

ENTERPRISE PRODUCTS PARTNERS L P  
Form 8-K  
August 16, 2006

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM 8-K

CURRENT REPORT PURSUANT

TO SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): August 16, 2006

## ENTERPRISE PRODUCTS PARTNERS L.P.

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**1-14323**  
(Commission  
File Number)

**76-0568219**  
(I.R.S. Employer  
Identification No.)

**1100 Louisiana, 18th Floor**  
**Houston, Texas 77002**  
(Address of Principal Executive Offices, including Zip Code)

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**(713) 381-6500**

(Registrant's Telephone Number, including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 7.01. Regulation FD Disclosure.**

In accordance with General Instruction B.2 of Form 8-K, the following information shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended.

On August 16, 2006, Robert G. Phillips, and several members of senior management of Enterprise Products Partners L.P. ( Enterprise Products Partners ), gave a presentation to investors and analysts regarding the businesses, growth strategies and recent financial performance of Enterprise Products Partners. Mr. Phillips is the President and Chief Executive Officer of Enterprise Products GP, LLC, the general partner of Enterprise Products Partners. Enterprise Products Partners is a North American midstream energy company that provides a wide range of services to producers and consumers of natural gas, natural gas liquids ( NGLs ), and crude oil. In addition, Enterprise Products Partners is an industry leader in the development of pipeline and other midstream assets in the continental United States and Gulf of Mexico.

A copy of the presentation is filed as Exhibit 99.1 to this Current Report on Form 8-K. In addition, interested parties will be able to view the presentation by visiting Enterprise Products Partners website, [www.epplp.com](http://www.epplp.com). The presentation will be archived on its website for 90 days.

Unless the context requires otherwise, references to we, our, EPD, or the Company within the presentation or this Current Report on Form 8-K shall mean Enterprise Products Partners and its consolidated subsidiaries. References to EPE refer to Enterprise GP Holdings L.P., which is the sole member of Enterprise Products GP, LLC. EPE and its general partner and the Company and its general partner are under common control of Dan L. Duncan, the Chairman and controlling shareholder of EPCO, Inc. ( EPCO ). Mr. Duncan is the primary sponsor of the Company s activities.

References to GTM or GulfTerra mean Enterprise GTM Holdings L.P., the successor to GulfTerra Energy Partners, L.P. Also, merger with GTM or GTM Merger refers to the merger of GulfTerra with a wholly owned subsidiary of Enterprise Products Partners on September 30, 2004 and the various transactions related thereto.

The presentation contains various forward-looking statements. For a general discussion of such statements, please refer to Slide 2.

**USE OF INDUSTRY TERMS AND OTHER ABBREVIATIONS IN PRESENTATION**

As used within the Investor Presentation, the following industry terms and other abbreviations have the following meanings:

Bcf	Billion cubic feet
Bcf/d	Billion cubic feet per day
BEF	An octane enhancement production facility wholly-owned by the Company
bph	Barrels per hour
CAGR	Compound Annual Growth Rate

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Cameron Highway or CHOPS	Cameron Highway Oil Pipeline
CGP	Chemical grade propylene
DCF	Distributable Cash Flow
EBITDA	Earnings before interest, taxes, depreciation and amortization
FERC	Federal Energy Regulatory Commission
GOM	Gulf of Mexico
GP	General partner
IDR	Incentive distribution rights
LNG	Liquefied natural gas
LP	Limited partner
LPG	Liquefied petroleum gas
MAPL	Mid-America Pipeline System, an NGL pipeline system wholly-owned by the Company

*Use of Industry Terms and Other Abbreviations in Presentation (Continued)*

MBPD	Thousand barrels per day
Mdth/d	Million decatherms per day
MLP	Master Limited Partnership
MMBbls	Million barrels
MMBbl/yr	Millions of barrels per year
MMBPD	Millions of barrels per day
MMDth/d	Millions of decatherms per day
MMcf/d	Million cubic feet per day
MTBV, MB or Mont Belvieu	Mont Belvieu, Texas
NGL	Natural gas liquid
NYSE	New York Stock Exchange
PGP	Polymer grade propylene
RGP	Refinery grade propylene
ROI	Return on investment
TBtu/d	Trillion British thermal units per day
Tcf	Trillion cubic feet
TEPPCO	TEPPCO Partners, L.P.
WACC	Weighted-average cost of capital

**USE OF NON-GAAP FINANCIAL MEASURES**

Our presentation includes references to the non-generally accepted accounting principle ( non-GAAP ) financial measures of gross operating margin, distributable cash flow, EBITDA and Consolidated EBITDA. To the extent appropriate, this Current Report on Form 8-K provides reconciliations of these non-GAAP financial measures to their most directly comparable historical financial measures calculated and presented in accordance with accounting principles generally accepted in the United States of America ( GAAP ). Our non-GAAP financial measures should not be considered as alternatives to GAAP measures such as net income, operating income, cash flow from operating activities or any other GAAP measure of liquidity or financial performance.

