PLAINS ALL AMERICAN PIPELINE LP
Form 10-Q
August 07, 2015
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2015

OR

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

Commission File Number: 1-14569

PLAINS ALL AMERICAN PIPELINE, L.P.

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Delaware | 76-0582150 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

| | |
|---|---|
| 333 Clay Street, Suite 1600, Houston, Texas | 77002 |
| (Address of principal executive offices) | (Zip Code) |

(713) 646-4100

(Registrant's telephone number, including area code)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, 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.

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

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

As of July 31, 2015, there were 397,680,214 Common Units outstanding.

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PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

Item 1.UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(in

(in millions, except unit data)

| | June 30, 2015 (unaudited) | December 31, 2014 |
|---|---|---|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | $ 28 | $ 403 |
| Trade accounts receivable and other receivables, net | 2,688 | 2,615 |
| Inventory | 941 | 891 |
| Other current assets | 287 | 270 |
| Total current assets | 3,944 | 4,179 |
| PROPERTY AND EQUIPMENT | 15,077 | 14,178 |
| Accumulated depreciation | (2,049) | (1,906) |
| Property and equipment, net | 13,028 | 12,272 |
| OTHER ASSETS | | |
| Goodwill | 2,442 | 2,465 |
| Investments in unconsolidated entities | 1,841 | 1,735 |
| Linefill and base gas | 976 | 930 |
| Long-term inventory | 159 | 186 |
| Other long-term assets, net | 494 | 489 |
| Total assets | $ 22,884 | $ 22,256 |
| LIABILITIES AND PARTNERS' CAPITAL | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | $ 3,117 | $ 2,986 |

| | | |
|---|---|---|
| Short-term debt | 915 | 1,287 |
| Other current liabilities | 442 | 482 |
| Total current liabilities | 4,474 | 4,755 |
| | | |
| LONG-TERM LIABILITIES | | |
| Senior notes, net of unamortized discount of $16 and $18, respectively | 8,759 | 8,757 |
| Other long-term debt | 378 | 5 |
| Other long-term liabilities and deferred credits | 568 | 548 |
| Total long-term liabilities | 9,705 | 9,310 |
| | | |
| COMMITMENTS AND CONTINGENCIES (NOTE 10) | | |
| | | |
| PARTNERS' CAPITAL | | |
| Common unitholders (397,680,214 and 375,107,793 units outstanding, respectively) | 8,280 | 7,793 |
| General partner | 367 | 340 |
| Total partners' capital excluding noncontrolling interests | 8,647 | 8,133 |
| Noncontrolling interests | 58 | 58 |
| Total partners' capital | 8,705 | 8,191 |
| Total liabilities and partners' capital | $ 22,884 | $ 22,256 |

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

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PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except per unit data)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | (unaudited) | | (unaudited) | |
| REVENUES | | | | |
| Supply and Logistics segment revenues | $ 6,346 | $ 10,856 | $ 11,978 | $ 22,201 |
| Transportation segment revenues | 180 | 195 | 366 | 376 |
| Facilities segment revenues | 137 | 144 | 261 | 301 |
| Total revenues | 6,663 | 11,195 | 12,605 | 22,878 |
| COSTS AND EXPENSES | | | | |
| Purchases and related costs | 5,848 | 10,280 | 10,890 | 20,950 |
| Field operating costs | 417 | 360 | 763 | 696 |
| General and administrative expenses | 79 | 90 | 157 | 179 |
| Depreciation and amortization | 110 | 100 | 217 | 196 |
| Total costs and expenses | 6,454 | 10,830 | 12,027 | 22,021 |
| OPERATING INCOME | 209 | 365 | 578 | 857 |
| OTHER INCOME/(EXPENSE) | | | | |
| Equity earnings in unconsolidated entities | 52 | 23 | 89 | 44 |
| Interest expense (net of capitalized interest of $13, $10, $27 and $22, respectively) | (105) | (82) | (207) | (161) |
| Other income/(expense), net | 1 | 4 | (3) | 2 |
| INCOME BEFORE TAX | 157 | 310 | 457 | 742 |
| Current income tax expense | (19) | (16) | (61) | (52) |
| Deferred income tax benefit/(expense) | (14) | (6) | 12 | (18) |
| NET INCOME | 124 | 288 | 408 | 672 |
| Net income attributable to noncontrolling interests | — | (1) | (1) | (1) |
| NET INCOME ATTRIBUTABLE TO PAA | $ 124 | $ 287 | $ 407 | $ 671 |
| NET INCOME ATTRIBUTABLE TO PAA: | | | | |
| LIMITED PARTNERS | $ (22) | $ 166 | $ 116 | $ 435 |
| GENERAL PARTNER | $ 146 | $ 121 | $ 291 | $ 236 |
| | $ (0.06) | $ 0.45 | $ 0.29 | $ 1.19 |

