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 March 31, 2017
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 1-31219

ENERGY TRANSFER PARTNERS, L.P.

(Exact name of registrant as specified in its charter)

Delaware	**23-3096839**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
8111 Westchester Drive, Suite 600, Dallas, TX	**75225**
(Address of principal executive offices)	**(Zip Code)**

Registrant’s telephone number, including area code: (214) 981-0700

Sunoco Logistics Partners L.P.

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," "non-accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Emerging growth company	☐
Non-accelerated filer	☐	Smaller reporting company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

At May 1, 2017, the number of the registrant's Common Units outstanding were 1,167,434,453.

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PART I.

FINANCIAL INFORMATION

Item 1. Financial Statements

ENERGY TRANSFER PARTNERS, L.P.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions, except per unit amounts, unaudited)

	Three Months Ended March 31,	
	2017	2016
Revenues		
Sales and other operating revenue:		
Unaffiliated customers	$ 3,071	$ 1,668
Affiliates (Note 4)	148	109
Gain on sale of investment in affiliate (Note 2)	483	—
Total Revenues	3,702	1,777
Costs and Expenses		
Cost of products sold	2,891	1,413
Operating expenses	21	23
Selling, general and administrative expenses	32	26
Depreciation and amortization expense	125	106
Impairment charge and other matters (Notes 6 and 16)	(2)	26
Total Costs and Expenses	3,067	1,594
Operating Income	635	183
Interest cost and debt expense, net	(73)	(65)
Capitalized interest	33	26
Other income	10	7
Income Before Provision for Income Taxes	605	151
Provision for income taxes (Note 8)	(10)	(5)
Net Income	595	146
Net income attributable to noncontrolling interests	(10)	(1)
Net Income Attributable to Partners	585	145
Less: General Partner's interest	(113)	(90)
Limited Partners' interest	$ 472	$ 55
Net Income Attributable to Partners per Limited Partner unit (Note 5):		
Basic	$ 1.42	$ 0.18
Diluted	$ 1.42	$ 0.18
Weighted average Limited Partners' units outstanding (Note 5):		
Basic	331.8	282.5
Diluted	332.8	283.1
Net Income	$ 595	$ 146
Adjustment to affiliate's pension funded status	1	1
Other Comprehensive Income	1	1
Comprehensive Income	596	147
Less: Comprehensive income attributable to noncontrolling interests	(10)	(1)
Comprehensive Income Attributable to Partners L.P.	$ 586	$ 146

(See Accompanying Notes)

ENERGY TRANSFER PARTNERS, L.P.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, unaudited)

	March 31, 2017	December 31, 2016
Assets		
Cash and cash equivalents	$ 38	$ 41
Accounts receivable, net	1,877	1,555
Accounts receivable, affiliated companies (Note 4)	40	44
Inventories (Note 6)	967	934
Note receivable, affiliated companies (Note 4)	—	301
Other current assets	9	31
Total Current Assets	2,931	2,906
Properties, plants and equipment	14,480	13,551
Less accumulated depreciation and amortization	(1,331)	(1,227)
Properties, plants and equipment, net	13,149	12,324
Investment in affiliates	662	952
Goodwill	1,613	1,609
Intangible assets, net (Note 7)	1,504	977
Other assets	77	81
Total Assets	$ 19,936	$ 18,849
Liabilities and Equity		
Accounts payable	$ 2,017	$ 1,750
Accounts payable, affiliated companies (Note 4)	78	63
Accrued liabilities	330	287
Accrued taxes payable (Note 8)	44	38
Total Current Liabilities	2,469	2,138
Long-term debt (Note 9)	6,760	7,313
Other deferred credits and liabilities	130	133
Deferred income taxes (Note 8)	256	257
Total Liabilities	9,615	9,841
Commitments and contingent liabilities (Note 10)		
Redeemable noncontrolling interests	15	15
Redeemable Limited Partners' interests (Notes 1 and 2)	300	300
Total Equity	10,006	8,693
Total Liabilities and Equity	$ 19,936	$ 18,849

(See Accompanying Notes)

ENERGY TRANSFER PARTNERS, L.P.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions, unaudited)

	Three Months Ended March 31,	
	2017	**2016**
Cash Flows from Operating Activities:		
Net Income	$ 595	$ 146
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	125	106
Impairment charge and other matters	(2)	26
Gain on sale of investment in affiliate	(483)	—
Deferred income tax expense (benefit)	(1)	—
Amortization of bond premium	(2)	(3)
Non-cash compensation expense	6	5
Equity in earnings of unconsolidated affiliates	(9)	(8)
Distributions from unconsolidated affiliates	8	5
Changes in working capital pertaining to operating activities:		
Accounts receivable, net	(337)	(6)
Accounts receivable, affiliated companies	4	(23)
Inventories	(31)	(102)
Accounts payable, affiliated companies	15	(19)
Accounts payable and accrued liabilities	246	(16)
Accrued taxes payable	6	(11)
Unrealized (gains) losses on commodity risk management activities	(24)	13
Other	1	7
Net cash provided by operating activities	117	120
Cash Flows from Investing Activities:		
Capital expenditures	(395)	(580)
Proceeds from sale of investment in affiliate	800	—
Change in note receivable, affiliated companies	301	—
Change in long-term note receivable	(1)	(1)
Net cash provided by (used in) investing activities	705	(581)
Cash Flows from Financing Activities:		
Distributions paid to limited and general partners	(272)	(216)
Distributions paid to noncontrolling interests	(4)	(1)
Net proceeds from issuance of limited partner units	—	301
Repayments under credit facilities	(1,725)	(813)
Borrowings under credit facilities	1,173	1,193
Contributions attributable to acquisition from affiliate	1	3
Contributions from noncontrolling interests	2	—
Net cash provided by (used in) financing activities	(825)	467
Net change in cash and cash equivalents	(3)	6
Cash and cash equivalents at beginning of period	41	37
Cash and cash equivalents at end of period	$ 38	$ 43

