

Edgar Filing: Energy Transfer Partners, L.P. - Form 10-Q

Energy Transfer Partners, L.P.
Form 10-Q
May 08, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
(Mark One)

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

For the quarterly period ended March 31, 2015

or

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

Commission file number 1-11727

ENERGY TRANSFER PARTNERS, L.P.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

73-1493906

(I.R.S. Employer
Identification No.)

3738 Oak Lawn Avenue, Dallas, Texas 75219

(Address of principal executive offices) (zip code)

(214) 981-0700

(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 No

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 No

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

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

At May 1, 2015, the registrant had 499,168,333 Common Units outstanding.

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ENERGY TRANSFER PARTNERS, L.P. AND SUBSIDIARIES

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Forward-Looking Statements

Certain matters discussed in this report, excluding historical information, as well as some statements by Energy Transfer Partners, L.P. (the “Partnership,” or “ETP”) in periodic press releases and some oral statements of the Partnership’s officials during presentations about the Partnership, include forward-looking statements. These forward-looking statements are identified as any statement that does not relate strictly to historical or current facts. Statements using words such as “anticipate,” “believe,” “intend,” “project,” “plan,” “expect,” “continue,” “estimate,” “goal,” “may,” “will” or similar expressions help identify forward-looking statements. Although the Partnership and its general partner believe such forward-looking statements are based on reasonable assumptions and current expectations and projections about future events, no assurance can be given that such assumptions, expectations, or projections will prove to be correct. Forward-looking statements are subject to a variety of risks, uncertainties and assumptions. If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, the Partnership’s actual results may vary materially from those anticipated, projected or expected, forecasted, estimated or expressed in forward-looking statements since many of the factors that determine these results are subject to uncertainties and risks that are difficult to predict and beyond management’s control. For additional discussion of risks, uncertainties and assumptions, see “Part I – Item 1A. Risk Factors” in the Partnership’s Report on Form 10-K for the year ended December 31, 2014 filed with the Securities and Exchange Commission on March 2, 2015.

Definitions

The following is a list of certain acronyms and terms generally used in the energy industry and throughout this document:

/d	per day
AmeriGas	AmeriGas Partners, L.P.
AOCI	accumulated other comprehensive income (loss)
Bbls	barrels
Btu	British thermal unit, an energy measurement used by gas companies to convert the volume of gas used to its heat equivalent, and thus calculate the actual energy used
Capacity	capacity of a pipeline, processing plant or storage facility refers to the maximum capacity under normal operating conditions and, with respect to pipeline transportation capacity, is subject to multiple factors (including natural gas injections and withdrawals at various delivery points along the pipeline and the utilization of compression) which may reduce the throughput capacity from specified capacity levels
Citrus	Citrus, LLC
CrossCountry	CrossCountry Energy, LLC
ET Crude Oil	Energy Transfer Crude Oil Company, LLC, a joint venture owned 60% by ETE and 40% by ETP
ETC Compression	ETC Compression, LLC
ETC FEP	ETC Fayetteville Express Pipeline, LLC
ETC OLP	La Grange Acquisition, L.P., which conducts business under the assumed name of Energy Transfer Company

ETC Tiger	ETC Tiger Pipeline, LLC
ETE	Energy Transfer Equity, L.P., a publicly traded partnership and the owner of ETP LLC
ETE Holdings	ETE Common Holdings, LLC, a wholly-owned subsidiary of ETE
ET Interstate	Energy Transfer Interstate Holdings, LLC
ETP Credit Facility	ETP's \$3.75 billion revolving credit facility
ETP GP	Energy Transfer Partners GP, L.P., the general partner of ETP
ETP Holdco	ETP Holdco Corporation
ETP LLC	Energy Transfer Partners, L.L.C., the general partner of ETP GP
Exchange Act	Securities Exchange Act of 1934
FEP	Fayetteville Express Pipeline LLC

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FERC	Federal Energy Regulatory Commission
FGT	Florida Gas Transmission Company, LLC
GAAP	accounting principles generally accepted in the United States of America
IDRs	incentive distribution rights
Lake Charles LNG	Lake Charles LNG Company, LLC (previously named Trunkline LNG Company, LLC), a subsidiary of ETE
LIBOR	London Interbank Offered Rate
LNG	liquefied natural gas
Lone Star	Lone Star NGL LLC
MMBtu	million British thermal units
MMcf	million cubic feet
MTBE	methyl tertiary butyl ether
NGL	natural gas liquid, such as propane, butane and natural gasoline
NYMEX	New York Mercantile Exchange
OSHA	federal Occupational Safety and Health Act
OTC	over-the-counter
Panhandle	Panhandle Eastern Pipe Line Company, LP and its subsidiaries
PCBs	polychlorinated biphenyls
PEPL Holdings	PEPL Holdings, LLC
PES	Philadelphia Energy Solutions
PHMSA	Pipeline Hazardous Materials Safety Administration
Regency	Regency Energy Partners LP, a subsidiary of ETE
Retail Holdings	ETP Retail Holdings, a joint venture between subsidiaries of ETC OLP and Sunoco, Inc.
Sea Robin	Sea Robin Pipeline Company, LLC, a subsidiary of Panhandle
SEC	Securities and Exchange Commission

