SUBURBAN PROPANE PARTNERS LP
Form 10-Q
August 04, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

þ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended June 25, 2011

o **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
Commission File Number: 1-14222
SUBURBAN PROPANE PARTNERS, L.P.
(Exact name of registrant as specified in its charter)

Delaware	**22-3410353**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

240 Route 10 West
Whippany, NJ 07981
(973) 887-5300
(Address, including zip code, and telephone number,
including area code, of registrant s principal executive offices)

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 þ No o

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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No o

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 þ	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). Yes o No þ

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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements (Forward-Looking Statements) as defined in the Private Securities Litigation Reform Act of 1995 and Section 27A of the Securities Act of 1933, as amended, relating to future business expectations and predictions and financial condition and results of operations of Suburban Propane Partners, L.P. (the Partnership). Some of these statements can be identified by the use of forward-looking terminology such as prospects, outlook, believes, estimates, intends, may, will, should, anticipates, the negative or other variation of these or similar words, or by discussion of trends and conditions, strategies or risks and uncertainties. These Forward-Looking Statements involve certain risks and uncertainties that could cause actual results to differ materially from those discussed or implied in such Forward-Looking Statements (statements contained in this Quarterly Report identifying such risks and uncertainties are referred to as Cautionary Statements). The risks and uncertainties and their impact on the Partnership s results include, but are not limited to, the following risks:

- The impact of weather conditions on the demand for propane, fuel oil and other refined fuels, natural gas and electricity;
- Volatility in the unit cost of propane, fuel oil and other refined fuels and natural gas, the impact of the Partnership s hedging and risk management activities, and the adverse impact of price increases on volumes as a result of customer conservation;
- The ability of the Partnership to compete with other suppliers of propane, fuel oil and other energy sources;
- The impact on the price and supply of propane, fuel oil and other refined fuels from the political, military or economic instability of the oil producing nations, global terrorism and other general economic conditions;
- The ability of the Partnership to acquire and maintain reliable transportation for its propane, fuel oil and other refined fuels;
- The ability of the Partnership to retain customers or acquire new customers;
- The impact of customer conservation, energy efficiency and technology advances on the demand for propane, fuel oil and other refined fuels, natural gas and electricity;
- The ability of management to continue to control expenses;
- The impact of changes in applicable statutes and government regulations, or their interpretations, including those relating to the environment and global warming, derivative instruments and other regulatory developments on the Partnership s business;
- The impact of changes in tax regulations that could adversely affect the tax treatment of the Partnership for federal income tax purposes;
- The impact of legal proceedings on the Partnership s business;
- The impact of operating hazards that could adversely affect the Partnership s operating results to the extent not covered by insurance;
- The Partnership s ability to make strategic acquisitions and successfully integrate them;
- The impact of current conditions in the global capital and credit markets, and general economic pressures; and
- Other risks referenced from time to time in filings with the Securities and Exchange Commission (SEC) and those factors listed or incorporated by reference into the Partnership s Annual Report under Risk Factors.

Some of these Forward-Looking Statements are discussed in more detail in Management s Discussion and Analysis of Financial Condition and Results of Operations in this Quarterly Report. Reference is also made to the risk factors discussed in Item 1A of our Annual Report on Form 10-K for the fiscal year ended September 25, 2010. On different occasions, the Partnership or its representatives have made or may make Forward-Looking Statements in other filings with the SEC, press releases or oral statements made by or with the approval of one of the Partnership s authorized executive officers. Readers are cautioned not to place undue reliance on Forward-Looking Statements, which reflect management s view only as of the date made. The Partnership undertakes no obligation to update any Forward-Looking Statement or Cautionary Statement except as otherwise required by law. All subsequent written and oral Forward-Looking Statements attributable to the Partnership or persons acting on its behalf are expressly qualified in their entirety by the Cautionary Statements in this Quarterly Report and in future SEC reports.

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SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)
(unaudited)

	June 25, 2011	September 25, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 161,447	$ 156,908
Accounts receivable, less allowance for doubtful accounts of $6,647 and $5,403, respectively	83,068	60,383
Inventories	53,855	61,047
Other current assets	14,632	18,089
Total current assets	313,002	296,427
Property, plant and equipment, net	342,056	350,420
Goodwill	277,651	277,244
Other assets	43,414	46,169
Total assets	$ 976,123	$ 970,260
LIABILITIES AND PARTNERS CAPITAL		
Current liabilities:		
Accounts payable	$ 32,123	$ 39,886
Accrued employment and benefit costs	21,328	28,624
Customer deposits and advances	32,168	63,579
Other current liabilities	37,460	32,425
Total current liabilities	123,079	164,514
Long-term borrowings	348,115	347,953
Accrued insurance	41,626	44,965
Other liabilities	44,663	47,991
Total liabilities	557,483	605,423
Commitments and contingencies		
Partners capital:		
Common Unitholders (35,423 and 35,318 units issued and outstanding at June 25, 2011 and September 25, 2010, respectively)	471,424	422,063
Accumulated other comprehensive loss	(52,784)	(57,226)
Total partners capital	418,640	364,837
Total liabilities and partners capital	$ 976,123	$ 970,260

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

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SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per unit amounts)
(unaudited)

	Three Months Ended	
	June 25, 2011	June 26, 2010
Revenues		
Propane	$ 169,258	$ 155,538
Fuel oil and refined fuels	22,528	20,090
Natural gas and electricity	16,691	13,608
All other	8,086	8,834
	216,563	198,070
Costs and expenses		
Cost of products sold	125,175	106,627
Operating	68,747	68,634
General and administrative	12,618	13,386
Depreciation and amortization	9,670	8,868
	216,210	197,515
Operating income	353	555
Interest expense, net	6,867	6,808
Loss before provision for income taxes	(6,514)	(6,253)
Provision for income taxes	273	363
Net loss	$ (6,787)	$ (6,616)
Loss per Common Unit basic	$ (0.19)	$ (0.19)
Weighted average number of Common Units outstanding basic	35,540	35,383
Loss per Common Unit diluted	$ (0.19)	$ (0.19)
Weighted average number of Common Units outstanding diluted	35,540	35,383

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

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SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per unit amounts)
(unaudited)

	Nine Months Ended	
	June 25, 2011	**June 26, 2010**
Revenues		
Propane	$ 786,968	$ 758,410
Fuel oil and refined fuels	124,448	120,648
Natural gas and electricity	68,348	59,311
All other	29,208	30,296
	1,008,972	968,665
Costs and expenses		
Cost of products sold	571,511	505,452
Operating	213,831	221,629
General and administrative	37,399	47,381
Severance charges	2,000	
Depreciation and amortization	26,304	23,094
	851,045	797,556
Operating income	157,927	171,109
Loss on debt extinguishment		9,473
Interest expense, net	20,532	20,599
Income before provision for income taxes	137,395	141,037
Provision for income taxes	737	890
Net income	$ 136,658	$ 140,147
Income per Common Unit basic	$ 3.85	$ 3.96
Weighted average number of Common Units outstanding basic	35,517	35,362
Income per Common Unit diluted	$ 3.83	$ 3.94
Weighted average number of Common Units outstanding diluted	35,712	35,587

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

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SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Nine Months Ended	
	June 25, 2011	**June 26, 2010**
Cash flows from operating activities:		
Net income	$ 136,658	$ 140,147
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	26,304	23,094
Loss on debt extinguishment		9,473
Other, net	1,916	4,838
Changes in assets and liabilities:		
Accounts receivable	(22,685)	(19,410)
Inventories	7,331	15,716
Other current and noncurrent assets	3,679	1,833
Accounts payable	(7,466)	(4,701)
Accrued employment and benefit costs	(7,296)	(16,057)
Customer deposits and advances	(31,411)	(30,461)
Accrued insurance	(3,339)	3,589
Other current and noncurrent liabilities	6,150	1,663
Net cash provided by operating activities	109,841	129,724
Cash flows from investing activities:		
Capital expenditures	(17,241)	(12,991)
Acquisition of business	(3,195)	(10,789)
Proceeds from sale of property, plant and equipment	5,567	3,016
Net cash (used in) investing activities	(14,869)	(20,764)
Cash flows from financing activities:		
Repayments of long-term borrowings, including premium and fees		(256,510)
Proceeds from long-term borrowings		247,840
Issuance costs associated with long-term borrowings		(5,018)
Partnership distributions	(90,433)	(88,419)
Net cash (used in) financing activities	(90,433)	(102,107)
Net increase in cash and cash equivalents	4,539	6,853
Cash and cash equivalents at beginning of period	156,908	163,173
Cash and cash equivalents at end of period	$ 161,447	$ 170,026

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

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SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF PARTNERS CAPITAL
(in thousands)
(unaudited)

	Number of Common Units	Common Unitholders	Accumulated Other Comprehensive (Loss)	Total Partners Capital	Comprehensive Income
Balance at September 25, 2010	35,318	$ 422,063	$ (57,226)	$ 364,837	
Net income		136,658		136,658	$ 136,658
Other comprehensive income:					
Unrealized losses on cash flow hedges			(851)	(851)	(851)
Reclassification of realized losses on cash flow hedges into earnings			2,147	2,147	2,147
Amortization of net actuarial losses and prior service credits into earnings			3,146	3,146	3,146
Comprehensive income					$ 141,100
Partnership distributions		(90,433)		(90,433)	
Common Units issued under Restricted Unit Plans	105				
Compensation cost recognized under Restricted Unit Plans, net of forfeitures		3,136		3,136	
Balance at June 25, 2011	35,423	$ 471,424	$ (52,784)	$ 418,640	

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

SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per unit amounts)
(unaudited)

1. Partnership Organization and Formation

Suburban Propane Partners, L.P. (the Partnership) is a publicly traded Delaware limited partnership principally engaged, through its operating partnership and subsidiaries, in the retail marketing and distribution of propane, fuel oil and refined fuels, as well as the marketing of natural gas and electricity in deregulated markets. In addition, to complement its core marketing and distribution businesses, the Partnership services a wide variety of home comfort equipment, particularly for heating and ventilation. The publicly traded limited partner interests in the Partnership are evidenced by common units traded on the New York Stock Exchange (Common Units), with 35,423,492 Common Units outstanding at June 25, 2011. The holders of Common Units are entitled to participate in distributions and exercise the rights and privileges available to limited partners under the Third Amended and Restated Agreement of Limited Partnership (the Partnership Agreement), as amended. Rights and privileges under the Partnership Agreement include, among other things, the election of all members of the Board of Supervisors and voting on the removal of the general partner.

Suburban Propane, L.P. (the Operating Partnership), a Delaware limited partnership, is the Partnership s operating subsidiary formed to operate the propane business and assets. In addition, Suburban Sales & Service, Inc. (the Service Company), a subsidiary of the Operating Partnership, was formed to operate the service work and appliance and parts businesses of the Partnership. The Operating Partnership, together with its direct and indirect subsidiaries, accounts for substantially all of the Partnership s assets, revenues and earnings. The Partnership, the Operating Partnership and the Service Company commenced operations in March 1996 in connection with the Partnership s initial public offering.

The general partner of both the Partnership and the Operating Partnership is Suburban Energy Services Group LLC (the General Partner), a Delaware limited liability company, the sole member of which is the Partnership s Chief Executive Officer. Other than as a holder of 784 Common Units that will remain in the General Partner, the General Partner does not have any economic interest in the Partnership or the Operating Partnership.

The Partnership s fuel oil and refined fuels, natural gas and electricity and services businesses are structured as corporate entities (collectively referred to as the Corporate Entities) and, as such, are subject to corporate level income tax.

Suburban Energy Finance Corporation, a direct 100%-owned subsidiary of the Partnership, was formed on November 26, 2003 to serve as co-issuer, jointly and severally, with the Partnership of the Partnership s senior notes.

2. Basis of Presentation

Principles of Consolidation. The condensed consolidated financial statements include the accounts of the Partnership, the Operating Partnership and all of its direct and indirect subsidiaries. All significant intercompany transactions and account balances have been eliminated. The Partnership consolidates the results of operations, financial condition and cash flows of the Operating Partnership as a result of the Partnership s 100% limited partner interest in the Operating Partnership.

