PBF Logistics LP
Form 10-Q
October 31, 2018

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

FORM 10-Q

(Mark one)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended: September 30, 2018
Or
.. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission File Number: 001-36446

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 o	Accelerated filer þ	Non-accelerated filer o	Smaller reporting company o Emerging growth company þ

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. o
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No þ
As of October 29, 2018, there were 45,347,196 common units outstanding.

PBF LOGISTICS LP

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EXPLANATORY NOTE

PBF Logistics LP ("PBFX" or the "Partnership") is a Delaware limited partnership formed in February 2013. PBF Logistics GP LLC ("PBF GP" or "our general partner") serves as the general partner of PBFX. PBF GP is wholly-owned by PBF Energy Company LLC ("PBF LLC"). PBF Energy Inc. ("PBF Energy") is the sole managing member of PBF LLC, and as of September 30, 2018, owned 99.0% of the total economic interest in PBF LLC. In addition, PBF LLC is the sole managing member of PBF Holding Company LLC ("PBF Holding"), a Delaware limited liability company and affiliate of PBFX. PBF LLC owns 19,953,631 of PBFX's common units constituting an aggregate 44.0% limited partner interest in PBFX and owns all of PBFX's incentive distribution rights ("IDRs"), with the remaining 56.0% limited partner interest owned by public unitholders as of September 30, 2018.

Unless the context otherwise requires, references in this Quarterly Report on Form 10-Q (this "Form 10-Q") to "Predecessor," and "we," "our," "us," or like terms, when used in the context of periods prior to the completion of certain acquisitions from PBF LLC, refer to PBF MLP Predecessor, our predecessor for accounting purposes (our "Predecessor"), which includes assets, liabilities and results of operations of certain crude oil, refined products, natural gas and intermediates transportation, terminaling and storage assets, previously operated and owned by certain of PBF Holding's currently and previously held subsidiaries. As of September 30, 2018, PBF Holding, together with its subsidiaries, owns and operates five oil refineries and related facilities in North America. PBF Energy, through its ownership of PBF LLC, controls all of the business and affairs of PBFX and PBF Holding.

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References in this Form 10-Q to “PBF Logistics LP,” “PBFX,” the “Partnership” and “we,” “our,” “us,” or like terms used in th context of periods on or after the completion of certain acquisitions from PBF LLC, refer to PBF Logistics LP and its subsidiaries.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

Important factors that could cause actual results to differ materially from our expectations, which we refer to as “cautionary statements,” are disclosed under “Item 1A. Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this Form 10-Q; in our Annual Report on Form 10-K for the year ended December 31, 2017, which we refer to as our 2017 Form 10-K and in our other filings with the U.S. Securities and Exchange Commission (“SEC”). All forward-looking information in this Form 10-Q and subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements. Some of the factors that we believe could affect our results include:

- our limited operating history as a separate public partnership;
- changes in general economic conditions;
- our ability to make, complete and integrate acquisitions from affiliates or third parties, and to realize the benefits from such acquisitions;
- our ability to have sufficient cash from operations to enable us to pay the minimum quarterly distribution;
- competitive conditions in our industry;
- actions taken by our customers and competitors;
- the supply of, and demand for, crude oil, refined products, natural gas and logistics services;
- our ability to successfully implement our business plan;
- our dependence on PBF Energy for a substantial majority of our revenues subjects us to the business risks of PBF Energy, which includes the possibility that contracts will not be renewed because they are no longer beneficial for PBF Energy;
- a substantial majority of our revenue is generated at certain of PBF Energy’s facilities, and any adverse development at any of these facilities could have a material adverse effect on us;
- our ability to complete internal growth projects on time and on budget;
- the price and availability of debt and equity financing;
- operating hazards and other risks incidental to handling crude oil, petroleum products and natural gas;
- natural disasters, weather-related delays, casualty losses and other matters beyond our control;

- interest rates;
- labor relations;
- changes in the availability and cost of capital;
- the effects of existing and future laws and governmental regulations, including those related to the shipment of crude oil by trains;
- changes in insurance markets impacting costs and the level and types of coverage available;
- the timing and extent of changes in commodity prices and demand for PBF Energy's refined products and natural gas and the differential in the prices of different crude oils;
- the suspension, reduction or termination of PBF Energy's obligations under our commercial agreements;
- disruptions due to equipment interruption or failure at our facilities, PBF Energy's facilities or third-party facilities on which our business is dependent;
- incremental costs as a separate public partnership;
- our general partner and its affiliates, including PBF Energy, have conflicts of interest with us and limited duties to us and our unitholders, and they may favor their own interests to the detriment of us and our other common unitholders;
- our partnership agreement restricts the remedies available to holders of our common units for actions taken by our general partner that might otherwise constitute breaches of fiduciary duty;
- holders of our common units have limited voting rights and are not entitled to elect our general partner or its directors;
- our tax treatment depends on our status as a partnership for U.S. federal income tax purposes, as well as our not being subject to a material amount of entity level taxation by individual states;
- changes at any time (including on a retroactive basis) in the tax treatment of publicly traded partnerships, including related impacts on potential dropdown transactions with PBF LLC, or an investment in our common units;
- our unitholders will be required to pay taxes on their share of our taxable income even if they do not receive any cash distributions from us;
- the effects of future litigation; and
- other factors discussed elsewhere in this Form 10-Q.

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

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

PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	September 30, 2018	December 31, 2017*
ASSETS		
Current assets:		
Cash and cash equivalents	$ 18,022	$ 19,664
Accounts receivable - affiliates	33,454	40,817
Accounts receivable	3,010	1,423
Prepaids and other current assets	3,496	1,793
Total current assets	57,982	63,697
Property, plant and equipment, net	736,876	684,488
Goodwill	6,332	—
Other non-current assets	5,660	30
Total assets	$ 806,850	$ 748,215
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable - affiliates	$ 17,659	$ 8,352
Accounts payable and accrued liabilities	24,056	19,794
Deferred revenue	1,183	1,438
Total current liabilities	42,898	29,584
Long-term debt	567,152	548,793
Other long-term liabilities	1,612	2,078
Total liabilities	611,662	580,455
Commitments and contingencies (Note 9)		
Equity:		
Net investment - Predecessor	—	10,665
Common unitholders (45,347,196 and 41,900,708 units issued and outstanding, as of September 30, 2018 and December 31, 2017, respectively)	22,784	(17,544)
IDR holder - PBF LLC	3,641	2,736
Total PBF Logistics LP equity	26,425	(4,143)
Noncontrolling interest	168,763	171,903
Total equity	195,188	167,760
Total liabilities and equity	$ 806,850	$ 748,215

* Prior-period financial information has been retrospectively adjusted for the Development Assets Acquisition (as defined in Note 1 “Description of the Business and Basis of Presentation” of the Notes to Condensed Consolidated Financial Statements).

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018*	2017*	2018*	2017*
Revenue:				
Affiliate	$66,140	$62,359	$190,789	$176,916
Third-party	4,416	3,836	12,606	13,459
Total revenue	70,556	66,195	203,395	190,375
Costs and expenses:				
Operating and maintenance expenses	20,803	17,704	61,407	52,567
General and administrative expenses	4,725	3,534	15,504	12,947
Depreciation and amortization	7,451	5,756	21,185	17,096
Total costs and expenses	32,979	26,994	98,096	82,610
Income from operations	37,577	39,201	105,299	107,765
Other expense:				
Interest expense, net	(10,070)	(7,416)	(29,684)	(22,493)
Amortization of loan fees and debt premium	(497)	(332)	(1,256)	(1,125)
Net income	27,010	31,453	74,359	84,147
Less: Net loss attributable to Predecessor	(80)	(1,219)	(2,443)	(3,863)
Less: Net income attributable to noncontrolling interest	4,725	3,799	13,110	11,218
Net income attributable to the partners	22,365	28,873	63,692	76,792
Less: Net income attributable to the IDR holder	3,641	2,526	10,011	6,319
Net income attributable to PBF Logistics LP unitholders	$18,724	$26,347	$53,681	$70,473
Net income per limited partner unit:				
Common units - basic	$0.42	$0.63	$1.25	$1.69
Common units - diluted	0.42	0.63	1.25	1.69
Subordinated units - basic and diluted	—	—	—	1.61
Weighted-average limited partner units outstanding:				
Common units - basic	44,518,365	42,127,288	42,965,502	33,280,957
Common units - diluted	44,612,522	42,161,008	43,015,817	33,309,555
Subordinated units - basic and diluted	—	—	—	8,787,068
Cash distribution declared per unit	$0.5000	$0.4800	$1.4850	$1.4100

* Current and prior-period financial information has been retrospectively adjusted for the Development Assets Acquisition (as defined in Note 1 “Description of the Business and Basis of Presentation” of the Notes to Condensed Consolidated Financial Statements).

See Notes to Condensed Consolidated Financial Statements.

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

	Nine Months Ended September 30, 2018*	2017*
Cash flows from operating activities:		
Net income	$ 74,359	$ 84,147
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	21,185	17,096
Amortization of loan fees and debt premium	1,256	1,125
Unit-based compensation expense	4,549	4,515
Changes in operating assets and liabilities:		
Accounts receivable - affiliates	7,363	818
Accounts receivable	(1,587)	3,188
Prepaids and other current assets	(1,703)	(329)
Accounts payable - affiliates	9,307	500
Accounts payable and accrued liabilities	4,624	7,705
Deferred revenue	(255)	39
Other assets and liabilities	(1,516)	(1,128)
Net cash provided by operating activities	117,582	117,676
Cash flows from investing activities:		
Knoxville Terminals Purchase	(58,000)	—
Toledo Products Terminal Acquisition	—	(10,097)
Expenditures for property, plant and equipment	(28,627)	(62,003)
Purchases of marketable securities	—	(75,036)

Maturities of marketable securities	—			115,060		
Net cash used in investing activities	$	(86,627	)	$	(32,076	)

* Current and prior-period financial information has been retrospectively adjusted for the Development Assets Acquisition (as defined in Note 1 “Description of the Business and Basis of Presentation” of the Notes to Condensed Consolidated Financial Statements).

See Notes to Condensed Consolidated Financial Statements.

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

	Nine Months Ended September 30,	
	2018*	2017*
Cash flows from financing activities:		
Net proceeds from issuance of common units	$34,820	$—
Distributions to unitholders	(72,471)	(62,794)
Distributions to TVPC members	(16,250)	(17,348)
Contribution from parent	4,201	9,405
Proceeds from revolving credit facility	64,000	—
Repayment of revolving credit facility	(43,700)	—
Repayment of term loan	—	(39,664)
Deferred financing costs	(3,197)	—
Net cash used in financing activities	(32,597)	(110,401)
Net change in cash and cash equivalents	(1,642)	(24,801)
Cash and cash equivalents at beginning of year	19,664	64,221
Cash and cash equivalents at end of period	$18,022	$39,420
Supplemental disclosure of non-cash investing and financing activities:		
Accrued capital expenditures	$85	$14,859
Issuance of affiliate note payable	—	11,600
Units issued as consideration for acquisitions	31,586	—

* Current and prior-period financial information has been retrospectively adjusted for the Development Assets Acquisition (as defined in Note 1 “Description of the Business and Basis of Presentation” of the Notes to Condensed Consolidated Financial Statements).

See Notes to Condensed Consolidated Financial Statements.
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PBF LOGISTICS LP
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS, EXCEPT BARREL, UNIT AND PER UNIT DATA)

1. DESCRIPTION OF THE BUSINESS AND BASIS OF PRESENTATION

PBF Logistics LP ("PBFX" or the "Partnership") is a Delaware limited partnership formed in February 2013. PBF Logistics GP LLC ("PBF GP" or "our general partner") serves as the general partner of PBFX. PBF GP is wholly-owned by PBF Energy Company LLC ("PBF LLC"). PBF Energy Inc. ("PBF Energy") is the sole managing member of PBF LLC, and as of September 30, 2018, owned 99.0% of the total economic interest in PBF LLC. In addition, PBF LLC is the sole managing member of PBF Holding Company LLC ("PBF Holding"), a Delaware limited liability company and affiliate of PBFX. PBF LLC owns 19,953,631 PBFX common units constituting an aggregate 44.0% limited partner interest in PBFX and owns all of PBFX's incentive distribution rights ("IDRs"), with the remaining 56.0% limited partner interest owned by public unitholders as of September 30, 2018.

PBFX engages in the receiving, handling, storage and transferring of crude oil, refined products, natural gas and intermediates. The Partnership does not take ownership of or receive any payments based on the value of the crude oil, products, natural gas or intermediates that it handles and does not engage in the trading of any commodities. PBFX's assets are integral to the operations of PBF Holding's refineries, and as a result, the Partnership continues to generate a substantial majority of its revenue from transactions with PBF Holding. Additionally, certain of PBFX's assets also generate revenue from third-party transactions.

On April 16, 2018, the Partnership's wholly-owned subsidiary, PBF Logistics Products Terminals LLC ("PLPT"), completed the purchase of two refined product terminals located in Knoxville, Tennessee, which include product tanks, pipeline connections to the Colonial and Plantation pipeline systems and truck loading facilities (the "Knoxville Terminals") from Cummins Terminals, Inc. ("Cummins") for total cash consideration of approximately $58,000, excluding working capital adjustments (the "Knoxville Terminals Purchase"). This acquisition was accounted for as a business combination under U.S. generally accepted accounting principles ("GAAP"). Refer to Note 3 "Acquisitions" of the Notes to Condensed Consolidated Financial Statements for further discussion regarding the Knoxville Terminals Purchase.

On July 16, 2018, PBFX entered into an agreement with Crown Point International, LLC, formerly known as Axeon Specialty Products LLC, to purchase its wholly-owned subsidiary, CPI Operations LLC (the "East Coast Storage Assets Acquisition") for total consideration of $107,000, which is comprised of an initial payment at closing of $75,000 with the balance being payable one year after closing. The East Coast Storage Assets Acquisition closed on October 1, 2018. This acquisition will be accounted for as a business combination under GAAP.

On July 16, 2018, the Partnership entered into four contribution agreements with PBF LLC pursuant to which PBF Energy contributed to PBFX certain of its subsidiaries (the "Development Assets Contribution Agreements"). Pursuant to the Development Assets Contribution Agreements, the Partnership acquired from PBF LLC all of the issued and outstanding limited liability company interests of: Toledo Rail Logistics Company LLC ("TRLC"), whose assets consist of a loading and unloading rail facility located at PBF Holding's Toledo Refinery (the "Toledo Rail Products Facility"); Chalmette Logistics Company LLC ("CLC"), whose assets consist of a truck loading rack facility (the "Chalmette Truck Rack") and a rail yard facility (the "Chalmette Rosin Yard"), both of which are located at PBF Holding's Chalmette Refinery; Paulsboro Terminaling Company LLC ("PTC"), whose assets consist of a lube oil terminal facility located at PBF Holding's Paulsboro Refinery (the "Paulsboro Lube Oil Terminal"); and DCR Storage and Loading Company LLC ("DSLC"), whose assets consist of an ethanol storage facility located at PBF Holding's Delaware City Refinery (the "Delaware Ethanol Storage Facility" and collectively with the Toledo Rail Products Facility, the Chalmette Truck Rack, the Chalmette Rosin Yard, and the Paulsboro Lube Oil Terminal, the "Development Assets"). The acquisition of the Development Assets closed on July 31, 2018 for total consideration of $31,586, consisting of 1,494,134 common units issued to PBF LLC (the “Development Assets Acquisition”). This acquisition was accounted for as a transfer of assets between entities under common control under GAAP. Refer to Note 3 “Acquisitions” of the Notes to Condensed Consolidated Financial Statements for further discussion regarding the Development Assets Acquisition.

Principles of Combination and Consolidation and Basis of Presentation

In connection with, and subsequent to, PBFX's initial public offering ("IPO"), the Partnership has acquired certain assets from PBF LLC (collectively referred to as the "Contributed Assets"). Such acquisitions completed subsequent to the IPO were made through a series of drop-down transactions with PBF LLC (collectively referred to as the "Acquisitions from PBF"). The assets, liabilities and results of operations of the Contributed Assets prior to their acquisition by PBFX are collectively referred to as the "Predecessor." The transactions through which PBFX acquired the Contributed Assets were transfers of assets between entities under common control. Accordingly, the accompanying condensed consolidated financial statements and related notes present the results of operations and cash flows of our Predecessor for all periods presented prior to the effective date of each transaction. The financial statements of our Predecessor have been prepared from the separate records maintained by PBF Energy and may not necessarily be indicative of the conditions that would have existed or the results of operations if the Predecessor had been operated as an unaffiliated entity. See (i) the Annual Report on Form 10-K for the year ended December 31, 2017 (the "2017 Form 10-K") for additional information regarding the Acquisitions from PBF and the commercial agreements and amendments to other agreements with related parties executed in connection with these acquisitions, and (ii) Note 3 "Acquisitions" of the Notes to Condensed Consolidated Financial Statements for further discussion regarding the Development Assets Acquisition.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with GAAP for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, PBFX has included all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the financial position and the results of operations and cash flows of PBFX for the periods presented. The results of operations for the three and nine months ended September 30, 2018 are not necessarily indicative of the results that may be expected for the full year.

The Predecessor generally did not historically operate its respective assets for the purpose of generating revenues independent of other PBF Energy businesses prior to PBFX's IPO or for assets acquired in the Acquisitions from PBF, prior to the effective dates of each transaction, with the exception of the Paulsboro Lube Oil Terminal. All intercompany accounts and transactions have been eliminated.

Summary of Significant Accounting Policies

Goodwill

Goodwill, related to an acquisition, is calculated as the excess of the purchase price over the fair value of the identifiable net assets and is carried at cost. Goodwill is not amortized for financial reporting purposes; however, it is subject to annual assessment to determine if an impairment of goodwill has occurred. The Partnership performs this impairment review annually as of July 1, or in any period prior to the annual assessment in which the Partnership experiences any circumstances that would indicate an impairment exists, such as disruptions in its business or other significant declines in results. An impairment loss is recorded if the implied fair value of the reporting unit is less than the carrying value. Reporting units are based on a component of the business with discrete financial information that management reviews on a regular basis. The Partnership reviews its reporting units on an annual basis.