Southern Union	Southern Union Company
Sunoco Logistics	Sunoco Logistics Partners L.P.
Sunoco LP	Sunoco LP (previously named Susser Petroleum Partners, LP)
Sunoco Partners	Sunoco Partners LLC, the general partner of Sunoco Logistics
Susser	Susser Holdings Corporation
Transwestern	Transwestern Pipeline Company, LLC
Trunkline	Trunkline Gas Company, LLC, a subsidiary of Panhandle

Adjusted EBITDA is a term used throughout this document, which we define as earnings before interest, taxes, depreciation, amortization and other non-cash items, such as non-cash compensation expense, gains and losses on disposals of assets, the allowance for equity funds used during construction, unrealized gains and losses on commodity risk management activities and other non-operating income or expense items. Unrealized gains and losses on commodity risk management activities include unrealized gains and losses on commodity derivatives and inventory fair value adjustments (excluding lower of cost or market adjustments). Adjusted EBITDA reflects amounts for less than wholly-owned subsidiaries based on 100% of the subsidiaries' results of operations and for unconsolidated affiliates based on the Partnership's proportionate ownership.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ENERGY TRANSFER PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Dollars in millions)

(unaudited)

	March 31, 2015	December 31, 2014
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$1,789	\$639
Accounts receivable, net	2,464	2,879
Accounts receivable from related companies	127	210
Inventories	1,388	1,389
Exchanges receivable	36	44
Price risk management assets	12	7
Other current assets	390	271
Total current assets	6,206	5,439
PROPERTY, PLANT AND EQUIPMENT	35,304	33,200
ACCUMULATED DEPRECIATION	(3,655) (3,457)
	31,649	29,743
ADVANCES TO AND INVESTMENTS IN UNCONSOLIDATED AFFILIATES	3,723	3,840
GOODWILL	6,256	6,419
INTANGIBLE ASSETS, net	2,093	2,087
OTHER NON-CURRENT ASSETS, net	702	693
Total assets	\$50,629	\$48,221

The accompanying notes are an integral part of these consolidated financial statements.

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CONSOLIDATED BALANCE SHEETS

(Dollars in millions)

(unaudited)

	March 31, 2015	December 31, 2014
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$2,548	\$2,992
Accounts payable to related companies	94	62
Exchanges payable	155	183
Price risk management liabilities	16	21
Accrued and other current liabilities	1,625	1,774
Current maturities of long-term debt	269	1,008
Total current liabilities	4,707	6,040
LONG-TERM DEBT, less current maturities	20,430	18,332
NON-CURRENT PRICE RISK MANAGEMENT LIABILITIES	214	138
DEFERRED INCOME TAXES	4,036	4,226
OTHER NON-CURRENT LIABILITIES	1,256	1,206
COMMITMENTS AND CONTINGENCIES		
REDEEMABLE NONCONTROLLING INTERESTS	15	15
EQUITY:		
General Partner	282	184
Limited Partners:		
Common Unitholders	9,232	10,430
Class H Unitholder	3,432	1,512
Class I Unitholder	33	—
Accumulated other comprehensive loss	(13) (56
Total partners' capital	12,966	12,070
Noncontrolling interest	7,005	6,194
Total equity	19,971	18,264
Total liabilities and equity	\$50,629	\$48,221

The accompanying notes are an integral part of these consolidated financial statements.

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CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in millions, except per unit data)

(unaudited)

	Three Months Ended March 31,		
	2015	2014	
REVENUES:			
Natural gas sales	\$670	\$1,103	
NGL sales	849	951	
Crude sales	2,208	4,093	
Gathering, transportation and other fees	686	655	
Refined product sales	3,656	4,478	
Other	1,461	952	
Total revenues	9,530	12,232	
COSTS AND EXPENSES:			
Cost of products sold	8,040	10,866	
Operating expenses	485	336	
Depreciation and amortization	322	266	
Selling, general and administrative	100	76	
Total costs and expenses	8,947	11,544	
OPERATING INCOME	583	688	
OTHER INCOME (EXPENSE):			
Interest expense, net of interest capitalized	(228) (219)
Equity in earnings of unconsolidated affiliates	40	79	
Gain on sale of AmeriGas common units	—	70	
Losses on interest rate derivatives	(77) (2)
Other, net	3	(3)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAX EXPENSE	321	613	
Income tax expense from continuing operations	13	146	
INCOME FROM CONTINUING OPERATIONS	308	467	
Income from discontinued operations	—	24	
NET INCOME	308	491	
LESS: NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	27	76	
NET INCOME ATTRIBUTABLE TO PARTNERS	281	415	
General Partner's interest in net income	242	113	
Class H Unitholder's interest in net income	54	49	
Class I Unitholder's interest in net income	33	—	
Common Unitholders' interest in net income (loss)	\$(48) \$253	
INCOME (LOSS) FROM CONTINUING OPERATIONS PER COMMON UNIT:			
Basic	\$0.17		