PBF Logistics LP
Form 10-Q
November 04, 2016

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

FORM 10-Q

(Mark one)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended: September 30, 2016
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: 001-36446

PBF LOGISTICS LP
(Exact name of registrant as specified in its charter)

DELAWARE	35-2470286
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Sylvan Way, Second Floor Parsippany, New Jersey	07054
(Address of principal executive offices)	(Zip Code)

(973) 455-7500
(Registrant's telephone number, including area code)

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 þ No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 þ No o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.
Large accelerated filer o Accelerated filer þ Non-accelerated filer o Smaller reporting company o
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No þ
As of November 2, 2016, there were 25,843,341 common units and 15,886,553 subordinated units outstanding.

PBF LOGISTICS LP

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EXPLANATORY NOTE

PBF Logistics LP ("PBFX" or the "Partnership") is a Delaware limited partnership formed in February 2013. PBF Logistics GP LLC ("PBF GP" or "our general partner") serves as the general partner of PBFX. PBF GP is wholly-owned by PBF Energy Company LLC ("PBF LLC"). PBF Energy Inc. ("PBF Energy") is the sole managing member of PBF LLC and, as of September 30, 2016, owned 95.2% of the total economic interest in PBF LLC. In addition, PBF LLC is the sole managing member of PBF Holding Company LLC ("PBF Holding"), a Delaware limited liability company and affiliate of PBFX. PBF LLC holds a 44.2% limited partner interest in PBFX and owns all of PBFX's incentive distribution rights ("IDRs"), with the remaining 55.8% limited partner interest owned by public unitholders as of September 30, 2016.

Unless the context otherwise requires, references in this Quarterly Report on Form 10-Q (this "Form 10-Q") to "Predecessor," and "we," "our," "us," or like terms, when used in the context of periods prior to PBFX's initial public offering, which closed on May 14, 2014 (the "Offering"), refer to PBF MLP Predecessor, our predecessor for accounting purposes, which includes assets, liabilities and results of operations of certain crude oil and refined product transportation, terminaling and storage assets, previously operated and owned by PBF Holding's subsidiaries, Delaware City Refining Company LLC ("DCR"), Toledo Refining Company LLC ("TRC"), and PBF Holding's previously held subsidiary, Delaware Pipeline Company LLC ("DPC"). As of September 30, 2016, PBF Holding, together with its subsidiaries, owns and operates five oil refineries and related facilities in North America. PBF Energy, through its ownership of PBF LLC, controls all of the business and affairs of PBFX and PBF Holding.

PBFX's initial assets consisted of the Delaware City Rail Unloading Terminal ("DCR Rail Terminal"), which was part of PBF Holding's Delaware City, Delaware refinery, and the Toledo Truck Unloading Terminal ("Toledo Truck Terminal"), which was part of PBF Holding's Toledo, Ohio refinery, which together with the DCR Rail Terminal, we refer to as the "IPO Assets". On September 30, 2014, the Partnership acquired from PBF LLC the Delaware City West Heavy Unloading Rack (the "DCR West Rack"), a heavy crude oil rail unloading facility at the Delaware City refinery with total throughput capacity of at least 40,000 barrels per day ("bpd"). On December 11, 2014, the Partnership acquired from PBF LLC a tank farm and related facilities located at PBF Holding's Toledo refinery, including a propane storage and loading facility (the "Toledo Storage Facility"). On May 14, 2015, the Partnership acquired from PBF LLC a 23.4 mile, 16-inch interstate petroleum products pipeline with capacity in excess of 125,000 bpd (the "Delaware City Products Pipeline") and a 15-lane, 76,000 bpd capacity truck loading rack (the "Delaware City Truck Rack") located at PBF Holding's Delaware City, Delaware refinery. The Delaware City Products Pipeline and the Delaware City Truck Rack are collectively referred to as the "Delaware City Products Pipeline and Truck Rack." On August 31, 2016, the Partnership, through its wholly-owned subsidiary, PBFX Operating Company LP ("PBFX Op Co"), acquired from PBF LLC a 50% equity interest in Torrance Valley Pipeline Company LLC ("TVPC"), which owns the 189-mile San Joaquin Valley Pipeline system with capacity of approximately 110,000 bpd (the "Torrance Valley Pipeline"), which supports PBF Holding's Torrance refinery (the "TVPC Acquisition"). The Torrance Valley Pipeline consists of the M55, M1 and M70 pipeline systems, including 11 pipeline stations with storage capacity and truck unloading capability at two of the stations. The transactions entered into with PBF LLC after the Offering are collectively referred to as "Acquisitions from PBF." The Acquisitions from PBF were transfers between entities under common control. Accordingly, the financial information of the Predecessor and the Partnership contained herein have been retrospectively adjusted to include the historical results of the Acquisitions from PBF for all periods presented prior to the effective date of each transaction.

On April 29, 2016, the Partnership's wholly-owed subsidiary, PBF Logistics Products Terminals LLC ("PLPT"), purchased four refined product terminals (the "East Coast Terminals") from an affiliate of Plains All American Pipeline, L.P. (the "Plains Asset Purchase"). PBFX accounted for the Plains Asset Purchase as a business combination under accounting principles generally accepted in the United States of America ("U.S. GAAP") whereby the Partnership recognizes assets acquired and liabilities assumed in an acquisition at their estimated fair values as of the date of acquisition.

References in this Form 10-Q to "PBF Logistics LP," "PBFX," the "Partnership" and "we," "our," "us," or like terms used in th context of periods on or after May 14, 2014, refer to PBF Logistics LP and its subsidiaries.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-Q (including information incorporated by reference) contains certain "forward-looking statements," as defined in the Private Securities Litigation Reform Act of 1995, of expected future developments that involve risks and uncertainties. You can identify forward-looking statements because they contain words such as "believes," "expects," "may," "should," "seeks," "approximately," "intends," "plans," "estimates," or "anticipates" or similar expressions that relate t strategy, plans or intentions. All statements we make relating to our estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results or to our expectations regarding future industry trends are forward-looking statements. In addition, we, through our senior management, from time to time make forward-looking public statements concerning our expected future operations and performance and other developments. These forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those that we expected. We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and, of course, it is impossible for us to anticipate all factors that could affect our actual results.

Important factors that could cause actual results to differ materially from our expectations, which we refer to as "cautionary statements," are disclosed under "Item 1A. Risk Factors", "Management's Discussion and

Analysis of Financial Condition and Results of Operations" and elsewhere in this Form 10-Q, in our Annual Report on Form 10-K for the year ended December 31, 2015, which we refer to as our 2015 Form 10-K, and in our other filings with the U.S. Securities and Exchange Commission ("SEC"). All forward-looking information in this Form 10-Q and subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements. Some of the factors that we believe could affect our results include:

- our limited operating history as a separate public partnership;
- changes in general economic conditions;
- our ability to make, complete and integrate acquisitions from affiliates or third parties;
- our ability to have sufficient cash from operations to enable us to pay the minimum quarterly distribution;
- competitive conditions in our industry;
- actions taken by our customers and competitors;
- the supply of, and demand for, crude oil, refined products and logistics services;
- our ability to successfully implement our business plan;
- our dependence on PBF Energy for a substantial majority of our revenues, which subjects us to the business risks of PBF Energy;
- a substantial majority of our revenue is generated at three of PBF Energy's facilities, and any adverse development at any of these facilities could have a material adverse effect on us;
- our ability to complete internal growth projects on time and on budget;
- our ability to make, complete and integrate acquisitions from affiliates or third parties, including the recently completed Plains Asset Purchase and TVPC Acquisition, and to realize the benefits from such acquisitions;
- the price and availability of debt and equity financing;
- operating hazards and other risks incidental to handling crude oil and petroleum products;
- natural disasters, weather-related delays, casualty losses and other matters beyond our control;
- interest rates;
- labor relations;
- changes in the availability and cost of capital;
- the effects of existing and future laws and governmental regulations, including those related to the shipment of crude oil by trains;
- changes in insurance markets impacting costs and the level and types of coverage available;
- the timing and extent of changes in commodity prices and demand for PBF Energy's refined products and the differential in the prices of different crude oils;
- the suspension, reduction or termination of PBF Energy's obligations under our commercial agreements;
- disruptions due to equipment interruption or failure at our facilities, PBF Energy's facilities or third-party facilities on which our business is dependent;
- incremental costs as a separate public partnership;
- our general partner and its affiliates, including PBF Energy, have conflicts of interest with us and limited duties to us and our unitholders, and they may favor their own interests to the detriment of us and our other common unitholders;
- our partnership agreement restricts the remedies available to holders of our common units for actions taken by our general partner that might otherwise constitute breaches of fiduciary duty;

- holders of our common units have limited voting rights and are not entitled to elect our general partner or its directors;
- our tax treatment depends on our status as a partnership for U.S. federal income tax purposes, as well as our not being subject to a material amount of entity level taxation by individual states;
- changes at any time (including on a retroactive basis) in the tax treatment of publicly traded partnerships, including related impacts on potential dropdown transactions with PBF LLC, or an investment in our common units;
- our unitholders will be required to pay taxes on their share of our taxable income even if they do not receive any cash distributions from us;
- the effects of future litigation; and
- other factors discussed elsewhere in this Form 10-Q.