(See Accompanying Notes)

ENERGY TRANSFER PARTNERS, L.P.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(in millions, unaudited)

		Limited Partners		General Partner		Accumulated Other Comprehensive Income (Loss)		Noncontrolling Interests		Total
Balance at January 1, 2016	$	6,577	$	944	$	—	$	34	$	7,555
Net Income		55		90		—		1		146
Adjustment to affiliate's pension funded status		—		—		1		—		1
Total comprehensive income (loss)		55		90		1		1		147
Issuance of limited partner units to the public		301		—		—		—		301
Non-cash compensation expense		5		—		—		—		5
Distribution equivalent rights		(1)		—		—		—		(1)
Distributions		(131)		(85)		—		(1)		(217)
Contributions attributable to acquisition from affiliate		3		—		—		—		3
Decrease attributable to Class B units		(4)		—		—		—		(4)
Other		—		1		—		—		1
Balance at March 31, 2016	$	6,805	$	950	$	1	$	34	$	7,790
Balance at January 1, 2017	$	7,700	$	960	$	—	$	33	$	8,693
Net Income		472		113		—		10		595
Adjustment to affiliate's pension funded status		—		—		1		—		1
Total comprehensive income		472		113		1		10		596
Non-cash compensation expense		6		—		—		—		6
Distribution equivalent rights		(2)		—		—		—		(2)
Distributions		(167)		(105)		—		(4)		(276)
Contributions attributable to acquisition from affiliate		1		—		—		—		1
Contributions from noncontrolling interests		—		—		—		988		988
Balance at March 31, 2017	$	8,010	$	968	$	1	$	1,027	$	10,006

(See Accompanying Notes)

ENERGY TRANSFER PARTNERS, L.P.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Organization and Basis of Presentation

Energy Transfer Partners, L.P. (formerly named "Sunoco Logistics Partners L.P.", as discussed below) is a consolidated subsidiary of Energy Transfer Equity, L.P. ("ETE").

In April 2017, Sunoco Logistics Partners L.P. ("SXL") and Energy Transfer Partners, L.P. ("ETP") completed the previously announced merger (the "Merger") of an indirect subsidiary of SXL, with and into ETP, with ETP surviving the merger as a wholly-owned subsidiary of SXL. Concurrent with the Merger, SXL's general partner, Sunoco Partners LLC ("SXL GP"), merged with ETP's general partner, Energy Transfer Partners GP, L.P. ("ETP GP"), with ETP GP surviving and becoming the general partner of SXL, owning the general partner interest and incentive distribution rights in SXL, which remain unchanged following the Merger. In connection with the Merger, each ETP common unit converted into the right to receive 1.5 SXL common units. Based on the ETP units outstanding, SXL issued approximately 845 million SXL common units to ETP unitholders. The outstanding ETP Class E units, Class G units, Class I units and Class K units at the effective time of the Merger were converted into an equal number of newly created classes of SXL units, with the same rights, preferences, privileges, duties and obligations as such classes of ETP units had immediately prior to the closing of the Merger. Additionally, the outstanding SXL common units and SXL Class B units owned by ETP at the effective time of the Merger were cancelled.

As part of the completion of the merger, Sunoco Logistics Partners L.P. changed its name to Energy Transfer Partners, L.P., and its common units began trading on the New York Stock Exchange ("NYSE") under the "ETP" ticker symbol on May 1, 2017. Also effective with the completion of the merger, ETP ceased to be a publicly traded partnership, and its common units discontinued trading on the NYSE.

For purposes of maintaining clarity, the following references are used herein:

– References to "SXL" and the "Partnership" refer to the entity named Sunoco Logistics Partners L.P. prior to the close of the Merger;
– References to "ETP" refer to the entity named Energy Transfer Partners, L.P. prior to the close of the Merger; and
– References to "Post-Merger ETP" refer to the consolidated entity named Energy Transfer Partners, L.P. subsequent to the close of the Merger.

Unless otherwise noted, the disclosures and financial information included in this report for the periods ended March 31, 2017 and 2016, and as of March 31, 2017 and December 31, 2016, reflect that of SXL.

SXL is a publicly traded Delaware limited partnership that owns and operates a logistics business, consisting of geographically diverse portfolio of integrated pipeline, terminalling, and acquisition and marketing assets which are used to facilitate the purchase and sale of crude oil, natural gas liquids ("NGLs") and refined products. The Partnership conducts its business activities in 39 states located throughout the United States. The Partnership reports the financial results of its activities in the following segments: Crude Oil, Natural Gas Liquids and Refined Products; which provide investors with a view consistent with Management's strategic decision making process and resource allocation methodology.

