FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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

FOR THE QUARTERLY PERIOD ENDED NOVEMBER 30, 1999

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 1-11727

HERITAGE PROPANE PARTNERS, L.P.
(Exact name of registrant as specified in its charter)

DELAWARE	73-1493906
(state or other jurisdiction or incorporation or organization)	(I.R.S. Employer Identification No.)

8801 SOUTH YALE AVENUE, SUITE 310
TULSA, OKLAHOMA 74137
(Address of principal executive offices and zip code)

(918) 492-7272
(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 x No

At January 4, 2000, the registrant had units outstanding as follows:

Heritage Propane Partners, L.P.	7,106,326	Common Units
	2,777,207	Subordinated Units

FORM 10-Q

HERITAGE PROPANE PARTNERS, L.P.

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION
HERITAGE PROPANE PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands)

	November 30, 1999 (unaudited)	August 31, 1999
ASSETS		
CURRENT ASSETS:		
Cash	$ 2,660	$ 1,679
Accounts receivable	19,797	11,635
Inventories	15,701	14,784
Prepaid expenses	1,788	1,169
Total current assets	39,946	29,267
PROPERTY, PLANT AND EQUIPMENT, net	171,773	155,219
INVESTMENT IN AFFILIATE	5,248	5,202
INTANGIBLES AND OTHER ASSETS, net	76,424	73,270
Total assets	$ 293,391	$ 262,958
LIABILITIES AND PARTNERS' CAPITAL		
CURRENT LIABILITIES:		
Working capital facility	$ 31,400	$ 19,900
Accounts payable	20,913	17,268
Accrued and other current liabilities	10,833	8,490
Current maturities of long-term debt	2,294	2,022
Total current liabilities	65,440	47,680
LONG-TERM DEBT, less current maturities	188,919	196,216
COMMITMENTS AND CONTINGENCIES		
Total liabilities	254,359	243,896
PARTNERS' CAPITAL:		
Common unitholders (7,086,752 and 5,825,674 units issued and outstanding at November 30, 1999 and August 31, 1999, respectively)	38,641	17,077
Subordinated unitholders (2,777,207 units issued and outstanding at November 30, 1999 and August 31, 1999, respectively)	27	1,809
General partner	364	176
Total partners' capital	39,032	19,062
Total liabilities and partners' capital	$ 293,391	$ 262,958

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

HERITAGE PROPANE PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per unit and unit data)
(unaudited)

	Three Months Ended November 30, 1999	Three Months Ended November 30, 1998
REVENUES:		
Retail fuel	$ 36,518	$ 29,341
Wholesale fuel	7,817	5,755
Other	7,555	6,462
Total revenues	51,890	41,558
COSTS AND EXPENSES:		
Cost of products sold	29,421	19,931
Operating expenses	13,603	12,178
Depreciation and amortization	4,022	3,545
Selling, general and administrative	1,414	1,341
Total costs and expenses	48,460	36,995
OPERATING INCOME	3,430	4,563
OTHER INCOME (EXPENSE):		
Interest expense	(4,398)	(3,896)
Equity in earnings of affiliates	46	178
Gain on disposal of assets	285	502
Other	(70)	(31)
INCOME (LOSS) BEFORE MINORITY INTEREST	(707)	1,316
Minority interest	(101)	(101)
NET INCOME (LOSS)	(808)	1,215
GENERAL PARTNER'S INTEREST IN NET INCOME (LOSS)	(8)	12
LIMITED PARTNERS' INTEREST IN NET INCOME (LOSS)	$ (800)	$ 1,203
BASIC NET INCOME (LOSS) PER LIMITED PARTNER UNIT	$ (0.09)	$ 0.14
BASIC WEIGHTED AVERAGE NUMBER OF UNITS OUTSTANDING	9,081,607	8,579,668
DILUTED NET INCOME (LOSS) PER LIMITED PARTNER UNIT	$ (0.09)	$ 0.14
DILUTED WEIGHTED AVERAGE NUMBER OF UNITS OUTSTANDING	9,081,607	8,634,168

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

HERITAGE PROPANE PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
(in thousands, except unit data)
(unaudited)

	NUMBER OF UNITS Common	NUMBER OF UNITS Subordinated	Common Unitholders	Subordinated Unitholders	General Partner	Total Partners' Capital
BALANCE, AUGUST 31, 1999	5,825,674	2,777,207	$ 17,077	$ 1,809	$ 176	$ 19,062
Unit Distribution	--	--	(3,280)	(1,562)	(57)	(4,899)
Issuance of restricted Common Units in connection with certain acquisitions	56,578	--	1,262	--	--	1,262
Issuance of Common Units to public net of related expenses	1,200,000	--	24,041	--	--	24,041
Capital contribution from General Partner in connection with issuance of Common Units	--	--	--	--	253	253
Issuance of Common Units pursuant to the vesting rights of the Restricted Unit Plan	4,500	--	--	--	--	--
Other	--	--	116	5	--	121
Net loss	--	--	(575)	(225)	(8)	(808)
BALANCE, NOVEMBER 30, 1999	7,086,752	2,777,207	$ 38,641	$ 27	$ 364	$ 39,032

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

HERITAGE PROPANE PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands, unaudited)

