UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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x 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

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

Commission file number: 1-14569

PLAINS ALL AMERICAN PIPELINE, L.P.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**76-0582150** (I.R.S. Employer Identification No.)
333 Clay Street, Suite 1600, Houston, Texas (Address of principal executive offices)	**77002** (Zip Code)

(713) 646-4100

(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. x Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, 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). x Yes o 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 the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

As of October 31, 2013, there were 342,950,166 Common Units outstanding.

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PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

Item 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions, except units)

	September 30, 2013	December 31, 2012
	(unaudited)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 33	$ 24
Trade accounts receivable and other receivables, net	3,562	3,563
Inventory	1,198	1,209
Other current assets	352	351
Total current assets	5,145	5,147
PROPERTY AND EQUIPMENT	12,245	11,142
Accumulated depreciation	(1,638)	(1,499)
	10,607	9,643
OTHER ASSETS		
Goodwill	2,519	2,535
Linefill and base gas	770	707
Long-term inventory	218	274
Investments in unconsolidated entities	474	343
Other, net	534	586
Total assets	$ 20,267	$ 19,235
LIABILITIES AND PARTNERS CAPITAL		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 4,049	$ 3,822
Short-term debt	619	1,086
Other current liabilities	343	275
Total current liabilities	5,011	5,183
LONG-TERM LIABILITIES		
Senior notes, net of unamortized discount of $15 and $15, respectively	6,710	6,010
Long-term debt under credit facilities and other	308	310
Other long-term liabilities and deferred credits	554	586
Total long-term liabilities	7,572	6,906
COMMITMENTS AND CONTINGENCIES (NOTE 12)		

PARTNERS CAPITAL				
Common unitholders (342,950,166 and 335,283,874 units outstanding, respectively)		6,873		6,388
General partner		277		249
Total partners capital excluding noncontrolling interests		7,150		6,637
Noncontrolling interests		534		509
Total partners capital		7,684		7,146
Total liabilities and partners capital	$	20,267	$	19,235

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

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PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except per unit data)

	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
	(unaudited)		(unaudited)	
REVENUES				
Supply and Logistics segment revenues	$ 10,386	$ 9,048	$ 30,542	$ 27,367
Transportation segment revenues	179	150	517	458
Facilities segment revenues	138	156	558	533
Total revenues	10,703	9,354	31,617	28,358
COSTS AND EXPENSES				
Purchases and related costs	9,909	8,524	28,733	25,855
Field operating costs	326	292	1,010	860
General and administrative expenses	79	81	276	264
Depreciation and amortization	93	210	265	356
Total costs and expenses	10,407	9,107	30,284	27,335
OPERATING INCOME	296	247	1,333	1,023
OTHER INCOME/(EXPENSE)				
Equity earnings in unconsolidated entities	19	9	42	25
Interest expense (net of capitalized interest of $11, $9, $30 and $27, respectively)	(72)	(74)	(224)	(214)
Other income, net	3	4	2	6
INCOME BEFORE TAX	246	186	1,153	840
Current income tax expense	(17)	(10)	(69)	(32)
Deferred income tax benefit/(expense)	8	(3)	(10)	(11)
NET INCOME	237	173	1,074	797
Net income attributable to noncontrolling interests	(6)	(8)	(22)	(23)
NET INCOME ATTRIBUTABLE TO PLAINS	$ 231	$ 165	$ 1,052	$ 774
NET INCOME ATTRIBUTABLE TO PLAINS:				
LIMITED PARTNERS	$ 133	$ 89	$ 764	$ 554
GENERAL PARTNER	$ 98	$ 76	$ 288	$ 220
BASIC NET INCOME PER LIMITED PARTNER UNIT	$ 0.38	$ 0.27	$ 2.23	$ 1.71
DILUTED NET INCOME PER LIMITED PARTNER UNIT	$ 0.38	$ 0.27	$ 2.22	$ 1.70
BASIC WEIGHTED AVERAGE UNITS OUTSTANDING	343	329	340	322
DILUTED WEIGHTED AVERAGE UNITS OUTSTANDING	345	331	342	325

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

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PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions)

