

PLAINS ALL AMERICAN PIPELINE LP

Form 10-Q

November 07, 2014

[Table of Contents](#)

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-Q**

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

**For the quarterly period ended September 30, 2014**

**OR**

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

**Commission File Number: 1-14569**

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**PLAINS ALL AMERICAN PIPELINE, L.P.**

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(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**76-0582150**  
(I.R.S. Employer  
Identification No.)

**333 Clay Street, Suite 1600, Houston, Texas**  
(Address of principal executive offices)

**77002**  
(Zip Code)

**(713) 646-4100**

(Registrant's telephone number, including area code)

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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 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

As of October 31, 2014, there were 372,033,831 Common Units outstanding.

Table of Contents

**PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES**

**TABLE OF CONTENTS**

	<b>Page</b>
<b><u>PART I. FINANCIAL INFORMATION</u></b>	
<b><u>Item 1. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS:</u></b>	
<u>Condensed Consolidated Balance Sheets: As of September 30, 2014 and December 31, 2013</u>	3
<u>Condensed Consolidated Statements of Operations: For the three and nine months ended September 30, 2014 and 2013</u>	4
<u>Condensed Consolidated Statements of Comprehensive Income: For the three and nine months ended September 30, 2014 and 2013</u>	5
<u>Condensed Consolidated Statements of Changes in Accumulated Other Comprehensive Income / (Loss): For the nine months ended September 30, 2014 and 2013</u>	5
<u>Condensed Consolidated Statements of Cash Flows: For the nine months ended September 30, 2014 and 2013</u>	6
<u>Condensed Consolidated Statements of Changes in Partners' Capital: For the nine months ended September 30, 2014 and 2013</u>	7
<b><u>Notes to the Condensed Consolidated Financial Statements:</u></b>	
<u>1. Organization and Basis of Consolidation and Presentation</u>	8
<u>2. Recent Accounting Pronouncements</u>	9
<u>3. Accounts Receivable</u>	9
<u>4. Inventory, Linefill and Base Gas and Long-term Inventory</u>	10
<u>5. Goodwill</u>	11
<u>6. Debt</u>	11
<u>7. Net Income Per Limited Partner Unit</u>	12
<u>8. Partners' Capital and Distributions</u>	14
<u>9. Equity-Indexed Compensation Plans</u>	14
<u>10. Derivatives and Risk Management Activities</u>	16
<u>11. Commitments and Contingencies</u>	23
<u>12. Operating Segments</u>	24
<u>13. Related Party Transactions</u>	26
<u>14. Subsequent Events</u>	27
<u>Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	28
<u>Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	46
<u>Item 4. CONTROLS AND PROCEDURES</u>	47
<b><u>PART II. OTHER INFORMATION</u></b>	
<u>Item 1. LEGAL PROCEEDINGS</u>	49
<u>Item 1A. RISK FACTORS</u>	49
<u>Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	49
<u>Item 3. DEFAULTS UPON SENIOR SECURITIES</u>	49
<u>Item 4. MINE SAFETY DISCLOSURES</u>	49
<u>Item 5. OTHER INFORMATION</u>	49
<u>Item 6. EXHIBITS</u>	49
<u>SIGNATURES</u>	50

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

(in millions, except unit data)

	September 30, 2014	December 31, 2013
	(unaudited)	
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 34	\$ 41
Trade accounts receivable and other receivables, net	3,522	3,638
Inventory	1,314	1,065
Other current assets	290	220
Total current assets	5,160	4,964
<b>PROPERTY AND EQUIPMENT</b>	13,816	12,473
Accumulated depreciation	(1,851)	(1,654)
Property and equipment, net	11,965	10,819
<b>OTHER ASSETS</b>		
Goodwill	2,481	2,503
Linefill and base gas	903	798
Long-term inventory	270	251
Investments in unconsolidated entities	582	485
Other, net	476	540
Total assets	\$ 21,837	\$ 20,360
<b>LIABILITIES AND PARTNERS CAPITAL</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 4,169	\$ 3,983
Short-term debt	976	1,113
Other current liabilities	423	315
Total current liabilities	5,568	5,411
<b>LONG-TERM LIABILITIES</b>		
Senior notes, net of unamortized discount of \$16 and \$15, respectively	7,609	6,710
Long-term debt under credit facilities and other	4	5
Other long-term liabilities and deferred credits	526	531
Total long-term liabilities	8,139	7,246
<b>COMMITMENTS AND CONTINGENCIES (NOTE 11)</b>		

