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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2023
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: 001-32678

DCP MIDSTREAM, LP
(Exact name of registrant as specified in its charter)

Delaware	**03-0567133**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
6900 E. Layton Ave, Suite 900 Denver, Colorado	**80237**
(Address of principal executive offices)	**(Zip Code)**

(303) 595-3331
(Registrant's telephone number, including area code)
None
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common units representing limited partnership interests	DCP	New York Stock Exchange
7.875% Series B Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units	DCP PRB	New York Stock Exchange
7.95% Series C Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units	DCP PRC	New York Stock Exchange

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 ☒ 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 such files). Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐	Emerging growth company	☐
Non-accelerated filer	☐	Smaller reporting company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 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 ☒

As of April 28, 2023, there were 208,657,950 common units representing limited partnership interests outstanding.

DCP MIDSTREAM, LP
FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2023

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GLOSSARY OF TERMS

The following is a list of terms used in the industry and throughout this report:

ASC	accounting standards codification
ASU	accounting standards update
Bbl	barrel
Bbls/d	barrels per day
Btu	British thermal unit, a measurement of energy
Credit Agreement	Credit Agreement governing our Credit Facility
Credit Facility	Our $1.4 billion unsecured revolving credit facility, maturing March 18, 2027
FASB	Financial Accounting Standards Board
Fractionation	the process by which natural gas liquids are separated into individual components
GAAP	generally accepted accounting principles in the United States of America
LIBOR	London Interbank Offered Rate
MBbls	thousand barrels
MBbls/d	thousand barrels per day
MMBtu	million Btus
MMBtu/d	million Btus per day
MMcf	million cubic feet
MMcf/d	million cubic feet per day
NGLs	natural gas liquids
OPIS	Oil Price Information Service
SEC	U.S. Securities and Exchange Commission
Securitization Facility	$350 million Accounts Receivable Securitization Facility, maturing August 12, 2024
SOFR	Secured Overnight Financing Rate
TBtu/d	trillion Btus per day
Throughput	the volume of product transported or passing through a pipeline or other facility

CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

Our reports, filings and other public announcements may from time to time contain statements that do not directly or exclusively relate to historical facts. Such statements are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. You can typically identify forward-looking statements by the use of forward-looking words, such as “may,” “could,” “should,” “intend,” “assume,” “project,” “believe,” “anticipate,” “expect,” “estimate,” “potential,” “plan,” “forecast” and other similar words.

All statements that are not statements of historical facts, including, but not limited to, statements regarding our future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward-looking statements.

These forward-looking statements reflect our intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside our control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Known risks and uncertainties include, but are not limited to, the risks set forth in Item 1A. “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022, including the following risks and uncertainties:

- the timing and completion of our pending merger with Phillips 66 pursuant to which Phillips 66 will acquire all of our issued and outstanding common units not already owned by DCP Midstream, LLC or its subsidiaries;
- conflicts of interest may exist between our individual unitholders and Phillips 66, which has the authority to conduct, direct and manage the activities of DCP Midstream, LLC associated with the Partnership and our general partner;
- risks related to the disruption of economies around the world including the oil, gas and NGL industry in which we operate and the resulting adverse impact on our business, liquidity, commodity prices, workforce, third-party and counterparty effects and resulting federal, state and local actions;
- the extent of changes in commodity prices and the demand for our products and services, our ability to effectively limit a portion of the adverse impact of potential changes in commodity prices through derivative financial instruments, and the potential impact of price, and of producers’ access to capital on natural gas drilling, demand for our services, and the volume of NGLs and condensate extracted;
- the demand for crude oil, residue gas and NGL products;
- the level and success of drilling and quality of production volumes around our assets and our ability to connect supplies to our gathering and processing systems, as well as our residue gas and NGL infrastructure;
- new, additions to, and changes in, laws and regulations, particularly with regard to taxes, safety, regulatory and protection of the environment, including, but not limited to, climate change legislation, regulation of over-the-counter derivatives markets and entities, and hydraulic fracturing regulations, or the increased regulation of our industry, including additional local control over such activities, and their impact on producers and customers served by our systems;
- other factors beyond our control including the increased cost of labor, contractors, services, supplies and materials due to persistent inflation;
- general economic, market and business conditions;
- the amount of natural gas we gather, compress, treat, process, transport, store and sell, or the NGLs we produce, fractionate, transport, store and sell, may be reduced if the pipelines, storage and fractionation facilities to which we deliver the natural gas or NGLs are capacity constrained and cannot, or will not, accept the natural gas or NGLs or we may be required to find alternative markets and arrangements for our natural gas and NGLs;
- our ability to continue the safe and reliable operation of our assets;
- our ability to grow through organic growth projects, or acquisitions, and the successful integration and future performance of such assets;
- our ability to access the debt and equity markets and the resulting cost of capital, which will depend on general market conditions, our financial and operating results, inflation rates, interest rates, our ability to comply with the covenants in our Credit Agreement or other credit facilities, and the indentures governing our notes, as well as our ability to maintain our credit ratings;

- the creditworthiness of our customers and the counterparties to our transactions, including the impact of bankruptcies;
- the amount of collateral we may be required to post from time to time in our transactions;
- industry changes, including consolidations, alternative energy sources, technological advances, infrastructure constraints and changes in competition;
- our ability to construct and start up facilities on budget and in a timely fashion, which is partially dependent on obtaining required construction, environmental and other permits issued by federal, state and municipal governments, or agencies thereof, the availability of specialized contractors and laborers, and the price of and demand for materials;
- our ability to hire, train, and retain qualified personnel and key management to execute our business strategy;
- our ability to successfully manage our ongoing integration with Phillips 66;
- volatility in the price of our common units and preferred units;
- weather, weather-related conditions and other natural phenomena, including, but not limited to, their potential impact on demand for the commodities we sell and the operation of company-owned and third party-owned infrastructure;
- security threats such as terrorist attacks, and cybersecurity attacks and breaches, against, or otherwise impacting, our facilities and systems; and
- our ability to obtain insurance on commercially reasonable terms, if at all, as well as the adequacy of insurance to cover our losses.

In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than we have described. The forward-looking statements in this report speak as of the filing date of this report. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

PART I

Item 1. ***Financial Statements***

DCP MIDSTREAM, LP
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

	March 31, 2023	December 31, 2022
ASSETS	(millions)	
Current assets:		
Cash and cash equivalents	$ 1	$ 1
Accounts receivable:		
Trade, net of allowance for credit losses of $2 and $2 million, respectively	707	995
Affiliates	389	360
Other	6	3
Inventories	28	83
Unrealized gains on derivative instruments	87	140
Collateral cash deposits	32	93
Other	20	27
Total current assets	1,270	1,702
Property, plant and equipment, net	7,759	7,763
Intangible assets, net	33	34
Investments in unconsolidated affiliates	3,458	3,475
Unrealized gains on derivative instruments	20	26
Operating lease assets	119	112
Other long-term assets	225	222
Total assets	$ 12,884	$ 13,334
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable:		
Trade	$ 709	$ 1,199
Affiliates	298	255
Other	37	29
Current debt	7	506
Unrealized losses on derivative instruments	68	148
Accrued interest	65	78
Accrued taxes	58	58
Accrued wages and benefits	35	72
Capital spending accrual	12	22
Other	100	137
Total current liabilities	1,389	2,504
Long-term debt	4,892	4,357
Unrealized losses on derivative instruments	20	35
Deferred income taxes	33	33
Operating lease liabilities	100	95
Other long-term liabilities	302	274
Total liabilities	6,736	7,298
Commitments and contingent liabilities (see note 12)		
Equity:		
Series B preferred limited partners (6,450,000 preferred units authorized, issued and outstanding, respectively)	156	156
Series C preferred limited partners (4,400,000 preferred units authorized, issued and outstanding, respectively)	106	106
Limited partners (208,649,649 and 208,396,558 common units authorized, issued and outstanding, respectively)	5,868	5,755
Accumulated other comprehensive loss	(6)	(6)
Total partners' equity	6,124	6,011
Noncontrolling interests	24	25
Total equity	6,148	6,036
Total liabilities and equity	$ 12,884	$ 13,334

See accompanying notes to condensed consolidated financial statements.

DCP MIDSTREAM, LP
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended March 31,	
	2023	2022
	(millions, except per unit amounts)	
Operating revenues:		
Sales of natural gas, NGLs and condensate	$ 1,743	$ 2,328
Sales of natural gas, NGLs and condensate to affiliates	733	1,127
Transportation, processing and other	163	155
Trading and marketing gains (losses), net	87	(235)
Total operating revenues	2,726	3,375
Operating costs and expenses:		
Purchases and related costs	1,852	2,719
Purchases and related costs from affiliates	97	99
Transportation and related costs from affiliates	279	257
Operating and maintenance expense	197	152
Depreciation and amortization expense	90	90
General and administrative expense	80	55
Gain on sale of assets, net	—	(7)
Restructuring costs	10	—
Total operating costs and expenses	2,605	3,365
Operating income	121	10
Earnings from unconsolidated affiliates	160	143
Interest expense, net	(68)	(71)
Income before income taxes	213	82
Income tax expense	(1)	(1)
Net income	212	81
Net income attributable to noncontrolling interests	(1)	(1)
Net income attributable to partners	211	80
Series A preferred limited partners' interest in net income	—	(9)
Series B preferred limited partners' interest in net income	(3)	(3)
Series C preferred limited partners' interest in net income	(2)	(2)
Net income allocable to limited partners	$ 206	$ 66
Net income per limited partner unit — basic and diluted	$ 0.99	$ 0.32
Weighted-average limited partner units outstanding — basic	208.6	208.4
Weighted-average limited partner units outstanding — diluted	208.6	208.8

See accompanying notes to condensed consolidated financial statements.

DCP MIDSTREAM, LP
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

	Three Months Ended March 31,	
	2023	**2022**
	(millions)	
Net income	$ 212	$ 81
Other comprehensive income:		
Total other comprehensive income	—	—
Total comprehensive income	212	81
Total comprehensive income attributable to noncontrolling interests	(1)	(1)
Total comprehensive income attributable to partners	$ 211	$ 80

See accompanying notes to condensed consolidated financial statements.

DCP MIDSTREAM, LP
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Three Months Ended March 31,	
	2023	2022
	(millions)	
OPERATING ACTIVITIES:		
Net income	$ 212	$ 81
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	90	90
Earnings from unconsolidated affiliates	(160)	(143)
Distributions from unconsolidated affiliates	168	168
Net unrealized (gains) losses on derivative instruments	(40)	176
Gain on sale of assets, net	—	(7)
Other, net	23	2
Change in operating assets and liabilities, which (used) provided cash:		
Accounts receivable	256	(334)
Inventories	33	31
Accounts payable	(454)	327
Other assets and liabilities	7	(202)
Net cash provided by operating activities	135	189
INVESTING ACTIVITIES:		
Capital expenditures	(81)	(23)
Investments in unconsolidated affiliates	—	(1)
Distribution from unconsolidated affiliate	9	—
Proceeds from sale of assets	—	16
Net cash used in investing activities	(72)	(8)
FINANCING ACTIVITIES:		
Proceeds from debt	1,243	1,542
Payments of debt	(1,210)	(1,632)
Distributions to preferred limited partners	(5)	(5)
Distributions to limited partners and general partner	(90)	(81)
Distributions to noncontrolling interests	(2)	(1)
Debt issuance costs	—	(4)
Net cash used in financing activities	(64)	(181)
Net change in cash, cash equivalents and restricted cash	(1)	—
Cash, cash equivalents and restricted cash, beginning of period	5	1
Cash, cash equivalents and restricted cash, end of period	$ 4	$ 1

Reconciliation of cash, cash equivalents, and restricted cash:	March 31, 2023	March 31, 2022
Cash and cash equivalents	$ 1	$ 1
Restricted cash included in other current assets	3	—
Total cash, cash equivalents, and restricted cash	$ 4	$ 1

See accompanying notes to condensed consolidated financial statements.

DCP MIDSTREAM, LP
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(unaudited)

	Partners' Equity					
	Series B Preferred Limited Partners	Series C Preferred Limited Partners	Limited Partners	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Equity
				(millions)		
Balance, January 1, 2023	$ 156	$ 106	$ 5,755	$ (6)	$ 25	$ 6,036
Net income	3	2	206	—	1	212
Distributions to unitholders	(3)	(2)	(90)	—	—	(95)
Distributions to noncontrolling interests	—	—	—	—	(2)	(2)
Equity based compensation	—	—	(3)	—	—	(3)
Balance, March 31, 2023	$ 156	$ 106	$ 5,868	$ (6)	$ 24	$ 6,148

See accompanying notes to condensed consolidated financial statements.

DCP MIDSTREAM, LP
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(unaudited)

	Partner's Equity						
	Series A Preferred Limited Partners	Series B Preferred Limited Partners	Series C Preferred Limited Partners	Limited Partners	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Equity
	(millions)						
Balance, January 1, 2022	$ 489	$ 156	$ 106	$ 5,106	$ (6)	$ 25	$ 5,876
Net income	9	3	2	66	—	1	81
Distributions to unitholders	—	(3)	(2)	(81)	—	—	(86)
Distributions to noncontrolling interests	—	—	—	—	—	(1)	(1)
Equity based compensation	—	—	—	1	—	—	1
Balance, March 31, 2022	$ 498	$ 156	$ 106	$ 5,092	$ (6)	$ 25	$ 5,871

See accompanying notes to condensed consolidated financial statements.

1. Description of Business and Basis of Presentation

DCP Midstream, LP, with its consolidated subsidiaries, or "us," "we," "our" or the "Partnership" is a Delaware limited partnership formed in 2005 by DCP Midstream, LLC to own, operate, acquire and develop a diversified portfolio of complementary midstream energy assets.

Our Partnership includes our Logistics and Marketing and Gathering and Processing segments. For additional information regarding these segments, see Note 14 - Business Segments.

Our operations and activities are managed by our general partner, DCP Midstream GP, LP ("GP LP"), which in turn is managed by its general partner, DCP Midstream GP, LLC, which we refer to as the General Partner, and which is 100% owned by DCP Midstream, LLC.

On August 17, 2022, Phillips 66 and Enbridge Inc. ("Enbridge"), through their respective subsidiaries, entered into an Agreement and Plan of Merger (the "Realignment Transaction") for the purpose of realigning their respective economic interests in, and governance responsibilities over, DCP Midstream, LP and Gray Oak Pipeline, LLC through the merger of existing joint ventures owned by Phillips 66 and Enbridge.

As part of the Realignment Transaction, Phillips Gas Company LLC ("PGC"), an indirect wholly owned subsidiary of Phillips 66, and Spectra DEFS Holding, LLC, an indirect wholly owned subsidiary of Enbridge, as the members of DCP Midstream, LLC, the owner of the General Partner, the general partner of GP LP, the general partner of the Partnership, entered into a Third Amended and Restated Limited Liability Agreement of DCP Midstream, LLC, effective on August 17, 2022 (the "Third A&R LLC Agreement"). Under the Third A&R LLC Agreement, PGC, except as otherwise provided therein, was delegated the power to control, direct and manage all activities of DCP Midstream, LLC associated with the Partnership and each of its subsidiaries, the General Partner and the GP LP, and, in each case, the businesses, activities, assets and liabilities thereof. The Third A&R LLC Agreement also delegated PGC the power to exercise DCP Midstream, LLC's rights to appoint or remove any director of the General Partner and vote any common units representing limited partner interests of the Partnership that are owned directly or indirectly by DCP Midstream, LLC. Prior to the Realignment Transaction, Phillips 66 and Enbridge, through their respective subsidiaries, jointly governed DCP Midstream, LLC and its subsidiaries.

On January 5, 2023, the Partnership, GP LP, the General Partner, Phillips 66, Phillips 66 Project Development Inc., a Delaware corporation and indirect wholly owned subsidiary of Phillips 66 ("PDI"), and Dynamo Merger Sub LLC, a Delaware limited liability company and wholly owned subsidiary of PDI ("Merger Sub"), entered into a Merger Agreement, pursuant to which Merger Sub will merge with and into the Partnership, with the Partnership surviving as a Delaware limited partnership (the "Merger").

At the effective time of the Merger (the "Effective Time"), each common unit representing a limited partner interest in the Partnership (each, a "Common Unit") issued and outstanding as of immediately prior to the Effective Time (other than the Sponsor Owned Units, as defined below) (each, a "Public Common Unit") will be converted into the right to receive $41.75 per Public Common Unit in cash, without any interest thereon.

The Partnership's preferred units will be unaffected by the Merger and will remain outstanding immediately following the Merger. The Common Units owned by DCP Midstream, LLC, and the General Partner (collectively, the "Sponsor Owned Units") will be unaffected by the Merger and will remain outstanding immediately following the Merger. At the Effective Time, PDI's ownership interest in Merger Sub will be converted into a number of new Common Units equal to the number of Public Common Units. As a result of the Merger, Phillips 66's economic interest in the Partnership will increase from 43.3% to approximately 86.8%. Enbridge's economic interest in the Partnership will remain unchanged at approximately 13.2%.

The Merger was unanimously approved by the board of directors of the General Partner, based on the unanimous approval and recommendation of a special committee comprised entirely of independent directors after evaluation of the Merger by the special committee in consultation with independent financial and legal advisors.

The Merger is expected to close in the second quarter of 2023. Completion of the Merger is subject to certain customary conditions as set forth in the Merger Agreement. There can be no assurance that the Merger will be consummated on the terms described above or at all.

As of March 31, 2023, DCP Midstream, LLC, together with the General Partner, owned approximately 56% of the Partnership's common units representing limited partner interests.

The condensed consolidated financial statements include the accounts of the Partnership and all majority-owned subsidiaries where we have the ability to exercise control. Investments in greater than 20% owned affiliates that are not variable interest entities and where we do not have the ability to exercise control, and investments in less than 20% owned affiliates where we have the ability to exercise significant influence, are accounted for using the equity method.

The condensed consolidated financial statements have been prepared in accordance with GAAP. All intercompany balances and transactions have been eliminated in consolidation.

2. Revenue Recognition

We disaggregate our revenue from contracts with customers by type of contract for each of our reportable segments, as we believe it best depicts the nature, timing and uncertainty of our revenue and cash flows. The following tables set forth our revenue by those categories:

	Three Months Ended March 31, 2023			
	Logistics and Marketing	Gathering and Processing	Eliminations	Total
	(millions)			
Sales of natural gas	$ 802	$ 680	$ (669)	$ 813
Sales of NGLs and condensate (a)	1,528	898	(763)	1,663
Transportation, processing and other	19	144	—	163
Trading and marketing gains, net (b)	43	44	—	87
Total operating revenues	$ 2,392	$ 1,766	$ (1,432)	$ 2,726

(a) Includes $479 million for the three months ended March 31, 2023 of revenues from physical sales contracts and buy-sell exchange transactions in our Logistics and Marketing segment, which is net of $725 million of buy-sell purchases related to buy-sell revenues of $796 million which are not within the scope of Topic 606.
(b) Not within the scope of Topic 606.

	Three Months Ended March 31, 2022			
	Logistics and Marketing	Gathering and Processing	Eliminations	Total
	(millions)			
Sales of natural gas	$ 1,063	$ 882	$ (821)	$ 1,124
Sales of NGLs and condensate (a)	2,122	1,282	(1,073)	2,331
Transportation, processing and other	19	136	—	155
Trading and marketing losses, net (b)	(41)	(194)	—	(235)
Total operating revenues	$ 3,163	$ 2,106	$ (1,894)	$ 3,375

(a) Includes $676 million of revenues from physical sales contracts and buy-sell exchange transactions in our Logistics and Marketing segment for the three months ended March 31, 2022, which is net of $756 million of buy-sell purchases related to buy-sell revenues of $851 million which are not within the scope of Topic 606.
(b) Not within the scope of Topic 606.

The revenue expected to be recognized in the future related to performance obligations that are not satisfied is approximately $370 million as of March 31, 2023. Our remaining performance obligations primarily consist of minimum volume commitment fee arrangements and are expected to be recognized through 2031 with a weighted average remaining life of three years as of March 31, 2023. As a practical expedient permitted by Topic 606, this amount excludes variable consideration as well as remaining performance obligations that have original expected durations of one year or less, as applicable. Our remaining performance obligations also exclude estimates of variable rate escalation clauses in our contracts with customers.

3. Agreements and Transactions with Affiliates

DCP Midstream, LLC

Services Agreement and Other General and Administrative Charges

The following table summarizes employee related costs that were charged by DCP Midstream, LLC to the Partnership that are included in the condensed consolidated statements of operations:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
	(millions)	
Employee related costs charged by DCP Midstream, LLC		
Operating and maintenance expense	$ 43	$ 40
General and administrative expense	$ 58	$ 33
Restructuring costs	$ 10	$ —

Summary of Transactions with Affiliates

The following table summarizes our transactions with affiliates:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
	(millions)	
Phillips 66 (including its affiliates):		
Sales of natural gas, NGLs and condensate to affiliates	$ 704	$ 1,095
Purchases and related costs from affiliates	$ 75	$ 62
Transportation and related costs from affiliates	$ 41	$ 43
Operating and maintenance and general administrative expenses	$ 4	$ 3
Enbridge (including its affiliates):		
Sales of natural gas, NGLs and condensate to affiliates	$ 1	$ —
Purchases and related costs from affiliates	$ —	$ 13
Unconsolidated affiliates:		
Sales of natural gas, NGLs and condensate to affiliates	$ 28	$ 32
Transportation, processing, and other to affiliates	$ 4	$ 4
Purchases and related costs from affiliates	$ 22	$ 24
Transportation and related costs from affiliates	$ 238	$ 214

We had balances with affiliates as follows:

	March 31, 2023	December 31, 2022
	(millions)	
Phillips 66 (including its affiliates):		
Accounts receivable	$ 362	$ 343
Accounts payable	$ 195	$ 167
Other assets	$ —	$ 1
Enbridge (including its affiliates):		
Accounts receivable	$ 1	$ 1
Accounts payable	$ —	$ 1
Unconsolidated affiliates:		
Accounts receivable	$ 26	$ 16
Accounts payable	$ 103	$ 87

4. Inventories

Inventories were as follows:

	March 31, 2023	December 31, 2022
	(millions)	
Natural gas	$ 19	$ 47
NGLs	9	36
Total inventories	$ 28	$ 83

We recognize lower of cost or net realizable value adjustments when the carrying value of our inventories exceeds their net realizable value. These non-cash charges are a component of purchases and related costs in the condensed consolidated statements of operations. We recognized $22 million and no lower of cost or net realizable value adjustments for the three months ended March 31, 2023 and 2022, respectively.

