SUNOCO LOGISTICS PARTNERS L.P.
Form 10-Q
November 04, 2010
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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, 2010

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 1-31219

SUNOCO LOGISTICS PARTNERS L.P.

(Exact name of registrant as specified in its charter)

Delaware	**23-3096839**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1818 Market Street, Suite 1500, Philadelphia, PA	**19103**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code: (866) 248-4344

Former name, former address and formal fiscal year, if changed since last report: Not Applicable

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 x 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 x No ¨

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

Large accelerated filer	x	Accelerated filer	¨
Non-accelerated filer	¨	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 x

At November 3, 2010, the number of the registrant s Limited Partnership Units outstanding was 33,065,832.

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PART I

FINANCIAL INFORMATION

Item 1. Financial Statements

SUNOCO LOGISTICS PARTNERS L.P.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(UNAUDITED)

(in thousands, except unit and per unit amounts)

	Three Months Ended September 30, 2010	2009
Revenues		
Sales and other operating revenue:		
Affiliates (Note 3)	$ 293,523	$ 114,905
Unaffiliated customers	1,582,624	1,305,159
Other income	7,232	8,759
Total Revenues	1,883,379	1,428,823
Costs and Expenses		
Cost of products sold and operating expenses	1,762,368	1,342,002
Depreciation and amortization expense	16,400	12,240
Selling, general and administrative expenses	15,596	14,700
Total Costs and Expenses	1,794,364	1,368,942
Operating Income	89,015	59,881
Net interest cost to affiliates (Note 3)	851	21
Other interest cost and debt expense, net	20,062	12,571
Capitalized interest	(1,268)	(1,171)
Gain on investments in affiliates (Note 2)	128,451	
Income Before Provision for Income Taxes	$ 197,821	$ 48,460
Provision for income taxes (Note 4)	3,868	
Net Income	$ 193,953	$ 48,460
Net Income attributable to noncontrolling interests	1,099	
Net Income attributable to Sunoco Logistics Partners L.P.	$ 192,854	$ 48,460
Calculation of Limited Partners interest:		
Net Income attributable to Sunoco Logistics Partners L.P.	$ 192,854	$ 48,460
Less: General Partner s interest	(14,717)	(13,368)

Limited Partners interest	$ 178,137	$ 35,092
Net Income attributable to Sunoco Logistics Partners L.P. per Limited Partner unit (Note 5):		
Basic	$ 5.60	$ 1.13
Diluted	$ 5.57	$ 1.13
Weighted average Limited Partners units outstanding:		
Basic	31,797,082	30,981,265
Diluted	31,955,360	31,190,187

(See Accompanying Notes)

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SUNOCO LOGISTICS PARTNERS L.P.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(UNAUDITED)

(in thousands, except unit and per unit amounts)

	Nine Months Ended September 30, 2010	2009
Revenues		
Sales and other operating revenue:		
Affiliates (Note 3)	$ 680,950	$ 531,309
Unaffiliated customers	4,904,576	3,209,485
Other income	24,385	21,298
Total Revenues	5,609,911	3,762,092
Costs and Expenses		
Cost of products sold and operating expenses	5,296,195	3,450,490
Depreciation and amortization expense	44,869	35,328
Selling, general and administrative expenses	51,766	47,616
Total Costs and Expenses	5,392,830	3,533,434
Operating Income	217,081	228,658
Net interest cost to affiliates (Note 3)	973	80
Other interest cost and debt expense, net	55,989	36,198
Capitalized interest	(3,232)	(3,629)
Gain on investments in affiliates (Note 2)	128,451	
Income Before Provision for Income Taxes	$ 291,802	$ 196,009
Provision for income taxes (Note 4)	3,868	
Net Income	$ 287,934	$ 196,009
Net Income attributable to noncontrolling interests	1,099	
Net Income attributable to Sunoco Logistics Partners L.P.	$ 286,835	$ 196,009
Calculation of Limited Partners interest:		
Net Income attributable to Sunoco Logistics Partners L.P.	$ 286,835	$ 196,009
Less: General Partner s interest	(35,472)	(38,885)
Limited Partners interest	$ 251,363	$ 157,124
Net Income attributable to Sunoco Logistics Partners L.P. per Limited Partner unit (Note 5):		
Basic	$ 8.03	$ 5.22
Diluted	$ 7.99	$ 5.19