Intangibles

The Partnership's intangibles are comprised of customer relationships, which were acquired in connection with the Knoxville Terminals Acquisition and were recorded at estimated fair value at the date of acquisition.

Intangibles with definite lives are amortized using the straight-line method over their relative estimated useful life, or the period of which they provide an economic benefit. The customer relationships estimated useful life for the Knoxville Terminals Acquisition were determined to be 10 years. Intangible assets are included in “Other non-current assets.”

Recently Adopted Accounting Guidance

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09 (Topic 606), “Revenue from Contracts with Customers” (“ASC 606”). ASC 606 supersedes the revenue recognition requirements in Accounting Standards Codification 605 “Revenue Recognition” (“ASC 605”), and requires entities to recognize revenue when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. The Partnership adopted ASC 606 as of January 1, 2018 using the modified retrospective transition method. See Note 2 “Revenue” of the Notes to Condensed Consolidated Financial Statements for further details.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, “Leases (Topic 842)” (“ASU 2016-02”), to increase the transparency and comparability about leases among entities. Additional ASUs have been issued subsequent to ASU 2016-02 to provide supplementary clarification and implementation guidance for leases related to, among other things, the application of certain practical expedients, the rate implicit in the lease, lessee reassessment of lease classification, lessor reassessment of lease term and purchase options, variable payments that depend on an index or rate and certain transition adjustments (collectively, the Partnership refers to ASU 2016-02 and these additional ASUs as the “Updated Lease Guidance”). The Updated Lease Guidance requires lessees to recognize a lease liability and a corresponding lease asset for virtually all lease contracts. It also requires additional disclosures about leasing arrangements. The Updated Lease Guidance is effective for interim and annual periods beginning after December 15, 2018, and requires a modified retrospective approach to adoption. While early adoption is permitted, the Partnership will not early adopt the Updated Lease Guidance. The Partnership has established a working group to study the implementation of the Updated Lease Guidance and has instituted a task plan designed to meet the requirements and implementation deadline. The Partnership has also evaluated and purchased a lease software system, completed software design and configuration of the system, and substantially completed testing the implementation of the selected system. The working group continues to evaluate the impact of the Updated Lease Guidance on the Partnership’s consolidated financial statements and related disclosures and has designed and begun implementing business processes and controls to address the new guidance. While the assessment of this standard is ongoing, the Partnership has identified that the most significant impacts of the Updated Lease Guidance will be to bring nearly all leases, with the exception of certain short-term leases, on its balance sheet reflected as right of use assets and lease obligation liabilities as well as accelerating recognition of the interest expense component of financing leases. The new standard will also require additional disclosures for financing and operating leases. The Updated Lease Guidance allows for certain practical expedients, certain of which the Partnership has elected to adopt, including, among others, the expedient to carry forward the classification of leases under current lease guidance once the Updated Lease Guidance becomes effective, the expedient to not include short-term leases on the Partnership’s balance sheet and to avail itself of the additional transition method whereby the Partnership will apply the Updated Lease Guidance on the effective date and recognize a cumulative-effect adjustment to opening retained earnings.

In January 2017, the FASB issued ASU No. 2017-04, “Simplifying the Test for Goodwill Impairment” (“ASU 2017-04”) to provide updated guidance on goodwill impairment testing. Under ASU 2017-04, goodwill impairment Step 2 would be eliminated. This step required a comparison of the implied fair value and carrying value of goodwill of the reporting unit. Subsequent to the effective date of ASU 2017-04, during the annual, or if applicable, interim goodwill impairment assessment, entities would perform the test by comparing the fair value of the reporting unit with the carrying value of the reporting unit. The impairment charge would be the excess amount of which carrying value is greater than fair value, with the total amount limited to the carrying value of goodwill. ASU 2017-04 is effective for annual or, if applicable, interim goodwill impairment assessments beginning

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

after December 15, 2019. Early adoption is permitted. The Partnership is currently evaluating the impact of this new standard on its consolidated financial statements and related disclosures.

2. REVENUE

Adoption of ASC 606

Prior to January 1, 2018, the Partnership recognized revenue from customers when all of the following criteria were met: (i) persuasive evidence of an exchange arrangement existed, (ii) delivery had occurred or services had been rendered, (iii) the buyer’s price was fixed or determinable and (iv) collectability was reasonably assured. Amounts billed in advance of the period in which the service was rendered or product delivered were recorded as deferred revenue.

Effective January 1, 2018, the Partnership adopted ASC 606. As a result, the Partnership has changed the accounting policy for the recognition of revenue from contracts with customers as detailed below.

The Partnership adopted ASC 606 using the modified retrospective method, which has been applied for the three and nine months ended September 30, 2018. The Partnership has applied ASC 606 only to those contracts that were not complete as of January 1, 2018. As such, the financial information for prior periods has not been adjusted and continues to be reported under ASC 605. The Partnership did not record a cumulative effect adjustment upon initially applying ASC 606 as there was not a significant impact upon adoption; however, the details of significant qualitative and quantitative disclosure changes upon implementing ASC 606 are discussed below.

Revenue Recognition

Revenue is recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration the Partnership expects to be entitled to in exchange for those goods or services.

As noted in Note 11 “Segment Information” of the Notes to Condensed Consolidated Financial Statements, the Partnership’s business consists of two reportable segments: (i) Transportation and Terminaling and (ii) Storage.

The following table provides information relating to the Partnership’s revenues for each service category by segment for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018*	2017*	2018*	2017*
Transportation and Terminaling Segment				
Terminaling	$31,387	$32,599	$87,848	$95,446
Pipeline	19,886	17,185	57,592	48,762
Other	12,738	10,824	37,375	29,316
Total	64,011	60,608	182,815	173,524
Storage Segment				
Storage	6,545	5,587	20,580	16,851
Total	6,545	5,587	20,580	16,851
Total Revenue	$70,556	$66,195	$203,395	$190,375

* Current and prior-period financial information has been retrospectively adjusted for the Development Assets Acquisition.

PBFX recognizes revenue by charging fees for crude oil and refined products terminaling, storing and pipeline services based on the greater of contractual minimum volume commitments (“MVCs”), as applicable, or the delivery of actual volumes transferred or stored based on contractual rates applied to throughput or storage volumes.

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Minimum Volume Commitments

Transportation and Terminaling

The Partnership’s Transportation and Terminaling segment consists of product terminals, pipelines, crude unloading facilities and other facilities capable of handling barges and ships. Certain of these commercial agreements contain MVCs. Under these commercial agreements, if the Partnership’s customer fails to transport its minimum throughput volumes during any specified period, the customer will pay the Partnership a deficiency payment equal to the volume of the deficiency multiplied by the contractual rate then in effect. The deficiency payment is initially recorded as deferred revenue on the Partnership’s balance sheets for all contracts in which the MVC deficiency makeup period is contractually longer than a fiscal quarter.

Certain of the Partnership’s customers may apply the amount of any such deficiency payments as a credit for volumes transported on the applicable pipeline or terminal system in excess of its MVC during the following quarters under the terms of the applicable agreement. The Partnership recognizes operating revenues for the deficiency payments when credits are used for volumes transported in excess of MVCs or at the end of the contractual period. If the Partnership determines, based on all available information, that it is remote that the Partnership’s customer will utilize these deficiency payments, the amount of the expected unused credits will be recognized as operating revenues in the period when that determination is made. The use or recognition of the credits is recorded as a reduction to deferred revenue.

Storage

The Partnership earns storage revenue under the crude oil and refined products storage contracts through capacity reservation agreements, where the Partnership collects a fee for reserving storage capacity for customers in its facilities. Customers generally pay reservation fees based on the level of storage capacity reserved rather than the actual volumes stored.

As of September 30, 2018, future fees for MVCs to be received related to noncancelable commercial terminaling, pipeline and storage agreements were as follows:

2018	$55,218
2019	221,024
2020	222,050
2021	221,759
2022	138,674
Thereafter	483,752
Total MVC payments to be received	$1,342,477

Leases

Certain of the Partnership’s commercial agreements are considered operating leases. Under these leasing agreements, the Partnership provides access to storage tanks and/or use of throughput assets that convey the right to control the use of an identified asset to the customer. The Partnership accounts for these transactions under ASC 840 “Leases.” These lease arrangements accounted for $31,514 and $91,439 of the Partnership’s revenue for the three and nine months ended September 30, 2018, respectively, which have been retrospectively adjusted for the Development Assets Acquisition.

Deferred Revenue

The Partnership records deferred revenues when cash payments are received or due in advance of performance, including amounts which are refundable. Deferred revenue was $1,183 and $1,438 as of

September 30, 2018 and December 31, 2017, respectively. The decrease in the deferred revenue balance as of September 30, 2018 is primarily driven by the timing and extent of cash payments received in advance of satisfying the Partnership's performance obligations for the comparative periods.

The Partnership's payment terms vary by the type and location of our customer and the services offered. The period between invoicing and when payment is due is not significant (i.e., generally within two months). For certain services and customer types, the Partnership requires payment before the services are performed for the customer.

Significant Judgment and Practical Expedients

For performance obligations, the Partnership determined that customers are able to obtain control of these services over time. The Partnership determined that these performance obligations, which are satisfied over time, are considered a series that generally have the same pattern of transfer to customers. For stand ready performance obligations, the Partnership generally recognizes revenue over time on a straight-line basis under the time-elapsed output method as the Partnership believes this is a reasonable basis in determining how customers obtain the benefits of the Partnership's services. For non-stand ready performance obligations, the Partnership generally recognizes revenue over time based on actual performance (current period volumes multiplied by the applicable rate per unit of volume) as the Partnership believes this accurately depicts the transfer of benefits to customers.

The Partnership did not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which the Partnership recognizes revenue at the amount to which the Partnership has the right to invoice for services performed.

3. ACQUISITIONS

Knoxville Terminals Purchase

On April 16, 2018, the Partnership's wholly-owned subsidiary, PLPT, completed the third-party Knoxville Terminals Purchase. The Knoxville Terminals consist of two refined product terminals located in Knoxville, Tennessee, which include product tanks, pipeline connections to the Colonial and Plantation pipeline systems and truck loading facilities.

The aggregate purchase price for the Knoxville Terminals Purchase was $58,000, excluding working capital. The consideration was financed through a combination of cash on hand and borrowings under the Partnership's Revolving Credit Facility (as defined in Note 6 "Debt" of the Notes to Condensed Consolidated Financial Statements).

PBFX accounted for the Knoxville Terminals Purchase as a business combination under GAAP whereby the Partnership recognizes assets acquired and liabilities assumed at their estimated fair values as of the date of acquisition. Any excess consideration transferred over the estimated fair values of the identifiable net assets acquired is recorded as goodwill. The fair value allocation is subject to adjustment pending completion of the final purchase valuation which was in process as of September 30, 2018.

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The total purchase consideration and the estimated fair values of the assets and liabilities at the effective date of the Knoxville Terminals Purchase were as follows:

	Purchase Price
Gross purchase price	$ 58,000
Working capital	356
Total consideration	$ 58,356

	Fair Value Allocation
Prepaids and other current assets	$ 356
Property, plant and equipment	45,768
Intangibles	5,900
Goodwill	6,332
Estimated fair value of net assets acquired	$ 58,356

The Partnership’s condensed consolidated financial statements for the three and nine months ended September 30, 2018 include the results of operations of the Knoxville Terminals since April 16, 2018, during which period the Knoxville Terminals contributed affiliate revenue of $385, third-party revenue of $3,180 and net income of $1,072. On an unaudited pro forma basis, the revenues and net income of PBFX assuming the acquisition had occurred on January 1, 2017, for the periods indicated, are shown below. The unaudited pro forma information does not purport to present what PBFX’s actual results would have been had the Knoxville Terminals Purchase occurred on January 1, 2017, nor is the financial information indicative of the results of future operations. The unaudited pro forma financial information includes the depreciation and amortization expense related to the acquisition and interest expense associated with the Knoxville Terminals Purchase financing.

	Nine Months Ended September 30, 2018*	Nine Months Ended September 30, 2017*
Pro forma revenues	$ 206,925	$ 201,076
Pro forma net income attributable to PBF Logistics LP unitholders:	54,093	69,807
Pro forma net income available per limited partner units:		
Common units - basic	$ 1.26	$ 1.68
Common units - diluted	1.26	1.68
Subordinated units - basic and diluted	—	1.60

* Current and prior-period financial information has been retrospectively adjusted for the Development Assets Acquisition.

Development Assets Acquisition

On July 31, 2018, the Partnership closed the Development Assets Acquisition. Pursuant to the Development Assets Contribution Agreements, the Partnership acquired from PBF LLC all of the issued and outstanding limited liability company interests of TRLC, whose assets consist of the Toledo Rail Products Facility; CLC, whose assets consist of the Chalmette Truck Rack and the Chalmette Rosin Yard; PTC, whose assets consist of the Paulsboro Lube Oil Terminal; and DSLC, whose assets consist of the Delaware Ethanol Storage Facility. In connection with the Development Asset Acquisition, the Partnership entered into various commercial agreements with PBF Holding and assumed a commercial agreement with a third-party. The Development Assets Acquisition closed on July 31, 2018 for total consideration of $31,586, consisting of 1,494,134 common units issued to PBF LLC.

As the Development Assets Acquisition was considered a transfer of assets between entities under common control, TRLC’s, CLC’s, PTC’s and DSLC’s assets and liabilities were transferred at their historical carrying value, or $12,677, as of July 31, 2018. The financial information of PBFX contained herein has been retrospectively adjusted to include the historical results of the Development Assets, with the exception of the Delaware Ethanol

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Storage Facility, which is considered an asset purchase, as if the Development Assets were owned by the Partnership for all periods presented. Net loss attributable to the Development Assets Acquisition prior to the effective date was allocated entirely to PBF GP as if only PBF GP had rights to that net loss; therefore, there is no retrospective adjustment to net income per unit.

The following tables present the Partnership's statement of financial position and results of operations giving retrospective effect to the Development Assets Acquisition as of and for the periods presented.

	December 31, 2017		
	PBF Logistics	Development Assets	Consolidated
ASSETS			
Current assets:			
Cash and cash equivalents	$19,664	$ —	$ 19,664
Accounts receivable - affiliates	40,817	—	40,817
Accounts receivable	1,423	—	1,423
Prepaids and other current assets	1,793	—	1,793
Total current assets	63,697	—	63,697
Property, plant and equipment, net	673,823	10,665	684,488
Other non-current assets	30	—	30
Total assets	$737,550	$ 10,665	$ 748,215
LIABILITIES AND EQUITY			
Current liabilities:			
Accounts payable - affiliates	$8,352	$ —	$ 8,352
Accounts payable and accrued liabilities	19,794	—	19,794
Deferred revenue	1,438	—	1,438
Total current liabilities	29,584	—	29,584
Long-term debt	548,793	—	548,793
Other long-term liabilities	2,078	—	2,078
Total liabilities	580,455	—	580,455
Commitments and contingencies (Note 9)			
Equity:			
Net investment - Predecessor	—	10,665	10,665
Common unitholders	(17,544)	—	(17,544)
IDR holder - PBF LLC	2,736	—	2,736
Total PBF Logistics LP equity	(14,808)	10,665	(4,143)
Noncontrolling interest	171,903	—	171,903
Total equity	157,095	10,665	167,760
Total liabilities and equity	$737,550	$ 10,665	$ 748,215

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	Three Months Ended September 30, 2018		
	PBF Logistics	Development Assets	Consolidated Results
Revenue:			
Affiliate	$66,140	$ —	$ 66,140
Third-party	3,889	527	4,416
Total revenue	70,029	527	70,556
Costs and expenses:			
Operating and maintenance expenses	20,268	535	20,803
General and administrative expenses	4,725	—	4,725
Depreciation and amortization	7,379	72	7,451
Total costs and expenses	32,372	607	32,979
Income (loss) from operations	37,657	(80)	37,577
Other expense:			
Interest expense, net	(10,070)	—	(10,070)
Amortization of loan fees and debt premium	(497)	—	(497)
Net income (loss)	27,090	(80)	27,010
Less: Net loss attributable to Predecessor	—	(80)	(80)
Less: Net income attributable to noncontrolling interest	4,725	—	4,725
Net income attributable to the partners	22,365	—	22,365
Less: Net income attributable to the IDR holder	3,641	—	3,641
Net income attributable to PBF Logistics LP unitholders	$18,724	$ —	$ 18,724

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	Three Months Ended September 30, 2017		
	PBF Logistics	Development Assets	Consolidated Results
Revenue:			
Affiliate	$62,359	$ —	$ 62,359
Third-party	3,135	701	3,836
Total revenue	65,494	701	66,195
Costs and expenses:			
Operating and maintenance expenses	15,930	1,774	17,704
General and administrative expenses	3,534	—	3,534
Depreciation and amortization	5,610	146	5,756
Total costs and expenses	25,074	1,920	26,994
Income (loss) from operations	40,420	(1,219)	39,201
Other expense:			
Interest expense, net	(7,416)	—	(7,416)
Amortization of loan fees and debt premium	(332)	—	(332)
Net income (loss)	32,672	(1,219)	31,453
Less: Net loss attributable to Predecessor	—	(1,219)	(1,219)
Less: Net income attributable to noncontrolling interest	3,799	—	3,799
Net income attributable to the partners	28,873	—	28,873
Less: Net income attributable to the IDR holder	2,526	—	2,526
Net income attributable to PBF Logistics LP unitholders	$26,347	$ —	$ 26,347

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	Nine Months Ended September 30, 2018		
	PBF Logistics	Development Assets	Consolidated Results
Revenue:			
Affiliate	$190,789	$ —	$ 190,789
Third-party	10,677	1,929	12,606
Total revenue	201,466	1,929	203,395
Costs and expenses:			
Operating and maintenance expenses	57,427	3,980	61,407
General and administrative expenses	15,504	—	15,504
Depreciation and amortization	20,793	392	21,185
Total costs and expenses	93,724	4,372	98,096
Income (loss) from operations	107,742	(2,443)	105,299
Other expense:			
Interest expense, net	(29,684)	—	(29,684)
Amortization of loan fees and debt premium	(1,256)	—	(1,256)
Net income (loss)	76,802	(2,443)	74,359
Less: Net loss attributable to Predecessor	—	(2,443)	(2,443)
Less: Net income attributable to noncontrolling interest	13,110	—	13,110
Net income attributable to the partners	63,692	—	63,692
Less: Net income attributable to the IDR holder	10,011	—	10,011
Net income attributable to PBF Logistics LP unitholders	$53,681	$ —	$ 53,681

PBF LOGISTICS LP
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	Nine Months Ended September 30, 2017		
	PBF Logistics	Development Assets	Consolidated Results
Revenue:			
Affiliate	$176,916	$ —	$ 176,916
Third-party	11,384	2,075	13,459
Total revenue	188,300	2,075	190,375
Costs and expenses:			
Operating and maintenance expenses	47,203	5,364	52,567
General and administrative expenses	12,947	—	12,947
Depreciation and amortization	16,672	424	17,096
Total costs and expenses	76,822	5,788	82,610
Income (loss) from operations	111,478	(3,713)	107,765
Other expense:			
Interest expense, net	(22,493)	—	(22,493)
Amortization of loan fees and debt premium	(1,125)	—	(1,125)
Net income (loss)	87,860	(3,713)	84,147
Less: Net loss attributable to Predecessor	(150)	(3,713)	(3,863)
Less: Net income attributable to noncontrolling interest	11,218	—	11,218
Net income attributable to the partners	76,792	—	76,792
Less: Net income attributable to the IDR holder	6,319	—	6,319
Net income attributable to PBF Logistics LP unitholders	$70,473	$ —	$ 70,473

Acquisition Expenses

PBFX incurred acquisition related costs of $832 and $1,984 for the three and nine months ended September 30, 2018, respectively, primarily consisting of consulting and legal expenses related to the Knoxville Terminals Purchase, the Development Assets Acquisition, the East Coast Storage Assets Acquisition and other pending and nonconsummated acquisitions. PBFX incurred acquisition related costs of $28 and $533 for the three and nine months ended September 30, 2017, respectively, primarily consisting of consulting and legal expenses related to the acquisition by PBFX Operating Company LP (“PBF Op Co”), the Partnership’s wholly owned subsidiary, from PBF LLC of all of the issued and outstanding limited liability company interests of Paulsboro Natural Gas Pipeline Company LLC (the “PNGPC Acquisition”) and the purchase of the Toledo, Ohio refined products terminal assets from Sunoco Logistics Partners L.P. (the “Toledo Products Terminal Acquisition”). These costs are included in “General and administrative expenses.”