5. Property, Plant and Equipment

A summary of property, plant and equipment by classification is as follows:

	Depreciable Life	March 31, 2023	December 31, 2022
		(millions)	
Gathering and transmission systems	20 — 50 Years	$ 7,896	$ 7,865
Processing, storage and terminal facilities	35 — 60 Years	5,159	5,138
Other	3 — 30 Years	564	563
Finance lease assets	5 — 35 Years	32	32
Construction work in progress		215	183
Property, plant and equipment		13,866	13,781
Accumulated depreciation		(6,107)	(6,018)
Property, plant and equipment, net		$ 7,759	$ 7,763

Construction projects with capitalized interest were immaterial during the three months ended March 31, 2023 and 2022.

Depreciation expense was $89 million and $89 million for the three months ended March 31, 2023 and 2022, respectively.

6. Investments in Unconsolidated Affiliates

The following table summarizes our investments in unconsolidated affiliates:

		Carrying Value as of	
	Percentage Ownership	March 31, 2023	December 31, 2022
		(millions)	
DCP Sand Hills Pipeline, LLC	66.67%	$ 1,658	$ 1,653
DCP Southern Hills Pipeline, LLC	66.67%	710	713
Gulf Coast Express LLC	25.00%	395	408
Front Range Pipeline LLC	33.33%	189	191
Texas Express Pipeline LLC	10.00%	90	91
Mont Belvieu 1 Fractionator	20.00%	9	7
Discovery Producer Services LLC	40.00%	214	219
Cheyenne Connector, LLC	50.00%	142	143
Mont Belvieu Enterprise Fractionator	12.50%	29	28
Other	Various	22	22
Total investments in unconsolidated affiliates		$ 3,458	$ 3,475

Earnings from investments in unconsolidated affiliates were as follows:

	Three Months Ended March 31,	
	2023	2022
	(millions)	
DCP Sand Hills Pipeline, LLC	$ 87	$ 71
DCP Southern Hills Pipeline, LLC	25	24
Gulf Coast Express LLC	17	16
Front Range Pipeline LLC	11	10
Texas Express Pipeline LLC	5	5
Mont Belvieu 1 Fractionator	4	4
Discovery Producer Services LLC	6	6
Cheyenne Connector, LLC	3	4
Mont Belvieu Enterprise Fractionator	1	2
Other	1	1
Total earnings from unconsolidated affiliates	$ 160	$ 143

The following tables summarize the combined financial information of our investments in unconsolidated affiliates:

	Three Months Ended March 31,	
	2023	2022
	(millions)	
Statements of operations:		
Operating revenue	$ 595	$ 563
Operating expenses	$ 222	$ 217
Net income	$ 379	$ 344

7. Fair Value Measurement

Valuation Hierarchy

Our fair value measurements are grouped into a three-level valuation hierarchy and are categorized in their entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows.

- Level 1 — inputs are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 — inputs include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 — inputs are unobservable and considered significant to the fair value measurement.

A financial instrument's categorization within the hierarchy is based upon the level of judgment involved in the most significant input in the determination of the instrument's fair value. Following is a description of the valuation methodologies used as well as the general classification of such instruments pursuant to the hierarchy.

Commodity Derivative Assets and Liabilities

We enter into a variety of derivative financial instruments, which may include exchange traded instruments (such as New York Mercantile Exchange, or NYMEX, crude oil or natural gas futures) or over-the-counter, or OTC, instruments (such as natural gas contracts, crude oil or NGL swaps). The exchange traded instruments are generally executed with a highly rated broker dealer serving as the clearinghouse for individual transactions.

Our activities expose us to varying degrees of commodity price risk. To mitigate a portion of this risk and to manage commodity price risk related primarily to owned natural gas storage and pipeline assets, we engage in natural gas asset based trading and marketing, and we may enter into natural gas and crude oil derivatives to lock in a specific margin when market conditions are favorable. A portion of this may be accomplished through the use of exchange traded derivative contracts. Such instruments are generally classified as Level 1 since the value is equal to the quoted market price of the exchange traded instrument as of our balance sheet date, and no adjustments are required. Depending upon market conditions and our strategy we may enter into exchange traded derivative positions with a significant time horizon to maturity. Although such instruments are exchange traded, market prices may only be readily observable for a portion of the duration of the instrument. In order to calculate the fair value of these instruments, readily observable market information is utilized to the extent it is available; however, in the event that readily observable market data is not available, we may interpolate or extrapolate based upon observable data. In instances where we utilize an interpolated or extrapolated value, and it is considered significant to the valuation of the contract as a whole, we would classify the instrument within Level 3.

We also engage in the business of trading energy related products and services, which exposes us to market variables and commodity price risk. We may enter into physical contracts or financial instruments with the objective of realizing a positive margin from the purchase and sale of these commodity-based instruments. We may enter into derivative instruments for NGLs or other energy related products, primarily using the OTC derivative instrument markets, which are not as active and liquid as exchange traded instruments. Market quotes for such contracts may only be available for short dated positions (up to six months), and an active market itself may not exist beyond such time horizon. Contracts entered into with a relatively short time horizon for which prices are readily observable in the OTC market are generally classified within Level 2. Contracts with a longer time horizon, for which we internally generate a forward curve to value such instruments, are generally classified within Level 3. The internally generated curve may utilize a variety of assumptions including, but not limited to, data obtained from third-party pricing services, historical and future expected relationship of NGL prices to crude oil prices, the knowledge of expected supply sources coming online, expected weather trends within certain regions of the United States, and the future expected demand for NGLs.

Each instrument is assigned to a level within the hierarchy at the end of each financial quarter depending upon the extent to which the valuation inputs are observable. Generally, an instrument will move toward a level within the hierarchy that requires a lower degree of judgment as the time to maturity approaches, and as the markets in which the asset trades will likely become more liquid and prices more readily available in the market, thus reducing the need to rely upon our internally developed assumptions. However, the level of a given instrument may change, in either direction, depending upon market conditions and the availability of market observable data.

The following table presents the financial instruments carried at fair value on a recurring basis as of March 31, 2023 and December 31, 2022, by condensed consolidated balance sheet caption and by valuation hierarchy, as described above:

	March 31, 2023				December 31, 2022			
	Level 1	Level 2	Level 3	Total Carrying Value	Level 1	Level 2	Level 3	Total Carrying Value
	(millions)							
Current assets:								
Commodity derivatives	$ 1	$ 71	$ 15	$ 87	$ 2	$ 121	$ 17	$ [illegible]
Short-term investments (a)	$ —	$ 1	$ —	$ 1	$ —	$ 1	$ —	$ [illegible]
Long-term assets:								
Commodity derivatives	$ —	$ 19	$ 1	$ 20	$ —	$ 23	$ 3	$ [illegible]
Investments in marketable securities (a)	$ 45	$ —	$ —	$ 45	$ 42	$ —	$ —	$ [illegible]
Current liabilities:								
Commodity derivatives	$ (1)	$ (66)	$ (1)	$ (68)	$ (4)	$ (142)	$ (2)	$ [illegible]
Long-term liabilities:								
Commodity derivatives	$ —	$ (19)	$ (1)	$ (20)	$ —	$ (32)	$ (3)	$ [illegible]

(a) $1 million and $1 million recorded within "Other" current assets and $45 million and $42 million recorded within "Other long-term assets" as of March 31, 2023 and December 31, 2022, respectively.

Changes in Level 3 Fair Value Measurements

The table below illustrates a rollforward of the amounts included in our condensed consolidated balance sheets for derivative financial instruments that we have classified within Level 3.

We manage our overall risk at the portfolio level and in the execution of our strategy, we may use a combination of financial instruments, which may be classified within any level. Since Level 1 and Level 2 risk management instruments are not included in the rollforward below, the gains or losses in the table do not reflect the effect of our total risk management activities.

	Commodity Derivative Instruments			
	Current Assets	Long-Term Assets	Current Liabilities	Long-Term Liabilities
	(millions)			
Three months ended March 31, 2023 (a):				
Beginning balance	$ 17	$ 3	$ (2)	$ (3)
Net unrealized gains (losses) included in earnings	2	(1)	—	1
Transfers out of Level 3	—	(1)	—	1
Settlements	(4)	—	1	—
Ending balance	$ 15	$ 1	$ (1)	$ (1)
Net unrealized gains on derivatives still held included in earnings	$ 2	$ —	$ —	$ —
Three months ended March 31, 2022 (a):				
Beginning balance	$ —	$ 2	$ (3)	$ (4)
Net unrealized gains (losses) included in earnings	2	3	(12)	(6)
Transfers out of Level 3	—	(1)	1	5
Settlements	—	—	4	—
Ending balance	$ 2	$ 4	$ (10)	$ (5)
Net unrealized gains (losses) on derivatives still held included in earnings	$ 2	$ 2	$ (8)	$ (3)

(a) There were no purchases, issuances or sales of derivatives or transfers into Level 3 for the three months ended March 31, 2023 and 2022.

Quantitative Information and Fair Value Sensitivities Related to Level 3 Unobservable Inputs

We utilize the market approach to measure the fair value of our commodity contracts. The significant unobservable inputs used in this approach to fair value are longer dated price quotes. Our sensitivity to these longer dated forward curve prices are presented in the table below. Significant changes in any of those inputs in isolation would result in significantly different fair value measurements, depending on our short or long position in contracts.

	March 31, 2023					
Product Group	Fair Value (millions)	Valuation Techniques	Unobservable Input	Forward Curve Range	Weighted Average (a)	
Assets						
NGLs	$ 15	Market approach	Longer dated forward curve prices	$0.21-$1.52	$0.86	Per gallon
Natural gas	$ 1	Market approach	Longer dated forward curve prices	$2.76-$5.24	$2.92	Per MMBtu
Liabilities						
NGLs	$ (2)	Market approach	Longer dated forward curve prices	$0.21-$1.56	$0.96	Per gallon

(a) Unobservable inputs were weighted by the instrument's notional amounts.

Estimated Fair Value of Financial Instruments

The fair value of accounts receivable and accounts payable are not materially different from their carrying amounts because of the short-term nature of these instruments or the stated rates approximating market rates. Derivative instruments are carried at fair value.

We determine the fair value of our fixed-rate senior notes and junior subordinated notes based on quotes obtained from bond dealers. The carrying value of borrowings under the Credit Agreement and the Securitization Facility approximate fair value as their interest rates are based on prevailing market interest rates. We classify the fair values of our outstanding debt balances within Level 2 of the valuation hierarchy. As of March 31, 2023 and December 31, 2022, the carrying value and fair value of our total debt, including current maturities, were as follows:

	March 31, 2023		December 31, 2022	
	Carrying Value (a)	Fair Value	Carrying Value (a)	Fair Value
	(millions)			
Total debt	$ 4,908	$ 4,900	$ 4,874	$ 4,772

(a) Excludes unamortized issuance costs and finance lease liabilities.

8. Debt

Senior Notes Redemption

On March 15, 2023, we repaid, at par, all $500 million of aggregate principal amount outstanding of our 3.875% Senior Notes due March 15, 2023 using borrowings under our Credit Facility and Securitization Facility.

Credit Agreement

We are party to a $1.4 billion unsecured revolving credit facility governed by the Credit Agreement that bears interest at either the term SOFR rate or the base rate plus, in each case, an applicable margin based on our credit rating. The Credit Agreement matures on March 18, 2027. The Credit Agreement also includes sustainability linked key performance indicators that increase or decrease the applicable margin and facility fee payable thereunder based on our safety performance relative to our peers and year-over-year change in our greenhouse gas emissions intensity rate.

As of March 31, 2023, we had unused borrowing capacity of $1,173 million, net of $225 million of outstanding borrowings and $2 million of letters of credit, under the Credit Agreement, of which $1,173 million would have been available to borrow for working capital and other general partnership purposes based on the financial covenants set forth in the Credit Agreement. Except in the case of a default, amounts borrowed under our Credit Agreement will not become due prior to the March 18, 2027 maturity date.

Accounts Receivable Securitization Facility

The Securitization Facility provides for up to $350 million of borrowing capacity through August 2024 at an adjusted SOFR and includes an uncommitted option to increase the total commitments under the Securitization Facility by up to an additional $400 million. Under this Securitization Facility, certain of the Partnership's wholly owned subsidiaries sell or contribute receivables to another of the Partnership's consolidated subsidiaries, DCP Receivables, a bankruptcy-remote special purpose entity created for the sole purpose of the Securitization Facility.

As of March 31, 2023, DCP Receivables had approximately $887 million of our accounts receivable securing borrowings of $350 million under the Securitization Facility.

The maturities of our debt as of March 31, 2023 are as follows:

	Debt Maturities (millions)
2023	$ —
2024	350
2025	825
2026	—
2027	725
Thereafter	3,000
Total debt	$ 4,900

9. Risk Management and Hedging Activities

Our operations expose us to a variety of risks including but not limited to changes in the prices of commodities that we buy or sell, changes in interest rates, and the creditworthiness of each of our counterparties. We manage certain of these exposures with either physical or financial transactions. We have established a comprehensive risk management policy and a risk management committee (the "Risk Management Committee"), to monitor and manage market risks associated with commodity prices and counterparty credit. The Risk Management Committee is composed of senior executives who receive regular briefings on positions and exposures, credit exposures and overall risk management in the context of market activities. The Risk Management Committee is responsible for the overall management of credit risk and commodity price risk, including monitoring exposure limits.

Collateral

As of March 31, 2023, we had cash deposits of $32 million, included in collateral cash deposits in our condensed consolidated balance sheets. Additionally, as of March 31, 2023, we held letters of credit of $49 million from counterparties to secure their future performance under financial or physical contracts. Collateral amounts held or posted may be fixed or may vary, depending on the value of the underlying contracts, and could cover normal purchases and sales, services, trading and hedging contracts. In many cases, we and our counterparties have publicly disclosed credit ratings, which may impact the amounts of collateral requirements.

Offsetting

Certain of our financial derivative instruments are subject to a master netting or similar arrangement, whereby we may elect to settle multiple positions with an individual counterparty through a single net payment. Each of our individual derivative instruments are presented on a gross basis on the condensed consolidated balance sheets, regardless of our ability to net settle our positions. Instruments that are governed by agreements that include net settle provisions allow final settlement, when presented with a termination event, of outstanding amounts by extinguishing the mutual debts owed between the parties in exchange for a net amount due. We have trade receivables and payables associated with derivative instruments, subject to master netting or similar agreements, which are not included in the table below. The following summarizes the gross and net amounts of our derivative instruments:

	March 31, 2023			December 31, 2022		
	Gross Amounts of Assets and (Liabilities) Presented in the Balance Sheet	Amounts Not Offset in the Balance Sheet - Financial Instruments	Net Amount	Gross Amounts of Assets and (Liabilities) Presented in the Balance Sheet	Amounts Not Offset in the Balance Sheet - Financial Instruments	Net Amount
	(millions)					
Assets:						
Commodity derivatives	$ 107	$ (3)	$ 104	$ 166	$ —	$ 166
Liabilities:						
Commodity derivatives	$ (88)	$ 3	$ (85)	$ (183)	$ —	$ (183)

Summarized Derivative Information

The fair value of our derivative instruments that are marked-to-market each period, as well as the location of each within our condensed consolidated balance sheets, by major category, is summarized below. We have no derivative instruments that are designated as hedging instruments for accounting purposes as of March 31, 2023 and December 31, 2022.

Balance Sheet Line Item	March 31, 2023	December 31, 2022	Balance Sheet Line Item	March 31, 2023	December 31, 2022
	(millions)			(millions)	
Derivative Assets Not Designated as Hedging Instruments:			**Derivative Liabilities Not Designated as Hedging Instruments:**		
Commodity derivatives:			**Commodity derivatives:**		
Unrealized gains on derivative instruments — current	$ 87	$ 140	Unrealized losses on derivative instruments — current	$ (68)	$ (148)
Unrealized gains on derivative instruments — long-term	20	26	Unrealized losses on derivative instruments — long-term	(20)	(35)
Total	$ 107	$ 166	Total	$ (88)	$ (183)

For the three months ended March 31, 2023 and 2022, no derivative losses attributable to the ineffective portion or to amounts excluded from effectiveness testing were recognized in trading and marketing gains or losses, net or interest expense in our condensed consolidated statements of operations.

Changes in the value of derivative instruments, for which the hedge method of accounting has not been elected from one period to the next, are recorded in the condensed consolidated statements of operations. The following summarizes these amounts and the location within the condensed consolidated statements of operations that such amounts are reflected:

Commodity Derivatives: Statements of Operations Line Item	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
	(millions)	
Realized gains (losses)	$ 47	$ (59)
Unrealized gains (losses)	40	(176)
Trading and marketing gains (losses), net	$ 87	$ (235)

We do not have any derivative financial instruments that are designated as a hedge of a net investment.

The following tables represent, by commodity type, our net long or short positions that are expected to partially or entirely settle in each respective year. To the extent that we have long dated derivative positions that span multiple calendar years, the contract will appear in more than one line item in the tables below.

	March 31, 2023			
	Crude Oil	Natural Gas	Natural Gas Liquids	Natural Gas Basis Swaps
Year of Expiration	Net Short Position (Bbls)	Net Short Position (MMBtu)	Net Long (Short) Position (Bbls)	Net (Short) Long Position (MMBtu)
2023	—	(21,590,600)	1,065,818	(4,875,000)
2024	—	(7,100,000)	(85,500)	(5,630,000)
2025	—	—	(1,000)	2,072,500
2026	—	—	—	535,000

	March 31, 2022			
	Crude Oil	Natural Gas	Natural Gas Liquids	Natural Gas Basis Swaps
Year of Expiration	Net Short Position (Bbls)	Net Short Position (MMBtu)	Net Short Position (Bbls)	Net (Short) Long Position (MMBtu)
2022	(1,047,000)	(56,954,500)	(5,419,927)	(5,217,500)
2023	(1,526,000)	(1,825,000)	(1,393,000)	(830,000)
2024	(360,000)	(2,745,000)	(1,335,000)	(2,280,000)
2025	—	—	(1,440,000)	4,967,500
2026	—	—	(1,440,000)	535,000
2027	—	—	(360,000)	—

10. Partnership Equity and Distributions

Common Units — During the three months ended March 31, 2023 and 2022, we issued no common units pursuant to our at-the-market program. As of March 31, 2023, $750 million of common units remained available for sale pursuant to our at-the-market program.

Our general partner and DCP Midstream LLC are entitled to a percentage of all quarterly distributions equal to their limited partner interest of approximately 56% as of March 31, 2023.

Distributions — The following table presents our cash distributions paid in 2023:

Payment Date	Per Unit Distribution	Total Cash Distribution
		(millions)
Distributions to common unitholders		
February 14, 2023	$ 0.43	$ 90
Distributions to Series B Preferred unitholders		
March 15, 2023	$ 0.4922	$ 3
Distributions to Series C Preferred unitholders		
January 17, 2023	$ 0.4969	$ 2

11. Net Income or Loss per Limited Partner Unit

We have the ability to elect to settle certain restricted phantom units at our discretion in either cash or common units. For a portion of restricted phantom units granted, we have the ability and intent to settle vested units through the issuance of common units.

Basic and diluted net income per limited partner unit was calculated as follows for the periods indicated:

	Three Months Ended March 31,	
	2023	2022
	(millions, except per unit amounts)	
Net income allocable to limited partners	$ 206	$ 66
Weighted average limited partner units outstanding, basic	208,555,882	208,378,947
Dilutive effects of nonvested restricted phantom units	32,672	422,705
Weighted average limited partner units outstanding, diluted	208,588,554	208,801,652
Net income per limited partner unit, basic and diluted	$ 0.99	$ 0.32

12. Commitments and Contingent Liabilities

Litigation **—** We are not a party to any material legal proceedings, but are a party to various administrative and regulatory proceedings and commercial disputes that have arisen in the ordinary course of our business. Management currently believes that the ultimate resolution of the foregoing matters, taken as a whole, and after consideration of amounts accrued, insurance coverage or other indemnification arrangements, will not have a material adverse effect on our results of operations, financial position, or cash flow.

Insurance **—** Our insurance coverage is carried with third-party insurers and with an affiliate of Phillips 66. Our insurance coverage includes: (i) general liability insurance covering third-party exposures; (ii) statutory workers' compensation insurance; (iii) automobile liability insurance for all owned, non-owned and hired vehicles; (iv) excess liability insurance above the established primary limits for general liability and automobile liability insurance; (v) property insurance, which covers the replacement value of real and personal property and includes business interruption; and (vi) insurance covering our directors and officers for acts related to our business activities. All coverage is subject to certain limits and deductibles, the terms and conditions of which are common for companies with similar types of operations.

Environment, Health and Safety **—** The operation of pipelines, plants and other facilities for gathering, transporting, processing, treating, fractionating, or storing natural gas, NGLs and other products is subject to stringent and complex laws and regulations pertaining to the environment, health and safety. As an owner or operator of these facilities, we must comply with laws and regulations at the federal, state and, in some cases, local levels that relate to worker health and safety, public health and safety, pipeline safety, air and water quality, solid and hazardous waste management and disposal, and other environmental matters. The cost of planning, designing, constructing and operating pipelines, plants, and other facilities incorporates compliance with environmental laws and regulations, health and safety standards applicable to workers and the public, and safety standards applicable to our various facilities. In addition, there is increasing focus from (i) regulatory bodies and communities, and through litigation, on hydraulic fracturing as well as general oil and gas production facilities and the real or perceived environmental or public health impacts of these activities, which indirectly presents some risk to our available supply of natural gas and the resulting supply of NGLs; (ii) regulatory bodies regarding pipeline system safety which could impose additional regulatory burdens and increase the cost of our operations; (iii) state and federal regulatory agencies regarding the emission of greenhouse gases and other air emissions associated with our operations or the materials managed as part of our business, which could impose regulatory burdens and increase the cost of our operations; and (iv) regulatory bodies and communities that could prevent or delay the development of fossil fuel energy infrastructure such as pipelines, plants, and other facilities used in our business. Failure to comply with these various health, safety and environmental laws and regulations may trigger a variety of administrative, civil and potentially criminal enforcement measures, including citizen suits, which can include the assessment of monetary penalties, the imposition of remedial requirements, and the issuance of injunctions or restrictions on operation. Management believes that, based on currently known information, compliance with these existing laws and regulations will not have a material adverse effect on our results of operations, financial position or cash flows.