| | | | | |
|---|---|---|---|---|
| BASIC NET INCOME/(LOSS) PER LIMITED PARTNER UNIT | | | | |
| DILUTED NET INCOME/(LOSS) PER LIMITED PARTNER UNIT | $ (0.06) | $ 0.45 | $ 0.29 | $ 1.18 |
| BASIC WEIGHTED AVERAGE LIMITED PARTNER UNITS OUTSTANDING | 397 | 365 | 390 | 363 |
| DILUTED WEIGHTED AVERAGE LIMITED PARTNER UNITS OUTSTANDING | 400 | 367 | 393 | 365 |

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

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PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)

(in millions)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | (unaudited) | | (unaudited) | |
| Net income | $ 124 | $ 288 | $ 408 | $ 672 |
| Other comprehensive income/(loss) | 170 | 91 | (206) | (45) |
| Comprehensive income | 294 | 379 | 202 | 627 |
| Comprehensive income attributable to noncontrolling interests | — | (1) | (1) | (1) |
| Comprehensive income attributable to PAA | $ 294 | $ 378 | $ 201 | $ 626 |

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

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN

ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)

(in millions)

| | Derivative Instruments | Translation Adjustments | Total |
|---|---|---|---|
| | (unaudited) | | |
| Balance at December 31, 2014 | $ (159) | $ (308) | $ (467) |
| Reclassification adjustments | 19 | — | 19 |
| Deferred gain on cash flow hedges, net of tax | 20 | — | 20 |
| Currency translation adjustments | — | (245) | (245) |
| Total period activity | 39 | (245) | (206) |

| | | | |
|---|---|---|---|
| Balance at June 30, 2015 | $ (120) | $ (553) | $ (673) |

| | Derivative Instruments | Translation Adjustments | Total |
|---|---|---|---|
| | (unaudited) | | |
| Balance at December 31, 2013 | $ (77) | $ (20) | $ (97) |
| Reclassification adjustments | 10 | — | 10 |
| Deferred loss on cash flow hedges, net of tax | (51) | — | (51) |
| Currency translation adjustments | — | (4) | (4) |
| Total period activity | (41) | (4) | (45) |
| Balance at June 30, 2014 | $ (118) | $ (24) | $ (142) |

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

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PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)

| | Six Months Ended June 30, 2015 | 2014 |
|---|---|---|
| | (unaudited) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | $ 408 | $ 672 |
| Reconciliation of net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 217 | 196 |
| Equity-indexed compensation expense | 36 | 68 |
| Inventory valuation adjustments | 24 | 37 |
| Deferred income tax (benefit)/expense | (12) | 18 |
| Gain on sales of linefill and base gas | — | (8) |
| Gain on foreign currency revaluation | (26) | (5) |
| Settlement of terminated interest rate hedging instruments | (29) | (7) |
| Equity earnings in unconsolidated entities | (89) | (44) |
| Distributions from unconsolidated entities | 102 | 51 |
| Other | (11) | 5 |
| Changes in assets and liabilities, net of acquisitions | 40 | (20) |
| Net cash provided by operating activities | 660 | 963 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Cash paid in connection with acquisitions, net of cash acquired | (64) | (2) |
| Additions to property, equipment and other | (1,031) | (918) |
| Investment in unconsolidated entities | (119) | (67) |
| Cash received for sales of linefill and base gas | — | 23 |
| Cash paid for purchases of linefill and base gas | (125) | (140) |
| Proceeds from sales of assets | 2 | 3 |
| Other investing activities | (6) | — |
| Net cash used in investing activities | (1,343) | (1,101) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net borrowings/(repayments) under commercial paper program (Note 6) | 151 | (344) |
| Proceeds from the issuance of senior notes (Note 6) | — | 698 |
| Repayments of senior notes (Note 6) | (149) | — |
| Net proceeds from the issuance of common units (Note 7) | 1,099 | 444 |
| Contributions from general partner | 23 | 9 |
| Distributions paid to common unitholders (Note 7) | (526) | (450) |
| Distributions paid to general partner (Note 7) | (284) | (222) |

