The Williams Cos., Inc. (WMB)

EDITED TRANSCRIPT

1Q 2023 Earnings Call

May 04, 2023

Forward-looking statements

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> All statements, other than statements of historical facts, included in this report that address activities, events, or developments that we expect, believe, or anticipate will exist or may occur in the future, are forward-looking statements. Forward-looking statements can be identified by various forms of words such as "anticipates," "believes," "seeks," "could," "may," "should," "continues," "estimates," "expects," "forecasts," "intends," "might," "goals," "objectives," "targets," "planned," "potential," "projects," "scheduled," "will," "assumes," "guidance," "outlook," "in-service date," or other similar expressions. These forward-looking statements are based on management's beliefs and assumptions and on information currently available to management and include, among others, statements regarding:

- Levels of dividends to Williams stockholders;
- Future credit ratings of Williams and its affiliates;
- Amounts and nature of future capital expenditures;
- Expansion and growth of our business and operations;
- Expected in-service dates for capital projects;
- Financial condition and liquidity;
- Business strategy;
- Cash flow from operations or results of operations;
- Seasonality of certain business components;
- Natural gas, natural gas liquids and crude oil prices, supply, and demand;
- Demand for our services;

> Forward-looking statements are based on numerous assumptions, uncertainties, and risks that could cause future events or results to be materially different from those stated or implied in this report. Many of the factors that will determine these results are beyond our ability to control or predict. Specific factors that could cause actual results to differ from results contemplated by the forward-looking statements include, among others, the following:

- Availability of supplies, market demand, and volatility of prices;
- Development and rate of adoption of alternative energy sources;
- The impact of existing and future laws and regulations, the regulatory environment, environmental matters, and litigation, as well as our ability to obtain necessary permits and approvals, and achieve favorable rate proceeding outcomes;
- Our exposure to the credit risk of our customers and counterparties;
- Our ability to acquire new businesses and assets and successfully integrate those operations and assets into existing businesses as well as successfully expand our facilities, and to consummate asset sales on acceptable terms;
- Whether we are able to successfully identify, evaluate, and timely execute our capital projects and investment opportunities;
- The strength and financial resources of our competitors and the effects of competition;
- The amount of cash distributions from and capital requirements of our investments and joint ventures in which we participate;
- Whether we will be able to effectively execute our financing plan;
- Increasing scrutiny and changing expectations from stakeholders with respect to our environmental, social, and governance practices;
- The physical and financial risks associated with climate change;
- The impacts of operational and developmental hazards and unforeseen interruptions;
- The risks resulting from outbreaks or other public health crises, including COVID-19;
- Risks associated with weather and natural phenomena, including climate conditions and physical damage to our facilities;
- Acts of terrorism, cybersecurity incidents, and related disruptions;
- Our costs and funding obligations for defined benefit pension plans and other postretirement benefit plans;
- Changes in maintenance and construction costs, as well as our ability to obtain sufficient construction-related inputs, including skilled labor;
- Inflation, interest rates, and general economic conditions (including future disruptions and volatility in the global credit markets and the impact of these events on customers and suppliers);
- Risks related to financing, including restrictions stemming from debt agreements, future changes in credit ratings as determined by nationally recognized credit rating agencies, and the availability and cost of capital;
- The ability of the members of the Organization of Petroleum Exporting Countries and other oil exporting nations to agree to and maintain oil price and production controls and the impact on domestic production;
- Changes in the current geopolitical situation, including the Russian invasion of Ukraine;
- Changes in U.S. governmental administration and policies;
- Whether we are able to pay current and expected levels of dividends;
- Additional risks described in our filings with the Securities and Exchange Commission (SEC).

> Given the uncertainties and risk factors that could cause our actual results to differ materially from those contained in any forward-looking statement, we caution investors not to unduly rely on our forward-looking statements. We disclaim any obligations to, and do not intend to, update the above list or announce publicly the result of any revisions to any of the forward-looking statements to reflect future events or developments.

> In addition to causing our actual results to differ, the factors listed above and referred to below may cause our intentions to change from those statements of intention set forth in this report. Such changes in our intentions may also cause our results to differ. We may change our intentions, at any time and without notice, based upon changes in such factors, our assumptions, or otherwise.

> Because forward-looking statements involve risks and uncertainties, we caution that there are important factors, in addition to those listed above, that may cause actual results to differ materially from those contained in the forward-looking statements. For a detailed discussion of those factors, see Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the SEC on February 27, 2023.

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Good morning, everyone. Thank you for joining us and for your interest in The Williams Companies. Yesterday afternoon, we released our earnings press release and the presentation that our President and CEO, Alan Armstrong; and our Chief Financial Officer, John Porter will speak to this morning. Also joining us on the call today are Micheal Dunn, our Chief Operating Officer; Lane Wilson, our General Counsel; and Chad Zamarin, our Executive Vice President of Corporate Strategic Development.

In our presentation materials, you'll find a disclaimer related to forward-looking statements. This disclaimer is important and integral to our remarks, and you should review it. Also included in our presentation materials are non-GAAP measures that we reconcile to Generally Accepted Accounting Principles, and these reconciliation schedules appear at the back of today's presentation materials.

So with that, I'll turn it over to Alan Armstrong

Alan Armstrong
President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

Thanks, Danilo, and thank you, all, for joining us today. Our natural gas focused strategy continues to deliver steady, predictable growth, and this past quarter was no exception with our adjusted EBITDA up nearly 20% compared to the first quarter of 2022. And let me remind you that last year was a record year for growth as well when we were up 14% on an annual basis. So, really big quarter for us on a tough comp.

We saw strong performance across all key financial metrics in the first quarter and set new records in our key operational stats as well, once again, demonstrating our businesses resiliency through commodity price swings.

But beyond this obvious financial performance in the headlines, please don't miss the importance of the accomplishment in this past quarter that will serve to produce growth in 2024 and beyond.

So let me start out here on slide 2 by highlighting a few of these accomplishments that will continue to drive what has now been over 10 years of consistent year-over-year EBITDA growth. First, we closed the acquisition of the MountainWest natural gas transmission and storage business well ahead of our expectations. This acquisition enhances our position in the Western US and expands our services to key Rockies market. We're really happy with how the integration of MountainWest into Williams has been progressing since we closed in February. And in fact, we're already seeing several expansion opportunities that were not in our pro forma, proving this asset is best positioned to be optimized within The Williams platform.

