

ENTERPRISE PRODUCTS PARTNERS L P
Form 10-Q
November 06, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2015

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: 1-14323

ENTERPRISE PRODUCTS PARTNERS L.P.
(Exact Name of Registrant as Specified in Its Charter)

Delaware 76-0568219
(State or Other Jurisdiction of
Incorporation or Organization) (I.R.S. Employer Identification No.)

1100 Louisiana Street, 10th Floor
Houston, Texas 77002
(Address of Principal Executive Offices, including Zip Code)

(713) 381-6500
(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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

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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 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

There were 2,005,753,801 common units of Enterprise Products Partners L.P. outstanding at the close of business on October 30, 2015. Our common units trade on the New York Stock Exchange under the ticker symbol “EPD.”

ENTERPRISE PRODUCTS PARTNERS L.P.
TABLE OF CONTENTS

	Page No.
<u>PART I. FINANCIAL INFORMATION.</u>	
<u>Item 1. Financial Statements.</u>	
<u>Unaudited Condensed Consolidated Balance Sheets</u>	<u>2</u>
<u>Unaudited Condensed Statements of Consolidated Operations</u>	<u>3</u>
<u>Unaudited Condensed Statements of Consolidated Comprehensive Income</u>	<u>4</u>
<u>Unaudited Condensed Statements of Consolidated Cash Flows</u>	<u>5</u>
<u>Unaudited Condensed Statements of Consolidated Equity</u>	<u>6</u>
<u>Notes to Unaudited Condensed Consolidated Financial Statements:</u>	
<u>1. Partnership Operations, Organization and Basis of Presentation</u>	<u>7</u>
<u>2. General Accounting and Disclosure Matters</u>	<u>8</u>
<u>3. Equity-based Awards</u>	<u>10</u>
<u>4. Derivative Instruments, Hedging Activities and Fair Value Measurements</u>	<u>13</u>
<u>5. Inventories</u>	<u>21</u>
<u>6. Property, Plant and Equipment</u>	<u>22</u>
<u>7. Investments in Unconsolidated Affiliates</u>	<u>24</u>
<u>8. Business Acquisition</u>	<u>25</u>
<u>9. Intangible Assets and Goodwill</u>	<u>28</u>
<u>10. Debt Obligations</u>	<u>30</u>
<u>11. Equity and Distributions</u>	<u>32</u>
<u>12. Business Segments</u>	<u>36</u>
<u>13. Related Party Transactions</u>	<u>39</u>
<u>14. Earnings Per Unit</u>	<u>41</u>
<u>15. Commitments and Contingencies</u>	<u>41</u>
<u>16. Supplemental Cash Flow Information</u>	<u>44</u>
<u>17. Condensed Consolidating Financial Information</u>	<u>46</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.</u>	<u>54</u>
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk.</u>	<u>81</u>
<u>Item 4. Controls and Procedures.</u>	<u>84</u>
<u>PART II. OTHER INFORMATION.</u>	
<u>Item 1. Legal Proceedings.</u>	<u>84</u>
<u>Item 1A. Risk Factors.</u>	<u>85</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.</u>	<u>85</u>
<u>Item 3. Defaults Upon Senior Securities.</u>	<u>86</u>
<u>Item 4. Mine Safety Disclosures.</u>	<u>86</u>
<u>Item 5. Other Information.</u>	<u>86</u>
<u>Item 6. Exhibits.</u>	<u>86</u>
<u>Signatures</u>	<u>95</u>

Table of Contents

PART I. FINANCIAL INFORMATION.

Item 1. Financial Statements.

ENTERPRISE PRODUCTS PARTNERS L.P.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in millions)

	September 30, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$80.5	\$74.4
Restricted cash	46.2	--
Accounts receivable – trade, net of allowance for doubtful accounts of \$12.9 at September 30, 2015 and \$13.9 at December 31, 2014	2,802.0	3,823.0
Accounts receivable – related parties	1.7	2.8
Inventories	1,085.4	1,014.2
Derivative assets	241.8	226.0
Prepaid and other current assets	402.4	350.3
Total current assets	4,660.0	5,490.7
Property, plant and equipment, net	31,214.1	29,881.6
Investments in unconsolidated affiliates	2,625.3	3,042.0
Intangible assets, net of accumulated amortization of \$1,192.2 at September 30, 2015 and \$1,246.3 at December 31, 2014 (see Note 9)	4,082.1	4,302.1
Goodwill (see Note 9)	5,749.2	4,300.2
Other assets	197.1	184.4
Total assets	\$48,527.8	\$47,201.0
LIABILITIES AND EQUITY		
Current liabilities:		
Current maturities of debt (see Note 10)	\$1,619.4	\$2,206.4
Accounts payable – trade	844.9	773.8
Accounts payable – related parties	80.3	118.9
Accrued product payables	2,547.9	3,853.3
Accrued liability related to EFS Midstream acquisition (see Note 8)	997.7	--
Accrued interest	198.9	335.5
Other current liabilities	589.8	585.8
Total current liabilities	6,878.9	7,873.7
Long-term debt (see Note 10)	20,840.7	19,157.4
Deferred tax liabilities	53.4	66.6
Other long-term liabilities	401.9	411.1
Commitments and contingencies (see Note 15)		
Equity:		
Partners' equity:		
Limited partners:		
Common units (2,005,785,601 units outstanding at September 30, 2015 and 1,937,324,817 units outstanding at December 31, 2014)	20,392.8	18,304.8
Accumulated other comprehensive loss	(230.7)	(241.6)

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Total partners' equity	20,162.1	18,063.2
Noncontrolling interests	190.8	1,629.0
Total equity	20,352.9	19,692.2
Total liabilities and equity	\$48,527.8	\$47,201.0

See Notes to Unaudited Condensed Consolidated Financial Statements.