We caution you that the foregoing list of important factors may not contain all of the material factors that are important to you. In addition, in light of these risks and uncertainties, the matters referred to in the forward-looking statements contained in this Form 10-Q may not in fact occur. Accordingly, investors should not place undue reliance on those statements.

Our forward-looking statements speak only as of the date of this Form 10-Q. Except as required by applicable law, including the securities laws of the United States, we undertake no obligation to update or revise any forward-looking statements. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing.

PART 1 - FINANCIAL INFORMATION

PBF LOGISTICS LP
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited, in thousands, except unit data)

	September 30, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 44,271	$ 18,678
Marketable securities - current	59,991	—
Accounts receivable - affiliates	31,746	23,949
Accounts receivable, net	3,981	—
Prepaid expenses and other current assets	2,574	469
Total current assets	142,563	43,096
Marketable securities	—	234,258
Property, plant and equipment, net	592,851	145,548
Total assets	$ 735,414	$ 422,902
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable - affiliates	$ 3,041	$ 3,438
Accounts payable and accrued liabilities	18,971	5,504
Current portion of long-term debt	59,664	—
Deferred revenue	889	—
Total current liabilities	82,565	8,942
Long-term debt	511,594	599,635
Other long-term liabilities	3,506	—
Total liabilities	597,665	608,577
Commitments and contingencies (Note 8)		
Equity:		
Common unitholders - Public (23,270,397 and15,924,676 units issued and outstanding, as of September 30, 2016 and December 31, 2015, respectively)	429,837	340,317
Common unitholder - PBF LLC (2,572,944 units issued and outstanding, as of September 30, 2016 and December 31, 2015)	(193,210)	(248,363)
Subordinated unitholder - PBF LLC (15,886,553 units issued and outstanding, as of September 30, 2016 and December 31, 2015)	(276,270)	(277,094)
IDR holder - PBF LLC	1,125	(535)
Total PBF Logistics LP equity	(38,518)	(185,675)
Noncontrolling interest	176,267	—
Total equity	137,749	(185,675)
Total liabilities and equity	$ 735,414	$ 422,902

See notes to condensed consolidated financial statements.

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PBF LOGISTICS LP
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited, in thousands, except unit and per unit data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenue:				
Affiliate	$43,842	$ 37,082	$118,356	$104,796
Third-party	4,591	—	7,285	—
Total revenue	48,433	37,082	125,641	104,796
Costs and expenses:				
Operating and maintenance expenses	12,814	4,963	26,555	18,165
General and administrative expenses	4,419	3,007	13,893	9,798
Depreciation and amortization	5,140	1,649	8,922	4,919
Total costs and expenses	22,373	9,619	49,370	32,882
Income from operations	26,060	27,463	76,271	71,914
Other expense:				
Interest expense, net	(7,280)	(6,757)	(21,298)	(13,174)
Amortization of loan fees	(416)	(423)	(1,261)	(891)
Net income	18,364	20,283	53,712	57,849
Less: Net (loss) income attributable to Predecessor	(4,131)	—	(4,131)	1,274
Less: Net income attributable to noncontrolling interest	1,621	—	1,621	—
Net income attributable to the Partnership	$20,874	$ 20,283	$56,222	$56,575
Net income per limited partner unit:				
Common units - basic	$0.50	$ 0.59	$1.44	$1.68
Common units - diluted	0.50	0.59	1.44	1.68
Subordinated units - basic and diluted	0.50	0.59	1.45	1.68
Weighted average limited partner units outstanding:				
Common units - basic	23,492,796	18,455,575	21,094,154	17,784,133
Common units - diluted	23,571,691	18,455,575	21,103,919	17,784,133
Subordinated units - basic and diluted	15,886,553	15,886,553	15,886,553	15,886,553
Cash distributions declared per unit	$0.44	$ 0.39	$1.29	$1.11

See notes to condensed consolidated financial statements.

PBF LOGISTICS LP
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in thousands)

	Nine Months Ended September 30,	
	2016	2015
Cash flows from operating activities:		
Net income	$53,712	$57,849
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	8,922	4,919
Amortization of deferred financing fees	1,261	891
Unit-based compensation expense	3,673	2,428
Changes in operating assets and liabilities:		
Accounts receivable - affiliates	(6,322)	(12,642)
Accounts receivable, net	(3,981)	—
Prepaid expenses and other current assets	2,235	(423)
Accounts payable - affiliates	(1,077)	76
Accounts payable and accrued liabilities	9,563	10,312
Deferred revenue	889	—
Other assets and liabilities	(256)	(21)
Net cash provided by operations	68,619	63,389
Cash flows from investing activities:		
Plains Asset Purchase	(98,373)	—
Expenditures for property, plant and equipment	(4,654)	(1,182)
Purchase of marketable securities	(1,779,997)	(1,609,286)
Maturities of marketable securities	1,954,274	1,609,983
Net cash provided by (used in) investing activities	71,250	(485)
Cash flows from financing activities:		
Proceeds from issuance of common units, net of underwriters' discount and commissions	138,255	—
Distribution to PBF LLC related to Acquisitions from PBF	(175,000)	(112,500)
Distributions to unitholders	(48,043)	(35,772)
Distribution to parent	—	(1,036)
Contribution from parent	353	—
Proceeds from issuance of senior notes	—	350,000
Proceeds from revolving credit facility	174,700	24,500
Repayment of revolving credit facility	(30,000)	(275,100)
Repayment of term loan	(174,536)	(700)
Deferred financing costs and other	(5)	(8,225)
Net cash used in financing activities	(114,276)	(58,833)
Net change in cash and cash equivalents	25,593	4,071
Cash and cash equivalents at beginning of year	18,678	14,165
Cash and cash equivalents at end of period	$44,271	$18,236

Supplemental disclosure of non-cash investing and financing activities:

Contribution of net assets from PBF LLC	$ 15	$ 2,549
Accrued capital expenditures	738	—

See notes to condensed consolidated financial statements.
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PBF LOGISTICS LP
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS, EXCEPT BARREL, PER BARREL, UNIT AND PER UNIT DATA)

1. DESCRIPTION OF THE BUSINESS AND BASIS OF PRESENTATION

PBF Logistics LP (“PBFX” or the “Partnership”) is a Delaware limited partnership formed in February 2013. PBF Logistics GP LLC (“PBF GP” or “our general partner”) serves as the general partner of PBFX. PBF GP is wholly-owned by PBF Energy Company LLC (“PBF LLC”). PBF Energy Inc. (“PBF Energy”) is the sole managing member of PBF LLC and, as of September 30, 2016, owned 95.2% of the total economic interest in PBF LLC. In addition, PBF LLC is the sole managing member of PBF Holding Company LLC (“PBF Holding”), a Delaware limited liability company and affiliate of PBFX. PBF LLC holds a 44.2% limited partner interest in PBFX and owns all of PBFX’s incentive distribution rights (“IDR”), with the remaining 55.8% limited partner interest owned by public unitholders as of September 30, 2016.

PBFX engages in the receiving, handling, storage and transferring of crude oil, refined products and intermediates. The Partnership does not take ownership of or receive any payments based on the value of the crude oil, products or intermediates that it handles and does not engage in the trading of any commodities. PBFX’s assets are integral to the operations of PBF Holding’s refineries located in Toledo, Ohio, Delaware City, Delaware, Paulsboro, New Jersey and Torrance, California.

On April 29, 2016, the Partnership’s wholly-owned subsidiary, PBF Logistics Products Terminals LLC (“PLPT”), purchased four refined product terminals (the “East Coast Terminals”), from an affiliate of Plains All American Pipeline, L.P. (the “Plains Asset Purchase”) for an aggregate purchase price of $100,000, less a preliminary estimate for working capital adjustments. This acquisition was accounted for as a business combination under accounting principles generally accepted in the United States of America (“U.S. GAAP”). See Note 2 in this Quarterly Report on Form 10-Q (this “Form 10-Q”) for further discussion regarding the Plains Asset Purchase.

On August 31, 2016, the Partnership, through its wholly-owned subsidiary, PBFX Operating Company LP (“PBFX Op Co”), acquired from PBF LLC a 50% equity interest in Torrance Valley Pipeline Company LLC (“TVPC”) for an aggregate purchase price of $175,000 (the “TVPC Acquisition”). TVPC owns the 189-mile San Joaquin Valley Pipeline system (the “Torrance Valley Pipeline”), which supports PBF Holding's Torrance refinery. The Torrance Valley Pipeline consists of the M55, M1 and M70 pipeline systems, including pipeline stations with storage capacity and truck unloading capability. This acquisition is accounted for as a transfer of assets between entities under common control under U.S. GAAP. See Note 2 in this Quarterly Report on Form 10-Q (this “Form 10-Q”) for further discussion regarding the TVPC Acquisition.

