

Energy Transfer Partners, L.P.  
Form 10-Q  
November 09, 2010  
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 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, 2010

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** **73-1493906**  
(state or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)  
**3738 Oak Lawn Avenue, Dallas, Texas 75219**

(Address of principal executive offices and 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 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 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 ☐

Smaller reporting company ☐

(Do not check if a 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 November 3, 2010, the registrant had units outstanding as follows:

Energy Transfer Partners, L.P. 191,599,549 Common Units

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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. ( "Energy Transfer Partners" or "the Partnership" ) in periodic press releases and some oral statements of Energy Transfer Partners, officials during presentations about the Partnership, include certain forward-looking statements. Statements using words such as anticipate, believe, intend, project, plan, expect, continue, estimate, forecast, may, will or similar expressions help identify forward-looking statements. Partnership believes such forward-looking statements are based on reasonable assumptions and current expectations and projections about future events, no assurance can be given that such expectations will prove to be correct.

Actual results may differ materially from any results projected, 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 II Other Information Item 1A. Risk Factors in this Quarterly Report on Form 10-Q and our Quarterly Reports on Form 10-Q for the quarters ended March 31 and June 30, 2010, as well as Part I Item 1A. Risk Factors in the Partnership's Report on Form 10-K for the year ended December 31, 2009 filed with the Securities and Exchange Commission ( "SEC" ) on February 24, 2010.

### **Definitions**

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

/d	per day
Bbls	barrels
Btu	British thermal unit, an energy measurement. A therm factor is 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
Dth	million British thermal units ( "dekatherm" )
Mcf	thousand cubic feet
MMBtu	million British thermal units
MMcf	million cubic feet
Bcf	billion cubic feet
NGL	natural gas liquid, such as propane, butane and natural gasoline
Tcf	trillion cubic feet
LIBOR	London Interbank Offered Rate
NYMEX	New York Mercantile Exchange
Reservoir	a porous and permeable underground formation containing a natural accumulation of producible natural gas and/or oil that is confined by impermeable rock or water barriers and is separate from other reservoirs

**Table of Contents****PART I FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****ENERGY TRANSFER PARTNERS, L.P. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

(Dollars in thousands)

(unaudited)

	September 30, 2010	December 31, 2009
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 77,700	\$ 68,183
Marketable securities	2,270	6,055
Accounts receivable, net of allowance for doubtful accounts of \$6,382 and \$6,338 as of September 30, 2010 and December 31, 2009, respectively	400,665	566,522
Accounts receivable from related companies	45,774	57,369
Inventories	277,073	389,954
Exchanges receivable	18,473	23,136
Price risk management assets	5,740	12,371
Other current assets	121,605	148,373
Total current assets	949,300	1,271,963
PROPERTY, PLANT AND EQUIPMENT	10,763,239	9,649,405
ACCUMULATED DEPRECIATION	(1,203,104)	(979,158)
	9,560,135	8,670,247
ADVANCES TO AND INVESTMENTS IN AFFILIATES	7,863	663,298
LONG-TERM PRICE RISK MANAGEMENT ASSETS	201	
GOODWILL	772,825	745,505
INTANGIBLES AND OTHER ASSETS, net	424,007	383,959
Total assets	\$ 11,714,331	\$ 11,734,972

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

**Table of Contents****ENERGY TRANSFER PARTNERS, L.P. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

(Dollars in thousands)

(unaudited)

	September 30, 2010	December 31, 2009
<b><u>LIABILITIES AND PARTNERS' CAPITAL</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 275,406	\$ 358,997
Accounts payable to related companies	11,777	38,842
Exchanges payable	11,200	19,203
Price risk management liabilities	25	442
Accrued and other current liabilities	491,067	365,168
Current maturities of long-term debt	35,182	40,887
<b>Total current liabilities</b>	<b>824,657</b>	<b>823,539</b>
LONG-TERM DEBT, less current maturities	6,004,646	6,176,918
LONG-TERM PRICE MANAGEMENT LIABILITIES	13,164	
OTHER NON-CURRENT LIABILITIES	138,727	134,807
<b>COMMITMENTS AND CONTINGENCIES (Note 13)</b>		
<b>PARTNERS' CAPITAL:</b>		
General Partner	174,497	174,884
Limited Partners:		
Common Unitholders (191,578,586 and 179,274,747 units authorized, issued and outstanding at September 30, 2010 and December 31, 2009, respectively)	4,514,214	4,418,017
Class E Unitholders (8,853,832 units authorized, issued and outstanding held by subsidiary and reported as treasury units)		
Accumulated other comprehensive income	44,426	6,807
<b>Total partners' capital</b>	<b>4,733,137</b>	<b>4,599,708</b>
<b>Total liabilities and partners' capital</b>	<b>\$ 11,714,331</b>	<b>\$ 11,734,972</b>

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

**Table of Contents****ENERGY TRANSFER PARTNERS, L.P. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(Dollars in thousands, except per unit data)

(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
<b>REVENUES:</b>				
Natural gas operations	\$ 1,082,866	\$ 943,975	\$ 3,435,521	\$ 3,004,163
Retail propane	183,786	162,224	914,372	829,901
Other	23,992	23,397	80,438	77,449
<b>Total revenues</b>	<b>1,290,644</b>	<b>1,129,596</b>	<b>4,430,331</b>	<b>3,911,513</b>
<b>COSTS AND EXPENSES:</b>				
Cost of products sold natural gas operations	666,022	591,797	2,232,867	1,865,914
Cost of products sold retail propane	104,533	80,232	519,796	378,524
Cost of products sold other	6,856	6,119	20,470	18,842
Operating expenses	174,740	158,883	515,021	517,337
Depreciation and amortization	85,612	81,684	252,765	230,461
Selling, general and administrative	44,734	33,534	137,743	143,015
<b>Total costs and expenses</b>	<b>1,082,497</b>	<b>952,249</b>	<b>3,678,662</b>	<b>3,154,093</b>
<b>OPERATING INCOME</b>	<b>208,147</b>	<b>177,347</b>	<b>751,669</b>	<b>757,420</b>
<b>OTHER INCOME (EXPENSE):</b>				
Interest expense, net of interest capitalized	(101,241)	(101,503)	(309,217)	(284,228)
Equity in earnings of affiliates	595	9,581	10,848	11,751
Gains (losses) on disposal of assets	281	(1,088)	(198)	(1,333)
Gains (losses) on non-hedged interest rate derivatives	(11,963)	(18,241)	(11,963)	32,327
Allowance for equity funds used during construction	12,432	30	18,039	18,618
Impairment of investment in affiliate			(52,620)	
Other, net	1,129	3,433	(3,731)	4,400
<b>INCOME BEFORE INCOME TAX EXPENSE (BENEFIT)</b>	<b>109,380</b>	<b>69,559</b>	<b>402,827</b>	<b>538,955</b>
Income tax expense (benefit)	1,993	(2,897)	12,486	8,594
<b>NET INCOME</b>	<b>107,387</b>	<b>72,456</b>	<b>390,341</b>	<b>530,361</b>
<b>GENERAL PARTNER'S INTEREST IN NET INCOME</b>	<b>97,046</b>	<b>88,927</b>	<b>287,644</b>	<b>266,396</b>
<b>LIMITED PARTNERS' INTEREST IN NET INCOME (LOSS)</b>	<b>\$ 10,341</b>	<b>\$ (16,471)</b>	<b>\$ 102,697</b>	<b>\$ 263,965</b>

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BASIC NET INCOME (LOSS) PER LIMITED PARTNER UNIT	\$	0.05	\$	(0.10)	\$	0.54	\$	1.60
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