on a net basis. We net derivative assets and liabilities when a legally enforceable master-netting arrangement exists between the counterparty to a derivative contract and us. At December 31, 2017, we held no cash and posted $49.7 million of cash with various counterparties, including $29.5 million of cash collateral that is offsetting derivative net liability positions under master-netting arrangements in the table above. The remaining $20.2 million of cash collateral in excess of derivative net liability positions is included in other current assets in our Consolidated Balance Sheets.

The following table sets forth a reconciliation of our Level 3 fair value measurements for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Derivative Assets (Liabilities)	2018	2017	2018	2017
	(Thousands of dollars)			
Net assets (liabilities) at beginning of period	$(23,501)	$750	$(32,838)	$(23,319)
Total realized/unrealized gains (losses):				
Included in earnings (a)	(22)	(675)	(122)	(417)
Included in other comprehensive income (loss)	(7,554)	(26,581)	1,883	(2,770)
Net assets (liabilities) at end of period	$(31,077)	$(26,506)	$(31,077)	$(26,506)

(a) - Included in commodity sales revenues in our Consolidated Statements of Income.

Realized/unrealized gains (losses) include the realization of our derivative contracts through maturity. During the three and nine months ended September 30, 2018 and 2017, gains or losses included in earnings attributable to the change in unrealized gains or losses relating to assets and liabilities still held at the end of each reporting period were not material.

We recognize transfers into and out of the levels in the fair value hierarchy as of the end of each reporting period. During the three and nine months ended September 30, 2018 and 2017, there were no transfers between levels.

Other Financial Instruments - The approximate fair value of cash and cash equivalents, accounts receivable, accounts payable and short-term borrowings is equal to book value due to the short-term nature of these items. Our cash and cash equivalents are composed of bank and money market accounts and are classified as Level 1. Our short-term borrowings are classified as Level 2 since the estimated fair value of the short-term borrowings can be determined using information available in the commercial paper market.

The estimated fair value of our consolidated long-term debt, including current maturities, was $9.3 billion at September 30, 2018, and December 31, 2017. The book value of our consolidated long-term debt, including current maturities, was $8.8 billion and $8.5 billion at September 30, 2018, and December 31, 2017, respectively. The estimated fair value of the aggregate senior notes outstanding was determined using quoted market prices for similar issues with similar terms and maturities. The estimated fair value of our consolidated long-term debt is classified as Level 2.

C. RISK-MANAGEMENT AND HEDGING ACTIVITIES USING DERIVATIVES

Risk-Management Activities - We are sensitive to changes in natural gas, crude oil and NGL prices, principally as a result of contractual terms under which these commodities are processed, purchased and sold. We are also subject to the risk of interest-rate fluctuation in the normal course of business. We use physical-forward purchases and sales and financial derivatives to

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secure a certain price for a portion of our natural gas, condensate and NGL products; to reduce our exposure to commodity price and interest-rate fluctuations; and to achieve more predictable cash flows. We follow established policies and procedures to assess risk and approve, monitor and report our risk-management activities. We have not used these instruments for trading purposes.

Commodity price risk - Commodity price risk refers to the risk of loss in cash flows and future earnings arising from adverse changes in the price of natural gas, NGLs and condensate. We use the following commodity derivative instruments to reduce the near-term commodity price risk associated with a portion of the forecasted sales of these commodities:

- Futures contracts - Standardized contracts to purchase or sell natural gas and crude oil for future delivery or settlement under the provisions of exchange regulations;
- Forward contracts - Nonstandardized commitments between two parties to purchase or sell natural gas, crude oil or NGLs for future physical delivery. These contracts are typically nontransferable and can only be canceled with the consent of both parties;
- Swaps - Exchange of one or more payments based on the value of one or more commodities. These instruments transfer the financial risk associated with a future change in value between the counterparties of the transaction, without also conveying ownership interest in the asset or liability; and
- Options - Contractual agreements that give the holder the right, but not the obligation, to buy or sell a fixed quantity of a commodity at a fixed price within a specified period of time. Options may either be standardized and exchange-traded or customized and nonexchange-traded.