**PARTNERS CAPITAL**

Common unitholders (371,468,177 and 359,133,200 units outstanding, respectively)	7,740	7,349
General partner	331	295
Total partners capital excluding noncontrolling interests	8,071	7,644
Noncontrolling interests	59	59
Total partners capital	8,130	7,703
Total liabilities and partners capital	\$ 21,837	\$ 20,360

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

Table of Contents

## PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except per unit data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014 (unaudited)	2013	2014 (unaudited)	2013
<b>REVENUES</b>				
Supply and Logistics segment revenues	\$ 10,788	\$ 10,386	\$ 32,988	\$ 30,542
Transportation segment revenues	198	179	574	517
Facilities segment revenues	141	138	443	558
Total revenues	11,127	10,703	34,005	31,617
<b>COSTS AND EXPENSES</b>				
Purchases and related costs	10,166	9,909	31,116	28,733
Field operating costs	382	326	1,078	1,010
General and administrative expenses	78	79	257	276
Depreciation and amortization	97	93	293	265
Total costs and expenses	10,723	10,407	32,744	30,284
<b>OPERATING INCOME</b>	404	296	1,261	1,333
<b>OTHER INCOME/(EXPENSE)</b>				
Equity earnings in unconsolidated entities	29	19	73	42
Interest expense (net of capitalized interest of \$12, \$11, \$33 and \$30, respectively)	(85)	(72)	(246)	(224)
Other income/(expense), net	(4)	3	(2)	2
<b>INCOME BEFORE TAX</b>	344	246	1,086	1,153
Current income tax expense	(10)	(17)	(62)	(69)
Deferred income tax benefit/(expense)	(10)	8	(28)	(10)
<b>NET INCOME</b>	324	237	996	1,074
Net income attributable to noncontrolling interests	(1)	(6)	(2)	(22)
<b>NET INCOME ATTRIBUTABLE TO PAA</b>	\$ 323	\$ 231	\$ 994	\$ 1,052
<b>NET INCOME ATTRIBUTABLE TO PAA:</b>				
<b>LIMITED PARTNERS</b>	\$ 195	\$ 133	\$ 630	\$ 764
<b>GENERAL PARTNER</b>	\$ 128	\$ 98	\$ 364	\$ 288
<b>BASIC NET INCOME PER LIMITED PARTNER UNIT</b>				
	\$ 0.52	\$ 0.38	\$ 1.71	\$ 2.23
<b>DILUTED NET INCOME PER LIMITED PARTNER UNIT</b>				
	\$ 0.52	\$ 0.38	\$ 1.70	\$ 2.22
<b>BASIC WEIGHTED AVERAGE LIMITED PARTNER UNITS OUTSTANDING</b>				
	370	343	365	340
<b>DILUTED WEIGHTED AVERAGE LIMITED PARTNER UNITS OUTSTANDING</b>				
	371	345	367	342

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

Table of Contents

**PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
	(unaudited)		(unaudited)	
Net income	\$ 324	\$ 237	\$ 996	\$ 1,074
Other comprehensive income/(loss)	(167)	39	(211)	(99)
Comprehensive income	157	276	785	975
Comprehensive income attributable to noncontrolling interests	(1)	(7)	(2)	(27)
Comprehensive income attributable to PAA	\$ 156	\$ 269	\$ 783	\$ 948

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

**PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF**  
**CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME / (LOSS)**

(in millions)

&nbs                      **Derivative**                      **Translation**