	Three Months Ended November 30, 1999	Three Months Ended November 30, 1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (808)	$ 1,215
Reconciliation of net income (loss) to net cash provided by (used in) operating activities-		
Depreciation and amortization	4,022	3,545
Provision for losses on accounts receivable	68	38
Gain on disposal of assets	(285)	(502)
Deferred compensation on restricted units	121	89
Undistributed earnings of affiliates	(46)	174
Minority interest	(63)	(298)
Changes in assets and liabilities, net of effect of acquisitions:		
Accounts receivable	(8,128)	(5,408)
Inventories	(789)	(158)
Prepaid expenses	(617)	(478)
Intangibles and other assets	503	(17)
Accounts payable	3,646	3,083
Accrued and other current liabilities	1,946	1,509
Net cash provided by (used in) operating activities	(430)	2,792
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for acquisitions, net of cash acquired	(15,271)	(3,425)
Capital expenditures	(5,045)	(3,529)
Proceeds from asset sales	431	1,465
Net cash used in investing activities	(19,885)	(5,489)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	36,400	18,650
Principal payments on debt	(34,499)	(11,034)
Unit distribution	(4,899)	(4,332)
Net proceeds from issuance of common units	24,041	--
Capital contribution from General Partner	253	--
Net cash provided by financing activities	21,296	3,284
INCREASE IN CASH	981	587
CASH, beginning of period	1,679	1,837
CASH, end of period	$ 2,660	$ 2,424
NONCASH FINANCING ACTIVITIES:		
Notes payable incurred on noncompete agreements	$ 2,335	$ 851
Issuance of restricted common units in connection with certain acquisitions	$ 1,262	$ --
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	$ 2,768	$ 2,240

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

HERITAGE PROPANE PARTNERS, L.P. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except unit data)

1. GENERAL:

Heritage Propane Partners, L.P. (the Partnership) was formed April 24, 1996, as a Delaware limited partnership. The Partnership was formed to acquire, own and operate the propane business and substantially all of the assets of Heritage Holdings, Inc. (the Predecessor, Company or General Partner). In order to simplify the Partnership's obligation under the laws of several jurisdictions in which the Partnership conducts business, the Partnership's activities are conducted through a subsidiary operating partnership, Heritage Operating, L.P. (the Operating Partnership). The Partnership holds a 98.9899 percent limited partner interest and the General Partner holds a 1.0101 percent general partner interest in the Operating Partnership.

The Operating Partnership sells propane and propane-related products to a current customer base of approximately 277,000 retail customers in 26 states throughout the United States. The Partnership is also a wholesale propane supplier in the southwestern United States and in Canada, the latter through participation in M-P Energy Partnership. M-P Energy Partnership is a Canadian partnership primarily engaged in lower-margin wholesale distribution in which the Partnership owns a 60 percent interest. The Partnership grants credit to its customers for the purchase of propane and propane-related products.

The consolidated financial statements include the accounts of the Partnership, its subsidiaries, including Heritage Operating Partnership and M-P Energy Partnership. The Partnership accounts for its 50 percent partnership interest in Bi-State Partnership, another propane retailer, under the equity method. All significant intercompany transactions and accounts have been eliminated in consolidation. The General Partner's 1.0101 percent interest in the Operating Partnership is accounted for in the consolidated financial statements as a minority interest. The accompanying financial statements should be read in conjunction with the Partnership's consolidated financial statements as of August 31, 1999, and the notes thereto included in the Partnership's consolidated financial statements included in Form 10-K as filed with the Securities and Exchange Commission on November 29, 1999. The accompanying financial statements include only normal recurring accruals and all adjustments that the Partnership considers necessary for a fair presentation. Due to the seasonal nature of the Partnership's business, the results of operations for interim periods are not necessarily indicative of the results to be expected for a full year.

2. INVENTORIES:

Inventories are valued at the lower of cost or market. The cost of fuel inventories is determined using average cost while the cost of appliances, parts and fittings is determined by the first-in, first-out method. Inventories consist of the following:

	November 30, 1999	August 31, 1999
Fuel	$ 10,421	$ 9,341
Appliances, parts and fittings	5,280	5,443
	$ 15,701	$ 14,784

3. INCOME (LOSS) PER LIMITED PARTNER UNIT:

Basic net income (loss) per limited partner unit is computed by dividing net income (loss), after considering the General Partner's one percent interest, by the weighted average number of Common and Subordinated Units outstanding. Diluted net income (loss) per limited partner unit is computed by dividing net income (loss), after considering the General Partner's one percent interest, by the weighted average number of Common and Subordinated Units outstanding and the weighted average number of Restricted Units ("Phantom Units") granted under the Restricted Unit Plan. For the three months ended November 30, 1999, 75,091 Phantom Units were excluded from the calculation of diluted net loss as such units were anti-dilutive due to the net loss for the period. A reconciliation of net income (loss) and weighted average units used in computing basic and diluted earnings (loss) per unit is as follows:

	Three Months Ended November 30, 1999	1998
BASIC NET INCOME (LOSS) PER LIMITED PARTNER UNIT:		
Limited Partners' interest in net income (loss)	$ (800)	$ 1,203
Weighted average limited partner units	9,081,607	8,579,668
Basic net income (loss) per limited partner unit	$ (.09)	$ 0.14
DILUTED NET INCOME (LOSS) PER LIMITED PARTNER UNIT:		
Limited partners' interest in net income (loss)	$ (800)	$ 1,203
Weighted average limited partner units	9,081,607	8,579,668
Dilutive effect of Phantom Units	--	54,500
Weighted average limited partner units, assuming dilutive effect of Phantom Units	9,081,607	8,634,168
Diluted net income (loss) per limited partner unit	$ (.09)	$ 0.14

CASH DISTRIBUTIONS

On October 14, 1999, a quarterly distribution of $4,842, or $.5625 per Common and Subordinated Unit, was paid to Unitholders of record at the close of business on October 1, 1999 and $57 and $58 was distributed to the General Partner for its General Partner interest in the Operating Partnership and its Minority Interest, respectively and its Incentive Distribution Rights. On December 22, 1999, the Partnership declared a cash distribution for the first quarter ended November 30, 1999 of $.5625 per unit payable on January 14, 2000 to Unitholders of record at the close of business on January 4, 2000.