Weighted average Limited Partners units outstanding:		
Basic	31,291,262	30,084,613
Diluted	31,462,963	30,288,345

(See Accompanying Notes)

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SUNOCO LOGISTICS PARTNERS L.P.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)

	September 30, 2010 (UNAUDITED)	December 31, 2009
Assets		
Current Assets		
Cash and cash equivalents	$ 2,000	$ 2,000
Advances to affiliated companies (Note 3)	32,341	8,691
Accounts receivable, affiliated companies (Note 3)	82,459	47,791
Accounts receivable, net	1,365,533	1,280,062
Inventories:		
Crude oil	252,107	82,511
Refined products	27,465	1,857
Refined product additives	1,896	1,765
Materials, supplies and other	4,914	841
Total Current Assets	1,768,715	1,425,518
Properties, plants and equipment	2,731,939	2,150,493
Less accumulated depreciation and amortization	(654,816)	(616,772)
Properties, plants and equipment, net	2,077,123	1,533,721
Investment in affiliates (Note 6)	71,614	88,286
Deferred charges and other assets	20,165	12,790
Goodwill (Note 7)	62,653	16,238
Intangible assets, net (Note 7)	110,690	22,053
Total Assets	$ 4,110,960	$ 3,098,606
Liabilities and Equity		
Accounts payable	$ 1,433,010	$ 1,253,742
Accrued liabilities	51,472	49,298
Accrued taxes payable (Note 4)	34,994	30,296
Total Current Liabilities	1,519,476	1,333,336
Long-term debt, affiliated companies (Note 3)	100,000	
Long-term debt (Note 8)	1,247,839	868,424
Other deferred credits and liabilities	43,729	35,232
Deferred income taxes (Note 2)	164,282	
Commitments and contingent liabilities (Note 9)		
Total Liabilities	3,075,326	2,236,992
Equity		

Sunoco Logistics Partners L.P. equity		
Limited partners interest	932,006	837,120
General partner s interest	27,557	26,987
Accumulated other comprehensive loss	(2,034)	(2,493)
Total Sunoco Logistics Partners L.P. equity	957,529	861,614
Noncontrolling interests	78,105	
Total Equity	1,035,634	861,614
Total Liabilities and Equity	$ 4,110,960	$ 3,098,606

(See Accompanying Notes)

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SUNOCO LOGISTICS PARTNERS L.P.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(in thousands)

	Nine Months Ended September 30,	
	2010	**2009**
Cash Flows from Operating Activities:		
Net Income	$ 287,934	$ 196,009
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	44,869	35,328
Amortization of financing fees and bond discount	1,567	1,123
Restricted unit incentive plan expense	4,547	4,904
Gain on investments in affiliates	(128,451)	
Deferred income tax expense	678	
Changes in working capital pertaining to operating activities:		
Accounts receivable, affiliated companies	(34,668)	51,692
Accounts receivable, net	(77,509)	(398,000)
Inventories	(184,941)	(202,645)
Accounts payable and accrued liabilities	178,916	356,236
Accrued taxes	2,460	5,889
Other	(7,293)	(12,899)
Net cash provided by operating activities	88,109	37,637
Cash Flows from Investing Activities:		
Capital expenditures	(112,900)	(108,803)
Acquisitions	(243,205)	(50,000)
Net cash used in investing activities	(356,105)	(158,803)
Cash Flows from Financing Activities:		
Distributions paid to limited and general partners	(138,121)	(126,536)
Distributions paid to noncontrolling interests	(2,499)	
Net proceeds from issuance of limited partner units	143,591	109,483
Contributions from general partner	3,456	2,398
Payments of statutory withholding on net issuance of limited partner units under restricted unit incentive plan	(2,541)	(2,149)
Repayments under credit facility	(731,723)	(506,385)
Borrowings under credit facility	612,500	472,973
Net proceeds from issuance of long term debt	494,026	173,348
Promissory note from affiliate	100,000	
Repayment of promissory note to general partner	(201,282)	
Advances to affiliated companies, net	(9,411)	(1,966)
Net cash provided by financing activities	267,996	121,166
Net change in cash and cash equivalents		

