PLAINS ALL AMERICAN PIPELINE LP
Form 10-Q
May 08, 2015
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2015

OR

o 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)

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. x Yes o 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). x Yes o 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 x	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). o Yes x No

As of May 1, 2015, there were 397,241,697 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 millions, except unit data)

	March 31, 2015	December 31, 2014
	(unaudited)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 458	$ 403
Trade accounts receivable and other receivables, net	1,817	2,615
Inventory	929	891
Other current assets	249	270
Total current assets	3,453	4,179
PROPERTY AND EQUIPMENT	14,436	14,178
Accumulated depreciation	(1,952)	(1,906)
Property and equipment, net	12,484	12,272
OTHER ASSETS		
Goodwill	2,435	2,465
Investments in unconsolidated entities	1,784	1,735
Linefill and base gas	960	930
Long-term inventory	149	186
Other long-term assets, net	459	489
Total assets	$ 21,724	$ 22,256
LIABILITIES AND PARTNERS CAPITAL		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 2,491	$ 2,986
Short-term debt	553	1,287
Other current liabilities	487	482
Total current liabilities	3,531	4,755
LONG-TERM LIABILITIES		
Senior notes, net of unamortized discount of $17 and $18, respectively	8,758	8,757
Other long-term debt	5	5
Other long-term liabilities and deferred credits	594	548
Total long-term liabilities	9,357	9,310
COMMITMENTS AND CONTINGENCIES (NOTE 10)		

PARTNERS CAPITAL				
Common unitholders (397,241,697 and 375,107,793 units outstanding, respectively)		8,413		7,793
General partner		365		340
Total partners capital excluding noncontrolling interests		8,778		8,133
Noncontrolling interests		58		58
Total partners capital		8,836		8,191
Total liabilities and partners capital	$	21,724	$	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 March 31, 2015		Three Months Ended March 31, 2014	
	(unaudited)			
REVENUES				
Supply and Logistics segment revenues	$	5,632	$	11,346
Transportation segment revenues		185		181
Facilities segment revenues		125		157
Total revenues		5,942		11,684
COSTS AND EXPENSES				
Purchases and related costs		5,042		10,670
Field operating costs		346		336
General and administrative expenses		78		89
Depreciation and amortization		107		96
Total costs and expenses		5,573		11,191
OPERATING INCOME		369		493
OTHER INCOME/(EXPENSE)				
Equity earnings in unconsolidated entities		37		20
Interest expense (net of capitalized interest of $14 and $11, respectively)		(102)		(78)
Other expense, net		(4)		(2)
INCOME BEFORE TAX		300		433
Current income tax expense		(42)		(36)
Deferred income tax benefit/(expense)		26		(12)
NET INCOME		284		385
Net income attributable to noncontrolling interests		(1)		(1)
NET INCOME ATTRIBUTABLE TO PAA	$	283	$	384
NET INCOME ATTRIBUTABLE TO PAA:				
LIMITED PARTNERS	$	138	$	268
GENERAL PARTNER	$	145	$	116
BASIC NET INCOME PER LIMITED PARTNER UNIT	$	0.36	$	0.74
DILUTED NET INCOME PER LIMITED PARTNER UNIT	$	0.35	$	0.73
BASIC WEIGHTED AVERAGE LIMITED PARTNER UNITS OUTSTANDING		383		360
DILUTED WEIGHTED AVERAGE LIMITED PARTNER UNITS OUTSTANDING		385		363

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 March 31, 2015	Three Months Ended March 31, 2014
	(unaudited)	
Net income	$ 284	$ 385
Other comprehensive loss	(376)	(136)
Comprehensive income/(loss)	(92)	249
Comprehensive income attributable to noncontrolling interests	(1)	(1)
Comprehensive income/(loss) attributable to PAA	$ (93)	$ 248

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 (unaudited)	Total
Balance at December 31, 2014	$ (159)	$ (308)	$ (467)
Reclassification adjustments	(6)		(6)
Deferred loss on cash flow hedges, net of tax	(72)		(72)
Currency translation adjustments		(298)	(298)
Total period activity	(78)	(298)	(376)
Balance at March 31, 2015	$ (237)	$ (606)	$ (843)