We may also use other instruments including collars to mitigate commodity price risk. A collar is a combination of a purchased put option and a sold call option, which places a floor and a ceiling price for commodity sales being hedged.

In our Natural Gas Gathering and Processing segment, we are exposed to commodity price risk as a result of retaining a portion of the commodity sales proceeds associated with our POP with fee contracts. Under certain POP with fee contracts, our fees and POP percentage may increase or decrease if production volumes, delivery pressures or commodity prices change relative to specified thresholds. We also are exposed to basis risk between the various production and market locations where we buy and sell commodities. As part of our hedging strategy, we use the previously described commodity derivative financial instruments and physical-forward contracts to reduce the impact of price fluctuations related to natural gas, NGLs and condensate.

In our Natural Gas Liquids segment, we are primarily exposed to commodity price risk resulting from the relative values of the various NGL products to each other, the value of NGLs in storage and the relative value of NGLs to natural gas. We are also exposed to location price differential risk as a result of the relative value of NGL purchases at one location and sales at another location, primarily related to our optimization and marketing businesses. As part of our hedging strategy, we utilize physical-forward contracts and commodity derivative financial instruments to reduce the impact of price fluctuations related to NGLs.

In our Natural Gas Pipelines segment, we are exposed to commodity price risk because our intrastate and interstate natural gas pipelines retain natural gas from our customers for operations or as part of our fee for services provided. When the amount of natural gas consumed in operations by these pipelines differs from the amount provided by our customers, our pipelines must buy or sell natural gas, or store or use natural gas from inventory, which can expose this segment to commodity price risk depending on the regulatory treatment for this activity. To the extent that commodity price risk in our Natural Gas Pipelines segment is not mitigated by fuel cost-recovery mechanisms, we may use physical-forward sales or purchases to reduce the impact of price fluctuations related to natural gas. At September 30, 2018, and December 31, 2017, there were no financial derivative instruments with respect to our natural gas pipeline operations.

Interest-rate risk - We manage interest-rate risk through the use of fixed-rate debt, floating-rate debt, interest-rate swaps and treasury lock contracts. Interest-rate swaps are agreements to exchange interest payments at some future point based on specified notional amounts. In 2018, we entered into $1.5 billion of forward-starting interest-rate swaps and treasury lock contracts to hedge the variability of interest payments on a portion of our forecasted debt issuances that may result from changes in the benchmark interest rate before the debt is issued. We also settled $1.0 billion of our forward-starting interest rate swaps and treasury lock contracts related to our underwritten public offering of $1.25 billion senior unsecured notes completed in July 2018, and the remaining $500 million of our interest-rate swaps used to hedge our LIBOR-based interest payments.

At September 30, 2018, and December 31, 2017, we had forward-starting interest-rate swaps with notional amounts totaling $1.8 billion and $1.3 billion, respectively, to hedge the variability of interest payments on a portion of our forecasted debt issuances. At December 31, 2017, we had interest-rate swaps with a notional amount totaling $500 million to hedge the variability of our LIBOR-based interest payments. All of our interest-rate swaps are designated as cash flow hedges.

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Accounting Treatment - Our accounting treatment of derivative instruments is consistent with that disclosed in Note A of the Notes to Consolidated Financial Statements in our Annual Report, updated for the adoption of ASU 2017-12.