	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
	(unaudited)		(unaudited)	
Net income	$ 237	$ 173	$ 1,074	$ 797
Other comprehensive income/(loss)	39	84	(99)	35
Comprehensive income	276	257	975	832
Comprehensive income attributable to noncontrolling interests	(7)	(5)	(27)	(15)
Comprehensive income attributable to Plains	$ 269	$ 252	$ 948	$ 817

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF

CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME

(in millions)

	Derivative Instruments	Translation Adjustments (unaudited)	Total
Balance at December 31, 2012	$ (120)	$ 200	$ 80
Reclassification adjustments	(124)		(124)
Deferred gain on cash flow hedges, net of tax	140		140
Currency translation adjustments		(115)	(115)
Total period activity	16	(115)	(99)
Balance at September 30, 2013	$ (104)	$ 85	$ (19)

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

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PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)

	Nine Months Ended September 30, 2013	2012
	(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 1,074	$ 797
Reconciliation of net income to net cash provided by operating activities:		
Depreciation and amortization	265	356
Inventory valuation adjustments	7	128
Equity-indexed compensation expense	96	82
Gain on sales of linefill and base gas	(5)	(17)
Settlement of terminated interest rate and foreign currency hedging instruments	8	(23)
(Gain)/loss on foreign currency revaluation	(6)	2
Deferred income tax expense	10	11
Other	(7)	(3)
Changes in assets and liabilities, net of acquisitions	152	(453)
Net cash provided by operating activities	1,594	880
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid in connection with acquisitions, net of cash acquired	(28)	(1,537)
Additions to property, equipment and other	(1,217)	(852)
Cash received for sales of linefill and base gas	25	55
Cash paid for purchases of linefill and base gas	(61)	(94)
Investment in unconsolidated entities	(124)	(24)
Proceeds from sales of assets	62	21
Cash received upon formation of equity-method investment		55
Other investing activities	3	
Net cash used in investing activities	(1,340)	(2,376)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings/(repayments) under PAA senior secured hedged inventory facility (Note 7)	(659)	619
Net borrowings/(repayments) under PAA senior unsecured revolving credit facility (Note 7)	(92)	26
Net borrowings/(repayments) under PNG credit agreement (Note 7)	(32)	54
Net borrowings under commercial paper program (Note 7)	319	
Proceeds from the issuance of senior notes	699	1,247
Repayments of senior notes		(500)
Net proceeds from the issuance of common units (Note 9)	400	812
Net proceeds from the issuance of PNG common units	40	
Distributions paid to common unitholders (Note 9)	(585)	(502)
Distributions paid to general partner (Note 9)	(270)	(208)
Distributions paid to noncontrolling interests	(37)	(36)
Other financing activities	(25)	(11)
Net cash (used in)/provided by financing activities	(242)	1,501
Effect of translation adjustment on cash	(3)	1
Net increase in cash and cash equivalents	9	6

Cash and cash equivalents, beginning of period		24		26
Cash and cash equivalents, end of period	$	33	$	32
Cash paid for:				
Interest, net of amounts capitalized	$	230	$	207
Income taxes, net of amounts refunded	$	19	$	58

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

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PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF PARTNERS CAPITAL

(in millions)

	Common Units		General Partner	Partners Capital Excluding Noncontrolling Interests	Noncontrolling Interests	Partners Capital
	Units	Amount				
			(unaudited)			
Balance at December 31, 2012	335.3	$ 6,388	$ 249	$ 6,637	$ 509	$ 7,146
Net income		764	288	1,052	22	1,074
Distributions		(585)	(270)	(855)	(37)	(892)
Issuance of common units	7.2	392	8	400		400
Issuance of common units under LTIP	0.8	4		4		4
Units tendered by employees to satisfy tax withholding obligations	(0.3)	(15)		(15)		(15)
Equity-indexed compensation expense		24	4	28	3	31
Distribution equivalent right payments		(4)		(4)		(4)
Issuance of PNG common units		8		8	32	40
Other		(1)		(1)		(1)
Other comprehensive income/(loss)		(102)	(2)	(104)	5	(99)
Balance at September 30, 2013	343.0	$ 6,873	$ 277	$ 7,150	$ 534	$ 7,684

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

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PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