The accompanying condensed consolidated financial statements are unaudited and have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (SEC). They include all adjustments that the Partnership considers necessary for a fair statement of the results for the interim periods presented. Such adjustments consist only of normal recurring items, unless otherwise disclosed. These financial statements should be read in conjunction with the financial statements included in the Partnership s Annual Report on Form 10-K for the fiscal year ended September 25, 2010. Due to the seasonal nature of the Partnership s operations, the results of operations for interim periods are not necessarily indicative of the results to be expected for a full year.

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Fiscal Period. The Partnership uses a 52/53 week fiscal year which ends on the last Saturday in September. The Partnership s fiscal quarters are generally 13 weeks in duration. When the Partnership s fiscal year is 53 weeks long, the corresponding fourth quarter is 14 weeks in duration.

Revenue Recognition. Sales of propane, fuel oil and refined fuels are recognized at the time product is delivered to the customer. Revenue from the sale of appliances and equipment is recognized at the time of sale or when installation is complete, as applicable. Revenue from repairs, maintenance and other service activities is recognized upon completion of the service. Revenue from service contracts is recognized ratably over the service period. Revenue from the natural gas and electricity business is recognized based on customer usage as determined by meter readings for amounts delivered, some of which may be unbilled at the end of each accounting period. Revenue from annually billed tank fees is deferred at the time of billing and recognized on a straight-line basis over one year.

Fair Value Measurements. The Partnership measures certain of its assets and liabilities at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in either the principal market or the most advantageous market. The principal market is the market with the greatest level of activity and volume for the asset or liability.

The common framework for measuring fair value utilizes a three-level hierarchy to prioritize the inputs used in the valuation techniques to derive fair values. The basis for fair value measurements for each level within the hierarchy is described below with Level 1 having the highest priority and Level 3 having the lowest.

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Quoted prices in active markets for similar assets or liabilities; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable in active markets.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs are unobservable.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (US-GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates have been made by management in the areas of depreciation and amortization of long-lived assets, insurance and litigation reserves, severance benefits, pension and other postretirement benefit liabilities and costs, purchase accounting, valuation of derivative instruments, asset valuation assessments, tax valuation allowances, as well as the allowance for doubtful accounts. Actual results could differ from those estimates, making it reasonably possible that a change in these estimates could occur in the near term.

3. Financial Instruments and Risk Management

Cash and Cash Equivalents. The Partnership considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. The carrying amount approximates fair value because of the short maturity of these instruments.

Derivative Instruments and Hedging Activities.

Commodity Price Risk. Given the retail nature of its operations, the Partnership maintains a certain level of priced physical inventory to ensure its field operations have adequate supply commensurate with the time of year. The Partnership s strategy is to keep its physical inventory priced relatively close to market for its field operations. The Partnership enters into a combination of exchange-traded futures and option contracts and, in certain instances, over-the-counter option contracts (collectively, derivative instruments) to hedge price risk associated with propane and fuel oil physical inventories, as well as anticipated future purchases of propane or fuel oil to be used in its operations and to ensure adequate supply during periods of high demand. Under this risk management strategy, realized gains or losses on derivative instruments will typically offset losses or gains on the physical inventory once the product is sold. All of the Partnership s derivative instruments are reported on the condensed consolidated balance sheet at their fair values. In addition, in the course of normal operations, the Partnership routinely enters into contracts such as forward priced physical contracts for the purchase or sale of propane and fuel oil that qualify for and are designated as normal purchase or normal sale contracts. Such contracts are exempted from the fair value accounting requirements and are accounted for at the time product is purchased or sold under the related contract. The Partnership does not use derivative instruments for speculative trading purposes. Market risks associated with futures, options and forward contracts are monitored daily for compliance with the Partnership s Hedging and Risk Management Policy which includes volume limits for open positions. Priced on-hand inventory is also reviewed and managed daily as to exposures to changing market prices.

On the date that futures, options and forward contracts are entered into, other than those designated as normal purchases or normal sales, the Partnership makes a determination as to whether the derivative instrument qualifies for designation as a hedge. Changes in the fair value of derivative instruments are recorded each period in current period earnings or other comprehensive income (OCI), depending on whether the derivative instrument is designated as a hedge and, if so, the type of hedge. For derivative instruments designated as cash flow hedges, the Partnership formally assesses, both at the hedge contract s inception and on an ongoing basis, whether the hedge contract is highly effective in offsetting changes in cash flows of hedged items. Changes in the fair value of derivative instruments designated as cash flow hedges are reported in OCI to the extent effective and reclassified into cost of products sold during the same period in which the hedged item affects earnings. The mark-to-market gains or losses on ineffective portions of cash flow hedges are recognized in cost of products sold immediately. Changes in the fair value of derivative instruments that are not designated as cash flow hedges, and that do not meet the normal purchase and normal sale exemption, are recorded within cost of products sold as they occur. Cash flows associated with derivative instruments are reported as operating activities within the condensed consolidated statement of cash flows.

Interest Rate Risk. A portion of the Partnership s borrowings bear interest at prevailing interest rates based upon, at the Operating Partnership s option, LIBOR plus an applicable margin or the base rate, defined as the higher of the Federal Funds Rate plus $^{1}/2$ of 1% or the agent bank s prime rate, or LIBOR plus 1%, plus the applicable margin. The applicable margin is dependent on the level of the Partnership s total leverage (the ratio of total debt to income before deducting interest expense, income taxes, depreciation and amortization (EBITDA)). Therefore, the Partnership is subject to interest rate risk on the variable component of the interest rate. The Partnership manages part of its variable interest rate risk by entering into interest rate swap agreements. The interest rate swaps have been designated as, and are accounted for as, cash flow hedges. The fair value of the interest rate swaps are determined using an income approach, whereby future settlements under the swaps are converted into a single present value, with fair value being based on the value of current market expectations about those future amounts. Changes in the fair value are recognized in OCI until the hedged item is recognized in earnings. However, due to changes in the underlying interest rate environment, the corresponding value in OCI is subject to change prior to its impact on earnings.

The Partnership measures the fair value of its exchange-traded options and futures contracts using Level 1 inputs, the fair value of its interest rate swaps using Level 2 inputs and the fair value of its over-the-counter options contracts using Level 3 inputs. The Partnership s over-the-counter options contracts are valued based on an internal option model. The inputs utilized in the model are based on publicly available information as well as broker quotes.

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The following summarizes the gross fair value of the Partnership s derivative instruments and their location in the condensed consolidated balance sheet as of June 25, 2011 and September 25, 2010, respectively:

	As of June 25, 2011		As of September 25, 2010	
Asset Derivatives	Location	Fair Value	Location	Fair Value
Derivatives not designated as hedging instruments:				
Commodity options	Other current assets	$ 4,081	Other current assets	$ 2,601
	Other assets	1,243	Other assets	
Commodity futures	Other current assets	155	Other current assets	22
		$ 5,479		$ 2,623

Liability Derivatives	Location	Fair Value	Location	Fair Value
Derivatives designated as hedging instruments:				
Interest rate swaps	Other current liabilities	$ 2,709	Other current liabilities	$ 2,740
	Other liabilities	2,296	Other liabilities	3,561
		$ 5,005		$ 6,301
Derivatives not designated as hedging instruments:				
Commodity options	Other current liabilities	$ 181	Other current liabilities	$ 641
	Other liabilities	1,489	Other liabilities	
Commodity futures	Other current liabilities	17	Other current liabilities	1,838
		$ 1,687		$ 2,479

The following summarizes the reconciliation of the beginning and ending balances of assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs:

	Fair Value Measurement Using Significant Unobservable Inputs (Level 3)			
	Nine Months Ended June 25, 2011		Nine Months Ended June 26, 2010	
	Assets	Liabilities	Assets	Liabilities

Beginning balance of over-the-counter options	$ 1,509	$ 29	$ 1,675	$ 844
Beginning balance realized during the period	(1,509)	(29)	(1,237)	(844)
Contracts purchased during the period	2,778	226	1,111	94
Change in the fair value of beginning balance			(427)	
Ending balance of over-the-counter options	$ 2,778	$ 226	$ 1,122	$ 94

As of June 25, 2011 and September 25, 2010, the Partnership s outstanding commodity-related derivatives had a weighted average maturity of approximately 6 months and 3 months, respectively.

The effect of the Partnership s derivative instruments on the condensed consolidated statement of operations for the three and nine months ended June 25, 2011 and June 26, 2010 are as follows:

Derivatives in Cash Flow Hedging Relationships	Three months ended June 25, 2011 Gains (Losses) Recognized in OCI (Effective Portion)	Gains (Losses) Reclassified from Accumulated OCI into Income (Effective Portion) Location	Amount	Three months ended June 26, 2010 Gains (Losses) Recognized in OCI (Effective Portion)	Gains (Losses) Reclassified from Accumulated OCI into Income (Effective Portion) Location	Amount
Interest rate swap	$ (1,077)	Interest expense	$ (719)	$ (1,892)	Interest expense	$ (715)
	$ (1,077)		$ (719)	$ (1,892)		$ (715)

Derivatives Not Designated as Hedging Instruments	Location of Gains (Losses) Recognized in Income	Amount of Unrealized Gains (Losses) Recognized in Income	Location of Gains (Losses) Recognized in Income	Amount of Unrealized Gains (Losses) Recognized in Income
Options	Cost of products sold	$ (516)	Cost of products sold	$ 212
Futures	Cost of products sold	203	Cost of products sold	69
		$ (313)		$ 281

Derivatives in Cash Flow Hedging Relationships	Nine months ended June 25, 2011 Gains (Losses) Recognized in OCI (Effective Portion)	Gains (Losses) Reclassified from Accumulated OCI into Income (Effective Portion) Location	Amount	Nine months ended June 26, 2010 Gains (Losses) Recognized in OCI (Effective Portion)	Gains (Losses) Reclassified from Accumulated OCI into Income (Effective Portion) Location	Amount
Interest rate swap	$ (851)	Interest expense	$ (2,147)	$ (3,775)	Interest expense	$ (2,790)
	$ (851)		$ (2,147)	$ (3,775)		$ (2,790)

Derivatives Not Designated as Hedging	Location of Gains (Losses) Recognized	Amount of Unrealized Gains (Losses) Recognized in	Location of Gains (Losses) Recognized	Amount of Unrealized Gains (Losses) Recognized in

Instruments	in Income	Income		in Income	Income	
Options	Cost of products sold	$	283	Cost of products sold	$	(1,068)
Futures	Cost of products sold		1,954	Cost of products sold		(3,791)
		$	2,237		$	(4,859)

Bank Debt and Senior Notes. The fair value of the Revolving Credit Facility (defined below) approximates the carrying value since the interest rates are periodically adjusted to reflect market conditions. Based upon quoted market prices, the fair value of the Partnership s 2020 senior notes was $261,250 and $269,375 as of June 25, 2011 and September 25, 2010, respectively.

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4. Inventories

Inventories are stated at the lower of cost or market. Cost is determined using a weighted average method for propane, fuel oil and refined fuels and natural gas, and a standard cost basis for appliances, which approximates average cost. Inventories consist of the following:

	As of	
	June 25, 2011	September 25, 2010
Propane, fuel oil and refined fuels and natural gas	$ 52,542	$ 59,836
Appliances and related parts	1,313	1,211
	$ 53,855	$ 61,047

5. Goodwill

Goodwill represents the excess of the purchase price over the fair value of net assets acquired. Goodwill is subject to an impairment review at a reporting unit level, on an annual basis in August of each year, or when an event occurs or circumstances change that would indicate potential impairment. The Partnership assesses the carrying value of goodwill at a reporting unit level based on an estimate of the fair value of the respective reporting unit. Fair value of the reporting unit is estimated using discounted cash flow analyses taking into consideration estimated cash flows in a ten-year projection period and a terminal value calculation at the end of the projection period. If the fair value of the reporting unit exceeds its carrying value, the goodwill associated with the reporting unit is not considered to be impaired. If the carrying value of the reporting unit exceeds its fair value, an impairment loss is recognized to the extent that the carrying amount of the associated goodwill, if any, exceeds the implied fair value of the goodwill.

