

PLAINS ALL AMERICAN PIPELINE LP

Form 8-K

November 05, 2014

**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) **November 5, 2014**

Plains All American Pipeline, L.P.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation)

1-14569
(Commission File Number)

76-0582150
(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)

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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:

- ☐ 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))
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Item 9.01. Financial Statements and Exhibits

(d) Exhibit 99.1 Press Release dated November 5, 2014

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 third-quarter 2014 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. Pursuant to Item 7.01, we are also providing detailed guidance for financial performance for the fourth quarter and full year 2014 as well as preliminary guidance for calendar year 2015. In accordance with General Instruction B.2. of Form 8-K, the information presented herein under Item 2.02 and 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 Fourth Quarter 2014 Guidance and Full Year 2015 Preliminary Guidance

We based our guidance for the three-month period ending December 31, 2014 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 NGL sales) and acquisition synergies. Our 2014 guidance and our preliminary 2015 guidance do not include the impact of any pending or future acquisitions. Our assumptions and future performance, however, are both subject to a wide range of business risks and uncertainties, so we can provide no assurance 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 November 4, 2014. We undertake no obligation to publicly update or revise any forward-looking statements.

To supplement our financial information presented in accordance with GAAP, management uses additional measures 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. EBITDA (as defined below in Note 1 to the Operating and Financial Guidance table) is a non-GAAP financial measure. Net income represents one of the two most directly comparable GAAP measures to EBITDA. In Note 9 below, we reconcile net income to EBITDA and adjusted EBITDA for the 2014 guidance periods presented. Cash flows from operating activities is the other most comparable GAAP measure. We do not, however, reconcile cash flows from operating activities to EBITDA, because such reconciliations are impractical for forecasted periods. We encourage you to visit our website at www.plainsallamerican.com (in particular the section under Investor Relations entitled Guidance and Non-GAAP Reconciliations), which presents a historical reconciliation of EBITDA as well as certain other commonly used non-GAAP financial measures. These measures may exclude, for example, (i) charges for obligations that are expected to be settled with the issuance of equity instruments, (ii) the mark-to-market of derivative instruments that are related to underlying activities in another period (or the reversal of such adjustments from a prior period), (iii) items that are not indicative of our core operating results and business outlook and/or (iv) other items that we believe should be excluded in understanding our core operating performance. We have defined all such items as Selected Items Impacting Comparability. Due to the nature of the selected items, certain

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selected items impacting comparability may impact certain non-GAAP financial measures, referred to as adjusted results, but not impact other non-GAAP financial measures.

Plains All American Pipeline, L.P.

Operating and Financial Guidance

(in millions, except per unit data)

	Actual 9 Months Ended Sep 30, 2014	3 Months Ending Dec 31, 2014 Low	High	Guidance (a) 12 Months Ending Dec 31, 2014 Low	High
Segment Profit					
Net revenues (including equity earnings from unconsolidated entities)	\$ 2,962	\$ 978	\$ 1,018	\$ 3,940	\$ 3,980
Field operating costs	(1,078)	(368)	(361)	(1,446)	(1,439)
General and administrative expenses	(257)	(77)	(74)	(334)	(331)
	1,627	533	583	2,160	2,210
Depreciation and amortization expense	(293)	(104)	(100)	(397)	(393)
Interest expense, net	(246)	(93)	(89)	(339)	(335)
Income tax expense	(90)	(31)	(27)	(121)	(117)
Other income / (expense), net	(2)			(2)	(2)
Net Income	996	305	367	1,301	1,363
Net income attributable to noncontrolling interests	(2)	(1)	(1)	(3)	(3)
Net Income Attributable to PAA	\$ 994	\$ 304	\$ 366	\$ 1,298	\$ 1,360
Net Income to Limited Partners (b)	\$ 630	\$ 171	\$ 232	\$ 801	\$ 862
Basic Net Income Per Limited Partner Unit (b)					
Weighted Average Units Outstanding	365	373	373	367	367
Net Income Per Unit	\$ 1.71	\$ 0.46	\$ 0.62	\$ 2.17	\$ 2.33
Diluted Net Income Per Limited Partner Unit (b)					
Weighted Average Units Outstanding	367	375	375	369	369
Net Income Per Unit	\$ 1.70	\$ 0.45	\$ 0.61	\$ 2.15	\$ 2.31
EBITDA	\$ 1,625	\$ 533	\$ 583	\$ 2,158	\$ 2,208
Selected Items Impacting Comparability					
Equity-indexed compensation expense	\$ (48)	\$ (11)	\$ (11)	\$ (59)	\$ (59)
Tax effect on selected items impacting comparability	(10)			(10)	(10)
Net gain / (loss) on foreign currency revaluation	(10)			(10)	(10)
Gains / (losses) from derivative activities net of inventory valuation adjustments	77			77	77
Selected Items Impacting Comparability of Net Income attributable to PAA	\$ 9	\$ (11)	\$ (11)	\$ (2)	\$ (2)