2

Table of Contents

ENTERPRISE PRODUCTS PARTNERS L.P.

UNAUDITED CONDENSED STATEMENTS OF CONSOLIDATED OPERATIONS

(Dollars in millions, except per unit amounts)

	For the Three		For the Nine Months	
	Months		Months	
	Ended September 30,	Ended September 30,	Ended September 30,	Ended September 30,
	2015	2014	2015	2014
Revenues:				
Third parties	\$6,294.0	\$12,319.2	\$20,845.6	\$37,697.1
Related parties	13.9	11.0	27.3	63.8
Total revenues (see Note 12)	6,307.9	12,330.2	20,872.9	37,760.9
Costs and expenses:				
Operating costs and expenses:				
Third parties	5,167.9	11,198.1	17,642.6	34,198.9
Related parties	284.7	216.7	783.9	735.5
Total operating costs and expenses	5,452.6	11,414.8	18,426.5	34,934.4
General and administrative costs:				
Third parties	20.8	18.1	57.9	60.0
Related parties	28.2	31.9	85.3	90.9
Total general and administrative costs	49.0	50.0	143.2	150.9
Total costs and expenses (see Note 12)	5,501.6	11,464.8	18,569.7	35,085.3
Equity in income of unconsolidated affiliates	103.1	72.3	302.5	179.1
Operating income	909.4	937.7	2,605.7	2,854.7
Other income (expense):				
Interest expense	(243.7)	(229.8)	(723.2)	(679.6)
Change in fair value of Liquidity Option Agreement (see Note 15)	(4.3)	--	(15.8)	--
Other, net	1.8	(1.0)	2.6	(0.2)
Total other expense, net	(246.2)	(230.8)	(736.4)	(679.8)
Income before income taxes	663.2	706.9	1,869.3	2,174.9
Provision for income taxes	(5.5)	(7.7)	(4.4)	(22.5)
Net income	657.7	699.2	1,864.9	2,152.4
Net income attributable to noncontrolling interests (see Note 11)	(8.4)	(8.1)	(28.5)	(24.8)
Net income attributable to limited partners	\$649.3	\$691.1	\$1,836.4	\$2,127.6
Earnings per unit: (see Note 14)				
Basic earnings per unit	\$0.33	\$0.38	\$0.94	\$1.16
Diluted earnings per unit	\$0.32	\$0.37	\$0.92	\$1.13

See Notes to Unaudited Condensed Consolidated Financial Statements.

3

Table of Contents

ENTERPRISE PRODUCTS PARTNERS L.P.
 UNAUDITED CONDENSED STATEMENTS OF CONSOLIDATED
 COMPREHENSIVE INCOME

(Dollars in millions)

	For the Three Months Ended September 30, 2015		For the Nine Months Ended September 30, 2014	
Net income	\$657.7	\$699.2	\$1,864.9	\$2,152.4
Other comprehensive income (loss):				
Cash flow hedges:				
Commodity derivative instruments:				
Changes in fair value of cash flow hedges	85.8	58.1	112.3	16.1
Reclassification of losses (gains) to net income	(46.8)	(18.0)	(128.1)	12.9
Interest rate derivative instruments:				
Reclassification of losses to net income	8.9	8.0	26.3	23.9
Total cash flow hedges	47.9	48.1	10.5	52.9
Other	--	--	0.4	--
Total other comprehensive income	47.9	48.1	10.9	52.9
Comprehensive income	705.6	747.3	1,875.8	2,205.3
Comprehensive income attributable to noncontrolling interests	(8.4)	(8.1)	(28.5)	(24.8)
Comprehensive income attributable to limited partners	\$697.2	\$739.2	\$1,847.3	\$2,180.5

See Notes to Unaudited Condensed Consolidated Financial Statements.

4

Table of Contents

ENTERPRISE PRODUCTS PARTNERS L.P.
 UNAUDITED CONDENSED STATEMENTS OF CONSOLIDATED CASH FLOWS
 (Dollars in millions)

	For the Nine Months Ended September 30,	
	2015	2014
Operating activities:		
Net income	\$1,864.9	\$2,152.4
Reconciliation of net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	1,147.7	992.4
Non-cash asset impairment charges (see Note 4)	139.1	18.2
Equity in income of unconsolidated affiliates	(302.5)	(179.1)
Distributions received from unconsolidated affiliates	362.4	260.7
Net losses (gains) attributable to asset sales and insurance recoveries (see Note 16)	14.7	