Note 1 Organization and Basis of Presentation

Organization

Plains All American Pipeline, L.P. is a Delaware limited partnership formed in 1998. As used in this Form 10-Q and unless the context indicates otherwise, the terms Partnership, Plains, PAA, we, us, our, ours and similar terms refer to Plains All American Pipeline, L.P. and its subsidiaries. Our 2% general partner interest is held by PAA GP LLC, a Delaware limited liability company, whose sole member is Plains AAP, L.P., a Delaware limited partnership. On October 21, 2013, Plains GP Holdings, L.P., a Delaware limited partnership that has elected to be treated as a corporation for U.S. federal income tax purposes (PAGP) completed its initial public offering. As a result of the offering, PAGP currently owns an approximate 21.8% limited partner interest in Plains AAP, L.P. The remaining limited partner interests in Plains AAP, L.P. continue to be held by the owners of PAA s general partner entities immediately prior to PAGP s initial public offering. In addition to its ownership of PAA GP LLC, Plains AAP, L.P. also owns all of the incentive distribution rights in PAA. Plains All American GP LLC, a Delaware limited liability company, is Plains AAP, L.P. s general partner. References to our general partner, as the context requires, include any or all of PAA GP LLC, Plains AAP, L.P. and Plains All American GP LLC.

We engage in the transportation, storage, terminalling and marketing of crude oil and refined products, as well as in the processing, transportation, fractionation, storage and marketing of natural gas liquids (NGL). The term NGL includes ethane and natural gasoline products as well as propane and butane, products which are also commonly referred to as liquefied petroleum gas (LPG). When used in this document, NGL refers to all NGL products including LPG. Through our general partner interest and majority equity ownership position in PAA Natural Gas Storage, L.P. (NYSE: PNG), we also own and operate natural gas storage facilities. Our business activities are conducted through three operating segments: (i) Transportation, (ii) Facilities and (iii) Supply and Logistics. See Note 13 for further discussion of our operating segments.

Potential Acquisition of Publicly-held Common Units of PNG

On October 22, 2013, we announced our entry into a definitive agreement and plan of merger (the Merger Agreement) with PNG that provides for a merger whereby PNG will become our wholly-owned subsidiary through a unit-for-unit exchange (the Merger). Under the terms of the Merger Agreement, we will issue 0.445 PAA common units for each outstanding PNG common unit held by unitholders other than us, plus cash in lieu of any fractional PAA common units otherwise issuable in the Merger. There are approximately 33.0 million PNG common units owned by unitholders other than us and consummation of the transaction is expected to result in the issuance of approximately 14.7 million PAA common units. In connection with the closing of the Merger, the owners of our general partner have agreed to reduce their incentive distribution rights under our Partnership Agreement by $12 million in each of 2014 and 2015, $10 million in 2016 and $5 million per year thereafter.

The closing of the Merger is subject to the satisfaction of certain conditions, including the approval of the Merger and the Merger Agreement at a special meeting of the unitholders of PNG by the affirmative vote of holders of a majority of the outstanding PNG common units (including PNG common units held by us) voting as a separate class and the affirmative vote of holders of a majority of PNG s outstanding subordinated units voting as a separate class. We own 100% of the membership interests in the general partner of PNG, 100% of the outstanding subordinated units of PNG and approximately 46% of the 61.2 million outstanding common units of PNG. Pursuant to the Merger Agreement, we have agreed to vote our common units and subordinated units in favor of the Merger. We anticipate that the Merger will close in the latter half of the fourth quarter of 2013 or the first quarter of 2014, and that the previously announced quarterly distribution of $0.3575 per PNG common unit payable to holders of record of such units on November 1, 2013 will be paid on November 14, 2013 as scheduled.