The consolidated financial statements reflect the results of the Partnership and its wholly-owned subsidiaries, the proportionate shares of the Partnership's undivided interests in assets, and the accounts of entities in which the Partnership has a controlling financial interest. A controlling financial interest is evidenced by either a voting interest greater than 50 percent or a risk and rewards model that identifies the Partnership or one of its subsidiaries as the primary beneficiary of a variable interest entity. The Partnership currently holds a controlling financial interest in Inland Corporation ("Inland"), Mid-Valley Pipeline Company ("Mid-Valley"), Price River Terminal, LLC ("PRT"), and, effective February 1, 2017, Permian Express Partners LLC ("PEP"), a joint venture with ExxonMobil. These entities are reflected as consolidated subsidiaries of the Partnership. The Partnership is not the primary beneficiary of any variable-interest entities ("VIEs"). All significant intercompany accounts and transactions are eliminated in consolidation, and noncontrolling interests in net income and equity are shown separately in the condensed consolidated statements of comprehensive income and equity. Equity ownership interests in corporate joint ventures in which the Partnership does not have a controlling financial interest, but over which the Partnership can exercise significant influence, are accounted for under the equity method of accounting.

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, which created Topic 842, Leases, and will supersede the requirements in Topic 840. The objective of ASU 2016-02 is to establish the principles that lessees and lessors shall apply to report useful information to users of financial statements about the amount, timing, and uncertainty of cash flows arising from a lease. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. The Partnership is currently evaluating the impact that it will have on its consolidated financial statements and related disclosures.

In May 2014, the FASB codified guidance in ASU 2014-09 related to the recognition of revenue from contracts with customers, and has since released associated clarifying guidance in subsequent periods. The new standards outline the core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration which the entity expects to be entitled in exchange for those goods or services. The guidance is effective for annual reporting periods beginning after December 15, 2017, including interim periods within those reporting periods, with early adoption permitted. The Partnership expects to adopt ASU 2014-09 in the first quarter of 2018 and will apply the cumulative catchup transition method.

The Partnership is in the process of evaluating its revenue contracts by segment and fee type to determine the potential impact of adopting the new standard. At this point in the evaluation process, it has been determined that the timing and/or amount of revenue recognized on certain contracts will be impacted by the adoption of the new standard; however, the process of quantifying these impacts is ongoing and an assessment of materiality in relation to the financial statements has not yet been determined. In addition, the Partnership is in the process of implementing appropriate changes to its business processes, systems and controls to support recognition and disclosure under the new standard. The Partnership will continue to monitor for additional authoritative or interpretive guidance related to the new standard as it becomes available, as well as comparing conclusions on specific interpretative issues to other peers in the industry, to the extent that such information is available.

The accompanying condensed consolidated financial statements are presented in accordance with the requirements of Form 10-Q and accounting principles generally accepted in the United States for interim financial reporting. They do not include all disclosures normally made in annual financial statements contained in Form 10-K. The accompanying condensed consolidated balance sheet at December 31, 2016 has been derived from the Partnership's audited financial statements for the year ended December 31, 2016. In management's opinion, all adjustments necessary for a fair presentation of the results of operations, financial position and cash flows for the periods shown have been made. All such adjustments are of a normal, recurring nature. The Partnership expects the interim increase in the quantity of its crude oil inventory to decline by year end and therefore has adjusted its interim LIFO calculation to produce a reasonable matching of the most recently incurred costs with current revenues. Results for the three months ended March 31, 2017 are not necessarily indicative of results for the full year 2017.

Certain amounts in the prior year condensed consolidated financial statements have been reclassified to conform to the current year presentation.

2. Changes in Business and Other Matters

Bayou Bridge Pipeline

The Partnership is party to an agreement with ETP and Phillips 66 to participate in the ownership of the Bayou Bridge Pipeline project. The Partnership maintains a 30 percent economic interest in the project which, combined with ETP's 30 percent interest, is reflected as a consolidated subsidiary of ETP. The project consists of a newly constructed pipeline that will deliver crude oil from Nederland, Texas to refinery markets in Louisiana. Commercial operations from Nederland, Texas to Lake Charles, Louisiana commenced in the second quarter 2016, with continued progress on an extension of the pipeline segment to St. James, Louisiana, which is expected to commence operations in the fourth quarter 2017. The Partnership is the operator of the pipeline and will continue to fund its proportionate share of the cost of the project, which is accounted for as an equity method investment within the Partnership's Crude Oil segment.

Bakken Pipeline

In October 2015, the Partnership finalized its participation in the Bakken Pipeline project with Energy Transfer Partners, L.P. ("ETP") and Phillips 66. The Partnership obtained a 30 percent economic interest in the project which is a consolidated subsidiary of ETP. The project consists of existing and newly constructed pipelines that are expected to provide aggregate takeaway capacity of approximately 450 thousand barrels per day of crude oil from the Bakken/Three Forks production area in North Dakota to key refinery and terminalling hubs in the Midwest and Gulf Coast, including the Partnership's Nederland terminal. The ultimate takeaway capacity target for the project is 570 thousand barrels per day. Commercial operations are expected to commence in the second quarter of 2017. The Partnership's investment in the Bakken Pipeline project is reflected as an equity method investment within the Crude Oil segment.

In exchange for its 30 percent economic interest in the project, the Partnership issued 9.4 million Class B units to ETP, representing limited partner interests in the Partnership, and paid $382 million in cash to cover the Partnership's proportionate share of contributions at the time of closing. Since the interest in the project was acquired from a related party, the Partnership's initial investment was recorded at ETP's historical carrying value. See Note 1 for additional information on the termination of the Class B units resulting from the Partnership's merger with ETP in April 2017.