The carrying values of goodwill assigned to the Partnership s operating segments are as follows:

	As of	
	June 25, 2011	September 25, 2010
Propane	$ 265,313	$ 264,906
Fuel oil and refined fuels	4,438	4,438
Natural gas and electricity	7,900	7,900
	$ 277,651	$ 277,244

During the nine months ended June 25, 2011 the Partnership acquired the net assets of a propane business. The impact on the condensed consolidated balance sheet and the pro forma results of operations was not considered material for disclosure purposes.

6. Net Income Per Common Unit

Computations of basic income per Common Unit are performed by dividing net income by the weighted average number of outstanding Common Units, and restricted units granted under the restricted unit plans to retirement-eligible grantees. Computations of diluted income per Common Unit are performed by dividing net income by the weighted average number of outstanding Common Units and unvested restricted units granted under the restricted unit plans. In computing diluted net income per Common Unit, weighted average units outstanding used to compute basic net income per Common Unit were increased by 194,668 and 225,238 units for the nine months ended June 25, 2011 and June 26, 2010, respectively, to reflect the potential dilutive effect of the unvested restricted units outstanding using the treasury stock method.

7. Long-Term Borrowings

Long-term borrowings consist of the following:

	As of	
	June 25, 2011	September 25, 2010
7.375% senior notes, due March 15, 2020, net of unamortized discount of $1,885 and $2,047, respectively	$ 248,115	$ 247,953
Revolving credit facility, due June 25, 2013	100,000	100,000
	$ 348,115	$ 347,953

On March 23, 2010, the Partnership and its 100%-owned subsidiary, Suburban Energy Finance Corporation, completed a public offering of $250,000 in aggregate principal amount of 7.375% senior notes due 2020 (the 2020 Senior Notes). The 2020 Senior Notes were issued at 99.136% of the principal amount. The net proceeds from the issuance, along with cash on hand, were used to repurchase the previously outstanding 6.875% senior notes due 2013 (the 2013 Senior Notes) on March 23, 2010 through a redemption and tender offer. In connection with the repurchase of the 2013 Senior Notes, the Partnership recognized a loss on the extinguishment of debt of $9,473 in the second quarter of fiscal 2010, consisting of $7,231 for the repurchase premium and related fees, as well as the write-off of $2,242 in unamortized debt origination costs and unamortized discount.

The Partnership s obligations under the 2020 Senior Notes are unsecured and rank senior in right of payment to any future subordinated indebtedness and equally in right of payment with any future senior indebtedness. The 2020 Senior Notes are structurally subordinated to, which means they rank effectively behind, any debt and other liabilities of the Operating Partnership. The 2020 Senior Notes mature on March 15, 2020 and require semi-annual interest payments in March and September. The Partnership is permitted to redeem some or all of the 2020 Senior Notes any time at redemption prices specified in the indenture governing the 2020 Senior Notes. In addition, the 2020 Senior Notes have a change of control provision that would require the Partnership to offer to repurchase the notes at 101% of the principal amount repurchased, if a change of control as defined in the indenture occurs and is followed by a rating decline (a decrease in the rating of the notes by either Moody s Investors Service or Standard and Poor s Rating group by one or more gradations) within 90 days of the consummation of the change of control.

The Operating Partnership has a Credit Agreement (the Credit Agreement) that provides for a four-year $250,000 revolving credit facility (the Revolving Credit Facility) of which, $100,000 was outstanding as of June 25, 2011 and September 25, 2010. Borrowings under the Revolving Credit Facility may be used for general corporate purposes, including working capital, capital expenditures and acquisitions until maturity on June 25, 2013. The Operating Partnership has the right to prepay any borrowings under the Revolving Credit Facility, in whole or in part, without penalty at any time prior to maturity. In addition, the Partnership has standby letters of credit issued under the Revolving Credit Facility in the aggregate amount of $54,856 primarily in support of retention levels under its self-insurance programs, which expire periodically through April 15, 2012. Therefore, as of June 25, 2011 the Partnership had available borrowing capacity of $95,144 under the Revolving Credit Facility.

Borrowings under the Revolving Credit Facility bear interest at prevailing interest rates based upon, at the Operating Partnership s option, LIBOR plus the applicable margin or the base rate, defined as the higher of the Federal Funds Rate plus 1/2 of 1%, the agent bank s prime rate, or LIBOR plus 1%, plus in each case the applicable margin. The applicable margin is dependent upon the Partnership s ratio of total debt to EBITDA on a consolidated basis, as defined in the Revolving Credit Facility. As of June 25, 2011, the interest rate for the Revolving Credit Facility was approximately 3.3%. The interest rate and the applicable margin will be reset at the end of each calendar quarter.

The Partnership acts as a guarantor with respect to the obligations of the Operating Partnership under the Credit Agreement pursuant to the terms and conditions set forth therein. The obligations under the Credit Agreement are secured by liens on substantially all of the personal property of the Partnership, the Operating Partnership and their subsidiaries, as well as mortgages on certain real property.

In connection with the Revolving Credit Facility, the Operating Partnership also entered into an interest rate swap agreement with a notional amount of $100,000 and an effective date of March 31, 2010 and termination date of June 25, 2013. Under the interest rate swap agreement, the Operating Partnership will pay a fixed interest rate of 3.12% to the issuing lender on the notional principal amount outstanding, effectively fixing the LIBOR portion of the interest rate at 3.12%. In return, the issuing lender will pay to the Operating Partnership a floating rate, namely LIBOR, on the same notional principal amount. This interest rate swap agreement replaced the previous interest rate swap agreement which terminated on March 31, 2010. The interest rate swaps have been designated as a cash flow hedge.

The Revolving Credit Facility and the 2020 Senior Notes both contain various restrictive and affirmative covenants applicable to the Operating Partnership and the Partnership, respectively, including (i) restrictions on the incurrence of additional indebtedness, and (ii) restrictions on certain liens, investments, guarantees, loans, advances, payments, mergers, consolidations, distributions, sales of assets and other transactions. The Revolving Credit Facility contains certain financial covenants (a) requiring the Partnership s consolidated interest coverage ratio, as defined, to be not less than 2.5 to 1.0 as of the end of any fiscal quarter; (b) prohibiting the total consolidated leverage ratio, as defined, of the Partnership from being greater than 4.5 to 1.0 as of the end of any fiscal quarter; and (c) prohibiting the Operating Partnership s senior secured consolidated leverage ratio, as defined, from being greater than 3.0 to 1.0 as of the end of any fiscal quarter. Under the indenture governing the 2020 Senior Notes, the Partnership is generally permitted to make cash distributions equal to available cash, as defined, as of the end of the immediately preceding quarter, if no event of default exists or would exist upon making such distributions, and the Partnership s consolidated fixed charge coverage ratio, as defined, is greater than 1.75 to 1. The Partnership and the Operating Partnership were in compliance with all covenants and terms of the 2020 Senior Notes and the Revolving Credit Facility as of June 25, 2011.

Debt origination costs representing the costs incurred in connection with the placement of, and the subsequent amendment to, long-term borrowings are capitalized within other assets and amortized on a straight-line basis over the term of the respective debt agreements. Other assets at June 25, 2011 and September 25, 2010 include debt origination costs with a net carrying amount of $7,694 and $9,157, respectively.

The aggregate amounts of long-term debt maturities subsequent to June 25, 2011 are as follows: fiscal 2011 through 2012: $-0-; fiscal 2013: $100,000; fiscal 2014: $-0-; and thereafter: $250,000.

8. Distributions of Available Cash

The Partnership makes distributions to its limited partners no later than 45 days after the end of each fiscal quarter of the Partnership in an aggregate amount equal to its Available Cash for such quarter. Available Cash, as defined in the Partnership Agreement, generally means all cash on hand at the end of the respective fiscal quarter less the amount of cash reserves established by the Board of Supervisors in its reasonable discretion for future cash requirements. These reserves are retained for the proper conduct of the Partnership s business, the payment of debt principal and interest and for distributions during the next four quarters.

On July 21, 2011, the Partnership announced a quarterly distribution of $0.8525 per Common Unit, or $3.41 per Common Unit on an annualized basis, in respect of the third quarter of fiscal 2011, payable on August 9, 2011 to holders of record on August 2, 2011. The annualized distribution represents a growth rate of 0.9% compared to the third quarter of fiscal 2010.

9. Unit-Based Compensation Arrangements

The Partnership recognizes compensation cost over the respective service period for employee services received in exchange for an award of equity or equity-based compensation based on the grant date fair value of the award. The Partnership measures liability awards under an equity-based payment arrangement based on remeasurement of the award s fair value at the conclusion of each interim and annual reporting period until the date of settlement, taking into consideration the probability that the performance conditions will be satisfied.

Restricted Unit Plans. In fiscal 2000 and fiscal 2009, the Partnership adopted the Suburban Propane Partners, L.P. 2000 Restricted Unit Plan and 2009 Restricted Unit Plan (collectively, the Restricted Unit Plans), respectively, which authorize the issuance of Common Units to executives, managers and other employees and members of the Board of Supervisors of the Partnership. The total number of Common Units authorized for issuance under the Restricted Unit Plans is 1,906,971 as of June 25, 2011. Unless otherwise stipulated by the Compensation Committee of the Board of Supervisors on or before the grant date, restricted units issued under the Restricted Unit Plans vest over time with 25% of the Common Units vesting on the third and fourth anniversaries of the grant date and the remaining 50% of the Common Units vesting on the fifth anniversary of the grant date. The Restricted Unit Plans participants are not eligible to receive quarterly distributions or vote their respective restricted units until vested. Because each restricted unit represents a promise to issue a Common Unit at a future date, restricted units cannot be sold or transferred prior to vesting. The fair value of the restricted unit is established by the market price of the Common Unit on the date of grant, net of estimated future distributions during the vesting period. Restricted units are subject to forfeiture in certain circumstances as defined in the Restricted Unit Plans. Compensation expense for the unvested awards is recognized ratably over the vesting periods and is net of estimated forfeitures.

During the nine months ended June 25, 2011, the Partnership awarded 116,033 restricted units under the Restricted Unit Plans at an aggregate grant date fair value of $4,769. The following is a summary of activity for the Restricted Unit Plans for the nine months ended June 25, 2011:

	Units	Weighted Average Grant Date Fair Value Per Unit
Outstanding September 25, 2010	481,267	$ 29.67
Awarded	116,033	41.10
Forfeited	(21,839)	(34.56)
Issued	(105,432)	(27.52)
Outstanding June 25, 2011	470,029	$ 32.74

As of June 25, 2011, unrecognized compensation cost related to unvested restricted units awarded under the Restricted Unit Plans amounted to $6,437. Compensation cost associated with unvested awards is expected to be recognized over a weighted-average period of 1.7 years. Compensation expense recognized under the Restricted Unit Plans, net of forfeitures, for the three and nine months ended June 25, 2011 was $737 and $3,136, respectively, and $1,136 and $3,153 for the three and nine months ended June 26, 2010, respectively.

Long-Term Incentive Plan. The Partnership has a non-qualified, unfunded long-term incentive plan for officers and key employees (the LTIP) which provides for payment, in the form of cash, of an award of equity-based compensation at the end of a three-year performance period. The level of compensation earned under the LTIP is based on the market performance of the Partnership s Common Units on the basis of total return to Unitholders (TRU) compared to the TRU of a predetermined peer group consisting solely of other master limited partnerships, approved by the Compensation Committee of the Board of Supervisors, over the same three-year performance period. As a result of the quarterly remeasurement of the liability for awards under the LTIP, compensation expense for the three and nine months ended June 25, 2011 was $31 and $1,532, respectively, and $432 and $2,052 for the three and nine months ended June 26, 2010, respectively. As of June 25, 2011 and September 25, 2010, the Partnership had a liability included within accrued employment and benefit costs (or other liabilities, as applicable) of $5,194 and $6,258, respectively, related to estimated future payments under the LTIP.

