

SUNOCO LOGISTICS PARTNERS L.P.

Form 10-Q

May 03, 2012

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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 March 31, 2012

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)

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Delaware (State or other jurisdiction of incorporation or organization)	23-3096839 (I.R.S. Employer Identification No.)
1818 Market Street, Suite 1500, Philadelphia, PA (Address of principal executive offices)	19103 (Zip Code)
Registrant's telephone number, including area code: (866) 248-4344	
Former name, former address and formal 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, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.:

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>

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

At March 31, 2012, the number of the registrant's Common Units and Class A Units outstanding were 99,601,231 and 3,939,435, respectively.

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Table of Contents**PART I****FINANCIAL INFORMATION****Item 1. Financial Statements****SUNOCO LOGISTICS PARTNERS L.P.****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****(UNAUDITED)****(in millions, except per unit amounts)**

	Three Months Ended March 31,	
	2012	2011
Revenues		
Sales and other operating revenue:		
Affiliates (Note 3)	\$ 126	\$ 303
Unaffiliated customers	3,275	1,955
Other income	2	2
Gain on divestment and related matters (Note 2)	11	
Total Revenues	3,414	2,260
Costs and Expenses		
Cost of products sold and operating expenses	3,225	2,145
Depreciation and amortization expense	25	18
Impairment charge	9	
Selling, general and administrative expenses	26	22
Total Costs and Expenses	3,285	2,185
Operating Income	129	75
Net interest cost - affiliates (Note 3)		1
Other interest cost and debt expense, net	26	20
Capitalized interest	(2)	(1)
Income Before Provision for Income Taxes	\$ 105	\$ 55
Provision for income taxes (Note 6)	8	5
Net Income	\$ 97	\$ 50
Net income attributable to noncontrolling interests	2	2
Net Income Attributable to Sunoco Logistics Partners L.P.	\$ 95	\$ 48
Calculation of Limited Partners' interest:		
Net income attributable to Sunoco Logistics Partners L.P.	\$ 95	\$ 48
Less: General Partner's interest	(15)	(12)

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Limited Partners interest⁽¹⁾	\$ 80	\$ 36
Net Income Attributable to Sunoco Logistics Partners L.P. per Limited Partner unit (Note 4):		
Basic	\$ 0.77	\$ 0.36
Diluted	\$ 0.77	\$ 0.36
Weighted average Limited Partners units outstanding:		
Basic	103.5	99.3
Diluted	103.9	99.8
Comprehensive Income	\$ 93	\$ 51
Comprehensive income attributable to noncontrolling interests	2	2
Comprehensive Income Attributable to Sunoco Logistics Partners L.P.	\$ 91	\$ 49

⁽¹⁾ Includes interest in net income attributable to Class A units.
(See Accompanying Notes)

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SUNOCO LOGISTICS PARTNERS L.P.
CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions)

	March 31, 2012 (UNAUDITED)	December 31, 2011
Assets		
Current Assets		
Cash and cash equivalents	\$ 2	\$ 5
Advances to affiliated companies (Note 3)	35	107
Accounts receivable, affiliated companies (Note 3)	17	
Accounts receivable, net	2,001	2,188
Inventories (Note 5)	279	206
Total Current Assets	2,334	2,506
Properties, plants and equipment	3,263	3,234
Less accumulated depreciation and amortization	(730)	(712)
Properties, plants and equipment, net	2,533	2,522
Investment in affiliates (Note 7)	73	73
Goodwill	77	77
Intangible assets, net	270	277
Other assets	34	22
Total Assets	\$ 5,321	\$ 5,477
Liabilities and Equity		
Accounts payable	\$ 2,086	\$ 2,111
Current portion of long-term debt (Note 8)		250
Accrued liabilities	67	112
Accrued taxes payable (Note 6)	59	62
Total Current Liabilities	2,212	2,535
Long-term debt (Note 8)	1,583	1,448
Other deferred credits and liabilities	73	78
Deferred income taxes (Note 6)	223	222
Commitments and contingent liabilities (Note 9)		
Total Liabilities	4,091	4,283
Total Equity	1,230	1,194
Total Liabilities and Equity	\$ 5,321	\$ 5,477

(See Accompanying Notes)

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SUNOCO LOGISTICS PARTNERS L.P.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(in millions)

	Three Months Ended March 31,	
	2012	2011
Cash Flows from Operating Activities:		
Net Income	\$ 97	\$ 50
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	25	18
Impairment charge	9	
Deferred income tax expense	1	
Amortization of financing fees and bond discount	1	1
Restricted unit incentive plan expense	3	3
Claim on recovery of environmental liability	(12)	
Changes in working capital pertaining to operating activities:		
Accounts receivable, affiliated companies	(17)	152
Accounts receivable, net	182	(409)
Inventories	(73)	(236)
Accounts payable and accrued liabilities	(68)	427
Accrued taxes	(3)	(1)
Other	(6)	1
Net cash provided by operating activities	139	6
Cash Flows from Investing Activities:		
Capital expenditures	(50)	(28)
Proceeds from divestments and related matters	11	
Net cash used in investing activities	(39)	(28)
Cash Flows from Financing Activities:		
Distributions paid to limited and general partners	(55)	(51)
Distributions paid to noncontrolling interests		(1)
Payments of statutory withholding on net issuance of limited partner units under restricted unit incentive plan	(5)	(3)
Repayments under credit facility	(41)	(19)
Borrowings under credit facility	176	70
Repayments of senior notes	(250)	
Advances to affiliated companies, net	72	27
Other		(1)
Net cash (used in) / provided by financing activities	(103)	22