

PLAINS ALL AMERICAN PIPELINE LP
Form 8-K
November 05, 2008

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) November 5, 2008

Plains All American Pipeline, L.P.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation)

1-14569
(Commission File Number)

76-0582150
(IRS Employer Identification No.)

333 Clay Street, Suite 1600, Houston, Texas 77002

(Address of principal executive offices) (Zip Code)

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

Edgar Filing: PLAINS ALL AMERICAN PIPELINE LP - Form 8-K

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

Exhibit 99.1 Press Release dated November 5, 2008.

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

Plains All American Pipeline, L.P. (the Partnership) today issued a press release reporting its third-quarter 2008 results. We are furnishing the press release, attached as Exhibit 99.1, pursuant to Item 2.02 and Item 7.01 of Form 8-K. Pursuant to Item 7.01 we are providing updated detailed guidance for financial performance for the fourth quarter of calendar 2008 and resulting financial performance for the full year of calendar year of 2008 (which supersedes guidance pertaining to 2008 contained in our Form 8-K furnished on August 6, 2008). In accordance with General Instruction B.2. of Form 8-K, the information presented herein under this Item 7.01 shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), nor shall it be deemed incorporated by reference in any filing under the Exchange Act or Securities Act of 1933, as amended, except as expressly set forth by specific reference in such a filing.

Update of Fourth Quarter 2008 Guidance; Comments on 2009 Preliminary Guidance Initially Furnished on Form 8-K on May 29, 2008

EBIT and EBITDA (each as defined below in Note 1 to the Operating and Financial Guidance table) are non-GAAP financial measures. Net income and cash flows from operating activities are the most directly comparable GAAP measures to EBIT and EBITDA. In Note 12 below, we reconcile EBITDA and EBIT to net income for the 2008 guidance periods presented. It is, however, impractical to reconcile EBIT and EBITDA to cash flows from operating activities for a forecasted period. We encourage you to visit our website at www.paalp.com (in particular the section entitled Non-GAAP Reconciliation), which presents a historical reconciliation of certain commonly used non-GAAP financial measures, including EBIT and EBITDA. We present EBIT and EBITDA because we believe they provide additional information with respect to both the performance of our fundamental business activities and our ability to meet our future debt service, capital expenditures and working capital requirements. We also believe that debt holders commonly use EBITDA to analyze partnership performance. In addition, we have highlighted the impact of our equity compensation plans, revaluations of foreign currency, inventory valuation adjustments and, to the extent known, gains and losses related to SFAS 133 (primarily non-cash, mark-to-market adjustments) on Segment Profit, EBITDA, Net Income and Net Income per Basic and Diluted Limited Partner Unit.

The following guidance for the three months and twelve months ending December 31, 2008 is based on assumptions and estimates that we believe are reasonable given our assessment of historical trends (modified for changes in market conditions), business cycles and other information reasonably available. Projections covering multi-quarter periods contemplate inter-period changes in future performance resulting from new expansion projects, seasonal operational changes (such as LPG sales) and acquisition synergies. Our assumptions and future performance, however, are both subject to a wide range of business risks and uncertainties, so no assurance can be provided that actual performance will fall within the guidance ranges. Please refer to information under the caption Forward-Looking Statements and Associated Risks below. These risks and uncertainties, as well as other unforeseeable risks and uncertainties, could cause our actual results to differ materially from those in the following table. The operating and financial guidance provided below is given as of the date hereof, based on information known to us as of November 4, 2008. We undertake no obligation to publicly update or revise any forward-looking statements.

Edgar Filing: PLAINS ALL AMERICAN PIPELINE LP - Form 8-K

	Actual		Guidance ⁽¹⁾			
	9 Months Ended 09/30/08		3 Months Ending December 31, 2008		12 Months Ending December 31, 2008	
			Low	High	Low	High
Segment Profit						
Net revenues (including equity earnings from unconsolidated entities)	\$ 1,200	\$ 416	\$ 430	\$ 1,616	\$ 1,630	
Field operating costs	(458)	(159)	(155)	(617)	(613)	
General and administrative expenses	(130)	(41)	(39)	(171)	(169)	
	612	216	236	828	848	
Depreciation and amortization expense	(150)	(54)	(53)	(204)	(203)	
Interest expense, net	(143)	(55)	(53)	(198)	(196)	
Income tax expense	(7)	(4)	(4)	(11)	(11)	
Other income (expense), net	27	2	2	29	29	
Net Income	\$ 339	\$ 105	\$ 128	\$ 444	\$ 467	
Net Income to Limited Partners	\$ 256	\$ 75	\$ 98	\$ 331	\$ 354	
Basic Net Income Per Limited Partner Unit						
Weighted Average Units Outstanding	120	123	123	120	120	
Net Income Per Unit	\$ 2.14	\$ 0.61	\$ 0.80	\$ 2.76	\$ 2.95	
Diluted Net Income Per Limited Partner Unit						
Weighted Average Units Outstanding	121	124	124	121	121	
Net Income Per Unit	\$ 2.12	\$ 0.60	\$ 0.79	\$ 2.74	\$ 2.93	
EBIT	\$ 489	\$ 164	\$ 185	\$ 653	\$ 674	
EBITDA	\$ 639	\$ 218	\$ 238	\$ 857	\$ 877	
Selected Items Impacting Comparability						
SFAS 133 Mark-to-Market Adjustment (see note 4)	\$ 72	\$	\$	\$ 72	\$ 72	
Gains on Rainbow acquisition-related hedges	11			11	11	
Net loss on foreign currency revaluation (see note 5)	(8)			(8)	(8)	
Equity compensation expense (see note 11)	(23)	(7)	(7)	(30)	(30)	