On April 5, 2016, PBFX completed a public offering of an aggregate of 2,875,000 common units, including 375,000 common units that were sold pursuant to the full exercise by the underwriter of its option to purchase additional common units, for net proceeds of $51,575, after deducting underwriting discounts and commissions and other offering expenses (the “April 2016 Offering”).

On August 17, 2016, PBFX completed a public offering of an aggregate of 4,000,000 common units, including the underwriter's option to purchase an additional 600,000 common units, of which 375,000 units were subsequently purchased on September 14, 2016, for total net proceeds of $86,680, after deducting underwriting discounts and commissions and other offering expenses (the “August 2016 Offering”).

Subsequent to the Partnership’s initial public offering (the “Offering”), the Acquisitions from PBF (as defined below) and the Plains Asset Purchase, the Partnership continues to generate a substantial majority of its revenue from transactions with PBF Holding.

Principles of Combination and Consolidation and Basis of Presentation

In connection with the Offering, PBF LLC contributed the assets, liabilities and results of operations of certain crude oil terminaling assets to the Partnership. The assets consisted of the Delaware City Rail Unloading Terminal (“DCR Rail Terminal”), which included a double loop track and ancillary pumping and unloading equipment, and the Toledo Truck Unloading Terminal (“Toledo Truck Terminal”), which included lease automatic custody transfer (“LACT”) units.

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Subsequent to the Offering, the Partnership acquired from PBF LLC the Delaware City West Heavy Unloading Rack (the “DCR West Rack”), a heavy crude oil rail unloading facility at the Delaware City refinery, a tank farm and related facilities, which included a propane storage and loading facility (the “Toledo Storage Facility”), an interstate petroleum products pipeline and truck loading rack (the “Delaware City Products Pipeline and Truck Rack”) and the Torrance Valley Pipeline. These transactions are collectively referred to as the “Acquisitions from PBF.” Subsequent to the Acquisitions from PBF, the DCR Rail Terminal, the Toledo Truck Terminal, the DCR West Rack, the Toledo Storage Facility, the Delaware City Products Pipeline and Truck Rack and the Torrance Valley Pipeline are collectively referred to as the “Contributed Assets.” The assets, liabilities and results of operations of the Contributed Assets prior to their acquisition by PBFX are collectively referred to as the “Predecessor”. The transactions through which PBFX acquired the Contributed Assets were transfers of assets between entities under common control. Accordingly, the accompanying condensed combined consolidated financial statements and related notes present the results of operations and cash flow of our Predecessor for all periods presented prior to the effective date of each transaction. The financial statements of our Predecessor have been prepared from the separate records maintained by PBF and may not necessarily be indicative of the conditions that would have existed or the results of operations if the Predecessor had been operated as an unaffiliated entity. See the Annual Report on Form 10-K for the year ended December 31, 2015 (the “2015 Form 10-K”) for additional information regarding the Acquisitions from PBF and the commercial agreements and amendments to other agreements with related parties in connection with these acquisitions, and Note 2 in this Form 10-Q for further discussion regarding the TVPC Acquisition.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. GAAP for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, PBFX has included all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the financial position and the results of operations and cash flows of PBFX and the Predecessor, as applicable, for the periods presented. The results of operations for the three and nine months ended September 30, 2016 and 2015 are not necessarily indicative of the results that may be expected for the full year.

The Predecessor did not historically operate its respective assets for the purpose of generating revenues independent of other PBF Energy businesses prior to the Offering or for assets acquired in the Acquisitions from PBF, with the exception of the Delaware City Products Pipeline, prior to the effective dates of each transaction. All intercompany accounts and transactions have been eliminated.

Summary of Significant Accounting Policies

Product Imbalances

The Partnership incurs product imbalances as a result of variances in tank storage meter readings and volume fluctuations within the East Coast Terminals. The Partnership uses a year-to-date weighted average market price to value our assets and liabilities related to product imbalances. Product imbalance liabilities are included in “Accounts payable and accrued liabilities” and product imbalance assets are included in “Prepaid expenses and other current assets” in the condensed consolidated balance sheets. For the period ended September 30, 2016, the imbalances resulted in an immaterial amount included in Prepaid expenses and other current assets.

Recent Accounting Pronouncements

In January 2016, the FASB issued ASU No. 2016-01, “Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities” (“ASU 2016-01”), which amends how entities measure equity investments that do not result in consolidation and are not accounted for under the equity method and how they present changes in the fair value of financial liabilities measured under the fair value option that are attributable to their own credit. ASU 2016-01 also changes certain disclosure requirements and other aspects of current U.S. GAAP but does not change the guidance for classifying and measuring investments in debt securities and loans. Under ASU 2016-01, this guidance becomes effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted in certain

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PBF LOGISTICS LP
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS, EXCEPT BARREL, PER BARREL, UNIT AND PER UNIT DATA)

circumstances. The Partnership does not currently have any investments accounted for under the equity method but will apply this new standard should it acquire any such investments.

In February 2016, the FASB issued ASU No. 2016-02, “Leases (Topic 842)” (“ASU 2016-02”), to increase the transparency and comparability about leases among entities. The new guidance requires lessees to recognize a lease liability and a corresponding lease asset for virtually all lease contracts. It also requires additional disclosures about leasing arrangements. ASU 2016-02 is effective for interim and annual periods beginning after December 15, 2018, and requires a modified retrospective approach to adoption. Early adoption is permitted. The Partnership is currently evaluating the impact of this new standard on its consolidated financial statements and related disclosures.

In March 2016, the FASB issued ASU No. 2016-06, “Derivatives and Hedging (Topic 815) Contingent Put and Call Options in Debt Instruments a consensus of the FASB Emerging Issues Task Force” (“ASU 2016-06”), to increase consistency in practice in applying guidance on determining if an embedded derivative is clearly and closely related to the economic characteristics of the host contract, specifically for assessing whether call (put) options that can accelerate the repayment of principal on a debt instrument meet the clearly and closely related criterion. The guidance in ASU 2016-06 applies to all entities that are issuers of or investors in debt instruments (or hybrid financial instruments that are determined to have a debt host) with embedded call (put) options. ASU 2016-06 is effective for interim and annual periods beginning after December 15, 2016, and requires a modified retrospective approach to adoption. Early adoption is permitted. The Partnership is currently evaluating the impact of this new standard on its consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU No. 2016-13, “Financial Instruments - Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments” (“ASU 2016-13”) which requires that credit losses on available-for-sale debt securities should be measured in a manner similar to current U.S. GAAP. However, the amendments in ASU 2016-13 require that credit losses be presented as an allowance rather than as a write-down. ASU 2016-13 is effective for interim and annual periods beginning after December 15, 2019, and requires a modified retrospective approach to adoption. Early adoption is permitted for interim and annual periods beginning after December 15, 2018. The Partnership is currently evaluating the impact of this new standard on its consolidated financial statements and related disclosures.

In August 2016, the FASB issued ASU No. 2016-15, “Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments” (“ASU 2016-15”), which reduces the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows under Topic 230. ASU 2016-15 is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The Partnership is currently evaluating the impact of this new standard on its consolidated financial statements and related disclosures.

In October 2016, the FASB issued ASU No. 2016-16, “Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory” (“ASU 2016-16”), which reduces the existing diversity in practice in how income tax consequences of an intra-entity transfer of an asset other than inventory should be recognized. The amendments in ASU 2016-16 require an entity to recognize such income tax consequences when the intra-entity transfer occurs rather than waiting until such time as the asset has been sold to an outside party. The amendments do not contain any new disclosure requirements but point out that certain existing income tax disclosures might be applicable in the period an intra-entity transfer of an asset other than inventory occurs. ASU 2016-16 is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted as of the beginning of an annual reporting period for which interim or annual statements have not been issued. The Partnership is currently evaluating the impact of this new standard on its consolidated financial statements and related disclosures.

In October 2016, the FASB issued ASU No. 2016-17, "Consolidation (Topic 810): Interests Held through Related Parties That Are under Common Control" ("ASU 2016-2017"), which amends the consolidation guidance on how a reporting entity that is the single decision maker of a variable interest entity (“VIE”) should treat indirect interests in the entity held through related parties that are under common control with the reporting entity when

(IN THOUSANDS, EXCEPT BARREL, PER BARREL, UNIT AND PER UNIT DATA)

determining whether it is the primary beneficiary of that VIE. The amendments in this ASU do not change the characteristics of a primary beneficiary in current GAAP. The amendments in this ASU require that reporting entity, in determining whether it satisfies the second characteristic of a primary beneficiary, to include all of its direct variable interests in a VIE and, on a proportionate basis, its indirect variable interests in a VIE held through related parties, including related parties that are under common control with the reporting entity. ASU 2016-2017 is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The Partnership is currently evaluating the impact of this new standard on its consolidated financial statements and related disclosures.