Our team also accelerated the timing on key deliverables for several other fixed fee-based projects that are all supported by long-term contracts. This includes our TLEP project, Transco's Southeast Energy Connector, and Transco's Regional Energy Access project. In fact, project execution is now in full swing on both Regional Energy Access and Louisiana Energy Gateway. And as a result of the quick action by the FERC and our construction teams, we now expect to bring approximately half of this Regional Energy Access capacity into service ahead of schedule and actually, in the fourth quarter of this year. So that will be just in time to meet growing demands in the northeast region ahead of the winter heating season. Of course, this will also provide new market for our producers on our northeast Pennsylvania gathering systems, which, of course, is incremental to the returns on a project like that.

We also executed several key agreements with Chevron to facilitate natural gas production growth in the Haynesville and the deepwater Gulf of Mexico. As part of those agreements, we gained a large dedication to our recently acquired Trace gathering system and a long-term capacity commitment on our Louisiana Energy Gateway project. This is a great example of Williams and Chevron working together to connect prolific domestic resources to expanding LNG export markets.

We also placed several large-scale gathering expansion into service this quarter. The Marcellus South gathering expansion in Southwest Appalachia increased our capacity by 100 million cubic feet per day for rich gas supplies in this area. And significant progress was also made on our build out of the new and fully contracted capacity on our Susquehanna County gathering system in northeast PA.

We also added 100 million cubic feet per day of capacity this quarter as part of the second phase of our Haynesville Springridge expansion. And we saw a first flow for the Taggart expansion project in the deepwater Gulf of Mexico across our Devils Tower platform. Importantly, this is the first of five significant expansion projects that are expected to come online over the next two years, and that will ultimately double our Gulf of Mexico earnings contributions.

Finally, I'll add that we're moving forward on a number of projects in our backlog and our visibility to growth on the transmission side of the business is as good as we have seen it. From a financial perspective, the strength of our assets across all areas is reflected in our solid first quarter results. And in fact, our base business produced record contracted transmission capacity and record gathering volumes even after we exclude the contributions from acquisitions. The one underperforming area was in NGL processing margins, but more about this in a moment.

Importantly, this was a quarter in which we saw Sequent fully optimize assets in our base business, underscoring the balance and improved commercial competencies that the Sequent acquisition has delivered for the benefit of our natural gas strategy.

So, for example, in the Northeast, we benefited from record gathering volumes and significantly outperformed the broader Marcellus production trends as Sequent provided takeaway markets uniquely for our producing customers in Ohio. In the transmission in Gulf of Mexico segment, we realized higher short term firm sales on our pipes as Sequent helped to commercialize more business in that area as well, and now, back to the big variance in our processing margins.

In the West, our NGL processing margins on the legacy Williams business were actually negative due to abnormally high natural gas prices at Opal and really throughout everything west of Opal. Normally, this would have shown up as a significant negative issue for the quarter. However, Sequent was able to capitalize on these large natural gas basis spreads in the West and more than offset the negative NGL margins turning this volatility into a net positive for Williams.

Our acquisitions continue to deliver as expected, proving that our capital allocation strategy to fund these transactions with excess Sequent and E&P cash flows is setting us up for continued, reliable and predictable earnings growth.

I'd also note that as the market continues to underappreciate and undervalue the strength and resilience of our business, we stand ready to utilize our repurchase program as we did during this first quarter. So, overall, a great quarter that has us set up for growth in 2024 and beyond.

And with that, John, will walk us through the financial metrics for the quarter. John?
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John Porter
Chief Financial Officer & Senior Vice President, The Williams Cos., Inc.

Thanks, Alan. Starting here on slide 4 with the summary of our year-over-year financial performance. Beginning with adjusted EBITDA, we saw a 19% year-over-year increase. As we'll see on the next slide, our adjusted EBITDA growth included growth of over $100 million from our core large scale natural gas transmission and gathering and processing businesses, including new records for both gathering and contracted transmission capacity. But it also included strong performance from our Sequent gas marketing business, which dramatically overcame a perfect storm of severe winter weather impacts on our Wyoming businesses.

Those Wyoming impacts included hits to both upstream and gathering and processing volumes, as well as our Southwest Wyoming gas processing margins, which were much lower from a surge in January shrink replacement gas price.

Our adjusted EPS increased 37% for the quarter, continuing the strong growth we've had in EPS over the last many years. Available funds from operations, AFFO growth was even better than adjusted EBITDA at 22% year-over-year. Also, you see our dividend coverage based on AFFO was a very strong 2.65 times on a dividend that grew 5.3% over the prior year.

Our balance sheet continues to strengthen with debt to adjusted EBITDA now reaching 3.57x versus last year's 3.81x. And that's even after closing the Trace, NorTex and MountainWest acquisitions and also repurchasing $83 million of shares since last year.

On growth CapEx, you see an increase over first quarter last year, primarily reflecting the progress we're making on some of our key growth projects, including Regional Energy Access and Louisiana Energy Gateway.

So before we move to the next slide and dig a little deeper into our adjusted EBITDA results for the quarter, we'll provide a few updates to our 2023 financial guidance. No change to our consolidated adjusted EBITDA guidance of $6.4 billion to $6.8 billion or any of our other consolidated financial performance metrics. Looking further into the year, our core transmission and gathering and processing businesses should see some additional growth from the first quarter level.

For transmission in Gulf of Mexico, we'll see some ramp from a full quarter of MountainWest pipeline and some other smaller sequential improvements through the rest of the year that should allow for a strong finish to the year.

In the Northeast, we're expecting a modest increase towards the end of the year from the first quarter EBITDA level, primarily from our higher margin liquids-rich systems. Overall, though, we're not counting on a lot of additional growth in the Northeast from this $470 million first quarter level, which was up 12% over the prior year.

In the West, we're expecting some modest increases through the remainder of the year from the $286 million first quarter level, especially reflecting improvement from some of the challenges we saw in the first quarter, which we'll discuss further on the next slide. For the marketing business, we had a strong overall start to 2023 and importantly, hitting the midpoint of our guidance doesn't rely on any additional EBITDA from Sequent at this point.