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4. PROPERTY, PLANT AND EQUIPMENT, NET

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

	September 30, 2018	December 31, 2017*
Land	$ 102,557	$ 99,707
Pipelines	334,980	333,609
Terminals and equipment	259,506	211,797
Storage facilities	90,194	90,373
Construction in progress	26,362	4,810
	813,599	740,296
Accumulated depreciation	(76,723)	(55,808)
Property, plant and equipment, net	$ 736,876	$ 684,488

* Prior-period financial information has been retrospectively adjusted for the Development Assets Acquisition.

Depreciation expense was $20,915 and $17,096 for the nine months ended September 30, 2018 and 2017, respectively.

5. GOODWILL AND INTANGIBLES

Goodwill

On April 16, 2018, the Partnership’s wholly-owned subsidiary, PLPT, completed the Knoxville Terminals Purchase. As a result of the preliminary purchase price allocation, goodwill was recorded. Refer to Note 3 “Acquisitions” of the Notes to Condensed Consolidated Financial Statements for further discussion regarding the Knoxville Terminals Purchase and the preliminary purchase price allocation.

As of September 30, 2018, the carrying amount of goodwill was $6,332, all of which was recorded within the Transportation and Terminaling segment. During the three and nine months ended September 30, 2018, there have been no changes in the Partnership’s business, or other factors, that would indicate the carrying value of goodwill was impaired.

Intangibles

As a result of the preliminary purchase price allocation of the Knoxville Terminals Purchase, a customer relationship intangible was recorded. Refer to Note 3 “Acquisitions” of the Notes to Condensed Consolidated Financial Statements for further discussion regarding the Knoxville Terminals Purchase and the preliminary purchase price allocation.

As of September 30, 2018, the Partnership’s net intangible balance consisted of the following:

	September 30, 2018	December 31, 2017
Customer relationships	$ 5,900	$ —
Accumulated amortization	(270)	—
Total intangibles	$ 5,630	$ —

Amortization expense was $270 and $0 for the nine months ended September 30, 2018 and 2017, respectively. The Partnership estimates amortization expense of $590 per year for the next five years.

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6. DEBT

Total debt was comprised of the following:

	September 30, 2018	December 31, 2017
2023 Notes	$ 525,000	$ 525,000
Revolving credit facility (a)	50,000	29,700
Total debt outstanding	575,000	554,700
Unamortized debt issuance costs	(10,810)	(9,281)
Unamortized 2023 Notes premium	2,962	3,374
Net carrying value of debt	$ 567,152	$ 548,793

(a) PBFX had $4,010 outstanding letters of credit and $445,990 available under its Revolving Credit Facility (as defined below) as of September 30, 2018.

On July 30, 2018, the Partnership entered into a $500,000 amended and restated revolving credit facility (as amended, the “Revolving Credit Facility”) with Wells Fargo Bank, National Association, as administrative agent, and a syndicate of lenders. The Revolving Credit Facility amends and restates the Partnership’s five-year $360,000 revolving credit facility entered into on May 14, 2014, concurrent with the closing of PBFX’s IPO.

The Revolving Credit Facility is available to fund working capital, acquisitions, distributions and capital expenditures and for other general partnership purposes. The Partnership has the ability to increase the maximum amount of the Revolving Credit Facility by an aggregate amount of up to $250,000, to a total facility size of $750,000, subject to receiving increased commitments from lenders or other financial institutions and satisfaction of certain conditions. The Revolving Credit Facility includes a $75,000 sublimit for standby letters of credit and a $25,000 sublimit for swingline loans. Obligations under the Revolving Credit Facility are guaranteed by the Partnership’s restricted subsidiaries, and are secured by a first priority lien on the Partnership’s assets and those of the Partnership’s restricted subsidiaries. The maturity date of the Revolving Credit Facility is July 30, 2023, but may be extended for one year on up to two occasions, subject to certain customary terms and conditions. Borrowings under the Revolving Credit Facility will bear interest either at the Base Rate (as defined in the Revolving Credit Facility) plus an applicable margin ranging from 0.75% to 1.75%, or at LIBOR plus an applicable margin ranging from 1.75% to 2.75%. The applicable margin will vary based upon the Partnership’s Consolidated Total Leverage Ratio (as defined in the Revolving Credit Facility).

The agreement governing the Revolving Credit Facility contains affirmative and negative covenants customary for revolving credit facilities of this nature which, among other things, limit or restrict the Partnership’s ability and the ability of its restricted subsidiaries to incur or guarantee debt, incur liens, make investments, make restricted payments, amend material contracts, engage in certain business activities, engage in mergers, consolidations and other organizational changes, sell, transfer or otherwise dispose of assets, enter into burdensome agreements, or enter into transactions with affiliates on terms which are not at arm’s length.

Additionally, commencing with the Measurement Period (as defined in the Revolving Credit Agreement) which ended on September 30, 2018, the Partnership is required to maintain the following financial ratios, each as defined in the Revolving Credit Agreement: (a) Consolidated Interest Coverage of at least 2.50 to 1.00, (b) Consolidated Total Leverage of not greater than 4.50 to 1.00 and (c) Consolidated Senior Secured Leverage of not greater than 3.50 to 1.00.

The Revolving Credit Agreement contains events of default customary for transactions of their nature, including, but not limited to (and subject to grace periods in certain circumstances), the failure to pay any principal, interest or fees when due, failure to perform or observe any covenant contained in the Revolving Credit Facility or related documentation, any representation or warranty made in the agreements or related documentation being untrue in any material respect when made, default under certain material debt agreements, commencement of bankruptcy or other insolvency proceedings, certain changes in the Partnership's ownership or the ownership or board composition of PBF GP and material judgments or orders. Upon the occurrence and during the continuation of an event of default under the agreements, the lenders may, among other things, terminate their commitments, declare any outstanding loans to be immediately due and payable and/or exercise remedies against the Partnership and the collateral as may be available to the lenders under the agreements and related documentation or applicable law.

During the nine months ended September 30, 2018, PBFX paid down $43,700 and subsequently borrowed $64,000 under the Revolving Credit Facility to fund the Knoxville Terminals Purchase and other capital expenditures and working capital requirements. On October 1, 2018, the Partnership borrowed $75,000 to fund the East Coast Storage Assets Acquisition. Refer to Note 12 "Subsequent Events" of the Notes to Condensed Consolidated Financial Statements for further discussion regarding the East Coast Storage Assets Acquisition.

Fair Value Measurement

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

The estimated fair value of the Revolving Credit Facility approximates its carrying value, categorized as a Level 2 measurement, as this borrowing bears interest based upon short-term floating market interest rates. The estimated fair value of the Partnership's 6.875% Senior Notes due 2023 (the "2023 Notes"), categorized as a Level 2 measurement, was calculated based on the present value of future expected payments utilizing implied current market interest rates based on quoted prices of the 2023 Notes and was approximately $539,494 and $544,118 at September 30, 2018 and December 31, 2017, respectively. The carrying value and fair value of PBFX's debt, exclusive of unamortized debt issuance costs and unamortized premium on the 2023 Notes, was approximately $575,000 and $589,494 as of September 30, 2018 and $554,700 and $573,818 as of December 31, 2017, respectively.

7. EQUITY

PBFX had 25,393,565 common units outstanding held by the public as of September 30, 2018. PBF LLC owns 19,953,631 of PBFX's common units constituting an aggregate 44.0% limited partner interest in PBFX as of September 30, 2018.

Share Activity

PBFX's partnership agreement, as amended, authorizes PBFX to issue an unlimited number of additional partnership interests for the consideration and on the terms and conditions determined by PBFX's general partner without the approval of the unitholders. It is possible that PBFX will fund future acquisitions through the issuance of additional common units, subordinated units or other partnership interests.

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The following table presents changes in PBFX common and subordinated units outstanding:

	Three Months Ended September 30,	
	2018	2017
	Common Units	Common Units
Balance at beginning of period	42,073,062	41,890,487
Vesting of phantom units, net of forfeitures	4,250	4,359
New units issued	3,269,884	—
Balance at end of period	45,347,196	41,894,846

	Nine Months Ended September 30,		
	2018	2017	
	Common Units	Common Units	Subordinated Units - PBF LLC
Balance at beginning of period	41,900,708	25,844,118	15,886,553
Vesting of phantom units, net of forfeitures	176,604	164,175	—
New units issued	3,269,884	—	—
Conversion of subordinated units	—	15,886,553	(15,886,553)
Balance at end of period	45,347,196	41,894,846	—

On July 16, 2018, the Partnership entered into a common unit purchase agreement with certain funds managed by Tortoise Capital Advisors, L.L.C. providing for the issuance and sale in a registered direct offering (the “Registered Direct Offering”) of an aggregate of 1,775,750 common units for gross proceeds of approximately $35,000. The Registered Direct Offering closed on July 30, 2018. On July 31, 2018, the Partnership issued 1,494,134 common units, having an aggregate value of $31,586, to PBF LLC in connection with the Development Assets Acquisition.

Additionally, 217,171 of the Partnership’s phantom units issued under the PBFX 2014 Long-Term Incentive Plan (“LTIP”) vested and were converted into common units held by certain directors, officers and current and former employees of our general partner or its affiliates during the year ended December 31, 2017.

Holders of any additional common units PBFX issues will be entitled to share equally with the then-existing common unitholders in PBFX’s distributions of available cash.

Noncontrolling Interest

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

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Equity Activity

The following tables summarize the changes in the carrying amount of the Partnership’s equity during the nine months ended September 30, 2018 and 2017:

	Net Investment	Common Units	IDR Holder	Noncontrolling Interest	Total
Balance at December 31, 2017	$ 10,665	$ (17,544)	$ 2,736	$ 171,903	$ 167,760
Net loss attributable to the Development Assets	(2,443)	—	—	—	(2,443)
Contributions to the Development Assets	4,455	—	—	—	4,455
Allocation of the Development Assets acquired to unitholders	(12,677)	12,677	—	—	—
Quarterly distributions to unitholders (including IDRs)	—	(64,341)	(9,106)	—	(73,447)
Distributions to TVPC members	—	—	—	(16,250)	(16,250)
Net income attributable to the partners	—	53,681	10,011	13,110	76,802
Unit-based compensation expense	—	4,549	—	—	4,549
Issuance of common units, net of expenses	—	34,820	—	—	34,820
Other	—	(1,058)	—	—	(1,058)
Balance at September 30, 2018	$ —	$ 22,784	$ 3,641	$ 168,763	$ 195,188

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	Net Investment	Common Units	Subordinated Units - PBF	IDR Holder	Noncontrolling Interest	Total
Balance at December 31, 2016	$ 16,750	$ 241,275	$ (276,083)	$ 1,266	$ 179,882	$ 163,090
Net loss attributable to PNGPC	(150)	—	—	—	—	(150)
Net loss attributable to the Development Assets	(3,713)	—	—	—	—	(3,713)
Sponsor Contributions	9,405	—	—	—	—	9,405
Allocation of PNGPC assets acquired to unitholders	(11,538)	11,592	(54)	—	—	—
Distributions to PBF LLC related to the PNGPC Acquisition	—	(11,600)	—	—	—	(11,600)
Quarterly distributions to unitholders (including IDRs)	—	(44,108)	(14,457)	(5,058)	—	(63,623)
Distributions to TVPC members	—	—	—	—	(17,348)	(17,348)
Net income attributable to the partners	—	56,310	14,163	6,319	11,218	88,010
Unit-based compensation expense	—	4,515	—	—	—	4,515
Subordinated unit conversion to common units	—	(276,433)	276,433	—	—	—
Other	—	(4)	(2)	(1)	(1,000)	(1,007)
Balance at September 30, 2017	$ 10,754	$ (18,453)	$ —	$ 2,526	$ 172,752	$ 167,579

Cash Distributions

PBFX's partnership agreement, as amended, sets forth the calculation to be used to determine the amount and priority of cash distributions that the common and subordinated unitholders and general partner will receive.

During the nine months ended September 30, 2018, PBFX made distribution payments as follows:

Related Earnings Period:	Q4 2017	Q1 2018	Q2 2018
Distribution date	March 14, 2018	May 30, 2018	August 30, 2018
Record date	February 28, 2018	May 15, 2018	August 15, 2018
Per unit	$ 0.4850	$ 0.4900	$ 0.4950
To public common unitholders	$ 11,369	$ 11,553	$ 12,568
To PBF LLC	11,689	12,000	13,292
Total distribution	$ 23,058	$ 23,553	$ 25,860

The allocation of total quarterly distributions to general and limited partners for the three and nine months ended September 30, 2018 and 2017 is shown in the table below. The Partnership's distributions are declared subsequent to quarter end (distributions of $0.5000 and $0.4800 per unit declared for the three months ended September 30, 2018 and 2017, respectively, $0.4950 and $0.4700 per unit declared for the three months ended June 30, 2018 and 2017, respectively, and $0.4900 and $0.4600 per unit declared for the three months ended March

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31, 2018 and 2017, respectively); therefore, the table represents total estimated distributions applicable to the period in which the distributions are earned:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
IDR - PBF LLC	$3,641	$2,526	$10,011	$6,319
Limited partners’ distributions:				
Common	23,028	20,417	66,792	52,687
Subordinated - PBF LLC	—	—	—	7,308
Total distributions	26,669	22,943	76,803	66,314
Total cash distributions [(1)]	$26,315	$22,636	$75,728	$65,371

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

8. NET INCOME PER UNIT

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

Diluted net income per unit includes the effects of potentially dilutive units of PBFX’s common units that consist of unvested phantom units. There were 8,750 and 145,500 anti-dilutive phantom units for the three and nine months ended September 30, 2018, respectively, compared to 13,375 and 84,750 anti-dilutive phantom units for the three and nine months ended September 30, 2017, respectively. Basic and diluted net income per unit applicable to subordinated limited partners are the same because there are no potentially dilutive subordinated units outstanding.

In addition to the common and subordinated units, PBFX has also identified the general partner interest and IDRs as participating securities and uses the two-class method when calculating the net income per unit applicable to limited partners that is based on the weighted-average number of common units outstanding during the period. On July 30, 2018, PBFX closed the Registered Direct Offering of an aggregate of 1,775,750 common units for gross proceeds of approximately $35,000. On July 31, 2018, PBFX funded the $31,586 purchase price for the Development Assets Acquisition through the issuance of 1,494,134 common units to PBF LLC.

On June 1, 2017, following the May 31, 2017 payment of the cash distribution attributable to the second quarter of 2017, the requirements under PBFX’s partnership agreement, as amended, for the conversion of all subordinated units into common units were satisfied and the subordination period for such subordinated units ended. As a result, in the second quarter of 2017, each of the Partnership’s 15,886,553 outstanding subordinated units converted into common units and began participating pro rata with the other common units in distributions of available cash. The conversion did not impact the amount of the cash distribution paid or the total number of the Partnership’s outstanding units representing limited partner interests. The Partnership’s net income was allocated to the limited partners, including the holders of the subordinated units through May 31, 2017, and IDR holders, in accordance with the partnership agreement.

When calculating basic earnings per unit under the two-class method for a master limited partnership, net income for the current reporting period is reduced by the amount of available cash that has been or will be distributed to the limited partners and IDR holders for that reporting period. Net loss attributable to the Development Assets Acquisition prior to the effective date was allocated entirely to PBF GP as if only PBF GP had rights to that net loss; therefore, there is no retrospective adjustment to net income per unit.

