

Energy Transfer Partners, L.P.  
Form 10-Q  
May 12, 2008  
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**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 March 31, 2008

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 1-11727

**ENERGY TRANSFER PARTNERS, L.P.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(state or other jurisdiction or  
incorporation or organization)

**73-1493906**  
(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 is large accelerated filer, 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

At May 9, 2008, the registrant had units outstanding as follows:

Energy Transfer Partners, L.P. 142,819,957 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 within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Statements using words such as anticipate, believe, intend, project, plan, continue, estimate, forecast, may, will, or similar expressions help identify forward-looking statements. Although the 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 every objective will be reached.

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, 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 as well as the Partnership's Report on Form 10-K as of August 31, 2007 filed with the Securities and Exchange Commission on October 30, 2007.

**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
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.
Dekatherm	Million British thermal units. 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.
Mcf	thousand cubic feet
MMBtu	million British thermal unit
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)

	<b>March 31, 2008</b>	<b>December 31, 2007</b>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 122,260	\$ 56,467
Marketable securities	13,651	3,002
Accounts receivable, net of allowance for doubtful accounts	1,062,620	822,027
Accounts receivable from related companies	32,491	24,438
Inventories	116,160	361,954
Deposits paid to vendors	60,475	42,273
Prepaid expenses and other current assets	107,555	99,798
Total current assets	1,515,212	1,409,959
PROPERTY, PLANT AND EQUIPMENT, net	6,897,297	6,433,788
ADVANCES TO AND INVESTMENT IN AFFILIATES	1,253	86,167
GOODWILL	743,383	728,109
INTANGIBLES AND OTHER LONG-TERM ASSETS, net	365,939	350,138
Total assets	\$ 9,523,084	\$ 9,008,161

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)

	March 31, 2008	December 31, 2007
<b><u>LIABILITIES AND PARTNERS' CAPITAL</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 785,244	\$ 672,388
Accounts payable to related companies	26,197	48,483
Exchanges payable	43,533	40,382
Customer advances and deposits	41,056	75,831
Accrued and other current liabilities	155,658	180,465
Accrued capital expenditures	152,954	87,622
Interest payable	45,220	63,254
Current maturities of long-term debt	47,213	47,036
<b>Total current liabilities</b>	<b>1,297,075</b>	<b>1,215,461</b>
LONG-TERM DEBT, less current maturities	4,640,280	4,297,264
DEFERRED INCOME TAXES	106,837	102,762
OTHER NON-CURRENT LIABILITIES	14,654	13,483
<b>COMMITMENTS AND CONTINGENCIES (Note 12)</b>		
<b>Total liabilities</b>	<b>6,058,846</b>	<b>5,628,970</b>
<b>PARTNERS' CAPITAL:</b>		
General Partner	138,619	160,193
<b>Limited Partners:</b>		
Common Unitholders (142,819,957 and 142,069,957 units authorized, issued and outstanding at March 31, 2008 and December 31, 2007, respectively)	3,327,792	3,192,092
Class E Unitholders (8,853,832 units authorized, issued and outstanding held by subsidiary and reported as treasury units)	3,466,411	3,352,285
Accumulated other comprehensive income (loss), per accompanying statements	(2,173)	26,906
<b>Total partners' capital</b>	<b>3,464,238</b>	<b>3,379,191</b>
<b>Total liabilities and partners' capital</b>	<b>\$ 9,523,084</b>	<b>\$ 9,008,161</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)