With respect to the upstream joint venture EBITDA guidance, it's been a tough start to our Wyoming operation with the extremely difficult winter weather that significantly impacted producing volumes and our drilling plans. So we see this business likely trending towards the lower half of the $230 million to $430 million guidance range. But to be clear, for our consolidated adjusted EBITDA, we are still focused on hitting at least the midpoint of our guidance range at $6.6 billion.

We are increasing our growth CapEx by $200 million to reflect the acceleration of our largest Transco project, Regional Energy Access, which we hope to bring into partial service later this year. Early partial in-service for Regional Energy Access won't have a huge impact on 2023, and is really just upside to our hitting the midpoint of our guidance for EBITDA.

So, let's turn to the next slide and take a little closer look at the first quarter results. Again, the first quarter matched our expectations for a very strong start to the year, with 19% growth over the prior year. Walking now from last year's $1.512 billion to this year's record $1.795 billion, we start with our upstream joint venture operation that are included in our other segment, which were up only $3 million over last year.

Our Haynesville upstream EBITDA was up about $32 million as there was really very little production in the first quarter of last year. However, the Haynesville increase was offset by lower Wamsutter results due primarily to the historically difficult winter weather we saw in Wyoming this year. In fact, we estimate overall weather impacted volumes during the first quarter were probably about 3.5x what we normally expect. And of course, that impact flowed through to our Wamsutter gathering and processing assets as well.

Shifting now to our core business performance, our transmission and Gulf of Mexico business improved $31 million or 4%, due primarily from a partial contribution from the MountainWest Pipeline acquisition, which closed on February 14 and a full quarter from the NorTex acquisition.

Our Northeast gathering and processing business performed very well with the $52 million or 12% increase, driven by a $73 million increase in service revenue. This revenue increase was fueled by 7% increase in total volumes in the Northeast, focused in our liquids rich areas where we tend to have higher per unit margins than our dry gas area. And in the appendix, you'll find a slide that compares our 7% volume growth to the overall basin growth of just under 2%.

Shifting now to the West, which increased $26 million or 10%, benefiting from positive hedge results and a full quarter of the Trace acquisition. But the West was significantly unfavorably impacted by the severe Wyoming weather in January processing economics at our Opal Wyoming processing plant. Overall, gas processing margins were $44 million lower this year than last, and that was largely a January phenomenon. All in, the West was about 3% short of our plan, although the winter weather impact was much worse than we had planned.

And then you see the $165 million increase in our gas and NGL marketing business. And at our Analyst Day, we did point to a strong start to the year for this business due to the economics that we saw around our year-end Sequent transportation and storage positions. Ultimately, the $231 million for gas marketing was driven by positive transportation margins across all regions and strong storage margins that benefited from the lower cost or market write-down we discussed in the fourth quarter review.

So again, a strong start to 2023, with 19% growth in EBITDA, driven by core infrastructure business performance with strength from our marketing business that dramatically overcame weaker than expected results from the upstream joint ventures.

And with that, I'll turn it back to Alan.

Alan Armstrong
President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

Great. Well, thanks, John, and so now, just a few closing remarks before we turn it over to your questions. First, I'll start by reiterating our belief that Williams remains a compelling investment opportunity. We are the most natural gas-centric, large-scale midstream company around today, and the integrated nature of our business from our best-in-class long haul pipes to our formidable gathering assets in our value-driving Sequent platform is unique. Our combination of proven resilience, a five-year EPS CAGR of 23%, coverage that is now approaching 3x on our high growth dividend, a strong balance sheet and high visibility to growth, is unique amongst the S&P 500 and unique within our sector.

I'll add that there's a reason we've stuck with our natural gas-focused strategy for as long as we have. This strategy allowed us to produce a 10-year track record of growing adjusted EBITDA through a large number of commodity and economic cycles and is continuing to deliver significant growth in the current environment. But the signals coming from the market show that it is going to continue to deliver substantial growth for the long term as well. Natural gas demand continues to build, and the recent low prices actually will drive even more growth in demand over the long term, as the combination of low price, low emissions and energy security is exactly what the world will need more of.

US natural gas infrastructure is key to meeting both today's energy demand, as well as projected growth of electrification and renewables buildout in the future. Natural gas is the solution for the most complex challenge of our time, producing affordable and reliable energy while meeting our climate goals. And the United States is positioned better than any other country on this front.

But access to our abundant and low cost natural gas reserves is dependent on having the appropriate infrastructure to move energy when and where it is needed and we're seeing and feeling today the impacts of inadequate infrastructure with consumers bearing the brunt of these actions in the form of high utility bills, unnecessary blackouts and energy-driven inflation.

The good news is that we have a solution that is readily available, a solution that will support global emission reductions, keep energy cost affordable, and grow our nation's competitiveness. Enabling this efficient, unobstructed build-out of our nation's energy infrastructure to ensure delivery of natural gas is foundational to the US's leadership on greenhouse gas emission reduction and energy security. And we at Williams will proudly continue our efforts to strongly advocate for actionable energy policy solutions and permitting reform in the days and months ahead.

So with that, I'll open it up for your questions.

QUESTION AND ANSWER SECTION

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Brian Reynolds
Analyst, UBS Securities LLC

Hi. Good morning, everyone. John, appreciate the color in the prepared remarks on being able to hit your guidance with the base business without marketing. That said, marketing clearly showcased really strong results for the quarter. While I know the segment is volatile, I was curious if you guys could provide perhaps an updated view on maybe an annualized EBITDA run rate for the marketing segment, just given the recent acquisitions of NorTex and MountainWest? Thanks.

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John Porter
Chief Financial Officer & Senior Vice President, The Williams Cos., Inc.

Yeah. Thanks, Brian. We certainly have seen that since we bought Sequent back about 18 months ago or coming up on two years ago, Sequent has a great ability to capitalize on natural gas price volatility, but also doing that using a low-risk business model.

I would say, though, that we're really not ready to take the $50 million to $70 million long-term run rate that we've talked about before up at this point. Some of these positions that they utilize are more short term in nature, especially the storage positions. And, again, we would emphasize that a big reason they've been able to do as well as they have has just been the historically high natural gas price volatility, especially what we saw last year through the summer months and also in the fourth quarter.

So those were a couple of reasons that we would like to stick with the $50 million to $70 million long-term run rate. However, as I mentioned in my commentary, our current forecast does show that we do not need any additional EBITDA from Sequent this year to make the midpoint of our guidance. And as I also mentioned, the favorable results really did show in the first quarter how Sequent was able to counter the unfavorable results we saw in our gas processing margins and some of the other things that we saw in the upstream and Wamsutter gathering and processing EBITDA.