	Derivative Instruments	Translation Adjustments (unaudited)	Total
Balance at December 31, 2013	$ (77)	$ (20)	$ (97)
Reclassification adjustments	20		20
Deferred loss on cash flow hedges, net of tax	(32)		(32)
Currency translation adjustments		(124)	(124)
Total period activity	(12)	(124)	(136)

Balance at March 31, 2014	$	(89)	$	(144)	$	(233)

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)

	Three Months Ended March 31, 2015		Three Months Ended March 31, 2014	
	(unaudited)			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	$	284	$	385
Reconciliation of net income to net cash provided by operating activities:				
Depreciation and amortization		107		96
Equity-indexed compensation expense		19		34
Inventory valuation adjustments		24		37
Deferred income tax (benefit)/expense		(26)		12
(Gain)/loss on foreign currency revaluation		(27)		5
Equity earnings in unconsolidated entities		(37)		(20)
Distributions from unconsolidated entities		54		25
Other		(9)		(6)
Changes in assets and liabilities, net of acquisitions		343		254
Net cash provided by operating activities		732		822
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash paid in connection with acquisitions, net of cash acquired		(64)		
Additions to property, equipment and other		(441)		(468)
Investment in unconsolidated entities		(65)		(26)
Cash received for sales of linefill and base gas				11
Cash paid for purchases of linefill and base gas		(96)		(44)
Proceeds from sales of assets		1		2
Other investing activities		(1)		1
Net cash used in investing activities		(666)		(524)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net repayments under commercial paper program (Note 6)		(734)		(128)
Net proceeds from the issuance of common units (Note 7)		1,099		148
Contributions from general partner		22		3
Distributions paid to common unitholders (Note 7)		(254)		(221)
Distributions paid to general partner (Note 7)		(136)		(107)
Distributions paid to noncontrolling interests		(1)		(1)
Other financing activities		(2)		(1)
Net cash used in financing activities		(6)		(307)
Effect of translation adjustment on cash		(5)		(2)
Net increase/(decrease) in cash and cash equivalents		55		(11)
Cash and cash equivalents, beginning of period		403		41
Cash and cash equivalents, end of period	$	458	$	30
Cash paid for:				
Interest, net of amounts capitalized	$	74	$	78
Income taxes, net of amounts refunded	$	11	$	66

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 Partner	Partners Capital Excluding Noncontrolling Interests	Noncontrolling Interests	Total Partners Capital
	Units	Amount				
			(unaudited)			
Balance at December 31, 2014	375.1	$ 7,793	$ 340	$ 8,133	$ 58	$ 8,191
Net income		138	145	283	1	284
Distributions		(254)	(136)	(390)	(1)	(391)
Issuance of common units	22.1	1,099	22	1,121		1,121
Equity-indexed compensation expense		8	1	9		9
Distribution equivalent right payments		(2)		(2)		(2)
Other comprehensive loss		(369)	(7)	(376)		(376)
Balance at March 31, 2015	397.2	$ 8,413	$ 365	$ 8,778	$ 58	$ 8,836

	Common Units		General Partner	Partners Capital Excluding Noncontrolling Interests	Noncontrolling Interests	Total Partners Capital
	Units	Amount				
			(unaudited)			
Balance at December 31, 2013	359.1	$ 7,349	$ 295	$ 7,644	$ 59	$ 7,703
Net income		268	116	384	1	385
Distributions		(221)	(107)	(328)	(1)	(329)
Issuance of common units	2.8	148	3	151		151
Issuance of common units under LTIP, net of units tendered by employees to satisfy tax withholding obligations	0.1	(2)		(2)		(2)
Equity-indexed compensation expense		11	1	12		12
Distribution equivalent right payments		(1)		(1)		(1)
Other comprehensive loss		(133)	(3)	(136)		(136)
Balance at March 31, 2014	362.0	$ 7,419	$ 305	$ 7,724	$ 59	$ 7,783

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. 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, Plains, PAA, we, us, our, ours and similar terms refer to Plains All American Pipeline, L.P. 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 March 31, 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
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 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 months ended March 31, 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 becomes effective for interim and annual periods beginning after December 15, 2016 and 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. We currently expect to adopt this guidance on January 1, 2017, and we are evaluating which transition approach to apply and the effect that adopting this guidance will have on our financial position, results of operations and cash flows. In April 2015, the FASB proposed a one year deferral of the effective date of this standard.