Cash and cash equivalents at beginning of year	$	2,000	$	2,000
Cash and cash equivalents at end of period	$	2,000	$	2,000

(See Accompanying Notes)

SUNOCO LOGISTICS PARTNERS L.P.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

1. Basis of Presentation

Sunoco Logistics Partners L.P. (the Partnership) is a publicly traded Delaware limited partnership that owns and operates a logistics business, consisting of refined product pipelines, terminalling and storage assets, crude oil pipelines, and crude oil acquisition and marketing assets. Sunoco, Inc. and its wholly-owned subsidiaries including Sunoco, Inc. (R&M) are collectively referred to as Sunoco. The Partnership is principally engaged in the transport, terminalling and storage of refined products and crude oil and the purchase and sale of crude oil in 17 states located in the northeast, southeast, midwest and southwest United States. Sunoco accounted for approximately 16 percent and 12 percent of the Partnership s total revenues, respectively, for the three and nine months ended September 30, 2010.

The condensed consolidated financial statements reflect the results of Sunoco Logistics Partners L.P. and its wholly-owned subsidiaries, including Sunoco Logistics Partners Operations L.P. (the Operating Partnership) and include the accounts of entities in which the Partnership has a controlling financial interest. A controlling financial interest is evidenced by either a voting interest greater than 50% or a risk and rewards model that identifies the Partnership or one of its subsidiaries as the primary beneficiary of a variable interest entity (VIE). On January 1, 2010, new accounting guidance became effective which, among other things, clarifies when a company is deemed to be the primary beneficiary and requires ongoing assessment of whether an entity is the primary beneficiary of a VIE. Adoption of this guidance has not impacted the Partnership s financial statements. Equity ownership interests in corporate joint ventures, in which the Partnership does not have a controlling financial interest, are accounted for under the equity method of accounting.

The accompanying condensed consolidated financial statements are presented in accordance with the requirements of Form 10-Q and accounting principles generally accepted in the United States for interim financial reporting. They do not include all disclosures normally made in financial statements contained in Form 10-K. In management s opinion, all adjustments necessary for a fair presentation of the results of operations, financial position and cash flows for the periods shown have been made. The Partnership expects the interim increase in quantities of inventory to significantly reduce by year end and therefore, has adjusted its interim LIFO calculation to produce a reasonable matching of the most recently incurred costs with current revenues. All such adjustments are of a normal recurring nature, except for the gain on investments in affiliates recorded in connection with the Partnership s acquisitions of additional interests in Mid-Valley Pipeline Company and West Texas Gulf Pipe Line Company. Results for the three and nine months ended September 30, 2010 are not necessarily indicative of results for the full year 2010.

2. Acquisitions

During 2010, the Partnership completed the following acquisitions:

In July 2010, the Partnership acquired a butane blending business from Texon L.P. for $140.0 million plus inventory. The acquisition includes patented technology for blending of butane into gasoline, contracts with customers currently utilizing the patented technology, butane inventories and other related assets. The acquisition was funded by a subordinated $100 million note from Sunoco, Inc., and borrowings under the Operating Partnership s $395 million Credit Facility. The purchase price was allocated to the underlying net assets acquired based upon estimates of their fair values at the date of acquisition. Goodwill was recognized related to expected synergies with the Partnership s terminal facilities. The acquisition is included within the Terminal Facilities business segment as of the third quarter of 2010.

In July 2010, the Partnership exercised its rights to acquire an additional ownership interest in West Shore Pipe Line Company (West Shore) for $6.6 million, increasing its ownership interest from 12.3 percent to 17.1 percent. West Shore owns and operates a 596-mile common carrier refined products pipeline that originates in Chicago, Illinois and services delivery points from Chicago to Wisconsin. The acquisition was ultimately funded by proceeds from the Partnership s August 2010 equity issuance (Note 14). The investment was valued based on the fair value of the consideration transferred. The investment is accounted for as an equity method investment, with the equity income recorded based on the Partnership s ownership percentage from the date of acquisition.

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In July 2010, the Partnership exercised its rights to acquire an additional ownership interest in Mid-Valley Pipeline Company (Mid-Valley) for $58.0 million, increasing its ownership interest from 55.3 percent to 91.0 percent. Mid-Valley owns a 994-mile common carrier pipeline, which originates in Longview, Texas and terminates in Sarnia, Michigan. The pipeline provides crude oil to a number of refineries, primarily in the midwest United States.