4. WORKING CAPITAL FACILITIES AND LONG-TERM DEBT:

As of June 25, 1996, the Partnership entered into a credit agreement with various financial institutions. Effective July 2, 1999, the Partnership entered into the First Amended and Restated Credit Agreement (the "Agreement"). The Agreement replaced one of the financial institutions from the previous amended credit agreement and extended the maturities, leaving all the terms essentially unchanged. On October 15, 1999, the Partnership entered into the First Amendment to the First Amended and Restated Credit Agreement the terms of which are as follows:

A $35,000 Senior Revolving Working Capital Facility, expiring June 30, 2002, with $31,400 outstanding at November 30, 1999. The interest rate and interest payment dates vary depending on the terms the Partnership agrees to when the money is borrowed. The weighted average interest rates were 6.688 percent and 6.925 percent for amounts outstanding at August 31, 1999 and 1998, respectively. The Partnership must be free of all working capital borrowings for 30 consecutive days each fiscal year. The maximum commitment fee payable on the unused portion of the facility is .375 percent.

A $50,000 Senior Revolving Acquisition Facility is available through December 31, 2001, with $9,200 outstanding at November 30, 1999, at which time the outstanding amount must be paid in ten equal quarterly installments, beginning March 31, 2002. The interest rate and interest payment dates vary depending on the terms the Partnership agrees to when the money is borrowed. The average interest rates were 7.0 percent and 7.0 percent for amounts outstanding at August 31, 1999 and 1998, respectively. The maximum commitment fee payable on the unused portion of the facility is .375 percent.

5. REPORTABLE SEGMENTS:

The Partnership applies SFAS No. 131, Disclosures About Segments of an Enterprise and Related Information, which requires the reporting of certain financial information by business segment. The Partnership financial statements reflect three reportable segments: the domestic retail operations of Heritage Propane Partners, the domestic wholesale operations of Heritage Propane Partners, and the foreign wholesale operations of M-P Energy Partnership, a majority owned partnership. The Partnership's reportable segments are strategic business units that sell products and services to different types of users; retail and wholesale customers. M-P Energy Partnership is a 60 percent owned Canadian wholesale supplier that the Partnership consolidates. Intersegment sales by the foreign wholesale segment to the domestic segment are priced in accordance with the partnership agreement. The Partnership manages these segments separately as each segment involves different distribution, sale and marketing strategies. The Partnership evaluates the performance of its operating segments based on operating income. The operating income below does not reflect selling, general, and administrative expenses of $1,414 and $1,341 for the three months ended November 30, 1999 and 1998 respectively.

The following table presents financial information by segment for the three months ended November 30,

	1999	1998
Gallons:		
Domestic retail	38,875	35,668
Domestic wholesale	1,727	1,652
Foreign wholesale		
Affiliated	14,506	13,092
Unaffiliated	19,426	18,613
Elimination	(14,506)	(13,092)
Total	60,028	55,933
Revenues:		
Domestic retail fuel	$ 36,518	$ 29,341
Domestic wholesale fuel	946	665
Foreign wholesale		
Affiliated	5,538	3,706
Unaffiliated	6,864	5,090
Elimination	(5,538)	(3,706)
Other domestic revenues	7,562	6,462
Total	$ 51,890	$ 41,558
Operating Income:		
Domestic retail	$ 4,429	$ 5,676
Domestic wholesale fuel	--	20
Foreign wholesale		
Affiliated	145	126
Unaffiliated	414	208
Elimination	(145)	(126)
Total	$ 4,844	$ 5,904
Depreciation and amortization:		
Domestic retail	$ 4,010	$ 3,532
Domestic wholesale	10	13
Foreign wholesale	2	--
Total	$ 4,022	$ 3,545

	As of November 30, 1999	As of August 31, 1999
Total Assets:		
Domestic retail	$ 265,024	$ 236,215
Domestic wholesale	3,907	2,803
Foreign wholesale	4,924	4,566
Corporate	19,536	19,374
Total	$ 293,391	$ 262,958

6. SIGNIFICANT INVESTEE:

The Partnership holds a 50 percent interest in Bi-State Partnership. The Partnership accounts for its 50 percent interest in Bi-State Partnership under the equity method. The Partnership's investment in Bi-State Partnership totaled $5,248 and $5,202 at November 30, 1999 and August 31, 1999, respectively. The Partnership received distributions from Bi-State Partnership in the amount of $470 for the year ended August 31, 1999.