| | | |
|---|---|---|
| Distributions paid to noncontrolling interests | (1) | (1) |
| Other financing activities | (4) | (10) |
| Net cash provided by financing activities | 309 | 124 |
| | | |
| Effect of translation adjustment on cash | (1) | — |
| | | |
| Net decrease in cash and cash equivalents | (375) | (14) |
| Cash and cash equivalents, beginning of period | 403 | 41 |
| Cash and cash equivalents, end of period | $ 28 | $ 27 |
| | | |
| Cash paid for: | | |
| Interest, net of amounts capitalized | $ 190 | $ 161 |
| Income taxes, net of amounts refunded | $ 30 | $ 104 |

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

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PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS' CAPITAL

(in millions)

| | Common Units | | General | Partners' Capital Excluding Noncontrolling | Noncontrolling | Total Partners' |
|---|---|---|---|---|---|---|
| | Units | Amount | Partner | Interests | Interests | Capital |
| | (unaudited) | | | | | |
| Balance at December 31, 2014 | 375.1 | $ 7,793 | $ 340 | $ 8,133 | $ 58 | $ 8,191 |
| Net income | — | 116 | 291 | 407 | 1 | 408 |
| Distributions | — | (526) | (284) | (810) | (1) | (811) |
| Issuance of common units | 22.1 | 1,099 | 22 | 1,121 | — | 1,121 |
| Issuance of common units under LTIP | 0.5 | — | 1 | 1 | — | 1 |
| Settlement of employee income tax withholding obligations under LTIP | — | (13) | — | (13) | — | (13) |
| Equity-indexed compensation expense | — | 16 | 1 | 17 | — | 17 |
| Distribution equivalent right payments | — | (3) | — | (3) | — | (3) |
| Other comprehensive loss | — | (202) | (4) | (206) | — | (206) |
| Balance at June 30, 2015 | 397.7 | $ 8,280 | $ 367 | $ 8,647 | $ 58 | $ 8,705 |

| | Common Units | | General | Partners' Capital Excluding Noncontrolling | Noncontrolling | Total Partners' |
|---|---|---|---|---|---|---|
| | Units | Amount | Partner | Interests | Interests | Capital |
| | (unaudited) | | | | | |
| Balance at December 31, 2013 | 359.1 | $ 7,349 | $ 295 | $ 7,644 | $ 59 | $ 7,703 |
| Net income | — | 435 | 236 | 671 | 1 | 672 |
| Distributions | — | (450) | (222) | (672) | (1) | (673) |
| Issuance of common units | 8.1 | 444 | 9 | 453 | — | 453 |
| Issuance of common units under LTIP | 0.6 | 1 | 1 | 2 | — | 2 |
| Settlement of employee income tax withholding obligations under LTIP | — | (19) | — | (19) | — | (19) |
| Equity-indexed compensation expense | — | 19 | 4 | 23 | — | 23 |
| | — | (3) | — | (3) | — | (3) |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Distribution equivalent right payments | | | | | | | | | | |
| Other comprehensive loss | — | | (44) | | (1) | | (45) | | — | | (45) |
| Other | — | | (1) | | — | | (1) | | — | | (1) |
| Balance at June 30, 2014 | 367.8 | $ | 7,731 | $ | 322 | $ | 8,053 | $ | 59 | $ | 8,112 |

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

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PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

## Note 1—Organization and Basis of Consolidation and Presentation

### Organization

Plains All American Pipeline, L.P. ("PAA") is a Delaware limited partnership formed in 1998. Our operations are conducted directly and indirectly through our primary operating subsidiaries. As used in this Form 10-Q and unless the context indicates otherwise, the terms "Partnership," "we," "us," "our," "ours" and similar terms refer to PAA and its subsidiaries.