The following pending proceedings involve governmental authorities as a party under federal, state, and local laws regulating the discharge of materials into the environment. We have elected to disclose matters where we reasonably believe such proceeding would result in monetary sanctions, exclusive of interest and costs, of $1 million or more. It is not possible for us to predict the final outcome of these pending proceedings; however, we do not expect the outcome of one or more of these proceedings to have a material adverse effect on our results of operations, financial position, or cash flows:

- In 2018, the Colorado Department of Public Health and Environment ("CDPHE") issued a Compliance Advisory in relation to an improperly permitted facility flare and related air emissions from flare operations at one of our gas processing plants, which we had self-disclosed to CDPHE in December 2017. Following information exchanges and discussions with CDPHE, a resolution was proposed pursuant to which the plant's air permit would be revised to include the flare and emissions limits for such flare in addition to us paying an administrative penalty as well as an economic benefit payment generally covering the period when the flare was required to be included in the facility air permit. A revised air permit was issued in May 2019, but the parties had not yet entered into a final settlement agreement to complete the matter. Subsequently, in July 2020 CDPHE issued a Notice of Violation in relation to amine treater emissions at this gas processing plant, which we had self-disclosed to CDPHE in April 2020. We are still exchanging information and holding discussions with CDPHE as to this and the foregoing flare-related enforcement matter, including possible settlement terms, although these matters, which have since been combined, may end up in formal legal proceedings. It is possible that resolution of this matter may include an administrative penalty and economic benefit payment, further revising the facility air permit, or installation of emissions management equipment, or a combination of these, that could, in the aggregate, exceed the disclosure threshold amount described above, although we do not believe that resolution of this matter would have a material adverse effect on our results of operations, financial position, or cash flows.

13. Restructuring Costs

We undertook restructuring actions, as well as other transformation and integration efforts as part of the Realignment Transaction. During the three months ended March 31, 2023, we incurred $10 million in severance and other employee related cost.

The following table presents a rollforward of the Company's restructuring liability as of March 31, 2023, which is primarily included in Other current liabilities in the condensed consolidated balance sheets:

	(millions)
Balance as of January 1, 2023	$
Severance and employee related charges	
Other charges	
Cash payments	(
Balance as of March 31, 2023	$

14. Business Segments

Our operations are organized into two reportable segments: (i) Logistics and Marketing and (ii) Gathering and Processing. These segments are monitored separately by management for performance against our internal forecast and are consistent with internal financial reporting. These segments have been identified based on the differing products and services, regulatory environment and the expertise required for these operations. Our Gathering and Processing reportable segment includes operating segments that have been aggregated based on the nature of the products and services provided. Adjusted gross margin is a performance measure utilized by management to monitor the operations of each segment. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies included in Note 2 of the Notes to the Consolidated Financial Statements in "Financial Statements and Supplementary Data" included as Item 8 in our Annual Report on Form 10-K for the year ended December 31, 2022.

Our Logistics and Marketing segment includes transporting, trading, marketing, storing natural gas and NGLs, and fractionating NGLs. Our Gathering and Processing segment consists of gathering, compressing, treating, processing natural gas, producing and fractionating NGLs, and recovering condensate. The remainder of our business operations is presented as "Other," and consists of unallocated corporate costs. Elimination of inter-segment transactions are reflected in the Eliminations column.

The following tables set forth our segment information:

Three Months Ended March 31, 2023:

	Logistics and Marketing	Gathering and Processing	Other	Eliminations	Total
			(millions)		
Total operating revenue	$ 2,392	$ 1,766	$ —	$ (1,432)	$ 2,726
Adjusted gross margin (a)	$ 54	$ 444	$ —	$ —	$ 498
Operating and maintenance expense	(9)	(182)	(6)	—	(197)
General and administrative expense	(2)	(4)	(74)	—	(80)
Depreciation and amortization expense	(2)	(84)	(4)	—	(90)
Restructuring costs	—	—	(10)	—	(10)
Earnings from unconsolidated affiliates	154	6	—	—	160
Interest expense	—	—	(68)	—	(68)
Income tax expense	—	—	(1)	—	(1)
Net income (loss)	$ 195	$ 180	$ (163)	$ —	$ 212
Net income attributable to noncontrolling interests	—	(1)	—	—	(1)
Net income (loss) attributable to partners	$ 195	$ 179	$ (163)	$ —	$ 211
Non-cash derivative mark-to-market	$ (5)	$ 45	$ —	$ —	$ 40
Non-cash lower of cost or net realizable value adjustments	$ 22	$ —	$ —	$ —	$ 22
Capital expenditures	$ —	$ 79	$ 2	$ —	$ 81

Three Months Ended March 31, 2022:

	Logistics and Marketing	Gathering and Processing	Other	Eliminations	Total
			(millions)		
Total operating revenue	$ 3,163	$ 2,106	$ —	$ (1,894)	$ 3,375
Adjusted gross margin (a)	$ 16	$ 284	$ —	$ —	$ 300
Operating and maintenance expense	(8)	(140)	(4)	—	(152)
General and administrative expense	(1)	(4)	(50)	—	(55)
Depreciation and amortization expense	(3)	(81)	(6)	—	(90)
Gain on sale of assets, net	—	7	—	—	7
Earnings from unconsolidated affiliates	137	6	—	—	143
Interest expense	—	—	(71)	—	(71)
Income tax expense	—	—	(1)	—	(1)
Net income (loss)	$ 141	$ 72	$ (132)	$ —	$ 81
Net income attributable to noncontrolling interests	—	(1)	—	—	(1)
Net income (loss) attributable to partners	$ 141	$ 71	$ (132)	$ —	$ 80
Non-cash derivative mark-to-market	$ (45)	$ (131)	$ —	$ —	$ (176)
Capital expenditures	$ 2	$ 20	$ 1	$ —	$ 23
Investments in unconsolidated affiliates, net	$ —	$ 1	$ —	$ —	$ 1

	March 31, 2023	December 31, 2022
	(millions)	
Segment long-term assets:		
Gathering and Processing	$ 7,603	$ 7,594
Logistics and Marketing	3,788	3,814
Other (b)	223	224
Total long-term assets	11,614	11,632
Current assets	1,270	1,702
Total assets	$ 12,884	$ 13,334

(a) Adjusted gross margin consists of total operating revenues, including commodity derivative activity, less purchases and related costs. Adjusted gross margin is viewed as a non-GAAP financial measure under the rules of the SEC, but is included as a supplemental disclosure because it is a primary performance measure used by management as it represents the results of product sales versus product purchases. As an indicator of our operating performance, adjusted gross margin should not be considered an alternative to, or more meaningful than, net income, net cash provided by operating activities or gross margin as determined in accordance with GAAP. Our adjusted gross margin may not be comparable to a similarly titled measure of another company because other entities may not calculate adjusted gross margin in the same manner.

(b) Other long-term assets not allocable to segments consist of corporate leasehold improvements and other long-term assets.

15. Supplemental Cash Flow Information

	Three Months Ended March 31,	
	2023	2022
	(millions)	
Cash paid for interest:		
Cash paid for interest, net of amounts capitalized	$ 81	$ 84
Cash paid for income taxes, net of income tax refunds	$ 2	$ (1)
Non-cash investing and financing activities:		
Property, plant and equipment acquired with accounts payable and accrued liabilities	$ 32	$ 7
Other non-cash activities:		
Right-of-use assets obtained in exchange for operating and finance lease liabilities	$ 16	$ 7

16. Subsequent Events

Junior Notes Redemption — On April 19, 2023, we announced our intent to redeem, at par, prior to maturity all $550 million of aggregate principal amount outstanding of our 5.850% Junior Notes due May 2043 on or about May 21, 2023. We expect to use borrowings under our Revolving Credit Facility and AR Securitization Facility.

Distributions — On April 19, 2023, we announced that the board of directors of the General Partner declared a quarterly distribution on our common units of $0.43 per common unit. The distribution will be paid on May 15, 2023 to unitholders of record on May 1, 2023.

Also on April 19, 2023, the board of directors of the General Partner declared a quarterly distribution on our Series B and Series C Preferred Units of $0.4922 and $0.4969 per unit, respectively. The Series B distribution will be paid on June 15, 2023 to unitholders of record on June 1, 2023. The Series C distribution will be paid on July 17, 2023 to unitholders of record on July 3, 2023.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following discussion analyzes our financial condition and results of operations. You should read the following discussion of our financial condition and results of operations in conjunction with our condensed consolidated financial statements and notes included elsewhere in this Quarterly Report on Form 10-Q and the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2022.

Overview

We are a Delaware limited partnership formed by DCP Midstream, LLC to own, operate, acquire and develop a diversified portfolio of complementary midstream energy assets. Our operations are organized into two reportable segments: (i) Logistics and Marketing and (ii) Gathering and Processing. Our Logistics and Marketing segment includes transporting, trading, marketing and storing natural gas and NGLs, and fractionating NGLs. Our Gathering and Processing segment consists of gathering, compressing, treating, and processing natural gas, producing and fractionating NGLs, and recovering condensate.

Realignment Transaction

On August 17, 2022, in connection with the closing of the Realignment Transaction between Phillips 66 and Enbridge, PGC, an indirect wholly owned subsidiary of Phillips 66, and Spectra DEFS Holding, LLC, an indirect wholly owned subsidiary of Enbridge, as the members of DCP Midstream, LLC, entered into the Third A&R LLC Agreement, which, among other things, designated PGC as the Class A Managing Member of DCP Midstream, LLC with the power to conduct, direct and manage all activities of DCP Midstream, LLC associated with the Partnership and each of its subsidiaries, GP LP and our General Partner, and, in each case, the businesses, activities and liabilities thereof. The Third A&R LLC Agreement also provided PGC with the power to exercise DCP Midstream, LLC's rights to appoint or remove any director on the board of directors of our General Partner and vote the common units representing limited partner interests in the Partnership that are owned directly or indirectly by DCP Midstream, LLC.

Following the completion of the Realignment Transaction, we began to integrate certain of our operations with Phillips 66's midstream segment, including the integration of operational services that are currently, or were previously, provided by DCP Services, LLC. As part of these integration efforts, continuing employees transferred employment to a Phillips 66 subsidiary on April 1, 2023, and general and administrative services will be provided by Phillips 66 or one or more of its subsidiaries going forward. We expect such integration efforts to continue regardless of the outcome of the pending Merger with Phillips 66 described below.

Pending Merger with Phillips 66

On January 5, 2023, we entered into the Merger Agreement with Phillips 66, PDI, Merger Sub, GP LP and our General Partner, pursuant to which, at the effective time of the Merger, each common unit representing a limited partner interest in the Partnership (other than the common units owned by DCP Midstream, LLC and GP LP) will be converted into the right to receive $41.75 per common unit in cash, without interest. GP LP has agreed to declare, and cause the Partnership to pay, a cash distribution in respect of the common units in an amount equal to $0.43 per common unit for each completed quarter ending on or after December 31, 2022 and prior to the effective time of the Merger.

The Merger Agreement and the transactions contemplated thereby, including the Merger, were unanimously approved on behalf of the Partnership by the special committee and the board of directors of the General Partner, which is the general partner of GP LP. The special committee, which is comprised of independent members of the board of directors of our general partner, retained independent legal and financial advisors to assist it in evaluating and negotiating the Merger Agreement and the Merger.

The Merger is expected to close in the second quarter of 2023, subject to customary closing conditions. There can be no assurance that the Merger will be consummated on the terms described above or at all.

General Trends and Outlook

We anticipate our business will continue to be affected by the following key trends. Our expectations are based on assumptions made by us and information currently available to us. To the extent our underlying assumptions about, or interpretations of, available information prove to be incorrect, our actual results may vary materially from our expected results.

Our business is impacted by commodity prices and volumes. We mitigate a portion of commodity price risk on an overall Partnership basis through our fee-based assets. Various factors impact both commodity prices and volumes, and as indicated in Item 3. “Quantitative and Qualitative Disclosures about Market Risk,” we have sensitivities to certain cash and non-cash changes in commodity prices. Commodity prices have been volatile during 2023 and are subject to global energy supply and demand fundamentals as well as geopolitical disruptions. Drilling activity levels vary by geographic area and we will continue to target our strategy in geographic areas where we expect producer drilling activity.

Our long-term view is that commodity prices will be at levels that we believe will support sustained or increasing levels of domestic production. Our business is predominantly fee-based and we have a diversified portfolio to balance the upside of our earnings potential while reducing our commodity exposure. Our financial position has improved as a result of strong 2022 results and in the first half of 2023, following a decrease in commodity prices and related increase in the fair value of our equity derivative assets, substantially all of our outstanding equity derivative contracts were settled prior to the expiration of the contractual maturities. Consequently, our equity exposure for 2023 and beyond is currently not hedged and is directly exposed to continued volatility in commodity prices, whether favorable or unfavorable. We expect future commodity prices will be influenced by global economic conditions and geopolitical disruptions, the level of North American production and drilling activity by exploration and production companies, the balance of trade between imports and exports of liquid natural gas, NGLs and crude oil, and the severity of winter and summer weather.

We expect to be a proactive participant in the transition to a lower carbon energy future through increased efficiency and modernization of existing operations, which we expect will reduce the greenhouse gas emissions from our base business. Going forward, our assets will be managed in a manner consistent with the emissions goals of Phillips 66.

Our business is primarily driven by the level of production of natural gas by producers and of NGLs from processing plants connected to our pipelines and fractionators. These volumes can be impacted negatively by, among other things, reduced drilling activity, depressed commodity prices, severe weather disruptions, operational outages and ethane rejection. Upstream producers response to changes in commodity prices and demand remain uncertain.

We believe our contract structure with our producers provides us with significant protection from credit risk since we generally hold the product, sell it and withhold our fees prior to remittance of payments to the producer. Currently, our top 20 producers account for a majority of the total natural gas that we gather and process and of these top 20 producers, 5 have investment grade credit ratings.

The global economic outlook continues to be a cause for concern for U.S. financial markets and businesses and investors alike. This uncertainty may contribute to volatility in financial and commodity markets.

We believe we are positioned to withstand future commodity price volatility as a result of the following:

- Our fee-based business represents a significant portion of our margins.
- We have positive operating cash flow from our well-positioned and diversified assets.
- We manage our disciplined capital growth program with a significant focus on fee-based agreements and projects with long-term volume outlooks.
- We believe we have a solid capital structure and balance sheet.
- We believe we have access to sufficient capital to fund our growth including excess distribution coverage and divestitures.

During 2023, our strategic objectives are to generate Excess Free Cash Flows (a non-GAAP measure defined in “Reconciliation of Non-GAAP Measures - Excess Free Cash Flows”) and reduce leverage. We believe the key elements to generating Excess Free Cash Flows are the diversity of our asset portfolio and our fee-based business which represents a significant portion of our estimated margins. We will continue to pursue incremental revenue, cost efficiencies and operating improvements of our assets through process and technology improvements.

We incur capital expenditures for our consolidated entities and our unconsolidated affiliates. Our 2023 plan includes sustaining capital expenditures of approximately $150 million and expansion capital expenditures of approximately $125 million.

Recent Events

Integration with Phillips 66

As part of the integration efforts with Phillips 66, continuing employees transferred employment to a Phillips 66 subsidiary on April 1, 2023.

Junior Notes Redemption

On April 19, 2023, we announced our intent to redeem, at par, prior to maturity all $550 million of aggregate principal amount outstanding of our 5.850% Junior Notes due May 2043 on or about May 21, 2023. We expect to use borrowings under our Revolving Credit Facility and AR Securitization Facility.

Common and Preferred Distributions

On April 19, 2023, we announced that the board of directors of the General Partner declared a quarterly distribution on our common units of $0.43 per common unit. The distribution will be paid on May 15, 2023 to unitholders of record on May 1, 2023.

Also on April 19, 2023, the board of directors of the General Partner declared a quarterly distribution on our Series B and Series C Preferred Units of $0.4922 and $0.4969 per unit, respectively. The Series B distribution will be paid on June 15, 2023 to unitholders of record on June 1, 2023. The Series C distribution will be paid on July 17, 2023 to unitholders of record on July 3, 2023.

Results of Operations

Consolidated Overview

The following table and discussion provides a summary of our consolidated results of operations for the three months ended March 31, 2023 and 2022. The results of operations by segment are discussed in further detail following this consolidated overview discussion.

	Three Months Ended March 31,		Variance 2023 vs. 2022	
	2023	2022	Increase (Decrease)	Percent
	(millions, except operating data)			
Operating revenues (a):				
Logistics and Marketing	$ 2,392	$ 3,163	$ (771)	(24 %)
Gathering and Processing	1,766	2,106	(340)	(16 %)
Inter-segment eliminations	(1,432)	(1,894)	(462)	(24 %)
Total operating revenues	2,726	3,375	(649)	(19 %)
Purchases and related costs				
Logistics and Marketing	(2,338)	(3,147)	(809)	(26 %)
Gathering and Processing	(1,322)	(1,822)	(500)	(27 %)
Inter-segment eliminations	1,432	1,894	(462)	(24 %)
Total purchases	(2,228)	(3,075)	(847)	(28 %)
Operating and maintenance expense	(197)	(152)	45	30 %
Depreciation and amortization expense	(90)	(90)	—	— %
General and administrative expense	(80)	(55)	25	45 %
Gain on sale of assets, net	—	7	(7)	*
Restructuring costs	(10)	—	10	*
Earnings from unconsolidated affiliates (b)	160	143	17	12 %
Interest expense	(68)	(71)	(3)	(4 %)
Income tax expense	(1)	(1)	—	— %
Net income attributable to noncontrolling interests	(1)	(1)	—	— %
Net income attributable to partners	$ 211	$ 80	$ 131	*
Other data:				
Adjusted gross margin (c):				
Logistics and Marketing	$ 54	$ 16	$ 38	*
Gathering and Processing	444	284	160	56 %
Total adjusted gross margin	$ 498	$ 300	$ 198	66 %
Non-cash commodity derivative mark-to-market	$ 40	$ (176)	$ 216	*
NGL pipelines throughput (MBbls/d) (d)	723	682	41	6 %
Gas pipelines throughput (TBtu/d) (d)	1.08	1.04	0.04	4 %
Natural gas wellhead (MMcf/d) (d)	4,473	4,110	363	9 %
NGL gross production (MBbls/d) (d)	419	402	17	4 %

* Percentage change is not meaningful.

(a) Operating revenues include the impact of trading and marketing gains (losses), net.

(b) Earnings for certain unconsolidated affiliates include the amortization of the net difference between the carrying amount of the investments and the underlying equity of the entities.

(c) Adjusted gross margin consists of total operating revenues less purchases and related costs. Segment adjusted gross margin for each segment consists of total operating revenues for that segment, less purchases and related costs for that segment. Please read “Reconciliation of Non-GAAP Measures”.

(d) For entities not wholly owned by us, includes our share, based on our ownership percentage, of the wellhead and throughput volumes and NGL production.

Three Months Ended March 31, 2023 vs. Three Months Ended March 31, 2022

Total Operating Revenues — Total operating revenues decreased $649 million in 2023 compared to 2022, primarily as a result of the following:

- $771 million decrease for our Logistics and Marketing segment, primarily due to lower commodity prices, partially offset by higher gas and NGL volumes, and favorable commodity derivative activity; and
- $340 million decrease for our Gathering and Processing segment, primarily due to lower commodity prices, partially offset by favorable commodity derivative activity, higher volumes across all regions, and an increase in transportation, processing and other.

These decreases were partially offset by:

- $462 million change in inter-segment eliminations, which relate to sales of gas and NGL volumes from our Gathering and Processing segment to our Logistics and Marketing segment, primarily due to lower commodity prices.

Total Purchases — Total purchases decreased $847 million in 2023 compared to 2022, primarily as a result of the following:

- $809 million decrease for our Logistics and Marketing segment for the commodity price and volume changes discussed above; and
- $500 million decrease for our Gathering and Processing segment for the commodity price and volume changes discussed above.

These decreases was partially offset by:

- $462 million change in inter-segment eliminations, for the reasons discussed above.

Operating and Maintenance Expense — Operating and maintenance expense increased in 2023 compared to 2022 largely due to higher base costs primarily in the Permian region and higher reliability and pipeline integrity spend.

General and Administrative Expense — General and administrative expense increased in 2023 compared to 2022, primarily due to higher employee costs and benefits, and integration costs.

Gain on sale of assets, net — The net gain on sale of assets in 2022 represents the sale of a gathering system in the Permian region.

Restructuring Costs — Restructuring costs increased in 2023 compared to 2022 primarily as a result of severance for termination benefits and other costs as a result of our ongoing integration with Phillips 66 following the Realignment Transaction.

Earnings from Unconsolidated Affiliates — Earnings from unconsolidated affiliates increased in 2023 compared to 2022 primarily as a result of higher throughput volumes on the Sand Hills pipeline and higher NGL pipeline tariffs.

Net Income Attributable to Partners — Net income attributable to partners increased in 2023 compared to 2022 for all of the reasons discussed above.

Adjusted Gross Margin — Adjusted gross margin increased $198 million in 2023 compared to 2022, primarily as a result of the following:

- $160 million increase for our Gathering and Processing segment, primarily as a result of favorable derivative activity attributable to our corporate equity hedge program, higher volumes in the Permian, South and DJ Basin, and improved performance in the Permian region, partially offset by lower lower margins in the South, DJ Basin and Midcontinent regions, and lower commodity prices; and
- $38 million increase for our Logistics and Marketing segment, primarily as a result of favorable commodity derivative activity on gas pipelines and improved gas storage margins, partially offset by a decrease as a result of unfavorable NGL marketing activity contract settlement.

NGL Pipelines Throughput — NGL pipelines throughput increased in 2023 compared to 2022 due to increased volumes on the Sand Hills pipeline.

Natural Gas Wellhead — Natural gas wellhead increased in 2023 compared to 2022 due to increased volumes in the South, Permian, and DJ Basin.

NGL Gross Production — NGL gross production increased in 2023 compared to 2022 due to increased volumes in the Permian region and DJ Basin.