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Brian Reynolds
Analyst, UBS Securities LLC

Great. Thanks. Appreciate all that. Maybe as just a follow-up on the nat gas macro, Williams has highlighted that it can continue to show base business growth in a low nat gas environment. So kind of was wondering if you could perhaps discuss two sides of the coin. One, how low nat gas prices are supporting increased demand for transmission projects in that 2025 plus timeframe? And then second, near term, how could low nat gas prices kind of impact some volumetric headwinds on the G&P side of the business over the next 6 to 12 months? Thanks.

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Alan Armstrong

President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

Yeah, thanks, Brian. This is Alan. First of all, I think, what we are seeing already – April numbers came out on power generation and power generation was already up about 2 Bcf a day on a previous 27 Bcf a day load for April of 2022.

So, we're already seeing some pretty good pull based on price of natural gas in the power generation space. And I think if prices stay low like they are, I think we'll continue to see that through the summer on the pull side. So, that's a good thing for us just because, obviously, the capacity demand will be important for us.

I think in terms of that impact on the G&P business, I think we're certainly paying close attention to that. Many of our big producers are hedged out pretty well and we're seeing people continuing to produce through that. So, we're certainly not expecting growth on average across the space to be clear, but we're pretty fortunate to be in some of the lower cost basins and with producers that have been managing this pretty well.

One of the areas that we're really seeing continued growth in is in the rich gas and some of the condensate areas in the Marcellus and the Utica areas. And so, we're fortunate to be pretty well exposed to that area as well.

So, I would just say, as always, we have such a wide variety of exposure across so many different basins that whatever the demand pull is on natural gas, our volumes will reflect that and really excited this quarter to see our Sequent team. It's been a strategy of ours for our Sequent team to go out and provide market, and preferentially to our gathering customers in places like the Marcellus, because obviously there's value for our gas moving over the top of other gas in the basin. And so, certainly, our Sequent team has shown their ability in that area, and we're excited to see that.

So, I'd say on the macro side, we certainly see an oversupply situation. Supply grew almost 6 Bcf in the first quarter of 2023 versus the first quarter of 2022. So the supply side is certainly continuing to grow a lot faster than demand and obviously that means lower prices, but I do think we will see a pretty big response from power generation this summer, as we already saw in April.

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Brian Reynolds

Analyst, UBS Securities LLC

Great, appreciate all the color. I'll leave it there. Thanks.

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Jeremy Tonet
Analyst, JPMorgan Securities LLC

Hi, good morning. I just wanted to kind of switch to natural gas exports, LNG, if I could. Just wondering about your wellhead to export strategy at this point – saw the Sempra HOA and just wondering if you could expand a bit there. I guess, what your vision is for that dynamic and how big could that be over time?

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Chad Zamarin
Executive Vice President-Corporate Strategic Development, The Williams Cos., Inc.

Yeah. Thanks, Jeremy. Hey, this is Chad Zamarin. We continue to advance our wellhead-to-water strategy since our Analyst Day update. Now, I'll start by saying you referenced the Sempra HOA. I mean, we think very highly of the Sempra team and have continued to engage with Sempra following the non-binding HOA we announced last year.

But we've also been evaluating a number of competing opportunities as well. We've been spending a lot of time with our producer customers, as well as with international LNG buyers, and we're seeing really positive, strong interest in both producers wanting access to international prices and international LNG buyers wanting access to domestic producers, so that they can buy LNG from U.S. supplies at international prices. And so, we think we provide a unique solution. We haven't finalized the definitive agreement yet, but we continue to build confidence around our ability to add LNG as an extension of our natural gas value chain in a way that will provide for fixed margins for Williams while shifting that international price exposure to producers and LNG buyers.

And so, I would just say that we continue to prove up the strategy. We feel really good and feel like we're making great positive strides, and I think we expect to finalize a definitive arrangement with Sempra or with an alternative LNG partner sometime here in the near term 2023.

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Jeremy Tonet
Analyst, JPMorgan Securities LLC

Got it. That's helpful there. Thanks. I just want to kind of shift to REA and the partial in-service this winter. Just wondering how you think about timing there, maybe it's not much of a 2023 EBITDA contribution, but any thoughts there. And really, I also want to see on the Northeast G&P, does that kind of unlock growth there or do you think producers might be timing production with when that comes online? And just wondering how much EBITDA uplift could you see in the Northeast G&P associated with REA unlocking incremental capacity there?

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Micheal Dunn
Chief Operating Officer & Executive Vice President, The Williams Cos., Inc.

Hey. Good morning, Jeremy. This is Micheal. Yeah, I would just, first of all, want to thank our project execution team for doing a tremendous job, being prepared to start construction on that project. It's a challenging permitting environment, especially in the Northeast right now, and the team designed this project so that it could be permitted, and we really got through that process fairly quickly there ultimately. The team was certainly prepared for tree clearing window that was closing very rapidly post FERC certificate issuance.

And really pleased that we got that tree clearing done early and we've actually fully mobilized contractors for the pipeline loop installations. So, we do expect a partial in-service by the fourth quarter of 2023. So there will be a contribution to 2023 EBITDA, but we're not predicting the actual in-service date of that yet – but it will be before year-end. I do think that will translate to some opportunities in the gathering business as well upstream. The producers have been awaiting this additional capacity to be unlocked from the Northeast and we are certainly talking to those producer customers up there to be anticipating when this project will come online.

I do think it will provide additional value in 2024 as well. I think that's really where we're going to see the additional uplift on the gathering business, certainly not only on the Transco side. But really pleased with how it's gone so far, and we'll keep you updated as we progress with the construction through the summer.

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Jeremy Tonet
Analyst, JPMorgan Securities LLC

Got it. That's helpful. I'll leave it there. Thanks

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Marc Solecitto
Analyst, Barclays Capital, Inc.

Hi. Good morning. Could you maybe help us unpack the weather impacts that affected the West segment during the quarter, particularly on the volume and cost side? And maybe the underlying trajectory of that business through the course of the year?

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John Porter
Chief Financial Officer & Senior Vice President, The Williams Cos., Inc.

