

PLAINS ALL AMERICAN PIPELINE LP

Form 10-Q

August 08, 2016

[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2016

OR

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

Commission File Number: 1-14569

PLAINS ALL AMERICAN PIPELINE, L.P.

Edgar Filing: PLAINS ALL AMERICAN PIPELINE LP - Form 10-Q

(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)

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 August 1, 2016, there were 397,736,728 Common Units outstanding.

Table of Contents

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

TABLE OF CONTENTS

	Page
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS:</u>	
<u>Condensed Consolidated Balance Sheets: As of June 30, 2016 and December 31, 2015</u>	3
<u>Condensed Consolidated Statements of Operations: For the three and six months ended June 30, 2016 and 2015</u>	4
<u>Condensed Consolidated Statements of Comprehensive Income: For the three and six months ended June 30, 2016 and 2015</u>	5
<u>Condensed Consolidated Statements of Changes in Accumulated Other Comprehensive Income/(Loss): For the six months ended June 30, 2016 and 2015</u>	5
<u>Condensed Consolidated Statements of Cash Flows: For the six months ended June 30, 2016 and 2015</u>	6
<u>Condensed Consolidated Statements of Changes in Partners' Capital: For the six months ended June 30, 2016 and 2015</u>	7
<u>Notes to the Condensed Consolidated Financial Statements:</u>	
<u>1. Organization and Basis of Consolidation and Presentation</u>	8
<u>2. Recent Accounting Pronouncements</u>	9
<u>3. Net Income Per Common Unit</u>	9
<u>4. Accounts Receivable, Net</u>	11
<u>5. Inventory, Linefill and Base Gas and Long-term Inventory</u>	11
<u>6. Goodwill</u>	12
<u>7. Debt</u>	12
<u>8. Partners' Capital and Distributions</u>	13
<u>9. Derivatives and Risk Management Activities</u>	14
<u>10. Related Party Transactions</u>	22
<u>11. Commitments and Contingencies</u>	22
<u>12. Operating Segments</u>	27
<u>13. Acquisitions, Dispositions and Impairments</u>	28
<u>14. Simplification Transactions</u>	28
<u>Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	31
<u>Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	51
<u>Item 4. CONTROLS AND PROCEDURES</u>	53
<u>PART II. OTHER INFORMATION</u>	
<u>Item 1. LEGAL PROCEEDINGS</u>	54
<u>Item 1A. RISK FACTORS</u>	54
<u>Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	54
<u>Item 3. DEFAULTS UPON SENIOR SECURITIES</u>	54
<u>Item 4. MINE SAFETY DISCLOSURES</u>	54
<u>Item 5. OTHER INFORMATION</u>	54
<u>Item 6. EXHIBITS</u>	54
<u>SIGNATURES</u>	55

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)

	June 30, 2016	December 31, 2015
	(unaudited)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 34	\$ 27
Trade accounts receivable and other receivables, net	2,015	1,785
Inventory	1,085	916
Other current assets	469	241
Total current assets	3,603	2,969
PROPERTY AND EQUIPMENT	15,849	15,654
Accumulated depreciation	(2,251)	(2,180)
Property and equipment, net	13,598	13,474
OTHER ASSETS		
Goodwill	2,396	2,405
Investments in unconsolidated entities	2,161	2,027
Linefill and base gas	902	898
Long-term inventory	184	129
Other long-term assets, net	319	386
Total assets	\$ 23,163	\$ 22,288
LIABILITIES AND PARTNERS CAPITAL		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 2,332	\$ 2,038
Short-term debt	1,302	999
Other current liabilities	395	370
Total current liabilities	4,029	3,407
LONG-TERM LIABILITIES		
Senior notes, net of unamortized discounts and debt issuance costs	9,128	9,698
Other long-term debt	358	677
Other long-term liabilities and deferred credits	678	567
Total long-term liabilities	10,164	10,942
COMMITMENTS AND CONTINGENCIES (NOTE 11)		

PARTNERS CAPITAL

Series A preferred unitholders (61,888,566 units outstanding)	1,509	
Common unitholders (397,736,728 and 397,727,624 units outstanding, respectively)	7,085	7,580
General partner	318	301
Total partners' capital excluding noncontrolling interests	8,912	7,881
Noncontrolling interests	58	58
Total partners' capital	8,970	7,939
Total liabilities and partners' capital	\$ 23,163	\$ 22,288

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
June 30,**

Six Months Ended