Bi-State Partnership's financial position at November 30, 1999 and August 31, 1999 is summarized below:

	November 30, 1999	August 31, 1999
Current assets	$ 1,591	$ 1,533
Noncurrent assets	14,399	14,281
	$ 15,990	$ 15,814
Current liabilities	$ 2,882	$ 2,333
Long-term debt	4,325	4,804
Partners' capital:		
Heritage	5,248	5,202
Other partner	3,535	3,475
	$ 15,990	$ 15,814

Bi-State Partnership's results of operations for three months ended November 30, 1999 and 1998, respectively are summarized below:

	1999	1998
Revenues	$2,549	$2,748
Gross profit	1,377	1,684
Net income:		
Heritage	46	178
Other partner	61	16

7. FOOTNOTES INCORPORATED BY REFERENCE:

Certain footnotes are applicable to the consolidated financial statements but would be substantially unchanged from those presented on Form 10-K filed with the Securities and Exchange Commission on November 29, 1999. Accordingly, reference should be made to the Company's Annual Report filed with the Securities and Exchange Commission on Form 10-K for the following:

NOTE	DESCRIPTION
1.	OPERATIONS AND ORGANIZATION
2.	SIGNIFICANT ACCOUNTING POLICIES AND BALANCE SHEET DETAIL
4.	WORKING CAPITAL FACILITIES AND LONG-TERM DEBT
5.	COMMITMENTS AND CONTINGENCIES
6.	PARTNERS' CAPITAL
7.	REGISTRATION STATEMENTS
8.	PROFIT SHARING AND 401(k) SAVINGS PLAN
9.	RELATED PARTY TRANSACTIONS

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

Since its formation in 1989, Heritage has grown primarily through acquisitions of retail propane operations and, to a lesser extent, through internal growth. Through November 30, 1999, Heritage and the Partnership completed 64 acquisitions for an aggregate purchase price of approximately $261 million. The Partnership has completed 36 of these acquisitions since going public on June 25, 1996. Subsequent to November 30, 1999, the Partnership completed 2 additional acquisitions, adding 15 retail outlets, for an approximate purchase price of $21 million. The Partnership engages in the sale, distribution and marketing of propane and other related products. The Partnership derives its revenue primarily from the retail propane marketing business. The General Partner believes that the Partnership is one of the largest retail marketers of propane in the United States, based on retail gallons sold, currently serving more than 277,000 residential, industrial/commercial and agricultural customers in 26 states through 162 retail outlets.

The retail propane business of the Partnership consists principally of transporting propane purchased in the contract and spot markets, primarily from major oil companies, to its retail distribution outlets and then to tanks located on the customers' premises, as well as to portable propane cylinders. In the residential and commercial markets, propane is primarily used for space heating, water heating and cooking. In the agricultural market, propane is primarily used for crop drying, tobacco curing, poultry brooding and weed control. In addition, propane is used for certain industrial applications, including use as an engine fuel that burns in internal combustion engines that power vehicles and forklifts and as a heating source in manufacturing and mining processes.

The retail propane distribution business is largely seasonal due to propane's use as a heating source in residential and commercial buildings. Historically, approximately two-thirds of the Partnership's retail propane volume and in excess of 80% of the Partnership's EBITDA is attributable to sales during the six-month peak heating season of October through March. Consequently, sales and operating profits are concentrated in the Partnership's first through third fiscal quarters. Cash flow from operations, however, is greatest during the second and third fiscal quarters when customers pay for propane purchased during the six-month peak-heating season.

A substantial portion of the Partnership's propane is used in the heating-sensitive residential and commercial markets causing the temperatures realized in the Partnership's areas of operations, particularly during the six-month peak heating season, to have a significant effect on the financial performance of the Partnership. In any given area, sustained warmer-than-normal temperatures will tend to result in reduced propane use, while sustained colder-than-normal temperatures will tend to result in greater propane use. The Partnership therefore uses information on normal temperatures in understanding how temperatures that are colder or warmer than normal affect historical results of operations and in preparing forecasts of future operations, which assumes that normal weather will prevail in each of the Partnership's regions.

The retail propane business is a "margin-based" business in which gross profits depend on the excess of sales price over propane supply costs. The market price of propane is often subject to volatile changes as a result of supply or other market conditions over which the Partnership will have no control. Product supply contracts are one-year agreements subject to annual renewal and generally permit suppliers to charge posted prices (plus transportation costs) at the time of delivery or the current prices established at major delivery points. Since rapid increases in the wholesale cost of propane may not be immediately passed on to retail customers, such increases could reduce the Partnership's gross profits. In the past, the Partnership generally attempted to reduce price risk by purchasing propane on a short-term basis. The Partnership has on occasion purchased significant volumes of propane during periods of low demand, which generally occur during the summer months, at the then current market price, for storage both at its service centers and in major storage facilities for future resale.

Gross profit margins vary according to customer mix. For example, sales to residential customers generate higher margins than sales to certain other customer groups, such as agricultural customers. Wholesale margins are substantially lower than retail margins. In addition, gross profit margins vary by geographical region. Accordingly, a change in customer or geographic mix can affect gross profit without necessarily affecting total revenues.

ANALYSIS OF UNAUDITED HISTORICAL RESULTS OF OPERATIONS

The following discussion reflects for the periods indicated the results of operations and operating data for the Partnership. Most of the increases in the line items discussed below result from the acquisitions made by the Partnership subsequent to the prior period discussed. The acquisition activity affects the comparability of prior period financial matters, as the volumes are not included in the prior period's results of operations. As the Partnership has grown through acquisitions, fixed costs such as personnel costs, depreciation and amortization and interest expense have increased. Amounts discussed below reflect 100% of the results of M-P Energy Partnership, a general partnership in which the Partnership owns a 60% interest. Because M-P Energy Partnership is primarily engaged in lower-margin wholesale distribution, its contribution to the Partnership's net income is not significant and the minority interest of this partnership is excluded from the EBITDA calculation.