2. ACQUISITIONS

Plains Asset Purchase

On April 29, 2016, the Partnership's wholly-owned subsidiary, PLPT, completed the Plains Asset Purchase. The East Coast Terminals, located in and around Philadelphia, Pennsylvania, include product tanks, pipeline connections to the Colonial Pipeline Company, Buckeye Partners, Sunoco Logistics Partners and other proprietary pipeline systems, truck loading lanes and marine facilities capable of handling barges and ships.

The aggregate purchase price for the Plains Asset Purchase was $100,000, less a preliminary estimate for working capital adjustments, which is subject to final purchase price valuation and working capital adjustments. The consideration was funded by the Partnership with $98,336 in proceeds from the sale of marketable securities. The Partnership borrowed an additional $98,500 under its Revolving Credit Facility (as defined in Note 4), which was used to repay $98,336 of its Term Loan (as defined in Note 4) in order to release $98,336 in marketable securities that had collateralized the Term Loan. Subsequent to the closing of the Plains Asset Purchase, the Partnership recorded an adjustment to the preliminary estimate for working capital of $37 as an increase to Prepaid expenses and other current assets.

PBFX accounted for the Plains Asset Purchase as a business combination under U.S. GAAP whereby the Partnership recognizes assets acquired and liabilities assumed in an acquisition at their estimated fair values as of the date of acquisition. The final purchase price and its allocation are dependent on final reconciliations of working capital and other items subject to agreement by both parties.

The total purchase consideration and the estimated fair values of the assets and liabilities at the acquisition date were as follows:

	Purchase Price
Gross purchase price	$100,000
Preliminary estimate for working capital adjustments	(1,627)
Total consideration	$98,373

The following table summarizes the preliminary amounts recognized for assets acquired and liabilities assumed as of the acquisition date:

	Fair Value Allocation
Prepaid expenses and other current assets	$ 4,221
Property, plant and equipment	99,342
Accounts payable and accrued expenses	(3,174)
Other long-term liabilities	(2,016)
Estimated fair value of net assets acquired	$ 98,373

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The Partnership's condensed consolidated financial statements for the nine months ended September 30, 2016 include the results of operations of the East Coast Terminals since April 29, 2016 during which period the East Coast Terminals contributed affiliate revenue of $1,576, third-party revenue of $7,285 and net income of $3,179. On an unaudited pro forma basis, the revenues and net income of PBFX assuming the acquisition had occurred on January 1, 2015, are shown below. The unaudited pro forma information does not purport to present what PBFX's actual results would have been had the Plains Asset Purchase occurred on January 1, 2015, nor is the financial information indicative of the results of future operations. The unaudited pro forma financial information includes the depreciation and amortization expense related to the acquisition and interest expense associated with the Plains Asset Purchase financing.

(Unaudited)	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Pro forma revenues	$ 132,435	$ 118,046
Pro forma net income attributable to the Partnership:	61,227	52,135
Pro forma net income available per limited partner units:		
Common units - basic	$ 1.54	$ 1.39
Common units - diluted	1.54	1.39
Subordinated units - basic and diluted	1.54	1.39

TVPC Acquisition

On August 31, 2016, the Partnership entered into a contribution agreement with PBF LLC (the "Contribution Agreement"). Pursuant to the Contribution Agreement, the Partnership, through its wholly-owned subsidiary, PBFX Op Co, acquired from PBF LLC, 50% of the issued and outstanding limited liability company interests of TVPC, whose assets consist of the Torrance Valley Pipeline, which supports PBF Holding's Torrance refinery. The Torrance Valley Pipeline consists of the M55, M1 and M70 pipeline systems, including pipeline stations with storage capacity and truck unloading capability.

Total consideration paid to PBF LLC was $175,000. The consideration was funded by the Partnership with $20,000 of cash on hand, $76,200 in proceeds from the sale of marketable securities, and $78,800 in net proceeds from the August 2016 Equity Offering. The Partnership borrowed an additional $76,200 under its Revolving Credit Facility (as defined in Note 4), which was used to repay $76,200 of its Term Loan (as defined in Note 4) in order to release $76,200 in marketable securities that had collateralized the Term Loan.

As the TVPC Acquisition was considered a transfer of businesses between entities under common control, the TVPC assets and liabilities were transferred at their historical carrying value, whose net value was $345,989 as of August 31, 2016, of which 50% was allocated to noncontrolling interest in equity ("NCI"). The Torrance Valley Pipeline was acquired by PBF Energy on July 1, 2016 in connection with the acquisition of the Torrance refinery and related logistical assets and was not operated by PBF Energy prior to its acquisition. Accordingly, the financial information contained herein of PBFX has been adjusted in the current quarter, with 50% of net income of TVPC allocated to NCI, to include the historical results of the Torrance Valley Pipeline prior to the acquisition by PBFX from July 1, 2016 through August 31, 2016. Net income attributable to the TVPC Acquisition prior to the effective date was allocated entirely to PBF GP as if only PBF GP had rights to that net loss, therefore there is no retrospective adjustment to net income per unit.

PBFX's condensed consolidated financial statements include TVPC, a variable interest entity with the interest in TVPC not owned by PBFX reflected as a reduction to net income and equity as a noncontrolling interest. In accordance with the Amended and Restated Limited Liability Company Agreement of TVPC (the “TVPC LLC Agreement”), PBFX Op Co, PBFX’s wholly-owned subsidiary, serves as TVPC's managing member. PBFX, through its ownership of PBFX Op Co, has the sole ability to direct the activities of TVPC that most significantly impact its economic performance. PBFX is also considered to be the primary beneficiary for accounting purposes

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and as a result fully consolidates TVPC. TVPC provides transportation and storage services to PBFX, primarily under fee-based contracts. TVPC's creditors have no recourse to the assets of PBFX other than those of TVPC. See footnote 12 for carrying amounts and classification of TVPC's assets and liabilities in the statement of financial position.

The following tables present the Partnership's statement of operations after giving effect to the TVPC Acquisition. For the three and nine months ended September 30, 2016, respectively, the results of TVPC prior to the TVPC Acquisition are included under “Torrance Valley Pipeline Company LLC”. Results of TVPC subsequent to the acquisition are included in “PBF Logistics LP.” The statement of operations for the three and nine months ended September 30, 2015 has not been retrospectively adjusted, as PBF Energy did not acquire TVPC as part of the acquisition ofr the Torrance refinery and related logistics assets until July 1, 2016.

	Three Months Ended September 30, 2016		
	PBF Logistics LP	Torrance Valley Pipeline Company LLC	Consolidated Results
Revenue:			
Affiliate	$43,842	$ —	$ 43,842
Third-party	4,591	—	4,591
Total revenue	48,433	—	48,433
Costs and expenses:			
Operating and maintenance expenses	10,818	1,996	12,814
General and administrative expenses	4,066	353	4,419
Depreciation and amortization	3,358	1,782	5,140
Total costs and expenses	18,242	4,131	22,373
Income (loss) from operations	30,191	(4,131)	26,060
Other expense:			
Interest expense, net	(7,280)	—	(7,280)
Amortization of loan fees	(416)	—	(416)
Net income (loss)	22,495	(4,131)	18,364
Less: Net loss attributable to Predecessor	—	(4,131)	(4,131)
Less: Net income attributable to noncontrolling interest	1,621	—	1,621
Net income attributable to the Partnership	$20,874	$ —	$ 20,874

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	Nine Months Ended September 30, 2016		
	PBF Logistics LP	Torrance Valley Pipeline Company LLC	Consolidated Results
Revenue:			
Affiliate	$118,356	$ —	$ 118,356
Third-party	7,285	—	7,285
Total revenue	125,641	—	125,641
Costs and expenses:			
Operating and maintenance expenses	24,559	1,996	26,555
General and administrative expenses	13,540	353	13,893
Depreciation and amortization	7,140	1,782	8,922
Total costs and expenses	45,239	4,131	49,370
Income (loss) from operations	80,402	(4,131)	76,271
Other expense:			
Interest expense, net	(21,298)	—	(21,298)
Amortization of loan fees	(1,261)	—	(1,261)
Net income (loss)	57,843	(4,131)	53,712
Less: Net loss attributable to Predecessor	—	(4,131)	(4,131)
Less: Net income attributable to noncontrolling interest	1,621	—	1,621
Net income attributable to the Partnership	$56,222	$ —	$ 56,222

Acquisition Expenses

PBFX incurred acquisition related costs of $1,310 and $3,888 for the three and nine months ended September 30, 2016, respectively, consisting primarily of consulting and legal expenses related to the Plains Asset Purchase, the TVPC Acquisition and other pending and non-consummated acquisitions. Acquisition related costs were $0 and $530 for the three and nine months ended September 30, 2015, respectively, primarily related to the Delaware City Products Pipeline and Truck Rack acquisition. These costs are included in the condensed consolidated income statement in general and administrative expenses.