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.

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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.

The following table sets forth the computation of basic and diluted net income per limited partner unit for the three months ended March 31, 2015 and 2014 (in millions, except per unit data):

	Three Months Ended March 31,			
	2015		2014	
Basic Net Income per Limited Partner Unit				
Net income attributable to PAA	$	283	$	384
Less: General partner s incentive distribution (1)		(142)		(110)
Less: General partner 2% ownership (1)		(3)		(6)
Net income available to limited partners		138		268
Less: Undistributed earnings allocated and distributions to participating securities (1)		(2)		(2)
Net income available to limited partners in accordance with application of the two-class method for MLPs	$	136	$	266
Basic weighted average limited partner units outstanding		383		360
Basic net income per limited partner unit	$	0.36	$	0.74
Diluted Net Income per Limited Partner Unit				
Net income attributable to PAA	$	283	$	384
Less: General partner s incentive distribution (1)		(142)		(110)

Less: General partner 2% ownership (1)		(3)		(6)
Net income available to limited partners		138		268
Less: Undistributed earnings allocated and distributions to participating securities (1)		(2)		(2)
Net income available to limited partners in accordance with application of the two-class method for MLPs	$	136	$	266
Basic weighted average limited partner units outstanding		383		360
Effect of dilutive securities: Weighted average LTIP units		2		3
Diluted weighted average limited partner units outstanding		385		363
Diluted net income per limited partner unit	$	0.35	$	0.73

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(1) We calculate net income available to limited partners based on the distributions pertaining to the current period s net income. After adjusting for the appropriate period s distributions, the remaining undistributed earnings or excess distributions over earnings, if any, are allocated to the general partner, limited partners and participating securities in accordance with the contractual terms of the partnership agreement and as further prescribed under the two-class method.

Pursuant to the terms of our partnership agreement, the general partner s incentive distribution is limited to a percentage of available cash, which, as defined in the partnership agreement, is net of reserves deemed appropriate. As such, IDRs are not allocated undistributed earnings or distributions in excess of earnings in the calculation of net income per limited partner unit. If, however, undistributed earnings were allocated to our IDRs beyond amounts distributed to them under the terms of the partnership agreement, basic and diluted net income per limited partner unit as reflected in the table above would be impacted as follows:

	Three Months Ended March 31, 2015		Three Months Ended March 31, 2014	
Basic net income per limited partner unit impact	$		$	(0.05)
Diluted net income per limited partner unit impact	$		$	(0.05)

Note 4 Accounts Receivable

Our accounts receivable are primarily from purchasers and shippers of crude oil and, to a lesser extent, purchasers of NGL and natural gas storage. These purchasers include, but are not limited to, refiners, producers, marketing and trading companies and financial institutions that are active in the physical and financial commodity markets. The majority of our accounts receivable relate to our crude oil supply and logistics activities that can generally be described as high volume and low margin activities, in many cases involving exchanges of crude oil volumes.

To mitigate credit risk related to our accounts receivable, we utilize a rigorous credit review process. We closely monitor market conditions to make a determination with respect to the amount, if any, of open credit to be extended to any given customer and the form and amount of financial performance assurances we require. Such financial assurances are commonly provided to us in the form of advance cash payments, standby letters of credit or parental guarantees. As of March 31, 2015 and December 31, 2014, we had received $130 million and $180 million, respectively, of advance cash payments from third parties to mitigate credit risk. Furthermore, as of March 31, 2015 and December 31, 2014, we had received $12 million and $198 million, respectively, of standby letters of credit to support obligations due from third parties, a portion of which applies to future business. The decrease in standby letters of credit and advance cash payments from third parties as of March 31, 2015 compared to December 31, 2014 is largely due to a decrease in exposure to various customers requiring letters of credit. Furthermore, in an effort to mitigate credit risk, a significant portion of our transactions with counterparties are settled on a net-cash basis. Further, we enter into netting agreements (contractual agreements that allow us to offset receivables and payables with those counterparties against each other on our balance sheet) for a majority of such arrangements.