10. Commitments and Contingencies

Self-Insurance. The Partnership is self-insured for general and product, workers compensation and automobile liabilities up to predetermined thresholds above which third party insurance applies. As of June 25, 2011 and September 25, 2010, the Partnership had accrued insurance liabilities of $52,526 and $55,445, respectively,

representing the total estimated losses under these self-insurance programs. The Partnership is also involved in various legal actions that have arisen in the normal course of business, including those relating to commercial transactions and product liability. Although any litigation is inherently uncertain, based on the information currently available to the Partnership, management does not believe that existing legal actions will have a material adverse effect on the Partnership s financial position, future results of operations or cash flows, after considering its self-insurance reserves for known and unasserted claims, as well as existing insurance policies in force. For the portion of the estimated self-insurance liability that exceeds insurance deductibles, the Partnership records an asset within other assets (or other current assets, as applicable) related to the amount of the liability expected to be covered by insurance which amounted to $16,736 and $17,990 as of June 25, 2011 and September 25, 2010, respectively.

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11. Guarantees

The Partnership has residual value guarantees associated with certain of its operating leases, related primarily to transportation equipment, with remaining lease periods scheduled to expire periodically through fiscal 2018. Upon completion of the lease period, the Partnership guarantees that the fair value of the equipment will equal or exceed the guaranteed amount, or the Partnership will pay the lessor the difference. Although the fair value of equipment at the end of its lease term has historically exceeded the guaranteed amounts, the maximum potential amount of aggregate future payments the Partnership could be required to make under these leasing arrangements, assuming the equipment is deemed worthless at the end of the lease term, was $10,395 as of June 25, 2011. The fair value of residual value guarantees for outstanding operating leases was de minimis as of June 25, 2011 and September 25, 2010.

12. Pension Plans and Other Postretirement Benefits

The following table provides the components of net periodic benefit costs:

	Pension Benefits			
	Three Months Ended		Nine Months Ended	
	June 25, 2011	June 26, 2010	June 25, 2011	June 26, 2010
Interest cost	$ 1,706	$ 1,876	$ 5,117	$ 5,628
Expected return on plan assets	(1,574)	(2,020)	(4,721)	(6,060)
Recognized net actuarial loss	1,180	1,343	3,540	4,030
Net periodic benefit cost	$ 1,312	$ 1,199	$ 3,936	$ 3,598

	Postretirement Benefits			
	Three Months Ended		Nine Months Ended	
	June 25, 2011	June 26, 2010	June 25, 2011	June 26, 2010
Service Cost	$ 2	$ 2	$ 6	$ 6
Interest cost	214	253	641	759
Amortization of prior service credits	(122)	(123)	(367)	(367)
Recognized net actuarial loss	(9)	(16)	(27)	(49)
Net periodic benefit cost	$ 85	$ 116	$ 253	$ 349

There are no projected minimum employer cash contribution requirements under ERISA laws for fiscal 2011 under our defined benefit pension plan. The projected annual contribution requirements related to the Partnership s postretirement health care and life insurance benefit plan for fiscal 2011 is $1,620, of which $1,253 has been contributed during the nine months ended June 25, 2011.

13. Income Taxes

For federal income tax purposes, as well as for state income tax purposes in the majority of the states in which the Partnership operates, the earnings attributable to the Partnership, as a separate legal entity, and the Operating Partnership are not subject to income tax at the Partnership level. Rather, the taxable income or loss attributable to the Partnership, as a separate legal entity, and to the Operating Partnership, which may vary substantially from the income before income taxes, reported by the Partnership in the condensed consolidated statement of operations, are includable in the federal and state income tax returns of the individual partners. The aggregate difference in the basis of the Partnership s net assets for financial and tax reporting purposes cannot be readily determined as the Partnership does not have access to information regarding each partner s basis in the Partnership.

The earnings of the Partnership s Corporate Entities are subject to federal and state income taxes. However, the Corporate Entities have experienced operating losses in recent years, and therefore a full valuation allowance has been provided against the deferred tax assets. As a result, at present, many of those Corporate Entities do not report a tax provision. The conclusion that a full valuation allowance is necessary was based upon an analysis of all available evidence, both negative and positive at the balance sheet date, which, taken as a whole, indicates that it is more likely than not that sufficient future taxable income will not be available to utilize the deferred tax assets of the Corporate Entities. Management s periodic reviews include, among other things, the nature and amount of the taxable income, the expected timing of when assets will be used or liabilities will be required to be reported and the reliability of historical profitability of businesses expected to provide future earnings. Furthermore, management considered tax-planning strategies it could use to increase the likelihood that the deferred tax assets will be realized.

In prior business combinations, the Partnership acquired (or established in purchasing accounting, as applicable) deferred tax assets. Certain provisions of the accounting guidance concerning business combinations, in particular a provision related to the accounting for acquired tax benefits, are required to be applied regardless of when the business combination occurred. Therefore, to the extent the Partnership s Corporate Entities generate taxable profits that enable the utilization of tax benefits acquired in prior business combinations, the corresponding reduction in the valuation allowance will be recorded as a reduction in the provision for income taxes. This reduction in tax expense would generally be offset either currently or over time, by an increase in tax expense associated with the taxable income that enabled utilization of the deferred tax asset.

14. Segment Information

The Partnership manages and evaluates its operations in five operating segments, three of which are reportable segments: Propane, Fuel Oil and Refined Fuels and Natural Gas and Electricity. The chief operating decision maker evaluates performance of the operating segments using a number of performance measures, including gross margins and income before interest expense and provision for income taxes (operating profit). Costs excluded from these profit measures are captured in Corporate and include corporate overhead expenses not allocated to the operating segments. Unallocated corporate overhead expenses include all costs of back office support functions that are reported as general and administrative expenses within the condensed consolidated statements of operations. In addition, certain costs associated with field operations support that are reported in operating expenses within the condensed consolidated statements of operations, including purchasing, training and safety, are not allocated to the individual operating segments. Thus, operating profit for each operating segment includes only the costs that are directly attributable to the operations of the individual segment. The accounting policies of the operating segments are otherwise the same as those described in the summary of significant accounting policies Note in the Partnership s Annual Report on Form 10-K for the fiscal year ended September 25, 2010.

The propane segment is primarily engaged in the retail distribution of propane to residential, commercial, industrial and agricultural customers and, to a lesser extent, wholesale distribution to large industrial end users. In the residential and commercial markets, propane is used primarily for space heating, water heating, cooking and clothes drying. Industrial customers use propane generally as a motor fuel burned in internal combustion engines that power over-the-road vehicles, forklifts and stationary engines, to fire furnaces and as a cutting gas. In the agricultural markets, propane is primarily used for tobacco curing, crop drying, poultry brooding and weed control.

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The fuel oil and refined fuels segment is primarily engaged in the retail distribution of fuel oil, diesel, kerosene and gasoline to residential and commercial customers for use primarily as a source of heat in homes and buildings.
The natural gas and electricity segment is engaged in the marketing of natural gas and electricity to residential and commercial customers in the deregulated energy markets of New York and Pennsylvania. Under this operating segment, the Partnership owns the relationship with the end consumer and has agreements with the local distribution companies to deliver the natural gas or electricity from the Partnership s suppliers to the customer.
Activities in the all other category include the Partnership s service business, which is primarily engaged in the sale, installation and servicing of a wide variety of home comfort equipment, particularly in the areas of heating and ventilation, and activities from the Partnership s HomeTown Hearth & Grill and Suburban Franchising subsidiaries.

The following table presents certain relevant financial information by reportable segment and provides a reconciliation of total operating segment information to the corresponding consolidated amounts for the periods presented:

	Three Months Ended		Nine Months Ended	
	June 25, 2011	June 26, 2010	June 25, 2011	June 26, 2010
Revenues:				
Propane	$ 169,258	$ 155,538	$ 786,968	$ 758,410
Fuel oil and refined fuels	22,528	20,090	124,448	120,648
Natural gas and electricity	16,691	13,608	68,348	59,311
All other	8,086	8,834	29,208	30,296
Total revenues	$ 216,563	$ 198,070	$ 1,008,972	$ 968,665
Operating income:				
Propane	$ 20,434	$ 22,010	$ 193,700	$ 220,688
Fuel oil and refined fuels	(318)	(141)	14,437	14,703
Natural gas and electricity	1,789	2,119	10,409	9,338
All other	(3,433)	(4,604)	(8,947)	(12,817)
Corporate	(18,119)	(18,829)	(51,672)	(60,803)
Total operating income	353	555	157,927	171,109
Reconciliation to net (loss) income:				
Loss on debt extinguishment				9,473
Interest expense, net	6,867	6,808	20,532	20,599
Provision for income taxes	273	363	737	890
Net (loss) income	$ (6,787)	$ (6,616)	$ 136,658	$ 140,147
Depreciation and amortization:				
Propane	$ 5,011	$ 5,235	$ 15,326	$ 12,596
Fuel oil and refined fuels	1,378	788	2,691	2,332
Natural gas and electricity	225	241	672	747
All other	34	295	192	420
Corporate	3,022	2,309	7,423	6,999
Total depreciation and amortization	$ 9,670	$ 8,868	$ 26,304	$ 23,094

	As of	
	June 25, 2011	September 25, 2010
Assets:		
Propane	$ 708,398	$ 693,699
Fuel oil and refined fuels	47,341	57,681

Natural gas and electricity	19,320	21,552
All other	4,040	3,042
Corporate	285,005	282,267
Eliminations	(87,981)	(87,981)
Total assets	$ 976,123	$ 970,260

15. Subsequent Events

The Partnership has evaluated all subsequent events that occurred after the balance sheet date through the date its financial statements were issued, and concluded there were no events or transactions occurring during this period that required recognition or disclosure in its financial statements.

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion of the financial condition and results of operations of the Partnership as of and for the three and nine months ended June 25, 2011. The discussion should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and the historical consolidated financial statements and notes thereto included in the Annual Report on Form 10-K for the fiscal year ended September 25, 2010.

Executive Overview

The following are factors that regularly affect our operating results and financial condition. In addition, our business is subject to the risks and uncertainties described in Item 1A included in the Annual Report on Form 10-K for the fiscal year ended September 25, 2010.

Product Costs and Supply

The level of profitability in the retail propane, fuel oil, natural gas and electricity businesses is largely dependent on the difference between retail sales price and product cost. The unit cost of our products, particularly propane, fuel oil and natural gas, is subject to volatility as a result of supply and demand dynamics or other market conditions, including, but not limited to, economic and political factors impacting crude oil and natural gas supply or pricing. We enter into product supply contracts that are generally one-year agreements subject to annual renewal, and also purchase product on the open market. We attempt to reduce price risk by pricing product on a short-term basis. Our propane supply contracts typically provide for pricing based upon index formulas using the posted prices established at major supply points such as Mont Belvieu, Texas, or Conway, Kansas (plus transportation costs) at the time of delivery.

To supplement our annual purchase requirements, we may utilize forward fixed price purchase contracts to acquire a portion of the propane that we resell to our customers, which allows us to manage our exposure to unfavorable changes in commodity prices and to assure adequate physical supply. The percentage of contract purchases, and the amount of supply contracted for under forward contracts at fixed prices, will vary from year to year based on market conditions.

Product cost changes can occur rapidly over a short period of time and can impact profitability. There is no assurance that we will be able to pass on product cost increases fully or immediately, particularly when product costs increase rapidly. Therefore, average retail sales prices can vary significantly from year to year as product costs fluctuate with propane, fuel oil, crude oil and natural gas commodity market conditions. In addition, in periods of sustained higher commodity prices, retail sales volumes can be negatively impacted by customer conservation efforts.

Seasonality

The retail propane and fuel oil distribution businesses, as well as the natural gas marketing business, are seasonal because these fuels are primarily used for heating in residential and commercial buildings. Historically, approximately two-thirds of our retail propane volume is sold during the six-month peak heating season from October through March. The fuel oil business tends to experience greater seasonality given its more limited use for space heating and approximately three-fourths of our fuel oil volumes are sold between October and March. Consequently, sales and operating profits are concentrated in our first and second fiscal quarters. Cash flows from operations, therefore, are greatest during the second and third fiscal quarters when customers pay for product purchased during the winter heating season. We expect lower operating profits and either net losses or lower net income during the period from April through September (our third and fourth fiscal quarters). To the extent necessary, we will reserve cash from the second and third quarters for distribution to holders of our Common Units in the fourth quarter and following fiscal year first quarter.