Definitions

Additional defined terms are used in this Form 10-Q and shall have the meanings indicated below:

AOCI	=	Accumulated other comprehensive income
Bcf	=	Billion cubic feet
Btu	=	British thermal unit
CAD	=	Canadian dollar
CME	=	Chicago Mercantile Exchange
DERs	=	Distribution equivalent rights
EBITDA	=	Earnings before interest, taxes, depreciation and amortization
FASB	=	Financial Accounting Standards Board
FERC	=	Federal Energy Regulatory Commission
GAAP	=	Generally accepted accounting principles in the United States
ICE	=	IntercontinentalExchange

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LIBOR	=	London Interbank Offered Rate
LLS	=	Light Louisiana Sweet
LTIP	=	Long-term incentive plan
Mcf	=	Thousand cubic feet
MLP	=	Master limited partnership
NGL	=	Natural gas liquids including ethane, natural gasoline products, propane and butane
NPNS	=	Normal purchases and normal sales
NYMEX	=	New York Mercantile Exchange
NYSE	=	New York Stock Exchange
PLA	=	Pipeline loss allowance
PNG	=	PAA Natural Gas Storage, L.P.
SEC	=	Securities and Exchange Commission
USD	=	United States dollar
WTI	=	West Texas Intermediate
WTS	=	West Texas Sour

Basis of Consolidation and Presentation

The accompanying unaudited condensed consolidated interim financial statements and notes thereto should be read in conjunction with our 2012 Annual Report on Form 10-K. The financial statements have been prepared in accordance with the instructions for interim reporting as set forth by the SEC. All adjustments (consisting only of normal recurring adjustments) that in the opinion of management were necessary for a fair statement of the results for the interim periods have been reflected. All significant intercompany transactions have been eliminated in consolidation. Certain reclassifications have been made to information from previous years to conform to the current presentation. The condensed consolidated balance sheet data as of December 31, 2012 was derived from audited financial statements, but does not include all disclosures required by GAAP. The results of operations for the three and nine months ended September 30, 2013 should not be taken as indicative of results to be expected for the entire year.

Subsequent events have been evaluated through the financial statements issuance date and have been included in the following footnotes where applicable.

Note 2 Recent Accounting Pronouncements

Other than as discussed below and in our 2012 Annual Report on Form 10-K, no new accounting pronouncements have become effective or have been issued during the nine months ended September 30, 2013 that are of significance or potential significance to us.

In March 2013, the FASB issued guidance regarding the release of cumulative translation adjustments into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a business within a foreign entity. This guidance becomes effective beginning after December 15, 2013. We will adopt this guidance on January 1, 2014. Our adoption is not expected to have a material impact on our financial position, results of operations or cash flows.

In February 2013, the FASB issued guidance requiring an entity to present either in a single note or parenthetically on the face of the financial statements (i) the amount of significant items reclassified from each component of AOCI and (ii) the income statement line items affected by the reclassification. This guidance became effective for interim and annual periods beginning after December 15, 2012. We adopted this guidance during the first quarter of 2013. During the nine months ended September 30, 2013 and 2012, all reclassifications out of AOCI were related to derivative instruments. Other than requiring additional disclosure, which is included in Note 11, our adoption did not have an impact on our financial position, results of operations or cash flows.

In July 2012, the FASB issued guidance intended to simplify the impairment test for indefinite-lived intangible assets other than goodwill by giving entities the option to first assess qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired. The results of the qualitative assessment would be used as a basis in determining whether it is necessary to perform the two-step quantitative impairment testing. An entity can choose to perform the qualitative assessment on none, some or all of its indefinite-lived intangible assets, or may bypass the qualitative assessment and proceed directly to the quantitative impairment test. This guidance is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012, with early adoption permitted in certain circumstances. We adopted this guidance on January 1, 2013. Our adoption did not have a material impact on our financial position, results of operations or cash flows.

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In December 2011, the FASB issued guidance requiring disclosures of both gross and net information about recognized financial instruments and derivative instruments that are either (i) offset in accordance with the specified sections of GAAP or (ii) subject to an enforceable master netting arrangement or similar agreement. In January 2013, the FASB amended and clarified the scope of these disclosures to include only (i) derivative instruments, (ii) repurchase agreements and reverse repurchase agreements and (iii) securities lending transactions. This guidance is effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. We adopted this guidance on January 1, 2013. Other than requiring additional disclosure, which is included in Note 11, our adoption did not have an impact on our financial position, results of operations or cash flows.

Note 3 Accounts Receivable

Our accounts receivable are primarily from purchasers and shippers of crude oil and, to a lesser extent, purchasers of crude oil, NGL, natural gas and refined products terminalling and storage services. These purchasers include, but are not limited to refiners, producers, marketing and trading companies and financial institutions that are active in the physical and financial commodity markets. The majority of our accounts receivable relate to our crude oil supply and logistics activities that can generally be described as high volume and low margin activities, in many cases involving exchanges of crude oil volumes.