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3. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net consisted of the following:

	September 30, 2016	December 31, 2015
Land	$26,295	$ 2,417
Terminals and equipment	165,234	80,718
Storage equipment	62,238	60,959
Pipeline assets	359,188	18,546
Construction in progress	5,916	5
	618,871	162,645
Accumulated depreciation	(26,020)	(17,097)
Property, plant and equipment, net	$592,851	$ 145,548

4. DEBT

Total debt was comprised of the following:

	September 30, 2016	December 31, 2015
6.875% Senior Notes due 2023	$350,000	$350,000
Term Loan	59,664	234,200
Revolving Credit Facility (a)	169,200	24,500
Total debt outstanding	578,864	608,700
Unamortized debt issuance costs	(7,606)	(9,065)
Net carrying value of debt	571,258	599,635
Less- Current maturities (b)	(59,664)	—
Long-term debt	$511,594	$599,635

(a) PBFX had $3,610 outstanding letters of credit and $187,190 available under our five year $360,000 revolving credit facility ("Revolving Credit Facility") as of September 30, 2016. The maximum borrowing amount of the Revolving Credit Facility was increased from $325,000 to $360,000 in May 2016.

(b) PBFX's three year $300,000 term loan facility with Wells Fargo Bank, National Association, as administrative agent, and a syndicate of lenders (the "Term Loan") matures in May 2017 and has been classified as current on the balance sheet as of September 30, 2016. Additionally, Marketable securities have also been classified as current on the balance sheet as of September 30, 2016 as these securities collateralize the Term Loan.

Plains Asset Purchase

In connection with the Plains Asset Purchase, the Partnership borrowed an additional $98,500 under its Revolving Credit Facility, which was used to repay $98,336 of its Term Loan in order to release $98,336 in marketable securities that had collateralized the Term Loan.

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TVPC Acquisition

In connection with the TVPC Acquisition, the Partnership borrowed an additional $76,200 under its Revolving Credit Facility, which was used to repay $76,200 of its Term Loan in order to release $76,200 in marketable securities that had collateralized the Term Loan.

Fair Value Measurement

A fair value hierarchy (Level 1, Level 2, or Level 3) is used to categorize fair value amounts based on the quality of inputs used to measure fair value. Accordingly, fair values derived from Level 1 inputs utilize quoted prices in active markets for identical assets or liabilities. Fair values derived from Level 2 inputs are based on quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are either directly or indirectly observable for the asset or liability. Level 3 inputs are unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

Debt or equity securities are classified into the following reporting categories: held-to-maturity, trading or available-for-sale securities. While PBFX does not routinely sell marketable securities prior to their scheduled maturity dates, some of PBFX's investments may be held and restricted for the purpose of funding future capital expenditures and acquisitions. Such investments are classified as available-for-sale marketable securities as they may occasionally be sold prior to their scheduled maturity dates due to the unexpected timing of cash needs. The carrying value of these marketable securities approximates fair value and is measured using Level 1 inputs. The terms of the marketable securities range from one to three months and are classified on the balance sheet as current assets. The gross unrecognized holding gains and losses as of September 30, 2016 and December 31, 2015 were not material. As of September 30, 2016, these investments are used as collateral to secure the Partnership's obligations under its Term Loan and are intended to be used only to fund future capital expenditures.

The estimated fair values of the Revolving Credit Facility and Term Loan approximate their carrying values, categorized as a Level 2 measurement, as these borrowings bear interest based upon short-term floating market interest rates. The estimated fair value of the Partnership's 6.875% Senior Notes due 2023 ("2023 Notes"), categorized as a Level 2 measurement, was calculated based on the present value of future expected payments utilizing implied current market interest rates based on quoted prices of the 2023 Notes and was approximately $339,989 and $321,722 at September 30, 2016 and December 31, 2015, respectively. The carrying value and fair value of PBFX's debt, exclusive of unamortized debt issuance costs, was approximately $578,864 and $568,853 as of September 30, 2016 and $608,700 and $580,422 as of December 31, 2015, respectively.

5. EQUITY

PBFX had 23,270,397 common units held by the public outstanding as of September 30, 2016. PBF Energy owns 2,572,944 of PBFX's common units and 15,886,553 of PBFX's subordinated units constituting an aggregate of 44.2% of PBFX's limited partner interest. In accordance with PBFX's partnership agreement, PBF Energy's subordinated units will convert into common units on a one-for-one basis once PBFX has met specified distribution targets and successfully completed other tests set forth in PBFX's partnership agreement.

Issuance of Additional Interests

PBFX's partnership agreement authorizes PBFX to issue an unlimited number of additional partnership interests for consideration and on the terms and conditions determined by PBFX's general partner without the approval of the unitholders. On May 14, 2015, PBFX partially funded the Delaware City Products Pipeline and Truck Rack acquisition with $30,500 of Partnership common units, or 1,288,420 common units.

The Partnership completed the April 2016 offering on April 5, 2016 and the August 2016 Offering on August 17, 2016. It is possible that PBFX will fund future acquisitions through the issuance of additional common units, subordinated units or other partnership interests.

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Additionally, 115,224 and 85,757 of the Partnership's phantom units issued under the PBFX 2014 Long-Term Incentive Plan ("LTIP") vested and were converted into common units held by certain of PBF GP's current and former management and directors during the nine months ended September 30, 2016 and 2015, respectively.
Holders of any additional common units PBFX issues will be entitled to share equally with the then-existing common unitholders in PBFX's distributions of available cash.

Noncontrolling Interest
PBFX's subsidiary PBFX Op Co holds a 50% controlling interest in TVPC, with the other 50% interest in TVPC held by TVP Holding Company LLC ("TVP Holding"), a subsidiary of PBF Holding. PBFX Op Co is the sole managing member of TVPC. PBFX, through its ownership of PBFX Op Co, consolidates the financial results of TVPC, and records a noncontrolling interest for the economic interest in TVPC held by TVP Holding. Noncontrolling interest on the consolidated statements of operations includes the portion of net income or loss attributable to the economic interest in TVPC held by TVP Holding. Noncontrolling interest on the condensed consolidated balance sheets includes the portion of net assets of TVPC attributable to TVP Holding.

Equity Activity
The summarized changes in the carrying amount of our equity during the nine months ended September 30, 2016 are as follows:

	Common Units - Public	Common Units - PBF	Subordinated Units - PBF	IDR	Noncontrolling Interest	Total
Balance at December 31, 2015	$340,317	$(248,363)	$(277,094)	$(535)	$ —	$(185,675)
Quarterly distributions to unitholders (including IDRs)	(23,234)	(3,242)	(20,016)	(2,223)	—	(48,715)
Net income	26,750	3,723	22,984	2,765	1,621	57,843
Noncontrolling interest acquired	—	—	—	—	174,646	174,646
Contributions from PBF LLC	—	15	—	—	—	15
Unit-based compensation expense	3,673	—	—	—	—	3,673
Issuance of Common Units, net of expenses	83,311	54,944	—	—	—	138,255
Other	(980)	(287)	(2,144)	1,118	—	(2,293)
Balance at September 30, 2016	$429,837	$(193,210)	$(276,270)	$1,125	$ 176,267	$137,749

Allocations of Net Income
PBFX's partnership agreement contains provisions for the allocation of net income and loss to the unitholders. For purposes of maintaining partner capital accounts, PBFX's partnership agreement specifies that items of income and loss shall be allocated among the partners in accordance with their respective percentage interest. Normal allocations according to percentage interests are made after giving effect, if any, to priority income allocations in an amount equal to incentive cash distributions allocated 100% to PBF LLC.

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Cash distributions

PBFX’s partnership agreement, as amended, sets forth the calculation to be used to determine the amount and priority of cash distributions that the common and subordinated unitholders and general partner will receive. On March 8, 2016, the Partnership paid a quarterly cash distribution, based on the results of the fourth quarter of 2015, totaling $14,680, or $0.41 per unit, to unitholders of record on February 22, 2016. On May 31, 2016 the Partnership paid a quarterly cash distribution, based on the results of the first quarter of 2016, totaling $16,419, or $0.42 per unit, to unitholders of record on May 13, 2016. On August 23, 2016 the Partnership paid a quarterly cash distribution, based on the results of the second quarter of 2016, totaling $16,944, or $0.43 per unit, to unitholders of record on August 9, 2016.

The allocation of total quarterly cash distributions to general and limited partners, in the table below, for the three and nine months ended September 30, 2016 and 2015, is as follows. The Partnership’s distributions are declared subsequent to quarter end (distributions of $0.44 and $0.39 per unit declared for the three months ended September 30, 2016 and 2015, respectively, $0.43 and $0.37 per unit declared for the three months ended June 30, 2016 and 2015, respectively, and $0.42 and $0.35 per unit declared for the three months ended March 31, 2016 and 2015, respectively); therefore, the table represents total cash distributions applicable to the period in which the distributions are earned:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
IDR - PBF LLC	$1,125	$354	$2,765	$535
Limited partners’ distributions:				
Common – public	10,489	6,376	27,029	18,149
Common – PBF LLC	1,132	1,003	3,319	2,856
Subordinated – PBF LLC	6,990	6,196	20,493	17,634
Total distributions	19,736	13,929	53,606	39,174
Total cash distributions (1)	$19,486	$13,752	$52,849	$38,639

(1) Excludes phantom unit distributions which are accrued and paid upon vesting.