We own and operate midstream energy infrastructure and provide logistics services for crude oil, natural gas liquids ("NGL"), natural gas and refined products. We own an extensive network of pipeline transportation, terminalling, storage and gathering assets in key crude oil and NGL producing basins and transportation corridors and at major market hubs in the United States and Canada. Our business activities are conducted through three operating segments: Transportation, Facilities and Supply and Logistics. See Note 11 for further discussion of our operating segments.

Our 2% general partner interest is held by PAA GP LLC, a Delaware limited liability company, whose sole member is Plains AAP, L.P. ("AAP"), a Delaware limited partnership. In addition to its ownership of PAA GP LLC, AAP also owns all of our incentive distribution rights ("IDRs"). Plains All American GP LLC ("GP LLC"), a Delaware limited liability company, is AAP's general partner. Plains GP Holdings, L.P. ("PAGP") is the sole member of GP LLC, and at June 30, 2015, owned an approximate 37% limited partner interest in AAP.

GP LLC manages our operations and activities and employs our domestic officers and personnel. Our Canadian officers and personnel are employed by our subsidiary, Plains Midstream Canada ULC ("PMC"). References to our "general partner," as the context requires, include any or all of PAA GP LLC, AAP and GP LLC.

### Definitions

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

| | | |
|---|---|---|
| AOCI | = | Accumulated other comprehensive income/(loss) |
| Bcf | = | Billion cubic feet |
| Btu | = | British thermal unit |
| CAD | = | Canadian dollar |
| DERs | = | Distribution equivalent rights |
| EPA | = | United States Environmental Protection Agency |
| FASB | = | Financial Accounting Standards Board |
| GAAP | = | Generally accepted accounting principles in the United States |
| ICE | = | Intercontinental Exchange |
| LIBOR | = | London Interbank Offered Rate |
| LTIP | = | Long-term incentive plan |
| Mcf | = | Thousand cubic feet |
| MLP | = | Master limited partnership |
| NGL | = | Natural gas liquids, including ethane, propane and butane |
| NYMEX | = | New York Mercantile Exchange |
| Oxy | = | Occidental Petroleum Corporation or its subsidiaries |
| PLA | = | Pipeline loss allowance |
| SEC | = | United States Securities and Exchange Commission |
| USD | = | United States dollar |
| WTI | = | West Texas Intermediate |

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Basis of Consolidation and Presentation

The accompanying unaudited condensed consolidated interim financial statements and related notes thereto should be read in conjunction with our 2014 Annual Report on Form 10-K. The accompanying condensed consolidated financial statements include the accounts of PAA and all of its wholly owned subsidiaries and those entities that it controls. Investments in entities over which we have significant influence but not control are accounted for by the equity method. The financial statements have been prepared in accordance with the instructions for interim reporting as set forth by the SEC. All adjustments (consisting only of normal recurring adjustments) that in the opinion of management were necessary for a fair statement of the results for the interim periods have been reflected. All significant intercompany transactions have been eliminated in consolidation, and certain reclassifications have been made to information from previous years to conform to the current presentation. These reclassifications do not affect net income attributable to PAA. The condensed consolidated balance sheet data as of December 31, 2014 was derived from audited financial statements, but does not include all disclosures required by GAAP. The results of operations for the three and six months ended June 30, 2015 should not be taken as indicative of results to be expected for the entire year.

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

Note 2—Recent Accounting Pronouncements

In April 2015, the FASB issued guidance to simplify the presentation of debt issuance costs in entities’ financial statements. Under this revised guidance, an entity will present such costs as a direct reduction from the related debt liability (rather than as an asset under current guidance). Additionally, amortization of the debt issuance costs will be reported as interest expense. This guidance will become effective for interim and annual periods beginning after December 15, 2015 and will be adopted retrospectively to all prior periods. Early adoption is permitted for financial statements that have not been previously issued. We expect to adopt this guidance on January 1, 2016, and we are currently evaluating the effect that adopting this guidance will have on our financial position, results of operations and cash flows.