In August 2016, the Bakken entities' established a $2.5 billion credit facility which is anticipated to provide substantially all of the remaining capital necessary to complete the project. The facility was limited to $1.1 billion in borrowings until attainment of certain closing conditions, which were met in February 2017. The joint partners agreed to provide the Bakken entities with a short-term loan until the full capacity of the $2.5 billion credit facility was available. The loan was made by the partners in proportion to their respective ownership interests. The note receivable due to the Partnership amounted to $301 million at December 31, 2016, and was repaid in February 2017.

Borrowings under the credit facility are secured by all assets of the Bakken entities, as well as the ownership interests maintained by the joint partners. At March 31, 2017, there was $2.5 billion outstanding under the Bakken credit facility.

In February 2017, the Partnership and ETP completed the sale of 49 percent of their respective interests in the Bakken Pipeline project for $2.0 billion to MarEn Bakken Company LLC, an entity jointly owned by MPLX LP and Enbridge Energy Partners, L.P. The Partnership received $800 million for its interest, resulting in a gain of $483 million on the proportionate carrying value of the Partnership's previously held equity interest. Subsequent to closing, the Partnership's ownership interest in the Bakken Pipeline project was 15.3 percent. ETP continues to consolidate the Bakken Pipeline project, and its total ownership interest, including the Partnership's interest, was 38.25 percent after the sale.

Permian Express Partners

In February 2017, the Partnership formed Permian Express Partners LLC ("PEP"), a strategic joint venture, with ExxonMobil. The Partnership contributed its Permian Express 1, Permian Express 2 and Permian Longview and Louisiana Access pipelines. ExxonMobil contributed its Longview to Louisiana and Pegasus pipelines; Hawkins gathering system; an idle pipeline in southern Oklahoma; and its Patoka, Illinois terminal. The Partnership's initial ownership percentage is approximately 85 percent. Upon commencement of operations on the Bakken pipeline, the Partnership will contribute its investment in the project, with a corresponding increase in its ownership percentage in PEP. The Partnership maintains a controlling financial and voting interest in PEP and operates all of the entity's assets. As a result, PEP is reflected as a consolidated subsidiary of the Partnership with its operating results included in the Crude Oil segment.

The Partnership recognized the following preliminary fair value amounts in its condensed consolidated balance sheet in connection with the formation of PEP: cash and cash equivalents ($2 million); properties, plants and equipment ($435 million); intangible assets ($547 million) attributable to customer relationships; goodwill ($4 million); and noncontrolling interest ($988 million).

No pro forma information has been presented, as the impact of these investments was not material to the Partnership's consolidated financial position or results of operations.

3. Acquisitions

In November 2016, the Partnership completed an acquisition from Vitol, Inc. ("Vitol") of an integrated crude oil business in West Texas for $760 million plus working capital. The acquisition provided the Partnership with an approximately 2 million barrel crude oil terminal in Midland, Texas, a crude oil gathering and mainline pipeline system in the Midland Basin, including a significant acreage dedication from an investment-grade Permian producer, and crude oil inventories related to Vitol's crude oil purchasing and marketing business in West Texas. The acquisition also included the purchase of a 50 percent interest in Permian Express Terminal LLC ("PET"), formerly named SunVit Pipeline LLC, which increased the Partnership's overall ownership of PET to 100 percent. PET connects the Midland terminal to the Partnership's Permian Express 2 pipeline, a key takeaway to bring Permian crude oil to multiple markets. The acquisition is included in the Crude Oil segment.

The $769 million purchase price, net of cash received, consisted primarily of the following preliminary fair value allocations: net working capital ($13 million) largely attributable to inventory and receivables; properties, plants and equipment ($286 million) primarily related to pipeline and terminalling assets; intangible assets ($313 million) attributable to customer relationships; and an increase to goodwill ($251 million). The consolidation of PET resulted in a $41 million gain which represented the difference between the carrying value of the Partnership's previously held equity interest and the fair value on the date of acquisition.

No pro forma information has been presented, as the impact of the acquisitions was not material in relation to the Partnership's consolidated financial position or results of operations in 2016.

4. Related Party Transactions

At March 31, 2017, the Partnership was a consolidated subsidiary of ETP. ETP and one of its affiliates owned Sunoco Partners LLC, the Partnership's general partner, and a 23 percent limited partner interest in the Partnership, including the Class B units issued in October 2015. The Partnership has various operating and administrative agreements with ETP and its affiliates, which include the agreements described below.

Administrative Services

The Partnership has no employees. The operations of the Partnership are carried out by employees of the general partner. The Partnership reimburses the general partner and its affiliates for certain costs and direct expenses incurred on the Partnership's behalf. These costs may be increased if the acquisition or construction of new businesses or assets requires an increase in the level of services received by the Partnership.

The Partnership pays ETP and its affiliates an annual administrative fee for expenses incurred by ETP and its affiliates to perform certain centralized corporate functions, such as legal, accounting, information technology, insurance, office space rental, and other corporate services, including the administration of employee benefit plans. This fee does not include the salaries or wages of employees of the general partner, or the cost of employee benefits or shared insurance.

The Partnership's share of allocated ETP employee benefit plan expenses, including defined contribution 401(k) plans, employee and retiree medical, dental and life insurance plans, incentive compensation plans and other such benefits are reflected in operating expenses and selling, general and administrative expenses in the condensed consolidated statements of comprehensive income.