THREE MONTHS ENDED NOVEMBER 30, 1999 COMPARED TO THE THREE MONTHS ENDED NOVEMBER 30, 1998.

Volume. The Partnership sold 38.9 million retail gallons in the three months ended November 30, 1999, an increase of 3.2 million gallons or 9.0% over the 35.7 million gallons sold in the three months ended November 30, 1998. This increase was primarily attributable to acquisition-related volumes and to a lesser extent internal growth, offset by warmer than normal weather.

The Partnership also sold approximately 21.1 million wholesale gallons in this first quarter of fiscal 2000, an increase of .8 million gallons or 3.9% from the 20.3 million wholesale gallons sold in the first quarter of fiscal 1999. U.S. wholesale volumes remained relatively constant at 1.7 million gallons while the foreign volumes of MP Energy Partnership increased .8 million gallons to 19.4 million gallons for the first quarter.

Revenues. Total revenues for the Partnership increased $10.4 million or 25.1% to $51.9 million for the three months ended November 30, 1999 as compared to $41.5 million for the same three-month period last year. The current period's domestic retail propane revenues increased $7.2 million or 24.6% to $36.5 million versus the prior year's comparable period results of $29.3 million due to increased volumes and higher selling prices. The U.S. wholesale revenues increased slightly to $.9 million as compared to $.7 million for the period ended November 30, 1998, due to higher selling prices. Other domestic revenues increased $1.2 million or 18.8% to $7.6 million as a result of acquisitions and internal growth. Foreign revenues increased $1.8 million for the three months ended November 30, 1999, to $6.9 million as compared to $5.1 million for the three months ended November 30, 1998, primarily as a result of higher selling prices and increased volume. Sales price per gallon increased during the three months ended November 30, 1999 in relation to the significant increase in the wholesale cost of propane as compared to the same period last year.

Cost of Sales. Total cost of sales increased $9.5 million or 47.7% to $29.4 million for the three months ended November 30, 1999, as compared to $19.9 million for the three months ended November 30, 1998. This increase is the result of a significant increase in the wholesale propane prices during the three months ended November 30, 1999 as compared to the low wholesale costs experienced in the same period last fiscal year. U.S. wholesale cost of sales increased $.3 million in the first quarter comparisons for the same reasons. Retail fuel cost of sales increased $7.0 million or 57.4% to $19.2 million in the first quarter of fiscal 2000, compared to $12.2 million in the first quarter of fiscal 1998 due to the impact of the increase in wholesale fuel cost and retail volumes. Other cost of sales also increased $.6 million in the first quarter comparison in correlation to the increase in other revenues.

Gross Profit. Total gross profit increased $.9 million or 4.2% to $22.5 million for the three months ended November 30, 1999, as compared to $21.6 million for the three months ended November 30, 1998 due to the aforementioned increases in retail volumes and revenues, offset by the increase in product costs. Last year's margins benefited as a result of the low propane cost environment, which was not experienced this current quarter.

Operating Expenses. Operating expenses increased $1.4 million or 11.5% to $13.6 million in the first quarter of fiscal 2000 as compared to $12.2 million in the first quarter of fiscal 1999 primarily due to acquisition related operating expenses.

Selling, General and Administrative. Selling, general and administrative expenses were $1.4 million for the three months ended November 30, 1999, an increase of $.1 million from the $1.3 million reported the same three month period last year.

Depreciation and Amortization. Depreciation and amortization increased $.5 million for the first quarter ended November 30, 1999 to $4.0 million as compared to $3.5 million for the first quarter ended November 30, 1998. This increase is primarily the result of additional depreciation and amortization cost on the fixed assets and intangible assets recorded in connection with acquisitions.

Operating Income. Operating income for the three months ended November 30, 1999, decreased $1.2 million, or 26.1%, to $3.4 million as compared to $4.6 million for the same three-month period last fiscal year. This decrease is primarily attributable to increased fuel costs, warmer than normal weather, which hindered expected increases in volumes, and the acquisition related increase in operating expenses.

Net Income. The first quarter of fiscal 2000 recorded a net loss of $.8 million, a $2.0 million decrease from the net income of $1.2 million for the first quarter of fiscal 1999. This decrease is the result of the operating income decrease described above and an increase in interest costs.

EBITDA. Earnings before interest, taxes, depreciation and amortization decreased $.8 million to $7.7 million for the first quarter ended November 30, 1999, as compared to the revised first quarter 1999 EBITDA of $8.5 million. The first quarter 1999 EBITDA was revised to account for the non-cash compensation expense that was previously included. The Partnership's EBITDA includes the EBITDA of investees, but does not include the EBITDA of the minority interest of M-P Energy Partnership. EBITDA should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations), but provides additional information for evaluating the Partnership's ability to make the Minimum Quarterly Distribution.