Yeah, Marc. I'll take that on. Micheal can add any color. I think – break it down into a couple of different areas. One, we've talked quite a bit about the impact of the NGL margins, which is pretty clear. If you look at the analyst package of the appendix to the press release, NGL margins were $44 million lower year-over-year, so that's a pretty good go-by in terms of the impact there. Almost all of that decrease in NGL margins happened at the Opal processing plant, and almost all of that was related to the historically high shrink cost that we had in January of this year, where natural gas prices were in the $50 a dekatherm range. Since then, we've seen that come way back down into something much more normal like $2.50.

As far as the rest of the impacts, if you kind of look at the sum of what happened in the upstream JV part of the business at Wamsutter plus the Wamsutter gathering and processing impact, the sum of those two were about $70 million lower than our planned expectations for the first quarter. So again, between those two, about a $70 million impact. We saw – I think, one of the things we looked at and said that we saw probably about 12 Bcf of impacted volumes for the whole first quarter, whereas in a normal year that might be a little bit more than 3 Bcf.

So, just very historic conditions out there and the recovery is ongoing. Now we transitioned to high rivers and muddy roads, but the recovery is happening, and volumes are being restored and margins are returning to a more normalized level. So, expect quite a bit of improvement there when we get to the second quarter versus what we saw in the first quarter.

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Marc Solecitto
Analyst, Barclays Capital, Inc.

Got it. That was very helpful. And then in terms of the domestic demand outlook in the medium to longer term, there's obviously a lot of focus on the incremental LNG export capacity expected to come online over the next few years, but also curious to get your take on domestic industrial demand outlook in the U.S. with potential onshore and just given everything going on geopolitically?

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Alan Armstrong
President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

Yeah, thanks for that good question. I think really, if you break that down, the areas that are going to be driven obviously, anything that is heavy gas use is coming home. If we are the major exporter and we'll be the growing larger exporter, it means we've got the lowest price natural gas around the world likely and that will bring industry here like fertilizer business, obviously is a big piece that's been picking up pretty significantly from that. But a lot of other industries that are heavy natural gas users will continue to be domiciled here in the U.S.

So, that I think is fairly certain. I think in terms of how much that is, it will probably be pretty small in comparison to the LNG growth that we're seeing, and it's pretty impressive right now to look at the amount of LNG growth. I think right now there's about 23 Bcf of new expected on by 2032 and that's up against the 2022 number of about 10.9 Bcf a day.

So, a lot of growth to come in that space.

The other area I mentioned earlier, obviously the power generation sector and for us, that's kind of got two facets to it that I think sometimes the market misunderstands for us. First of all, certain when low gas prices are there, we'll see that take out a lot of the baseload coal business that's out there. Today, we're already seeing that here in the shoulder, but we'll certainly see it this summer.

But in addition to that, from a Williams perspective, we sell the capacity. And so, as you see more and more electrification occurring, it's very clear that the utilities are going to be left with really no other alternative than gas fired generation as a backup for that. And we are certainly seeing that in our discussions with our customers, and a demand for that incremental capacity that's available that we can uniquely provide in some of those markets.

And so that demand for capacity as opposed to volume is a really key thing to note from a Williams perspective, because we're not all that concerned about the annual average demand for natural gas as much as we are the capacity that has to be provided to back up renewables. And as we study electrification, that is really going to fall to the benefit of natural gas fired generation, and particularly to the infrastructure, both on the transmission and the storage side that can support that. And obviously, we continue with our MountainWest acquisition and with our expansions on the Transco system, our conversion of Washington storage and our purchase of NorTex storage last year – we are all about being in a position to serve that business and serve it well.

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Marc Solecitto
Analyst, Barclays Capital, Inc.

Got it. That is very helpful. I appreciate the time.

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Praneeth Satish
Analyst, Wells Fargo Securities LLC

Thanks. Good morning. Just to maybe follow up on Sequent – do you think at this point Sequent is basically like a hedge against worsening gas prices? In other words, do you think Sequent could generate higher results if gas prices go lower and therefore kind of offset some of the exposure you have to gas prices on the E&P and G&P side?

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Alan Armstrong
President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

Yeah. Well, I would just say where there is volatility that's where Sequent is going to perform well. And where there is basis dislocation that's where they're going to perform. Because effectively what we're really monetizing with Sequent is we're monetizing storage. So, price movement from one period – from a time-based period obviously drives value for us, as well as dislocation and basis differentials when we own the transportation between those locations. That's really what drives value for Sequent.

And so, I would say that it's pretty hard to forecast a period where we don't see quite a bit of volatility in price as we've got a big growing demand for LNG looming on the horizon and people not being exactly certain when that's going to be available. And certainly, the value of storage to serve those loads and to serve quick swing loads for renewables is definitely on the horizon and I think will continue to cause volatility, both from a time spread and both from a basis spread perspective. And so, we're pretty excited about the way that Sequent will perform in that.

But what it wouldn't protect from is if we were sitting here with a completely flat curve at low prices far out in the future, that's the environment that it wouldn't provide us any protection in, to be clear. But as long as we've got basis spread and we've got time spread in value there, that's where the Sequent team is going to perform well.

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Praneeth Satish
Analyst, Wells Fargo Securities LLC

Got it. And I was just wondering if you could comment on your JV with GeoSouthern and the outlook for production there with gas prices at these levels. I guess the futures curve is still pretty good. So, is there still an intent to increase production to – I think it was a goal of 800 million cubic feet per day by 2025 or could the pace kind of moderate a bit until prices recover?

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Chad Zamarin
Executive Vice President-Corporate Strategic Development, The Williams Cos., Inc.

Yeah. Thanks. This is Chad. As of right now, that team is continuing to perform and perform exceptionally well. We’ve got a great partnership with GeoSouthern, and right now, they are holding production based on the available midstream capacity. As Alan mentioned, as you noted, the forward curve is constructive. So, they intend to kind of keep that development pace going, and we're looking at the gas macro coming into 2024, late 2024 or early 2025 and seeing demand pick up.

So I think, there's a desire to want to be ready to make sure the volumes are there as the market continues to balance towards more demand. And so, our expectation is that they'll continue to keep pace with the midstream capacity. They work very closely – again, the Sequent story, I mean, we're working really hard to make sure they find good markets. And so, we think also with the Louisiana Energy Gateway project and our ability to get the GeoSouthern volumes connected to really good markets, that they'll continue that growth that we've laid out.