In August 2010, the Partnership exercised similar rights to acquire an additional ownership interest in West Texas Gulf Pipe Line Company (West Texas Gulf) for $27.0 million, increasing its ownership interest from 43.8 percent to 60.3 percent. West Texas Gulf owns and operates a 580-mile common carrier crude oil pipeline system which originates from the West Texas oil fields at Colorado City and the Partnership s Nederland terminal, and extends to Longview, Texas where deliveries are made to several pipelines, including Mid-Valley.

These acquisitions of the additional joint venture interests were ultimately funded by proceeds from the Partnership s August 2010 equity issuance. As the Partnership now has a controlling financial interest in both Mid-Valley and West Texas Gulf, the joint ventures are both reflected as consolidated subsidiaries of the Partnership from the date of acquisition. Gains attributable to the re-measurement of the previously held equity interests in Mid-Valley and West Texas Gulf of $70.9 million and $57.6 million, respectively, were recognized in Gain on investments in affiliates in the condensed consolidated statements of income for the periods ended September 30, 2010. The fair value of the Partnership s pre-acquisition equity interests in Mid-Valley and West Texas Gulf, $89.7 million and $71.6 million, respectively, were determined based on the amounts paid by the Partnership, which were equal to the offers of other prospective acquirers.

The following information summarizes the effects of the acquisitions on the Partnership s balance sheet (including consolidation of Mid-Valley and West Texas Gulf) as of the acquisition date:

	Texon L.P.	West Shore Pipe Line Company	Mid-Valley Pipeline Company	West Texas Gulf Pipe Line Company
Increase in:				
Current assets	$ 13,886	$	$ 15,162	$ 7,620
Investment in affiliates		6,612		
Properties, plants & equipment, net	1,192		232,149	238,662
Intangible assets, net	90,100			
Goodwill	46,415			
Deferred charges and other assets			217	12
Current liabilities			(1,894)	(1,840)
Other deferred credits and liabilities			(696)	
Deferred income taxes			(82,655)	(80,949)
Sunoco Logistics Partners L.P. equity			(70,888)	(57,563)
Noncontrolling interests			(14,605)	(64,900)
Decrease in:				
Investment in affiliates			(18,790)	(14,042)
Cash paid for acquisitions	$ 151,593	$ 6,612	$ 58,000	$ 27,000

In September 2009, the Partnership completed two acquisitions totaling approximately $50.0 million, which included:

The acquisition of Excel Pipeline LLC, the owner of a 52-mile crude oil pipeline in Oklahoma, from affiliates of Gary-Williams Energy Corporate. The system originates in Duncan, OK and terminates in Wynnewood, OK and had been operated by the Partnership for Gary-Williams Energy Corporate since 2007. The pipeline has been included in our Crude Oil Pipeline System segment from the date of acquisition. The purchase price was allocated to the underlying assets acquired based upon estimates of their fair values at the date of acquisition, and;

The acquisition of a refined products terminal located in Romulus, Michigan from R.K.A. Petroleum LLC. The terminal has storage capacity of approximately 0.4 million shell barrels and services the Detroit metropolitan areas and has been integrated into our Terminal Facilities segment from the date of acquisition. The purchase price has been allocated to the underlying net assets acquired based on estimates of their fair values on the date of acquisition.

3. Related Party Transactions

Incentive Distribution Rights Exchange

In January 2010, the Partnership entered into a repurchase agreement with its general partner, whereby the Partnership agreed to repurchase from the general partner the existing incentive distribution rights (IDRs) for $201.2 million and issue new incentive distribution rights. Pursuant to this transaction, the Partnership executed the Third Amended and Restated Agreement of Limited Partnership of Sunoco Logistics Partners L.P. (the new partnership agreement). The new partnership agreement reflects the cancellation of the original incentive distribution rights and the authorization and issuance of the new incentive distribution rights (Note 13). The transaction was accounted for as a reduction of the limited partners and general partner s capital balances on the Partnership s balance sheet and was initially financed with a promissory note from the general partner. The Partnership repaid the promissory note using a portion of the proceeds from the issuance of $500 million in Senior Notes in February 2010 (Note 8).