Fair Values of Derivative Instruments - See Note B for a discussion of the inputs associated with our fair value measurements. The following table sets forth the fair values of our derivative instruments presented on a gross basis for the periods indicated:

		September 30, 2018		December 31, 2017	
	Location in our Consolidated Balance Sheets	Assets	(Liabilities)	Assets	(Liabilities)
		(Thousands of dollars)			
Derivatives designated as hedging instruments					
Commodity contracts					
Financial contracts	Other current assets/other current liabilities	$46,411	$(84,174)	$16,978	$(42,819)
	Other assets/other deferred credits	3,461	(11,938)	—	(3,838)
Physical contracts	Other current liabilities	—	(1,898)	—	(4,781)
	Other deferred credits	—	(112)	—	—
Interest-rate contracts	Other current assets	—	—	1,330	—
	Other assets	50,509	—	48,630	—
Total derivatives designated as hedging instruments		100,381	(98,122)	66,938	(51,438)
Derivatives not designated as hedging instruments					
Commodity contracts					
Financial contracts	Other current assets/other current liabilities	4,257	(4,238)	7,477	(7,311)
Total derivatives not designated as hedging instruments		4,257	(4,238)	7,477	(7,311)
Total derivatives		$104,638	$(102,360)	$74,415	$(58,749)

Notional Quantities for Derivative Instruments - The following table sets forth the notional quantities for derivative instruments held for the periods indicated:

		September 30, 2018		December 31, 2017	
	Contract Type	Purchased/ Payor	Sold/ Receiver	Purchased/ Payor	Sold/ Receiver
Derivatives designated as hedging instruments:					
Cash flow hedges					
Fixed price					
- Natural gas (Bcf)	Futures and swaps	—	(36.1)	—	(24.5)
- Crude oil and NGLs (MMBbl)	Futures, forwards and swaps	7.2	(16.5)	3.5	(11.1)
Basis					
- Natural gas (Bcf)	Futures and swaps	—	(36.1)	—	(24.5)
Interest-rate contracts (Millions of dollars)	Swaps	$1,750.0	$ —	$1,750.0	$ —
Derivatives not designated as hedging instruments:					
Fixed price					
- NGLs (MMBbl)	Futures, forwards and swaps	0.2	(0.2)	0.8	(0.8)

These notional amounts are used to summarize the volume of financial instruments; however, they do not reflect the extent to which the positions offset one another and, consequently, do not reflect our actual exposure to market or credit risk.

Cash Flow Hedges - At September 30, 2018, our Consolidated Balance Sheet reflected a net loss of $158.1 million in accumulated other comprehensive loss. The portion of accumulated other comprehensive loss attributable to our commodity derivative financial instruments is an unrealized loss of $37.2 million, net of tax, which is expected to be realized within the

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next 27 months as the forecasted transactions affect earnings. If commodity prices remain at current levels, we will realize approximately $30.5 million in net losses, net of tax, over the next 12 months and approximately $6.7 million in net losses, net of tax, thereafter. The amount deferred in accumulated other comprehensive loss attributable to our settled interest-rate swaps is a loss of $43.9 million, net of tax, which will be recognized over the life of the long-term, fixed-rate debt, including losses of $13.6 million, net of tax, that will be reclassified into earnings during the next 12 months as the hedged items affect earnings. The remaining amounts in accumulated other comprehensive loss are attributable primarily to our pension and postretirement benefit plan obligations, which are expected to be amortized over the average remaining service period of employees participating in these plans.

The following table sets forth the unrealized effect of cash flow hedges recognized in other comprehensive income (loss) for the periods indicated:

Derivatives in Cash Flow Hedging Relationships	Three Months Ended September 30, 2018	2017	Nine Months Ended September 30, 2018	2017
	(Thousands of dollars)			
Commodity contracts	$(30,783)	$(42,450)	$(56,246)	$(6,123)
Interest-rate contracts	26,203	9,613	70,179	(3,853)
Total unrealized gain (loss) recognized in other comprehensive income (loss) on derivatives	$(4,580)	$(32,837)	$13,933	$(9,976)

The following table sets forth the effect of cash flow hedges in our Consolidated Statements of Income for the periods indicated:

Derivatives in Cash Flow Hedging Relationships	Location of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Net Income	Three Months Ended September 30, 2018	2017	Nine Months Ended September 30, 2018	2017
		(Thousands of dollars)			
Commodity contracts	Commodity sales revenues	$(20,630)	$(15,913)	$(42,430)	$(38,028)
Interest-rate contracts	Interest expense	(4,383)	(4,820)	(13,929)	(15,321)
Total gain (loss) reclassified from accumulated other comprehensive loss into net income on derivatives		$(25,013)	$(20,733)	$(56,359)	$(53,349)

Credit Risk - We monitor the creditworthiness of our counterparties and compliance with policies and limits established by our Risk Oversight and Strategy Committee. We maintain credit policies with regard to our counterparties that we believe minimize overall credit risk. These policies include an evaluation of potential counterparties' financial condition (including credit ratings, bond yields and credit default swap rates), collateral requirements under certain circumstances and the use of standardized master-netting agreements that allow us to net the positive and negative exposures associated with a single counterparty. We use internally developed credit ratings for counterparties that do not have a credit rating.

From time to time, we may enter into financial derivative instruments that contain provisions that require us to maintain an investment-grade credit rating from S&P and/or Moody's. If our credit ratings on our senior unsecured long-term debt were to decline below investment grade, the counterparties to the derivative instruments could request collateralization on derivative instruments in net liability positions. There were no financial derivative instruments with contingent features related to credit risk at September 30, 2018.

The counterparties to our derivative contracts typically consist of major energy companies, financial institutions and commercial and industrial end users. This concentration of counterparties may affect our overall exposure to credit risk, either positively or negatively, in that the counterparties may be affected similarly by changes in economic, regulatory or other conditions. Based on our policies, exposures, credit and other reserves, we do not anticipate a material adverse effect on our financial position or results of operations as a result of counterparty nonperformance.

At September 30, 2018, the credit exposure from our derivative assets is with investment-grade companies in the financial services sector.

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D. DEBT

The following table sets forth our consolidated debt for the periods indicated:

	September 30, 2018	December 31, 2017
	(Thousands of dollars)	
Commercial paper outstanding, bearing a weighted-average interest rate of 2.85% and 2.23% as of September 30, 2018, and December 31, 2017, respectively.	$120,000	$614,673
Senior unsecured obligations:		
$425,000 at 3.2% due September 2018	—	425,000
$1,000,000 term loan, rate of 2.87% as of December 31, 2017, due January 2019	—	500,000
$500,000 at 8.625% due March 2019	500,000	500,000
$300,000 at 3.8% due March 2020	300,000	300,000
$700,000 at 4.25% due February 2022	547,397	547,397
$900,000 at 3.375 % due October 2022	900,000	900,000
$425,000 at 5.0 % due September 2023	425,000	425,000
$500,000 at 7.5% due September 2023	500,000	500,000
$500,000 at 4.9 % due March 2025	500,000	500,000
$500,000 at 4.0% due July 2027	500,000	500,000
$800,000 at 4.55% due July 2028	800,000	—
$100,000 at 6.875% due September 2028	100,000	100,000
$400,000 at 6.0% due June 2035	400,000	400,000
$600,000 at 6.65% due October 2036	600,000	600,000
$600,000 at 6.85% due October 2037	600,000	600,000
$650,000 at 6.125% due February 2041	650,000	650,000
$400,000 at 6.2% due September 2043	400,000	400,000
$700,000 at 4.95% due July 2047	700,000	700,000
$450,000 at 5.2% due July 2048	450,000	—
Guardian Pipeline		
Weighted average 7.85% due December 2022	30,870	36,607
Total debt	9,023,267	9,198,677
Unamortized portion of terminated swaps	17,179	18,468
Unamortized debt issuance costs and discounts	(87,088)	(78,193)
Current maturities of long-term debt	(507,650)	(432,650)
Short-term borrowings (a)	(120,000)	(614,673)
Long-term debt	$8,325,708	$8,091,629

(a) - Individual issuances of commercial paper under our commercial paper program generally mature in 90 days or less. These issuances are supported by and reduce the borrowing capacity under our $2.5 Billion Credit Agreement.