Supplemental Information on Unconsolidated Affiliates

The following tables present financial information related to unconsolidated affiliates during the three months ended March 31, 2023 and 2022, respectively:

Earnings from investments in unconsolidated affiliates were as follows:

	Three Months Ended March 31,	
	2023	2022
	(millions)	
DCP Sand Hills Pipeline, LLC	$ 87	$ 71
DCP Southern Hills Pipeline, LLC	25	24
Gulf Coast Express LLC	17	16
Front Range Pipeline LLC	11	10
Texas Express Pipeline LLC	5	5
Mont Belvieu 1 Fractionator	4	4
Discovery Producer Services LLC	6	6
Cheyenne Connector, LLC	3	4
Mont Belvieu Enterprise Fractionator	1	2
Other	1	1
Total earnings from unconsolidated affiliates	$ 160	$ 143

Distributions received from unconsolidated affiliates were as follows:

	Three Months Ended March 31,	
	2023	2022
	(millions)	
DCP Sand Hills Pipeline, LLC	$ 82	$ 83
DCP Southern Hills Pipeline, LLC	28	28
Gulf Coast Express LLC	21	20
Front Range Pipeline LLC	13	12
Texas Express Pipeline LLC	6	6
Mont Belvieu 1 Fractionator	3	4
Discovery Producer Services LLC	11	8
Cheyenne Connector, LLC	4	5
Mont Belvieu Enterprise Fractionator	(1)	1
Other	1	1
Total distributions from unconsolidated affiliates	$ 168	$ 168

Results of Operations — Logistics and Marketing Segment

Operating Data

System	Approximate System Length (Miles)	Fractionators	Approximate Throughput Capacity (MBbls/d) (a)	Approximate Gas Throughput Capacity (TBtus/d) (a)	Three Months Ended March 31, 2023 Pipeline Throughput (MBbls/d) (a)	Pipeline Throughput (TBtus/d) (a)
Sand Hills pipeline	1,400	—	333	—	312	—
Southern Hills pipeline	950	—	128	—	115	—
Front Range pipeline	450	—	87	—	76	—
Texas Express pipeline	600	—	37	—	23	—
Other NGL pipelines (a)	1,050	—	310	—	197	—
Gulf Coast Express pipeline	500	—	—	0.50	—	0.50
Guadalupe pipeline	600	—	—	0.25	—	0.27
Cheyenne Connector	70	—	—	0.30	—	0.31
Mont Belvieu fractionators	—	2	—	—	—	—
Pipelines total	5,620	2	895	1.05	723	1.08

(a) Represents total capacity or total volumes allocated to our proportionate ownership share.

The results of operations for our Logistics and Marketing segment are as follows:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Variance 2023 vs. 2022 Increase (Decrease)	Variance 2023 vs. 2022 Percent
	(millions, except operating data)			
Operating revenues:				
Sales of natural gas, NGLs and condensate	$ 2,330	$ 3,185	$ (855)	(27 %)
Transportation, processing and other	19	19	—	— %
Trading and marketing gains (losses), net	43	(41)	84	*
Total operating revenues	2,392	3,163	(771)	(24 %)
Purchases and related costs	(2,338)	(3,147)	(809)	(26 %)
Operating and maintenance expense	(9)	(8)	1	13 %
Depreciation and amortization expense	(2)	(3)	(1)	(33 %)
General and administrative expense	(2)	(1)	1	*
Earnings from unconsolidated affiliates (a)	154	137	17	12 %
Segment net income attributable to partners	$ 195	$ 141	$ 54	38 %
Other data:				
Segment adjusted gross margin (b)	$ 54	$ 16	$ 38	*
Non-cash commodity derivative mark-to-market	$ (5)	$ (45)	$ 40	89 %
NGL pipelines throughput (MBbls/d) (c)	723	682	41	6 %
Gas pipelines throughput (TBtu/d) (c)	1.08	1.04	0.04	4 %

* Percentage change is not meaningful.

(a) Earnings for certain unconsolidated affiliates include the amortization of the net difference between the carrying amount of the investments and the underlying equity of the entities.

(b) Adjusted gross margin consists of total operating revenues less purchases and related costs. Segment adjusted gross margin for each segment consists of total operating revenues for that segment less purchases and related costs for that segment. Please read “Reconciliation of Non-GAAP Measures”.

(c) For entities not wholly owned by us, includes our share, based on our ownership percentage, of the throughput volumes.

Three Months Ended March 31, 2023 vs. Three Months Ended March 31, 2022

Total Operating Revenues — Total operating revenues decreased $771 million in 2023 compared to 2022, primarily as a result of the following:

- $1,040 million decrease as a result of lower commodity prices before the impact of derivative activity.

This decrease was partially offset by:

- $185 million increase attributable to higher gas and NGL volumes; and
- $84 million increase as a result of commodity derivative activity attributable to a decrease in realized cash settlement losses of $124 million, partially offset by an increase in unrealized commodity derivative losses of $40 million due to movements in forward prices of commodities.

Purchases and Related Costs — Purchases and related costs decreased $809 million in 2023 compared to 2022, for the reasons discussed above.

Earnings from Unconsolidated Affiliates — Earnings from unconsolidated affiliates increased in 2023 compared to 2022 primarily as a result of a higher throughput volumes on the Sand Hills pipeline and higher NGL pipeline tariffs.

Segment Adjusted Gross Margin — Segment adjusted gross margin increased $38 million in 2023 compared to 2022, primarily as a result of the following:

- $37 million increase as a result of commodity derivative activity on gas pipelines; and
- $14 million increase as a result of improved gas storage margins.

These increases were partially offset by:

- $13 million decrease as a result of unfavorable NGL marketing activity contract settlement.

NGL Pipelines Throughput — NGL pipelines throughput increased in 2023 compared to 2022 due to increased volumes on the Sand Hills pipeline.

Results of Operations — Gathering and Processing Segment

Operating Data

Regions	Plants	Approximate Gathering and Transmission Systems (Miles)	Approximate Net Nameplate Plant Capacity (MMcf/d) (a)	Three Months Ended March 31, 2023 Natural Gas Wellhead Volume (MMcf/d) (a)	NGL Production (MBbls/d) (a)
North	13	3,500	1,580	1,575	157
Midcontinent	6	23,000	1,110	803	62
Permian	10	15,000	1,220	1,091	134
South	7	6,500	1,630	1,004	66
Total	36	48,000	5,540	4,473	419

(a) Represents total capacity or total volumes allocated to our proportionate ownership share.

The results of operations for our Gathering and Processing segment are as follows:

	Three Months Ended March 31, 2023	2022	Variance 2023 vs. 2022 Increase (Decrease)	Percent
	(millions, except operating data)			
Operating revenues:				
Sales of natural gas, NGLs and condensate	$ 1,578	$ 2,164	$ (586)	(27 %)
Transportation, processing and other	144	136	8	6 %
Trading and marketing gains (losses), net	44	(194)	238	*
Total operating revenues	1,766	2,106	(340)	(16 %)
Purchases and related costs	(1,322)	(1,822)	(500)	(27 %)
Operating and maintenance expense	(182)	(140)	42	30 %
Depreciation and amortization expense	(84)	(81)	3	4 %
General and administrative expense	(4)	(4)	—	— %
Gain on sale of assets, net	—	7	(7)	*
Earnings from unconsolidated affiliates (a)	6	6	—	— %
Segment net income	180	72	108	*
Segment net income attributable to noncontrolling interests	(1)	(1)	—	— %
Segment net income attributable to partners	$ 179	$ 71	$ 108	*
Other data:				
Segment adjusted gross margin (b)	$ 444	$ 284	$ 160	56 %
Non-cash commodity derivative mark-to-market	$ 45	$ (131)	$ 176	*
Natural gas wellhead (MMcf/d) (c)	4,473	4,110	363	9 %
NGL gross production (MBbls/d) (c)	419	402	17	4 %

* Percentage change is not meaningful.

(a) Earnings for certain unconsolidated affiliates include the amortization of the net difference between the carrying amount of the investments and the underlying equity of the entities.

(b) Segment adjusted gross margin for each segment consists of total operating revenues for that segment less purchases and related costs for that segment. Please read “Reconciliation of Non-GAAP Measures”.

(c) For entities not wholly owned by us, includes our share, based on our ownership percentage, of the wellhead and NGL production

Three Months Ended March 31, 2023 vs. Three Months Ended March 31, 2022

Total Operating Revenues — Total operating revenues decreased $340 million in 2023 compared to 2022, primarily as a result of the following:

- $739 million decrease attributable to lower commodity prices, before the impact of derivative activity.

This decrease was partially offset by:

- $238 million increase as a result of commodity derivative activity attributable to a $176 million increase in unrealized commodity derivative gains and an increase in realized cash settlement gains of $62 million due to movements in forward prices of commodities in 2023;
- $153 million increase as a result of higher volumes in all regions; and
- $8 million increase in transportation, processing and other.

Purchases and Related Costs — Purchases and related costs decreased $500 million in 2023 compared to 2022, primarily as a result of the commodity price and volume changes discussed above.

Operating and Maintenance Expense — Operating and maintenance expense increased in 2023 compared to 2022 largely due to higher base costs primarily in the Permian region and higher reliability and pipeline integrity spend.

Gain on Sale of Assets, net — The net gain on sale of assets in 2022 represents the sale of a gathering system in the Permian region.

Segment Adjusted Gross Margin — Segment adjusted gross margin increased $160 million in 2023 compared to 2022, primarily as a result of the following:

- $238 million increase as a result of favorable commodity derivative activity attributable to our corporate equity hedge program as discussed above; and
- $4 million increase due to higher volumes in the Permian, South and DJ Basin, and improved performance in the Permian region, partially offset by lower margins in the South, DJ Basin and Midcontinent regions.

These increases were partially offset by:

- $82 million decrease as a result of lower commodity prices.

Natural Gas Wellhead — Natural gas wellhead increased in 2023 compared to 2022 due to increased volumes in the South region, Permian region, and DJ Basin.

NGL Gross Production — NGL gross production increased in 2023 compared to 2022 due to increased volumes in the Permian region and DJ Basin.

Liquidity and Capital Resources

We expect our sources of liquidity to include:

- cash generated from operations;
- cash distributions from our unconsolidated affiliates;
- borrowings under our Credit Agreement and Securitization Facility;
- proceeds from asset rationalization;
- debt offerings; and
- borrowings under term loans, or other credit facilities.

We anticipate our more significant uses of resources to include:

- quarterly distributions to our common unitholders and distributions to our preferred unitholders;
- payments to service or retire our debt or Preferred Units;
- capital expenditures; and
- contributions to our unconsolidated affiliates to finance our share of their capital expenditures.

We believe that cash generated from these sources will be sufficient to meet our short-term working capital requirements, long-term capital expenditures and quarterly cash distributions.

We routinely evaluate opportunities for strategic investments or acquisitions. Future material investments or acquisitions may require that we obtain additional capital, assume third party debt or incur other long-term obligations. We have the option to utilize both debt and equity instruments as vehicles for the long-term financing of our investment activities or acquisitions.

Based on current and anticipated levels of operations, we believe we have adequate committed financial resources to conduct our ongoing business, although deterioration in our operating environment could limit our borrowing capacity, impact our credit ratings, raise our financing costs, as well as impact our compliance with the financial covenants contained in the Credit Agreement and other debt instruments.

Senior Notes —On March 15, 2023, we repaid, at par, all $500 million of aggregate principal amount outstanding of our 3.875% Senior Notes due March 15, 2023 using borrowings under our Credit Facility and Securitization Facility.

Credit Agreement — We are party to a Credit Agreement that provides up to $1.4 billion of borrowing capacity and bears interest at either the term SOFR rate or the base rate plus, in each case, an applicable margin based on our credit rating. The Credit Agreement matures on March 18, 2027.

As of March 31, 2023, we had unused borrowing capacity of $1,173 million, net of $225 million of outstanding borrowings and $2 million letters of credit, under the Credit Agreement, of which at least $1,173 million would have been available to borrow for working capital and other general partnership purposes based on the financial covenants set forth in the Credit Agreement. As of April 28, 2023, we had unused borrowing capacity of $1,173 million, net of $225 million of outstanding borrowings and $2 million of letters of credit under the Credit Agreement. Our cost of borrowing under the Credit Agreement is determined by a ratings-based pricing grid.

Accounts Receivable Securitization Facility — As of March 31, 2023, we had $350 million of outstanding borrowings under the Securitization Facility at SOFR market index rates plus a margin.

Issuance of Securities — In October 2020, we filed a shelf registration statement with the SEC that became effective upon filing and allows us to issue an indeterminate number of common units, preferred units, debt securities, and guarantees of debt securities.

In October 2020, we also filed a shelf registration statement with the SEC, which allows us to issue up to $750 million in common units pursuant to our at-the-market program. During the three months ended March 31, 2023, we did not issue any common units pursuant to this registration statement, and $750 million remained available for future sales.

Guarantee of Registered Debt Securities — The condensed consolidated financial statements of DCP Midstream, LP, or “parent guarantor”, include the accounts of DCP Midstream Operating LP, or “subsidiary issuer”, which is a 100% owned subsidiary, and all other subsidiaries which are all non-guarantor subsidiaries. The parent guarantor has agreed to fully and unconditionally guarantee the senior notes. The entirety of the Company’s operating assets and liabilities, operating revenues, expenses and other comprehensive income exist at its non-guarantor subsidiaries, and the parent guarantor and subsidiary issuer have no assets, liabilities or operations independent of their respective financing activities and investments in non-guarantor subsidiaries. All covenants in the indentures governing the notes limit the activities of subsidiary issuer, including limitations on the ability to pay dividends, incur additional indebtedness, make restricted payments, create liens, sell assets or make loans to parent guarantor.

The Company qualifies for alternative disclosure under Rule 13-01 of Regulation S-X, because the combined financial information of the subsidiary issuer and parent guarantor, excluding investments in subsidiaries that are not issuers or guarantors, reflect no material assets, liabilities or results of operations apart from their respective financing activities and investments in non-guarantor subsidiaries. Summarized financial information is presented as follows. The only assets, liabilities and results of operations of the subsidiary issuer and parent guarantor on a combined basis, independent of their respective investments in non-guarantor subsidiaries are:

- Accounts payable and other current liabilities of $67 million and $80 million as of March 31, 2023 and December 31, 2022, respectively;
- Balances related to debt of $4.549 billion and $4.823 billion as of March 31, 2023 and December 31, 2022, respectively; and
- Interest expense, net of $66 million and $69 million for the three months ended March 31, 2023 and 2022, respectively.

Commodity Swaps and Collateral — Changes in natural gas, NGL and condensate prices and the terms of our processing arrangements have a direct impact on our generation and use of cash from operations due to their impact on net income, along with the resulting changes in working capital. For additional information regarding our derivative activities, please read Item 3. “Quantitative and Qualitative Disclosures about Market Risk” contained therein.

When we enter into commodity swap contracts, we may be required to provide collateral to the counterparties in the event that our potential payment exposure exceeds a predetermined collateral threshold. Collateral thresholds are set by us and each counterparty, as applicable, in the master contract that governs our financial transactions based on our and the counterparty’s assessment of creditworthiness. The assessment of our position with respect to the collateral thresholds are determined on a counterparty by counterparty basis, and are impacted by the representative forward price curves and notional quantities under our swap contracts. Due to the interrelation between the representative crude oil and natural gas forward price curves, it is not practical to determine a pricing point at which our swap contracts will meet the collateral thresholds as we may transact multiple commodities with the same counterparty. Depending on daily commodity prices, the amount of collateral posted can go up or down on a daily basis.

Working Capital — Working capital is the amount by which current assets exceed current liabilities. Current assets are reduced in part by our quarterly distributions, which are required under the terms of our Partnership Agreement based on Available Cash, as defined in the Partnership Agreement. In general, our working capital is impacted by changes in the prices of commodities that we buy and sell, inventory levels, and other business factors that affect our net income and cash flows. Our working capital is also impacted by the timing of operating cash receipts and disbursements, cash collateral we may be required to post with counterparties to our commodity derivative instruments, borrowings of and payments on debt and the Securitization Facility, capital expenditures, and increases or decreases in other long-term assets. We expect that our future working capital requirements will be impacted by these same recurring factors.

We had working capital deficits of $119 million and $802 million as of March 31, 2023 and December 31, 2022, respectively, driven by current maturities of long term debt of $7 million and $506 million, respectively. We had net derivative working capital surplus of $19 million and deficit of $8 million as of March 31, 2023 and December 31, 2022, respectively.

Cash Flow — Operating, investing and financing activities were as follows:

	Three Months Ended March 31,	
	2023	2022
	(millions)	
Net cash provided by operating activities	$ 135	$ 189
Net cash used in investing activities	$ (72)	$ (8)
Net cash used in financing activities	$ (64)	$ (181)

Three Months Ended March 31, 2023 vs. Three Months Ended March 31, 2022

Operating Activities — Net cash provided by operating activities decreased $54 million in 2023 compared to the same period in 2022. The changes in net cash provided by operating activities are attributable to our net income adjusted for non-cash charges and changes in working capital as presented in the condensed consolidated statements of cash flows. For additional information regarding fluctuations in our earnings and distributions from unconsolidated affiliates, please read "Supplemental Information on Unconsolidated Affiliates" under "Results of Operations".

*Investing Activitie*s — Net cash used in investing activities increased $64 million in 2023 compared to the same period in 2022, primarily as a result of an increase in capital expenditures, partially offset by a return of capital from an investment.

*Financing Activitie*s — Net cash used in financing activities decreased $117 million in 2023 compared to the same period in 2022, primarily as a result of lower net payments of debt.

*Contractual Obligation*s — Material contractual obligations arising in the normal course of business primarily consist of purchase obligations, long-term debt and related interest payments, leases, asset retirement obligations, and other long-term liabilities. See Note 8 to the Condensed Consolidated Financial Statements included in Item 1 "Financial Statements" for amounts outstanding on March 31, 2023, related to debt. Lease and asset retirement obligations are not materially different from what was disclosed in Notes 14 and 15, respectively, to the Consolidated Financial Statements included in Item 8 "Financial Statements" in Part II of form 10-K for the year ended December 31, 2022.

Purchase Obligations are contractual obligations and include various non-cancelable commitments to purchase physical quantities of commodities in future periods and other items, including gas supply, fractionation and transportation agreements in the ordinary course of business.

Management believes that our cash and investment position and operating cash flows as well as capacity under existing and available credit agreements will be sufficient to meet our liquidity and capital requirements for the foreseeable future. We believe that our current and projected asset position is sufficient to meet our liquidity requirements.

Capital Requirements — The midstream energy business can be capital intensive, requiring significant investment to maintain and upgrade existing operations. In the ordinary course of our business, we purchase physical commodities and enter into arrangements related to other items, including long-term fractionation and transportation agreements, in future periods. We establish a margin for these purchases by entering into physical and financial sale and exchange transactions to maintain a balanced position between purchases and sales and future delivery obligations. We expect to fund the obligations with the corresponding sales to entities that we deem creditworthy or that have provided credit support we consider adequate. We may enter into purchase order and non-cancelable construction agreements for capital expenditures. Our capital requirements have consisted primarily of, and we anticipate will continue to consist of the following:

- Sustaining capital expenditures, which are cash expenditures to maintain our cash flows, operating or earnings capacity. These expenditures add on to or improve capital assets owned, including certain system integrity, compliance and safety improvements. Sustaining capital expenditures also include certain well connects, and may include the acquisition or construction of new capital assets; and

- Expansion capital expenditures, which are cash expenditures to increase our cash flows, or operating or earnings capacity. Expansion capital expenditures include acquisitions or capital improvements (where we add on to or improve the capital assets owned, or acquire or construct new gathering lines and well connects, treating facilities, processing plants, fractionation facilities, pipelines, terminals, docks, truck racks, tankage and other storage, distribution or transportation facilities and related or similar midstream assets).

We incur capital expenditures for our consolidated entities and our unconsolidated affiliates. Our 2023 plan includes sustaining capital expenditures of $150 million and expansion capital expenditures of $125 million.

We expect to fund future capital expenditures with funds generated from our operations, borrowings under our Credit Agreement, Securitization Facility and the issuance of additional debt and equity securities. Future material investments may require that we obtain additional capital, assume third party debt or incur other long-term obligations. We have the option to utilize both equity and debt instruments as vehicles for the long-term financing of our investment activities.

Cash Distributions to Unitholders — Our Partnership Agreement requires that, within 45 days after the end of each quarter, we distribute all Available Cash, as defined in the Partnership Agreement. We made cash distributions to our common unitholders and general partner of $90 million and $81 million during the three months ended March 31, 2023 and 2022, respectively.

On April 19, 2023, we announced that the board of directors of the General Partner declared a quarterly distribution on our common units of $0.43 per common unit. The distribution will be paid on May 15, 2023 to unitholders of record on May 1, 2023.

Also on April 19, 2023, the board of directors of the General Partner declared a quarterly distribution on our Series B and Series C Preferred Units of $0.4922 and $0.4969 per unit, respectively. The Series B distribution will be paid on June 15, 2023 to unitholders of record on June 1, 2023. The Series C distribution will be paid on July 17, 2023 to unitholders of record on July 3, 2023.

We expect to continue to use cash provided by operating activities for the payment of distributions to our unitholders. See Note 10. "Partnership Equity and Distributions" in the Notes to the Condensed Consolidated Financial Statements in Item 1. "Financial Statements".

Reconciliation of Non-GAAP Measures

Adjusted Gross Margin and Segment Adjusted Gross Margin — In addition to net income, we view our adjusted gross margin as an important performance measure of the core profitability of our operations. We review our adjusted gross margin monthly for consistency and trend analysis.

We define adjusted gross margin as total operating revenues, less purchases and related costs, and we define segment adjusted gross margin for each segment as total operating revenues for that segment less purchases and related costs for that segment. Our adjusted gross margin equals the sum of our segment adjusted gross margins. Adjusted gross margin and segment adjusted gross margin are primary performance measures used by management, as these measures represent the results of product sales and purchases, a key component of our operations. As an indicator of our operating performance, adjusted gross margin and segment adjusted gross margin should not be considered an alternative to, or more meaningful than, operating revenues, gross margin, segment gross margin, net income or loss, net income or loss attributable to partners, operating income, net cash provided by operating activities or any other measure of financial performance presented in accordance with GAAP.