We review all outstanding accounts receivable balances on a monthly basis and record a reserve for amounts that we expect will not be fully recovered. We do not apply actual balances against the reserve until we have exhausted substantially all collection efforts. At March 31, 2015 and December 31, 2014, substantially all of our accounts receivable (net of allowance for doubtful accounts) were less than 30 days past their scheduled invoice date. Our allowance for doubtful accounts receivable totaled $4 million as of both March 31, 2015 and December 31, 2014. Although we consider our allowance for doubtful accounts receivable to be adequate, actual amounts could vary significantly from estimated amounts.

Note 5 Inventory, Linefill and Base Gas and Long-term Inventory

Inventory, linefill and base gas and long-term inventory consisted of the following as of the dates indicated (barrels and natural gas volumes in thousands and carrying value in millions):

	March 31, 2015				December 31, 2014			
	Volumes	Unit of Measure	Carrying Value	Price/ Unit (1)	Volumes	Unit of Measure	Carrying Value	Price/ Unit (1)
Inventory								
Crude oil	15,351	barrels	$ 686	$ 44.69	6,465	barrels	$ 304	$ 47.02
NGL	7,277	barrels	154	$ 21.16	13,553	barrels	454	$ 33.50
Natural gas	10,965	Mcf	31	$ 2.83	32,317	Mcf	102	$ 3.16
Other	N/A		58	N/A	N/A		31	N/A
Inventory subtotal			929				891	
Linefill and base gas								
Crude oil	12,970	barrels	777	$ 59.91	11,810	barrels	744	$ 63.00
NGL	1,215	barrels	48	$ 39.51	1,212	barrels	52	$ 42.90
Natural gas	28,612	Mcf	135	$ 4.72	28,612	Mcf	134	$ 4.68
Linefill and base gas subtotal			960				930	
Long-term inventory								
Crude oil	2,646	barrels	117	$ 44.22	2,582	barrels	136	$ 52.67
NGL	1,681	barrels	32	$ 19.04	1,681	barrels	50	$ 29.74
Long-term inventory subtotal			149				186	
Total			$ 2,038				$ 2,007	

(1) Price per unit of measure is comprised of a weighted average associated with various grades, qualities and locations. Accordingly, these prices may not coincide with any published benchmarks for such products.

At the end of each reporting period, we assess the carrying value of our inventory and make any adjustments necessary to reduce the carrying value to the applicable net realizable value. Any resulting adjustments are a component of Purchases and related costs on our accompanying Condensed Consolidated Statements of Operations. We recorded a charge of $24 million during the three months ended March 31, 2015 primarily related to the writedown of our NGL inventory due to declines in prices. The loss was substantially offset by a portion of the derivative mark-to-market gain that was recognized in the fourth quarter of 2014 for which the related derivatives were still open as of March 31, 2015. See Note 8 for discussion of our derivative and risk management activities. During the three months ended March 31, 2014, we recorded a charge of $37 million related to the writedown of our natural gas inventory that was purchased in conjunction with managing natural gas storage deliverability requirements during the extended period of severe cold weather in the first quarter of 2014.

Note 6 Debt

Debt consisted of the following as of the dates indicated (in millions):

	March 31, 2015		December 31, 2014	
SHORT-TERM DEBT				
Commercial paper notes, bearing a weighted-average interest rate of 0.46% at December 31, 2014 (1)	$		$	734
Senior notes:				
5.25% senior notes due June 2015		150		150
3.95% senior notes due September 2015		400		400
Other		3		3