

VALERO L P  
Form 10-Q  
November 08, 2006

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended September 30, 2006

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 1-16417

**VALERO L.P.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**74-2956831**

(I.R.S. Employer  
Identification No.)

**One Valero Way**

**San Antonio, Texas**

(Address of principal executive offices)

**78249**

(Zip Code)

Telephone number: **(210) 345-2000**

(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. **Yes**  **No**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. The definition of accelerated filer and large accelerated filer is in Rule 12b-2 of the Securities Exchange Act. (Check one):

For the quarterly period ended September 30, 2006

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Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

The number of common units outstanding as of November 1, 2006 was 46,809,749.

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**VALERO L.P. AND SUBSIDIARIES  
FORM 10-Q**

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**PART I FINANCIAL INFORMATION****Item 1. Financial Statements**

**VALERO L.P. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Thousands of Dollars, Except Unit Data)

	September 30, 2006 (Unaudited)	December 31, 2005
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 66,729	\$ 36,054
Receivable from Valero Energy	21,132	21,873
Accounts receivable, net of allowance for doubtful accounts of \$1,063 and \$1,976 as of September 30, 2006 and December 31, 2005, respectively	79,213	110,066
Inventories	8,577	17,473
Other current assets	25,948	30,138
Assets of businesses held for sale		79,807
Total current assets	201,599	295,411
Property and equipment, at cost	2,497,919	2,417,529
Accumulated depreciation and amortization	(325,337 )	(257,316 )
Property and equipment, net	2,172,582	2,160,213
Intangible assets, net	55,164	59,159
Goodwill	774,966	767,587
Investment in joint ventures	74,103	73,986
Deferred charges and other assets, net	22,128	10,636
Total assets	\$ 3,300,542	\$ 3,366,992
<b>Liabilities and Partners Equity</b>		
Current liabilities:		
Current portion of long-term debt	\$ 566	\$ 1,046
Payable to Valero Energy	12,712	12,800
Accounts payable	62,858	104,320
Accrued interest payable	9,740	16,391
Accrued liabilities	39,568	46,917
Taxes other than income taxes	12,020	9,013
Income taxes payable	1,154	4,001
Liabilities of businesses held for sale		11,100
Total current liabilities	138,618	205,588
Long-term debt, less current portion	1,178,476	1,169,659
Long-term payable to Valero Energy	5,765	5,507
Deferred income taxes	20,296	13,576
Other long-term liabilities	70,716	71,883
Commitments and contingencies (Note 6)		
Partners equity:		
Common units (46,809,749 and 37,210,427 outstanding as of September 30, 2006 and December 31, 2005, respectively)	1,839,881	1,749,007
Subordinated units (0 and 9,599,322 outstanding as of September 30, 2006 and December 31, 2005, respectively)		114,127
General partner s equity	39,095	38,913
Accumulated other comprehensive income (loss)	7,695	(1,268 )
Total partners equity	1,886,671	1,900,779
Total liabilities and partners equity	\$ 3,300,542	\$ 3,366,992

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See Condensed Notes to Consolidated Financial Statements.

**VALERO L.P. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(Unaudited, Thousands of Dollars, Except Unit and Per Unit Data)

	Three Months Ended		Nine Months Ended	
	September 30, 2006	2005	September 30, 2006	2005
<b>Revenues:</b>				
Services revenues:				
Third parties	\$ 92,679	\$		