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The following table shows the calculation of earnings less distributions:

	Three Months Ended September 30, 2018		
	Limited Partner Common Units	IDRs - PBF LLC	Total
Net income attributable to the partners:			
Distributions declared	$23,028	$3,641	$26,669
Earnings less distributions	(4,304)	—	(4,304)
Net income attributable to the partners	$18,724	$3,641	$22,365
Weighted-average units outstanding - basic	44,518,365		
Weighted-average units outstanding - diluted	44,612,552		
Net income per limited partner unit - basic	$0.42		
Net income per limited partner unit - diluted	$0.42		

	Three Months Ended September 30, 2017		
	Limited Partner Common Units	IDRs - PBF LLC	Total
Net income attributable to the partners:			
Distributions declared	$20,417	$2,526	$22,943
Earnings less distributions	5,930	—	5,930
Net income attributable to the partners	$26,347	$2,526	$28,873
Weighted-average units outstanding - basic	42,127,288		
Weighted-average units outstanding - diluted	42,161,008		
Net income per limited partner unit - basic	$0.63		
Net income per limited partner unit - diluted	$0.63		

	Nine Months Ended September 30, 2018		
	Limited Partner Common Units	IDRs - PBF LLC	Total
Net income attributable to the partners:			
Distributions declared	$66,792	$10,011	$76,803
Earnings less distributions	(13,111)	—	(13,111)
Net income attributable to the partners	$53,681	$10,011	$63,692
Weighted-average units outstanding - basic	42,965,502		
Weighted-average units outstanding - diluted	43,015,817		

Net income per limited partner unit - basic	$1.25
Net income per limited partner unit - diluted	$1.25

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	Nine Months Ended September 30, 2017			
	Limited Partner Common Units	Limited Partner Subordinated Units - PBF LLC	IDRs - PBF LLC	Total
Net income attributable to the partners:				
Distributions declared	$52,687	$ 7,308	$6,319	$66,314
Earnings less distributions	3,623	6,855	—	10,478
Net income attributable to the partners	$56,310	$ 14,163	$6,319	$76,792
Weighted-average units outstanding - basic	33,280,957	8,787,068		
Weighted-average units outstanding - diluted	33,309,555	8,787,068		
Net income per limited partner unit - basic	$1.69	$ 1.61		
Net income per limited partner unit - diluted	$1.69	$ 1.61		

9. COMMITMENTS AND CONTINGENCIES

Certain of PBFX’s assets are collocated with PBF Holding’s Delaware City Refinery, and are located in Delaware’s coastal zone where certain activities are regulated under the Delaware Coastal Zone Act (the “CZA”). Therefore, determinations regarding the CZA that impact the Delaware City Refinery may potentially adversely impact the Partnership’s assets even if the Partnership is not directly involved. The Delaware City Refinery is appealing a Notice of Penalty Assessment and Secretary’s Order issued in March 2017 (the “2017 Secretary’s Order”), including a $150 fine, alleging violation of a 2013 Secretary’s Order authorizing crude oil shipment by barge (the “2013 Secretary’s Order”). The Delaware Department of Natural Resources and Environmental Control’s (“DNREC”) determined that the Delaware City Refinery had violated the 2013 Secretary’s Order by failing to make timely and full disclosure to DNREC about the nature and extent of certain shipments and had misrepresented the number of shipments that went to other facilities. The Notice of Penalty Assessment and 2017 Secretary’s Order conclude that the 2013 Secretary’s Order was violated by the Delaware City Refinery by shipping crude oil from the Partnership’s Delaware City assets to three locations other than PBF Holding’s Paulsboro Refinery, on 15 days in 2014, making a total of 17 separate barge shipments containing approximately 35,700,000 gallons of crude oil in total. On April 28, 2017, the Delaware City Refinery appealed the Notice of Penalty Assessment and 2017 Secretary’s Order. On March 5, 2018, the Notice of Penalty Assessment was settled by DNREC, the Delaware Attorney General and the Delaware City Refinery for $100. The Delaware City Refinery made no admissions with respect to the alleged violations and agreed to request a CZA status decision prior to making crude oil shipments to destinations other than Paulsboro. The Delaware City Refinery has paid the penalty. The CZA status decision request is being finalized and will be submitted to the DNREC.

On December 28, 2016, DNREC issued a CZA permit (the “Ethanol Permit”) to the Delaware City Refinery allowing the utilization of existing tanks and existing marine loading equipment at their existing facilities to enable denatured ethanol to be loaded from storage tanks to marine vessels and shipped to offsite facilities. On January 13, 2017, the issuance of the Ethanol Permit was appealed by two environmental groups. On February 27, 2017, the Coastal Zone Industrial Board (the “Coastal Zone Board”) held a public hearing and dismissed the appeal, determining that the appellants did not have standing. The appellants filed an appeal of the Coastal Zone Board’s decision with the Delaware Superior Court (the “Superior Court”) on March 30, 2017. On January 19, 2018, the Superior Court rendered an Opinion regarding the decision of the Coastal Zone Board to dismiss the appeal of the Ethanol Permit for the ethanol project. The Judge determined that the record created by the Coastal Zone Board was insufficient for the Superior Court to make a decision, and therefore remanded the case back to the Coastal Zone Board to address the deficiency in the record. Specifically, the Superior Court directed the Coastal Zone Board to address any evidence concerning whether the appellants' claimed injuries would be affected by the increased quantity of ethanol shipments. During the hearing before the Coastal Zone Board on standing, one of the appellants' witnesses made a reference to the flammability of ethanol, without any indication of the significance of flammability/explosivity to specific concerns. Moreover, the appellants did not introduce at the hearing any evidence of the relative flammability of ethanol as compared to other materials shipped to and from the refinery. However, the sole dissenting opinion from the Coastal Zone Board focused on the flammability/explosivity issue, alleging that the appellants' testimony raised the issue as a distinct basis for potential harms. Once the Coastal Zone Board responds to the remand, it will go back to the Superior Court to complete its analysis and issue a decision.

On October 19, 2017, the Delaware City Refinery received approval from DNREC for the construction and operation of the ethanol marketing project to allow for a combined total loading of up to 10,000 barrels per day, on an annual average basis, of ethanol on to marine vessels at the marine piers and the terminal truck loading rack, subject to certain operational and emissions limitations as well as other conditions. On the same date, Delaware City Logistics Company LLC ("DCLC") received DNREC approval for the construction of (i) four additional loading arms for each of lanes 4, 10 and 11 for purposes of loading ethanol at its truck loading rack and (ii) a vapor vacuum control system for loading lanes connected to the existing vapor recovery unit located at its terminal in Delaware City. This approval is also subject to certain operational and emission limitations as well as other conditions.

Environmental Matters

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

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

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

In connection with its purchase of the four refined product terminals from Plains All American Pipeline, L.P. ("Plains"), the Partnership is responsible for the environmental remediation costs for conditions that existed on the closing date up to a maximum of $250 per year for ten years, with Plains remaining responsible for any and all additional costs above such amounts during such period. The environmental liability of $1,629 recorded as of September 30, 2018 ($1,923 as of December 31, 2017) represents the present value of expected future costs discounted at a rate of 1.83%. At September 30, 2018, the undiscounted liability is $1,766 and the Partnership expects to make aggregate payments for this liability of $1,250 over the next five years. The current portion of the environmental liability is recorded in

“Accounts payable and accrued liabilities” and the non-current portion is recorded in “Other long-term liabilities.”

In connection with PBF Holding’s acquisition of the Torrance Refinery and related logistics assets, PBF Holding is responsible for all known and unknown environmental liabilities at each site acquired in connection with the acquisition. The total estimated liability of known environmental obligations associated with the San Joaquin Valley pipeline system, which consists of the M55, M1 and M70 crude pipeline systems including pipeline stations with storage capacity and truck unloading capacity (the “Torrance Valley Pipeline”), was approximately $186 as of September 30, 2018 ($256 as of December 31, 2017). In accordance with the contribution agreement associated with the Partnership’s acquisition of a 50% equity interest in TVPC from PBF LLC (the “TVPC Acquisition”), PBF Holding has indemnified the Partnership for any and all costs associated with environmental remediation for obligations that existed on or before August 31, 2016, including all known or unknown events, which includes the recorded liability of approximately $186. At September 30, 2018, the Partnership expects to make the full aggregate payment for this liability within the next five years. PBFX has recorded a receivable from PBF Holding in “Accounts receivable - affiliates” for such anticipated payments related to the known pre-existing Torrance Valley Pipeline environmental obligations for which PBFX is indemnified.

In connection with the purchase of the Toledo, Ohio refined products terminal assets from Sunoco Logistics Partners L.P. (“Sunoco”) by the Partnership’s wholly-owned subsidiary, PLPT, the Partnership did not assume and is currently not aware of any pre-existing environmental obligations. If pre-acquisition environmental obligations are identified, Sunoco is responsible for any liabilities up to $2,000 identified to have occurred since 2002. For liabilities arising prior to 2002, Sunoco is indemnified by the prior owner under an agreement between Sunoco and the prior owner, and the Partnership is entitled to be reimbursed for all amounts paid related to such liabilities on a full pass-through basis.

In connection with the Knoxville Terminals Purchase, the Partnership did not assume, and is currently not aware of, any pre-existing environmental obligations. Additionally, the Partnership and Cummins purchased a ten-year, $30,000 environmental insurance policy against unknown environmental liabilities. For items not covered by the insurance policy, Cummins remains responsible for pre-acquisition environmental obligations up to $5,800.

10. RELATED PARTY TRANSACTIONS

Commercial Agreements

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

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See the 2017 Form 10-K for a more complete description of PBFX's commercial agreements with PBF Holding, including those identified as leases, which were entered into prior to 2018. The following are commercial agreements entered into between PBFX and PBF Holding during 2018:

Agreements	Initiation Date	Initial Term	Renewals (a)	MVC	Force Majeure
Transportation and Terminaling					
Amended and Restated Rail Agreements (b)	5/8/2014	7 years, 8 months	2 x 5	125,000 barrels per day ("bpd")	
Knoxville Terminals Agreement-Terminaling Services	4/16/2018	5 years	Evergreen	Various (c)	
Knoxville Terminals Agreement-Tank Lease (d)	4/16/2018	5 years	Evergreen	115,334 barrels (e)	
Toledo Rail Loading Agreement	7/31/2018	7 years, 5 months	2 x 5	Various (f)	PBFX or PBF Holding can declare
Chalmette Terminal Throughput Agreement	7/31/2018	1 year	Evergreen	N/A	
Chalmette Rail Unloading Agreement	7/31/2018	7 years, 5 months	2 x 5	7,600 bpd	
DSL Ethanol Throughput Agreement (d)	7/31/2018	7 years, 5 months	2 x 5	5,000 bpd	

(a) PBF Holding has the option to extend the agreements for up to two additional five-year terms, as applicable.

(b) The Delaware City Rail Terminaling Services Agreement and the Delaware West Ladder Rack Terminaling Services Agreement each between Delaware City Terminaling Company LLC and PBF Holding were amended effective as of January 1, 2018 with the service fees thereunder being adjusted, including the addition of an ancillary fee paid by PBF Holding on an actual cost basis. In determining payments due under the Amended and Restated Rail Agreements, excess volumes throughput under the agreements shall apply against required payments in respect to the minimum throughput commitments on a quarterly basis and, to the extent not previously applied, on an annual basis against the MVCs.

(c) The minimum throughput revenue commitment is $894 for year one, $1,788 for year two and $2,683 for year three and thereafter.

(d) These commercial agreements with PBF Holding are considered leases.

(e) Reflects the overall capacity as stipulated by the storage agreement. The storage MVC is subject to the effective operating capacity of each tank, which can be impacted by routine tank maintenance and other factors. PBF Holding is expected to take full shell capacity by the end of Q4 2018.

(f) Under the Toledo Rail Loading Agreement, PBF Holding has minimum throughput commitments for (i) 30 railcars per day of products and (ii) 11.5 railcars per day of premium products. The Toledo Rail Loading Agreement also specifies a maximum throughput rate of 50 railcars per day.

Other Agreements

In addition to the commercial agreements described above, PBFX has entered into an omnibus agreement with PBF GP, PBF LLC and PBF Holding, which has been amended and restated in connection with certain of the Acquisitions from PBF. This agreement addresses the payment of an annual fee for the provision of various general and administrative services and reimbursement of salary and benefit costs for certain PBF Energy employees. On July 31, 2018, the Partnership entered into the Fifth Amended and Restated Omnibus Agreement (as amended, the “Omnibus Agreement”) in connection with the Development Assets Acquisition, resulting in an increase of the estimated annual fee to $7,000.

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Additionally, PBFX has entered into an operation and management services and secondment agreement with PBF Holding and certain of its subsidiaries, pursuant to which PBF Holding and its subsidiaries provide PBFX with the personnel necessary for the Partnership to perform its obligations under its commercial agreements. PBFX reimburses PBF Holding for the use of such employees and the provision of certain infrastructure-related services to the extent applicable to its operations, including storm water discharge and waste water treatment, steam, potable water, access to certain roads and grounds, sanitary sewer access, electrical power, emergency response, filter press, fuel gas, API solids treatment, fire water and compressed air. On July 31, 2018, the Partnership entered into the Sixth Amended and Restated Operation and Management Services and Secondment Agreement (as amended, the “Services Agreement”) in connection with the Development Assets Acquisition, resulting in an increase of the annual fee to $8,587. The Services Agreement will terminate upon the termination of the Omnibus Agreement, provided that the Partnership may terminate any service on 30-days’ notice.

Summary of Transactions

A summary of revenue and expense transactions with the Partnership’s affiliates, including expenses directly charged and allocated to the Partnership, is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenue	$66,140	$62,359	$190,789	$176,916
Operating and maintenance expenses	1,979	1,639	5,327	4,918
General and administrative expenses	1,927	1,890	5,364	5,174

11. SEGMENT INFORMATION

The Partnership’s operations are consolidated into operating segments, which are strategic business units that offer different services in various geographical locations. PBFX has evaluated the performance of each operating segment based on its respective operating income. The operating segments adhere to the accounting polices used for the consolidated financial statements, as described in Note 2 “Summary of Accounting Policies” of the Notes to Consolidated Financial Statements in the 2017 Form 10-K.

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

The Partnership’s Transportation and Terminaling segment consists of operating segments that include product terminals, pipelines, crude unloading facilities and other facilities capable of transporting and handling crude oil, refined products and natural gas. The Partnership’s Storage segment consists of operating segments that include storage facilities capable of handling crude oil, refined products and intermediates.

Revenues are generated from third-party transactions as well as commercial agreements entered into with PBF Holding under which the Partnership receives fees for transportation, terminaling and storage of crude oil, refined products and natural gas. The Partnership does not have any foreign operations. Certain general and administrative expenses and interest and financing costs are included in Corporate as they are not directly attributable to a specific reporting segment. Identifiable assets are those used by the operating segment, whereas assets included in Corporate are principally cash, deposits and other assets that are not associated with operations specific to a reporting segment.

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	Three Months Ended September 30, 2018*			
	Transportation and Terminaling	Storage	Corporate	Consolidated Total
Total revenue	$64,011	$6,545	$ —	$ 70,556
Depreciation and amortization expense	6,524	927	—	7,451
Income (loss) from operations	38,599	3,703	(4,725)	37,577
Interest expense, net and amortization of loan fees and debt premium	—	—	10,567	10,567
Capital expenditures	20,199	757	—	20,956

	Three Months Ended September 30, 2017*			
	Transportation and Terminaling	Storage	Corporate	Consolidated Total
Total revenue	$60,608	$5,587	$ —	$ 66,195
Depreciation and amortization expense	5,135	621	—	5,756
Income (loss) from operations	39,837	2,898	(3,534)	39,201
Interest expense, net and amortization of loan fees and debt premium	—	—	7,748	7,748
Capital expenditures	9,243	6,293	—	15,536

	Nine Months Ended September 30, 2018*			
	Transportation and Terminaling	Storage	Corporate	Consolidated Total
Total revenue	$182,815	$20,580	$ —	$ 203,395
Depreciation and amortization expense	18,408	2,777	—	21,185
Income (loss) from operations	109,059	11,744	(15,504)	105,299
Interest expense, net and amortization of loan fees and debt premium	—	—	30,940	30,940
Capital expenditures, including the Knoxville Terminals Purchase	85,782	845	—	86,627

* Current and prior-period financial information has been retrospectively adjusted for the Development Assets Acquisition.

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	Nine Months Ended September 30, 2017*			
	Transportation and Terminaling	Storage	Corporate	Consolidated Total
Total revenue	$173,524	$16,851	$ —	$ 190,375
Depreciation and amortization expense	15,254	1,842	—	17,096
Income (loss) from operations	111,237	9,475	(12,947)	107,765
Interest expense, net and amortization of loan fees and debt premium	—	—	23,618	23,618
Capital expenditures, including the Toledo Products Terminal Acquisition	57,255	14,845	—	72,100

	Balance at September 30, 2018			
	Transportation and Terminaling	Storage	Corporate	Consolidated Total
Total assets	$718,461	$84,620	$ 3,769	$ 806,850

	Balance at December 31, 2017*			
	Transportation and Terminaling	Storage	Corporate	Consolidated Total
Total assets	$649,975	$86,760	$ 11,480	$ 748,215

* Prior-period financial information has been retrospectively adjusted for the Development Assets Acquisition.

12. SUBSEQUENT EVENTS

Cash distribution

On October 31, 2018, PBF GP’s board of directors announced a cash distribution, based on the results of the third quarter of 2018, of $0.5000 per unit. The distribution is payable on November 30, 2018 to PBFX unitholders of record at the close of business on November 15, 2018.

East Coast Storage Assets Acquisition

On July 16, 2018, PBFX entered into an agreement with Crown Point International, LLC, to purchase its wholly-owned subsidiary, CPI Operations LLC for total consideration of $107,000, which is comprised of an initial payment at closing of $75,000 with the balance being payable one year after closing. The East Coast Storage Assets Acquisition closed on October 1, 2018.

13. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS OF PBF LOGISTICS

DCLC, Delaware Pipeline Company LLC, Delaware City Terminaling Company LLC, Toledo Terminaling Company LLC, PLPT, PBFX Op Co, TVPC, PNGPC, TRLC, CLC, PTC and DSLC serve as guarantors of the obligations under the 2023 Notes. These guarantees are full and unconditional and joint and several. For purposes of the following footnote, the Partnership is referred to as “Issuer.” The indenture dated May 12, 2015, among the Partnership, PBF Logistics Finance Corporation (“PBF Logistics Finance”), the guarantors party thereto and Deutsche Bank Trust Company Americas, as Trustee, governs subsidiaries designated as “Guarantor Subsidiaries.” In addition, PBF LLC provides a limited guarantee of collection of the principal amount of the 2023 Notes, but is not otherwise subject to the covenants of the Indenture. Refer to PBF LLC’s condensed consolidated interim financial statements, which are included in its Quarterly Report on Form 10-Q.

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

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

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

	September 30, 2018				
	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Combining and Consolidating Adjustments	Total
ASSETS					
Current assets:					
Cash and cash equivalents	$1,669	$16,353	$—	$—	$18,022
Accounts receivable - affiliates	1	33,453	—	—	33,454
Accounts receivable	—	3,010	—	—	3,010
Prepaids and other current assets	2,099	1,397	—	—	3,496
Due from related parties	131,120	510,086	—	(641,206)	—
Total current assets	134,889	564,299	—	(641,206)	57,982
Property, plant and equipment, net	—	736,876	—	—	736,876
Goodwill	—	6,332	—	—	6,332
Other non-current assets	—	5,660	—	—	5,660
Investment in subsidiaries	986,768	—	—	(986,768)	—
Total assets	$1,121,657	$1,313,167	$—	$(1,627,974)	$806,850
LIABILITIES AND EQUITY					
Current liabilities:					
Accounts payable - affiliates	$754	$16,905	$—	$—	$17,659
Accounts payable and accrued liabilities	17,240	6,816	—	—	24,056
Deferred revenue	—	1,183	—	—	1,183
Due to related parties	510,086	131,120	—	(641,206)	—
Total current liabilities	528,080	156,024	—	(641,206)	42,898
Long-term debt	567,152	—	—	—	567,152
Other long-term liabilities	—	1,612	—	—	1,612
Total liabilities	1,095,232	157,636	—	(641,206)	611,662
Commitments and contingencies (Note 9)					
Equity:					
Net investment - Predecessor	—	986,768	—	(986,768)	—
Common unitholders	22,784	—	—	—	22,784
IDR holder - PBF LLC	3,641	—	—	—	3,641
Total PBF Logistics LP equity	26,425	986,768	—	(986,768)	26,425
Noncontrolling interest	—	168,763	—	—	168,763
Total equity	26,425	1,155,531	—	(986,768)	195,188
Total liabilities and equity	$1,121,657	$1,313,167	$—	$(1,627,974)	$806,850

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

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

	December 31, 2017*				
	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Combining and Consolidating Adjustments	Total
ASSETS					
Current assets:					
Cash and cash equivalents	$10,909	$8,755	$—	$—	$19,664
Accounts receivable - affiliates	1	40,816	—	—	40,817
Accounts receivable	—	1,423	—	—	1,423
Prepaids and other current assets	571	1,222	—	—	1,793
Due from related parties	64,162	388,737	—	(452,899)	—
Total current assets	75,643	440,953	—	(452,899)	63,697
Property, plant and equipment, net	—	684,488	—	—	684,488
Other non-current assets	—	30	—	—	30
Investment in subsidiaries	866,922	—	—	(866,922)	—
Total assets	$942,565	$1,125,471	$—	$(1,319,821)	$748,215
LIABILITIES AND EQUITY					
Current liabilities:					
Accounts payable - affiliates	$2,022	$6,330	$—	$—	$8,352
Accounts payable and accrued liabilities	7,156	12,638	—	—	19,794
Deferred revenue	—	1,438	—	—	1,438
Due to related parties	388,737	64,162	—	(452,899)	—
Total current liabilities	397,915	84,568	—	(452,899)	29,584
Long-term debt	548,793	—	—	—	548,793
Other long-term liabilities	—	2,078	—	—	2,078
Total liabilities	946,708	86,646	—	(452,899)	580,455
Commitments and contingencies (Note 9)					
Equity:					
Net investment - Predecessor	10,665	866,922	—	(866,922)	10,665
Common unitholders	(17,544)	—	—	—	(17,544)
IDR holder - PBF LLC	2,736	—	—	—	2,736
Total PBF Logistics LP equity	(4,143)	866,922	—	(866,922)	(4,143)
Noncontrolling interest	—	171,903	—	—	171,903
Total equity	(4,143)	1,038,825	—	(866,922)	167,760
Total liabilities and equity	$942,565	$1,125,471	$—	$(1,319,821)	$748,215

* Prior-period financial information has been retrospectively adjusted for the Development Assets Acquisition.

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

13. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS OF PBF LOGISTICS
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

	Three Months Ended September 30, 2018*				
	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Combining and Consolidating Adjustments	Total
Revenue:					
Affiliate	$—	$ 66,140	$ —	$ —	$66,140
Third-party	—	4,416	—	—	4,416
Total revenue	—	70,556	—	—	70,556
Costs and expenses:					
Operating and maintenance expenses	—	20,803	—	—	20,803
General and administrative expenses	4,725	—	—	—	4,725
Depreciation and amortization	—	7,451	—	—	7,451
Total costs and expenses	4,725	28,254	—	—	32,979
Income (loss) from operations	(4,725)	42,302	—	—	37,577
Other income (expense):					
Equity in earnings of subsidiaries	42,302	—	—	(42,302)	—
Interest expense, net	(10,070)	—	—	—	(10,070)
Amortization of loan fees and debt premium	(497)	—	—	—	(497)
Net income	27,010	42,302	—	(42,302)	27,010
Less: Net loss attributable to Predecessor	—	(80)	—	—	(80)
Less: Net income attributable to noncontrolling interest	—	4,725	—	—	4,725
Net income attributable to the partners	27,010	37,657	—	(42,302)	22,365
Less: Net income attributable to the IDR holder	3,641	—	—	—	3,641
Net income attributable to PBF Logistics LP unitholders	$23,369	$ 37,657	$ —	$ (42,302)	$18,724

* Current-period financial information has been retrospectively adjusted for the Development Assets Acquisition.

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

13. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS OF PBF LOGISTICS
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

	Three Months Ended September 30, 2017*				
	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Combining and Consolidating Adjustments	Total
Revenue:					
Affiliate	$—	$ 62,359	$ —	$ —	$62,359
Third-party	—	3,836	—	—	3,836
Total revenue	—	66,195	—	—	66,195
Costs and expenses:					
Operating and maintenance expenses	—	17,704	—	—	17,704
General and administrative expenses	3,534	—	—	—	3,534
Depreciation and amortization	—	5,756	—	—	5,756
Total costs and expenses	3,534	23,460	—	—	26,994
Income (loss) from operations	(3,534)	42,735	—	—	39,201
Other income (expense):					
Equity in earnings of subsidiaries	42,735	—	—	(42,735)	—
Interest expense, net	(7,416)	—	—	—	(7,416)
Amortization of loan fees	(332)	—	—	—	(332)
Net income	31,453	42,735	—	(42,735)	31,453
Less: Net loss attributable to Predecessor	—	(1,219)	—	—	(1,219)
Less: Net income attributable to noncontrolling interest	—	3,799	—	—	3,799
Net income attributable to the partners	31,453	40,155	—	(42,735)	28,873
Less: Net income attributable to the IDR holder	2,526	—	—	—	2,526
Net income attributable to PBF Logistics LP unitholders	$28,927	$ 40,155	$ —	$ (42,735)	$26,347

* Prior-period financial information has been retrospectively adjusted for the Development Assets Acquisition.

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

13. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS OF PBF LOGISTICS
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

	Nine Months Ended September 30, 2018*				
	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Combining and Consolidating Adjustments	Total
Revenue:					
Affiliate	$—	$ 190,789	$ —	$ —	$ 190,789
Third-party	—	12,606	—	—	12,606
Total revenue	—	203,395	—	—	203,395
Costs and expenses:					
Operating and maintenance expenses	—	61,407	—	—	61,407
General and administrative expenses	15,504	—	—	—	15,504
Depreciation and amortization	—	21,185	—	—	21,185
Total costs and expenses	15,504	82,592	—	—	98,096
Income (loss) from operations	(15,504)	120,803	—	—	105,299
Other income (expense):					
Equity in earnings of subsidiaries	120,803	—	—	(120,803)	—
Interest expense, net	(29,684)	—	—	—	(29,684)
Amortization of loan fees and debt premium	(1,256)	—	—	—	(1,256)
Net income	74,359	120,803	—	(120,803)	74,359
Less: Net loss attributable to Predecessor	—	(2,443)	—	—	(2,443)
Less: Net income attributable to noncontrolling interest	—	13,110	—	—	13,110
Net income attributable to the partners	74,359	110,136	—	(120,803)	63,692
Less: Net income attributable to the IDR holder	10,011	—	—	—	10,011
Net income attributable to PBF Logistics LP unitholders	$ 64,348	$ 110,136	$ —	$ (120,803)	$ 53,681

* Current-period financial information has been retrospectively adjusted for the Development Assets Acquisition.

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

13. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS OF PBF LOGISTICS
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

	Nine Months Ended September 30, 2017*				
	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Combining and Consolidating Adjustments	Total
Revenue:					
Affiliate	$—	$ 176,916	$ —	$ —	$ 176,916
Third-party	—	13,459	—	—	13,459
Total revenue	—	190,375	—	—	190,375
Costs and expenses:					
Operating and maintenance expenses	—	52,567	—	—	52,567
General and administrative expenses	12,947	—	—	—	12,947
Depreciation and amortization	—	17,096	—	—	17,096
Total costs and expenses	12,947	69,663	—	—	82,610
Income (loss) from operations	(12,947)	120,712	—	—	107,765
Other income (expense):					
Equity in earnings of subsidiaries	120,712	—	—	(120,712)	—
Interest expense, net	(22,493)	—	—	—	(22,493)
Amortization of loan fees	(1,125)	—	—	—	(1,125)
Net income	84,147	120,712	—	(120,712)	84,147
Less: Net loss attributable to Predecessor	—	(3,863)	—	—	(3,863)
Less: Net income attributable to noncontrolling interest	—	11,218	—	—	11,218
Net income attributable to the partners	84,147	113,357	—	(120,712)	76,792
Less: Net income attributable to the IDR holder	6,319	—	—	—	6,319
Net income attributable to PBF Logistics LP unitholders	$77,828	$ 113,357	$ —	$ (120,712)	$70,473

* Prior-period financial information has been retrospectively adjusted for the Development Assets Acquisition.

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

13. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS OF PBF LOGISTICS
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

	Nine Months Ended September 30, 2018*				
	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Combining and Consolidating Adjustments	Total
Cash flows from operating activities:					
Net income	$74,359	$ 120,803	$ —	$ (120,803)	$74,359
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	—	21,185	—	—	21,185
Amortization of loan fees and debt premium	1,256	—	—	—	1,256
Unit-based compensation expense	4,549	—	—	—	4,549
Equity in earnings of subsidiaries	(120,803)	—	—	120,803	—
Changes in operating assets and liabilities:					
Accounts receivable - affiliates	—	7,363	—	—	7,363
Accounts receivable	—	(1,587)	—	—	(1,587)
Prepaids and other current assets	(1,528)	(175)	—	—	(1,703)
Accounts payable - affiliates	(1,268)	10,575	—	—	9,307
Accounts payable and accrued liabilities	9,108	(4,484)	—	—	4,624
Amounts due to (from) related parties	54,391	(54,391)	—	—	—
Deferred revenue	—	(255)	—	—	(255)
Other assets and liabilities	(1,049)	(467)	—	—	(1,516)
Net cash provided by operating activities	19,015	98,567	—	—	117,582
Cash flows from investing activities:					
Knoxville Terminals Purchase	—	(58,000)	—	—	(58,000)
Expenditures for property, plant and equipment	—	(28,627)	—	—	(28,627)
Investment in subsidiaries	(7,707)	—	—	7,707	—
Net cash used in investing activities	$(7,707)	$ (86,627)	$ —	$ 7,707	$(86,627)

* Current-period financial information has been retrospectively adjusted for the Development Assets Acquisition.

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

13. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS OF PBF LOGISTICS
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS (Continued)

	Nine Months Ended September 30, 2018*				
	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Combining and Consolidating Adjustments	Total
Cash flows from financing activities:					
Net proceeds from issuance of common units	$34,820	$ —	$ —	$ —	$34,820
Distributions to unitholders	(72,471)	—	—	—	(72,471)
Contribution from parent	—	11,908	—	(7,707)	4,201
Distributions to TVPC members	—	(16,250)	—	—	(16,250)
Proceeds from revolving credit facility	64,000	—	—	—	64,000
Repayment of revolving credit facility	(43,700)	—	—	—	(43,700)
Deferred financing costs	(3,197)	—	—	—	(3,197)
Net cash used in financing activities	(20,548)	(4,342)	—	(7,707)	(32,597)
Net change in cash and cash equivalents	(9,240)	7,598	—	—	(1,642)
Cash and cash equivalents at beginning of year	10,909	8,755	—	—	19,664
Cash and cash equivalents at end of period	$1,669	$ 16,353	$ —	$ —	$18,022

* Current-period financial information has been retrospectively adjusted for the Development Assets Acquisition.

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

13. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS OF PBF LOGISTICS
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

	Nine Months Ended September 30, 2017*				
	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Combining and Consolidating Adjustments	Total
Cash flows from operating activities:					
Net income	$84,147	$120,712	$—	$(120,712)	$84,147
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	—	17,096	—	—	17,096
Amortization of loan fees	1,125	—	—	—	1,125
Unit-based compensation expense	4,515	—	—	—	4,515
Equity in earnings of subsidiaries	(120,712)	—	—	120,712	—
Changes in operating assets and liabilities:					
Accounts receivable - affiliates	124	694	—	—	818
Accounts receivable	—	3,188	—	—	3,188
Prepaids and other current assets	(599)	270	—	—	(329)
Accounts payable - affiliates	1,392	(892)	—	—	500
Accounts payable and accrued liabilities	5,817	1,888	—	—	7,705
Amounts due to (from) related parties	64,063	(64,063)	—	—	—
Deferred revenue	—	39	—	—	39
Other assets and liabilities	(7)	(1,121)	—	—	(1,128)
Net cash provided by operating activities	39,865	77,811	—	—	117,676
Cash flows from investing activities:					
Toledo Products Terminal Acquisition	—	(10,097)	—	—	(10,097)
Expenditures for property, plant and equipment	—	(62,003)	—	—	(62,003)
Purchase of marketable securities	(75,036)	—	—	—	(75,036)
Maturities of marketable securities	115,060	—	—	—	115,060
Investment in subsidiaries	(10,550)	—	—	10,550	—
Net cash provided by (used in) investing activities	$29,474	$(72,100)	$—	$10,550	$(32,076)

* Prior-period financial information has been retrospectively adjusted for the Development Assets Acquisition.

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

13. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS OF PBF LOGISTICS
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS (Continued)

	Nine Months Ended September 30, 2017*				
	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Combining and Consolidating Adjustments	Total
Cash flows from financing activities:					
Distributions to unitholders	$(62,794)	$ —	$ —	$ —	$(62,794)
Distributions to TVPC members	—	(17,348)	—	—	(17,348)
Contribution from parent	—	19,955	—	(10,550)	9,405
Repayment of term loan	(39,664)	—	—	—	(39,664)
Net cash (used in) provided by financing activities	(102,458)	2,607	—	(10,550)	(110,401)
Net change in cash and cash equivalents	(33,119)	8,318	—	—	(24,801)
Cash and cash equivalents at beginning of year	52,133	12,088	—	—	64,221
Cash and cash equivalents at end of period	$19,014	$ 20,406	$ —	$ —	$39,420

* Prior-period financial information has been retrospectively adjusted for the Development Assets Acquisition.

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

You should read the following discussion and analysis of our financial condition and results of operations together with the unaudited condensed consolidated financial statements and the notes thereto included elsewhere in this Form 10-Q. The following information and such unaudited condensed consolidated financial statements should also be read in conjunction with the audited consolidated financial statements and related notes, together with our discussion and analysis of financial condition and results of operations in our 2017 Form 10-K. This discussion contains forward-looking statements that are based on management's current expectations, estimates and projections about our business and operations. The cautionary statements made in this Form 10-Q should be read as applying to all related forward-looking statements wherever they appear in this Form 10-Q. Our actual results may differ materially from those currently anticipated and expressed in such forward-looking statements as a result of a number of factors. You should read "Risk Factors" in our 2017 Form 10-K and "Cautionary Note Regarding Forward-Looking Statements" in this Form 10-Q. In this Item 2, all references to "we," "us," "our," the "Partnership," "PBFX" or similar terms for periods prior to t Acquisitions from PBF (as defined below) prior to the effective date of each acquisition refer to the Predecessor. For periods subsequent to the effective dates of each of the Acquisitions from PBF, these terms refer to the Partnership and its subsidiaries.

Overview

PBFX is a fee-based, growth-oriented, Delaware master limited partnership formed in February 2013 by subsidiaries of PBF Energy to own or lease, operate, develop and acquire crude oil and refined petroleum products terminals, pipelines, storage facilities and similar logistics assets. PBF GP is our general partner and is wholly-owned by PBF LLC. PBF Energy is the sole managing member of PBF LLC and, as of September 30, 2018, owned 99.0% of the total economic interest in PBF LLC. PBF LLC owns 19,953,631 of PBFX's common units constituting an aggregate 44.0% limited partner interest in PBFX and owns all of PBFX's IDRs, with the remaining 56.0% limited partner interest owned by public unitholders.

The Partnership includes the assets, liabilities and results of operations of certain crude oil, refined products, natural gas and intermediates transportation, terminaling and storage assets, which include assets previously operated and owned by certain of PBF Holding's currently and previously held subsidiaries, which were acquired in a series of acquisitions from 2014 through 2018.

2018 Business Developments

Knoxville Terminals Purchase

On April 16, 2018, our wholly-owned subsidiary, PBF Logistics Products Terminals LLC ("PLPT"), completed the purchase of two refined product terminals located in Knoxville, Tennessee, which include product tanks with a total shell capacity of approximately 0.5 million barrels, pipeline connections to the Colonial and Plantation pipeline systems and two truck loading facilities with nine loading bays (the "Knoxville Terminals") from Cummins Terminals, Inc. ("Cummins") for total cash consideration of approximately $58.0 million, excluding working capital adjustments (the "Knoxville Terminals Purchase"). The transaction was financed through a combination of cash on hand and borrowings under our Revolving Credit Facility, as defined below.