To mitigate credit risk related to our accounts receivable, we have in place a rigorous credit review process. We closely monitor market conditions in order to make a determination with respect to the amount, if any, of credit to be extended to any given customer and the form and amount of financial performance assurances we require. Such financial assurances are commonly provided to us in the form of standby letters of credit, parental guarantees or advance cash payments. At September 30, 2013 and December 31, 2012, we had received approximately $122 million and $173 million, respectively, of advance cash payments from third parties to mitigate credit risk. Furthermore, at September 30, 2013 and December 31, 2012, we had received approximately $452 million and $343 million, respectively, of standby letters of credit to support obligations due from third parties, a portion of which applies to future business. In addition, in an effort to mitigate credit risk, a significant portion of our transactions with counterparties are settled on a net-cash basis. Further, we enter into netting agreements (contractual agreements that allow us to offset receivables and payables with those counterparties against each other on our balance sheet) for a majority of such arrangements.

We review all outstanding accounts receivable balances on a monthly basis and record a reserve for amounts that we expect will not be fully recovered. We do not apply actual balances against the reserve until we have exhausted substantially all collection efforts. At September 30, 2013 and December 31, 2012, substantially all of our accounts receivable (net of allowance for doubtful accounts) were less than 30 days past their scheduled invoice date. Our allowance for doubtful accounts receivable totaled approximately $4 million at both September 30, 2013 and December 31, 2012. Although we consider our allowance for doubtful trade accounts receivable to be adequate, actual amounts could vary significantly from estimated amounts.

Note 4 Dispositions

In February 2013, we signed a definitive agreement to sell certain refined products pipeline systems and related assets included in our Transportation segment. At December 31, 2012, these assets were classified as held for sale on our condensed consolidated balance sheet (in Other current assets). On July 1, 2013, a portion of the transaction closed with the sale of certain of the refined products pipeline systems and related assets. The remaining assets were classified as held for sale on our condensed consolidated balance sheet as of September 30, 2013. We expect to close the balance of the transaction during the fourth quarter of 2013.

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Note 5 Inventory, Linefill and Base Gas and Long-term Inventory

Inventory, linefill and base gas and long-term inventory consisted of the following as of the dates indicated (barrels and natural gas volumes in thousands and carrying value in millions):

	September 30, 2013				December 31, 2012			
	Volumes	Unit of Measure	Carrying Value	Price/ Unit (1)	Volumes	Unit of Measure	Carrying Value	Price/ Unit (1)
Inventory								
Crude oil	5,624	barrels	$ 535	$ 95.13	9,492	barrels	$ 737	$ 77.64
NGL	13,767	barrels	539	$ 39.15	9,472	barrels	388	$ 40.96
Natural gas	29,443	Mcf	101	$ 3.43	20,374	Mcf	60	$ 2.94
Other	N/A		23	N/A	N/A		24	N/A
Inventory subtotal			1,198				1,209	
Linefill and base gas								
Crude oil	10,520	barrels	645	$ 61.31	9,919	barrels	583	$ 58.78
NGL	1,345	barrels	64	$ 47.58	1,400	barrels	70	$ 50.00
Natural gas	17,615	Mcf	61	$ 3.46	15,755	Mcf	54	$ 3.43
Linefill and base gas subtotal			770				707	
Long-term inventory								
Crude oil	2,134	barrels	167	$ 78.26	1,962	barrels	149	$ 75.94
NGL	1,161	barrels	51	$ 43.93	3,238	barrels	125	$ 38.60
Long-term inventory subtotal			218				274	
Total			$ 2,186				$ 2,190	

(1) Price per unit of measure represents a weighted average associated with various grades, qualities and locations. Accordingly, these prices may not coincide with any published benchmarks for such products.

