PLAINS ALL AMERICAN PIPELINE LP
Form 8-K
February 09, 2011

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) **February 9, 2011**

Plains All American Pipeline, L.P.

(Exact name of registrant as specified in its charter)

DELAWARE	**1-14569**	**76-0582150**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

333 Clay Street, Suite 1600, Houston, Texas 77002
(Address of principal executive offices) (Zip Code)

Registrant s telephone number, including area code **713-646-4100**

(Former name or former address, if changed since last report.)

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:

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

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

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

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

Item 9.01. Financial Statements and Exhibits

(d) Exhibit 99.1 Press Release dated February 9, 2011.

Item 2.02 and Item 7.01. Results of Operations and Financial Condition; Regulation FD Disclosure

Plains All American Pipeline, L.P. (the Partnership) today issued a press release reporting its fourth-quarter and annual 2010 results. We are furnishing the press release, attached as Exhibit 99.1, pursuant to Item 2.02 and Item 7.01 of Form 8-K. We are providing detailed guidance for financial performance for the first quarter of calendar 2011 and for the full year. In accordance with General Instruction B.2. of Form 8-K, the information presented herein under this Item 7.01 shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), nor shall it be deemed incorporated by reference in any filing under the Exchange Act or Securities Act of 1933, as amended, except as expressly set forth by specific reference in such a filing.

Disclosure of First Quarter and Full Year 2011 Guidance

To supplement our financial information presented in accordance with GAAP, management uses additional measures that are known as non-GAAP financial measures in its evaluation of past performance and prospects for the future. Management believes that the presentation of such additional financial measures provides useful information to investors regarding our financial condition and results of operations because these measures, when used in conjunction with related GAAP financial measures, (i) provide additional information about our core operations and ability to generate and distribute cash flow, (ii) provide investors with the financial analytical framework upon which management bases financial, operational, compensation and planning decisions and (iii) present measurements that investors, rating agencies and debt holders have indicated are useful in assessing us and our results of operations. EBIT and EBITDA (each as defined below in Note 1 to the Operating and Financial Guidance table) are non-GAAP financial measures. Net income and cash flows from operating activities are the most directly comparable GAAP measures to EBIT and EBITDA. In Note 11 below, we reconcile net income to EBIT and EBITDA for the 2011 guidance periods presented. We do not, however, reconcile cash flows from operating activities to EBIT and EBITDA, because such reconciliations are impractical for a forecasted period. We encourage you to visit our website at *www.paalp.com* (in particular the section entitled Non-GAAP Reconciliations), which presents a historical reconciliation of EBIT and EBITDA as well as certain other commonly used non-GAAP financial measures. In addition, we have highlighted the impact of our (i) equity compensation expense, (ii) net loss on early repayment of senior notes, and (iii) PAA Natural Gas Storage (PNG) insurance deductible for the Bluewater incident as well as SG Resources acquisition related costs, as such items affect Segment Profit, EBITDA, Net Income attributable to Plains and Net Income per Basic and Diluted Limited Partner Unit.

We based our guidance for the three-month period ending March 31, 2011 and twelve-month period ending December 31, 2011 on assumptions and estimates that we believe are reasonable given our assessment of historical trends (modified for changes in market conditions), business cycles and other reasonably available information. Projections covering multi-quarter periods contemplate inter-period changes in future performance resulting from new expansion projects, seasonal operational changes (such as LPG sales) and acquisition synergies. Our assumptions and future performance, however, are both subject to a wide range of business risks and uncertainties, so no assurance can be provided that actual performance will fall within the guidance ranges. Please refer to information under the caption Forward-Looking Statements and Associated Risks below. These risks and uncertainties, as well as other unforeseeable risks and uncertainties, could cause our actual results to differ materially from those in the following table. The operating and financial guidance provided below is given as of the date hereof, based on information known to us as of February 8, 2011. We undertake no obligation to publicly update or revise any forward-looking statements.

On December 29, 2010 PAA announced that PAA Natural Gas Storage, L.P. (in which PAA has a general partner interest and majority equity ownership position) entered into a definitive agreement to acquire SG Resources Mississippi, LLC, (SG Resources). The primary asset of SG Resources is the Southern Pines Energy Center (Southern Pines) which is a FERC-regulated, high-performance, salt-cavern natural gas storage facility. These projections include the effect of the Southern Pines acquisition which closed on February 9, 2011 for total consideration of approximately $750 million.

Plains All American Pipeline, L.P.

Operating and Financial Guidance

(in millions, except per unit data)

	Guidance			
	3 Months Ending March 31, 2011		12 Months Ending December 31, 2011	
	Low	High	Low	High
Segment Profit				
Net revenues (including equity earnings from unconsolidated entities)	$ 521	$ 543	$ 2,154	$ 2,199
Field operating costs	(190)	(184)	(773)	(755)
General and administrative expenses	(63)	(61)	(236)	(229)
	268	298	1,145	1,215
Depreciation and amortization expense	(55)	(52)	(231)	(222)
Interest expense, net	(70)	(67)	(269)	(262)
Income tax benefit (expense)	(8)	(6)	(22)	(18)
Other income (expense), net	(26)	(26)	(22)	(22)
Net Income	**$ 109**	**$ 147**	**$ 601**	**$ 691**
Less: Net income attributable to noncontrolling interests	(2)	(1)	(23)	(21)
Net Income attributable to Plains	**$ 107**	**$ 146**	**$ 578**	**$ 670**
Net Income to Limited Partners	$ 60	$ 98	$ 376	$ 466
Basic Net Income Per Limited Partner Unit				
Weighted Average Units Outstanding	141	141	141	141
Net Income Per Unit	$ 0.42	$ 0.69	$ 2.62	$ 3.26
Diluted Net Income Per Limited Partner Unit				
Weighted Average Units Outstanding	142	142	142	142
Net Income Per Unit	$ 0.41	$ 0.68	$ 2.60	$ 3.24
EBIT	**$ 187**	**$ 220**	**$ 892**	**$ 971**
EBITDA	**$ 242**	**$ 272**	**$ 1,123**	**$ 1,193**
Selected Items Impacting Comparability				
Equity compensation expense	$ (10)	$ (10)	$ (39)	$ (39)
PNG insurance deductible on Bluewater incident and Southern Pines acquisition related expenses	(5)	(5)	(5)	(5)
Net loss on early repayment of senior notes	(23)	(23)	(23)	(23)
	$ (38)	$ (38)	$ (67)	$ (67)
Excluding Selected Items Impacting Comparability				
Adjusted Segment Profit				
Transportation	$ 138	$ 143	$ 585	$ 598
Facilities	73	76	353	360