LIQUIDITY AND CAPITAL RESOURCES

The ability of the partnership to satisfy its obligations will depend on its future performance, which will be subject to prevailing economic, financial, business and weather conditions and other factors, many of which are beyond its control. Future capital needs of the Partnership are expected to be provided by various sources as follows:

a) increases in working capital will be financed by the working capital line of credit and repaid from subsequent seasonal reductions in inventory and accounts receivable

b) payment of interest cost, and other debt services, will be provided by the annual cash flow from operations

c) required maintenance capital, predominantly vehicle replacement, will also be provided by the annual cash flow from operations

d) growth capital, mainly for customer tanks, expended will be financed by the revolving acquisition bank line of credit

e) acquisition capital expenditures will be financed with additional indebtedness on the revolving acquisition bank line of credit, other lines of credit, issues of additional Common Units or a combination thereof.

CASH FLOWS

Operating Activities. Cash used by operating activities during the three months ended November 30, 1999, was $.4 million compared to cash provided of $2.8 million in the three months ended November 30, 1998. The net cash used from operations for the three months ended November 30, 1999 consisted of a net loss of $.8 million and the impact of working capital used of $3.4 offset by noncash charges of $3.8 million, principally depreciation and amortization. This increase in cash used in operations is primarily due to the net effect of the increase in propane costs on accounts receivable, inventory and accounts payable.

Investing Activities. Cash used in investing activities during the three months ended November 30, 1999 included capital expenditures for acquisitions amounting to $15.3 million, net of cash received plus $5.0 million spent for maintenance needed to sustain operations at current levels and customer tanks to support growth of operations.

Financing Activities. Cash provided by financing activities during the first quarter of fiscal 2000 of $21.3 million is primarily the result of net proceeds received in an equity offering of 1,200,000 Common Units representing limited partner interest in Heritage Propane Partners, L.P. utilizing the Partnership's Registration Statement No. 333-86057 on Form S-3 dated September 13, 1999. The underwriters delivered the Common Units to purchasers on October 28, 1999, at a public offering price of $22.00 per Common Unit. The net proceeds of approximately $24 million were used to repay a portion of the outstanding indebtedness under the acquisition facility that was incurred to acquire propane businesses. Other cash provided by financing activities of $1.9 was from a net increase in the working capital facility of $11.5 million and a net decrease in long-term debt of $9.6 million. These increases were offset by cash distributions to unitholders of $4.9 million.

FINANCING AND SOURCES OF LIQUIDITY

The Partnership has a Bank Credit Facility, which includes a Working Capital Facility, a revolving credit facility providing for up to $35.0 million of borrowings to be used for working capital and other general partnership purposes, and an Acquisition Facility, a revolving credit facility providing for up to $50.0 million of borrowings to be used for acquisitions and improvements. As of November 30, 1999, the Acquisition Facility had $40.8 million available to fund future acquisitions and the Working Capital Facility had $3.6 million available for borrowings.

The Partnership uses its cash provided by operating and financing activities to provide distributions to unitholders and to fund acquisition, maintenance and growth capital expenditures. Acquisition capital expenditures, which include expenditures related to the acquisition of retail propane operations and intangibles associated with such acquired businesses, were $15.3 million for the three months ended November 30, 1999, as compared to $3.4 million during the same period of fiscal 1998. In addition to the $15.3 million of cash expended for acquisitions during the first quarter of fiscal 2000, $1.3 million of Common Units and $2.3 million for notes payable on non-compete agreements were issued in connection with certain acquisitions.

Under the Partnership Agreement of Heritage, the Partnership will distribute to its partners, 45 days after the end of each fiscal quarter, an amount equal to all of its Available Cash for such quarter. Available cash generally means, with respect to any quarter of the Partnership, all cash on hand at the end of such quarter less the amount of cash reserves established by the General Partner in its reasonable discretion that is necessary or appropriate to provide for future cash requirements. The current distribution level of $.5625 per unit ($2.25 annually) includes incentive distributions payable to the General Partner to the extent the quarterly distribution exceeds $.55 per unit ($2.20 annually).

The assets utilized in the propane business do not typically require lengthy manufacturing process time nor complicated, high technology components. Accordingly, the Partnership does not have any significant financial commitments for capital expenditures. In addition, the Partnership has not experienced any significant increases attributable to inflation in the cost of these assets or in its operations.

YEAR 2000 MATTERS

The Year 2000 issue arose because many computer programs use only the last two digits to indicate the year; hence, they may not correctly interpret dates beyond the year 1999. The Partnership has recognized the potential impact of this problem that could cause computer applications to fail or create erroneous results disrupting business operations. The Partnership along with outside consultants has conducted a detailed assessment of its Year 2000 (Y2K) compliance and readiness issues. The Partnership has put a comprehensive program in place to prepare for its Y2K readiness and designates the following information as our "Year 2000 Readiness Disclosure".

The scope of the Partnership's program includes the review and evaluation of (1) its information technology ("IT") such as hardware and software utilized in the Partnership's operations; (2) non-IT systems or embedded technology such as micro-controllers contained in various equipment, facilities and vehicles; and (3) the readiness of third parties which includes key fuel suppliers, vendors and banking facilities. A complete and detailed inventory list of the Partnership's hardware and software systems has been completed enabling us to evaluate the state of readiness of these systems.

The Partnership's district operations use a variety of external software that has been evaluated for Year 2000 compliance. The upgrade to the Y2K software at these district locations is complete. The hardware necessary to accommodate the software upgrades was replaced as needed. The Partnership's central accounting software, which encompasses general ledger, financial reporting, and accounts payable, has been upgraded and successfully tested as Y2K compliant. The Partnership's payroll, fixed asset and wholesale fuel supply and distribution systems are completed. Miscellaneous applications have also been evaluated and upgrades are completed. The non-IT systems such as telephones, fax machines, and photocopiers were investigated for the date critical Year 2000 and were replaced or updated as needed for operation.