Affiliated Revenues and Accounts Receivable, Affiliated Companies

The Partnership is party to various agreements with ETP and its affiliates to supply crude oil, NGLs and refined products, as well as to provide pipeline and terminalling services. The revenues associated with these activities are reflected as affiliated revenues in the condensed consolidated statements of comprehensive income.

Acquisitions

See Note 2 for additional information related to the Partnership's participation in the Bayou Bridge and Bakken pipeline projects.

5. Net Income Attributable to Partners per Limited Partner Unit

The general partner's interest in net income attributable to partners consists of its general partner interest and "incentive distributions," which are increasing percentages of up to 50 percent of quarterly distributions in excess of $0.0833 per common unit. In September 2016, the Partnership entered into an amendment of its Limited Partnership Agreement to temporarily reduce the incentive distributions received by the general partner over a two-year period, beginning in the third quarter 2016 (see Note 12). The general partner was allocated net income attributable to partners of $113 and $90 million (representing 19 and 62 percent of total net income attributable to partners) for the three months ended March 31, 2017 and 2016, respectively. Diluted net income attributable to partners per limited partner unit is calculated by dividing the limited partners' interest in net income attributable to partners by the sum of the weighted average number of common and Class B units outstanding and the dilutive effect of unvested incentive unit awards (see Note 13).

For the three months ended March 31, 2016, net income attributable to partners was reduced by $4 million in determining earnings per limited partner unit in accordance with accounting guidance applicable to the Class B units, which are reflected as redeemable limited partner interests.

The following table sets forth the reconciliation of the weighted average number of limited partner and Class B units used to compute basic net income attributable to partners per limited partner unit to those used to compute diluted net income attributable to partners per limited partner unit for the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31,	
	2017	2016
	(in millions)	
Weighted average number of units outstanding, basic	331.8	282.5
Add effect of dilutive incentive awards	1.0	0.6
Weighted average number of units, diluted	332.8	283.1

6. Inventories

The components of inventories are as follows:

	March 31, 2017	December 31, 2016
	(in millions)	
Crude oil	$ 784	$ 683
NGLs	84	126
Refined products	84	110
Refined products additives	2	3
Materials, supplies and other	13	12
Total Inventories	$ 967	$ 934

The Partnership's lower of cost or market ("LCM") reserves totaled $226 and $22 million, respectively, on its crude oil and NGLs inventories at March 31, 2017. At December 31, 2016, the LCM reserves totaled $233 and $17 million on the Partnership's crude oil and NGLs inventories, respectively. See Note 16 for additional information on the LCM adjustments related to the Partnership's LIFO inventory balances, which are reported as impairment charge and other matters within the condensed consolidated statement of comprehensive income.

7. Goodwill and Intangible Assets

Intangible Assets

The components of intangible assets are as follows:

	Weighted Average Amortization Period	March 31, 2017	December 31, 2016
	(in years)	(in millions)	
Gross			
Customer relationships	20	$ 1,696	$ 1,149
Technology	10	47	47
Total gross		1,743	1,196
Accumulated amortization			
Customer relationships		(218)	(199)
Technology		(21)	(20)
Total accumulated amortization		(239)	(219)
Total Net		$ 1,504	$ 977

The $547 million increase in the Partnership's intangible assets is attributable to customer relationships that were recorded in connection with the formation of PEP. See Notes 2 and 11 for additional information.

Amortization expense was $20 and $13 million for the three months ended March 31, 2017 and 2016, respectively. The Partnership forecasts annual amortization expense of $89 million in year 2017, and $91 million of annual amortization expense for each year thereafter through 2021, for these intangible assets.

Intangible assets associated with rights of way are included in properties, plants and equipment in the Partnership's condensed consolidated balance sheets.

Goodwill

Goodwill, which represents the excess of the purchase price in a business combination over the fair value of net assets acquired, is tested for impairment annually in the fourth quarter, or more often if events or changes in circumstances indicate that the carrying value of goodwill may exceed its estimated fair value. The Partnership's goodwill balance was $1,613 and $1,609 million at March 31, 2017 and December 31, 2016, respectively. The $4 million increase was attributable to the formation of PEP.

The Partnership will continue to monitor the volatility in the energy markets and the impact it could have on the estimated fair value of its reporting segments. It is possible that continued negative volatility within these markets could change the Partnership's conclusion regarding whether goodwill is impaired.

8. Income Taxes

The Partnership is not a taxable entity for U.S. federal income tax purposes, or for the majority of states that impose income taxes. Rather, income taxes are generally assessed at the partner level. There are some states in which the Partnership operates where it is subject to state and local income taxes. Substantially all of the income tax amounts reflected in the Partnership's condensed consolidated financial statements are related to the operations of Inland, Mid-Valley and West Texas Gulf, all of which are entities subject to income taxes for federal and state purposes at the corporate level. The effective tax rates for these entities approximate the federal statutory rate of 35 percent.

In taxable jurisdictions, the Partnership records deferred income taxes on all significant temporary differences between the book basis and the tax basis of assets and liabilities. The net deferred tax liabilities reflected in the condensed consolidated balance sheets are derived principally from the differences in the book and tax bases of properties, plants and equipment of Inland, Mid-Valley and West Texas Gulf.

