

ENTERPRISE PRODUCTS PARTNERS L P
Form 10-Q
November 10, 2014

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, 2014

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 (I.R.S. Employer Identification No.)
Incorporation or Organization)

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

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 1,935,026,941 common units of Enterprise Products Partners L.P. outstanding at the close of business on October 31, 2014. Our common units trade on the New York Stock Exchange under the ticker symbol "EPD."

ENTERPRISE PRODUCTS PARTNERS L.P.
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PART I. FINANCIAL INFORMATION.

Item 1. Financial Statements.

ENTERPRISE PRODUCTS PARTNERS L.P.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in millions)

	September 30, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,061.6	\$ 56.9
Restricted cash	6.6	65.6
Accounts receivable – trade, net of allowance for doubtful accounts of \$14.8 at September 30, 2014 and \$7.5 at December 31, 2013	5,320.8	5,475.5
Accounts receivable – related parties	2.6	6.8
Inventories	1,589.5	1,093.1
Prepaid and other current assets	384.4	325.5
Total current assets	8,365.5	7,023.4
Property, plant and equipment, net	27,963.3	26,946.6
Investments in unconsolidated affiliates	2,938.3	2,437.1
Intangible assets, net of accumulated amortization of \$1,208.4 at September 30, 2014 and \$1,150.0 at December 31, 2013	1,391.1	1,462.2
Goodwill (see Note 8)	2,079.9	2,080.0
Other assets	167.4	189.4
Total assets	\$42,905.5	\$40,138.7
LIABILITIES AND EQUITY		
Current liabilities:		
Current maturities of debt (see Note 9)	\$ 1,939.9	\$ 1,125.0
Accounts payable – trade	728.0	723.7
Accounts payable – related parties	122.6	150.5
Accrued product payables	5,564.6	5,608.7
Accrued interest	172.5	304.3
Other current liabilities	444.2	326.5
Total current liabilities	8,971.8	8,238.7
Long-term debt (see Note 9)	17,706.5	16,226.5
Deferred tax liabilities	63.2	60.8
Other long-term liabilities	182.1	172.3
Commitments and contingencies (see Note 14)		
Equity: (see Note 10)		
Partners' equity:		
Limited partners:		
Common units (1,880,223,189 units outstanding at September 30, 2014 and 1,871,370,016 units outstanding at December 31, 2013)	16,063.6	15,573.8
Accumulated other comprehensive loss	(306.1)	(359.0)
Total partners' equity	15,757.5	15,214.8
Noncontrolling interests	224.4	225.6

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Total equity	15,981.9	15,440.4
Total liabilities and equity	\$42,905.5	\$40,138.7

See Notes to Unaudited Condensed Consolidated Financial Statements.

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ENTERPRISE PRODUCTS PARTNERS L.P.

UNAUDITED CONDENSED STATEMENTS OF CONSOLIDATED OPERATIONS

(Dollars in millions, except per unit amounts)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2014	2013	2014	2013
Revenues:				
Third parties	\$12,319.2	\$12,085.6	\$37,697.1	\$34,605.4
Related parties	11.0	7.7	63.8	20.3
Total revenues (see Note 11)	12,330.2	12,093.3	37,760.9	34,625.7
Costs and expenses:				
Operating costs and expenses:				
Third parties	11,198.1	11,055.3	34,198.9	31,404.5
Related parties	216.7	218.2	735.5	656.6
Total operating costs and expenses	11,414.8	11,273.5	34,934.4	32,061.1
General and administrative costs:				
Third parties	18.1	17.4	60.0	54.6
Related parties	31.9	26.5	90.9	84.3
Total general and administrative costs	50.0	43.9	150.9	138.9
Total costs and expenses (see Note 11)	11,464.8	11,317.4	35,085.3	32,200.0
Equity in income of unconsolidated affiliates	72.3	44.0	179.1	126.1
Operating income	937.7	819.9	2,854.7	2,551.8
Other income (expense):				
Interest expense	(229.8)	(208.3)	(679.6)	(604.4)
Interest income	0.3	0.2	1.1	0.7
Other, net	(1.3)	0.4	(1.3)	(0.5)
Total other expense, net	(230.8)	(207.7)	(679.8)	(604.2)
Income before income taxes	706.9	612.2	2,174.9	1,947.6
Provision for income taxes	(7.7)	(19.4)	(22.5)	(46.2)
Net income	699.2	592.8	2,152.4	1,901.4
Net income attributable to noncontrolling interests (see Note 10)	(8.1)	(0.8)	(24.8)	(3.4)
Net income attributable to limited partners	\$691.1	\$592.0	\$2,127.6	\$1,898.0
Earnings per unit: (see Note 13)				
Basic earnings per unit	\$0.38	\$0.33	\$1.16	\$1.07
Diluted earnings per unit	\$0.37	\$0.32	\$1.13	\$1.03

See Notes to Unaudited Condensed Consolidated Financial Statements.

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

	For the Three Months Ended September 30, 2014		For the Nine Months Ended September 30, 2013	
Net income	\$699.2	\$592.8	\$2,152.4	\$1,901.4
Other comprehensive income (loss):				
Cash flow hedges:				
Commodity derivative instruments:				
Changes in fair value of cash flow hedges	58.1	(8.6)	16.1	(22.1)
Reclassification of losses (gains) to net income	(18.0)	14.6	12.9	14.7
Interest rate derivative instruments:				
Changes in fair value of cash flow hedges	--	--	--	6.7
Reclassification of losses to net income	8.0	7.7	23.9	21.4
Total cash flow hedges	48.1	13.7	52.9	20.7
Other	--	--	--	0.4
Total other comprehensive income	48.1	13.7	52.9	21.1
Comprehensive income	747.3	606.5	2,205.3	1,922.5
Comprehensive income attributable to noncontrolling interests	(8.1)	(0.8)	(24.8)	(3.4)
Comprehensive income attributable to limited partners	\$739.2	\$605.7	\$2,180.5	\$1,919.1

See Notes to Unaudited Condensed Consolidated Financial Statements.

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ENTERPRISE PRODUCTS PARTNERS L.P.

UNAUDITED CONDENSED STATEMENTS OF CONSOLIDATED CASH FLOWS

(Dollars in millions)

	For the Nine Months Ended September 30,	
	2014	2013
Operating activities:		
Net income	\$2,152.4	\$1,901.4
Reconciliation of net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	992.4	902.3
Non-cash asset impairment charges (see Note 4)	18.2	53.3
Equity in income of unconsolidated affiliates	(179.1)	(126.1)
Distributions received from unconsolidated affiliates	260.7	187.6
Net gains attributable to asset sales and insurance recoveries (see Note 16)	(99.0)	