We believe adjusted gross margin provides useful information to our investors because our management views our adjusted gross margin and segment adjusted gross margin as important performance measures that represent the results of product sales and purchases, a key component of our operations. We review our adjusted gross margin and segment adjusted gross margin monthly for consistency and trend analysis. We believe that investors benefit from having access to the same financial measures that management uses in evaluating our operating results.

Adjusted EBITDA — We define adjusted EBITDA as net income or loss attributable to partners adjusted for (i) distributions from unconsolidated affiliates, net of earnings, (ii) depreciation and amortization expense, (iii) net interest expense, (iv) noncontrolling interest in depreciation and income tax expense, (v) unrealized gains and losses from commodity derivatives, (vi) income tax expense or benefit, (vii) impairment expense, and (viii) certain other non-cash items. Adjusted EBITDA further excludes items of income or loss that we characterize as unrepresentative of our ongoing operations. Management believes these measures provide investors meaningful insight into results from ongoing operations.

Adjusted EBITDA should not be considered an alternative to, or more meaningful than, net income or loss, net income or loss attributable to partners, operating income, net cash provided by operating activities or any other measure of financial performance presented in accordance with GAAP as measures of operating performance, liquidity or ability to service debt obligations.

Adjusted EBITDA is used as a supplemental liquidity and performance measure and adjusted segment EBITDA is used as a supplemental performance measure by our management and by external users of our financial statements, such as investors, commercial banks, research analysts and others to assess:

- financial performance of our assets without regard to financing methods, capital structure or historical cost basis;
- our operating performance and return on capital as compared to those of other companies in the midstream energy industry, without regard to financing methods or capital structure;
- viability and performance of acquisitions and capital expenditure projects and the overall rates of return on investment opportunities; and
- in the case of Adjusted EBITDA, the ability of our assets to generate cash sufficient to pay interest costs, support our indebtedness, make cash distributions to our unitholders and pay capital expenditures.

Adjusted Segment EBITDA — We define adjusted segment EBITDA for each segment as segment net income or loss attributable to partners adjusted for (i) distributions from unconsolidated affiliates, net of earnings, (ii) depreciation and amortization expense, (iii) net interest expense, (iv) noncontrolling interest in depreciation and income tax expense, (v) unrealized gains and losses from commodity derivatives, (vi) income tax expense or benefit, (vii) impairment expense, and (viii) certain other non-cash items. Adjusted segment EBITDA further excludes items of income or loss that we characterize as unrepresentative of our ongoing operations for that segment. Our adjusted segment EBITDA may not be comparable to similarly titled measures of other companies because they may not calculate adjusted segment EBITDA in the same manner.

Adjusted segment EBITDA should not be considered in isolation or as an alternative to our financial measures presented in accordance with GAAP, including operating revenues, net income or loss attributable to partners, or any other measure of performance presented in accordance with GAAP.

Our adjusted gross margin, segment adjusted gross margin, adjusted EBITDA and adjusted segment EBITDA may not be comparable to a similarly titled measure of another company because other entities may not calculate these measures in the same manner. The accompanying schedules provide reconciliations of adjusted gross margin, segment adjusted gross margin and adjusted segment EBITDA to their most directly comparable GAAP financial measures.

Distributable Cash Flow — We define Distributable Cash Flow as adjusted EBITDA, as defined above, less sustaining capital expenditures, net of reimbursable projects, less interest expense, less income attributable to preferred units, and certain other items. Sustaining capital expenditures are cash expenditures made to maintain our cash flows, operating or earnings capacity. These expenditures add on to or improve capital assets owned, including certain system integrity, compliance and safety improvements. Sustaining capital expenditures also include certain well connects, and may include the acquisition or construction of new capital assets. Income attributable to preferred units represent cash distributions earned by the preferred units. Cash distributions to be paid to the holders of the preferred units assuming a distribution is declared by the board of directors of the General Partner, are not available to common unit holders. Non-cash mark-to-market of derivative instruments is considered to be non-cash for the purpose of computing Distributable Cash Flow because settlement will not occur until future periods, and will be impacted by future changes in commodity prices and interest rates. Distributable Cash Flow is used as a supplemental liquidity and performance measure by our management and by external users of our financial statements, such as investors, commercial banks, research analysts and others, to assess our ability to make cash distributions to our unitholders and our general partner.

Our Distributable Cash Flow may not be comparable to a similarly titled measure of another company because other entities may not calculate Distributable Cash Flow in the same manner.

Excess Free Cash Flow — We define Excess Free Cash Flow as Distributable Cash Flow, as defined above, less distributions to limited partners, less expansion capital expenditures, net of reimbursable projects, and contributions to equity method investments and certain other items. Expansion capital expenditures are cash expenditures to increase our cash flows, or operating or earnings capacity. Expansion capital expenditures include acquisitions or capital improvements (where we add on to or improve the capital assets owned, or acquire or construct new gathering lines and well connects, treating facilities, processing plants, fractionation facilities, pipelines, terminals, docks, truck racks, tankage and other storage, distribution or transportation facilities and related or similar midstream assets).

Excess Free Cash Flow is used as a supplemental liquidity and performance measure by our management and by external users of our financial statements, such as investors, commercial banks, research analysts and others, and is useful to investors and management as a measure of our ability to generate cash. Once business needs and obligations are met, including cash reserves to provide funds for distribution payments on our units and the proper conduct of our business, which includes cash reserves for future capital expenditures and anticipated credit needs, this cash can be used to reduce debt, reinvest in the company for future growth, or return to unitholders.

Our definition of Excess Free Cash Flow is limited in that it does not represent residual cash flows available for discretionary expenditures. Therefore, we believe the use of Excess Free Cash Flow for the limited purposes described above and in this report is not a substitute for net cash flows provided by operating activities, which is the most comparable GAAP measure. Excess Free Cash Flow may not be comparable to a similarly titled measure of another company because other entities may not calculate Excess Free Cash Flow in the same manner.

The following table sets forth our reconciliation of certain non-GAAP measures:

Reconciliation of Non-GAAP Measures	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
	(millions)	
Reconciliation of gross margin to adjusted gross margin:		
Operating revenues	$ 2,726	$ 3,375
Cost of revenues		
Purchases and related costs	1,852	2,719
Purchases and related costs from affiliates	97	99
Transportation and related costs from affiliates	279	257
Depreciation and amortization expense	90	90
Gross margin	408	210
Depreciation and amortization expense	90	90
Adjusted gross margin	$ 498	$ 300
Reconciliation of segment gross margin to segment adjusted gross margin:		
Logistics and Marketing segment:		
Operating revenues	$ 2,392	$ 3,163
Cost of revenues		
Purchases and related costs	2,338	3,147
Depreciation and amortization expense	2	3
Segment gross margin	52	13
Depreciation and amortization expense	2	3
Segment adjusted gross margin	$ 54	$ 16
Gathering and Processing segment:		
Operating revenues	$ 1,766	$ 2,106
Cost of revenues		
Purchases and related costs	1,322	1,822
Depreciation and amortization expense	84	81
Segment gross margin	360	203
Depreciation and amortization expense	84	81
Segment adjusted gross margin	$ 444	$ 284

	Three Months Ended March 31,	
	2023	2022
	(millions)	
Reconciliation of net income attributable to partners to adjusted segment EBITDA:		
Logistics and Marketing segment:		
Segment net income attributable to partners (a)	$ 195	$ 141
Non-cash commodity derivative mark-to-market	5	45
Depreciation and amortization expense, net of noncontrolling interest	2	3
Distributions from unconsolidated affiliates, net of earnings	3	23
Adjusted segment EBITDA	$ 205	$ 212
Gathering and Processing segment:		
Segment net income attributable to partners	$ 179	$ 71
Non-cash commodity derivative mark-to-market	(45)	131
Depreciation and amortization expense, net of noncontrolling interest	84	81
Distributions from unconsolidated affiliates, net of earnings	5	2
Gain on sale of assets, net	—	(7)
Adjusted segment EBITDA	$ 223	$ 278

(a) We recognized $22 million of lower of cost or net realizable value adjustment for the three months ended March 31, 2023. We recognized no lower of cost or net realizable value adjustment for the three months ended March 31, 2022.

Critical Accounting Policies and Estimates

Our critical accounting policies and estimates are described in "Critical Accounting Estimates" within Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the year ended December 31, 2022 and Note 2 of the Notes to Consolidated Financial Statements in "Financial Statements and Supplementary Data" included as Item 8 in our Annual Report on Form 10-K for the year ended December 31, 2022. The accounting policies and estimates used in preparing our interim condensed consolidated financial statements for the three months ended March 31, 2023 are the same as those described in our Annual Report on Form 10-K for the year ended December 31, 2022. Certain information and note disclosures normally included in our annual financial statements prepared in accordance with GAAP have been condensed or omitted from the interim financial statements included in this Quarterly Report on Form 10-Q pursuant to the rules and regulations of the SEC, although we believe that the disclosures made are adequate to make the information not misleading. The unaudited condensed consolidated financial statements and other information included in this Quarterly Report on Form 10-Q should be read in conjunction with the audited consolidated financial statements and notes thereto in our Annual Report on Form 10-K for the year ended December 31, 2022.

Item 3. *Quantitative and Qualitative Disclosures about Market Risk*

Our sensitivities for 2023 as shown in the table below are estimated based on our average estimated commodity price exposure. These sensitivities are associated with our condensate, natural gas and NGL volumes that are currently unhedged.

Commodity Sensitivities Net of Cash Flow Protection Activities

	Per Unit Decrease	Unit of Measurement	Estimated Decrease in Annual Net Income Attributable to Partners
			(millions)
NGL prices	$ 0.01	Gallon	$ 10
Natural gas prices	$ 0.10	MMBtu	$ 6
Crude oil prices	$ 1.00	Barrel	$ 5

In addition to the linear relationships in our commodity sensitivities above, additional factors may cause us to be less sensitive to commodity price declines. A portion of our net income is derived from fee-based contracts and a portion from percentage-of-proceeds and percentage-of-liquids processing arrangements that contain minimum fee clauses in which our processing margins convert to fee-based arrangements as commodity prices decline.

While the above commodity price sensitivities are indicative of the impact that changes in commodity prices may have on our annualized net income, changes during certain periods of extreme price volatility and market conditions or changes in the relationship of the price of NGLs and crude oil may cause our commodity price sensitivities to vary significantly from these estimates.

The midstream natural gas industry is cyclical, with the operating results of companies in the industry significantly affected by the prevailing price of NGLs, which in turn has been generally related to the price of crude oil. Although the prevailing price of residue natural gas has less short-term significance to our operating results than the price of NGLs, in the long-term the growth and sustainability of our business depends on natural gas prices being at levels sufficient to provide incentives and capital for producers to increase natural gas exploration and production.

Based on historical trends, we generally expect NGL prices to directionally follow changes in crude oil prices over the long-term. However, the pricing relationship between NGLs and crude oil may vary, as we believe crude oil prices will in large part be determined by the level of production from major crude oil exporting countries and the demand generated by growth in the world economy, whereas NGL prices are more correlated to supply and U.S. petrochemical demand. Additionally, the level of NGL export demand may also have an impact on prices. We believe that future natural gas prices will be influenced by the level of North American production and drilling activity of exploration and production companies, the balance of trade between imports and exports of liquid natural gas and NGLs and the severity of winter and summer weather. Drilling activity can be adversely affected as natural gas prices decrease. Energy market uncertainty could also reduce North American drilling activity.

Limited access to capital could also decrease drilling. Lower drilling levels over a sustained period would reduce natural gas volumes gathered and processed, but could increase commodity prices, if supply were to fall relative to demand levels.

Natural Gas Storage and Pipeline Asset Based Commodity Derivative Program — Our natural gas storage and pipeline assets are exposed to certain risks including changes in commodity prices. We manage commodity price risk related to our natural gas storage and pipeline assets through our commodity derivative program. The commercial activities related to our natural gas storage and pipeline assets primarily consist of the purchase and sale of gas and associated time spreads and basis spreads.

A time spread transaction is executed by establishing a long gas position at one point in time and establishing an equal short gas position at a different point in time. Time spread transactions allow us to lock in a margin supported by the injection, withdrawal, and storage capacity of our natural gas storage assets. We may execute basis spread transactions to mitigate the risk of sale and purchase price differentials across our system. A basis spread transaction allows us to lock in a margin on our physical purchases and sales of gas, including injections and withdrawals from storage. We typically use swaps to execute these transactions, which are not designated as hedging instruments and are recorded at fair value with changes in fair value recorded in the current period condensed consolidated statements of operations. While gas held in our storage locations is recorded at the lower of average cost or net realizable value, the derivative instruments that are used to manage our storage facilities are recorded at fair value and any changes in fair value are currently recorded in our condensed consolidated statements of operations. Even though we may have economically hedged our exposure and locked in a future margin, the use of lower-of-cost-or-net realizable value accounting for our physical inventory and the use of mark-to-market accounting for our derivative instruments may subject our earnings to market volatility.

The following tables set forth additional information about our derivative instruments, used to mitigate a portion of our natural gas price risk associated with our inventory within our natural gas storage operations as of March 31, 2023:

Inventory

Period ended	Commodity	Notional Volume - Long Positions		Fair Value (millions)		Weighted Average Price
March 31, 2023	Natural Gas	11,374,264	MMBtu	$	19	$1.64/MMBtu

Commodity Swaps

Period	Commodity	Notional Volume - (Short)/Long Positions		Fair Value (millions)		Price Range
April 2023 — January 2024	Natural Gas	(19,852,500)	MMBtu	$	8	$2.14-$5.98/MMBtu
April 2023 — October 2023	Natural Gas	9,922,500	MMBtu	$	(5)	$1.99-$5.20/MMBtu

Natural Gas Asset Based Trading and Marketing - Our trading and marketing activities are subject to commodity price fluctuations in response to changes in supply and demand, market conditions and other factors.

We may enter into physical contracts and financial instruments with the objective of realizing a positive margin from the purchase and sale of commodity-based instruments. The following table sets forth our commodity derivative instruments as of March 31, 2023:

Commodity Swaps

Period	Commodity	Notional Volume - (Short)/Long Positions		Fair Value (millions)		Price Range (a)
April 2023 — Decemeber 2025	Natural Gas	(50,400,000)	MMBtu	$	8	$0.01-$0.13/MMBtu
April 2023 — October 2026	Natural Gas	48,577,500	MMBtu	$	(34)	$0.16-$0.64/MMBtu

(a) Represents the basis differential from NYMEX final settlement price for natural gas futures contracts for stated time period

Item 4. *Controls and Procedures*

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit to the SEC under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified by the SEC’s rules and forms, and that information is accumulated and communicated to the management of our general partner, including our general partner’s interim principal executive and interim principal financial officers (whom we refer to as the “Certifying Officers”), as appropriate to allow timely decisions regarding required disclosure. The management of our general partner evaluated, with the participation of the Certifying Officers, the effectiveness of our disclosure controls and procedures as of March 31, 2023, pursuant to Rule 13a-15(b) under the Exchange Act. Based upon that evaluation, the Certifying Officers concluded that, as of March 31, 2023, our disclosure controls and procedures were effective at a reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There were no changes in internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the quarter ended March 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. ***Legal Proceedings***

The information provided in “Commitments and Contingent Liabilities” included in (a) Note 22 of the Notes to Consolidated Financial Statements included in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2022 and (b) Note 12 of the Notes to Condensed Consolidated Financial Statements included in Item 1 of Part I of this Quarterly Report on Form 10-Q are incorporated herein by reference. For the disclosure of environmental proceedings with a governmental entity as a party pursuant to Item 103(c)(3)(iii) of Regulation S-K, the Company has elected to disclose matters where the Company reasonably believes such proceeding would result in monetary sanctions, exclusive of interest costs, of $1 million or more.

Item 1A. ***Risk Factors***

An investment in our securities involves various risks. When considering an investment in us, careful consideration should be given to the risk factors discussed in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022. There are no material changes to the risk factors described in our Annual Report on Form 10-K for the year ended December 31, 2022.

Item 6. ***Exhibits***

Exhibit Number		Description
2.1	*+	Agreement and Plan of Merger, dated January 5, 2023, by and among Phillips 66, Phillips 66 Project Development Inc., Dynamo Merger Sub LLC, DCP Midstream, LP, DCP Midstream GP, LP and DCP Midstream GP, LLC (attached as Exhibit 2.1 to DCP Midstream Partners, LP's Current Report on Form 8-K (File No. 001-32678) filed with the SEC on January 6, 2023).
3.1	*	Certificate of Limited Partnership of DCP Midstream Partners, LP dated August 5, 2005 (attached as Exhibit 3.1 to DCP Midstream Partners, LP's Registration Statement on Form S-1 (File No. 333-128378) filed with the SEC on September 16, 2005).
3.2	*	Certificate of Amendment to Certificate of Limited Partnership of DCP Midstream Partners, LP dated January 11, 2017 (attached as Exhibit 3.1 to DCP Midstream Partners, LP's Current Report on Form 8-K (File No. 001-32678) filed with the SEC on January 17, 2017).
3.3	*	Fifth Amended and Restated Agreement of Limited Partnership of DCP Midstream, LP dated November 6, 2019 (attached as Exhibit 3.1 to DCP Midstream, LP's Current Report on Form 8-K (File No. 001-32678) filed with the SEC on November 8, 2019).
10.1	+	Form of Terms and Conditions for Performance Share Program Award
10.2	+	Form of Terms and Conditions for Stock Option Program Award
10.3	+	Form of Terms and Conditions for Restricted Stock Program Award
10.4	+#	Letter of Agreement between Phillips 66 and Donald A. Baldridge
10.5	+	Letter of Agreement between Phillips 66 and Bill L. Johnson
10.6	+	Letter of Agreement between Phillips 66 and George R. Green
10.7	*+	2022 Omnibus Stock and Performance Incentive Plan of Phillips 66 (attached as Appendix A to Phillips 66's Definitive Proxy Statement on Schedule 14A (File No. 001-35349) Filed with the SEC on March 31, 2022)
22		List of Guaranteed Securities
31.1		Certification of Interim Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2		Certification of Interim Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1		Certification of Interim Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2		Certification of Interim Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101		Financial statements from the Quarterly Report on Form 10-Q of DCP Midstream, LP for the three months ended March 31, 2023, formatted in XBRL: (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statements of Comprehensive Income, (iv) the Condensed Consolidated Statements of Cash Flows, (v) the Condensed Consolidated Statements of Changes in Equity, and (vi) the Notes to the Condensed Consolidated Financial Statements.
104		Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Such exhibit has heretofore been filed with the SEC as part of the filing indicated and is incorporated herein by reference.
\+ Denotes management contract or compensatory plan or arrangement.
\# Pursuant to Item 601(b)(10)(iv) of Regulation S-K, the Partnership agrees to furnish supplementally an unredacted copy of this exhibit to the Securities and Exchange Commission upon request.

SIGNATURES

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

DCP Midstream, LP

By: DCP Midstream GP, LP
its General Partner

By: DCP Midstream GP, LLC
its General Partner

Date: May 4, 2023

By: /s/ Donald A. Baldridge
Name: Donald A. Baldridge
Title: Interim Chief Executive Officer
(Principal Executive Officer)

Date: May 4, 2023

By: /s/ Scott R. Delmoro
Name: Scott R. Delmoro
Title: Interim Chief Financial Officer
(Principal Financial Officer)

PHILLIPS 66
Terms & Conditions
For
Performance Share Program - Performance Period [*]

This document applies to Awards made under the Performance Share Program ("Program") for the Performance Period [*] provided under the 2022 Omnibus Stock and Performance Incentive Plan of Phillips 66 ("Plan") or any successor to the Plan. Phillips 66 reserves the right to discontinue or change this Program at any time.

Capitalized terms shall have the meaning designated in this Program. Capitalized terms not defined in this Program shall have the meaning set forth in the Plan.

- *Authorized Party* means the person who is authorized to approve an Award, exercise discretion, or take action under the Program pursuant to the Plan. With regard to the Executive Chairman, CEO and Senior Officers, the Committee is the Authorized Party. With regard to other Employees, the CEO is the Authorized Party, although the Committee may act concurrently as the Authorized Party.
- *Award* means cash, stock option, performance share unit, restricted stock unit or any other form of equity or cash pursuant to the Program's applicable terms, conditions and limitations as the Authorized Party may provide in order to fulfill the objectives of the Program.
- *Award Agreement* means any written or electronic agreement setting forth, or incorporating by reference, the terms, conditions, and limitations applicable to an Award to a Participating Employee. An Award Agreement may be unilaterally issued by the Company and need not be executed or countersigned by the Participating Employee.
- *Board* means the Board of Directors of Phillips 66.
- *Cash Denominated Distribution* means a full distribution made from the Program, paid to the Participating Employee in cash.
- *CEO* means the Chief Executive Officer of Phillips 66. Where applicable, CEO also refers to the person holding that title but acting as a Special Equity Award Committee pursuant to the authority granted by the Board.
- *Committee* means the Human Resources and Compensation Committee of the Board of Directors of the Company, or any successor committee to it.
- *Company* means Phillips 66, a Delaware Corporation.
- *Disability* means a disability for which the Employee in question has been determined to be entitled to either, (i) benefits under the applicable long-term disability plan of the Participating Company or (ii) disability benefits under the Social Security Act. In the absence of any determination, the Authorized Party may make a determination that the Employee has a Disability.
- *Distribution* means the value that is given to the Participating Employee after approval by the Committee. In most cases, Distributions will be made in the form of cash, however the Committee reserves the right to make Distributions in the form of grants of share-based Awards, or any other form the Committee determines appropriate.