***Gross Operating Margin***

*Gross operating margin amounts (Slides 9, 10, 130 and 162).* We evaluate segment performance based on the non-GAAP financial measure of gross operating margin. Gross operating margin (either in total or by individual segment) is an important performance measure of the core profitability of our operations. This measure forms the basis of our internal financial reporting and is used by senior management in deciding how to allocate capital resources among business segments. We believe that investors benefit from having access to the same financial measures that our management uses in evaluating segment results. The GAAP measure most directly comparable to total segment gross operating margin is operating income.

We define total segment gross operating margin as operating income before: (i) depreciation, amortization and accretion expense; (ii) operating lease expenses for which we do not have the payment obligation; (iii) gains and losses on the sale of assets; and (iv) general and administrative expenses. Gross operating margin is exclusive of other income and expense transactions, provision for income taxes, minority interest, cumulative effect of changes in accounting principles and extraordinary charges. Gross operating margin by segment is calculated by subtracting

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segment operating costs and expenses (net of the adjustments noted above) from segment revenues, with both segment totals before the elimination of intercompany transactions. In accordance with GAAP, intercompany accounts and transactions are eliminated in consolidation. Our non-GAAP financial measure of total segment gross operating margin should not be considered as an alternative to GAAP operating income.

We include earnings from equity method unconsolidated affiliates in our measurement of segment gross operating margin. Our joint ventures with industry partners are a vital component of our business strategy. They are a means by which we conduct our operations to align our interests with those of our customers, which may be a supplier of raw materials to the joint venture or a consumer of products made by the joint venture. This method of operation enables us to achieve favorable economies of scale relative to the level of investment and business risk we

assume versus what we could accomplish on a stand-alone basis. Many of these businesses perform supporting or complementary roles to our other business operations. As circumstances dictate, we may increase our ownership interests in such investments, which could result in their subsequent consolidation into our operations.

Reconciliations of our non-GAAP quarterly gross operating margin amounts (as shown in our presentation) to their respective GAAP operating income amounts are presented as Schedule A to this Current Report on Form 8-K.

### ***Distributable Cash Flow***

*Distributable cash flow.* We define distributable cash flow as net income or loss plus: (i) depreciation, amortization and accretion expense; (ii) operating lease expenses for which we do not have the payment obligation; (iii) cash distributions received from unconsolidated affiliates less equity in the earnings of such unconsolidated affiliates; (iv) the subtraction of sustaining capital expenditures; (v) the addition of losses or subtraction of gains relating to the sale of assets; (vi) cash proceeds from the sale of assets or return of investment from unconsolidated affiliates; (vii) gains or losses on monetization of financial instruments recorded in accumulated other comprehensive income less related amortization of such amount to earnings; (viii) transition support payments received from El Paso related to the GTM merger and (ix) the addition of losses or subtraction of gains relating to other miscellaneous non-cash amounts affecting net income for the period. Sustaining capital expenditures are capital expenditures (as defined by GAAP) resulting from improvements to and major renewals of existing assets. Distributable cash flow is a significant liquidity metric used by our senior management to compare basic cash flows generated by us to the cash distributions we expect to pay our partners. Using this metric, our management can compute the coverage ratio of estimated cash flows to planned cash distributions.

Distributable cash flow is also an important non-GAAP financial measure for our limited partners since it serves as an indicator of our success in providing a cash return on investment. Specifically, this financial measure indicates to investors whether or not we are generating cash flows at a level that can sustain or support an increase in our quarterly cash distribution rate. Distributable cash flow is also a quantitative standard used by the investment community with respect to publicly traded partnerships such as ours because the value of a partnership unit is in part measured by its yield (which in turn is based on the amount of cash distributions a partnership pays to a unitholder). The GAAP measure most directly comparable to distributable cash flow is cash flow from operating activities.

*Reinvested distributable cash flow (Slide 132 and 135).* Our presentation includes references to the estimated amount of distributable cash flow that we have reinvested in the Company since (i) January 1, 1999 and (ii) September 30, 2004, which was the date we completed the GTM Merger. These estimates were calculated by summing our distributable cash flow amounts for the respective periods and deducting the cash distributions we paid to partners with respect to such periods.