Weather

Weather conditions have a significant impact on the demand for our products, in particular propane, fuel oil and natural gas, for both heating and agricultural purposes. Many of our customers rely heavily on propane, fuel oil or natural gas as a heating source. Accordingly, the volume sold is directly affected by the severity of the winter weather in our service areas, which can vary substantially from year to year. In any given area, sustained warmer than normal temperatures will tend to result in reduced propane, fuel oil and natural gas consumption, while sustained colder than normal temperatures will tend to result in greater consumption.

Hedging and Risk Management Activities

We engage in hedging and risk management activities to reduce the effect of price volatility on our product costs and to ensure the availability of product during periods of short supply. We enter into propane forward and option agreements with third parties, and use fuel oil and crude oil futures and option contracts traded on the New York Mercantile Exchange (NYMEX), to purchase and sell propane, fuel oil and crude oil at fixed prices in the future. The majority of the futures, forward and option agreements are used to hedge price risk associated with our propane and fuel oil physical inventory, as well as, in certain instances, forecasted purchases of propane or fuel oil. Forward contracts are generally settled physically at the expiration of the contract whereas futures and option contracts are generally settled in cash at the expiration of the contract. Although we use derivative instruments to reduce the effect of price volatility associated with priced physical inventory and forecasted transactions, we do not use derivative instruments for speculative trading purposes. Risk management activities are monitored by an internal Commodity Risk Management Committee, made up of five members of management and reporting to our Audit Committee, through enforcement of our Hedging and Risk Management Policy.

Critical Accounting Policies and Estimates

Our significant accounting policies are summarized in Note 2, Summary of Significant Accounting Policies, included within the Notes to Consolidated Financial Statements section of our Annual Report on Form 10-K for the fiscal year ended September 25, 2010.

Certain amounts included in or affecting our consolidated financial statements and related disclosures must be estimated, requiring management to make certain assumptions with respect to values or conditions that cannot be known with certainty at the time the financial statements are prepared. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (US-GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We are also subject to risks and uncertainties that may cause actual results to differ from estimated results. Estimates are used when accounting for self-insurance and litigation reserves, pension and other post-retirement benefit liabilities and costs, valuation of derivative instruments, asset valuation assessments, depreciation and amortization of long-lived assets, asset impairment assessments, tax valuation allowances, and allowances for doubtful accounts. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Any effects on our financial position or results of operations resulting from revisions to these estimates are recorded in the period in which the facts that give rise to the revision become known to us. Management has reviewed these critical accounting estimates and related disclosures with the Audit Committee of our Board of Supervisors.

Results of Operations and Financial Condition

Consistent with the seasonal nature of the propane and fuel oil businesses, we typically experience a net loss in the third quarter. Net loss for the three months ended June 25, 2011 was $6.8 million, or $0.19 per Common Unit, compared to $6.6 million, or $0.19 per Common Unit, in the prior year third quarter. Earnings before interest, taxes, depreciation and amortization (EBITDA) for the third quarter of fiscal 2011 amounted to $10.0 million, compared to $9.4 million in the prior year third quarter. Excluding the effects of the unrealized (non-cash) mark-to-market adjustments on derivative instruments used in risk management activities in both quarters, Adjusted EBITDA amounted to $10.3 million for the fiscal 2011 third quarter, compared to Adjusted EBITDA of $9.1 million in the prior year third quarter.

Retail propane gallons sold in the third quarter of fiscal 2011 amounted to 54.6 million gallons, compared to 56.0 million gallons in the prior year third quarter, a decrease of 1.4 million gallons, or 2.5%. Sales of fuel oil and other refined fuels amounted to 5.6 million gallons, compared to 6.6 million gallons during the third quarter of fiscal 2010. In the propane segment, sales volumes to our residential customer base were essentially flat compared to the prior year third quarter and, within the refined fuels segment, fuel oil volumes were flat compared to the prior year third quarter. Therefore, the majority of the volume shortfall compared to the prior year third quarter was experienced in the non-residential propane customer base and in the low-margin gasoline and diesel business. Sales volumes benefitted from a colder start to the fiscal 2011 third quarter compared to the prior year third quarter as average temperatures across our service territories in the month of April were approximately 5% colder than normal, compared to 22% warmer than normal in April 2010.

Revenues of $216.6 million increased $18.5 million, or 9.3%, compared to the prior year third quarter, primarily due to higher average selling prices attributable to higher base commodity prices. Average posted prices for propane and fuel oil were 38.1% and 44.6% higher, respectively, compared to the prior year third quarter as commodity prices continued to rise, reaching their highest levels in nearly three years, dating back to the then unprecedented levels reached in the latter half of fiscal 2008. Cost of products sold for the third quarter of fiscal 2011 of $125.2 million increased $18.6 million, or 17.4%, compared to $106.6 million in the prior year third quarter. Cost of products sold in the third quarter of fiscal 2011 included a $0.3 million unrealized (non-cash) loss attributable to the mark-to-market adjustment for derivative instruments used in risk management activities, compared to a $0.3 million unrealized (non-cash) gain in the prior year third quarter; these unrealized gains and losses are excluded from Adjusted EBITDA for both periods.

Combined operating and general and administrative expenses of $81.4 million for the third quarter of fiscal 2011 were $0.6 million, or 0.7%, lower than the prior year third quarter, primarily due to lower payroll and benefit related expenses, offset to an extent by higher fuel costs to operate our fleet and higher bad debt expense.

Looking ahead to the remainder of fiscal 2011, we expect that the weak economy and high commodity prices will continue to present challenges in each of our markets that will continue to affect customer buying habits, thus having a possible negative impact on sales volumes and margins. Nonetheless, we believe that our flexible cost structure, focus on operating efficiencies and financial strength are all factors that will help us effectively manage through the challenging operating environment.

Our anticipated cash requirements for the remainder of fiscal 2011 include: (i) maintenance and growth capital expenditures of approximately $5.6 million; (ii) interest payments of approximately $10.9 million; and (iii) cash distributions of approximately $30.2 million to our Common Unitholders based on the current quarterly distribution rate of $0.8525 per Common Unit. Based on our current estimates of cash flow from operations and our cash position at the end of the third quarter of fiscal 2011, we do not anticipate the need to borrow under our credit facility to meet our working capital requirements for the remainder of fiscal 2011. As of June 25, 2011, there was $161.4 million of cash on the balance sheet, and unused borrowing capacity under our Revolving Credit Facility of $95.1 million, after considering outstanding letters of credit of $54.9 million.

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Three Months Ended June 25, 2011 Compared to Three Months Ended June 26, 2010

Revenues

(Dollars in thousands)	Three Months Ended June 25, 2011	Three Months Ended June 26, 2010	Increase/ (Decrease)	Percent Increase/ (Decrease)
Revenues				
Propane	$ 169,258	$ 155,538	$ 13,720	8.8%
Fuel oil and refined fuels	22,528	20,090	2,438	12.1%
Natural gas and electricity	16,691	13,608	3,083	22.7%
All other	8,086	8,834	(748)	(8.5%)
Total revenues	$ 216,563	$ 198,070	$ 18,493	9.3%

Total revenues increased $18.5 million, or 9.3%, to $216.6 million for the three months ended June 25, 2011 compared to $198.1 million for the three months ended June 26, 2010 due to higher average selling prices associated with higher product costs, partially offset by lower volumes sold. Although weather during the third quarter has considerably less of an impact on our volumes than it does during the heating season, sales volumes benefitted from a colder start to the fiscal 2011 third quarter compared to the prior year third quarter as average temperatures across our service territories in the month of April 2011 were approximately 5% colder than normal, compared to 22% warmer than normal in April 2010. From an overall weather perspective, average temperatures across our service territories for the third quarter of fiscal 2011 were 3% warmer than normal and 13% colder than the prior year third quarter.

Revenues from the distribution of propane and related activities of $169.3 million for the third quarter of fiscal 2011 increased $13.7 million, or 8.8%, compared to $155.5 million in the prior year third quarter primarily due to higher average selling prices, partially offset by lower volumes sold. Average propane selling prices for the third quarter of fiscal 2011 increased 13.1% compared to the prior year third quarter due to higher product costs. Retail propane gallons sold in the third quarter of fiscal 2011 decreased 1.4 million gallons, or 2.5%, to 54.6 million gallons from 56.0 million gallons in the prior year third quarter. Although the year over year comparison of volumes sold were favorably impacted by the weather pattern discussed above, volumes sold were negatively impacted by ongoing customer conservation resulting from the high commodity price environment and continued weakness in the economy. From a customer mix perspective, the volume decline was primarily attributable to our non-residential customer base as sales volumes to our residential customer base were essentially flat compared to the prior year third quarter. Included within the propane segment are revenues from other propane activities of $12.8 million for the third quarter of fiscal 2011, which decreased $0.8 million compared to the prior year third quarter.

Revenues from the distribution of fuel oil and refined fuels of $22.5 million for the third quarter of fiscal 2011 increased $2.4 million, or 12.1%, from $20.1 million in the prior year third quarter primarily due to higher average selling prices, partially offset by lower volumes sold. Average selling prices in our fuel oil and refined fuels segment in the third quarter of fiscal 2011 increased 32.1% compared to the prior year third quarter due to higher product costs. Fuel oil and refined fuels gallons sold in the third quarter of fiscal 2011 decreased 1.0 million gallons, or 15.2%, to 5.6 million gallons from 6.6 million gallons in the prior year third quarter. The volume decline was entirely attributable to a decline in volumes sold of low-margin gasoline and diesel as fuel oil volumes, our primary focus within the fuel oil and refined fuels segment, were flat compared to the prior year third quarter.

Revenues in our natural gas and electricity segment increased $3.1 million, or 22.7%, to $16.7 million in the third quarter of fiscal 2011 compared to $13.6 million in the prior year third quarter primarily as a result of higher natural gas volumes sold, coupled with higher natural gas average selling prices.

Cost of Products Sold

(Dollars in thousands)	Three Months Ended June 25, 2011	Three Months Ended June 26, 2010	Increase/ (Decrease)	Percent Increase/ (Decrease)
Cost of products sold				
Propane	$ 93,921	$ 80,507	$ 13,414	16.7%
Fuel oil and refined fuels	16,956	13,773	3,183	23.1%
Natural gas and electricity	12,169	9,693	2,476	25.5%
All other	2,129	2,654	(525)	(19.8%)
Total cost of products sold	$ 125,175	$ 106,627	$ 18,548	17.4%
As a percent of total revenues	57.8%	53.8%		

The cost of products sold reported in the condensed consolidated statements of operations represents the weighted average unit cost of propane and fuel oil sold, including transportation costs to deliver product from our supply points to storage or to our customer service centers. Cost of products sold also includes the cost of natural gas and electricity, as well as the cost of appliances and related parts sold or installed by our customer service centers computed on a basis that approximates the average cost of the products. Unrealized (non-cash) gains or losses from changes in the fair value of derivative instruments that are not designated as cash flow hedges are recorded in each quarterly reporting period within cost of products sold. Cost of products sold is reported exclusive of any depreciation and amortization; these amounts are reported separately within the condensed consolidated statements of operations.

Given the retail nature of our operations, we maintain a certain level of priced physical inventory to ensure our field operations have adequate supply commensurate with the time of year. Our strategy has been, and will continue to be, to keep our physical inventory priced relatively close to market for our field operations. Consistent with past practices, we principally utilize futures and/or option contracts traded on the NYMEX to mitigate the price risk associated with our priced physical inventory. Under this risk management strategy, realized gains or losses on futures or option contracts, which are reported in cost of products sold, will typically offset losses or gains on the physical inventory once the product is sold (which may or may not occur in the same accounting period). We do not use futures or option contracts, or other derivative instruments, for speculative trading purposes.

Average posted prices for propane and fuel oil in the third quarter of fiscal 2011 were 38.1% and 44.6% higher, respectively, compared to the prior year third quarter. Total cost of products sold increased approximately $18.5 million, or 17.4%, to $125.2 million in the third quarter of fiscal 2011 compared to $106.6 million in the prior year third quarter due to higher average product costs resulting from the increase in commodity prices, partially offset by lower volumes sold. In addition, cost of products sold in the third quarter of fiscal 2011 included a $0.3 million unrealized (non-cash) loss representing the net change in the fair value of derivative instruments during the period, compared to a $0.3 million unrealized (non-cash) gain in the prior year third quarter, resulting in an increase of $0.6 million in cost of products sold in the third quarter of fiscal 2011 compared to the prior year third quarter ($0.2 million and $0.4 million increase reported within the propane segment and fuel oil and refined fuels segment, respectively).