- *Eligible Employee* shall include Employees that meet the participation requirements for this Program. Being an Eligible Employee does not guarantee an Award.
- *Employee* shall include employees of Phillips 66 and its subsidiaries, as designated in the records of the Company and its subsidiaries.
- *Exchange Rate* means the applicable currency Exchange Rate as published in the Phillips 66 and Consolidated Subsidiaries Corporate Booking Rates for the relevant date; or, if the appropriate country is not listed on that date, the applicable currency Exchange Rate as published on the last date prior to the relevant date.
- *Fair Market Value* means, as of a particular date, the mean between the highest and lowest sales price per share on the consolidated transaction reporting system for the principal national securities exchange on which shares are listed on that date rounded to 5 decimals, or, if there is no sale reported on that date, on the preceding date on which a sale is reported or, at the discretion of the Committee, the price prevailing on the exchange at a designated time.
- *Layoff* means an applicable Termination due to layoff under the Phillips 66 Severance Pay Plan, Phillips 66 Executive Severance Plan, or the Phillips 66 Key Employee Change in Control Severance Plan, or layoff or redundancy under any similar layoff or redundancy plan which the Participating Company may adopt from time to time. If all or any portion of the benefits under the redundancy or layoff plan are contingent on the Employee's signing a Release of Liability or covenant not to compete or both, the Termination shall not be considered as a "Layoff" for purposes of the Program unless the Employee executes and does not revoke a Release of Liability, a covenant not to compete, or both, acceptable to the Company, under the terms of the layoff or redundancy plan.
- *Participating Company* includes Phillips 66 and its 100% owned subsidiaries, including both those directly owned and those owned through subsidiaries, whose participation has been approved by the Authorized Party.
- *Participating Employee* shall include Eligible Employees receiving a Share Denominated Target. Being a Participating Employee does not guarantee a Distribution.
- *Performance Measures* means the performance criteria that will be used to value the performance of the Company at the conclusion of the Performance Period, prior to the Distribution.
- *Performance Period* means January 1, 2023 through December 31, 2025.
- *Plan Administrator* means the Phillips 66 Employee, internally responsible for administration of Programs.
- *Release of Liability* is a form provided to an Employee upon Layoff. Unless the Participating Employee executes and does not revoke the Release of Liability, the Participating Employee forfeits all Awards.
- *Retirement* means Termination at age 55 or older with a minimum of 5 years of service with a Participating Company; provided, however, that with regard to an Employee not on the United States payroll, the Authorized Party may approve the use of a different definition. Service is defined by the policies of the Participating Company.
- *Salary* means the annual base pay in effect on December 31st of the year preceding the beginning of the Performance Period in which the Eligible Employee becomes a Participating Employee.
- *Salary Grade* means a classification level for Employees under the practices of the Participating Company.
- *Senior Officer* means all officers of the Company who report directly to the CEO, and all other officers of the Company who are a Senior Vice President and above, or who are reporting officers under Section 16 of the Securities Exchange Act of 1934.
- *Share Denominated Distribution*, expressed as a number of shares, means the value of a Share Denominated Target if a full distribution was made from the Program and granted to the Participating Employee in equity. At the time of Distribution, the Committee determines if the Share Denominated Distribution will be granted to the Participating Employee or if it will be converted to a Cash Denominated Distribution.

- *Share Denominated Target* means the value calculated for a Participating Employee, denominated in shares. Share Denominated Targets are evaluated based on Performance Measures at the conclusion of the Performance Period and then distributed to the Participating Employee. Share Denominated Targets are rounded to the nearest whole share.
- *Termination* means cessation of employment with the Participating Companies, determined in accordance with the policies and practices of the Participating Company for whom the Employee was last performing services.

I. General Conditions

1. The Committee, or to the extent authorized by the Committee, the CEO, or another designated individual or committee, shall have the right to terminate, suspend, withdraw, amend, or modify the Program in whole or in part at any time. The CEO shall review and approve this document and may amend it as necessary.

2. Awards are subject to forfeiture or recoupment, in whole or in part, under applicable law, including the Sarbanes-Oxley Act and the Dodd-Frank Act. Awards are also subject to forfeiture or recoupment in the event a Participating Employee's negligence or misconduct results in materially misstated financial or other data, as determined by the Human Resources & Compensation Committee and the Audit & Finance Committee of the Board. If the Authorized Party determines that, subsequent to the receipt of any Award, the Participating Employee has engaged or is engaging in any activity which, in the sole judgment of the Authorized Party, is or may be detrimental to the Participating Company, the Authorized Party may cancel all or part of any or all Awards to that Participating Employee.

3. Upon any change in the outstanding stock of the Company by reason of any stock dividend, stock split, reverse stock split, recapitalization, reclassification, or other similar changes, the Committee shall make corresponding adjustments, as appropriate.

4. In addition to the terms and conditions described, Awards are subject to all other applicable provisions of the Plan. The decisions of the Committee with respect to questions arising as to the interpretation of the Plan or the Award Agreement and as to findings of fact shall be final, conclusive, and binding.

5. No provision of this document shall confer any right upon the Employee to continue employment with any Participating Company.

6. The Award Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Delaware.

7. Without the consent of the Employee, the Award Agreement may be amended or supplemented (i) to cure any ambiguity or to correct or supplement any provision which may be defective or inconsistent with any other provision, or (ii) to add to the covenants and agreements of the Company for the benefit of an Employee or to add to the rights of an Employee or to surrender any right or power reserved to or conferred upon the Company in the Award Agreement, provided, in each case, that such changes or corrections shall not adversely affect the rights of the Employee with respect to the grant of an Award evidenced without the Employee's consent, or (iii) to make such other changes as the Company, upon advice of counsel, determines are necessary or advisable because of the adoption or promulgation of, or change in the interpretation of, any law or governmental rule or regulation, including any applicable federal or state securities or tax laws.

II. Determination of Share Denominated Targets

Share Denominated Targets for Participating Employees under the Program are generally made annually at the beginning of the Performance Period. Share Denominated Targets may, however, be provided to Participating Employees at other times during the Performance Period. Salary, Salary Grade, Phillips 66 stock price, the length of time the Employee will be a Participating Employee in the Performance Period, and in some cases, historical performance are taken into consideration when determining the Share Denominated Target. The Authorized Party shall have the authority to apply discretion as appropriate to increase or decrease the Share Denominated Target. Participating Employees that have a Salary Grade change during the Performance Period may have their Share Denominated Target adjusted to reflect their change in responsibility.

III. Effect of Termination of Employment

The following is meant to clarify what happens in the event of various Terminations for Participating Employees with a Share Denominated Target. This action has no impact on the timing of the Distribution. Generally, Distributions will only be made at the conclusion of the Performance Period.

1. Death. If a Participating Employee dies during the Performance Period, the Share Denominated Target under the Program shall not be prorated. The Participating Employee's rights to any Share Denominated Target will pass to the designated beneficiary on file with the third-party administrator or in the absence of a designated beneficiary, to the executor or administrator of the estate of the Participating Employee. However, the Award will be subject to the terms and conditions that applied to the Participating Employee before their death. No transfer of a Share Denominated Target by the Participating Employee by will or by the laws of descent and distribution shall be effective to bind the Company unless the Company shall have been furnished with written notice thereof and a copy of the will and any other evidence as the Company may deem necessary to establish the validity of the transfer and the acceptance by the transferee or transferees of the terms and conditions of the Share Denominated Target. In the event that a beneficiary designation conflicts with an assignment by will or under the laws of descent and distribution, the beneficiary designation will prevail.

2. Disability. If a Participating Employee terminates employment by reason of Disability during the Performance Period and has a Share Denominated Target under the Program, the Share Denominated Target shall not be prorated. The Participating Employee shall retain all rights provided by the Award at the time of Termination.

3. Retirement or Layoff. If Termination occurs prior to the conclusion of the Performance Period as a result of Retirement or Layoff, the Participating Employee's Share Denominated Target shall be prorated by a fraction, the numerator of which is the number of full calendar months of participation during the Performance Period completed prior to the applicable event and the denominator is the number of calendar months in the Performance Period provided that the Participating Employee has completed at least two months of participation during the Performance Period.

4. If the Participating Employee Terminates for any reason other than death, Disability, Layoff, or Retirement, the Share Denominated Target shall be canceled, and all rights thereunder shall cease.

5. Leaves. Whether any leave of absence shall constitute Termination for the purposes of any Share Denominated Target granted under these Programs shall be determined by the Plan Administrator. The determination will be made in each case in accordance with applicable

law and by application of the policies and procedures adopted by the Company in relation to such leave of absence.

6. Divestiture, Outsourcing or Move to Joint Venture. If, after the date a Share Denominated Target is granted, a Participating Employee ceases to be employed by a Participating Company as a result of (a) the outsourcing of a function, (b) the sale or transfer of all or a portion of the equity interest of the Participating Company (removing it from the controlled group of companies of which the Company is a part), (c) the sale of all or substantially all of the assets of the Participating Company to another employer outside of the controlled group of corporations (whether the Participating Employee is offered employment or accepts employment with the other employer), (d) the Termination of the Participating Employee by a Participating Company followed by employment within a reasonable time with a company or other entity in which the Company owns, directly or indirectly, at least a 50% interest, or (e) any other sale of assets determined by the Authorized Party to be considered a divestiture under this Program, the Share Denominated Target shall be forfeited unless the Share Denominated Target is retained as a result of another provision of this Program.

7. Transfer. Transfer of employment between Participating Companies shall not constitute Termination for the purpose of this Program.

8. Change in Control. If a Change in Control occurs the Authorized Party has discretion to determine the effect on Share Denominated Targets.

IV. Performance Evaluation of Share Denominated Target

At the completion of the Performance Period, the Committee will review the results achieved under the Performance Measures approved by the Committee and, in its sole judgment, adjust the Share Denominated Target by a percentage (from 0-200%) as deemed appropriate, at which point the Share Denominated Target will be known as the Share Denominated Distribution. Relative Performance Measures will be compared to a peer group of companies as determined by the Committee.

Two Performance Measures will be used for the Performance Period:

- Relative Total Shareholder Return (TSR) weighted at 50%
- Absolute Return on Capital Employed (ROCE) weighted at 50%

1. The Committee may change the weighting to be applied to Performance Measures at any time during the Performance Period. In addition, the Committee may, in its sole discretion, add or delete Performance Measures at the beginning or during the Performance Period. In so doing, the Committee shall specify the weighting to be applied to any additional Performance Measures included in the Program.

2. The payout percentage for the portion of the PSP measured against TSR will not be more than 100% if the absolute TSR for the Performance Period is negative.

   - The Company’s results related to the relative Performance Measures will be compared as follows; however, the list of comparator companies may be added to, or deleted from, if the Committee determines that the change is warranted:TSR: CVR Energy (CVI), Delek (DK), HF Sinclair (DINO), Marathon Petroleum (MPC), PBF Energy (PBF), Valero (VLO), Dow (DOW), LyondellBasell (LYB), Westlake Chemical (WLK), ONEOK (OKE), Targa Resources (TRGP), Williams Companies (WMB) and the S&P 100 index.

V. Distributions

Distributions made from the Program for the [*] performance period will be made as Cash Denominated Distributions.

1. Cash Denominated Distributions provided under this Program will be settled in the form of cash, to be paid out as soon as administratively feasible after the date approved by the Authorized Party, provided that the cash payment be made no later than 2½ months after the end of the calendar year in which the Authorized Party has approved the Cash Denominated Distribution.
   - The value of a Cash Denominated Distribution shall be determined by multiplying the Share Denominated Distribution by an average of the Fair Market Value of Phillips 66 stock for the last 20 trading days of the Performance Period.

1. If applicable, court ordered garnishments or tax levies will be withheld.

2. The Participating Employee's Distribution, and any required taxation, will be communicated to the Participating Employee at time of the Distribution.

VI. Taxation of Distributions

1. In all cases the Participating Employee will be responsible to pay all required withholding taxes associated with a Distribution. This withholding tax obligation includes, but is not limited to, federal, state, and local taxes, including applicable non-U.S. taxes such as U.K. PAYE.

2. The Company may take appropriate measures to ensure that corrective actions related to withholding tax obligations are completed in a timely manner. The Plan Administrator will take the steps, as it deems necessary or desirable for the withholding of any taxes that are required by laws or regulations of any governmental authority in connection with any Distribution.

3. If the Participating Employee spent time as an expatriate outside of their home country the Participating Employee will be tax equalized, with the intent that the Participating Employee receives no adverse tax consequences for their expatriate service, which could be different depending upon each country. The Participating Employee's Distribution will reflect any expatriate hypothetical tax obligation.

PHILLIPS 66
Terms & Conditions
For
[*] Stock Option Program

Grant Date:	[*]
Grant Price:	[*]
Vesting Schedule:	One third on each anniversary date of grant in the first three years

This document applies to Awards made under the Stock Option Program (“Program”) provided under the 2022 Omnibus Stock and Performance Incentive Plan of Phillips 66 (“Plan”) or any successor to the Plan. The Program is designed to benefit the Company's shareholders by encouraging high levels of performance and alignment by Eligible Employees whose performance is a key element in achieving the Company's corporate strategies. Phillips 66 reserves the right to discontinue or change this Program at any time.

This document defines the general conditions, eligibility, and determination of Awards. It also addresses what happens in the event of employment termination, and how Awards are exercised and taxed.

All Award amounts and the terms and conditions of any Awards are within the discretion of the Committee.

- Nothing in this Program should be construed to limit the discretion of the Committee in determining the amount and terms and conditions of an Award, including the discretion to forego an Award for any Employee. The Authorized Party retains all discretion.
- All Awards shall comply with the required terms and conditions.
- No Award shall exceed any limit set forth in the Plan.
- If the Authorized Party, in its sole discretion, determines an Award has the possibility of violating any law, regulation, or decree pertaining to the Company or the Participating Employee, the Authorized Party may freeze or suspend the Participating Employee’s Award until the time as having the Award would no longer, in the sole discretion of the Authorized Party, have the possibility of violating any laws, regulation, or decree.
- This procedure will continue in effect until amended, rescinded, or terminated.

Capitalized terms shall have the meaning designated in this Program. Capitalized terms not defined in this Program shall have the meaning set forth in the Plan.

- *Authorized Party* means the person who is authorized to approve an Award, exercise discretion, or take action under the Program pursuant to the Plan. With regard to the Executive Chairman, CEO and Senior Officers, the Committee is the Authorized Party.

With regard to other Employees, the CEO is the Authorized Party, although the Committee may act concurrently as the Authorized Party.

- *Award* means cash, stock option, performance share unit, restricted stock unit or any other form of equity or cash pursuant to the Program's applicable terms, conditions and limitations as the Authorized Party may provide in order to fulfill the objectives of the Program.
- *Award Agreement* means any written or electronic agreement setting forth, or incorporating by reference, the terms, conditions, and limitations applicable to an Award to a Participating Employee. An Award Agreement may be unilaterally issued by the Company and need not be executed or countersigned by the Participating Employee.
- *Board* means the Board of Directors of Phillips 66.
- *CEO* means the Chief Executive Officer of Phillips 66. Where applicable, CEO also refers to the person holding that title but acting as a Special Equity Award Committee pursuant to the authority granted by the Board.
- *Committee* means the Human Resources and Compensation Committee of the Board of Directors of the Company, or any successor committee to it.
- *Company* means Phillips 66, a Delaware Corporation.
- *Disability* means a disability for which the Employee in question has been determined to be entitled to either, (i) benefits under the applicable long-term disability plan of the Participating Company or (ii) disability benefits under the Social Security Act. In the absence of any determination, the Authorized Party may make a determination that the Employee has a Disability.
- *Eligible Employee* shall include Employees that meet the participation requirements for this Program. Being an Eligible Employee does not guarantee an Award.
- *Employee* shall include employees of Phillips 66 and its subsidiaries, as designated in the records of the Company and its subsidiaries.
- *Exchange Rate* means the applicable currency Exchange Rate as published in the Phillips 66 and Consolidated Subsidiaries Corporate Booking Rates for the relevant date; or, if the appropriate country is not listed on that date, the applicable currency Exchange Rate as published on the last date prior to the relevant date.
- *Fair Market Value* means, as of a particular date, the mean between the highest and lowest sales price per share on the consolidated transaction reporting system for the principal national securities exchange on which shares are listed on that date rounded to 4 decimals, or, if there is no sale reported on that date, on the preceding date on which a sale is reported or, at the discretion of the Committee, the price prevailing on the exchange at a designated time.
- *Grant Date* means the date the Award is granted.
- *Grant Price* is a simplified way of describing "Fair Market Value as of Grant Date". It is the price at which Employees may exercise their right to receive cash or shares under the terms of an Award.
- *Layoff* means an applicable Termination due to layoff under the Phillips 66 Severance Pay Plan, Phillips 66 Executive Severance Plan, or the Phillips 66 Key Employee Change in Control Severance Plan, or layoff or redundancy under any similar layoff or redundancy plan which the Participating Company may adopt from time to time. If all or any portion of the benefits under the redundancy or layoff plan are contingent on the Employee's signing a Release of Liability or covenant not to compete or both, the Termination shall not be considered as a "Layoff" for purposes of the Program unless the Employee executes and does not revoke a Release of Liability, a covenant not to compete, or both, acceptable to the Company, under the terms of the layoff or redundancy plan.
- *Option Cost* means the value of an option on one Share computed using a reasonable valuation methodology based upon the Black Scholes-Merton option pricing model. Option Cost is approved, prior to the annual compensation cycle, by the CFO. Additionally, for Stock Options grants made outside of the annual cycle, which are rare, an updated Option Cost is determined with updated variables, except for term. Term is only determined once per year.

- *Participating Company* includes Phillips 66 and its 100% owned subsidiaries, including both those directly owned and those owned through subsidiaries, whose participation has been approved by the Authorized Party.
- *Participating Employee* shall include Eligible Employee receiving an Award under this Program. Being a Participating Employee does not guarantee a distribution.
- *Plan Administrator* means the Phillips 66 employee internally responsible for the administration of Programs.
- *Release of Liability* is a form provided to an Employee upon Layoff. Unless the Participating Employee executes and does not revoke the Release of Liability, the Participating Employee forfeits all Awards.
- *Retirement* means Termination at age 55 or older with a minimum of 5 years of service with a Participating Company; provided, however, that with regard to an Employee not on the United States payroll, the Authorized Party may approve the use of a different definition. Service is defined by the policies of the Participating Company.
- *Salary* is expressed as an annual amount in USD, prior to any voluntary salary reduction. In cases where a Participating Employee's Salary has been increased due to a local market factor (as the term is used in the Company's compensation practice; for example, the London Allowance) the Salary shall be reduced by the effect of the factor. For Participating Employees paid in a currency other than U.S. Dollars, Salary will be expressed in USD using the applicable Exchange Rate as of the first of the month immediately preceding the Grant Date of the Award.
    - Salary for Awards made in any month other than February is determined as of the first of the month coincident with or immediately following Grant Date, or as otherwise determined by the Authorized Party.
    - Salary for Awards made in February is determined as of the last day of the preceding calendar year if the Employee was employed and an Eligible Employee in the preceding calendar year.
    - Salary for Awards made in February is determined as of the date of hire or promotion if the Employee was hired or promoted and is an Eligible Employee on or before February 1 in the year of the grant.
- *Salary Grade* means a classification level for Employees under the practices of the Participating Company.
    - Salary Grade for Awards made in any month other than February is determined as of the first of the month coincident with or immediately following Grant Date, or as otherwise determined by the Authorized Party.
    - Salary Grade for Awards made in February is determined as of the last day of the preceding calendar year if the Employee was employed and an Eligible Employee in the preceding calendar year.
    - Salary Grade for Awards made in February is determined as of the date of hire or promotion if the Employee was hired or promoted into a position and is an Eligible Employee on or before February 1 in the year of the grant.
- *Senior Officer* means all officers of the Company who report directly to the CEO, and all other officers of the Company who are a Senior Vice President and above, or who are reporting officers under Section 16 of the Securities Exchange Act of 1934.
- *Shares* means shares of PSX common stock.
- *SO Target Percentage* means the percentage as approved in Appendix B.
- *Stock Option* means a right to purchase a specified number of Shares at a specified Grant Price pursuant to the applicable terms, conditions, and limitations established by the Authorized Party. Stock Options issued will be nonqualified, which means they can be issued to Employees or members of the Board.
- *Termination* means cessation of employment with the Participating Companies, determined in accordance with the policies and practices of the Participating Company for whom the Employee was last performing services.
- *Termination Date* is defined as the first date an Employee is no longer employed by and performing services for a Participating Company.

I. GENERAL CONDITIONS

1. The Committee, or to the extent authorized by the Committee, the CEO, or another designated individual or committee, shall have the right to terminate, suspend, withdraw, amend, or modify the Program in whole or in part at any time. The CEO shall review and approve this document and may amend it as necessary.
2. Awards are subject to forfeiture or recoupment, in whole or in part, under applicable law, including the Sarbanes-Oxley Act and the Dodd-Frank Act. Awards are also subject to forfeiture or recoupment in the event a Participating Employee's negligence or misconduct results in materially misstated financial or other data, as determined by the Human Resources & Compensation Committee and the Audit & Finance Committee of the Board. If the Authorized Party determines that, subsequent to the receipt of any Award, the Participating Employee has engaged or is engaging in any activity which, in the sole judgment of the Authorized Party, is or may be detrimental to the Participating Company, the Authorized Party may cancel all or part of any or all Awards to that Participating Employee.
3. Upon any change in the outstanding stock of the Company by reason of any stock dividend, stock split, reverse stock split, recapitalization, reclassification, or other similar changes, the Committee shall make corresponding adjustments, as appropriate.
4. In addition to the terms and conditions described, Awards are subject to all other applicable provisions of the Plan. The decisions of the Committee with respect to questions arising as to the interpretation of the Plan or the Award Agreement and as to findings of fact shall be final, conclusive, and binding.
5. No provision of this document shall confer any right upon the Employee to continue employment with any Participating Company.
6. The Award Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Delaware.
7. Without the consent of the Employee, the Award Agreement may be amended or supplemented (i) to cure any ambiguity or to correct or supplement any provision which may be defective or inconsistent with any other provision, or (ii) to add to the covenants and agreements of the Company for the benefit of an Employee or to add to the rights of an Employee or to surrender any right or power reserved to or conferred upon the Company in the Award Agreement, provided, in each case, that such changes or corrections shall not adversely affect the rights of the Employee with respect to the grant of an Award evidenced without the Employee's consent, or (iii) to make such other changes as the Company, upon advice of counsel, determines are necessary or advisable because of the adoption or promulgation of, or change in the interpretation of, any law or governmental rule or regulation, including any applicable federal or state securities or tax laws.