East Coast Storage Assets Acquisition

On July 16, 2018, we entered into an agreement with Crown Point International, LLC, formerly known as Axeon Specialty Products LLC, to purchase its wholly-owned subsidiary, CPI Operations LLC (the "East Coast Storage Assets Acquisition") for total consideration of $107.0 million, which is comprised of an initial payment at closing of $75.0 million with the balance being payable one year after closing. The East Coast Storage Assets Acquisition closed on October 1, 2018. The transaction was financed through a combination of cash on hand and borrowings under our Revolving Credit Facility.

Registered Direct Offering

On July 16, 2018, we entered into a common unit purchase agreement with certain funds managed by Tortoise Capital Advisors, L.L.C. providing for the issuance and sale in a registered direct offering (the "Registered Direct Offering") of an aggregate of 1,775,750 common units for gross proceeds of approximately $35.0 million. The Registered Direct Offering closed on July 30, 2018.

Development Assets Acquisition

On July 16, 2018, we entered into four contribution agreements with PBF LLC pursuant to which PBF Energy contributed to us certain of its subsidiaries (the "Development Assets Contribution Agreements"). Pursuant to the Development Assets Contribution Agreements, we acquired from PBF LLC all of the issued and outstanding limited liability company interests of Toledo Rail Logistics Company LLC ("TRLC"), whose assets consist of an unloading and loading rail facility located at PBF Holding's Toledo Refinery (the "Toledo Rail Products Facility"); Chalmette Logistics Company LLC ("CLC"), whose assets consist of a truck loading rack facility (the "Chalmette Truck Rack") and a rail yard facility (the "Chalmette Rosin Yard"), both of which are located at PBF Holding's Chalmette Refinery; Paulsboro Terminaling Company LLC ("PTC"), whose assets consist of a lube oil terminal facility located at PBF Holding's Paulsboro Refinery (the "Paulsboro Lube Oil Terminal"); and DCR Storage and Loading Company LLC ("DSLC"), whose assets consist of an ethanol storage facility located at PBF Holding's Delaware City Refinery (the "Delaware Ethanol Storage Facility" and collectively with the Toledo Rail Products Facility, the Chalmette Truck Rack, the Chalmette Rosin Yard, and the Paulsboro Lube Oil Terminal, the "Development Assets"). Total consideration for the acquisition of the Development Assets was approximately $31.6 million, consisting of 1,494,134 common units issued to PBF LLC (the "Development Assets Acquisition"). The Development Assets Acquisition closed on July 31, 2018 and was accounted for as a transfer of assets between entities under common control under U.S. generally accepted accounting principles ("GAAP"). Refer to Note 3 "Acquisitions" of the Notes to Condensed Consolidated Financial Statements included in this Form 10-Q for further discussion regarding the Development Assets Acquisition.

Revolving Credit Facility

On July 30, 2018, we entered into a $500.0 million amended and restated revolving credit facility (as amended the "Revolving Credit Facility") with Wells Fargo Bank, National Association, as administrative agent, and a syndicate of lenders. The Revolving Credit Facility replaced our five-year $360.0 million revolving credit facility entered into in connection with the closing of our IPO. Among other things, the Revolving Credit Facility increased the maximum commitment available to us from $360.0 million to $500.0 million and extended the maturity date to July 2023. The commitment fees on the unused portion, the interest rate on advances and the fees for letters of credit are consistent with our original five-year, $360.0 million revolving credit facility. The Revolving Credit Facility contains representations, warranties and covenants by us, as well as customary events of default and indemnification obligations that are consistent with, or more favorable to us, than those in the original facility.

Principles of Combination and Consolidation and Basis of Presentation

Our Predecessor generally did not historically operate its assets for the purpose of generating revenues independent of other PBF Energy businesses, with the exception of the Paulsboro Lube Oil Terminal. In connection with, and subsequent to, our initial public offering ("IPO"), we have acquired certain assets from PBF LLC (collectively referred to as the "Contributed Assets"). The acquisitions completed subsequent to the IPO were made through a series of drop-down transactions with PBF LLC (collectively referred to as the "Acquisitions from PBF"). Upon the closing of our IPO and the Acquisitions from PBF, we entered into commercial and service agreements with subsidiaries of PBF Energy under which we operate our assets for the purpose of generating fee-based revenues. We receive, handle and transfer crude oil, refined products and natural gas from sources located throughout the United States and Canada and store crude oil, refined products and intermediates for PBF Energy in support of its refineries. In addition, we generate third-party revenue from certain of our assets, including the Knoxville Terminals subsequent to our acquisition in April 2018 and the Paulsboro Lube Oil Terminal, which also generated revenue for our Predecessor prior to our acquisition.

Agreements with PBF Energy Entities

Commercial Agreements

We currently derive the majority of our revenue from long-term, fee-based, minimum volume commitment (“MVC”) agreements with PBF Holding, supported by contractual fee escalations for inflation adjustments and certain increases in operating costs. We believe the terms and conditions under these agreements, as well as the Omnibus Agreement (as defined below) and the Services Agreement (as defined below) each with PBF Holding, are generally no less favorable to either party than those that could have been negotiated with unaffiliated parties with respect to similar services.

See the 2017 Form 10-K for a more complete description of our commercial agreements with PBF Holding, including those identified as leases, which were entered into prior to 2018. The following are commercial agreements we entered into with PBF Holding during 2018:

Agreements	Initiation Date	Initial Term	Renewals (a)	MVC	Force Majeure
Transportation and Terminaling					
Amended and Restated Rail Agreements (b)	5/8/2014	7 years, 8 months	2 x 5	125,000 barrels per day (“bpd”)	
Knoxville Terminals Agreement-Terminaling Services	4/16/2018	5 years	Evergreen	Various (c)	
Knoxville Terminals Agreement-Tank Lease (d)	4/16/2018	5 years	Evergreen	115,334 barrels (e)	
Toledo Rail Loading Agreement	7/31/2018	7 years, 5 months	2 x 5	Various (f)	PBFX or PBF Holding can declare
Chalmette Terminal Throughput Agreement	7/31/2018	1 year	Evergreen	N/A	
Chalmette Rail Unloading Agreement	7/31/2018	7 years, 5 months	2 x 5	7,600 bpd	
DSL Ethanol Throughput Agreement (d)	7/31/2018	7 years, 5 months	2 x 5	5,000 bpd	

(a) PBF Holding has the option to extend the agreements for up to two additional five-year terms, as applicable.

(b) The Delaware City Rail Terminaling Services Agreement and the Delaware West Ladder Rack Terminaling Services Agreement between Delaware City Terminaling Company LLC and PBF Holding were amended effective as of January 1, 2018 with the service fees thereunder being adjusted, including the addition of an ancillary fee paid by PBF Holding on an actual cost basis. In determining payments due under the Amended and Restated Rail Agreements, excess volumes throughput under the agreements shall apply against required payments in respect to the minimum throughput commitments on a quarterly basis and, to the extent not previously applied, on an annual basis against the MVCs.

(c) The minimum throughput revenue commitment is \$0.9 million for year one, \$1.8 million for year two and \$2.7 million for year three and thereafter.

(d) These commercial agreements with PBF Holding are considered leases.

(e) Reflects the overall capacity as stipulated by the storage agreement. The storage MVC is subject to the effective operating capacity of each tank, which can be impacted by routine tank maintenance and other factors. PBF Holding is expected to take full shell capacity by the end of Q4 2018.

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(f) Under the Toledo Rail Loading Agreement, PBF Holding has minimum throughput commitments for (i) 30 railcars per day of products and (ii) 11.5 railcars per day of premium products. The Toledo Rail Loading Agreement also specifies a maximum throughput rate of 50 railcars per day.

Other Agreements

In addition to the commercial agreements described above, we have entered into an omnibus agreement with PBF GP, PBF LLC and PBF Holding, which has been amended and restated in connection with certain of the Acquisitions from PBF. This agreement addresses the payment of an annual fee for the provision of various general and administrative services and reimbursement of salary and benefit costs for certain PBF Energy employees. On July 31, 2018, we entered into the Fifth Amended and Restated Omnibus Agreement (as amended, the “Omnibus Agreement”) in connection with the Development Assets Acquisition, resulting in an increase to the estimated annual fee to $7.0 million.

Additionally, we have entered into an operation and management services and secondment agreement with PBF Holding and certain of its subsidiaries, pursuant to which PBF Holding and its subsidiaries provide us with the personnel necessary for us to perform our obligations under our commercial agreements. We reimburse PBF Holding for the use of such employees and the provision of certain infrastructure-related services to the extent applicable to its operations, including storm water discharge and waste water treatment, steam, potable water, access to certain roads and grounds, sanitary sewer access, electrical power, emergency response, filter press, fuel gas, API solids treatment, fire water and compressed air. On July 31, 2018, we entered into the Sixth Amended and Restated Operation and Management Services and Secondment Agreement (as amended, the “Services Agreement”) in connection with the Development Assets Acquisition, resulting in an increase of the annual fee to $8.6 million. The Services Agreement will terminate upon the termination of the Omnibus Agreement, provided that we may terminate any service on 30-days’ notice.

Factors Affecting the Comparability of Our Financial Results

Our results of operations may not be comparable to our historical results of operations for the reasons described below:

Revenue. Our reported logistics assets revenues are fee-based and a majority are subject to contractual MVCs. These fees are indexed for inflation, generally on an annual basis, in accordance with either the Federal Energy Regulatory Commission indexing methodology, the U.S. Producer Price Index or the U.S. Consumer Price Index for All Urban Consumers.

Revenues reported by us prior to the acquisition of Paulsboro Natural Gas Pipeline Company LLC (“PNGPC”) in February 2017 did not include revenue under the services agreement associated with the new 24” interstate natural gas pipeline we built to replace the existing PNGPC pipeline servicing PBF Holding’s Paulsboro Refinery (the “Paulsboro Natural Gas Pipeline”), which commenced in August 2017 (the “Paulsboro Natural Gas Pipeline Services Agreement”). On November 1, 2017, our wholly-owned subsidiary, PBFX Operating Company LLC (“PBFX Op Co”), began providing storage services to PBF Holding at PBF Holding’s Chalmette Refinery (the “Chalmette Storage Tank”) under a ten-year storage service agreement (the “Chalmette Storage Agreement”). Revenues reported by us prior to the Development Assets Acquisition in July 2018 did not include revenue under the services agreements associated with the Development Assets, with the exception of the Paulsboro Lube Oil Terminal.

In addition, the Amended and Restated Rail Agreements, which effectively combine the MVCs associated with our Delaware City rail unloading assets with a blended throughput rate and a directly billed ancillary fee, were executed effective as of January 1, 2018.

Financing. Historically, we have financed our operations through proceeds generated by equity offerings, internally generated cash flows, and borrowings under our Revolving Credit Facility to satisfy capital expenditure requirements. During March 2017, we fully repaid the remaining outstanding balance of our three-year $300.0 million term loan facility with Wells Fargo Bank, National Association, as administrative agent, and a syndicate of lenders (the “Term Loan”). On October 6, 2017, we issued $175.0 million in aggregate principal amount of 6.875% Senior Notes due 2023 (the “new 2023 Notes,” and along with the $350.0 million in aggregate principal amount of 6.875% Senior Notes due 2023 issued in May 2015, the “2023 Notes”). During the nine months ended September 30, 2018, we had net borrowings of $20.3 million to fund the Knoxville Terminals Purchase and other capital expenditures and working capital requirements. On October 1, 2018, the Partnership borrowed $75.0 million to fund the East Coast Storage Assets Acquisition.

Third-party Transactions. On April 17, 2017, our wholly-owned subsidiary, PLPT, acquired the Toledo, Ohio refined products terminal assets (the “Toledo Products Terminal”) from Sunoco Logistics Partners L.P. (the “Toledo Products Terminal Acquisition”). On April 16, 2018, we, through our wholly-owned subsidiary, PLPT, acquired the Knoxville Terminals from Cummins and subsequently entered into the Knoxville Terminals Agreement.

As a result, our results may not be comparable due to additional revenue, operating and maintenance expenses and general and administrative expenses associated with the third-party transactions listed above.

Other Factors That Will Significantly Affect Our Results

Supply and Demand for Crude Oil, Refined Products and Natural Gas. We generate revenue by charging fees for receiving, handling, transferring, storing and throughputting crude oil, refined products and natural gas. The majority of our revenues are derived from fee-based commercial agreements with subsidiaries of PBF Energy with initial terms ranging from approximately seven to ten years and including MVCs, which enhance the stability of our cash flows. The volume of crude oil, refined products and natural gas that is throughput or stored depends substantially on PBF Energy’s refining margins. Refining margins are dependent mostly upon the price of crude oil or other refinery feedstocks and the price of refined products.

Factors driving the prices of petroleum-based commodities include supply and demand in crude oil, gasoline and other refined products. Supply and demand for these products depend on numerous factors outside of our control, including changes in domestic and foreign economies, weather conditions, domestic and foreign political affairs, production levels, logistics constraints, availability of imports, marketing of competitive fuels, crude oil price differentials and government regulation. Please read “Risk Factors” included in “Item 1A.” of our 2017 Form 10-K.

Acquisition and Organic Growth Opportunities. We may acquire additional logistics assets from PBF Energy or third parties. Under our Omnibus Agreement, subject to certain exceptions, we have a right of first offer on certain logistics assets owned by PBF Energy to the extent PBF Energy decides to sell, transfer or otherwise dispose of any of those assets. We also have a right of first offer to acquire additional logistics assets that PBF Energy may construct or acquire in the future. Our commercial agreements provide us with options to purchase certain assets at PBF Holding’s refineries related to our business in the event PBF Energy permanently shuts down PBF Holding’s refineries. In addition, our commercial agreements provide us with the right to use certain assets at PBF Holding’s refineries in the event of a temporary shutdown. Furthermore, we may pursue strategic asset acquisitions from third parties or organic growth projects to the extent such acquisitions or projects complement our or PBF Energy’s existing asset base or provide attractive potential returns. We believe that we are well-positioned to acquire logistics assets from PBF Energy and third parties should such opportunities arise, and identifying and executing acquisitions and organic growth projects is a key part of our strategy. However, if we do not complete acquisitions or organic growth projects on economically acceptable terms, our future growth will be limited, and the acquisitions or projects we do complete may reduce, rather than increase, our cash available for distribution. These acquisitions and organic growth projects could also affect the comparability of our results from period to period. We expect to fund future growth capital expenditures primarily from a combination of cash-on-hand, borrowings under our Revolving Credit Facility and the issuance of additional equity or debt securities. To the extent we issue additional units to fund

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future acquisitions or expansion capital expenditures, the payments of distributions on those additional units may increase the risk that we will be unable to maintain or increase our per unit distribution level.

Third-Party Business. As of September 30, 2018, PBF Holding accounts for the substantial majority of our revenues and we continue to expect the majority of our revenue for the foreseeable future will be derived from operations supporting PBF Energy's refineries. We are examining further diversification of our customer base by potentially developing additional third-party throughput volumes in our existing system and continuing to expand our asset portfolio to service third-party customers. Unless we are successful in attracting additional third-party customers, our ability to increase volumes will be dependent on PBF Holding, which has no obligation under our commercial agreements to supply our facilities with additional volumes in excess of its MVCs. If we are unable to increase throughput or storage volumes, future growth may be limited.

Noncontrolling Interest. As a result of PBFX Op Co's acquisition from PBF LLC of 50% of the issued and outstanding limited liability company interests of Torrance Valley Pipeline Company LLC ("TVPC") (the "TVPC Acquisition"), PBFX Op Co became the managing member of TVPC and fully consolidates TVPC. With respect to the consolidation of TVPC, we record a noncontrolling interest for the remaining 50% economic interest in TVPC held by TVP Holding Company LLC ("TVP Holding"). Noncontrolling interest on the condensed consolidated statements of operations includes the portion of net income or loss attributable to the economic interest in TVPC held by TVP Holding. Noncontrolling interest on the condensed consolidated balance sheets includes the portion of net assets of TVPC attributable to TVP Holding.

How We Evaluate Our Operations

Our management uses a variety of financial and operating metrics to analyze our business and segment performance. These metrics are significant factors in assessing our operating results and profitability and include but are not limited to volumes, including terminal and pipeline throughput and storage capacity; operating and maintenance expenses; and EBITDA, EBITDA attributable to PBFX and distributable cash flow. We define EBITDA, EBITDA attributable to PBFX and distributable cash flow below.

Volumes. The amount of revenue we generate primarily depends on the volumes of crude oil, refined products and natural gas that we throughput at our terminaling and pipeline operations and our available storage capacity. These volumes are primarily affected by the supply of and demand for crude oil and refined products in the markets served directly or indirectly by our assets. Although PBF Energy has committed to minimum volumes under the commercial agreements described above, our results of operations will be impacted by:

- PBF Energy's utilization of our assets in excess of the MVCs;
- our ability to identify and execute accretive acquisitions and organic expansion projects, and capture PBF Energy's incremental volumes or third-party volumes; and
- our ability to increase throughput volumes at our facilities and provide additional ancillary services at those terminals and pipelines.

Operating and Maintenance Expenses. Our management seeks to maximize the profitability of our operations by effectively managing operating and maintenance expenses. These expenses are comprised primarily of labor expenses, outside contractor expenses, utility costs, insurance premiums, repairs and maintenance expenses and related property taxes. These expenses generally remain relatively stable across broad ranges of throughput volumes but can fluctuate from period to period depending on the mix of activities performed during that period and the timing of these expenses. We will seek to manage our maintenance expenditures on our assets by scheduling maintenance over time to avoid significant variability in our maintenance expenditures and to minimize their impact on our cash flow.