At the end of each reporting period we assess the carrying value of our inventory and make any adjustments necessary to reduce the carrying value to the applicable net realizable value. We recorded a non-cash charge of approximately $7 million during the three and nine months ended September 30, 2013, primarily related to the writedown of our crude oil inventory due to declines in prices during the period. During the three and nine months ended September 30, 2012, we recorded non-cash charges of approximately $7 million and $128 million, respectively, related to the writedown of our crude oil and NGL inventory due to declines in prices during the period. The recognition of these adjustments in 2013 and 2012, which are a component of Purchases and related costs in our accompanying condensed consolidated statements of operations, was substantially offset by the recognition of gains on derivative instruments being utilized to hedge the future sales of our crude oil and NGL inventory. Substantially all of such gains were recorded to Supply and Logistics segment revenues on our condensed consolidated statements of operations. See note 11 for discussion of our derivative and risk management activities.

Note 6 Goodwill

The table below reflects our goodwill by segment and changes during the period indicated (in millions):

	Transportation	Facilities	Supply and Logistics	Total
Balance at December 31, 2012	$ 897	$ 1,171	$ 467	$ 2,535
2013 Goodwill Related Activity:				
Acquisitions	6			6
Foreign currency translation adjustments	(10)	(5)	(2)	(17)
Purchase price accounting adjustments and other **(1)**	(5)			(5)
Balance at September 30, 2013	$ 888	$ 1,166	$ 465	$ 2,519

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(1) Goodwill is recorded at the acquisition date based on a preliminary fair value determination. This preliminary goodwill balance may be adjusted when the fair value determination is finalized.

We completed our annual goodwill impairment test as of June 30 and determined that there was no impairment of goodwill.

Note 7 Debt

Debt consisted of the following as of the dates indicated (in millions):

	September 30, 2013	December 31, 2012
SHORT-TERM DEBT		
Credit Facilities **(1)**:		
PAA senior secured hedged inventory facility, bearing a weighted-average interest rate of 1.6% at December 31, 2012 **(2)**	$	$ 665
PAA senior unsecured revolving credit facility, bearing a weighted-average interest rate of 2.4% at December 31, 2012 **(2)**		92
PNG senior unsecured revolving credit facility, bearing a weighted-average interest rate of 2.0% and 2.1% at September 30, 2013 and December 31, 2012, respectively **(3)**	46	77
Commercial paper notes, bearing a weighted-average interest rate of 0.25% at September 30, 2013 **(2)**	319	
5.63% senior notes due December 2013 **(4)**	250	250
Other	4	2
Total short-term debt	619	1,086
LONG-TERM DEBT		
Senior notes, net of unamortized discounts of $15 at both September 30, 2013 and December 31, 2012 **(5)**	6,710	6,010
Credit Facilities and Other Long-Term Debt **(1)**:		
PNG senior unsecured revolving credit facility, bearing a weighted-average interest rate of 2.0% and 2.1% at September 30, 2013 and December 31, 2012, respectively **(3)**	103	105
PNG GO Bond term loans, bearing a weighted-average interest rate of 1.5% at both September 30, 2013 and December 31, 2012	200	200
Other	5	5
Total long-term debt	7,018	6,320
Total debt **(2) (3) (6)**	$ 7,637	$ 7,406

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(1) In August 2013, we renewed and extended our principal bank credit facilities. See Credit Facilities below for further discussion.

(2) We classify as short-term certain borrowings under our commercial paper program, PAA senior unsecured revolving credit facility and PAA senior secured hedged inventory facility. These borrowings are primarily designated as working capital borrowings, must be repaid within one year and are primarily for hedged NGL and crude oil inventory and NYMEX and ICE margin deposits.

(3) PNG classifies as short-term debt any borrowings under the PNG senior unsecured revolving credit facility that have been designated as working capital borrowings and must be repaid within one year. Such borrowings are primarily related to a portion of PNG s hedged natural gas inventory.

(4) Our $250 million 5.63% senior notes will mature in December 2013 and are thus classified as short-term at September 30, 2013 and December 31, 2012.

(5) In August 2013, we completed the issuance of $700 million, 3.85% senior notes due 2023 at a public offering price of 99.792%. Interest payments are due on April 15 and October 15 of each year, commencing on April 15, 2014.