II. DETERMINATION OF AWARD

The Award shall be held in escrow by the Company until the lapsing of restrictions placed upon the Stock Options. Generally, restrictions shall lapse and Stock Options become exercisable to the extent that one third of the Stock Options (rounded down to the nearest whole share) shall be exercisable on the first anniversary of the Grant Date. On the second anniversary date of the Grant Date, an additional one third of the Stock Options (rounded down to the nearest whole share) shall become exercisable. On the third anniversary date of the Grant Date, the remaining Stock Options shall become exercisable. Stock Options granted under this Procedure will be for a term of ten years. An Authorized Party may, however, designate another term, not in excess of ten years, with respect to any Award. Participating Employees shall not have the right to sell, transfer, assign, or otherwise dispose of Stock Options until the escrow is terminated.

III. EFFECT OF TERMINATION OF EMPLOYMENT

The following is meant to clarify what happens in the event of various Terminations for Participating Employees with Awards.

1. Death. If a Participating Employee dies while in the employ of a Participating Company, the Participating Employee’s rights to any Award will pass to the beneficiary on file with the third-party administrator, or in the absence of a designated beneficiary, to the executor or administrator of the estate of the Participating Employee. However, the Award will be subject to the terms and conditions that applied to the Participating Employee before their death. Rights cannot be assigned or transferred other than by will or the laws of descent and distribution. No transfer of an Award by the Participating Employee by will or by the laws of descent and distribution shall be effective to bind the Company unless the Company shall have been furnished with written notice thereof and a copy of the will and any other evidence as the Company may deem necessary to establish the validity of the transfer and the acceptance by the transferee or transferees of the terms and conditions of the Award. If a beneficiary designation conflicts with an assignment by will or under the laws of descent and distribution, the beneficiary designation will prevail.
2. Disability. If a Participating Employee terminates employment by reason of Disability and has Awards with restrictions, the Participating Employee shall retain all rights provided by the Award at the time of Termination.
3. Layoff. The following details how Awards with restrictions are handled when a Participating Employee Terminates by reason of Layoff:
   - If the Participating Employee’s employment with a Participating Company is terminated by reason of Layoff, and the Participating Employee completes the required Release of Liability, then the Participating Employee shall retain a prorated portion of the Award. The prorated portion of the Award shall vest and retain the original exercise schedule. The percent of the Award to be retained will be computed by multiplying the original number of Shares granted by a percentage as outlined in Attachment A for the annual Awards made in February. All other Awards will be prorated by a fraction, the numerator of which is the number of months from Grant Date to Termination Date and the denominator of which is 12. The calculation shall be rounded to the nearest whole share.

4. Retirement. The following details how Awards with restrictions are handled when a Participating Employee Terminates by reason of Retirement:
   - If the Participating Employee's employment with a Participating Company is terminated by reason of Retirement, then the Participating Employee shall retain a prorated portion of the Award. The percent of the Award to be retained will be computed by multiplying the original number of Shares granted by a percentage as outlined in Attachment A for the annual Awards made in February. All other Awards will be prorated by a fraction, the numerator of which is the number of months from Grant Date to Termination Date and the denominator of which is 12. The calculation shall be rounded to the nearest whole share.
5. If the Participating Employee Terminates for any reason other than death, Disability, Layoff, or Retirement, the vested and unvested portion of the Award shall be canceled and all rights thereunder shall cease; however, the Authorized Party may, in its sole discretion, determine that all or any portion of the Award shall not be cancelled due to Termination.

6. Leaves. Whether any leave of absence shall constitute Termination for the purposes of any Award granted under these Programs shall be determined by the Plan Administrator in each case in accordance with applicable law and by application of the policies and procedures adopted by the Company in relation to such leave of absence.

7. Divestiture, Outsourcing or Move to Joint Venture. If, after the date the Award is granted, a Participating Employee ceases to be employed by a Participating Company as a result of (a) the outsourcing of a function, (b) the sale or transfer of all or a portion of the equity interest of the Participating Company (removing it from the controlled group of companies of which the Company is a part), (c) the sale of all or substantially all of the assets of the Participating Company to another employer outside of the controlled group of corporations (whether the Participating Employee is offered employment or accepts employment with the other employer), (d) the Termination of the Participating Employee by a Participating Company followed by employment within a reasonable time with a company or other entity in which the Company owns, directly or indirectly, at least a 50% interest, or (e) any other sale of assets determined by the Authorized Party to be considered a divestiture under this Program, the vested and unvested portion of the Award shall be forfeited unless (i) the Authorized Party may, in its or his sole discretion, determine that all or a portion of any Award shall not be canceled or (ii) the Award is retained as a result of another provision of this Program.

8. Transfer. Transfer of employment between Participating Companies shall not constitute Termination for the purpose of any Award granted under the Program.

9. Change in Control. If a Change in Control occurs and the Participating Employee is Terminated, all restrictions applicable to any Award shall lapse and the Stock Options will remain exercisable for the rest of their term.

IV. EXERCISE AND PAYMENT FOR SHARES

1. Upon the vesting of restrictions, the Participating Employee can initiate exercising the Stock Options by contacting the third-party administrator designated by the Plan Administrator.
2. In all cases, if a Participating Employee is subject to trading restrictions, authorization prior to exercising of Stock Options must be obtained by Senior Counsel SEC.
3. Upon exercise the Participating Employee is responsible for paying the cost of the Shares at Grant Price, along with applicable taxes and fees (see Taxation of Distributions). The payment may be made in cash or by tendering Shares.

V. TAX WITHHOLDING

1. Exercise of a Participating Employee’s Award will generally result in required tax withholding or expatriate hypothetical tax obligation. The Participating Employee is responsible for required withholding taxes associated with an exercise.
2. The Company will generally withhold Shares for taxes to meet tax obligations. The value of the Shares withheld for this purpose shall not exceed the minimum withholding amount required by applicable laws and regulations. With the Plan Administrator’s approval, Participating Employees may request a different withholding rate.
3. If the Participating Employee spent time as an expatriate outside of their home country the Participating Employee will be tax equalized, with the intent that the Participating Employee receives no adverse tax consequences for their expatriate service, which could be different depending upon each country. The Participating Employee’s distribution will reflect any expatriate hypothetical tax obligation.
4. The Company may take appropriate measures to ensure that corrective actions related to withholding tax obligations are completed in a timely manner. The Plan Administrator will take steps, as it deems necessary or desirable for the withholding of any taxes that are required by laws or regulations of any governmental authority in connection with any distribution.

PHILLIPS 66
Terms & Conditions
For
[*] Restricted Stock Program

Grant Date: [*]
Grant Price US/UK: [*]
Grant Price Global: [*]
Vesting Schedule: Third Anniversary of Grant Date (grade 18+) / 1/3rd on the First, Second and Third Anniversary of Grant Date (grade 13-17)

This document applies to Awards made under the Restricted Stock Program ("Program") provided under the 2022 Omnibus Stock and Performance Incentive Plan of Phillips 66 ("Plan") or any successor to the Plan. The Program is designed to benefit the Company's shareholders by encouraging high levels of performance and alignment by Eligible Employees whose performance is a key element in achieving the Company's corporate strategies. Phillips 66 reserves the right to discontinue or change this Program at any time.

This document defines the general conditions, eligibility, and determination of Awards. It also addresses what happens in the event of employment termination, and how Awards are distributed and taxed.

All Award amounts and the terms and conditions of any Awards are within the discretion of the Committee.

- Nothing in this Program should be construed to limit the discretion of the Committee in determining the amount and terms and conditions of an Award, including the discretion to forego an Award for any Employee. The Authorized Party retains all discretion.
- All Awards shall comply with the required terms and conditions.
- No Award shall exceed any limit set forth in the Plan.
- If the Authorized Party, in its sole discretion, determines an Award has the possibility of violating any law, regulation, or decree pertaining to the Company or the Participating Employee, the Authorized Party may freeze or suspend the Participating Employee's Award until the time as having the Award would no longer, in the sole discretion of the Authorized Party, have the possibility of violating any laws, regulation, or decree.
- This procedure will continue in effect until amended, rescinded, or terminated.

Capitalized terms shall have the meaning designated in this Program. Capitalized terms not defined in this Program shall have the meaning set forth in the Plan.

- *Authorized Party* means the person who is authorized to approve an Award, exercise discretion, or take action under the Program pursuant to the Plan. With regard to the Executive Chairman, CEO and Senior Officers, the Committee is the Authorized Party. With regard to other Employees, the CEO is the Authorized Party, although the Committee may act concurrently as the Authorized Party.

- *Award* means cash, stock option, performance share unit, restricted stock unit or any other form of equity or cash pursuant to the Program's applicable terms, conditions and limitations as the Authorized Party may provide in order to fulfill the objectives of the Program.
- *Award Agreement* means any written or electronic agreement setting forth, or incorporating by reference, the terms, conditions, and limitations applicable to an Award to a Participating Employee. An Award Agreement may be unilaterally issued by the Company and need not be executed or countersigned by the Participating Employee.
- *Award Value* means the following:
    - For Participating Employees that are on the US/UK Payroll and are resident in the US/UK on the Grant Date, Award Value means the Fair Market Value of one Share.
    - For Participating Employees that are either not on the US/UK Payroll or are not resident in the US/UK on the Grant Date, Award Value most generally means the Fair Market Value of one Share reduced by an amount equal to twelve times, for employees at grades 18 and above or for any retention award (assuming 3-year, cliff vesting), or eight times, for annual Awards to employees at grades 13 through 17, the amount of the most recently approved ordinary cash dividend. This is to offset that these employees are not eligible for the Dividend Equivalent payments that generally occur during the vesting schedule. However, should reduced dividend payments be anticipated or an alternate vesting schedule used, the Authorized Party may request a different Award Value.
- *Board* means the Board of Directors of Phillips 66.
- *CEO* means the Chief Executive Officer of Phillips 66. Where applicable, CEO also refers to the person holding that title but acting as a Special Equity Award Committee pursuant to the authority granted by the Board.
- *Committee* means the Human Resources and Compensation Committee of the Board of Directors of the Company, or any successor committee to it.
- *Company* means Phillips 66, a Delaware Corporation.
- *Disability* means a disability for which the Employee in question has been determined to be entitled to either, (i) benefits under the applicable long-term disability plan of the Participating Company or (ii) disability benefits under the Social Security Act. In the absence of any determination, the Authorized Party may make a determination that the Employee has a Disability.
- *Dividend Equivalents* means, with respect to Restricted Stock Units, an amount equal to ordinary dividends that are payable to shareholders of record during the Restriction Period on a like number of Shares.
- *Eligible Employee* shall include Employees that meet the participation requirements for this Program. Being an Eligible Employee does not guarantee an Award.
- *Employee* shall include employees of Phillips 66 and its subsidiaries, as designated in the records of the Company and its subsidiaries.
- *Exchange Rate* means the applicable currency Exchange Rate as published in the Phillips 66 and Consolidated Subsidiaries Corporate Booking Rates for the relevant date; or, if the appropriate country is not listed on that date, the applicable currency Exchange Rate as published on the last date prior to the relevant date.
- Executive Employee means an Eligible Employee in Salary Grade 21 or higher.
- *Fair Market Value* means, as of a particular date, the mean between the highest and lowest sales price per share on the consolidated transaction reporting system for the principal national securities exchange on which shares are listed on that date rounded to 4 decimals, or, if there is no sale reported on that date, on the preceding date on which a sale is reported or, at the discretion of the Committee, the price prevailing on the exchange at a designated time.
- *Grant Date* means the date the Award is granted.

- *Layoff* means an applicable Termination due to layoff under the Phillips 66 Severance Pay Plan, Phillips 66 Executive Severance Plan, or the Phillips 66 Key Employee Change in Control Severance Plan, or layoff or redundancy under any similar layoff or redundancy plan which the Participating Company may adopt from time to time. If all or any portion of the benefits under the redundancy or layoff plan are contingent on the Employee's signing a Release of Liability or covenant not to compete or both, the Termination shall not be considered as a "Layoff" for purposes of the Program unless the Employee executes and does not revoke a Release of Liability, a covenant not to compete, or both, acceptable to the Company, under the terms of the layoff or redundancy plan. To be considered a "Layoff" under this Program, a Termination must also be considered a Separation from Service.
- *Participating Company* includes Phillips 66 and its 100% owned subsidiaries, including both those directly owned and those owned through subsidiaries, whose participation has been approved by the Authorized Party.
- *Participating Employee* shall include Eligible Employee receiving an Award under this Program. Being a Participating Employee does not guarantee a distribution.
- *Plan Administrator* means the Phillips 66 employee internally responsible for the administration of Programs.
- *Release of Liability* is a form provided to an Employee upon Layoff. Unless the Participating Employee executes and does not revoke the Release of Liability, the Participating Employee forfeits all Awards.
- *Restricted Stock Unit* means a unit equal to one Share that is subject to forfeiture provisions or that has certain restrictions attached to the ownership thereof. Restricted Stock Units do not have any voting rights or other rights generally associated with Shares and are merely an obligation of the Company to register stock in accordance with the terms and conditions applicable to the Restricted Stock Units.
- *Retirement* means Termination at age 55 or older with a minimum of 5 years of service with a Participating Company; provided, however, that with regard to an Employee not on the United States payroll, the Authorized Party may approve the use of a different definition. Service is defined by the policies of the Participating Company.
- *RSU Target Percentage* means the percentage as approved in Appendix B.
- *Salary* is expressed as an annual amount in USD, prior to any voluntary salary reduction. In cases where a Participating Employee's Salary has been increased due to a local market factor (as the term is used in the Company's compensation practice; for example, the London Allowance) the Salary shall be reduced by the effect of this factor. For Participating Employees paid in a currency other than U.S. Dollars, Salary will be expressed in USD using the applicable Exchange Rate as of the first of the month immediately preceding the Grant Date of the Award.
  - Salary for Awards made in any month other than February is determined as of the first of the month coincident with or immediately following Grant Date, or as otherwise determined by the Authorized Party.
  - Salary for Awards made in February is determined as of the last day of the preceding calendar year if the Employee was employed in the preceding calendar year.
  - Salary for Awards made in February is determined as of the first of the month immediately preceding Grant Date if the Employee was hired on or before February 1 in the year of the grant.
  - Salary for Awards made to Executives Employees in February is determined as of the date of hire or promotion if the Executive Employee was hired or promoted into an Executive position becoming a new Executive Employee on or before February 1 of the year of the grant.
- *Salary Grade* means a classification level for Employees under the practices of the Participating Company.

   - Salary Grade for Awards made in any month other than February is determined as of the first of the month coincident with or immediately following Grant Date, or as otherwise determined by the Authorized Party.
   - Salary Grade for Awards made in February is determined as of the last day of the preceding calendar year if the Employee was employed in the preceding calendar year.
   - Salary Grade for Awards made in February is determined as of the first of the month immediately preceding Grant Date if the Employee was hired on or before February 1 in the year of the grant.
   - Salary Grade for Awards made to Executives Employees in February is determined as of the date of hire or promotion if the Executive Employee was hired or promoted into an Executive position becoming a new Executive Employee on or before February 1 of the year of the grant.
- *Senior Officer* means all officers of the Company who report directly to the CEO, and all other officers of the Company who are a Senior Vice President and above, or who are reporting officers under Section 16 of the Securities Exchange Act of 1934.
- *Separation from Service* means "separation from service" as that term is used in section 409A of the Internal Revenue Code.
- *Shares* means shares of PSX common stock.
- *Termination* means cessation of employment with the Participating Companies, determined in accordance with the policies and practices of the Participating Company for whom the Employee was last performing services.
- *Termination Date* is defined as the first date an Employee is no longer employed by and performing services for a Participating Company.

I. General Conditions

1. The Committee, or to the extent authorized by the Committee, the CEO, or another designated individual or committee, shall have the right to terminate, suspend, withdraw, amend, or modify the Program in whole or in part at any time. The CEO shall review and approve this document and may amend it as necessary.

2. The Board has previously delegated to the CEO, as a Special Equity Award Committee of the Board, the authority to approve grants of Awards under the Plan for Employees that are not the CEO or a Senior Officer. All Awards shall be under and in accordance with the terms of the Plan and the Program. The pool of shares subject to this delegation of authority to the CEO shall be the remaining shares available under the Plan. For this purpose, the CEO is the Authorized Party. The Board has not delegated to the CEO, as a Special Equity Award Committee of the Board, the authority to approve Awards under the Plan to persons who are the CEO or Senior Officers. The Committee retains this authority for the CEO and Senior Officers as the Authorized Party.

3. The Plan Administrator is responsible for the implementation of Awards given by the Authorized Party. The Plan Administrator may from time to time designate other individuals to assist in this process, including duties and responsibilities as deemed appropriate. These duties and responsibilities shall include, but are not limited to, the establishment of appropriate systems, accounts, and other necessary record keeping activities along with the preparation and execution of agreements or other grant documents between the Company and the Participating Employee evidencing Awards, but shall not include any discretionary authority with respect to substantive decisions or matters regarding the Plan, Programs, or Awards. The Plan Administrator, or other individuals designated by the Plan Administrator, may hire third party administrators to deal with the day-to-day administration of Awards under the Program, and shall monitor third party administrators. Third party administrators may require the use of forms and methods, and impose time limitations in the administration

of the Program as are reasonable, subject to the discretion of the Plan Administrator and the Plan Administrator's designees in administering the Program.

4. Awards are subject to forfeiture or recoupment, in whole or in part, under applicable law, including the Sarbanes-Oxley Act and the Dodd-Frank Act. Awards are also subject to forfeiture or recoupment in the event a Participating Employee's negligence or misconduct results in materially misstated financial or other data, as determined by the Human Resources & Compensation Committee and the Audit & Finance Committee of the Board. If the Authorized Party determines that, subsequent to the receipt of any Award, the Participating Employee has engaged or is engaging in any activity which, in the sole judgment of the Authorized Party, is or may be detrimental to the Participating Company, the Authorized Party may cancel all or part of any or all Awards to that Participating Employee.

5. Upon any change in the outstanding stock of the Company by reason of any stock dividend, stock split, reverse stock split, recapitalization, reclassification, or other similar changes, the Committee shall make corresponding adjustments, as appropriate.

6. All Restricted Stock Unit award information is confidential and should not be disclosed for any reason, other than as required for appropriate financial reporting purposes. The Company requests that Employees keep wages, benefits, bonuses and any other form of compensation confidential, and avoid providing or otherwise broadcasting this information with other Company employees, or with any third-party that does not have a bona fide need to know. Any unauthorized disclosure of confidential information by employees may impede our ability to effectively compete for talent, may create unnecessary conflict and disputes, and could lead to cancellation of this award and/or disciplinary action up to and including termination of employment.

7. In addition to the terms and conditions described, Awards are subject to all other applicable provisions of the Plan. The decisions of the Committee with respect to questions arising as to the interpretation of the Plan or the Award Agreement and as to findings of fact shall be final, conclusive, and binding.

8. No provision of this document shall confer any right upon the Employee to continue employment with any Participating Company.

II. Determination of Award

The Award shall be held in escrow by the Company until the lapsing of restrictions placed upon the Restricted Stock Units. Participating Employees shall not have the right to sell, transfer, assign, or otherwise dispose of Restricted Stock Units until the escrow is terminated.

III. Effect of Termination of Employment

The following is meant to clarify Award treatment in the event of various Terminations for Participating Employees with Awards. In all instances below except Layoff, Fair Market Value is calculated as of Termination Date.

1. Death. If a Participating Employee dies while in the employ of a Participating Company, the Participating Employee's rights to any Award will pass to the beneficiary on file with the third-party administrator, or in the absence of a designated beneficiary, to the executor or administrator of the estate of the Participating Employee. However, the Award will be subject to the terms and conditions that applied to the Participating Employee before their death. Rights cannot be assigned or transferred other than by will or the laws of descent and distribution. No transfer of an Award by the Participating Employee by will or by the laws of descent and distribution shall be effective to bind the Company unless the Company shall

have been furnished with written notice thereof and a copy of the will and any other evidence as the Company may deem necessary to establish the validity of the transfer and the acceptance by the transferee or transferees of the terms and conditions of the Award. If a beneficiary designation conflicts with an assignment by will or under the laws of descent and distribution, the beneficiary designation will prevail.

2. Disability. If a Participating Employee terminates employment by reason of Disability and has Awards with restrictions, the Participating Employee shall retain all rights provided by the Award at the time of Termination.

3. Layoff. The following details how Awards with restrictions are handled when a Participating Employee Terminates by reason of Layoff:
   - If the Participating Employee's employment with a Participating Company is terminated by reason of Layoff, and the Participating Employee completes the required Release of Liability, then the Participating Employee shall retain a prorated portion of the Award. The percent of the Award to be retained will be computed by multiplying the original number of Shares granted by a percentage as outlined in Attachment A for the annual Awards made in February. All other Awards will be prorated by a fraction, the numerator of which is the number of months from Grant Date to Termination Date and the denominator of which is 12.
   - In the case of Layoff, if a Participating Employee is eligible to retain an Award, the Fair Market Value will be determined as of:
     - For US employees, the eighth day following the signed date of the Release of Liability.
     - For UK, Canada, Singapore, and Austria employees, Termination Date.

4. Retirement. The following details how Awards with restrictions are handled when a Participating Employee Terminates by reason of Retirement:
   - If the Participating Employee's employment with a Participating Company is terminated by reason of Retirement, then the Participating Employee shall retain a prorated portion of the annual Awards made in February. The percent of the Award to be retained will be computed by multiplying the original number of Shares granted by a percentage as outlined in Attachment A for the annual Awards made in February. This provision does not apply to any other Awards.

5. If the Participating Employee Terminates for any reason other than death, Disability, Layoff, or Retirement, the Award shall be canceled and all rights thereunder shall cease; however, the Authorized Party may, in its sole discretion, determine that all or any portion of the Award shall not be cancelled due to Termination.

6. Leaves. Whether any leave of absence shall constitute Termination for the purposes of any Award granted under these Programs shall be determined by the Plan Administrator in each case in accordance with applicable law and by application of the policies and procedures adopted by the Company in relation to such leave of absence.

7. Divestiture, Outsourcing or Move to Joint Venture. If, after the date the Award is granted, a Participating Employee ceases to be employed by a Participating Company as a result of (a) the outsourcing of a function, (b) the sale or transfer of all or a portion of the equity interest of the Participating Company (removing it from the controlled group of companies of which

the Company is a part), (c) the sale of all or substantially all of the assets of the Participating Company to another employer outside of the controlled group of corporations (whether the Participating Employee is offered employment or accepts employment with the other employer), (d) the Termination of the Participating Employee by a Participating Company followed by employment within a reasonable time with a company or other entity in which the Company owns, directly or indirectly, at least a 50% interest, or (e) any other sale of assets determined by the Authorized Party to be considered a divestiture under this Program, the Award shall be forfeited unless (i) the Authorized Party may, in its or his sole discretion, determine that all or a portion of any Award shall not be canceled or (ii) the Award is retained as a result of another provision of this Program.