9. Debt

The components of the Partnership's debt balance are as follows:

	March 31, 2017	December 31, 2016
Credit Facilities	(in millions)	
$2.50 billion Credit Facility, due March 2020 [(1)]	$ 740	$ 1,292
$1.0 billion 364-Day Credit Facility, due December 2017 [(2)]	630	630
Senior Notes		
Senior Notes - 5.50%, due February 2020	250	250
Senior Notes - 4.40%, due April 2021	600	600
Senior Notes - 4.65%, due February 2022	300	300
Senior Notes - 3.45%, due January 2023	350	350
Senior Notes - 4.25% due April 2024	500	500
Senior Notes - 5.95%, due December 2025	400	400
Senior Notes - 3.90%, due July 2026	550	550
Senior Notes - 6.85%, due February 2040	250	250
Senior Notes - 6.10%, due February 2042	300	300
Senior Notes - 4.95%, due January 2043	350	350
Senior Notes - 5.30% due April 2044	700	700
Senior Notes - 5.35% due May 2045	800	800
Unamortized fair value adjustments [(3)]	82	84
Total debt	6,802	7,356
Less:		
Unamortized bond discount and debt issuance costs	(42)	(43)
Long-term debt	$ 6,760	$ 7,313

(1) Includes $128 and $50 million of commercial paper outstanding at March 31, 2017 and December 31, 2016, respectively.

(2) The $1.0 billion 364-Day Credit Facility, including its $630 million term loan, is classified as long-term debt at March 31, 2017 as the Partnership has the ability and intent to refinance such borrowings on a long-term basis.

(3) Represents fair value adjustments on senior notes resulting from the application of push-down accounting in connection with the acquisition of the Partnership's general partner by ETP on October 5, 2012.

Credit Facilities

The Partnership maintains a $2.50 billion unsecured revolving credit facility (the "$2.50 billion Credit Facility") which matures in March 2020. The $2.50 billion Credit Facility is used to fund the Partnership's working capital requirements, finance acquisitions and capital projects, and be used for general partnership purposes. The $2.50 billion Credit Facility contains an "accordion" feature, under which the total aggregate commitment may be extended to $3.25 billion under certain conditions. The $2.50 billion Credit Facility includes a segregated tranche of borrowings that are guaranteed by ETP, as well as a commercial paper program that is subject to the borrowing limits under the $2.50 billion Credit Facility. The $2.50 billion Credit Facility bears interest at LIBOR or the Base Rate (as defined in the facility), each plus an applicable margin. The credit facility may be repaid at any time.

The $2.50 billion Credit Facility contains various covenants, including limitations on the creation of indebtedness and liens, and related to the operation and conduct of the business of the Partnership and its subsidiaries. The credit facility also limits the Partnership, on a rolling four quarter basis, to a maximum total consolidated debt to consolidated Adjusted EBITDA ratio, as defined in the underlying credit agreement, of 5.0 to 1, which can generally be increased to 5.5 to 1 during an acquisition period. The Partnership's ratio of total consolidated debt, excluding net unamortized fair value adjustments, to consolidated Adjusted EBITDA was 4.2 to 1 at March 31, 2017, as calculated in accordance with the credit agreement.

In December 2016, the Partnership entered into an agreement for a 364-day maturity credit facility ("364-Day Credit Facility") with a total lending capacity of $1.0 billion, including a $630 million term loan. The terms of the 364-Day Credit Facility are similar to those of the $2.50 billion Credit Facility, including limitations on the creation of indebtedness, liens and financial covenants. The 364-Day Credit Facility is used to fund the Partnership's working capital requirements and for general partnership purposes. The facility bears interest at LIBOR or the Base Rate, as defined in the facility, each plus an applicable margin. In connection with the Partnership's merger with ETP, the 364-Day Credit Facility is expected to be terminated and repaid in the second quarter 2017.

See Note 2 for additional information on the Bakken Pipeline project-level financing.

Senior Notes

The Partnership had $175 million of 6.125 percent Senior Notes which matured and were repaid in May 2016, using borrowings under the $2.50 billion Credit Facility.

In July 2016, the Partnership issued $550 million of 3.90 percent Senior Notes (the "2026 Senior Notes"), due July 2026, for net proceeds of $544 million. The terms and conditions of the 2026 Senior Notes are comparable to those of the Partnership's other outstanding senior notes. The net proceeds from this offering were used to repay outstanding credit facility borrowings and for general partnership purposes.

10. Commitments and Contingent Liabilities

The Partnership is subject to numerous federal, state and local laws which regulate the discharge of materials into the environment or otherwise relate to the protection of the environment. These laws and regulations can result in liabilities and loss contingencies for remediation at the Partnership's facilities and at third-party or formerly owned sites. At March 31, 2017 and December 31, 2016, there were accrued liabilities for environmental remediation in the condensed consolidated balance sheets of $6 and $4 million, respectively. The accrued liabilities for environmental remediation do not include any amounts attributable to unasserted claims, since there are no unasserted claims that are probable of settlement or are reasonably estimable, nor have any recoveries from insurance been assumed. Charges against income for environmental remediation totaled $3 and $2 million for the three months ended March 31, 2017 and 2016, respectively. The Partnership maintains insurance programs that cover certain of its existing or potential environmental liabilities. Claims for recovery of environmental liabilities and previous expenditures that are probable of realization were not material in relation to the Partnership's consolidated financial position at March 31, 2017.