(6) Our fixed-rate senior notes (including current maturities) had a face value of approximately $7.0 billion and $6.3 billion at September 30, 2013 and December 31, 2012, respectively. We estimated the aggregate fair value of these notes as of September 30, 2013 and December 31, 2012 to be approximately $7.5 billion and $7.3 billion, respectively. Our fixed-rate senior notes are traded among institutions, and these trades are routinely published by a reporting service. Our determination of fair value is based on reported trading activity near quarter end. We estimate that the carrying value of outstanding borrowings under our credit agreements and commercial paper program approximates fair value as interest rates reflect current market rates. The fair value estimates for our senior notes and borrowings under our credit agreements and commercial paper program are based upon observable market data and are classified within level 2 of the fair value hierarchy.

Commercial Paper Program

In August 2013, we established a commercial paper program under which we may issue, from time to time, privately placed, unsecured commercial paper notes for up to a maximum aggregate amount outstanding at any time of $1.5 billion. Such notes are backstopped by the PAA senior unsecured revolving credit facility and the PAA senior secured hedged inventory facility; as such, any borrowings under our commercial paper program reduce the available capacity under these facilities.

Credit Facilities

In August 2013, we amended our senior secured hedged inventory facility and senior unsecured revolving credit facility agreements to, among other things, extend the maturity dates of the facilities by two years. The facilities now mature in August 2016 and August 2018, respectively. Also in August 2013, PNG extended the maturity date of its senior unsecured revolving credit facility and GO Bond term loans by one year to August 2017.

Borrowings and Repayments

Total borrowings under our credit agreements and commercial paper program for the nine months ended September 30, 2013 and 2012 were approximately $12.7 billion and $8.5 billion, respectively. Total repayments under our credit agreements and commercial paper program were approximately $13.2 billion and $7.8 billion for the nine months ended September 30, 2013 and 2012, respectively. The variance in total gross borrowings and repayments is impacted by various business and financial factors including, but not limited to, the timing, average term and method of general partnership borrowing activities.

Letters of Credit

In connection with our supply and logistics activities and PNG s natural gas storage and commercial marketing activities, we provide certain suppliers with irrevocable standby letters of credit to secure our obligation for the purchase of crude oil, NGL and natural gas. Additionally, we issue letters of credit to support insurance programs and construction activities. At September 30, 2013 and December 31, 2012, we had outstanding letters of credit of approximately $42 million and $24 million, respectively.

Note 8 Net Income Per Limited Partner Unit

Basic and diluted net income per limited partner unit is determined pursuant to the two-class method for Master Limited Partnerships as prescribed in the FASB guidance. The two-class method is an earnings allocation formula that is used to determine earnings to our general partner, common unitholders and participating securities according to distributions pertaining to the current period s net income and participation rights in undistributed earnings. Under this method, all earnings are allocated to our general partner, common unitholders and participating securities based on their respective rights to receive distributions, regardless of whether those earnings would actually be distributed during a particular period from an economic or practical perspective.

The Partnership calculates basic and diluted net income per limited partner unit by dividing net income attributable to Plains, after deducting the amount allocated to the general partner s interest, incentive distribution rights (IDRs) and participating securities, by the basic and diluted weighted-average number of limited partner units outstanding during the period. Participating securities include LTIP awards that have vested DERs, which entitle the grantee to a cash payment equal to the cash distribution paid on our outstanding common units.

Diluted net income per limited partner unit is computed based on the weighted average number of units plus the effect of dilutive potential units outstanding during the period using the two-class method. Our LTIP awards that contemplate the issuance of common units are considered dilutive unless (i) vesting occurs only upon the satisfaction of a performance condition and (ii) that performance condition has yet to be satisfied. LTIP awards that are deemed to be dilutive are reduced by a hypothetical unit repurchase based on the remaining unamortized fair value, as prescribed by the treasury stock method in guidance issued by the FASB. See Note 15 to our Consolidated Financial Statements included in Part IV of our 2012 Annual Report on Form 10-K for a complete discussion of our LTIP awards including specific discussion regarding DERs.

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The following table sets forth the computation of basic and diluted earnings per limited partner unit for the three and nine months ended September 30, 2013 and 2012 (in millions, except per unit data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Basic Net Income per Limited Partner Unit				
Net income attributable to Plains	$ 231	$ 165	$ 1,052	$ 774
General partner s incentive distribution **(1)**	(95			