The Partnership has identified major vendors and suppliers on whom it depends upon for services and products to assess their Year 2000 readiness to assure there are no interruptions in operations. A Year 2000 compliance letter and questionnaire was sent to these third parties and our evaluation of these key third parties is complete. While none of the Partnership's products are directly date sensitive, interruption of the supply and delivery of gas products or other services could have a material adverse effect on the operations of the Partnership. By contacting these third parties to assess their state of readiness and developing an appropriate contingency plan if necessary, the Partnership is hoping to minimize these risks. The Partnership contacted their bank facilities to ensure that the collection and transfer of funds will not be interrupted and that extension of working capital will be available as needed. The Partnership does not have any customers that accounted for 5% or more of the Partnership's revenues during fiscal 1999 thus reducing the risk if some but not all customers are not Y2K compliant.

Estimated costs to modify its computer-based systems to date have not been specifically tracked but are estimated to be immaterial. A portion of these costs was capitalized as they relate to adding new software and hardware to enhance current operations. Other costs related directly to becoming Year 2000 compliant have been expensed as incurred.

A contingency plan has been developed to deal with system failures and disruptions of service arising from third party Y2K failures. The contingency plan for the Partnership's district operations is primarily focused on one system that already has been successfully tested and is Y2K compliant. This system affects two-thirds of our district operations and if other systems fail during the testing, they will be upgraded to this compliant system. The success the Partnership has with dealing with the issues of the Year 2000 and its vendor and supplier's success in the matter will affect the Partnership's future operations. Interruptions in the Partnership's operations or those of its major suppliers and vendors due to Year 2000 failures could have a material adverse affect on its operations and cash flows. In addition to the business risks noted above there are other Y2K risks, which include but are not limited to utility and telecommunication systems failure to provide service, which are beyond the Partnership's control and could have adverse effects on our operations. As of January 10, 2000, the Partnership has not experienced any significant problems arising from Y2K system failures or disruptions of service arising from third parties.

FORWARD-LOOKING STATEMENTS

Certain matters discussed in this report, excluding historical information, include certain forward-looking statements. Although Heritage believes such forward-looking statements are based on reasonable assumptions, no assurance can be given that every objective will be reached. Such statements are made in reliance on the "safe harbor" protections provided under the Private Securities Litigation Reform Act of 1995.

As required by that law, the Partnership hereby identifies the following important factors that could cause actual results to differ materially from any results projected, forecasted, estimated or budgeted by the Partnership in forward-looking statements.

- Risks and uncertainties impacting the Partnership as a whole relate to changes in general economic conditions in the United States; the availability and cost of capital; changes in laws and regulations to which the Partnership is subject, including tax, environmental and employment laws and regulations; the cost and effects of legal and administrative claims and proceedings against the Partnership or which may be brought against the Partnership and changes in general and economic conditions and currencies in foreign countries.

- The uncertainty of the ability of the Partnership to sustain its rate of internal sales growth and its ability to locate and acquire other propane companies at prices that are accretive to the Partnership.

- Risks and uncertainties related to energy prices and the ability of the Partnership to develop expanded markets and products offerings as well as their ability to maintain existing markets. In addition, future sales will depend on the cost of propane compared to other fuels, competition from other propane retailers and alternate fuels, the general level of petroleum product demand, and weather conditions, among other things.

- The Partnership's success in dealing with the Year 2000 issues and those of its vendors, suppliers and other third parties, many of which are beyond the Partnership's control.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The Partnership has very little cash flow exposure due to rate changes for long-term debt obligations. The Partnership primarily enters debt obligations to support general corporate purposes including capital expenditures and working capital needs. The Partnership's long-term debt instruments are typically issued at fixed interest rates. When these debt obligations mature, the Partnership may refinance all or a portion of such debt at then-existing market interest rates which may be more or less than the interest rates on the maturing debt. Commodity price risk arises from the risk of price changes in the propane inventory that the Partnership buys and sells. The market price of propane is often subject to volatile changes as a result of supply or other market conditions over which the Partnership will have no control. In the past, price changes have generally been passed along to the Partnership's customers to maintain gross margins, mitigating the commodity price risk. The Partnership in the past has on occasion purchased significant volumes of propane during periods of low demand, which generally occur during the summer months, at the then current market price, for storage both at its service centers and in major storage facilities.

PART II - OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

(c) During the three months ended November 30, 1999, the Partnership issued 56,578 Common Units ("Units") to in exchange for certain assets in connection with the acquisitions of certain propane businesses, for a total value of $1.3 million. These Units were issued utilizing the Partnership's Registration Statement No. 333-40407 on Form S-4. In addition, the partnership issued 4,500 Common Units to certain individuals pursuant to the vesting rights of the Restricted Unit Plan.

On October 25, 1999, the Partnership issued a prospectus supplement offering 1,200,000 Common Units, representing limited partner interests in Heritage Propane Partners, L.P. utilizing the Partnership's Registration Statement No. 333-86057 on Form S-3 dated September 13, 1999. The underwriters delivered the Common Units to purchasers on October 28, 1999, at a public offering price of $22.00 per Common Unit. The net proceeds of approximately $24 million were used to repay a portion of the outstanding indebtedness under the acquisition facility that was incurred to acquire propane businesses

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) The exhibits listed on the following Exhibit Index are filed as part of this Report. Exhibits required by Item 601 of Regulation S-K, but which are not listed below, are not applicable.