Cost of products sold associated with the distribution of propane and related activities of $93.9 million in the third quarter of fiscal 2011 increased $13.4 million, or 16.7%, compared to the prior year third quarter. Higher average propane costs resulted in an increase of $16.0 million in cost of products sold during the third quarter of fiscal 2011 compared to the prior year third quarter. The impact of the increase in average propane costs was partially offset by lower propane volumes sold, which resulted in a $1.9 million decrease in cost of products sold during the third quarter of fiscal 2011 compared to the prior year third quarter. Cost of products sold from other propane activities decreased $0.9 million in the third quarter of fiscal 2011 compared to the prior year third quarter.

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Cost of products sold associated with our fuel oil and refined fuels segment of $17.0 million in the third quarter of fiscal 2011 increased $3.2 million, or 23.1%, compared to the prior year third quarter. Higher average fuel oil and refined fuels costs resulted in an increase of $4.9 million in cost of products sold during the third quarter of fiscal 2011 compared to the prior year third quarter. The impact of the increase in average fuel oil and refined fuels costs was partially offset by lower fuel oil and refined fuels volumes sold, which resulted in a $2.1 million decrease in cost of products sold during the third quarter of fiscal 2011 compared to the prior year third quarter.

Cost of products sold in our natural gas and electricity segment of $12.2 million in the third quarter of fiscal 2011 increased $2.5 million, or 25.5%, compared to the prior year third quarter primarily due to higher natural gas volumes sold, coupled with higher average natural gas and electricity costs.

For the third quarter of fiscal 2011, total cost of products sold as a percent of total revenues increased 4.0 percentage points to 57.8% from 53.8% in the prior year third quarter. The increase in cost of products sold as a percentage of revenues was primarily attributable to wholesale product costs rising at a faster rate than average selling prices in the third quarter of fiscal 2011 compared to the prior year third quarter as we were limited in our ability to pass along the rise in commodity prices to the end user.

Operating Expenses

	Three Months Ended			
(Dollars in thousands)	June 25, 2011	June 26, 2010	Increase	Percent Increase
Operating expenses	$ 68,747	$ 68,634	$ 113	0.2%
As a percent of total revenues	31.7%	34.7%		

All costs of operating our retail distribution and appliance sales and service operations are reported within operating expenses in the condensed consolidated statements of operations. These operating expenses include the compensation and benefits of field and direct operating support personnel, costs of operating and maintaining our vehicle fleet, overhead and other costs of our purchasing, training and safety departments and other direct and indirect costs of operating our customer service centers.

Operating expenses of $68.7 million in the third quarter of fiscal 2011 were relatively flat compared to the prior year third quarter as the impact of lower payroll and benefit related expenses resulting from operating efficiencies was offset by higher fuel costs for operating our fleet and higher bad debt expense attributable to the increase in average selling prices.

General and Administrative Expenses

	Three Months Ended			
(Dollars in thousands)	June 25, 2011	June 26, 2010	Decrease	Percent Decrease
General and administrative expenses	$ 12,618	$ 13,386	$ (768)	(5.7%)
As a percent of total revenues	5.8%	6.8%		

All costs of our back office support functions, including compensation and benefits for executives and other support functions, as well as other costs and expenses to maintain finance and accounting, treasury, legal, human resources, corporate development and the information systems functions are reported within general and administrative expenses in the condensed consolidated statements of operations.

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General and administrative expenses of $12.6 million for third quarter of fiscal 2011 decreased $0.8 million, or 5.7%, compared to $13.4 million in the prior year third quarter primarily due to lower payroll and benefit related expenses resulting from lower headcount, coupled with lower variable compensation.

Depreciation and Amortization

	Three Months Ended			
(Dollars in thousands)	June 25, 2011	June 26, 2010	Increase	Percent Increase
Depreciation and amortization	$ 9,670	$ 8,868	$ 802	9.0%
As a percent of total revenues	4.5%	4.5%		

Depreciation and amortization expense of $9.7 million for the third quarter of fiscal 2011 increased $0.8 million compared to $8.9 million in the prior year third quarter primarily as a result of tangible and intangible long-lived assets acquired from business combinations after June 26, 2010, coupled with accelerated depreciation expense for vehicles taken out of service during the third quarter of fiscal 2011.

Interest Expense, net

	Three Months Ended			
(Dollars in thousands)	June 25, 2011	June 26, 2010	Increase	Percent Increase
Interest expense, net	$ 6,867	$ 6,808	$ 59	0.9%
As a percent of total revenues	3.2%	3.4%		

Net interest expense of $6.9 million for the third quarter of fiscal 2011 was relatively flat compared to the prior year third quarter.

Net Loss and EBITDA

Net loss for the third quarter of fiscal 2011 amounted to $6.8 million, or $0.19 per Common Unit, compared to net loss of $6.6 million, or $0.19 per Common Unit, in the prior year third quarter. Earnings before interest, taxes, depreciation and amortization (EBITDA) for the third quarter of fiscal 2011 amounted to $10.0 million, compared to $9.4 million in the prior year third quarter. Adjusted EBITDA amounted to $10.3 million for the third quarter of fiscal 2011 compared to $9.1 million in the prior year third quarter.

EBITDA represents income before deducting interest expense, income taxes, depreciation and amortization. Adjusted EBITDA represents EBITDA excluding the unrealized net gain or loss on mark-to-market activity for derivative instruments and loss on debt extinguishment. Our management uses EBITDA as a measure of liquidity and we disclose it because we believe that it provides our investors and industry analysts with additional information to evaluate our ability to meet our debt service obligations and to pay our quarterly distributions to holders of our Common Units. In addition, certain of our incentive compensation plans covering executives and other employees utilize Adjusted EBITDA as the performance target. Moreover, our revolving credit agreement requires us to use Adjusted EBITDA as a component in calculating our leverage and interest coverage ratios. EBITDA and Adjusted EBITDA are not recognized terms under US-GAAP and should not be considered as an alternative to net income or net cash provided by operating activities determined in accordance with US-GAAP. Because EBITDA and Adjusted EBITDA as determined by us excludes some, but not all, items that affect net income, they may not be comparable to EBITDA and Adjusted EBITDA or similarly titled measures used by other companies.

The following table sets forth (i) our calculations of EBITDA and Adjusted EBITDA and (ii) a reconciliation of Adjusted EBITDA, as so calculated, to our net cash provided by operating activities:

	Three Months Ended	
(Dollars in thousands)	June 25, 2011	June 26, 2010
Net (loss)	$ (6,787)	$ (6,616)
Add:		
Provision for income taxes	273	363
Interest expense, net	6,867	6,808
Depreciation and amortization	9,670	8,868
EBITDA	10,023	9,423
Unrealized (non-cash) losses (gains) on changes in fair value of derivatives	313	(281)
Adjusted EBITDA	10,336	9,142
Add (subtract):		
Provision for income taxes	(273)	(363)
Interest expense, net	(6,867)	(6,808)
Unrealized (non-cash) (losses) gains on changes in fair value of derivatives	(313)	281
Compensation cost recognized under Restricted Unit Plans	737	1,136
Losses on disposal of property, plant and equipment, net	67	283
Changes in working capital and other assets and liabilities	56,316	68,722
Net cash provided by operating activities	$ 60,003	$ 72,393

Nine Months Ended June 25, 2011 Compared to Nine Months Ended June 26, 2010

Revenues

	Nine Months Ended			Percent
(Dollars in thousands)	June 25, 2011	June 26, 2010	Increase/ (Decrease)	Increase/ (Decrease)
Revenues				
Propane	$ 786,968	$ 758,410	$ 28,558	3.8%
Fuel oil and refined fuels	124,448	120,648	3,800	3.1%
Natural gas and electricity	68,348	59,311	9,037	15.2%
All other	29,208	30,296	(1,088)	(3.6%)
Total revenues	$ 1,008,972	$ 968,665	$ 40,307	4.2%

Total revenues increased $40.3 million, or 4.2%, to $1,009.0 million for the nine months ended June 25, 2011 compared to $968.7 million for the nine months ended June 26, 2010 as a result of higher average selling prices associated with higher product costs, partially offset by lower volumes sold. The decline in volumes was primarily due to customer conservation efforts attributable to the high commodity price environment and ongoing sluggish economic conditions. Average temperatures across our service territories for the first nine months of fiscal 2011 were at normal levels and 5% colder than the first nine months of the prior year.

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Revenues from the distribution of propane and related activities of $787.0 million in the first nine months of fiscal 2011 increased $28.6 million, or 3.8%, compared to $758.4 million in the first nine months of the prior year primarily due to higher average selling prices, partially offset by lower volumes sold. Average propane selling prices in the first nine months of fiscal 2011 increased 7.5% compared to the first nine months of the prior year due to higher product costs. Retail propane gallons sold in the first nine months of fiscal 2011 decreased 15.5 million gallons, or 5.7%, to 254.9 million gallons from 270.4 million gallons in the comparable prior year period. The volume decline was primarily attributable to the aforementioned impact of customer conservation resulting from the high commodity price environment and continued weakness in the economy. Included within the propane segment are revenues from other propane activities of $58.6 million in the first nine months of fiscal 2011, which increased $19.2 million compared to the first nine months of prior year as a result of the settlement of certain contracts used for risk management purposes (see similar increase in cost of products sold).

Revenues from the distribution of fuel oil and refined fuels of $124.4 million in the first nine months of fiscal 2011 increased $3.8 million, or 3.1%, from $120.6 million in the first nine months of the prior year, primarily due to higher average selling prices, partially offset by lower volumes sold. Average selling prices in our fuel oil and refined fuels segment in the first nine months of fiscal 2011 increased 18.3% compared to the first nine months of the prior year due to higher product costs. Fuel oil and refined fuels gallons sold in the first nine months of fiscal 2011 decreased 4.8 million gallons, or 12.6%, to 33.3 million gallons from 38.1 million gallons in the comparable prior year period. The volume decline was primarily attributable to the aforementioned impact of customer conservation.

Revenues in our natural gas and electricity segment increased $9.0 million, or 15.2%, to $68.3 million in the first nine months of fiscal 2011 compared to $59.3 million in the first nine months of the prior year primarily as a result of higher natural gas and electricity volumes sold, coupled with higher average selling prices.

Cost of Products Sold

	Nine Months Ended			
(Dollars in thousands)	**June 25 2011**	**June 26 2010**	**Increase/ (Decrease)**	**Percent Increase/ (Decrease)**
Cost of products sold				
Propane	$ 425,808	$ 371,833	$ 53,975	14.5%
Fuel oil and refined fuels	88,433	80,979	7,454	9.2%
Natural gas and electricity	49,803	43,867	5,936	13.5%
All other	7,467	8,773	(1,306)	(14.9%)
Total cost of products sold	$ 571,511	$ 505,452	$ 66,059	13.1%
As a percent of total revenues	56.6%	52.2%		

Average posted prices for propane and fuel oil in the first nine months of fiscal 2011 were 21.3% and 33.7% higher, respectively, compared to the first nine months of the prior year. Total cost of products sold increased $66.1 million, or 13.1%, to $571.5 million in the first nine months of fiscal 2011 compared to $505.4 million in the prior year period due to higher average product costs resulting from the increase in commodity prices and, to a much lesser extent, realized losses on derivative instruments used for risk management purposes reported in the first nine months of fiscal 2011 that were not fully offset by sales of the physical product during the period. Partially offsetting the items driving cost of products sold higher was the impact of lower volumes sold and the favorable impact of non-cash mark-to-market adjustments from our risk management activities in the first nine months of fiscal 2011 compared to the prior year period. Cost of products sold in the first nine months of fiscal 2011 included a $2.2 million unrealized (non-cash) gain representing the net change in the fair value of derivative instruments during the period, compared to a $4.9 million unrealized (non-cash) loss in the prior year period, resulting in a decrease of $7.1 million in cost of products sold in the first nine months of fiscal 2011 compared to the first nine months of the prior year ($0.9 million and $6.2 million decrease reported within the propane segment and fuel oil and refined fuels segment, respectively).