EBITDA, EBITDA attributable to PBFX and Distributable Cash Flow. We define EBITDA as net income (loss) before net interest expense, income tax expense, depreciation and amortization expense. We define EBITDA attributable to PBFX as net income (loss) attributable to PBFX before net interest expense, income tax expense, depreciation and amortization expense attributable to PBFX, which excludes the results of Acquisitions from PBF prior to the effective dates of such transactions. We define distributable cash flow as EBITDA attributable to PBFX plus non-cash unit-based compensation expense, less net cash paid for interest, maintenance capital expenditures and income taxes. Distributable cash flow will not reflect changes in working capital balances. EBITDA, EBITDA attributable to PBFX and distributable cash flow are not presentations made in accordance with U.S. generally accepted accounting principles ("GAAP").

EBITDA, EBITDA attributable to PBFX and distributable cash flow are non-GAAP supplemental financial measures that management and external users of our consolidated financial statements, such as industry analysts, investors, lenders and rating agencies, may use to assess:

- our operating performance as compared to other publicly traded partnerships in the midstream energy industry, without regard to historical cost basis or, in the case of EBITDA, financing methods;
- the ability of our assets to generate sufficient cash flow to make distributions to our unitholders;
- our ability to incur and service debt and fund capital expenditures; and
- the viability of acquisitions and other capital expenditure projects and the returns on investment of various investment opportunities.

We believe that the presentation of EBITDA and EBITDA attributable to PBFX provides useful information to investors in assessing our financial condition and results of operations. We believe that the presentation of distributable cash flow provides useful information to investors as it is a widely accepted financial indicator used by investors to compare partnership performance and provides investors with another perspective of the operating performance of our assets and the cash our business is generating. EBITDA, EBITDA attributable to PBFX and distributable cash flow should not be considered alternatives to net income, operating income, cash from operations or any other measure of financial performance or liquidity presented in accordance with GAAP. EBITDA, EBITDA attributable to PBFX and distributable cash flow have important limitations as analytical tools because they exclude some but not all items that affect net income and net cash provided by operating activities. Additionally, because EBITDA, EBITDA attributable to PBFX and distributable cash flow may be defined differently by other companies in our industry, our definition of such matters may not be comparable to similarly titled measures of other companies, thereby diminishing their utility. EBITDA, EBITDA attributable to PBFX and distributable cash flow are reconciled to net income and net cash provided by operating activities in "—Results of Operations" below.

Results of Operations

A discussion and analysis of the factors contributing to our results of operations is presented below. The financial statements, together with the following information, are intended to provide investors with a reasonable basis for assessing our historical operations, but should not serve as the only criteria for predicting our future performance.

Combined Overview. The following tables summarize our results of operations and financial data for the three and nine months ended September 30, 2018 and 2017. The following data should be read in conjunction with our Condensed Consolidated Financial Statements and the Notes thereto included in “Item 1. Financial Statements.”

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018*	2017*	2018*	2017*
	(In thousands)			
Revenue:				
Affiliate	$66,140	$62,359	$190,789	$176,916
Third-Party	4,416	3,836	12,606	13,459
Total revenue	70,556	66,195	203,395	190,375
Costs and expenses:				
Operating and maintenance expenses	20,803	17,704	61,407	52,567
General and administrative expenses	4,725	3,534	15,504	12,947
Depreciation and amortization	7,451	5,756	21,185	17,096
Total costs and expenses	32,979	26,994	98,096	82,610
Income from operations	37,577	39,201	105,299	107,765
Other expense:				
Interest expense, net	(10,070)	(7,416)	(29,684)	(22,493)
Amortization of loan fees and debt premium	(497)	(332)	(1,256)	(1,125)
Net income	27,010	31,453	74,359	84,147
Less: Net loss attributable to Predecessor	(80)	(1,219)	(2,443)	(3,863)
Less: Net income attributable to noncontrolling interest	4,725	3,799	13,110	11,218
Net income attributable to the partners	22,365	28,873	63,692	76,792
Less: Net income attributable to the IDR holder	3,641	2,526	10,011	6,319
Net income attributable to PBF Logistics LP unitholders	$18,724	$26,347	$53,681	$70,473
Other Data:				
EBITDA attributable to PBFX	$38,934	$40,873	$111,321	$112,894
Distributable cash flow	28,545	32,293	82,891	91,430
Capital expenditures, including acquisitions	20,956	15,536	86,627	72,100

* Current and prior-period financial information has been retrospectively adjusted for the Development Assets Acquisition.

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Reconciliation of Non-GAAP Financial Measures

As described in “How We Evaluate Our Operations,” our management uses EBITDA, EBITDA attributable to PBFX and distributable cash flow to analyze our performance. The following table presents a reconciliation of EBITDA, EBITDA attributable to PBFX and distributable cash flow to net income, the most directly comparable GAAP financial measure of operating performance on a historical basis, for the periods indicated.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018*	2017*	2018*	2017*
	(In thousands)			
Net income	$27,010	$31,453	$74,359	$84,147
Interest expense, net	10,070	7,416	29,684	22,493
Amortization of loan fees and debt premium	497	332	1,256	1,125
Depreciation and amortization	7,451	5,756	21,185	17,096
EBITDA	45,028	44,957	126,484	124,861
Less: Predecessor EBITDA	(8)	(1,073)	(2,051)	(3,329)
Less: Noncontrolling interest EBITDA	6,102	5,157	17,214	15,296
EBITDA attributable to PBFX	38,934	40,873	111,321	112,894
Non-cash unit-based compensation expense	1,052	807	4,549	4,515
Cash interest	(10,112)	(8,006)	(29,741)	(23,622)
Maintenance capital expenditures attributable to PBFX	(1,329)	(1,381)	(3,238)	(2,357)
Distributable cash flow	$28,545	$32,293	$82,891	$91,430

* Current and prior-period financial information has been retrospectively adjusted for the Development Assets Acquisition.

The following table presents a reconciliation of EBITDA, EBITDA attributable to PBFX and distributable cash flow to net cash provided by operating activities, the most directly comparable GAAP financial measure of liquidity on a historical basis, for the periods indicated.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018*	2017*	2018*	2017*
	(In thousands)			
Net cash provided by operating activities:	$52,255	$29,239	$117,582	$117,676
Change in operating assets and liabilities	(16,245)	9,109	(16,233)	(10,793)
Interest expense, net	10,070	7,416	29,684	22,493
Non-cash unit-based compensation expense	(1,052)	(807)	(4,549)	(4,515)
EBITDA	45,028	44,957	126,484	124,861
Less: Predecessor EBITDA	(8)	(1,073)	(2,051)	(3,329)
Less: Noncontrolling interest EBITDA	6,102	5,157	17,214	15,296
EBITDA attributable to PBFX	38,934	40,873	111,321	112,894
Non-cash unit-based compensation expense	1,052	807	4,549	4,515
Cash interest	(10,112)	(8,006)	(29,741)	(23,622)
Maintenance capital expenditures attributable to PBFX	(1,329)	(1,381)	(3,238)	(2,357)
Distributable cash flow	$28,545	$32,293	$82,891	$91,430

* Current and prior-period financial information has been retrospectively adjusted for the Development Assets Acquisition.

The following table presents a reconciliation of net income attributable to noncontrolling interest and noncontrolling interest EBITDA for informational purposes.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(In thousands)			
Net income attributable to noncontrolling interest	$4,725	$3,799	$13,110	$11,218
Depreciation and amortization related to noncontrolling interest*	1,377	1,358	4,104	4,078
Noncontrolling interest EBITDA	$6,102	$5,157	$17,214	$15,296

* Represents 50% of depreciation and amortization for TVPC for the three and nine months ended September 30, 2018 and 2017.

Three Months Ended September 30, 2018 Compared to the Three Months Ended September 30, 2017

Summary. Our net income for the three months ended September 30, 2018 decreased approximately $4.4 million to $27.0 million from $31.5 million for the three months ended September 30, 2017. The decrease in net income was primarily due to the following:

- an increase in operating and maintenance expenses of approximately $3.1 million, or 17.5%, as a result of increased utilities expenses within our Transportation and Terminaling segment, higher maintenance and materials expenses and expenses related to the Knoxville Terminals subsequent to the Knoxville Terminals Purchase;
- an increase in general and administrative expenses of approximately $1.2 million, or 33.7%, as a result of higher acquisition related costs and higher unit-based compensation expense;
- an increase in depreciation and amortization expenses of approximately $1.7 million, or 29.4%, related to the timing of acquisitions and new assets being placed in service;
- an increase in interest expense, net of approximately $2.7 million, or 35.8%, attributable to the interest costs associated with the new 2023 Notes, partially offset by lower borrowings under our Revolving Credit Facility;

partially offset by the following:

- an increase in total revenue of approximately $4.4 million, or 6.6%, primarily attributable to operations of recently acquired or constructed assets and inflation rate adjustments implemented in accordance with certain of our commercial agreements (the “Inflation Rate Increase”), partially offset by decreases in throughput fees resulting from the Amended and Restated Rail Agreements.

EBITDA attributable to PBFX for the three months ended September 30, 2018 decreased approximately $1.9 million to $38.9 million from $40.9 million for the three months ended September 30, 2017 due to the factors noted above, excluding the impact of depreciation, interest and noncontrolling interest.

Nine Months Ended September 30, 2018 Compared to the Nine Months Ended September 30, 2017

Summary. Our net income for the nine months ended September 30, 2018 decreased approximately $9.8 million to $74.4 million from $84.1 million for the nine months ended September 30, 2017. The decrease in net income was primarily due to the following:

- an increase in operating and maintenance expenses of approximately $8.8 million, or 16.8%, as a result of increased utilities expenses within our Transportation and Terminaling segment, higher maintenance and materials expenses and expenses related to operations of recently acquired or constructed assets;

- an increase in general and administrative expenses of approximately $2.6 million, or 19.7%, as a result of higher acquisition related costs, higher audit and tax-related fees and higher outside services expenses;
- an increase in depreciation and amortization expenses of approximately $4.1 million, or 23.9%, related to the timing of acquisitions and new assets being placed in service;
- an increase in interest expense, net of approximately $7.2 million, or 32.0%, attributable to the interest costs associated with the new 2023 Notes, partially offset by lower borrowings under our Revolving Credit Facility;

partially offset by the following:

- an increase in total revenue of approximately $13.0 million, or 6.8%, primarily attributable to operations of recently acquired or constructed assets and the Inflation Rate Increase, partially offset by decreases in throughput fees resulting from the Amended and Restated Rail Agreements.

EBITDA attributable to PBFX for the nine months ended September 30, 2018 decreased approximately $1.6 million to $111.3 million from $112.9 million for the nine months ended September 30, 2017 due to the factors noted above, excluding the impact of depreciation, interest and noncontrolling interest.

Segment Information

Our operations are consolidated into operating segments, which are strategic business units that offer different services in various geographical locations. We review operating segments in two reportable segments: (i) Transportation and Terminaling; and (ii) Storage. Decisions concerning the allocation of resources and assessment of operating performance are made based on this segmentation. Management measures the operating performance of each of its reportable segments based on the segment operating income. Segment operating income is defined as net revenue less operating expenses and depreciation and amortization. General and administrative expenses and interest expenses not included in the Transportation and Terminaling and Storage segments are included in Corporate. Segment reporting is further discussed in Note 11 "Segment Information" in our Notes to Condensed Consolidated Financial Statements included in "Item 1. Financial Statements."

Transportation and Terminaling Segment

The following table and discussion is an explanation of our results of operations of the Transportation and Terminaling segment for the three and nine months ended September 30, 2018 and 2017:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018*	2017*	2018*	2017*
	(In thousands)			
Revenue:				
Affiliate	$59,595	$ 56,772	$170,209	$160,065
Third-Party	4,416	3,836	12,606	13,459
Total revenue	64,011	60,608	182,815	173,524
Costs and expenses:				
Operating and maintenance expenses	18,888	15,636	55,348	47,033
Depreciation and amortization	6,524	5,135	18,408	15,254
Total costs and expenses	25,412	20,771	73,756	62,287
Transportation and Terminaling Segment Operating Income	$38,599	$ 39,837	$109,059	$111,237
Key Operating Information				
Transportation and Terminaling Segment				
Terminals				
Total throughput (barrels per day) (1)	299,757	196,985	290,076	202,896
Lease tank capacity (average lease capacity barrels per month)	1,713,988	1,922,453	1,970,347	2,141,027
Pipelines				
Total throughput (barrels per day) (1)	166,275	137,262	162,027	134,951
Lease tank capacity (average lease capacity barrels per month)	1,548,747	1,273,634	1,553,509	1,132,124

* Current and prior-period financial information has been retrospectively adjusted for the Development Assets Acquisition.
(1) Calculated as the sum of the average throughput per day for each asset group for the period presented.

Three Months Ended September 30, 2018 Compared to the Three Months Ended September 30, 2017

Revenue. Revenue increased approximately $3.4 million, or 5.6%, to $64.0 million for the three months ended September 30, 2018 compared to $60.6 million for the three months ended September 30, 2017. The increase in revenue was primarily attributable to operations of recently acquired or constructed assets, increased throughput

in excess of MVC levels at certain of our assets and the Inflation Rate Increase, partially offset by decreases in throughput fees resulting from the Amended and Restated Rail Agreements.

Operating and maintenance expenses. Operating and maintenance expenses increased approximately $3.3 million, or 20.8%, to $18.9 million for the three months ended September 30, 2018 compared to $15.6 million for the three months ended September 30, 2017. The increase in operating and maintenance expenses was primarily attributable to operations of recently acquired or constructed assets, higher utilities expenses related to increased throughput volumes on our pipeline assets and higher maintenance and materials expenses.

Depreciation and amortization. Depreciation and amortization expense increased approximately $1.4 million, or 27.0%, to $6.5 million for the three months ended September 30, 2018 compared to $5.1 million for the three months ended September 30, 2017. The increase in depreciation and amortization expense was primarily attributable to the timing of the Knoxville Terminals Purchase, as well as new assets being placed in service including the Paulsboro Natural Gas Pipeline.

Nine Months Ended September 30, 2018 Compared to the Nine Months Ended September 30, 2017

Revenue. Revenue increased approximately $9.3 million, or 5.4%, to $182.8 million for the nine months ended September 30, 2018 compared to $173.5 million for the nine months ended September 30, 2017. The increase in revenue was primarily attributable to operations of recently acquired or constructed assets, increased throughput in excess of MVC levels at certain of our assets and the Inflation Rate Increase, partially offset by decreases in throughput fees resulting from the Amended and Restated Rail Agreements.

Operating and maintenance expenses. Operating and maintenance expenses increased approximately $8.3 million, or 17.7%, to $55.3 million for the nine months ended September 30, 2018 compared to $47.0 million for the nine months ended September 30, 2017. The increase in operating and maintenance expenses was primarily attributable to operations of recently acquired or constructed assets, higher utilities expenses related to increased throughput volumes on our pipeline assets and higher maintenance and materials expenses.

Depreciation and amortization. Depreciation and amortization expense increased approximately $3.2 million, or 20.7%, to $18.4 million for the nine months ended September 30, 2018 compared to $15.3 million for the nine months ended September 30, 2017. The increase in depreciation and amortization expense was primarily attributable to the timing of the Knoxville Terminals Purchase, as well as new assets being placed in service including the Paulsboro Natural Gas Pipeline.

Storage Segment

The following table and discussion is an explanation of our results of operations of the Storage segment for the three and nine months ended September 30, 2018 and 2017:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(In thousands)			
Revenue:				
Affiliate	$6,545	$ 5,587	$20,580	$ 16,851
Third-Party	—	—	—	—
Total revenue	6,545	5,587	20,580	16,851
Costs and expenses:				
Operating and maintenance expenses	1,915	2,068	6,059	5,534
Depreciation and amortization	927	621	2,777	1,842
Total costs and expenses	2,842	2,689	8,836	7,376
Storage Segment Operating Income	$3,703	$ 2,898	$11,744	$ 9,475
Key Operating Information				
Storage Segment				
Storage capacity reserved (average shell capacity barrels per month) (1)	4,138,709	3,709,693	4,343,379	3,729,789

(1) Storage capacity is based on tanks in service and average shell capacity available during the period.

Three Months Ended September 30, 2018 Compared to the Three Months Ended September 30, 2017

Revenue. Revenue increased approximately $1.0 million, or 17.1%, to $6.5 million for the three months ended September 30, 2018 compared to $5.6 million for the three months ended September 30, 2017. The increase in revenue was primarily attributable to the Chalmette Storage Agreement commencing in November 2017, higher available storage capacity and the Inflation Rate Increase.

Operating and maintenance expenses. Operating and maintenance expenses decreased approximately $0.2 million, or 7.4%, to $1.9 million for the three months ended September 30, 2018 compared to $2.1 million for the three months ended September 30, 2017. The decrease in operating and maintenance expenses was primarily attributable to lower maintenance expense, partially offset by expenses associated with the Chalmette Storage Tank.

Depreciation and amortization. Depreciation and amortization expense increased approximately $0.3 million, or 49.3%, to $0.9 million for the three months ended September 30, 2018 compared to $0.6 million for the three months ended September 30, 2017. The increase in depreciation and amortization expense was primarily attributable to the Chalmette Storage Tank commencing service in November 2017.

Nine Months Ended September 30, 2018 Compared to the Nine Months Ended September 30, 2017

Revenue. Revenue increased approximately $3.7 million, or 22.1%, to $20.6 million for the nine months ended September 30, 2018 compared to $16.9 million for the nine months ended September 30, 2017. The increase in revenue was primarily attributable to the Chalmette Storage Agreement commencing in November 2017, higher available storage capacity and the Inflation Rate Increase.

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Operating and maintenance expenses. Operating and maintenance expenses increased approximately $0.5 million, or 9.5%, to $6.1 million for the nine months ended September 30, 2018 compared to $5.5 million for the nine months ended September 30, 2017. The increase in operating and maintenance expenses was primarily attributable to higher maintenance activity, as well as expenses associated with the Chalmette Storage Tank.

Depreciation and amortization. Depreciation and amortization expense increased approximately $0.9 million, or 50.8%, to $2.8 million for the nine months ended September 30, 2018 compared to $1.8 million for the nine months ended September 30, 2017. The increase in depreciation and amortization expense was primarily attributable to the Chalmette Storage Tank commencing service in November 2017.