Total future costs for environmental remediation activities will depend upon, among other things, the identification of any additional sites; the determination of the extent of the contamination at each site; the timing and nature of required remedial actions; the technology available and needed to meet the various existing legal requirements; the nature and extent of future environmental laws, inflation rates and the determination of the Partnership's liability at multi-party sites, if any, in light of uncertainties with respect to joint and several liability; and the number, participation levels and financial viability of other parties. Management believes it is reasonably possible that additional environmental remediation losses will be incurred. At March 31, 2017, the aggregate of the estimated maximum additional reasonably possible losses, which relate to numerous individual sites, totaled $14 million.

The Partnership is a party to certain pending and threatened claims. Although the ultimate outcome of these claims cannot be ascertained at this time, nor can a range of reasonably possible losses be determined, it is reasonably possible that some portion of them could be resolved unfavorably for the Partnership. Management does not believe that any liabilities which may arise from such claims or the environmental matters discussed above would be material in relation to the Partnership's financial position, results of operations or cash flows at March 31, 2017. Furthermore, management does not believe that the overall costs for such matters will have a material impact, over an extended period of time, on the Partnership's financial position, results of operations or cash flows.

Sunoco, Inc. ("Sunoco") has indemnified the Partnership for 30 years for environmental and toxic tort liabilities related to the assets contributed to the Partnership that arose from the operation of such assets prior to the closing of the February 2002 initial public offering ("IPO"). Sunoco has also indemnified the Partnership for 100 percent of all losses asserted within the first 21 years after the closing of the IPO. Sunoco's share of the liability for claims asserted thereafter will decrease by 10 percent per year. For example, for a claim asserted during the twenty-third year after the closing of the IPO, Sunoco would be required to indemnify the Partnership for 80 percent of its loss. There is no monetary cap on the amount of indemnity coverage provided by Sunoco. The Partnership has agreed to indemnify Sunoco for events and conditions associated with the operation of the Partnership's assets that occur on or after the closing of the IPO and for environmental and toxic tort liabilities to the extent that Sunoco is not required to indemnify the Partnership.

Management of the Partnership does not believe that any liabilities which may arise from claims indemnified by Sunoco would be material in relation to the Partnership's financial position, results of operations or cash flows at March 31, 2017. There are certain other pending legal proceedings related to matters arising after the IPO that are not indemnified by Sunoco. Management believes that any liabilities that may arise from these legal proceedings will not be material in relation to the Partnership's financial position, results of operations or cash flows at March 31, 2017.

11. Equity

The changes in the number of common units outstanding from January 1, 2016 through March 31, 2017 are as follows:

	Common Units
	(in millions)
Balance at January 1, 2016	268.8
Units issued in public offering	24.2
Units issued under ATM program	29.1
Units issued under incentive plans	0.3
Balance at December 31, 2016	322.4
Units issued in public offering	—
Units issued under ATM program	—
Units issued under incentive plans	—
Balance at March 31, 2017	322.4

The Partnership maintains an at-the-market equity offering program ("ATM" program) which allows it to issue common units directly to the public and raise capital in a timely and efficient manner to finance its growth capital program, while supporting the Partnership's investment grade credit ratings. There was no activity under the ATM program for the three months ended March 31, 2017. For the three months ended March 31, 2016, the Partnership issued 12.1 million common units under this program, for proceeds of $301 million, net of $3 million in fees and commissions to managers.

In September and October 2016, the Partnership completed a public offering of 24.2 million total common units for net proceeds of $644 million. The net proceeds from this offering were used to partially fund the acquisition from Vitol (Note 3).

Formation of Permian Express Partners

In connection with the formation of PEP in February 2017, the Partnership recognized a noncontrolling interest of $988 million attributable to the fair value of ExxonMobil's proportionate ownership interest. See Note 2 for additional information.

12. Cash Distributions

Within 45 days after the end of each quarter, the Partnership distributes all cash on hand at the end of the quarter, less reserves established by the general partner at its discretion. This is defined as "available cash" in the partnership agreement. The general partner has broad discretion to establish cash reserves that it determines are necessary or appropriate to properly conduct the Partnership's business. The Partnership will make quarterly distributions to the extent there is sufficient cash from operations after the establishment of cash reserves and the payment of fees and expenses, including payments to the general partner.

If cash distributions exceed $0.0833 per unit in a quarter, the general partner will receive increasing percentages, up to 50 percent, of the cash distributed in excess of that amount. These distributions are referred to as "incentive distributions." The percentage interests for the unitholders and the general partner for the minimum quarterly distribution are also applicable to the quarterly distribution amounts that are less than the minimum quarterly distribution.

The following table shows the target distribution levels and distribution "splits" between the general partner and the holders of the Partnership's common units through March 31, 2017:

	Total Quarterly Distribution Target Amount	Marginal Percentage Interest in Distributions	
		General Partner	Unitholders
Minimum Quarterly Distribution	$0.0750	1%	99%
First Target Distribution	up to $0.0833	1%	99%
Second Target Distribution	above $0.0833 up to $0.0958	14% (1)	86%
Third Target Distribution	above $0.0958 up to $0.2638	36% (1)	64%
Thereafter	above $0.2638	49% (1)	51%

(1) Includes general partner interest.

