

PLAINS ALL AMERICAN PIPELINE LP
Form 8-K
August 01, 2006

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) August 1, 2006

Plains All American Pipeline, L.P.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction
of incorporation)

1-14569
(Commission
File Number)

76-0582150
(IRS Employer
Identification No.)

333 Clay Street, Suite 1600, Houston, Texas 77002

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code **713-646-4100**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 9.01. Financial Statements and Exhibits

(d) Exhibit 99.1 Press release dated August 1, 2006

Item 2.02 and Item 7.01. Results of Operations and Financial Condition; Regulation FD Disclosure

Plains All American Pipeline, L.P. (the Partnership) today issued a press release reporting its second quarter 2006 results. We are furnishing the press release, attached as Exhibit 99.1, pursuant to Item 2.02 and Item 7.01 of Form 8-K. Pursuant to Item 7.01 we are providing detailed guidance for financial performance for the third and fourth quarter of calendar 2006 and modifying certain aspects of our previous guidance for financial performance for the full year of calendar 2006 (which supersedes guidance in our 8-K furnished on June 12, 2006). This guidance excludes any contribution from the proposed merger with Pacific Energy Partners, L.P. announced June 12, 2006. In accordance with General Instruction B.2. of Form 8-K, the information presented herein under Item 2.02 and Item 7.01 shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such a filing.

Disclosure of Third and Fourth Quarter 2006 Estimates; Update of Full Year 2006 Guidance

EBIT and EBITDA (each as defined below in Note 1 to the Operating and Financial Guidance table) are non-GAAP financial measures. Net income and cash flows from operating activities are the most directly comparable GAAP measures to EBIT and EBITDA. In Note 11 below, we reconcile EBITDA and EBIT to net income for the 2006 guidance periods presented. However, it is impractical to reconcile EBIT and EBITDA to cash flows from operating activities for forecasted periods. We encourage you to visit our website at www.paalp.com, in particular the section entitled Non-GAAP Reconciliation, which presents a historical reconciliation of certain commonly used non-GAAP financial measures, including EBIT and EBITDA. We present EBIT and EBITDA because we believe they provide additional information with respect to both the performance of our fundamental business activities and our ability to meet our future debt service, capital expenditures and working capital requirements. We also believe that debt holders commonly use EBITDA to analyze partnership performance. In addition, we have highlighted the impact of our long-term incentive plan, the cumulative effect of a change in accounting principle and, to the extent known, gains and losses related to SFAS 133 (primarily non-cash, mark-to-market adjustments) on EBITDA, Net Income and Net Income per Basic and Diluted Limited Partner Unit.

The following guidance for the three month periods ending September 30 and December 31 and twelve month period ending December 31, 2006 are based on assumptions and estimates that we believe are reasonable given our assessment of historical trends, business cycles and other information reasonably available. However, our assumptions and future performance are both subject to a wide range of business risks and uncertainties, so no assurance can be provided that actual performance will fall within the guidance ranges. Please refer to the information under the caption Forward-Looking Statements and Associated Risks below. These risks and uncertainties, as well as other unforeseeable risks and uncertainties, could cause our actual results to differ materially from those in the following table. The operating and financial guidance provided below is given as of the date hereof, based on information known to us as of July 31, 2006. We undertake no obligation to publicly update or revise any forward-looking statements.

Plains All American Pipeline, L.P.

Operating and Financial Guidance

(in millions, except per unit data)

	Actual Six Months Ended June 30, 2006	Guidance*		Three Months Ending December 31, 2006		Twelve Months Ending December 31, 2006	
		Low	High	Low	High	Low	High
Pipeline							
Net revenues	\$205.7	\$105.8	\$107.2	\$106.0	\$107.4	\$417.5	\$420.3
Field operating costs	(90.5)	(47.5)	(46.9)	(46.9)	(46.3)	(184.9)	(183.7)
General and administrative expenses	(24.1)	(11.4)	(11.2)	(11.6)	(11.4)	(47.1)	(46.7)
	91.1	46.9	49.1	47.5	49.7	185.5	189.9
Gathering, Marketing, Terminalling & Storage							
Net revenues	234.7	120.5	127.3	117.8	124.2	473.0	486.2
Field operating costs	(78.4)	(43.5)	(42.9)	(43.4)	(42.8)	(165.3)	(164.1)
General and administrative expenses	(35.1)	(18.8)	(18.5)	(19.0)	(18.7)	(72.9)	(72.3)
	121.2	58.2	65.9	55.4	62.7	234.8	249.8
Segment Profit	212.3	105.1	115.0	102.9	112.4	420.3	439.7
Depreciation and amortization expense	(42.9)	(24.8)	(24.4)	(25.8)	(25.4)	(93.5)	(92.7)
Interest expense	(33.3)	(20.4)	(19.6)	(20.4)	(19.6)	(74.1)	(72.5)
Equity earnings in PAA / Vulcan Gas Storage, LLC	0.9	0.9	1.0	3.5	4.0	5.3	5.9
Other Income (Expense)	0.4					0.4	0.4
Income Before Cumulative Effect of Change in Accounting Principle	137.4	60.8	72.0	60.2	71.4	258.4	280.8
Cumulative Effect of Change in Accounting Principle	6.3					6.3	6.3
Net Income	\$143.7	\$ 60.8	\$72.0	\$60.2	\$71.4	\$264.7	\$287.1
Net Income to Limited Partners	\$128.2	\$ 50.7	\$61.6	\$50.1	\$61.1	\$229.0	\$250.9
Basic Net Income Per Limited Partner Unit							