Liquidity and Capital Resources

We expect our ongoing sources of liquidity to include cash generated from operations, reimbursement by PBF Energy for certain capital expenditures, borrowings under our Revolving Credit Facility, and issuances of additional debt and equity securities. We believe that cash generated from these sources will be sufficient to meet our short-term working capital requirements, long-term capital expenditure requirements and minimum quarterly cash distributions.

We have paid, and intend to continue to pay, a quarterly distribution of at least $0.30 per unit per quarter, or $1.20 per unit on an annualized basis, which equates to approximately $13.8 million per quarter, or approximately $55.2 million per year, based on the number of common units and associated IDRs outstanding as of September 30, 2018. We do not have a legal obligation to pay this distribution.

During the nine months ended September 30, 2018, we made cash distribution payments as follows (in thousands except per unit data):

Related Earnings Period:	Q4 2017	Q1 2018	Q2 2018
Distribution date	March 14, 2018	May 30, 2018	August 30, 2018
Record date	February 28, 2018	May 15, 2018	August 15, 2018
Per unit	$ 0.4850	$ 0.4900	$ 0.4950
To public common unitholders	$ 11,369	$ 11,553	$ 12,568
To PBF LLC	11,689	12,000	13,292
Total distribution	$ 23,058	$ 23,553	$ 25,860

Credit Facilities

On July 30, 2018, we entered into the Revolving Credit Facility, which increased the maximum commitment available to us from $360.0 million to $500.0 million and extended the maturity date to July 2023. The Partnership has the ability to further increase the maximum availability by an additional $250.0 million, to a total facility size of $750.0 million, subject to receiving increased commitments from lenders or other financial institutions and satisfaction of certain conditions. The Revolving Credit Facility is available to fund working capital, acquisitions, distributions and capital expenditures and for other general partnership purposes. Obligations under the Revolving Credit Facility are guaranteed by its restricted subsidiaries and are secured by a first priority lien on the Partnership's assets and those of the Partnership's restricted subsidiaries other than excluded assets and a guaranty of collection from PBF LLC. See Note 6 "Debt" in our Notes to Condensed Consolidated Financial Statements included in "Item 1. Financial Statements" for further information regarding the Revolving Credit Facility. We are in compliance with our covenants under the Revolving Credit Facility as of September 30, 2018.

During the nine months ended September 30, 2018, we utilized our Revolving Credit Facility to fund the Knoxville Terminals Purchase and other capital expenditures and working capital requirements. On October 1, 2018, the Partnership borrowed $75.0 million to fund the East Coast Storage Assets Acquisition.

Our 2023 Notes have an aggregate principal amount of $525.0 million with interest payable semi-annually on May 15 and November 15. The 2023 Notes mature on May 15, 2023. The 2023 Notes contain customary terms, events of default and covenants for an issuer of non-investment grade debt securities. These covenants include limitations or restrictions on us and our restricted subsidiaries' ability to, among other things, make distributions. These covenants are subject to a number of important limitations and exceptions. As of September 30, 2018, we are in compliance with all covenants under the 2023 Notes.

The new 2023 Notes included a registration rights arrangement whereby we agreed, no later than 365 days after the date of the original issuance of the new 2023 Notes, to file a registration statement with the SEC and use commercially reasonable efforts to consummate an offer to exchange the new 2023 Notes for an issue of registered notes with terms substantially identical to the notes. This registration statement was declared effective on April 2, 2018, and the exchange was finalized in May 2018.

Cash Flows

The following table sets forth our cash flows for the periods indicated:

	Nine Months Ended September 30,	
	2018*	2017*
	(In thousands)	
Net cash provided by operating activities	$117,582	$117,676
Net cash used in investing activities	(86,627)	(32,076)
Net cash used in financing activities	(32,597)	(110,401)
Net change in cash and cash equivalents	$(1,642)	$(24,801)

* Current and prior-period financial information has been retrospectively adjusted for the Development Assets Acquisition.

Cash Flows from Operating Activities

Net cash provided by operating activities decreased approximately $0.1 million to $117.6 million for the nine months ended September 30, 2018 compared to $117.7 million for the nine months ended September 30, 2017. The decrease in net cash provided by operating activities was primarily the result of lower net income and non-cash charges relating to depreciation and amortization, amortization of loan fees and debt premium and unit-based compensation of approximately $101.3 million for the nine months ended September 30, 2018, compared to approximately $106.9 million for the nine months ended September 30, 2017, offset in part by an increase in the net changes in operating assets and liabilities of approximately $5.4 million primarily driven by the timing of collection of accounts receivables and liability payments.

Cash Flows from Investing Activities

Net cash used in investing activities increased approximately $54.6 million to $86.6 million for the nine months ended September 30, 2018 compared to net cash used in investing activities of $32.1 million for the nine months ended September 30, 2017. The increase in net cash used in investing activities was primarily due to the Knoxville Terminals Purchase of $58.0 million and a decrease in net sales and maturities of marketable securities of $40.0 million, partially offset by the Toledo Products Terminal Acquisition for $10.1 million in April 2017 and a decrease in capital expenditures of approximately $33.4 million primarily related to the construction of the Paulsboro Natural Gas Pipeline and the Chalmette Storage Tank in 2017.

Cash Flows from Financing Activities

Net cash used in financing activities decreased approximately $77.8 million to $32.6 million for the nine months ended September 30, 2018 compared to $110.4 million for the nine months ended September 30, 2017. The cash outflows for the nine months ended September 30, 2018 were primarily driven by distributions to unitholders of $72.5 million, distributions to TVPC members of $16.3 million and deferred financing costs of $3.2 million, partially offset by net proceeds from issuance of common units of $34.8 million, net borrowings from our Revolving Credit Facility of $20.3 million and a contribution from PBF LLC of $4.2 million. Net cash used in financing activities for the nine months ended September 30, 2017 consisted of distributions to unitholders of $62.8 million, repayment of our Term Loan of $39.7 million and distributions to TVPC members of $17.3 million, partially offset by a contribution from PBF LLC of $9.4 million related to the pre-acquisition activities of PNGPC.

Capital Expenditures

Our capital requirements have consisted of and are expected to continue to consist of maintenance capital expenditures, expansion capital expenditures and regulatory capital expenditures. Maintenance capital expenditures are expenditures (including expenditures for the addition or improvement to, or the replacement of, our capital assets, and for the acquisition of existing, or the construction or development of new, capital assets) made to maintain our long-term operating income or operating capacity. Examples of maintenance capital expenditures are expenditures for the refurbishment and replacement of terminals and to maintain equipment reliability, integrity and safety. Expansion capital expenditures are expenditures incurred for acquisitions or capital improvements that we expect will increase our operating income or operating capacity over the long term. Examples of expansion capital expenditures include the acquisition of equipment and the construction, development or acquisition of unloading equipment or other equipment at our facilities or additional throughput or storage capacity to the extent such capital expenditures are expected to expand our operating capacity or increase our operating income. Regulatory capital expenditures are expenditures made to attain or maintain compliance with regulatory standards. Examples of regulatory capital expenditures are expenditures incurred to address environmental laws or regulations.

Capital expenditures for the nine months ended September 30, 2018 and 2017 were as follows:

	Nine Months Ended September 30,	
	2018*	2017*
	(In thousands)	
Expansion [1]	$82,908	$69,555
Regulatory	318	—
Maintenance	3,401	2,545
Total capital expenditures	$86,627	$72,100

* Current and prior-period financial information has been retrospectively adjusted for the Development Assets Acquisition.
(1) Expansion capital expenditures include our acquisitions for the periods presented.

We currently expect to spend an additional aggregate of between approximately $20.0 million and $24.0 million for the remainder of 2018 for capital expenditures (inclusive of those related to the Knoxville Terminals and the Development Assets), of which between approximately $8.0 million and $12.0 million relate to maintenance or regulatory capital expenditures. We currently expect to spend an additional aggregate of between approximately $1.0 million and $2.0 million in 2018 for projects associated with our recently closed East Coast Storage Assets Acquisition. We anticipate the forecasted capital expenditures will be funded primarily with cash from operations and borrowings under our Revolving Credit Facility as needed.

Under the Omnibus Agreement, PBF Energy has agreed to reimburse us for any costs up to $20.0 million per event (net of any insurance recoveries) that we incur for repairs required due to the failure of any Contributed Asset to operate in substantially the same manner and condition as such asset was operating prior to the closing of our IPO and the Acquisitions from PBF during the first five years after the closing of our IPO and the Acquisitions from PBF, and any matters related thereto.

On July 16, 2018, we entered into an agreement with Crown Point International, LLC, formerly known as Axeon Specialty Products LLC, to purchase its wholly-owned subsidiary, CPI Operations LLC for total consideration of $107.0 million, which is comprised of an initial payment at closing of $75.0 million with the balance being payable one year after closing. The East Coast Storage Assets Acquisition closed on October 1, 2018. The initial payment made at closing for this acquisition was financed through a combination of cash on hand, including the proceeds from the Registered Direct Offering, and borrowings under our Revolving Credit Facility.

On July 16, 2018, we entered into the Development Assets Contribution Agreements pursuant to which PBF Energy agreed to contribute to us certain of its subsidiaries, whose assets consist of the Development Assets. The Development Assets Acquisition closed on July 31, 2018 for total consideration of $31.6 million consisting of 1,494,134 common units of PBFX issued to PBF LLC.

Contractual Obligations

With the exception of activity under the Revolving Credit Facility, including borrowings to fund the Knoxville Terminals Purchase, East Coast Storage Assets Acquisition and other capital expenditures and working capital requirements, there have been no significant changes in our contractual obligations since those reported in our 2017 Form 10-K. Refer to Note 6 “Debt” and Note 12 “Subsequent Events” in our Notes to Condensed Consolidated Financial Statements included in “Item 1. Financial Statements” for additional information regarding our debt obligations and subsequent events.

Off-Balance Sheet Arrangements

We have not entered into any transactions, agreements or other contractual arrangements that would result in off-balance sheet liabilities, other than outstanding letters of credit in the amount of approximately $4.0 million and operating leases.

Environmental and Other Matters

Environmental Regulation

Our operations are subject to extensive and frequently changing federal, state and local laws, regulations and ordinances relating to the protection of the environment. Among other things, these laws and regulations govern the emission or discharge of pollutants into or onto the land, air and water, the handling and disposal of solid and hazardous wastes and the remediation of contamination. As with the industry generally, compliance with existing and anticipated environmental laws and regulations increases our overall cost of business, including our capital costs to develop, maintain, operate and upgrade equipment and facilities. While these laws and regulations affect our regulatory capital expenditures and net income, we believe they do not necessarily affect our competitive position, as the operations of our competitors are similarly affected. We believe our facilities are in substantial compliance with applicable environmental laws and regulations. However, these laws and regulations are subject to changes, or to changes in the interpretation of such laws and regulations, by regulatory authorities, and continued and future compliance with such laws and regulations may require us to incur significant expenditures. Additionally, violation of environmental laws, regulations and permits can result in the imposition of significant administrative, civil and criminal penalties, injunctions limiting our operations, investigatory or remedial liabilities or construction bans or delays in the development of additional facilities or equipment. Furthermore, a release of hydrocarbons or hazardous substances into the environment could, to the extent the event is not insured, subject us to substantial expenses, including costs to comply with applicable laws and regulations and to resolve claims by third parties for personal injury or property damage, or by the U.S. federal government or state governments for natural resources damages. These impacts could directly and indirectly affect our business and have an adverse impact on our financial position, results of operations and liquidity. We cannot currently determine the amounts of such future impacts.

Environmental Liabilities

Contamination resulting from spills of crude oil or petroleum products is not unusual within the petroleum terminaling or transportation industries. Historic spills at truck and rail racks, and terminals as a result of past operations have resulted in contamination of the environment, including soils and groundwater.

Pursuant to the contribution agreements entered into in connection with our IPO and the Acquisitions from PBF, PBF Energy has agreed to indemnify us for certain known and unknown environmental liabilities that are based on conditions in existence at our Predecessor's properties and associated with the ownership or operation of our assets and arising from the conditions that existed prior to the closings of our IPO and the Acquisitions from PBF. In addition, we have agreed to indemnify PBF Energy for certain events and conditions associated with the ownership or operation of our assets that occur after the closings of our IPO and the Acquisitions from PBF, and for environmental liabilities related to our assets to the extent PBF Energy is not required to indemnify us for such liabilities or if the environmental liability is the result of the negligence, willful misconduct or criminal conduct of PBF Energy or its employees, including those seconded to us. As a result, we may incur the type of expenses described above in the future, which may be substantial.

As of September 30, 2018, we have recorded a total liability related to environmental remediation costs of approximately $1.8 million related to existing environmental liabilities. Refer to Note 9 "Commitments and Contingencies" in our Notes to Condensed Consolidated Financial Statements included in "Item 1. Financial Statements" for additional information.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices. Because we do not generally own the crude oil, refined products or natural gas that is distributed through our facilities, and because all of our commercial agreements with PBF Energy require PBF Energy to bear the risk of any material volume loss relating to the services we provide, we have minimal direct exposure to risks associated with fluctuating commodity prices.

We experience modest volume gains and losses, which we sometimes refer to as imbalances, within our assets as a result of variances in tank storage meter readings and volume fluctuations within certain of our terminals. We use a year-to-date weighted-average market price to value our assets and liabilities related to product imbalances. For the three and nine months ended September 30, 2018, the impact from our imbalances was not material to our results. In practice, we expect to settle positive refined product imbalances at the end of each year by selling excess volumes at current market prices. We may be required to purchase refined product volumes in the open market to make up negative imbalances, or settle through cash payments.

Debt that we incur under our Revolving Credit Facility bears interest at a variable rate and exposes us to interest rate risk. At September 30, 2018, we had $50.0 million outstanding in variable interest debt. A 1.0% change in the interest rate associated with the borrowings outstanding under this facility would result in a $3.5 million change in our interest expense, assuming we were to borrow all $500.0 million available under our Revolving Credit Facility.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain a system of disclosure controls and procedures that is designed to provide reasonable assurance that information which is required to be disclosed is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to management in a timely manner. Under the supervision and with the participation of our management, including

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our principal executive officer and our principal financial officer, we have evaluated the effectiveness of our system of disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of September 30, 2018. Based on that evaluation, our principal executive officer and our principal financial officer have concluded that our disclosure controls and procedures are effective as of September 30, 2018.

Changes in Internal Control Over Financial Reporting

On April 16, 2018, our wholly-owned subsidiary, PLPT, completed the Knoxville Terminals Purchase, which consisted of the Knoxville Terminals. We are in the process of integrating the Knoxville Terminals' operations, including internal controls over financial reporting. There have been no other changes in our internal controls over financial reporting during the three months ended September 30, 2018 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Although from time to time we may be involved in litigation and claims arising out of our operations in the normal course of business, we do not believe that we are a party to any litigation that will have a material adverse impact on our financial condition, results of operations or statements of cash flows. We are not aware of any material legal or governmental proceedings against us, or contemplated to be brought against us.

Item 1A. Risk Factors

There have been no significant changes from the risk factors previously disclosed in “Item 1A. Risk Factors” of our 2017 Form 10-K.

Item 6. Exhibits

The exhibits listed in the accompanying Exhibit Index are filed or incorporated by reference as part of this Form 10-Q and such Exhibit Index is incorporated herein by reference.

EXHIBIT INDEX

Exhibit Number	Description
2.1	Purchase and Sale Agreement dated July 16, 2018, among Crown Point International LLC, as Seller, PBF Logistics LP, as Purchaser and, CPI Operations LLC, for the limited purposes set forth therein (incorporated by reference herein to Exhibit 2.1 to the Partnership's Current Report on Form 8-K (File No. 001-36446) filed on July 20, 2018).
4.1*	Sixth Supplemental Indenture dated as of September 11, 2018, among DCR Storage and Loading LLC, Chalmette Logistics Company LLC, Toledo Rail Logistics Company LLC, Paulsboro Terminaling Company LLC, PBF Logistics LP, PBF Logistics Finance Corporation, and Deutsche Bank Trust Company Americas, as trustee.
10.1	Amended and Restated Revolving Credit Agreement, dated July 30, 2018 (incorporated by reference herein to Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-36446) filed on August 2, 2018).
10.2*	Fifth Amended and Restated Omnibus Agreement dated as of July 31, 2018, among PBF Holding Company LLC, PBF Energy Company LLC, PBF Logistics GP LLC and PBF Logistics LP.
10.3*	Sixth Amended and Restated Operation and Management Services and Secondment Agreement dated as of July 31, 2018, among PBF Holding Company LLC, Delaware City Refining Company LLC, Toledo Refining Company LLC, Torrance Refining Company LLC, Torrance Logistics Company LLC, Chalmette Refining L.L.C., Paulsboro Refining Company LLC, PBF Logistics GP LLC, PBF Logistics LP, DCR Storage and Loading LLC, Delaware City Terminaling Company LLC, Toledo Terminaling Company LLC, Delaware Pipeline Company LLC, Delaware City Logistics Company LLC, Paulsboro Terminaling Company LLC, Paulsboro Natural Gas Pipeline Company LLC, Toledo Rail Logistics Company LLC, Chalmette Logistics Company LLC and PBFX Operating Company LLC.
10.4*	Joinder Agreement dated as of September 7, 2018, among DCR Storage and Loading LLC, Chalmette Logistics Company LLC, Toledo Rail Logistics Company LLC, Paulsboro Terminaling Company LLC and Wells Fargo Bank, National Association, as Administrative Agent.
31.1*	Certification of Thomas J. Nimbley, Chief Executive Officer of PBF Logistics LP pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Erik Young, Chief Financial Officer of PBF Logistics LP pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*/**	Certification of Thomas J. Nimbley, Chief Executive Officer of PBF Logistics LP 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 Erik Young, Chief Financial Officer of PBF Logistics LP pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1*	Supplemental Financial Information of Torrance Valley Pipeline Company LLC.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

* Filed herewith.

** Furnished, not filed.

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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.

			PBF Logistics LP
		By:	PBF Logistics GP LLC, its general partner
Date:	October 31, 2018	By:	/s/ Erik Young
			Erik Young
			Senior Vice President, Chief Financial Officer and Director
			(Duly Authorized Officer and Principal Financial Officer)

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