$2.5 Billion Credit Agreement - In June 2018, we extended the term of our $2.5 Billion Credit Agreement by one year to June 2023. Our $2.5 Billion Credit Agreement is a $2.5 billion revolving credit facility and contains certain financial, operational and legal covenants. Among other things, these covenants include maintaining a ratio of indebtedness to adjusted EBITDA (EBITDA, as defined in our $2.5 Billion Credit Agreement, adjusted for all noncash charges and increased for projected EBITDA from certain lender-approved capital expansion projects) of no more than 5.5 to 1 at September 30, 2018. During the third quarter 2018, we acquired the remaining 20 percent interest in WTLPG for $195 million, which increased the covenant to 5.5 to 1 for the third quarter 2018 and the two following quarters. Thereafter, the covenant will decrease to 5.0 to 1.

Our $2.5 Billion Credit Agreement includes a $100 million sublimit for the issuance of standby letters of credit and a $200 million sublimit for swingline loans. Under the terms of our $2.5 Billion Credit Agreement, we may request an increase in the size of the facility to an aggregate of $3.5 billion by either commitments from new lenders or increased commitments from existing lenders. Our $2.5 Billion Credit Agreement contains provisions for an applicable margin rate and an annual facility fee, both of which adjust with changes in our credit ratings. Based on our current credit ratings, borrowings, if any, will accrue at LIBOR plus 110 basis points, and the annual facility fee is 15 basis points. We have the option to request an additional one-year extension, subject to lender approval, which may be used for working capital, capital expenditures, acquisitions and mergers, the issuance of letters of credit and for other general corporate purposes. At September 30, 2018, we had no

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borrowings outstanding, our ratio of indebtedness to adjusted EBITDA was 3.5 to 1, and we were in compliance with all covenants under our $2.5 Billion Credit Agreement.

Debt Issuances - In July 2018, we completed an underwritten public offering of $1.25 billion senior unsecured notes consisting of $800 million, 4.55 percent senior notes due 2028 and $450 million, 5.2 percent senior notes due 2048. The net proceeds, after deducting underwriting discounts, commissions and offering expenses, were $1.23 billion. The proceeds were used for general corporate purposes, which included repayment of existing indebtedness and funding capital expenditures.

Debt Repayments - In August 2018, we repaid the $425 million, 3.2 percent senior notes due September 2018 with cash on hand. In January 2018, we repaid the remaining $500 million balance outstanding on the Term Loan Agreement due 2019 with a combination of cash on hand and short-term borrowings.

Debt Guarantees - Effective June 30, 2017, with the Merger Transaction, we, ONEOK Partners and the Intermediate Partnership issued, to the extent not already in place, guarantees of the indebtedness of ONEOK and ONEOK Partners.

E. EQUITY

Noncontrolling Interests - As a result of the Merger Transaction in 2017, we and our subsidiaries owned 100 percent of ONEOK Partners at September 30, 2018, and December 31, 2017. At December 31, 2017, the caption "Noncontrolling interests" on our Consolidated Balance Sheet reflects only the 20 percent of WTLPG that we did not own. On July 31, 2018, we acquired the remaining 20 percent interest in WTLPG for $195 million with cash on hand. We are now the sole owner of the West Texas LPG pipeline system.

Equity Issuances - In January 2018, we completed an underwritten public offering of 21.9 million shares of our common stock at a public offering price of $54.50 per share, generating net proceeds of $1.2 billion. We used the net proceeds from this offering to fund capital expenditures and for general corporate purposes, which included repaying a portion of our outstanding indebtedness.