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Praneeth Satish
Analyst, Wells Fargo Securities LLC

Got it. Thank you.

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Gabriel Moreen
Analyst, Mizuho Securities

Hey, good morning, everyone. Can I ask a quick question on the share repurchases for the quarter? John, it looks like you beat the average price for the quarter quite nicely in the buybacks. Should we think about this still as pretty opportunistic, and then in the $75 million figure, is that about your bogey for what you think you can handle quarter in, quarter out at this point?

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John Porter
Chief Financial Officer & Senior Vice President, The Williams Cos., Inc.

Thanks for the question, Gabe. Obviously, financial performance continues to be really strong for the company and the balance sheet is in great shape. Regarding the buybacks, really no change to the returns-based approach that we're taking on the share repurchases – very similar to what we discussed at Analyst Day. We're really looking at all of our investment opportunities that we have in the company.

And seeing that our lowest expected returns on capital investment in the business are really associated with our regulated rate-based investments, principally through our emissions reduction program, which we've talked about being at that 11%, 12% return range. Obviously, this year, since the beginning of the year, we've seen a pretty sharp decline in our valuation as natural gas prices dropped. We saw our dividend yield expand to 6% even while we continued to have a lot of confidence in our long term 5% to 7% growth rate.

So, that looked like a pretty attractive investment opportunity relative to all of our options. So we took action to utilize some of that financial flexibility for share repurchases, and I think going forward it'll be a similar approach. We'll just monitor conditions and weigh that investment opportunity up against the other investment opportunities that we have.

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Alan Armstrong
President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

Yeah. Gabe, this is Alan. The only thing I would add to that is we are not capped at $75 million kind of number that you referenced there. So, that just happened to be how much we could buy at the price targets that we had set based on our dividend yield and our expected growth up against our rate base returns, as we mentioned.

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Gabriel Moreen
Analyst, Mizuho Securities

Got it. Thanks, Alan. Thanks, John. And maybe I could just ask a two-parter on growth projects. One is on the MountainWest opportunities that I think you alluded to – to the extent you can describe maybe some of those that are coming to fruition? And then second, are low gas prices at all impacting discussions with potential LEG customers on that expansion or new project?

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Alan Armstrong
President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

Yeah, sure. First of all, I'd say on MountainWest, obviously there's a big spread between the eastern end of the MountainWest system and the Opal basis. And so obviously that drives need for any kind of expansion that can be built there. And that has certainly shown up in the – as we've gone out to the market testing for support on that.

So, we're really excited about that and more to come in pretty short order on that particular front. In addition to that, though, there's things like in the Uinta, particularly in the waxy area over there, a lot of that area is getting capped right now based on lack of gas takeaway capacity out of the area, and so some opportunities on that front. And then as well, some pretty significant conversions from coal to gas on some of the big Western coal plants out there. And so we're extremely well positioned to capture those expansions as well.

So, I would say we were pretty conservative in our approach to that acquisition and really thrilled with the work that that team has been doing in terms of identifying opportunities. And I think Williams' strategy that we bring to those efforts will maximize the value of those opportunities in and around our assets out there. So that's what I have to offer on that.

And, Mike, do you want to take the Louisiana Energy Gateway question?

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Micheal Dunn
Chief Operating Officer & Executive Vice President, The Williams Cos., Inc.

Yeah. The LEG project, in regard to the opportunity there, I think we still see an opportunity to have that project on line in late 2024. We're in the permitting process for the project today and I don't see any obstacles to being able to achieve that in service – as we would expect it to come on line in the 2024 timeframe. Right of way acquisitions are occurring there as well and we're seeing a lot of expectations there with our producer customers to bring that on line, and those are take or pay type contracts. And so, very comfortable with where we're sitting today on that project.

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Gabriel Moreen
Analyst, Mizuho Securities

Thanks, everyone.

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Jacob Nivasch
Analyst, Truist Securities, Inc.

Hey. This is Jake Nivasch on for Neal. Thanks for the question. Just a question on your G&P fee-based contracts. Given where commodity prices are today, just wanted to get a sense of what those contracts are looking like. Have the contracts hit the fee floor? And if so, any way to quantify that? Thank you.

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Alan Armstrong
President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

Yeah. So was that on our gathering contracts?

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Jacob Nivasch
Analyst, Truist Securities, Inc.

I'm sorry, yes. On G&P. Yeah, correct.

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Micheal Dunn
Chief Operating Officer & Executive Vice President, The Williams Cos., Inc.

Yeah. So, we have a number of contracts that do have exposure to the natural gas pricing. We've talked about those in the past where some of those have direct NYMEX exposure like in the Barnett, some like in more of a midstream have a floor underneath those. And then we have some in the Haynesville also that have exposure as natural gas prices ratchet up, where we have tiers that we haven't publicly stated what they are, but as natural gas prices do escalate, we have an opportunity to increase our fees on those gathering rates.

So I would say, for the most part, we're very comfortable with where we stand in regard to our guidance this year and the expectation for what those triggers are in regard to our gathering rates. I'll also remind you that we do have a lot of fee escalations on those based on inflation indices, and so many of those have kicked in over the last several years as well. Our team has done a really good job controlling our costs and we feel really good about where those escalators are in relation to our cost escalation and being able to cover any cost increases that we see. And a lot of those cost increases that we're seeing are in power generation, for example, and a lot of those are pass-throughs to our customers as well. So, we don't have exposure to that. But all in all, we're very comfortable with where our G&P rates are today in regard to the low natural gas prices.

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Alan Armstrong
President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

And I would just add to that, many of the structures for these expansions that we're doing, and you heard me mention several expansions in my prepared remarks, and those expansions tend to be backed by either MVCs, which are pretty simple obviously, or they're backed by rate increases on the base volumes. And therefore, we're not all that exposed to the volume increases as much in terms of recovering the capital for our expansion. So, the majority of those contracts are set up that way for the expansions that I referenced.

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Jacob Nivasch
Analyst, Truist Securities, Inc.

Perfect. Thank you.

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Tristan Richardson
Analyst, Scotiabank

Hey guys, this is Tristan with Scotiabank. Appreciate your comments, Alan, on Gulf of Mexico and bringing Taggart online. But maybe kind of curious, just a general update on the progress of sort of the big five coming online in 2024. Just general progress and an update there will be great.