Promissory Note from Affiliate

In July 2010, the Partnership acquired a butane blending business from Texon L.P. The acquisition was partially funded by a three-year, subordinated, $100 million note from Sunoco, Inc., which bears interest at three-month LIBOR plus 275 basis points per annum. The balance of the acquisition was funded with borrowings under the Operating Partnership s $395 million Credit Facility.

Advances to/from Affiliate

The Partnership has a treasury services agreement with Sunoco pursuant to which it, among other things, participates in Sunoco s centralized cash management program. Under this program, all of the Partnership s cash receipts and cash disbursements are processed, together with those of Sunoco and its other subsidiaries, through Sunoco s cash accounts with a corresponding credit or charge to an intercompany account. The intercompany balances are settled periodically, but no less frequently than monthly. Amounts due from Sunoco earn interest at a rate equal to the average rate of the Partnership s third-party money market investments, while amounts due to Sunoco bear interest at a rate equal to the interest rate provided in the Operating Partnership s $395 million Credit Facility.

Administrative Services

Under the Omnibus Agreement, the Partnership pays Sunoco or the general partner an annual administrative fee that includes expenses incurred by Sunoco and its affiliates to perform centralized corporate functions, such as legal, accounting, treasury, engineering, information technology, insurance, and other corporate services, including the administration of employee benefit plans. This fee was $6.0 million for the year ended December 31, 2009. The term of Section 4.1 of the Omnibus Agreement (which concerns the Partnership s obligation to pay the annual fee for provision of certain general and administrative services) was extended by one year in January 2010. The 2010 annual fee is $5.4 million. These costs may be increased if the acquisition or construction of new assets or businesses requires an increase in the level of general and administrative services received by the Partnership. There can be no assurance that the administrative fee dictated under Section 4.1 of the Omnibus Agreement will be at or below the current administrative fee in the future. In the event that the Partnership is unable to obtain such services from Sunoco or other third parties at or below the current cost, the Partnership s financial condition and results of operations may be adversely impacted.

The annual administrative fee does not include the costs of shared insurance programs, which are allocated to the Partnership based upon its share of the cash premiums incurred. This fee also does not include salaries of pipeline and terminal personnel, including senior executives, or other employees of the general partner, or the cost of their employee benefits. These employees are employees of the Partnership s general partner or its affiliates, which are wholly-owned subsidiaries of Sunoco. The Partnership has no employees. Allocated Sunoco employee benefit plan expenses for employees who work in the pipeline, terminalling, storage and crude oil gathering operations, including senior executives, include non-contributory defined benefit retirement plans, defined contribution 401(k) plans, employee and retiree medical, dental and life insurance plans, incentive compensation plans, and other such benefits. The Partnership reimburses Sunoco for these costs and other direct expenses incurred on its behalf. These expenses are reflected in cost of products sold and operating expenses and selling, general and administrative expenses in the condensed consolidated statements of income.

Affiliated Revenues and Accounts Receivable, Affiliated Companies

The Partnership is party to various agreements with Sunoco to supply crude oil and refined products, as well as to provide pipeline and terminalling services. Affiliated revenues in the condensed consolidated statements of income consist of sales of crude oil, as well as the provision of crude oil, sales of refined products, crude oil pipeline transportation and refined product pipeline transportation, terminalling, storage and blending services to Sunoco. Sales of crude oil are priced using market based rates under agreements which automatically renew on a monthly basis unless terminated by either party on 30 days written notice. Sales of refined product are priced using market based rates under agreements which are negotiated annually.

Capital Contributions

In August 2010 the Partnership completed a public offering of 2.0 million limited partnership units. As a result of this offering, the general partner contributed $3.1 million to the Partnership to maintain its 2.0 percent general partner interest.

In April and May 2009 the Partnership completed a public offering of 2.3 million limited partnership units. As a result of this offering, the general partner contributed $2.3 million to the Partnership to maintain its 2.0 percent general partner interest.

In February 2010 and 2009 the Partnership issued 0.1 million limited partnership units, in each year, to participants in the Sunoco Partners LLC Long-Term Incentive Plan (LTIP) upon completion of award vesting requirements. As a result of these issuances of limited partnership units, the general partner contributed $0.1 million in each period to the Partnership to maintain its 2.0 percent general partner interest. The Partnership recorded these amounts as capital contributions to Equity within its condensed consolidated balance sheets.