Schedule B to this Current Report on Form 8-K presents (i) our calculation of the estimated reinvestment distributable cash flow amount for each period and (ii) a reconciliation of the underlying quarterly distributable cash flow amounts to their respective GAAP cash flow from operating activities amounts.

### ***EBITDA***

*EBITDA (Slide 162).* We define EBITDA as net income or loss plus interest expense, provision for income taxes and depreciation, amortization and accretion expense. EBITDA is commonly used as a supplemental financial measure by management and external users of our financial

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statements, such as investors, commercial banks, research analysts and rating agencies, to assess: (i) the financial performance of our assets without regard to financing methods, capital structures or historical cost basis; (ii) the ability of our assets to generate cash sufficient to pay interest cost and support our indebtedness; (iii) our operating performance and return on capital as compared to those of other companies in the midstream energy industry, without regard to financing and capital structure; and (iv) the viability of projects and the overall rates of return on alternative investment opportunities. Because EBITDA excludes some, but not all, items that affect net income or loss and because these measures may vary among other companies, the EBITDA data presented in the our presentation may not be comparable to similarly titled measures of other companies. The GAAP measure most directly comparable to EBITDA is cash flow from operating activities.



Reconciliations of our non-GAAP EBITDA amounts (as shown in the presentation) to their respective GAAP cash flow from operating activities amounts are presented as Schedule C to this Current Report on Form 8-K.

***Consolidated EBITDA***

*Consolidated EBITDA (Slide 10 and 131)*. The presentation includes references to our Consolidated EBITDA, which is a financial measure calculated by Enterprise Products Operating L.P. (our Operating Partnership ) in connection with the provisions of its multi-year revolving credit facility. Schedule D presents the Operating Partnership s calculation of quarterly Consolidated EBITDA amounts along with a reconciliation to its closest GAAP counterpart, which is cash flow from operating activities.

**Item 9.01. Financial Statements and Exhibits.**

**(d) Exhibits.**

<b>Exhibit Number</b>	<b>Exhibit</b>
99.1	Enterprise Products Partners L.P. investor and analyst presentation, August 16, 2006.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ENTERPRISE PRODUCTS PARTNERS L.P.

By: Enterprise Products GP, LLC, as general partner

Date: August 16, 2006

By: \_\_\_/s/ Michael J. Knesek\_\_\_\_\_  
Michael J. Knesek  
Senior Vice President, Controller

and Principal Accounting Officer  
of Enterprise Products GP, LLC

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Enterprise Products Partners L.P.

Schedule A

Gross Operating Margin by Segment (Dollars in 000s, Unaudited)

	For the Quarterly Period			
	4Q 04	1Q 05	2Q 05	3Q 05
Gross operating margin by segment:				
NGL Pipelines & Services	\$142,466	\$153,304	\$120,328	\$ 153,760
Onshore Natural Gas Pipelines & Services	72,049	79,358	84,903	93,513
Offshore Pipelines & Services	33,901	23,224	22,034	16,922
Petrochemical Services	30,784	19,328	18,610	47,621
Total segment gross operating margin	279,200	275,214	245,875	311,816
<u>Adjustments to reconcile Non-GAAP "Gross Operating Margin" to GAAP "Operating Income"</u>				
Deduct depreciation and amortization in operating costs and expenses	(99,060)	(99,965)	(101,048)	(103,028)
Deduct operating lease expense paid by EPCO	(885)	(528)	(528)	(528)
Add/Deduct gains (losses) on sales of assets	16,059	5,436	(83)	(611)
Deduct general and administrative expenses	(20,030)	(14,693)	(18,710)	(13,252)
Operating Income	\$175,284	\$165,464	\$125,506	\$ 194,397

	For the Quarterly Period		
	4Q 05	1Q 06	2Q 06
Gross operating margin by segment:			
NGL Pipelines & Services	\$152,314	\$170,950	\$146,414
Onshore Natural Gas Pipelines & Services	95,302	96,803	86,651
Offshore Pipelines & Services	15,325	17,252	20,515
Petrochemical Services	40,501	27,518	57,044
Total segment gross operating margin	303,442	312,523	310,624
<u>Adjustments to reconcile Non-GAAP "Gross Operating Margin" to GAAP "Operating Income"</u>			
Deduct depreciation and amortization in operating costs and expenses	(109,400)	(104,816)	(107,952)
Deduct operating lease expense paid by EPCO	(528)	(528)	(528)
Add/Deduct gains (losses) on sales of assets	(254)	61	136
Deduct general and administrative expenses	(15,611)	(13,740)	(16,235)
Operating Income	\$177,649	\$193,500	\$186,045