6. UNIT-BASED COMPENSATION

PBF GP’s board of directors adopted the LTIP in connection with the completion of the Offering. The LTIP is for the benefit of employees, consultants, service providers and non-employee directors of the general partner and its affiliates.

Under the LTIP, PBFX issues phantom unit awards to certain directors, officers and seconded employees of our general partner or its affiliates as compensation. The fair value of each phantom unit on the grant date is equal to the market price of PBFX’s common units on that date. The estimated fair value of PBFX’s phantom units is amortized over the vesting period of four years, using the straight-line method.

Unit-based compensation expense related to the Partnership that was included in general and administrative expense in the Partnership’s condensed consolidated statements of operations was $963 and $3,673 for the three and nine months ended September 30, 2016, respectively, and $815 and $2,428 for the three and nine months ended September 30, 2015, respectively.

In the three and nine months ended September 30, 2016, unit-based compensation expense includes $0 and $1,123 of expense associated with the accelerated vesting of phantom units in accordance with grant agreements related to the retirement of certain of PBF GP’s officers, respectively. In the three and nine months ended September

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30, 2015, $0 and $510 of unit-based compensation expense was associated with the accelerated vesting of such phantom units, respectively.

7. NET INCOME PER UNIT

Earnings in excess of distributions are allocated to the limited partners based on their respective percentage interests. Payments made to PBFX's unitholders are determined in relation to actual distributions declared and are not based on the net income (loss) allocations used in the calculation of net income (loss) per unit.

Diluted net income per unit includes the effects of potentially dilutive units of PBFX's common units that consist of unvested phantom units. For the three and nine months ended September 30, 2016, there were 257,104 and 521,130 anti-dilutive phantom units, respectively. For the three and nine months ended September 30, 2015, there were 454,625 anti-dilutive phantom units. Basic and diluted net income per unit applicable to subordinated limited partners are the same because there are no potentially dilutive subordinated units outstanding.

In addition to the common and subordinated units, PBFX has also identified the general partner interest and incentive distribution rights as participating securities and uses the two-class method when calculating the net income per unit applicable to limited partners that is based on the weighted-average number of common units outstanding during the period. The Partnership issued 1,288,420 common units in 2015 to PBF LLC in conjunction with the Delaware City Products Pipeline and Truck Rack acquisition, 2,875,000 common units in April 2016 in connection with the April 2016 Offering and 4,000,000 units in August 2016 and 375,000 units in September 2016 in connection with the August 2016 Offering.

When calculating basic earnings per unit under the two-class method for a master limited partnership, net income for the current reporting period is reduced by the amount of available cash that has been or will be distributed to the general partner, limited partners, and IDR holders for that reporting period. The following table shows the calculation of earnings less distributions:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net income attributable to the Partnership	$20,874	$20,283	$56,222	$56,575
Less distributions on:				
Limited partner common units - public	10,489	6,376	27,029	18,149
Limited partner common units - PBF LLC	1,132	1,003	3,319	2,856
Limited partner subordinated units - PBF LLC	6,990	6,196	20,493	17,634
IDR holder - PBF LLC	1,125	354	2,765	535
Total distributions	19,736	13,929	53,606	39,174
Earnings less distributions	$1,138	$6,354	$2,616	$17,401

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	Three Months Ended September 30, 2016				
	Limited Partner Common Units – Public	Limited Partner Common Units – PBF LLC	Limited Partner Subordinated Units – PBF LLC	Incentive Distribution Rights - PBF LLC	Total
Net income attributable to the Partnership:					
Distributions	$10,489	$ 1,132	$ 6,990	$ 1,125	$19,736
Earnings less distributions	50	152	936	—	1,138
Net income attributable to the Partnership	$10,539	$ 1,284	$ 7,926	$ 1,125	$20,874
Weighted-average units outstanding - basic	20,919,852	2,572,944	15,886,553		
Weighted-average units outstanding - diluted	20,998,742	2,572,944	15,886,553		
Net income per limited partner unit - basic	$0.50	$ 0.50	$ 0.50		
Net income per limited partner unit - diluted	$0.50	$ 0.50	$ 0.50		

	Three Months Ended September 30, 2015				
	Limited Partner Common Units – Public	Limited Partner Common Units – PBF LLC	Limited Partner Subordinated Units – PBF LLC	Incentive Distribution Rights - PBF LLC	Total
Net income attributable to the Partnership:					
Distributions	$6,376	$ 1,003	$ 6,196	$ 354	$13,929
Earnings less distributions	3,005	516	3,187	(354)	6,354
Net income attributable to the Partnership	$9,381	$ 1,519	$ 9,383	$ —	$20,283
Weighted-average units outstanding - basic	15,882,631	2,572,944	15,886,553		
Weighted-average units outstanding - diluted	15,882,631	2,572,944	15,886,553		
Net income per limited partner unit - basic	$0.59	$ 0.59	$ 0.59		
Net income per limited partner unit - diluted	$0.59	$ 0.59	$ 0.59		

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	Nine Months Ended September 30 , 2016				
	Limited Partner Common Units – Public	Limited Partner Common Units – PBF LLC	Limited Partner Subordinated Units – PBF LLC	Incentive Distribution Rights - PBF LLC	Total
Net income attributable to the Partnership:					
Distributions	$27,029	$ 3,319	$ 20,493	$ 2,765	$53,606
Earnings less distributions	(279)	404	2,491	—	2,616
Net income attributable to the Partnership	$26,750	$ 3,723	$ 22,984	$ 2,765	$56,222
Weighted-average units outstanding - basic	18,521,210	2,572,944	15,886,553		
Weighted-average units outstanding - diluted	18,530,975	2,572,944	15,886,553		
Net income per limited partner unit - basic	$1.44	$ 1.45	$ 1.45		
Net income per limited partner unit - diluted	$1.44	$ 1.45	$ 1.45		

	Nine Months Ended September 30, 2015				
	Limited Partner Common Units – Public	Limited Partner Common Units – PBF LLC	Limited Partner Subordinated Units – PBF LLC	Incentive Distribution Rights - PBF LLC	Total
Net income attributable to the Partnership:					
Distributions	$18,149	$ 2,856	$ 17,634	$ 535	$39,174
Earnings less distributions	8,459	434	9,043	(535)	17,401
Net income attributable to the Partnership	$26,608	$ 3,290	$ 26,677	$ —	$56,575
Weighted-average units outstanding - basic	15,843,600	1,940,533	15,886,553		
Weighted-average units outstanding - diluted	15,843,600	1,940,533	15,886,553		
Net income per limited partner unit - basic	$1.68	$ 1.70	$ 1.68		
Net income per limited partner unit - diluted	$1.68	$ 1.70	$ 1.68		

8. COMMITMENTS AND CONTINGENCIES

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Environmental Matters

PBFX's assets, along with PBF Energy's refineries, are subject to extensive and frequently changing federal, state and local laws and regulations, including, but not limited to, those relating to the discharge of materials into the environment or that otherwise relate to the protection of the environment, waste management and the characteristics and the composition of fuels. Compliance with existing and anticipated laws and regulations can increase the overall cost of operating the Partnership's assets, including remediation, operating costs and capital costs to construct, maintain and upgrade equipment and facilities.

In connection with PBF Holding's acquisition of the DCR assets, Valero Energy Corporation ("Valero") remains responsible for certain pre-acquisition environmental obligations up to $20,000 and the predecessor to Valero in ownership of the refinery retains other historical obligations.

In connection with its acquisition of the DCR assets and the Paulsboro refinery, PBF Holding and Valero purchased ten year, $75,000 environmental insurance policies to insure against unknown environmental liabilities at each site. In connection with PBF Holding's Toledo refinery acquisition, Sunoco Inc. (R&M) remains responsible for environmental remediation for conditions that existed on the closing date for twenty years from March 1, 2011, subject to certain limitations.

In connection with the Plains Asset Purchase, the Partnership is responsible for the environmental remediation costs for conditions that existed on the closing date up to a maximum of $250 per year for ten years, with Plains All American Pipeline, L.P. remaining responsible for any and all additional costs above such amounts during such period. The environmental liability of $2,284 recorded as of September 30, 2016 represents the present value of expected future costs discounted at a rate of 1.83%. At September 30, 2016 the undiscounted liability is $2,500 and the Partnership expects to make aggregate payments for this liability of $1,250 over the next five years. The current portion of the environmental liability is recorded in Accrued expenses and the non-current portion is recorded in Other long-term liabilities.

In connection with PBF Holding's acquisition of the Torrance refinery and related logistics assets, PBF Holding is responsible for all known and unknown environmental liabilities at each site acquired in connection with the acquisition. The total estimated liability of known environmental obligations associated with the Torrance Valley Pipeline was approximately $1,475. In accordance with the Contribution Agreement, PBF Holding has indemnified the Partnership for any and all costs associated with environmental remediation for obligations that existed on or before August 31, 2016, including all known or unknown events, which includes the recorded liability of approximately $1,475. At September 30, 2016 the Partnership expects to make the full aggregate payment for this liability within the next five years. PBFX has recorded a receivable from PBF Holding for such anticipated payments related to the pre-existing Torrance Valley Pipeline environmental obligations.