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Alan Armstrong
President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

Sure. Mike, will you take that?

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Micheal Dunn
Chief Operating Officer & Executive Vice President, The Williams Cos., Inc.

Yeah. Sure. I'll take that. No real change from what you've seen in our published materials regarding our projects. We've made really good progress on the Whale project in the Western Gulf of Mexico. We have the offshore pipeline that was installed last fall, and we just recently installed the deck modifications on the platform that brings the gas and oil to shore there. That was just done last week. So that work is progressing with an outage there as we speak. And all in all, we feel very good about that work. The Markham processing plant modifications are underway as well. So we'll be well in front of when the producers are expected to come online in 2024 for that project.

The Shenandoah project in our Discovery system is also going very well. A lot of the offshore work by the producers is underway and our onshore work has been fully permitted, and we're working under those construction projects also. And so nothing's changed on the timing of those. We hope that producers will accelerate those, and we'll be ready for that if they choose to do so. It's really up to their schedules right now as to when they bring those online. But like for the Whale project, they wanted us done well in advance of their offshore activities and so, we are prepared to go early if they choose to do so. And that's where we stand today on those, but really good progress on the non-CapEx tiebacks, the opportunities that we've had out there also.

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Alan Armstrong
President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

And we also, Tristan, as well on the Chevron Ballymore project, we finalized contracts with the producers on Ballymore this quarter as well. Of course, that doesn't require any capital on our part, but a significant accomplishment to finalize that deal, particularly with the other producers, working interest producers on that platform. So things have gone, as Micheal said, things have gone very well out there, great to have. The primary risk for us was that offshore installation on Whale, and the majority of that risk has been put behind us. So, really great work by the team. It's nice when the team is doing such a great job that you don't hear anything mentioned by it because things have been going so smoothly on that front.

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Tristan Richardson
Analyst, Scotiabank

Okay. Thanks, Alan. And then maybe just on LEG. Appreciate the updates there, but maybe curious on how things are progressing on the carbon side of that project. Do we need to be in sort of a primacy and Class VI world for that component of LEG to go forward? Or maybe just an update on what you're seeing on that.

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Chad Zamarin
Executive Vice President-Corporate Strategic Development, The Williams Cos., Inc.

Yeah, sure. Thanks. This is Chad again. That's also progressing well alongside the gathering project. And what we see today is an interest in the ability to move CO2 along that pipe and then remove the CO2 and sequester it. It is not dependent upon primacy. I mean, we are prepared to work likely with third parties for the sequestration, but the timing of the project we think can work, based on kind of the existing permitting process.

But also, I think primacy just makes things that much more efficient in Louisiana. I think there's been some recent progress in Louisiana that looks like primacy is likely to be a near term, but we don't think the project is dependent upon achieving that. And right now, the project is on track and looking positive.

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Tristan Richardson
Analyst, Scotiabank

That’s great. Thanks, Chad. I appreciate it, guys. Thank you.

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Spiro Dounis

Analyst, Citigroup Global Markets, Inc.

Good morning, team. First question, going to the upstream actually. Sounds like there is not an urgent need to monetize those assets, of course. But as I recall, you all came pretty close to an asset sale in the last year. So, just curious, where does that process sit right now? And is that forward curve strong enough to maybe incent some buyers to come in here at attractive levels for you?

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Alan Armstrong
President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

Yeah. Spiro, I would just say, you know, obviously, we haven't kept that any secret that we're interested in monetizing those. I'd say certainly Haynesville, because it's proven up its capabilities here in short order with great work by the GeoSouthern team there of developing that acreage so fast. But really, the way that deal is structured, our capital that has been required has fallen off dramatically on that as that reversion continues out there on those interest. And so, I would just say that we've been pretty clear with the market that if somebody wants to put an attractive offer on the table, we're very interested in those discussions, and we certainly have been and will continue to entertain offers on that. But we're not in a have to sell mode. And so, we're not going to sell at the bottom of the market.

On the Wamsutter piece, obviously, we've got a lot more development out there to prove up to really, I think, get the volumes to where we need that to be for the benefit of our midstream business. So, I'd still say there's still some execution to be done on the Wamsutter development out there. And, again, if the right party came along that could convince us that they could develop that aggressively then that'd be great. But I think there's probably better value right now in proving up the opportunity out there and getting the volumes up for the benefit of all of our downstream business. If you realize – if you think about how much margin we make off the Wamsutter area, that is clearly our highest unit margin area for us because not only do we obviously have the interest in the production, but we also have the condensate gathering, we have the gas gathering, we have the gas processing, we have the NGL takeaway.

We're assumed to likely have the gas takeaway via the MountainWest acquisition, so a lot of coupons to clip off of the production out there that makes that a very valuable area for us to get developed and we want to make sure that that occurs. So anyway, that's the way we're thinking about it. The for sale sign is out I would say, but we're not going to sell that at the bottom of the market.

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Spiro Dounis
Analyst, Citigroup Global Markets, Inc.

Got it. No, that's helpful color. Thanks for that, Alan. Secondly, just wanted to come back to the guidance quickly for a second. I think back at the Investor Day, you've mentioned that the guidance contemplated a producer slowdown just given where you saw the natural gas price at the time and looks like to some degree that's been proven out. We've seen a handful of announcements now on some slowing of activity. I guess I'm just curious, compared to what you were thinking in February, how has that kind of tracked your expectations?

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John Porter
Chief Financial Officer & Senior Vice President, The Williams Cos., Inc.

Yeah. I can take that, Spiro, and others can chime in. But I think as we went into Analyst Day establishing our guidance, we went in with a pretty sober outlook for the year and embedded some pretty conservative estimates for what we thought would be happening with our producer customers. Since then, we've run another bottoms up forecast and continue to feel good about the guidance.

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Spiro Dounis
Analyst, Citigroup Global Markets, Inc.

Perfect. Helpful color, guys. Thank you.

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Sunil Sibal
Analyst, Seaport Global Securities LLC

Yeah. Hi. Good morning, everybody. So, my first question was related to some recent comments from the administration, especially with regard to gas infrastructure. I was just curious, is that something that you also picked up on based on your discussions with the administration? And then is there a specific opportunity for Williams to capitalize on that note?