	<b>Three Months Ended</b>	
	<b>March 31, 2008</b>	<b>February 28, 2007</b>
<b>REVENUES:</b>		
Natural gas operations	\$ 2,007,847	\$ 1,492,838
Retail propane	598,138	499,252
Other	33,386	70,390
<b>Total revenues</b>	<b>2,639,371</b>	<b>2,062,480</b>
<b>COSTS AND EXPENSES:</b>		
Cost of products sold natural gas operations	1,577,268	1,138,709
Cost of products sold retail propane	392,555	304,634
Cost of products sold other	9,895	42,473
Operating expenses	178,970	133,809
Depreciation and amortization	58,828	45,360
Selling, general and administrative	48,369	39,133
<b>Total costs and expenses</b>	<b>2,265,885</b>	<b>1,704,118</b>
<b>OPERATING INCOME</b>	<b>373,486</b>	<b>358,362</b>
<b>OTHER INCOME (EXPENSE):</b>		
Interest expense, net of interest capitalized	(55,549)	(40,772)
Equity in earnings (losses) of affiliates	74	(514)
Loss on disposal of assets	(1,451)	(3,229)
Other income, net	17,637	1,423
<b>INCOME BEFORE INCOME TAX EXPENSE AND MINORITY INTERESTS</b>	<b>334,197</b>	<b>315,270</b>
Income tax expense	5,862	3,300
<b>INCOME BEFORE MINORITY INTERESTS</b>	<b>328,335</b>	<b>311,970</b>
Minority interests		(856)
<b>NET INCOME</b>	<b>328,335</b>	<b>311,114</b>
<b>GENERAL PARTNER S INTEREST IN NET INCOME</b>	<b>74,364</b>	<b>60,567</b>
<b>LIMITED PARTNERS INTEREST IN NET INCOME</b>	<b>\$ 253,971</b>	<b>\$ 250,547</b>
<b>BASIC NET INCOME PER LIMITED PARTNER UNIT</b>	<b>\$ 1.34</b>	<b>\$ 1.33</b>
<b>BASIC AVERAGE NUMBER OF UNITS OUTSTANDING</b>	<b>142,762,265</b>	<b>136,977,139</b>
<b>DILUTED NET INCOME PER LIMITED PARTNER UNIT</b>	<b>\$ 1.34</b>	<b>\$ 1.33</b>

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DILUTED AVERAGE NUMBER OF UNITS OUTSTANDING	143,197,800	137,297,706
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The accompanying notes are an integral part of these condensed consolidated financial statements.



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(Dollars in thousands)

(unaudited)

	<b>Three Months Ended</b>	
	<b>March 31, 2008</b>	<b>February 28, 2007</b>
Net income	\$ 328,335	\$ 311,114
Other comprehensive income (loss), net of tax:		
Reclassification adjustment for gains and losses on derivative instruments accounted for as cash flow hedges included in net income	(22,691)	(121,511)
Change in value of derivative instruments accounted for as cash flow hedges	(6,221)	75,953
Change in value of available-for-sale securities	(167)	1,421
Comprehensive income	\$ 299,256	\$ 266,977
<b>Reconciliation of Accumulated Other Comprehensive Income (Loss), net of tax</b>		
Balance, beginning of period	\$ 26,906	\$ 59,603
Current period reclassification to earnings	(22,691)	(121,511)
Current period change in value	(6,388)	77,374
Balance, end of period	\$ (2,173)	\$ 15,466
<b>Components of Accumulated Other Comprehensive Income (Loss), net of tax</b>		
Commodity related hedges	\$ (3,012)	\$ 15,460
Interest rate hedges	521	(1,497)
Available-for-sale securities	318	1,503
Balance, end of period	\$ (2,173)	\$ 15,466

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

Table of ContentsENERGY TRANSFER PARTNERS, L.P. AND SUBSIDIARIESCONDENSED CONSOLIDATED STATEMENT OF PARTNERS' CAPITALFOR THE THREE MONTHS ENDED MARCH 31, 2008

(Dollars in thousands)

(unaudited)

	<b>General Partner</b>	<b>Limited Partner Common Unitholders</b>
<b>Balance, December 31, 2007</b>	\$ 160,193	\$ 3,192,092
Distributions to partners	(90,885)	(160,672)
Issuance of units in public offering		34,984
General Partner capital contribution	747	
Contribution receivable from General Partner	(5,806)	
Tax effect of remedial income allocation from tax amortization of goodwill		(975)
Non-cash executive compensation	6	306
Unit-based compensation expense		8,086
Net income	74,364	253,971
<b>Balance, March 31, 2008</b>	<b>\$ 138,619</b>	<b>\$ 3,327,792</b>

The accompanying notes are an integral part of this condensed consolidated financial statement.

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**ENERGY TRANSFER PARTNERS, L.P. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Dollars in thousands)

(unaudited)

	<b>Three Months Ended</b>	
	<b>March 31,</b>	<b>February 28,</b>
	<b>2008</b>	<b>2007</b>
<b>NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 383,944</b>	<b>\$ 443,443</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash paid for acquisitions, net of cash acquired	(40,753)	(50,246)
Capital expenditures, net of contributions in aid of construction costs	(452,660)	(305,817)
(Advances to) repayments from affiliates, net	63,534	(1,572)
Proceeds from the sale of assets	10,433	11,681
<b>Net cash used in investing activities</b>		