9. RELATED PARTY TRANSACTIONS

Commercial Agreements

PBFX currently derives the majority of its revenue from long-term, fee-based agreements with PBF Holding, supported by fee escalations for inflation adjustments and certain increases in operating costs. PBFX believes the terms and conditions under these agreements, as well as the omnibus and services agreements with PBF Holding described below, are generally no less favorable to either party than those that could have been negotiated with unaffiliated parties with respect to similar services.

East Coast Terminals

The commercial agreements with PBF Holding related to the East Coast Terminals have initial terms ranging from approximately three months to one year and include:

•tank lease agreements, under which the Partnership provides tank lease services to PBF Holding at the East Coast Terminals, with fees ranging from $0.45 to $0.55 per barrel received into the tank, up to 448,000 barrels, and $0.30 to $0.351 for all additional barrels received in excess of that amount. Additionally, the lease agreements include ancillary fees for tank to tank transfers; and
•terminaling service agreements, under which the Partnership provides terminaling and other services to PBF Holding at the East Coast Terminals, with fees ranging from $0.10 to $1.25 per barrel based on services provided, with additional flat rate fees for certain unloading/loading activities at the terminal.
The tank lease agreements contain minimum requirements for the amount of leased tank capacity contracted by PBF Holding. Additionally, the fees under each commercial agreement are indexed for inflation based on the changes in the U.S Consumer Price Index for All Urban Consumers (the “CPI-U”). Each of these commercial agreements also include automatic renewal options ranging from three months to one year terms, unless written notice is provide by either the Partnership or PBF Holding thirty days prior to the end of the previous term.

The Contributed Assets
The commercial agreements with PBF Holding related the Contributed Assets have initial terms ranging from approximately seven to ten years and include:
•a rail terminaling services agreement with PBF Holding, with an initial term of approximately seven years, under which the Partnership provides terminaling services at the DCR Rail Terminal. Pursuant to the rail terminaling services agreement, and based on the change in the U.S. Producer Price Index (the “PPI”), effective January 1, 2016, the terminaling service fee was decreased to $2.014 per barrel up to the minimum throughput commitment and $0.503 per barrel for volumes that exceed the minimum throughput commitment;
•a truck unloading and terminaling services agreement with PBF Holding, with an initial term of approximately seven years, under which the Partnership provides terminaling services at the Toledo Truck Terminal. Pursuant to the truck unloading and terminaling services agreement, and based on the change in the PPI, effective January 1, 2016, the terminaling service fee was decreased to $1.007 per barrel;
•a terminaling services agreement, with an initial term of approximately seven years, under which the Partnership provides rail terminaling services to PBF Holding at the DCR West Rack;
•a storage and terminaling services agreement, with an initial term of ten years, under which the Partnership provides storage and terminaling services to PBF Holding at the Toledo Storage Facility;
•a pipeline service agreement with PBF Holding, with an initial term of approximately ten years, under which the Partnership, through Delaware Pipeline Company (“DPC”), provides pipeline services to PBF Holding at the Delaware City Products Pipeline. Effective July 2016, the throughput fee was decreased to $0.5396 per barrel, due to a decrease in the Federal Energy Regulatory Commission (“FERC”) tariff;
•a truck loading service agreement with PBF Holding, with an initial term of approximately ten years, under which the Partnership, through Delaware City Logistics Company LLC (“DCLC”), provides terminaling services to PBF Holding at the Delaware City Truck Rack; and
•a transportation services agreement with PBF Holding, with an initial term of ten years, under which the Partnership, through TVPC, provides transportation and storage services to PBF Holding on the Torrance Valley Pipeline.
Transportation Services. The minimum throughput commitment for transportation services on the northern portion of the Torrance Valley Pipeline is approximately 50,000 barrels per day for a fee equal to $0.5625 per barrel of crude throughput up to the minimum throughput commitment and in excess of the minimum throughput commitment. If PBF Holding does not throughput the aggregate amounts equal to the minimum throughput commitment described above, PBF Holding will be required to pay a shortfall payment equal

to the shortfall volume multiplied by the fee. The minimum throughput commitment for the southern portion of the Torrance Valley Pipeline is approximately 70,000 bpd with a fee equal to approximately $1.5625 per barrel and a fee of $0.3125 per barrel for amounts in excess of the minimum throughput commitment. If PBF Holding does not throughput the aggregate amounts equal to the minimum throughput commitment described above, PBF Holding will be required to pay a shortfall payment equal to the shortfall volume multiplied by the fee of $1.5625 per barrel; provided, however, that PBF Holding will receive a credit to PBF Holding's account for the amount of such shortfall, and such credit will be applied in subsequent monthly invoices against excess throughput fees during any of the succeeding three months.

Storage Services. PBF Holding will pay TVPC $0.85 per barrel fixed rate for the shell capacity of the Midway tank, which rate includes throughput equal to the shell capacity of the tank. PBF Holding will pay $0.85 per barrel fixed rate for each of the Belridge and Emidio storage tanks, which rate includes throughput equal to the shell capacity of each individual storage tank, subject to adjustment. PBF Holding will also pay $0.425 per barrel for throughput in excess of the shell capacity for each storage tank; provided that PBF Holding has a commitment for a minimum incremental throughput in excess of the shell capacity of (A) 715,000 barrels per month for the Belridge Tank, and (B) 600,000 barrels per month for the Emidio tank. If, during any month, actual throughput in excess of the shell capacity of all individual storage tanks by PBF Holding is less than the throughput storage minimum commitment, then PBF Holding will pay TVPC an amount equal to the storage rate multiplied by the throughput storage minimum commitment less the actual excess volumes.

TVPC is required to maintain the Torrance Valley Pipeline in a condition and with a capacity sufficient to handle a volume of PBF Holding's crude at least equal to the current operating capacity or the reserved crude capacity, as the case may be, subject to interruptions for routine repairs and maintenance and force majeure events. Failure to meet such obligations may result in a reduction of fees payable under the Transportation Services Agreement.

Each of these commercial agreements contain minimum volume commitments. Additionally, the storage and terminaling services agreement contains minimum requirements for the amount of storage contracted by PBF Holding. The fees under each commercial agreement are indexed for inflation and the agreements give PBF Holding the option to renew for two additional five year terms following the expiration of the initial term.

Other Agreements

In addition to the commercial agreements described above, at the closing of the Offering, the Partnership also entered into an omnibus agreement with PBF GP, PBF LLC and PBF Holding, which has been amended and restated in connection with each of the Acquisitions from PBF. The omnibus agreement addresses the payment of an annual fee for the provision of various general and administrative services and reimbursement of salary and benefit costs for certain PBF Energy employees, among other matters, and an operations and management services and secondment agreement with PBF Holding and certain of its subsidiaries under which PBFX reimburses PBF Holding for the provision of certain operational services to the Partnership in support of its operations, including operational services performed by certain of PBF Holding's field-level employees. On August 31, 2016, in order to include the Torrance Valley Pipeline, the Partnership entered into an amended and restated omnibus agreement, which increased the annual fee to $4,000 and an amended and restated operations and management services and secondment agreement, which increased the annual fee to $6,386.

Predecessor Transactions

Related-party transactions of the Predecessor were settled through division of equity.

Summary of Transactions

A summary of revenue and expense transactions with our affiliates, including expenses directly charged and allocated to PBFX and our Predecessor, is as follows:

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenues	$43,842	$37,082	$118,356	$104,796
Operating and maintenance expenses	1,280	1,122	3,523	3,412
General and administrative expenses	1,201	1,471	3,460	3,941

10. SEGMENT INFORMATION

The Partnership’s operations are organized into two reportable segments, Transportation and Terminaling and Storage. Operations that are not included in either the Transportation and Terminaling or the Storage segments are included in Corporate.

Our Transportation and Terminaling segment consists of the following assets:

•the DCR Rail Terminal, which serves PBF Holding’s Delaware City and Paulsboro refineries;
•the DCR West Rack, which serves PBF Holding’s Delaware City refinery;
•the Toledo Truck Terminal, which serves PBF Holding’s Toledo refinery, comprised of LACT units;
•a propane truck loading facility, located within the Toledo Storage Facility, located at PBF Holding’s Toledo, Ohio refinery;
•the Delaware City Products Pipeline, which consists of an interstate petroleum products pipeline supporting PBF Holding’s Delaware City refinery;
•the Delaware City Truck Rack, which consists of a truck loading rack utilized to distribute gasoline, distillates and LPGs located at PBF Holding’s Delaware City refinery;
•the East Coast Terminals, which consist of product tanks, pipeline connections to the Colonial Pipeline Company, Buckeye Partners, Sunoco Logistics Partners and other proprietary pipeline systems, truck loading lanes and marine facilities capable of handling barges and ships; and
•the Torrance Valley Pipeline, which consists of the M55, M1 and M70 pipelines and pipeline stations supporting PBF Holding's Torrance refinery.