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Alan Armstrong
President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

Yeah. No, great point. And we were thrilled to see Secretary Granholm's letter in support of Mountain Valley Pipeline and recognizing the critical role that natural gas plays and particularly, the more we want to electrify and the faster we go at electrification, the more dependent we're going to be on natural gas to help support that. And so, I was really pleased to see Secretary Granholm's acknowledgment of that.

I would tell you we've certainly been close to that. But the credit, I think there, is due to a few things. One, the utility industry has become pretty clear in this last quarter that to try to deliver on electrification and the Inflation Reduction Act's goals, that we are going to have to have more natural gas capacity to help support that and help support backup electrification.

So, the utility industry and a lot of the utility leadership, Lynn Good is I think a prime example from Duke, has been pretty clear about the importance of natural gas. And I think their messages have hit the mark with the administration on that front. But as well, I would tell you that folks like Senator Manchin, who certainly understands energy very well, has been very vocal about the need for getting the permitting reform done as well.

And so, there are a lot of people that are starting to kind of move beyond what is just politically correct and what is popular to say and getting down to the cold hard facts of physics and science and realizing that we're going to have to have natural gas to be able to carry out our goals around emission reduction and support aggressive electrification of our grid. So, we're really thrilled to see that and glad you picked up on that as well, and I think that bodes very well for the natural gas industry here domestically and abroad.

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Sunil Sibal

Analyst, Seaport Global Securities LLC

Got it. And then on the LNG marketing strategy, so we’ll kind of stay tuned to updates coming up on that. But I was just curious, is that marketing strategy more driven by supply push currently or is it more of a demand pull in the international markets?

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Chad Zamarin

Executive Vice President-Corporate Strategic Development, The Williams Cos., Inc.

Yeah. Thanks. This is Chad. I'd say it's both. I mean, one of the things that we offer that's unique today – if an international LNG buyer wants to buy U.S. LNG and you think about, we are the low cost, most reliable producer of natural gas in the world, and there is a great interest in sourcing gas supplies in the United States. But the international buyer has to primarily buy LNG at domestic Henry Hub prices, index prices. And we have producers that we're connected to that are interested in selling a portion of their production into international markets and gain exposure to international prices. So, what we are offering is the ability for international LNG buyers that buy U.S. supplied natural gas, but to be able to buy that at an international price because our producers are interested in gaining access to international prices. So, we can be a unique bridge between domestic producers and international buyers for a product that really isn't available broadly today because the international buyer has to buy U.S. gas at a Henry Hub index.

And so that's why we're seeing, I think, really strong interest from both domestic producers that do want to gain exposure to additional markets and additional price opportunities, but also international buyers that would like to source U.S. supplies but do so in a more native price index that they can buy again. So, it's really a combination of both.

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Micheal Dunn

Chief Operating Officer & Executive Vice President, The Williams Cos., Inc.

Yeah. If I could add to that, this is Micheal, the opportunities that we're looking at also involves some pretty significant FERC regulated fee-based pipeline opportunities for the infrastructure to be built there well beyond what we're thinking about with the LEG project. So, we are certainly looking at the opportunities to build FERC regulated transmission projects associated with this wellhead-to-water strategy.

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Sunil Sibal
Analyst, Seaport Global Securities LLC

Got it, and just one clarification on that – I think in the past duration of additional contracts that international parties were looking for and what the domestic parties were looking for, there was a bit of a mismatch in that. And based on the recent discussions, do you think those two are kind of closer to where they were, say a few months back?

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Chad Zamarin
Executive Vice President-Corporate Strategic Development, The Williams Cos., Inc.

Yeah. I'd say that we're not going to take large open mismatch positions. There may be some modest mismatch across the portfolio of LNG transactions, but our goal is going to be to not have a lot of speculative open positions. Again, kind of offer a unique product to the market and our goal would be to, for the most part, de-risk the term of those commitments. And if we do take any lesser term on a commitment, make sure that the margin that we're capturing is more than adequate to support that. But for the most part we're targeting significant coverage and matching of the terms across the portfolio.

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Sunil Sibal
Analyst, Seaport Global Securities LLC

Got it. Thanks for all the color.

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Jean Ann Salisbury
Analyst, Bernstein Energy

Hi. Thanks for squeezing me in. I just have one. You have several mid-Atlantic demand-pull projects, Commonwealth Energy Connector, Southside Reliability Enhancement, Carolina Market Link. Do these also create more capacity south of Transco 165 than exists today if MVP starts up? Or are those kind of low CapEx, high return opportunities that you've referenced in the past, like completely like they're not even on the board yet?

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Micheal Dunn
Chief Operating Officer & Executive Vice President, The Williams Cos., Inc.

Yeah, Jean Ann, this is Micheal. I would say those are more of the latter right now. These are really low CapEx compression with some small looping opportunities with really healthy returns on those projects. Anything that would be associated with the MVP completion would be a much more substantial, capital-intensive project opportunity that we're certainly looking at with customers. But at this time, we haven't announced anything in that regard. But there definitely are opportunities if MVP is successful and the takeaway from Transco will ultimately be built.

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Alan Armstrong
President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

Jean Ann, this is Alan. I would just add – I think that Micheal hit that nail on the head, but we do have a decision to make around MVP because obviously MVP is critical, and that gas that would come in there is going to be searching for a new market.

And we've got decisions to make on how to really optimize that southbound capacity if MVP gets built. If it doesn't get built, then we've got some decisions to make around expanding southbound capacity from the Pennsylvania area on Transco, in terms of brownfield expansion along the main line as well. So those – that's really what we're kind of waiting to see is how big those projects might be, and it's somewhat dependent on whether or not MVP gets built.

Certainly, we think it should get finished, but it's just getting harder and harder to predict that given the time that has passed. So we're standing ready with alternatives there, but MVP, I think, is the right, sensible solution for our nation. And hopefully, we see that get completed.

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Jean Ann Salisbury
Analyst, Bernstein Energy

Great. Thanks a lot.

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CLOSING REMARKS

Alan Armstrong
President, Chief Executive Officer & Inside Director, The Williams Cos., Inc.

Great. Thank you. Well, we're really as a team, I tell you, we're really excited to deliver the quarter that we just delivered, particularly within the commodity cycle that we're in, and really excited about how we're set up for the future, and some of the great accomplishments that the team has delivered this quarter as well. So we look forward to rewarding our shareholders with more growth in the future and are very well-positioned for that. So, thank you for joining us today and look forward to talking to you in the future.