8. Transfer. Transfer of employment between Participating Companies shall not constitute Termination for the purpose of any Award granted under the Program.

9. Change in Control. If a Change in Control occurs and the Participating Employee is Terminated, all restrictions applicable to any Award shall lapse and the Shares will become immediately vested.

IV. Distributions

1. For annual Awards made in February to employees at grade 18 and above, restrictions shall lapse on the third anniversary Grant Date. For annual Awards made in February to employees in grades 13 through 17, restrictions shall lapse one third (rounded down to the nearest whole share) on the first and second anniversary of the Grant Date and the remainder on the third anniversary of the Grant Date. For other Awards, restrictions generally lapse on the third anniversary of the Grant Date, unless the Authorized Party approves a different lapse schedule.

2. Restricted Stock Units granted to Participating Employees who are on the US/UK Payroll and are resident in the US/UK on the Grant Date shall be paid a Dividend Equivalent at the same times as an ordinary cash dividend is determined by the Company to be paid, generally quarterly. Current tax law dictates these payments are taxable as compensation (ordinary income) in the year they are distributed. This payment will be paid through the standard payroll process and cannot be reinvested.

3. Restricted Stock Units granted to Participating Employees who are either not on the US/UK Payroll or are not resident in the US/UK on the Grant Date, shall not accrue a Dividend Equivalent. The value of their Award is increased to reflect no payment of a Dividend Equivalent.

4. Upon the lapsing of restrictions, the number of Shares registered to the Participating Employee will be equal to the Restricted Stock Units for which the restrictions have lapsed and will be transferred less shares held for taxes to the Participant’s brokerage account held with the third party administrator. Shares shall be registered no later than 2 ½ months after the end of the calendar year in which the restrictions lapse.

5. If the Plan Administrator determines that registering the Shares is prohibited by law, regulation, or decree, or where the cost of legal compliance to issue the Shares is reasonably expensive, the Fair Market Value of the Shares shall be paid in cash instead of registering Shares. Cash payouts are only permitted where legal restrictions exist. Cash payout shall be made no later than 2 ½ months after the end of the calendar year in which the restrictions lapse. Awards made to grantees in the People’s Republic of China will only be settled in cash onshore in Chinese currency.

6. No Award or distribution that is considered income pursuant to Section 409A of the Internal Revenue Code, shall be settled or paid prior to six months after the Employee's Termination from the Company and its subsidiaries (or, if earlier, the date of death).

7. If applicable, court ordered garnishments or tax levies will be withheld.

8. The Participating Employee's distribution, and any required taxation, will be communicated to the Participating Employee at time of the distribution.

9. The Fair Market Value used upon the lapsing of restrictions is generally the Fair Market Value for the date on which the restrictions lapse.

V. Taxation of Distributions

1. Distribution of a Participating Employee's Award will reflect required tax withholding or expatriate hypothetical tax obligation. The Participating Employee is responsible for required withholding taxes associated with a distribution.

2. If on after December 1 following the Grant Date for annual Awards made in February, a Participating Employee is determined to be eligible for Retirement, the Award is considered vested for FICA purposes because there is no longer a substantial risk of forfeiture. At this time, FICA tax and income tax related to the FICA withholding, will be paid by withholding Shares from the Award. When the remaining Award lapses, the company will withhold Shares to cover the federal tax (and state and local tax, where applicable).

3. The Company will generally withhold Shares for taxes to meet tax obligations. The value of the Shares withheld for this purpose shall not exceed the minimum withholding amount required by applicable laws and regulations. With the Plan Administrator's approval, Participating Employees may request a different withholding rate.

4. If the Participating Employee spent time as an expatriate outside of their home country the Participating Employee will be tax equalized, with the intent that the Participating Employee receives no adverse tax consequences for their expatriate service, which could be different depending upon each country. The Participating Employee's distribution will reflect any expatriate hypothetical tax obligation.

5. The Company may take appropriate measures to ensure that corrective actions related to withholding tax obligations are completed in a timely manner. The Plan Administrator will take steps, as it deems necessary or desirable for the withholding of any taxes that are required by laws or regulations of any governmental authority in connection with any distribution.

VI. Sale of Shares

1. Upon the vesting of restrictions, the Participating Employee can initiate sale or transfer of the Shares by contacting the third-party administrator designated by the Plan Administrator.

2. In all cases, if a Participating Employee is subject to trading restrictions, authorization prior to selling of Shares must be obtained by Senior Counsel SEC.

Portions of this Exhibit have been redacted in accordance with Item 601(b)(10)(iv) of Regulation S-K because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed. Omitted information has been identified as follows “[***]”.

Tim Roberts
EVP, Midstream & Chemicals

Phillips 66
2331 City West Blvd.
HQ-15-S1534
Houston, Texas 77042
832.765.1789

March 3, 2023

Mr. Don Baldridge

Dear Don:

It is with pleasure that we offer you a position in the Phillips 66 organization. This offer provides you with the opportunity to join the Company at an exciting time.

The details of the offer are as follows:

Job Title: Interim CEO, DCP Midstream
Base Salary: $550,000/year
Total Target Comp: $2,007,500 (base + variable)
Inducement Grant: $1,500,000 (RSU)
Location: Houston, Texas
Manager: Tim Roberts / EVP, Midstream & Chemicals
Desired Reporting Date: April 1, 2023

Salary and Variable Cash Incentive Program

Subsequent changes to your salary will be based on your performance and our compensation policy.

In addition to your base salary, you will be eligible to participate in the Variable Cash Incentive Program (VCIP). The Human Resources and Compensation Committee generally approves the awards annually after the completion of the program year. Individual awards are based upon Company performance. The awards can range from 0% to 200% of the target. Your target award will be 65% of your eligible earnings paid during the year.

Executive Programs

In addition to your base salary and VCIP, you will be eligible to participate in the following executive level compensation programs:

Restricted Stock Unit Program: This is an annual program, which, if approved, could result in you receiving an award. The Special Equity Awards Committee generally approves the awards annually in February.

Under the 2022 compensation structure, you have a target award of 50% of your base salary. The 2023 grant will be based on your starting salary.

Stock Option Program: This is an annual program, which, if approved, could result in you receiving an award. The Special Equity Awards Committee generally approves the awards annually in February.

Under the 2022 compensation structure, you have a target award of 50% of your base salary. The 2023 grant will be based on your starting salary.

Performance Shares: This is a program where target awards are contingent shares of Phillips 66 stock that are earned based on the Company's performance over a three-year period, and approved awards will be paid out in cash. Your target award for the next performance period (PSP 2023 – 2025) under the current compensation structure, subject to program rules, will be 100% of your starting salary.

Inducement Grants

Restricted Stock Unit Award: Upon completion of your first day at Phillips 66, you will receive an award of restricted stock units. The number of units will be determined by dividing $1,500,000 by the Fair Market Value of Phillips 66 stock on the date of your employment. The restrictions would lapse and the units vest on the third anniversary of employment with Phillips 66. If that is a non-trading date, the last preceding date will be used. Units will be eligible for dividend equivalents, which are paid on a quarterly basis

The Award will vest upon Retirement only if you are not placed in one of the following roles by [***]

Vacation Benefit

A special vacation benefit is available for experienced exempt hires. Based on your related prior work experience, you will be granted 32 years of service recognition to adjust your Vacation Eligibility Date. This adjusted Vacation Eligibility Date will be used to compute all future vacation according to the Phillips 66 Vacation policy. We are pleased to provide a vacation benefit of 6 weeks.

19/30 or 9/80 Program

You have the option to participate in one of the following workplace flexibility programs:

- Under the 19/30 Program, you receive one personal day off each month in return for working an extra 30 minutes each day. It must be taken in full day increments and cannot be carried over from month to month.

- Under the 9/80 Program, you work 80 hours over nine business days which enables you to be off every other Friday.

Executive Benefits

You will be eligible for the following executive benefits:

- Executive Health Program – designed to promote and protect your health. This program is a complete personal wellness assessment at Houston Methodist focused on identifying potential health risks and developing steps to prevent future health issues. This service is fully paid for by Phillips 66 and grossed-up for taxes.

- Executive Financial Counseling – designed to help you meet your future financial goals. Provided by The Ayco Company, L.P., a Goldman Sachs Company, will help you create a long-range financial strategy to address financial and tax issues facing you and your family. Ayco's counselors are well versed in our benefits and compensation plans and will assist with Benefits and Compensation Planning, Estate Planning, Investment Planning, Income Tax Planning and Preparation, Risk Management and Long-Term Cash Flow/Retirement Planning. This service is fully paid for by Phillips 66, however, you will be responsible for the taxes on the imputed earnings of this benefit should you choose to accept it.

Employee Benefits

You will be eligible to participate in the various Phillips 66 employee benefit plans. Please visit our new hire benefits website to explore highlights of our benefits.

Requirements for Employment

This offer is contingent upon your successful completion of certain Pre-Placement Requirements and Employment Eligibility Verification. Failure to successfully complete or meet these requirements in the necessary timeframes may prevent you from being placed in or continuing to remain in your position.

Pre-Placement Requirements: After you have accepted our offer, you will receive information addressing each specific Pre-Placement Requirements which may include a Pre-Placement Medical Questionnaire, and Background Check. As mentioned above, this offer is contingent upon your successful completion of the Pre-Placement Requirements.

Employment Eligibility Verification: Under the provisions of the Immigration Reform and Control Act of 1986, your employer is required to have verification indicating you are authorized to work in the United States. You will be required to provide employment eligibility verification documents within three working days after the start of employment. Click on the following link for more information about Employment Eligibility Verification.

If you have any further questions concerning this offer, please contact Sonya Reed at 832-765-1341 or via e-mail at sonya.m.reed@p66.com. We would like to have your formal reply as soon as possible. We are very interested in you becoming a part of our team and have confidence that you can make significant contributions to our business objectives.

Sincerely,

Tim Roberts

cc: Sonya Reed

Please sign below acknowledging your acceptance of employment with Phillips 66.

____

____
Date

Tim Roberts
EVP, Midstream & Chemicals

Phillips 66
2331 City West Blvd.
HQ-15-S1534
Houston, Texas 77042
832.765.1789

December 2, 2022

Mr. Bill Johnson

Dear Bill:

It is with pleasure that we offer you a position in the Phillips 66 organization. This offer provides you with the opportunity to join the Company at an exciting time.

The details of the offer are as follows:

Job Title: Vice President, Midstream Operations (Non-PHMSA)
Base Salary: $440,725/year
Total Target Comp: $1,366,248 (base + variable)
Inducement Grant: $1,500,000 (RSU)
Location: Houston, Texas
Manager: Tim Roberts / EVP, Midstream & Chemicals
Desired Reporting Date: April 1, 2023

Salary and Variable Cash Incentive Program

Subsequent changes to your salary will be based on your performance and our compensation policy.

In addition to your base salary, you will be eligible to participate in the Variable Cash Incentive Program (VCIP). The Human Resources and Compensation Committee generally approves the awards annually after the completion of the program year. Individual awards are based upon Company performance. The awards can range from 0% to 200% of the target. Your target award will be 50% of your eligible earnings paid during the year.

Executive Programs

In addition to your base salary and VCIP, you will be eligible to participate in the following executive level compensation programs:

Restricted Stock Unit Program: This is an annual program, which, if approved, could result in you receiving an award. The Special Equity Awards Committee generally approves the awards annually in February.

Under the 2022 compensation structure, you have a target award of 40% of your base salary. The 2023 grant will be based on your starting salary.

Stock Option Program: This is an annual program, which, if approved, could result in you receiving an award. The Special Equity Awards Committee generally approves the awards annually in February.

Under the 2022 compensation structure, you have a target award of 40% of your base salary. The 2023 grant will be based on your starting salary.

Performance Shares: This is a program where target awards are contingent shares of Phillips 66 stock that are earned based on the Company's performance over a three-year period, and approved awards will be paid out in cash. Your target award for the next performance period (PSP 2023 – 2025) under the current compensation structure, subject to program rules, will be 80% of your starting salary.

Inducement Grants

Restricted Stock Unit Award: Upon completion of your first day at Phillips 66, you will receive an award of restricted stock units. The number of units will be determined by dividing $1,500,000 by the Fair Market Value of Phillips 66 stock on the date of your employment. The restrictions would lapse and the units vest on the third anniversary of employment with Phillips 66. If that is a non-trading date, the last preceding date will be used. Units will be eligible for dividend equivalents, which are paid on a quarterly basis.

Vacation Benefit

A special vacation benefit is available for experienced exempt hires. Based on your related prior work experience, you will be granted 32 years of service recognition to adjust your Vacation Eligibility Date. This adjusted Vacation Eligibility Date will be used to compute all future vacation according to the Phillips 66 Vacation policy. We are pleased to provide a vacation benefit of 6 weeks.

19/30 or 9/80 Program

You have the option to participate in one of the following workplace flexibility programs:

- Under the 19/30 Program, you receive one personal day off each month in return for working an extra 30 minutes each day. It must be taken in full day increments and cannot be carried over from month to month.

- Under the 9/80 Program, you work 80 hours over nine business days which enables you to be off every other Friday.

Executive Benefits

You will be eligible for the following executive benefits:

- Executive Health Program – designed to promote and protect your health. This program is a complete personal wellness assessment at Houston Methodist focused on identifying potential health risks and developing steps to prevent future health issues. This service is fully paid for by Phillips 66 and grossed-up for taxes.

- Executive Financial Counseling – designed to help you meet your future financial goals. Provided by The Ayco Company, L.P., a Goldman Sachs Company, will help you create a long-range financial strategy to address financial and tax issues facing you and your family. Ayco's counselors are well versed in our benefits and compensation plans and will assist with Benefits and Compensation Planning, Estate Planning, Investment Planning, Income Tax Planning and Preparation, Risk Management and Long-Term Cash Flow/Retirement Planning. This service is fully paid for by Phillips 66, however, you will be responsible for the taxes on the imputed earnings of this benefit should you choose to accept it.

Relocation

Your relocation will be administered under the following Phillips 66 Relocation Policy:

USA Domestic Exempt / Experienced New Hire Policy

After reviewing the Relocation Policy, please contact the Phillips 66 Relocation Center at (800) 267-7573 for any questions you may have or to begin your relocation process once you have accepted the offer and been cleared to hire. The Phillips 66 Relocation Center will be your resource for any questions you may have about the policy prior to offer acceptance and during the relocation process. Also, please note that the Phillips 66 Relocation Center must be contacted prior to initiating any action related to Home Sale and House Hunting/Home Purchase.

Employee Benefits

You will be eligible to participate in the various Phillips 66 employee benefit plans. Please visit our new hire benefits website to explore highlights of our benefits.

<u>Requirements for Employment</u>

This offer is contingent upon your successful completion of certain Pre-Placement Requirements and Employment Eligibility Verification. Failure to successfully complete or meet these requirements in the necessary timeframes may prevent you from being placed in or continuing to remain in your position.

Pre-Placement Requirements: After you have accepted our offer, you will receive information addressing each specific Pre-Placement Requirements which may include a Pre-Placement Medical Questionnaire, and Background Check. As mentioned above, this offer is contingent upon your successful completion of the Pre-Placement Requirements.

Employment Eligibility Verification: Under the provisions of the Immigration Reform and Control Act of 1986, your employer is required to have verification indicating you are authorized to work in the United States. You will be required to provide employment eligibility verification documents within three working days after the start of employment. Click on the following link for more information about Employment Eligibility Verification.

If you have any further questions concerning this offer, please contact Sonya Reed at 832-765-1341 or via e-mail at sonya.m.reed@p66.com. We would like to have your formal reply as soon as possible. We are very interested in you becoming a part of our team and have confidence that you can make significant contributions to our business objectives.

Sincerely,

Tim Roberts

cc: Sonya Reed

Please sign below acknowledging your acceptance of employment with Phillips 66.

____

____
Date

Re: Phillips 66 Integration

Dear George,

All DCP Midstream employees will be moving to Phillips 66 processes and systems on April 1st. There are a few updates we need to inform you of that will come into effect on April 1st.

Your position at Phillips 66 will be:

- **Position Title:** DCP GVP General Counsel & Sec
- **Location:** Denver, CO
- **Organization Department:** Corporate – Legal
- **Target Start Date:** April 1, 2023
- **Total Rewards:** Please see below for specific compensation details. Additionally, you will be eligible for Phillips 66 benefits programs. Additional information on Phillip 66's benefit programs can be found at Phillips 66 Total Rewards. The Phillips 66 benefits team will be hosting a series of webinars in February detailing program details, which will provide clarity as to how benefits will be changing. More information on these webinars will be sent out soon.

The officer positions you hold at DCP Midstream will be unchanged.

Your compensation package at Phillips 66 will be as follows:

- **Salary Grade Level (SGL):** 23
- **Annual Base Salary:** $471,000
- **Short-Term Incentive Plan ("VCIP") Target:** 50%
- **2023 Long-Term Incentive Plan Eligibility (if applicable):** Not Eligible
- **2023 Long-Term Incentive Plan Target (if applicable):** Not Eligible

For additional details on your compensation package at Phillips 66, please see the 'Compensation Details' section below.

Thank you in advance for your continued contributions to DCP and Phillips 66 as we work through this transition process. If you have any questions or concerns, please do not hesitate to contact your HR Business Partner.

Sincerely,

Vanessa Sutherland
Executive Vice President of Government Affairs, General Counsel and Corporate Secretary

Compensation Details:

Short-Term Incentive Program
For 2023, your short-term incentive compensation will be comprised of two components as follows:

- For the period January 1 through March 31, 2023, your short-term incentive compensation will be based on your DCP eligible earnings received during this period multiplied by your DCP Short-Term Incentive target percentage.
- For the period beginning on April 1, 2023, you will participate in the Phillips 66 short-term incentive program which is referred to as the Variable Cash Incentive Program or VCIP. Your 2023 target award under the VCIP will be based on your 2023 eligible earnings beginning on April 1, 2023, multiplied by your Phillips 66 VCIP target percentage. The final VCIP payout will be determined in early 2024 based on individual and Company performance and is subject to approval by the Phillips 66 Human Resources and Compensation Committee of the Board. More information on VCIP can be found here.
- Final earned awards will be paid in February 2024.
- Employees who separate from the Company, prior to the payment date of the VCIP award, will retain VCIP award eligibility if their employment is terminated by:
    - Retirement (Defined as age 55 with at least 5 years of service)
    - Divestiture or Outsourcing (with CEO approval)
    - Layoff (if a waiver has been signed)
    - Disability
    - Death

VCIP Awards will be forfeited in the event of any other termination, including any voluntary resignation or termination for cause, prior to such date.

The above Short-Term Incentive Program terms and conditions will supersede any previous communications provided to you regarding short-term incentive calculations and payouts.

Long-Term Incentive Program

You will receive your long-term incentive compensation in the form of cash at your 2023 Long-Term Incentive Plan target. Long-term incentive awards will be paid upon the earlier of three years from the date of grant or your involuntary separation from Phillips 66. Awards will be forfeited in the event of any other termination, including any voluntary resignation or termination for cause, prior to the third anniversary of the date of grant.

Exhibit 22

List of Guaranteed Securities

Pursuant to Item 601(b)(22) of Regulation S-K, set forth below are securities issued by DCP Midstream Operating, LP (Subsidiary Issuer) and guaranteed by DCP Midstream, LP (Parent Guarantor).

$825 million of 5.375% Senior Notes due July 2025

$500 million of 5.625% Senior Notes due July 2027

$600 million of 5.125% Senior Notes due May 2029

$300 million of 8.125% Senior Notes due August 2030

$400 million of 3.250% Senior Notes due February 2032

$300 million of 6.450% Senior Notes due November 2036

$450 million of 6.750% Senior Notes due September 2037

$400 million of 5.600% Senior Notes due April 2044

Exhibit 31.1

Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Donald A. Baldridge, certify that:

1. I have reviewed this quarterly report on Form 10-Q of DCP Midstream, LP for the period ended March 31, 2023;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 4, 2023

/s/ Donald A. Baldridge
Donald A. Baldridge
Interim Chief Executive Officer
(Principal Executive Officer)
DCP Midstream GP, LLC, general partner of
DCP Midstream GP, LP, general partner of
DCP Midstream, LP

Exhibit 31.2

Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Scott R. Delmoro, certify that:

1. I have reviewed this quarterly report on Form 10-Q of DCP Midstream, LP for the period ended March 31, 2023;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 4, 2023

/s/ Scott R. Delmoro

Scott R. Delmoro
Interim Chief Financial Officer
(Principal Financial Officer)
DCP Midstream GP, LLC, general partner of
DCP Midstream GP, LP, general partner of
DCP Midstream, LP

Exhibit 32.1

**Certification of President and Interim Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906
of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)**

The undersigned, the Interim Chief Executive Officer of DCP Midstream GP, LLC, general partner of DCP Midstream GP, LP, general partner of DCP Midstream, LP (the “Partnership”), hereby certifies that, to his knowledge on the date hereof:

(a) the quarterly report on Form 10-Q of the Partnership for the period ended March 31, 2023, filed on the date hereof with the Securities and Exchange Commission (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

/s/ Donald A. Baldridge
Donald A. Baldridge
Interim Chief Executive Officer
(Principal Executive Officer)
May 4, 2023

A signed original of this written statement required by Section 906 has been provided to the Partnership and will be retained by the Partnership and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Certification of Interim Group Vice President and Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906
of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)

The undersigned, the Interim Chief Financial Officer of DCP Midstream GP, LLC, general partner of DCP Midstream GP, LP, general partner of DCP Midstream, LP (the "Partnership"), hereby certifies that, to his knowledge on the date hereof:

(a) the quarterly report on Form 10-Q of the Partnership for the period ended March 31, 2023, filed on the date hereof with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

/s/ Scott R. Delmoro

Scott R. Delmoro
Interim Chief Financial Officer
(Principal Financial Officer)
May 4, 2023

A signed original of this written statement required by Section 906 has been provided to the Partnership and will be retained by the Partnership and furnished to the Securities and Exchange Commission or its staff upon request.