Our Storage segment consists of the following asset:

•the Toledo Storage Facility, excluding the propane truck loading facility, which services the Toledo refinery and consists of tanks for storing crude oil, refined products and intermediates.

Revenues are generated from third-party transactions as well as commercial agreements entered into with PBF Holding under which the Partnership receives fees for transportation, terminaling and storage of crude oil and refined products. The commercial agreements with PBF Holding are described in Note 9 of the Condensed Consolidated Financial Statements in this Form 10-Q. The Partnership does not have any foreign operations.

The operating segments adhere to the accounting polices used for the consolidated financial statements, as described in Note 2 “Summary of Accounting Policies” of the Notes to Consolidated Financial Statements in our 2015 Form 10-K. The Partnership’s operating segments are strategic business units that offer different services in different geographical locations. PBFX has evaluated the performance of each operating segment based on its respective operating income. Certain general and administrative expenses and interest and financing costs are included in Corporate as they are not directly attributable to a specific operating segment. Identifiable assets are

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those used by the operating segment, whereas assets included in Corporate are principally cash, deposits and other assets that are not associated with a specific operating segment.

	Three Months Ended September 30, 2016			
	Transportation and Terminaling	Storage	Corporate	Consolidated Total
Revenues	$42,951	$5,482	$ —	$ 48,433
Depreciation and amortization expense	4,545	595	—	5,140
Income (loss) from operations	28,144	2,335	(4,419)	26,060
Interest expense, net and amortization of loan fees	—	—	7,696	7,696
Capital expenditures	2,533	92	—	2,625

	Three Months Ended September 30, 2015			
	Transportation and Terminaling	Storage	Corporate	Consolidated Total
Revenues	$31,764	$5,318	$ —	$ 37,082
Depreciation and amortization expense	980	669	—	1,649
Income (loss) from operations	27,715	2,755	(3,007)	27,463
Interest expense, net and amortization of loan fees	—	—	7,180	7,180
Capital expenditures	5	957	—	962

	Nine Months Ended September 30, 2016			
	Transportation and Terminaling	Storage	Corporate	Consolidated Total
Revenues	$109,315	$16,326	$ —	$ 125,641
Depreciation and amortization expense	7,092	1,830	—	8,922
Income (loss) from operations	82,414	7,750	(13,893)	76,271
Interest expense, net and amortization of loan fees	—	—	22,559	22,559
Capital expenditures, including the Plains Asset Purchase	101,735	1,292	—	103,027

	Nine Months Ended September 30, 2015			
	Transportation and Terminaling	Storage	Corporate	Consolidated Total
Revenues	$88,727	$16,069	$ —	$ 104,796
Depreciation and amortization expense	2,964	1,955	—	4,919
Income (loss) from operations	73,138	8,574	(9,798)	71,914
Interest expense, net and amortization of loan fees	—	—	14,065	14,065
Capital expenditures	225	957	—	1,182

	Balance at September 30, 2016			
	Transportation and Terminaling	Storage	Corporate	Consolidated Total
Total assets	$575,443	$56,564	$103,407	$ 735,414

	Balance at December 31, 2015		
	Storage	Corporate	

	Transportation and Terminaling			Consolidated Total
Total assets	$112,826	$56,846	$253,230	$ 422,902

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11. SUBSEQUENT EVENTS

Cash distribution

On October 28, 2016, PBF GP’s board of directors declared a cash distribution, based on the results of the third quarter of 2016, of $0.44 per unit. The distribution is payable on November 22, 2016 to PBFX unitholders of record at the close of business on November 8, 2016.

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12. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS OF PBF LOGISTICS

DCLC, DPC, Delaware City Terminaling Company LLC, Toledo Terminaling Company LLC and PLPT are 100% owned subsidiaries of the Partnership and serve as guarantors of the obligations under the 2023 Notes. These guarantees are full and unconditional and joint and several. For purposes of the following footnote, the Partnership is referred to as “Issuer.” The indenture dated May 12, 2015, among the Partnership, PBF Logistics Finance, the guarantors party thereto and Deutsche Bank Trust Company Americas, as Trustee, governs subsidiaries designated as “Guarantor Subsidiaries.” PBFX Op Co and TVPC are consolidated subsidiaries of the Partnership that are not guarantors of the 2023 Notes as of September 30, 2016 and are referred to as “Non-Guarantor Subsidiaries.” PBFX Op Co is a holding company which consolidates TVPC. All assets and liabilities of the Non-Guarantor are those of TVPC.

The 2023 Notes were co-issued by PBF Logistics Finance. For purposes of the following footnote, PBF Logistics Finance is referred to as “Co-Issuer.” The Co-Issuer has no independent assets or operations.

The following supplemental combining and condensed consolidating financial information reflects the Issuer’s separate accounts, the combined accounts of the Guarantor Subsidiaries, the combining and consolidating adjustments and eliminations and the Issuer’s consolidated accounts for the dates and periods indicated. For purposes of the following combining and consolidating information, the Issuer’s investment in its subsidiaries and the Guarantor Subsidiaries’ investment in its subsidiaries are accounted for under the equity method of accounting.

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12. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS OF PBF LOGISTICS
CONDENSED CONSOLIDATING BALANCE SHEET

	September 30, 2016				
	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Combining and Consolidating Adjustments	Total
ASSETS					
Current assets:					
Cash and cash equivalents	$42,860	$ 1,411	$ —	$ —	$44,271
Marketable securities	59,991	—	—	—	59,991
Accounts receivable - affiliates	82	24,459	7,205	—	31,746
Accounts receivable, net	—	3,981	—	—	3,981
Prepaid expense and other current assets	475	1,980	119	—	2,574
Due from related parties	4,395	219,416	—	(223,811)	—
Total current assets	107,803	251,247	7,324	(223,811)	142,563
Property, plant and equipment, net	—	244,048	348,803	—	592,851
Investment in subsidiaries	657,413	—	—	(657,413)	—
Total assets	$765,216	$ 495,295	$ 356,127	$ (881,224)	$735,414
LIABILITIES AND EQUITY					
Current liabilities:					
Accounts payable - affiliates	$554	$ 1,519	$ 968	$ —	$3,041
Accounts payable and accrued liabilities	12,506	3,841	2,624	—	18,971
Current portion of long-term debt	59,664	—	—	—	59,664
Deferred revenue	—	889	—	—	889
Due to related parties	219,416	4,395	—	(223,811)	—
Total current liabilities	292,140	10,644	3,592	(223,811)	82,565
Long-term debt	511,594	—	—	—	511,594
Other long-term liabilities	—	2,031	1,475	—	3,506
Total liabilities	803,734	12,675	5,067	(223,811)	597,665
Commitments and contingencies					
Equity:					
Net investment	—	482,620	174,793	(657,413)	—
Common unitholders - Public	429,837	—	—	—	429,837
Common unitholder - PBF LLC	(193,210)	—	—	—	(193,210)
Subordinated unitholder - PBF LLC	(276,270)	—	—	—	(276,270)
IDR holder - PBF LLC	1,125	—	—	—	1,125
Total PBF Logistics LP equity	(38,518)	482,620	174,793	(657,413)	(38,518)
Noncontrolling interest	—	—	176,267	—	176,267
Total equity	(38,518)	482,620	351,060	(657,413)	137,749

Total liabilities and equity	$765,216	$ 495,295	$ 356,127	$ (881,224)	$735,414

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PBF LOGISTICS LP
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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12. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS OF PBF LOGISTICS
CONDENSED CONSOLIDATING BALANCE SHEET

	December 31, 2015				
	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Combining and Consolidating Adjustments	Total
ASSETS					
Current assets:					
Cash and cash equivalents	$18,678	$ —	$ —	$ —	$18,678
Accounts receivable - affiliates	—	23,949	—	—	23,949
Prepaid expense and other current assets	290	179	—	—	469
Due from related parties	1,287	127,373	—	(128,660)	—
Total current assets	20,255	151,501	—	(128,660)	43,096
Property, plant and equipment, net	—	145,548	—	—	145,548
Investment in subsidiaries	292,411	—	—	(292,411)	—
Marketable securities	234,258	—	—	—	234,258
Total assets	$546,924	$ 297,049	$ —	$ (421,071)	$422,902
LIABILITIES AND EQUITY					
Current liabilities:					
Accounts payable - affiliates	$574	$ 2,864	$ —	$ —	$3,438
Accounts payable and accrued liabilities	5,017	487	—	—	5,504
Due to related parties	127,373	1,287	—	(128,660)	—
Total current liabilities	132,964	4,638	—	(128,660)	8,942
Long-term debt	599,635	—	—	—	599,635
Total liabilities	732,599	4,638	—	(128,660)	608,577
Commitments and contingencies					
Equity:					
Net investment	—	292,411			