In February 2015, the FASB issued guidance that revises the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. All legal entities are subject to reevaluation under the revised consolidation model. Among other things, this guidance (i) modifies the evaluation of whether limited partnerships and similar legal entities are variable interest entities or voting interest entities, (ii) eliminates the presumption that a general partner should consolidate a limited partnership and (iii) affects the consolidation analysis of reporting entities that are involved with variable interest entities, particularly those that have fee arrangements and related party relationships. This guidance will become effective for interim and annual periods beginning after December 15, 2015. Early adoption is permitted, including adoption in an interim period. We expect to adopt this guidance on January 1, 2016, and we are currently evaluating the effect that adopting this guidance will have on our financial position, results of operations and cash flows.

In January 2015, as part of its initiative to reduce complexity in accounting standards, the FASB issued guidance to eliminate the concept of extraordinary items from GAAP. This guidance will become effective for interim and annual periods beginning after December 15, 2015. We expect to adopt this guidance on January 1, 2016. We do not believe our adoption will have a material impact on our financial position, results of operations or cash flows.

In May 2014, the FASB issued guidance regarding the recognition of revenue from contracts with customers with the underlying principle that an entity will recognize revenue to reflect amounts expected to be received in exchange for the provision of goods and services to customers upon the transfer of those goods or services. The guidance also requires additional disclosures about the nature, amount, timing and uncertainty of revenue and the related cash flows. This guidance can be adopted either with a full retrospective approach or a modified retrospective approach with a cumulative-effect adjustment as of the date of adoption. In July 2015, the FASB voted to approve a one-year deferral of the effective date of this standard, with final guidance expected to be issued by the end of the third quarter of 2015. This deferral would make the guidance effective for interim and annual periods beginning after December 15, 2017. Therefore, we currently expect to adopt this guidance on January 1, 2018, and we are evaluating which transition

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approach to apply and the effect that adopting this guidance will have on our financial position, results of operations and cash flows.

In April 2014, the FASB issued guidance that modifies the criteria under which assets to be disposed of are evaluated to determine if such assets qualify as a discontinued operation and requires new disclosures for both discontinued operations and certain other disposals that do not meet the definition of a discontinued operation. This guidance is effective prospectively for annual and interim reporting periods beginning after December 15, 2014. We adopted this guidance on January 1, 2015. Our adoption did not have a material impact on our financial position, results of operations or cash flows.

## Note 3—Net Income Per Limited Partner Unit

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

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

Diluted net income per limited partner unit is computed based on the weighted average number of limited partner units plus the effect of dilutive potential limited partner units outstanding during the period using the two-class method. Our LTIP awards that contemplate the issuance of common units are considered dilutive unless (i) vesting occurs only upon the satisfaction of a performance condition and (ii) that performance condition has yet to be satisfied. LTIP awards that are deemed to be dilutive are reduced by a hypothetical limited partner unit repurchase based on the remaining unamortized fair value, as prescribed by the treasury stock method in guidance issued by the FASB. See Note 16 to our Consolidated Financial Statements included in Part IV of our 2014 Annual Report on Form 10-K for a complete discussion of our LTIP awards including specific discussion regarding DERs.

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The following table sets forth the computation of basic and diluted net income/(loss) per limited partner unit for the periods indicated (in millions, except per unit data):

| | Three Months Ended June 30, 2015 | Three Months Ended June 30, 2014 | Six Months Ended June 30, 2015 | Six Months Ended June 30, 2014 |
|---|---|---|---|---|
| Basic Net Income per Limited Partner Unit | | | | |
| Net income attributable to PAA | $ 124 | $ 287 | $ 407 | $ 671 |
| Less: General partner's incentive distribution (1) | (146) | (117) | (289) | (227) |
| Less: General partner 2% ownership (1) | — | (4) | (2) | (9) |
| Net income/(loss) attributable to limited partners | (22) | 166 | 116 | 435 |
| Less: Undistributed earnings allocated and distributions to participating securities (1) | (1) | (1) | (3) | (3) |
| Net income/(loss) attributable to limited partners in accordance with application of the two-class method for MLPs | $ (23) | $ 165 | $ 113 | $ 432 |