

SUNOCO LOGISTICS PARTNERS L.P.
Form 10-Q
November 07, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q
(Mark one)

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

For the quarterly period ended September 30, 2013
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 1-31219
SUNOCO LOGISTICS PARTNERS L.P.
(Exact name of registrant as specified in its charter)

Delaware 23-3096839
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

1818 Market Street, Suite 1500, 19103
Philadelphia, PA (Zip Code)

Registrant's telephone number, including area code: (866) 248-4344

Former name, former address and former fiscal year, if changed since last report: Not Applicable

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 definition of "large accelerated filer," "accelerated filer," "non-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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

At September 30, 2013, the number of the registrant's Common Units outstanding were 103,809,638.

SUNOCO LOGISTICS PARTNERS L.P.
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PART I.

FINANCIAL INFORMATION

Item 1. Financial Statements

SUNOCO LOGISTICS PARTNERS L.P.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(UNAUDITED)

(in millions, except per unit amounts)

	Successor Three Months Ended September 30, 2013	Predecessor Three Months Ended September 30, 2012	Successor Nine Months Ended September 30, 2013	Predecessor Nine Months Ended September 30, 2012
Revenues				
Sales and other operating revenue:				
Unaffiliated customers	\$4,120	\$3,066	\$11,166	\$9,460
Affiliates (Note 4)	408	141	1,185	461
Gain on divestment and related matters (Note 2)	—	—	—	11
Total Revenues	4,528	3,207	12,351	9,932
Costs and Expenses				
Cost of products sold	4,287	2,958	11,534	9,214
Operating expenses	36	39	87	97
Selling, general and administrative expenses	33	30	100	86
Depreciation and amortization expense	68	26	196	76
Impairment charge and related matters (Notes 2 and 16)	—	—	—	(1)
Total Costs and Expenses	4,424	3,053	11,917	9,472
Operating Income	104	154	434	460
Interest cost and debt expense, net	(25)	(24)	(72)	(73)
Capitalized interest	3	4	14	8
Other income	7	11	16	18
Income Before Provision for Income Taxes	89	145	392	413
Provision for income taxes (Note 8)	(8)	(8)	(23)	(24)
Net Income	81	137	369	389
Less: Net income attributable to noncontrolling interests	(3)	(3)	(8)	(8)
Net Income Attributable to Sunoco Logistics Partners L.P.	78	134	361	381
Less: General Partner's interest	(31)	(21)	(88)	(55)
Limited Partners' interest ⁽¹⁾	\$47	\$113	\$273	\$326
Net Income Attributable to Sunoco Logistics Partners L.P. per Limited Partner unit (Note 5):				
Basic	\$0.45	\$1.09	\$2.63	\$3.15
Diluted	\$0.45	\$1.09	\$2.62	\$3.14
Weighted average Limited Partners' units outstanding (Note 5):				
Basic	103.8	103.6	103.8	103.5

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Diluted	104.3	103.9	104.3	103.9
Comprehensive Income	\$81	\$120	\$369	\$368
Less: Comprehensive income attributable to noncontrolling interests	(3) (3) (8) (8
Comprehensive Income Attributable to Sunoco Logistics Partners L.P.	\$78	\$117	\$361	\$360

⁽¹⁾ Includes interest in net income attributable to Class A units, which were converted to common units in July 2012. (See Accompanying Notes)

SUNOCO LOGISTICS PARTNERS L.P.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (UNAUDITED)
 (in millions)

	Successor September 30, 2013	December 31, 2012
Assets		
Cash and cash equivalents	\$2	\$3
Advances to affiliated companies (Note 4)	182	56
Accounts receivable, affiliated companies (Note 4)	7	19
Accounts receivable, net	2,233	1,834
Inventories (Note 6)	568	478
Total Current Assets	2,992	2,390
Properties, plants and equipment	6,401	5,673
Less accumulated depreciation and amortization	(209) (50
Properties, plants and equipment, net	6,192	5,623
Investment in affiliates	121	118
Goodwill	1,346	1,368
Intangible assets, net	806	843
Other assets	41	19
Total Assets	\$11,498	\$10,361
Liabilities and Equity		
Accounts payable	\$2,374	\$1,932
Accounts payable, affiliated companies (Note 4)	12	12
Accrued liabilities	84	127
Accrued taxes payable (Note 8)	73	60
Total Current Liabilities	2,543	2,131
Long-term debt (Note 9)	2,309	1,732
Other deferred credits and liabilities	75	60
Deferred income taxes (Note 8)	252	243
Commitments and contingent liabilities (Note 10)		
Total Liabilities	5,179	4,166
Total Equity	6,319	6,195
Total Liabilities and Equity	\$11,498	\$10,361
(See Accompanying Notes)		

SUNOCO LOGISTICS PARTNERS L.P.
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (UNAUDITED)
 (in millions)

	Successor Nine Months Ended September 30, 2013	Predecessor Nine Months Ended September 30, 2012	
Cash Flows from Operating Activities:			
Net Income	\$369	\$389	
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	196	76	
Impairment charge and related matters	—	(1)
Claim for recovery of environmental liability	—	(14)
Expected proceeds from insurance recovery	(3)	—
Amortization of bond premium	(17)	—
Restricted unit incentive plan expense	10	6	
Deferred income tax expense	4	—	
Changes in working capital pertaining to operating activities:			
Accounts receivable, affiliated companies	12	(1	