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Cost of products sold associated with the distribution of propane and related activities of $425.8 million in the first nine months of fiscal 2011 increased $54.0 million, or 14.5%, compared to the first nine months of the prior year. Higher average propane costs resulted in an increase of $53.6 million in cost of products sold during the first nine months of fiscal 2011 compared to the prior year period. The impact of the increase in average propane costs was partially offset by lower propane volumes sold, which resulted in a $21.0 million decrease in cost of products sold during the first nine months of fiscal 2011 compared to the prior year period. Cost of products sold from other propane activities increased $22.3 million in the first nine months of fiscal 2011 compared to the prior year period.

Cost of products sold associated with our fuel oil and refined fuels segment of $88.4 million in the first nine months of fiscal 2011 increased approximately $7.4 million, or 9.2%, compared to the first nine months of the prior year. Higher average fuel oil and refined fuels costs resulted in an increase of $23.2 million in cost of products sold during the first nine months of fiscal 2011 compared to the prior year period. The impact of the increase in average fuel oil and refined fuels costs was partially offset by lower fuel oil and refined fuels volumes sold, which resulted in a $9.6 million decrease in cost of products sold during the first nine months of fiscal 2011 compared to the prior year period.

Cost of products sold in our natural gas and electricity segment of $49.8 million in the first nine months of fiscal 2011 increased $5.9 million, or 13.5%, compared to the prior year period primarily due to higher natural gas and electricity volumes sold, coupled with higher average costs.

For the first nine months of fiscal 2011, total cost of products sold as a percent of total revenues increased 4.4 percentage points to 56.6% from 52.2% in the comparable prior year period. The increase in cost of products sold as a percentage of revenues was primarily attributable to wholesale product costs rising at a faster rate than average selling prices in the first nine months of fiscal 2011 compared to the prior year period, as well as the impact of realized losses on derivative instruments used for risk management purposes which were not fully offset by gains on sales of the physical product during the first nine months of fiscal 2011.

Operating Expenses

	Nine Months Ended			
	June 25,	**June 26,**		**Percent**
(Dollars in thousands)	**2011**	**2010**	**Decrease**	**Decrease**
Operating expenses	$ 213,831	$ 221,629	$ (7,798)	(3.5%)
As a percent of total revenues	21.2%	22.9%		

Operating expenses of $213.8 million in the first nine months of fiscal 2011 decreased $7.8 million, or 3.5%, compared to $221.6 million in the prior year period as a result of lower variable compensation associated with lower earnings, lower payroll and benefit related expenses resulting from operating efficiencies and lower bad debt expense. These savings were partially offset by an increase in fuel costs for operating our fleet.

General and Administrative Expenses

	Nine Months Ended			
	June 25,	**June 26**		**Percent**
(Dollars in thousands)	**2011**	**2010**	**Decrease**	**Decrease**
General and administrative expenses	$ 37,399	$ 47,381	$ (9,982)	(21.1%)
As a percent of total revenues	3.7%	4.9%		

General and administrative expenses of $37.4 million in first nine months of fiscal 2011 decreased $10.0 million, or 21.1%, compared to $47.4 million in the prior year period primarily due to lower variable compensation associated with lower earnings and the impact of a $2.5 million gain on sale of assets during the second quarter of fiscal 2011. In addition, general and administrative expenses for the first nine months of fiscal 2010 included a charge for an unfavorable judgment in an uninsured legal matter.

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Severance charges

During the second quarter of fiscal 2011 we recorded severance charges of $2.0 million related to the realignment of our regional operating footprint in response to the persistent and foreseeable challenges affecting the industry as a whole. The steps taken were made possible as a result of our technology infrastructure and the talent within the organization.

Depreciation and Amortization

	Nine Months Ended			
(Dollars in thousands)	**June 25, 2011**	**June 26, 2010**	**Increase**	**Percent Increase**
Depreciation and amortization	$ 26,304	$ 23,094	$ 3,210	13.9%
As a percent of total revenues	2.6%	2.4%		

Depreciation and amortization expense of $26.3 million for the first nine months of fiscal 2011 increased $3.2 million compared to $23.1 million in the prior year period primarily as a result of tangible and intangible long-lived assets acquired from business combinations since June 26, 2010, coupled with accelerated depreciation expense for assets taken out of service in the first nine months of fiscal 2011.

Interest Expense, net

	Nine Months Ended			
(Dollars in thousands)	**June 25 2011**	**June 26 2010**	**Decrease**	**Percent Decrease**
Interest expense, net	$ 20,532	$ 20,599	$ (67)	(0.3%)
As a percent of total revenues	2.0%	2.1%		

Net interest expense of $20.5 million for the first nine months of fiscal 2011 was relatively flat compared to the prior year period as higher interest expense on our senior notes was offset by lower interest expense on our revolving credit facility. See Liquidity and Capital Resources below for additional discussion regarding long-term borrowings.

Net Income and EBITDA

Net income for the first nine months of fiscal 2011 amounted to $136.7 million, or $3.85 per Common Unit, compared to net income of $140.1 million, or $3.96 per Common Unit, in the prior year period. EBITDA for the first nine months of fiscal 2011 amounted to $184.2 million, compared to $184.7 million in the prior year period. Adjusted EBITDA amounted to $182.0 million for the first nine months of fiscal 2011 compared to $199.1 million in the prior year period.

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The following table sets forth (i) our calculations of EBITDA and Adjusted EBITDA and (ii) a reconciliation of Adjusted EBITDA, as so calculated, to our net cash provided by operating activities:

(Dollars in thousands)	Nine Months Ended June 25, 2011	Nine Months Ended June 26, 2010
Net income	$ 136,658	$ 140,147
Add:		
Provision for income taxes	737	890
Interest expense, net	20,532	20,599
Depreciation and amortization	26,304	23,094
EBITDA	184,231	184,730
Unrealized (non-cash) (gains) losses on changes in fair value of derivatives	(2,237)	4,859
Loss on debt extinguishment		9,473
Adjusted EBITDA	181,994	199,062
Add (subtract):		
Provision for income taxes	(737)	(890)
Interest expense, net	(20,532)	(20,599)
Unrealized (non-cash) gains (losses) on changes in fair value of derivatives	2,237	(4,859)
Compensation cost recognized under Restricted Unit Plans	3,136	3,153
(Gain) loss on disposal of property, plant and equipment, net	(2,844)	149
Changes in working capital and other assets and liabilities	(53,413)	(46,292)
Net cash provided by operating activities	$ 109,841	$ 129,724

Liquidity and Capital Resources

Analysis of Cash Flows

Operating Activities. Net cash provided by operating activities for the first nine months of fiscal 2011 was $109.8 million, compared to net cash provided by operating activities of $129.7 million for the first nine months of the prior year. The decrease in net cash provided by operating activities was primarily attributable to the increase in propane and fuel oil commodity prices that resulted in a larger investment in working capital, coupled with a decrease in earnings in the first nine months of fiscal 2011 compared to the first nine months of the prior year. Despite the year over year increase in working capital requirements, we continued to fund working capital through cash on hand without the need to access the revolving credit facility. We have not borrowed under our Revolving Credit Facility for working capital purposes since April 2006.

Investing Activities. Net cash used in investing activities of $14.9 million for the first nine months of fiscal 2011 consisted of capital expenditures of $17.2 million (including $7.4 million for maintenance expenditures and $9.8 million to support the growth of operations), and business acquisitions of $3.2 million, partially offset by $5.5 million in net proceeds from the sale of property, plant and equipment. Net cash used in investing activities of $20.8 million for the first nine months of fiscal 2010 consisted of capital expenditures of $13.0 million (including $6.9 million for maintenance expenditures and $6.1 million to support the growth of operations) and business acquisitions of $10.8 million, partially offset by $3.0 million in net proceeds from the sale of property, plant and equipment.

Financing Activities. Net cash used in financing activities for the first nine months of fiscal 2011 of $90.4 million reflects the quarterly distribution to Common Unitholders at a rate of $0.850 per Common Unit paid in respect of the

fourth quarter of fiscal 2010 and $0.8525 per Common Unit paid in respect of the first and second quarters of fiscal 2011.

Net cash used in financing activities for the first nine months of fiscal 2010 of $102.1 million reflects quarterly distributions to Common Unitholders at a rate of $0.830 per Common Unit paid in respect of the fourth quarter of fiscal 2009, $0.835 per Common Unit paid in respect of the first quarter of fiscal 2010 and $0.840 per Common Unit paid in respect of the second quarter of fiscal 2010. In addition, financing activities for the first nine months of fiscal 2010 reflects the repurchase of $250.0 million aggregate principal amount of our 6.875% senior notes due 2013 for $256.5 million (including repurchase premiums and fees), which was substantially funded by the net proceeds of $247.8 million from the issuance of 7.375% senior notes due 2020, as well as the $5.0 million payment of debt issuance costs associated with the issuance of the 2020 senior notes.

Summary of Long-Term Debt Obligations and Revolving Credit Lines

On March 23, 2010, we and our wholly-owned subsidiary, Suburban Energy Finance Corporation, completed a public offering of $250.0 million in aggregate principal amount of 7.375% senior notes due 2020 (the 2020 Senior Notes). The 2020 Senior Notes were issued at 99.136% of the principal amount. The net proceeds from the issuance, along with cash on hand, were used to repurchase the previously outstanding 6.875% senior notes due 2013 on March 23, 2010 through a redemption and tender offer. In connection with the repurchase of the 2013 Senior Notes, we recognized a loss on the extinguishment of debt of $9.5 million in the second quarter of fiscal 2010, consisting of $7.2 million for the repurchase premium and related fees, as well as the write-off of $2.3 million in unamortized debt origination costs and unamortized discount.

As of June 25, 2011, our long-term borrowings and revolving credit lines consist of the 2020 Senior Notes and a $250.0 million senior secured revolving credit facility at the Operating Partnership level (the Revolving Credit Facility). Borrowings under the Revolving Credit Facility may be used for general corporate purposes, including working capital, capital expenditures and acquisitions until maturity on June 25, 2013. Our Operating Partnership has the right to prepay loans under the Revolving Credit Facility, in whole or in part, without penalty at any time prior to maturity. We have standby letters of credit issued under the Revolving Credit Facility in the aggregate amount of $54.9 million primarily in support of retention levels under our self-insurance programs, which expire periodically through April 15, 2012. Therefore, as of June 25, 2011 we had available borrowing capacity of $95.1 million under the Revolving Credit Facility.

The 2020 Senior Notes mature on March 15, 2020 and require semi-annual interest payments in March and September. We are permitted to redeem some or all of the 2020 Senior Notes any time at redemption prices specified in the indenture governing the notes. In addition, the 2020 Senior Notes have a change of control provision that would require us to offer to repurchase the notes at 101% of the principal amount repurchased, if the change of control is followed by a rating decline (a decrease in the rating of the notes by either Moody s Investors Service or Standard and Poor s Rating group by one or more gradations) within 90 days of the consummation of the change of control.

Borrowings under the Revolving Credit Facility bear interest at prevailing interest rates based upon, at our Operating Partnership s option, LIBOR plus the applicable margin or the base rate, defined as the higher of the Federal Funds Rate plus 1/2 of 1%, the agent bank s prime rate, or LIBOR plus 1%, plus in each case the applicable margin. The applicable margin is dependent upon our ratio of total debt to EBITDA on a consolidated basis, as defined in the Revolving Credit Facility. As of June 25, 2011, the interest rate for the Revolving Credit Facility was approximately 3.3%. The interest rate and the applicable margin will be reset at the end of each calendar quarter.

In connection with the Revolving Credit Facility, the Operating Partnership also entered into an interest rate swap agreement with a notional amount of $100.0 million and an effective date of March 31, 2010 and termination date of June 25, 2013. Under the interest rate swap agreement, the Operating Partnership will pay a fixed interest rate of 3.12% to the issuing lender on the notional principal amount outstanding, effectively fixing the LIBOR portion of the interest rate at 3.12%. In return, the issuing lender will pay to the Operating Partnership a floating rate, namely LIBOR, on the same notional principal amount. This interest rate swap agreement replaced the previous interest rate swap agreement which terminated on March 31, 2010.

