

Buckeye GP Holdings L.P.  
Form 10-Q  
May 01, 2007

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 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 March 31, 2007 or

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-32963

**BUCKEYE GP HOLDINGS L.P.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**11-3776228**

(IRS Employer  
Identification No.)

**Five TEK Park**

**9999 Hamilton Blvd.**  
**Breinigsville, Pennsylvania**  
(Address of principal executive  
offices)

**18031**

(Zip Code)

Registrant's telephone number, including area code: **610-904-4000**

**Not Applicable**

(Former name, former address and former fiscal year, if changed since last report).

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ☐ Accelerated Filer ☐ Non-Accelerated Filer ☒

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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 April 19, 2007, there were 26,938,000 Common Units and 1,362,000 Management Units outstanding.

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**Buckeye GP Holdings L.P.**

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PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements

**Buckeye GP Holdings L.P.****Condensed Consolidated Statements of Income****(In thousands, except per unit amounts)****(Unaudited)**

	<b>Three Months Ended March 31,</b>	
	<b>2007</b>	<b>2006</b>
Revenues	\$ 124,944	\$ 105,745
Costs and expenses:		
Operating expenses	60,299	51,261
Depreciation and amortization	9,707	9,104
General and administrative	6,304	5,915
Total costs and expenses	76,310	66,280
Operating income	48,634	39,465
Other income (expense):		
Investment income	300	320
Interest and debt expense	(13,876 )	(15,729 )
Total other income (expenses)	(13,576 )	(15,409 )
Income before equity income and non-controlling interest expense	35,058	24,056
Equity income	1,786	1,380
Non-controlling interest expense	(30,905 )	(23,197 )
Net income	\$ 5,939	\$ 2,239
Net income per partnership unit:		
Basic	\$ 0.21	
Diluted	\$ 0.21	
Weighted average number of units outstanding:		
Basic	27,891	
Diluted	28,300	

See Notes to condensed consolidated financial statements.

**Buckeye GP Holdings L.P.****Condensed Consolidated Balance Sheets****(In thousands)****(Unaudited)**

	<b>March 31, 2007</b>	<b>December 31, 2006</b>
<b>Assets:</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 23,233	\$ 20,220
Trade receivables	40,552	51,030
Construction and pipeline relocation receivables	9,059	12,189
Inventories	14,500	14,286
Prepaid and other current assets	32,401	34,175
Total current assets	119,745	131,900
Property, plant and equipment, net	1,783,632	1,738,199
Goodwill	234,603	234,603
Other non-current assets	108,674	107,883
Total assets	\$ 2,246,654	\$ 2,212,585
<b>Liabilities and partners' capital:</b>		
<b>Current liabilities:</b>		
Current portion of long-term debt	\$ 6,010	\$ 6,037
Accounts payable	15,493	26,650
Accrued and other current liabilities	66,009	69,774
Total current liabilities	87,512	102,461
Long-term debt	977,930	1,014,412
Other non-current liabilities	82,993	82,570
Non-controlling interest	857,669	772,525
Total liabilities	2,006,104	1,971,968
Commitments and contingent liabilities		
<b>Partners' capital:</b>		
General Partner- Common Units	7	7
Limited Partners- Common Units	231,773	232,202
Management Units	7,053	6,926
Equity gains on issuance of Buckeye Partners, L.P. limited partnership units	1,717	1,482
Total partners' capital	240,550	240,617
Total liabilities and partners' capital	\$ 2,246,654	\$ 2,212,585

See Notes to condensed consolidated financial statements.

**Buckeye GP Holdings L.P.****Condensed Consolidated Statements of Cash Flows****(In thousands)****(Unaudited)**

	<b>Three Months Ended March 31,</b>	
	<b>2007</b>	<b>2006</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 5,939	\$ 2,239
Adjustments to reconcile net income to net cash provided by operating activity:		
Non-cash charge for Management Unit expense	127	
Value of ESOP shares released	1,148	1,047
Depreciation and amortization	9,707	9,104
Non-controlling interest	30,905	23,197
Equity earnings from equity investments of Buckeye Partners, L.P.	(1,786 )	(1,380 )
Distributions from equity investments of Buckeye Partners, L.P.	1,276	1,980
Amortization of debt discount	12	13
Amortization of option grants	134	172
Change in assets and liabilities, net of amounts related to acquisitions:		
Trade receivables	10,478	(3,620 )
Construction and pipeline relocation receivables	3,130	(1,674 )
Inventories	(214 )	(564 )
Prepaid and other current assets	816	(5,962 )
Accounts payables	(11,126 )	(6,919 )
Accrued and other current liabilities	(2,827 )	822
Other non-current assets	157	(1,447 )
Other non-current liabilities	297	2,841
Total adjustments from operating activities	42,234	17,610
Net cash provided by operating activities	48,173	19,849
<b>Cash flows from investing activities:</b>		
Capital expenditures	(17,373 )	(18,328 )
Acquisitions	(38,468 )	(92,790 )
Net expenditures for disposal of property, plant and equipment	(72 )	(113 )
Deposit to restricted cash		(551 )
Net cash used in investing activities	(55,913 )	(111,782 )
<b>Cash flows from financing activities:</b>		
Net proceeds from issuance of Buckeye Partners, L.P. limited partnership units	82,404	64,155
Proceeds from exercise of units options	1,016	362
Distributions to non-controlling partners of Buckeye Partners, L.P.	(29,778 )	(26,667 )
Proceeds from issuance of long-term debt	70,600	115,000
Payment of long-term debt	(107,121 )	(70,677 )
Distributions to Limited Partners	(6,368 )	
Net cash provided by financing activities	10,753	82,173
Net increase (decrease) in cash and cash equivalents	3,013	(9,760 )
Cash and cash equivalents Beginning of year	20,220	28,984
Cash and cash equivalents End of period	\$ 23,233	\$ 19,224
<b>Supplemental cash flow information:</b>		
Cash paid during the period for interest (net of amount capitalized)	\$ 17,470	\$ 16,622
Capitalized interest	\$ 415	\$ 701
Cash paid during the period for income tax	\$ 332	\$ 13

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### ***Non-cash changes in assets and liabilities:***

Equity gains on issuance of Buckeye L.P. units	\$	235	\$	166
Fair value hedge accounting	\$	59	\$	439

See Notes to condensed consolidated financial statements.

**Buckeye GP Holdings L.P.**

**Condensed Consolidated Statement of Partners' Capital**

**(In thousands)**

**(Unaudited)**

	<b>General Partner Common Units</b>	<b>Limited Partners Common Units</b>	<b>Management Units</b>	<b>Equity Gains on Issuance of Buckeye LP Units</b>	<b>Total</b>
Partners' capital- January 1, 2007	\$ 7	\$ 232,202			