	Exhibit Number	Description
(1)	3.1	Agreement of Limited Partnership of Heritage Propane Partners, L.P.
(7)	10.1	First Amended and Restated Credit Agreement with Banks Dated May 31, 1999
(8)	10.1.1	First Amendment to the First Amended and Restated Credit Agreement dated as of October 15, 1999
(1)	10.2	Form of Note Purchase Agreement (June 25, 1996)
(3)	10.2.1	Amendment of Note Purchase Agreement (June 25, 1996) dated as of July 25, 1996
(4)	10.2.2	Amendment of Note Purchase Agreement (June 25, 1996) dated as of March 11, 1997
(6)	10.2.3	Amendment of Note Purchase Agreement (June 25, 1996) dated as of October 15, 1998
(8)	10.2.4	Second Amendment Agreement dated September 1, 1999 to June 25, 1996 Note Purchase Agreement

	Exhibit Number	Description
(1)	10.3	Form of Contribution, Conveyance and Assumption Agreement among Heritage Holdings, Inc., Heritage Propane Partners, L.P. and Heritage Operating, L.P.
(1)	10.6	Restricted Unit Plan
(4)	10.6.1	Amendment of Restricted Unit Plan dated as of October 17, 1996
(2)	10.7	Employment Agreement for James E. Bertelsmeyer
(1)	10.8	Employment Agreement for R. C. Mills
(1)	10.9	Employment Agreement for G.A. Darr
(1)	10.10	Employment Agreement for H. Michael Krimbill
(6)	10.11	Employment Agreement for Bradley K. Atkinson
(7)	10.12	First Amended and Restated Revolving Credit Agreement between Heritage Service Corp. and Banks Dated May 31, 1999
(5)	10.16	Note Purchase Agreement dated as of November 19, 1997
(6)	10.16.1	Amendment dated October 15, 1998 to November 19, 1997 Note Purchase Agreement
(8)	10.16.2	Second Amendment Agreement dated September 1, 1999 to November 19, 1997 Note Purchase Agreement and June 25, 1996 Note Purchase Agreement
(8)	21.1	List of Subsidiaries
	27.1	Financial Data Schedule - Filed with EDGAR version only
(8)	99.1	Balance Sheet of Heritage Holdings, Inc. as of August 31, 1999

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(1) Incorporated by reference to the same numbered Exhibit to Registrant's Registration Statement of Form S-1, File No. 333-04018, filed with the Commission on June 21, 1996.

(2) Incorporated by reference to Exhibit 10.11 to Registrant's Registration Statement on Form S-1, File No. 333-04018, filed with the Commission on June 21, 1996.

(3) Incorporated by reference to the same numbered Exhibit to Registrant's Form 10-Q for the quarter ended November 30, 1996.

(4) Incorporated by reference to the same numbered Exhibit to Registrant's Form 10-Q for the quarter ended February 28, 1997.

(5) Incorporated by reference to the same numbered Exhibit to Registrant's Form 10-Q for the quarter ended May 31, 1998.

(6) Incorporated by reference to the same numbered Exhibit to the Registrant's Form 10-K for the year ended August 31, 1998.

(7) Incorporated by reference to the same numbered Exhibit to the Registrant's Form 10-Q for the quarter ended May 31, 1999.

(8) Incorporated by reference to the same numbered Exhibit to the Registrant's Form 10-K for the year ended August 31, 1999.

(b) Reports on Form 8-K

The Partnership filed three reports on Form 8-K during the three months ended November 30, 1999. Form 8-K dated October 19, 1999, was filed reporting the announcement of the Partnership's financial results for the fiscal year ended August 31, 1999 with the press release filed as an exhibit. On October 21, 1999, a Form 8-K was filed to report the public offering (the "Offering") of up to 1,380,000 Common Units under the Partnership's shelf registration statement on Form S-3 (Registration No. 333-86057). The opinions of Andrews & Kurth L.L.P. attached to this Form 8-K related to the Offering, and the opinion as to certain tax matters, replaced the opinion as to tax matters originally filed with the Registration Statement. The opinions of Andrews & Kurth L.L.P. were filed as exhibits to the Form 8-K in lieu of filing them as exhibits to the Registration Statement by means of a post-effective amendment thereto. Form 8-K dated October 25, 1999, attached as an exhibit the Underwriting Agreement dated October 25, 1999 among Heritage Propane Partners, L.P. ("the Partnership"), Heritage Holdings, Inc. and Heritage Operating, L.P. and PaineWebber Incorporated, A.G. Edwards & Sons, Inc. and CIBC World Markets Corp. relating to the offering of 1,200,000 Common Units representing limited partner interests in the Partnership registered pursuant to a Registration Statement on Form S-3 (Registration No. 333-86057), as supplemented by the Prospectus Supplement, dated October 25, 1999.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HERITAGE PROPANE PARTNERS, L.P.

By: Heritage Holdings, Inc.,
General Partner

Date: January 12, 2000

By: /s/ H. Michael Krimbill

H. Michael Krimbill
(President and Chief Financial Officer and officer duly authorized to sign on behalf of the registrant)

EXHIBIT INDEX

Exhibit No.	Description
27.1	Financial Data Schedule - Filed with EDGAR version only

5

3-MOS
AUG-31-2000
SEP-01-1999
NOV-30-1999
2,660
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