4. Income Taxes

The Partnership is not a taxable entity for U.S. federal income tax purposes, nor is it a taxable entity for the majority of states in which the Partnership operates. However, in the third quarter of 2010, the Partnership acquired controlling financial interests in Mid-Valley and West Texas Gulf, both of which are subject to income taxes for federal and state purposes. The financial position and results of operations for these entities from the acquisition date are consolidated in the Partnership s financial statements. The Partnership recognized state and federal income taxes of $3.9 million in the condensed consolidated statements of income for the three and nine month periods ended September 30, 2010, which was primarily attributable to income from Mid-Valley and West Texas Gulf. Accrued income taxes and deferred income taxes were $1.4 million and $164.3 million, respectively, at September 30, 2010.

5. Net Income Per Unit Data

The general partner s interest in net income attributable to the Partnership consists of its 2.0 percent general partner interest and incentive distributions, which are increasing percentages, up to 50 percent of quarterly distributions in excess of $0.50 per limited partner unit (see Note 13). The general partner was allocated net income attributable to the Partnership of $14.7 million (representing 8 percent of total net income attributable to Sunoco Logistics Partners L.P. for the period) and $13.4 million (representing 28 percent of total net income attributable to Sunoco Logistics Partners L.P. for the period) for the three months ended September 30, 2010 and 2009, respectively, and $35.5 million (representing 12 percent of total net income attributable to Sunoco Logistics Partners L.P. for the period) and $38.9 million (representing 20 percent of total net income attributable to Sunoco Logistics Partners L.P. for the period) for the nine months ended September 30, 2010 and 2009, respectively. Diluted net income attributable to the Partnership per limited partner unit is calculated by dividing net income applicable to limited partners by the sum of the weighted-average number of limited partnership units outstanding and the dilutive effect of incentive unit awards, as calculated by the treasury stock method.

The following table sets forth the reconciliation of the weighted average number of limited partner units used to compute basic net income per limited partner unit to those used to compute diluted net income per limited partner unit for the three and nine months ended September 30, 2010 and 2009:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Weighted average number of limited partner units outstanding basic	31,797,082	30,981,265	31,291,262	30,084,613
Add effect of dilutive unit incentive awards	158,278	208,922	171,701	203,732
Weighted average number of limited partner units diluted	31,955,360	31,190,187	31,462,963	30,288,345

6. Investment in Affiliates

The table below summarizes the Partnership s ownership percentages in its investments in corporate joint ventures, as well as the related accounting treatment, as of September 30, 2010 and December 31, 2009:

	September 30, 2010		December 31, 2009	
Explorer Pipeline Company	9.4%	Equity method	9.4%	Equity method
Yellowstone Pipe Line Company	14.0%	Equity method	14.0%	Equity method
West Shore Pipe Line Company	17.1%	Equity method	12.3%	Equity method
Wolverine Pipe Line Company	31.5%	Equity method	31.5%	Equity method
West Texas Gulf Pipe Line Company	60.3%	Consolidated	43.8%	Equity method
Mid-Valley Pipeline Company	91.0%	Consolidated	55.3%	Equity method

The following table provides summarized combined statement of income data on a 100 percent basis for the Partnership s corporate joint venture interests for the three and nine months ended September 30, 2010 and 2009 (in thousands of dollars):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010(1)	2009	2010(1)	2009
Income Statement Data:				
Total revenues	$ 130,125	$ 125,248	$ 348,381	$ 350,513
Net income	$ 40,498	$ 39,717	$ 101,809	$ 98,023

(1) The income statement data for the three and nine months ended September 30, 2010 excludes revenue and net income related to Mid-Valley and West Texas Gulf subsequent to the dates of the acquisition of the Partnership s controlling financial interests.

The following table provides summarized combined balance sheet data on a 100 percent basis for the Partnership s corporate joint venture interests as of September 30, 2010 and December 31, 2009 (in thousands of dollars):

	September 30, 2010(1)	December 31, 2009
Balance Sheet Data:		
Current assets	$ 133,528	$ 126,330

Non-current assets	$ 643,408	$ 679,955
Current liabilities	$ 120,970	$ 123,506
Non-current liabilities	$ 554,766	$ 568,349