In July 2017, we established an "at-the-market" equity program for the offer and sale from time to time of our common stock up to an aggregate amount of $1 billion. The program allows us to offer and sell our common stock at prices we deem appropriate through a sales agent. Sales of our common stock may be made by means of ordinary brokers' transactions on the NYSE, in block transactions or as otherwise agreed to between us and the sales agent. We are under no obligation to offer and sell common stock under the program. During the nine months ended September 30, 2018, no shares were sold through our "at-the-market" equity program.

During the year ended December 31, 2017, we sold 8.4 million shares of common stock through our "at-the-market" equity program that resulted in net proceeds of $448.3 million. The net proceeds from these issuances were used for general corporate purposes, including repayment of outstanding indebtedness and to fund capital expenditures.

Dividends - Holders of our common stock share equally in any dividend declared by our board of directors, subject to the rights of the holders of outstanding preferred stock. Dividends paid on our common stock in February 2018, May 2018 and August 2018 were $0.77, $0.795 and $0.825 per share, respectively. A dividend of $0.855 per share was declared for shareholders of record at the close of business on November 5, 2018, payable November 14, 2018.

The Series E Preferred Stock pays quarterly dividends on each share of Series E Preferred Stock, when, as and if declared by our Board of Directors, at a rate of 5.5 percent per year. We paid dividends for the Series E Preferred Stock of $0.3 million each in February 2018, May 2018 and August 2018. Dividends totaling $0.3 million were declared for the Series E Preferred Stock and are payable November 14, 2018.

Cash Distributions - Prior to the consummation of the Merger Transaction, we received distributions from ONEOK Partners on our common and Class B units and our 2 percent general partner interest, which included our incentive distribution rights.

As a result of the Merger Transaction in 2017, we are entitled to receive all available ONEOK Partners cash. Our incentive distribution rights effectively terminated at the closing of the Merger Transaction.

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F. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table sets forth the balance in accumulated other comprehensive loss for the period indicated:

	Unrealized Gains (Losses) on Risk-Management Assets/Liabilities (a)	Pension and Postretirement Benefit Plan Obligations (a) (b)	Unrealized Gains (Losses) on Risk-Management Assets/Liabilities of Unconsolidated Affiliates (a)	Accumulated Other Comprehensive Loss (a)
	(Thousands of dollars)			
January 1, 2018	$(81,915)	$ (105,411)	$ (1,204)	$ (188,530)
Other comprehensive income (loss) before reclassifications	10,729	(563)	5,336	15,502
Amounts reclassified from accumulated other comprehensive loss	43,397	9,649	(55)	52,991
Net current-period other comprehensive income (loss) attributable to ONEOK	54,126	9,086	5,281	68,493
Impact of adoption of ASU 2018-02 (c)	(17,935)	(20,166)	—	(38,101)
September 30, 2018	$(45,724)	$ (116,491)	$ 4,077	$ (158,138)

(a) - All amounts are presented net of tax.
(b) - Includes amounts related to supplemental executive retirement plan.
(c) - We elected to adopt this guidance in the first quarter 2018, which allows a reclassification from accumulated other comprehensive income/loss to retained earnings for the stranded tax effects resulting from the Tax Cuts and Jobs Act. After adopting and applying this guidance, our accumulated other comprehensive loss balance does not include stranded taxes resulting from the Tax Cuts and Jobs Act.

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The following table sets forth the effect of reclassifications from accumulated other comprehensive loss in our Consolidated Statements of Income for the periods indicated:

Details about Accumulated Other Comprehensive Loss Components	Three Months Ended September 30, 2018	2017	Nine Months Ended September 30, 2018	2017	Affected Line Item in the Consolidated Statements of Income
	(Thousands of dollars)				
Risk-management assets/liabilities					
Commodity contracts	$(20,630)	$(15,913)	$(42,430)	$(38,028)	Commodity sales revenues
Interest-rate contracts	(4,383)	(4,820)	(13,929)	(15,321)	Interest expense