The Revolving Credit Facility and the 2020 Senior Notes both contain various restrictive and affirmative covenants applicable to the Operating Partnership and the Partnership, respectively, including (i) restrictions on the incurrence of additional indebtedness, and (ii) restrictions on certain liens, investments, guarantees, loans, advances, payments, mergers, consolidations, distributions, sales of assets and other transactions. The Revolving Credit Facility contains certain financial covenants (a) requiring the consolidated interest coverage ratio, as defined, at the Partnership level to be not less than 2.5 to 1.0 as of the end of any fiscal quarter; (b) prohibiting the total consolidated leverage ratio, as defined, at the Partnership level from being greater than 4.5 to 1.0 as of the end of any fiscal quarter; and (c) prohibiting the senior secured consolidated leverage ratio, as defined, of the Operating Partnership from being greater than 3.0 to 1.0 as of the end of any fiscal quarter. Under the 2020 Senior Note indenture, we are generally permitted to make cash distributions equal to available cash, as defined, as of the end of the immediately preceding quarter, if no event of default exists or would exist upon making such distributions, and the Partnership s consolidated fixed charge coverage ratio, as defined, is greater than 1.75 to 1. We were in compliance with all covenants and terms of the 2020 Senior Notes and the Revolving Credit Facility as of June 25, 2011.

Partnership Distributions

We are required to make distributions in an amount equal to all of our Available Cash, as defined in the Third Amended and Restated Partnership Agreement, as amended (the Partnership Agreement), no more than 45 days after the end of each fiscal quarter to holders of record on the applicable record dates. Available Cash, as defined in the Partnership Agreement, generally means all cash on hand at the end of the respective fiscal quarter less the amount of cash reserves established by the Board of Supervisors in its reasonable discretion for future cash requirements. These reserves are retained for the proper conduct of our business, the payment of debt principal and interest and for distributions during the next four quarters. The Board of Supervisors reviews the level of Available Cash on a quarterly basis based upon information provided by management.

On July 21, 2011, we announced a quarterly distribution of $0.8525 per Common Unit, or $3.41 on an annualized basis, in respect of the third quarter of fiscal 2011 payable on August 9, 2011 to holders of record on August 2, 2011. The annualized distribution represents a growth rate of 0.9% in the quarterly distribution rate compared to the third quarter of fiscal 2010.

Other Commitments

We have a noncontributory, cash balance format, defined benefit pension plan which was frozen to new participants effective January 1, 2000. Effective January 1, 2003, the defined benefit pension plan was amended such that future service credits ceased and eligible employees would receive interest credits only toward their ultimate retirement benefit. We also provide postretirement health care and life insurance benefits for certain retired employees under a plan that was also frozen to new participants effective January 1, 2000. At June 25, 2011, we had a liability for the defined benefit pension plan and accrued retiree health and life benefits of $18.1 million and $20.3 million, respectively.

We are self-insured for general and product, workers compensation and automobile liabilities up to predetermined thresholds above which third party insurance applies. At June 25, 2011, we had accrued insurance liabilities of $52.5 million, and an insurance recovery asset of $16.7 million related to the amount of the liability expected to be covered by insurance carriers.

Off-Balance Sheet Arrangements

Guarantees

We have residual value guarantees associated with certain of our operating leases, related primarily to transportation equipment, with remaining lease periods scheduled to expire periodically through fiscal 2018. Upon completion of the lease period, we guarantee that the fair value of the equipment will equal or exceed the guaranteed amount, or we will pay the lessor the difference. Although the fair value of equipment at the end of its lease term has historically exceeded the guaranteed amounts, the maximum potential amount of aggregate future payments we could be required to make under these leasing arrangements, assuming the equipment is deemed worthless at the end of the lease term, is approximately $10.4 million as of June 25, 2011. The fair value of residual value guarantees for outstanding operating leases was de minimis as of June 25, 2011 and September 25, 2010.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Commodity Price Risk

We enter into product supply contracts that are generally one-year agreements subject to annual renewal, and also purchase product on the open market. Our propane supply contracts typically provide for pricing based upon index formulas using the posted prices established at major supply points such as Mont Belvieu, Texas, or Conway, Kansas (plus transportation costs) at the time of delivery. In addition, to supplement our annual purchase requirements, we may utilize forward fixed price purchase contracts to acquire a portion of the propane that we resell to our customers, which allows us to manage our exposure to unfavorable changes in commodity prices and to ensure adequate physical supply. The percentage of contract purchases, and the amount of supply contracted for under forward contracts at fixed prices, will vary from year to year based on market conditions. In certain instances, and when market conditions are favorable, we are able to purchase product under our supply arrangements at a discount to the market.

Product cost changes can occur rapidly over a short period of time and can impact profitability. We attempt to reduce commodity price risk by pricing product on a short-term basis. The level of priced, physical product maintained in storage facilities and at our customer service centers for immediate sale to our customers will vary depending on several factors, including, but not limited to, price, supply and demand dynamics, and demand for a given time of the year. Typically, our on hand priced position does not exceed more than four to eight weeks of our supply needs, depending on the time of the year. In the course of normal operations, we routinely enter into contracts such as forward priced physical contracts for the purchase or sale of propane and fuel oil that, under accounting rules for derivative instruments and hedging activities, qualify for and are designated as normal purchase or normal sale contracts. Such contracts are exempted from fair value accounting and are accounted for at the time product is purchased or sold under the related contract.

Under our hedging and risk management strategies, we enter into a combination of exchange-traded futures and option contracts and, in certain instances, over-the-counter option contracts (collectively, derivative instruments) to manage the price risk associated with priced, physical product and with future purchases of the commodities used in our operations, principally propane and fuel oil, as well as to ensure the availability of product during periods of high demand. We do not use derivative instruments for speculative or trading purposes. Futures contracts require that we sell or acquire propane or fuel oil at a fixed price for delivery at fixed future dates. An option contract allows, but does not require, its holder to buy or sell propane or fuel oil at a specified price during a specified time period. However, the writer of an option contract must fulfill the obligation of the option contract, should the holder choose to exercise the option. At expiration, the contracts are settled by the delivery of the product to the respective party or are settled by the payment of a net amount equal to the difference between the then current price and the fixed contract price or option exercise price. To the extent that we utilize derivative instruments to manage exposure to commodity price risk and commodity prices move adversely in relation to the contracts, we could suffer losses on those derivative instruments when settled. Conversely, if prices move favorably, we could realize gains. Under our hedging and risk management strategy, realized gains or losses on derivative instruments will typically offset losses or gains on the physical inventory once the product is sold to customers at market prices.

As a result of the steady rise in commodity prices throughout the first nine months of fiscal 2011, we reported realized losses on derivative instruments used for risk management purposes which were not fully offset by sales of the physical product, thus negatively impacting overall gross margins for the first nine months of fiscal 2011.

Market Risk

We are subject to commodity price risk to the extent that propane or fuel oil market prices deviate from fixed contract settlement amounts. Futures traded with brokers of the NYMEX require daily cash settlements in margin accounts. Forward and option contracts are generally settled at the expiration of the contract term either by physical delivery or through a net settlement mechanism. Market risks associated with futures, options and forward contracts are monitored daily for compliance with our Hedging and Risk Management Policy which includes volume limits for open positions. Open inventory positions are reviewed and managed daily as to exposures to changing market prices.

Credit Risk

Exchange traded futures and option contracts are guaranteed by the NYMEX and, as a result, have minimal credit risk. We are subject to credit risk with over-the-counter forward and propane option contracts to the extent the counterparties do not perform. We evaluate the financial condition of each counterparty with which we conduct business and establish credit limits to reduce exposure to the risk of non-performance by our counterparties.

Interest Rate Risk

A portion of our borrowings bear interest at prevailing interest rates based upon, at the Operating Partnership s option, LIBOR, plus an applicable margin or the base rate, defined as the higher of the Federal Funds Rate plus 1/2 of 1% or the agent bank s prime rate, or LIBOR plus 1%, plus the applicable margin. The applicable margin is dependent on the level of the Partnership s total leverage (the total ratio of debt to EBITDA). Therefore, we are subject to interest rate risk on the variable component of the interest rate. We manage our interest rate risk by entering into interest rate swap agreements. The interest rate swaps have been designated as a cash flow hedge. Changes in the fair value of the interest rate swaps are recognized in other comprehensive income (OCI) until the hedged item is recognized in earnings. At June 25, 2011, the fair value of the interest rate swaps was $5.0 million representing an unrealized loss and is included within other current liabilities and other liabilities, as applicable, with a corresponding debit in OCI.

Derivative Instruments and Hedging Activities

All of our derivative instruments are reported on the balance sheet at their fair values. On the date that futures, forward and option contracts are entered into, we make a determination as to whether the derivative instrument qualifies for designation as a hedge. Changes in the fair value of derivative instruments are recorded each period in current period earnings or OCI, depending on whether a derivative instrument is designated as a hedge and, if so, the type of hedge. For derivative instruments designated as cash flow hedges, we formally assess, both at the hedge contract s inception and on an ongoing basis, whether the hedge contract is highly effective in offsetting changes in cash flows of hedged items. Changes in the fair value of derivative instruments designated as cash flow hedges are reported in OCI to the extent effective and reclassified into cost of products sold during the same period in which the hedged item affects earnings. The mark-to-market gains or losses on ineffective portions of cash flow hedges are immediately recognized in cost of products sold. Changes in the fair value of derivative instruments that are not designated as cash flow hedges, and that do not meet the normal purchase and normal sale exemption, are recorded within cost of products sold as they occur. Cash flows associated with derivative instruments are reported as operating activities within the condensed consolidated statement of cash flows.

Sensitivity Analysis

In an effort to estimate our exposure to unfavorable market price changes in commodities related to our open positions under derivative instruments, we developed a model that incorporates the following data and assumptions:

A. The fair value of open positions as of June 25, 2011.

B. The market prices for the underlying commodities used to determine A. above were adjusted adversely by a hypothetical 10% change and compared to the fair value amounts in A. above to project the potential negative impact on earnings that would be recognized for the respective scenario.

Based on the sensitivity analysis described above, a hypothetical 10% adverse change in market prices would not have a material impact on our outstanding derivative instruments as of June 25, 2011. See also Item 7A of our Annual Report on Form 10-K for the fiscal year ended September 25, 2010. The above hypothetical change does not reflect the worst case scenario. Actual results may be significantly different depending on market conditions and the composition of the open position portfolio.

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ITEM 4. CONTROLS AND PROCEDURES

(a) The Partnership maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934) that are designed to provide reasonable assurance that information required to be disclosed in the Partnership s filings and submissions under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to the Partnership s management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

The Partnership completed an evaluation under the supervision and with participation of the Partnership s management, including the Partnership s principal executive officer and principal financial officer, of the effectiveness of the design and operation of the Partnership s disclosure controls and procedures as of June 25, 2011. Based on this evaluation, the Partnership s principal executive officer and principal financial officer have concluded that as of June 25, 2011, such disclosure controls and procedures were effective to provide the reasonable assurance described above.

There have not been any changes in the Partnership s internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934) during the quarter ended June 25, 2011 that have materially affected or are reasonably likely to materially affect its internal control over financial reporting.

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PART II

ITEM 6. EXHIBITS

(a) Exhibits

31.1	Certification of the President and Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Filed herewith).
31.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Filed herewith).
32.1	Certification of the President and Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Filed herewith).
32.2	Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Filed herewith).
101.INS	XBRL Instance Document (Furnished herewith). *
101.SCH	XBRL Taxonomy Extension Schema Document (Furnished herewith). *
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document (Furnished herewith). *
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document (Furnished herewith). *
101.LAB	XBRL Taxonomy Extension Label Linkbase Document (Furnished herewith). *
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document (Furnished herewith). *

* XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934 and otherwise is not subject to liability under these actions.

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 thereunto duly authorized.

	SUBURBAN PROPANE PARTNERS, L.P.
August 4, 2011	By: /s/ MICHAEL A. STIVALA
Date	Michael A. Stivala Chief Financial Officer
August 4, 2011	By: /s/ MICHAEL A. KUGLIN
Date	Michael A. Kuglin Controller and Chief Accounting Officer