The distributions paid by the Partnership for the periods presented were as follows:

Cash Distribution Payment Date	Cash Distribution per Limited Partner Unit	Total Cash Distribution to the Limited Partners	Total Cash Distribution to the General Partner
		(in millions)	(in millions)
February 14, 2017	$ 0.5200	$ 167	$ 105
November 14, 2016	$ 0.5100	$ 164	$ 102
August 12, 2016	$ 0.5000	$ 149	$ 98
May 13, 2016	$ 0.4890	$ 140	$ 92
February 12, 2016	$ 0.4790	$ 131	$ 85

In connection with the acquisition from Vitol, the Partnership's general partner executed an amendment to the Partnership's Third Amended and Restated Agreement of Limited Partnership in September 2016, which provides for a reduction to the incentive distributions the general partner receives from the Partnership. The reductions will total $60 million over a two-year period, recognized ratably over eight quarters, beginning with the third quarter 2016 cash distribution.

On April 28, 2017, Post-Merger ETP announced a quarterly cash distribution for the first quarter ended March 31, 2017 of $0.535 per common unit ($2.14 on an annualized basis). This cash distribution will be paid on May 15, 2017 to unitholders of record as of the close of business on May 10, 2017.

13. Management Incentive Plan

Sunoco Partners LLC, the general partner of SXL, has adopted the Sunoco Partners LLC Long-Term Incentive Plan, as amended and restated ("LTIP"). The LTIP, which was approved by unitholders and the board of directors in the fourth quarter 2015, authorized an additional 10.0 million common units to be available under the plan; added additional types of awards that can be granted under the plan, such as phantom unit awards, unit appreciation rights, unrestricted unit awards and other unit-based awards ("plan awards"); added a prohibition on repricing of unit options and unit appreciation rights without the approval of the unitholders; provided for termination of the plan at the earliest date it is terminated by the board of directors, the date no more units remain available for grants, and December 1, 2025; and incorporated certain other administrative changes.

The LTIP benefits eligible employees and directors of the general partner and its affiliates who perform services for the Partnership. The LTIP is administered by the independent directors of the Compensation Committee of the general partner's board of directors with respect to employee awards, and by the general partner's board of directors with respect to awards granted to the independent directors. The LTIP currently permits the grant of restricted units and unit options covering an additional 8.6 million common units.

The Partnership issued less than 0.1 and 0.1 million common units under its long-term incentive plan, and recognized share-based compensation expense of $6 and $5 million for the three months ended March 31, 2017 and 2016, respectively. Each of the outstanding restricted unit grants have tandem distribution equivalent rights which are recognized as a reduction to equity when earned.

14. Derivatives and Risk Management

The Partnership is exposed to various risks, including volatility in the prices of the products that the Partnership markets, counterparty credit risk and changes in interest rates.

Price Risk Management

The Partnership is exposed to risks associated with changes in the market price of crude oil, NGLs and refined products. These risks are primarily associated with price volatility related to pre-existing or anticipated purchases, sales and storage. Price changes are often caused by shifts in the supply and demand for these commodities, as well as their locations. In order to manage such exposure, the Partnership's policy is (i) to only purchase crude oil, NGLs and refined products for which sales contracts have been executed or for which ready markets exist, (ii) to structure sales contracts so that price fluctuations do not materially impact the margins earned, and (iii) to not acquire and hold physical inventory, futures contracts or other derivative instruments for the purpose of speculating on commodity price changes. Although the Partnership seeks to maintain a balanced inventory position within its commodity inventories, net unbalances may occur for short periods of time due to production, transportation and delivery variances. When physical inventory builds or draws do occur, the Partnership continuously manages the variance to a balanced position over a period of time.

The physical contracts related to the Partnership's commodity purchase and sale activities that qualify as derivatives have been designated as normal purchases and sales and are accounted for using accrual accounting under the United States' generally accepted accounting principles. The Partnership accounts for derivatives that do not qualify as normal purchases or sales at fair value. The Partnership currently does not utilize derivative instruments to manage its exposure to prices related to crude oil purchase and sale activities. All derivative balances are presented on a gross basis.

Pursuant to the Partnership's approved risk management policy, derivative contracts, such as swaps, futures and other derivative instruments, may be used to hedge or reduce exposure to price risk associated with acquired inventory or forecasted physical transactions. The Partnership utilizes derivative instruments to mitigate the risk associated with market movements in the price of NGLs, refined products, and other commodities as necessary. These derivative contracts act as a hedging mechanism against the volatility of prices by allowing the Partnership to transfer this price risk to counterparties who are able and willing to bear it. The Partnership has not designated any of its derivative contracts as hedges for accounting purposes, therefore, all realized and unrealized gains and losses from these derivative contracts are recognized in the consolidated statement of comprehensive income in the period in which they occur. All realized gains and losses associated with the Partnership's derivative contracts are recorded in earnings in the same line item associated with the forecasted transaction (either sales and other operating revenue, cost of products sold or operating expenses).

The Partnership had open derivative positions on approximately 3.9 and 9.2 million barrels of crude oil, NGLs and refined products at March 31, 2017 and December 31, 2016, respectively. The derivatives outstanding as of March 31, 2017 vary in duration but do not extend beyond one year. The Partnership records its derivatives at fair value based on observable market prices (levels 1 and 2). As of March 31, 2017, the fair value of the Partnership's derivative assets and liabilities were approximately $3 and $4 million, respectively, compared to $19 and $46 million at December 31, 2016. Derivative asset and liability balances are recorded in accounts receivable and accrued liabilities, respectively, in the condensed consolidated balance sheets.

The following table sets forth the impact of derivatives on the Partnership's results of operations for the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31,	
	2017	2016
Location of Gains (Losses) Recognized in Earnings	(in millions)	
Commodity contracts not designated as cash flow hedging instruments:		
Sales and other operating revenue	$ (14)	$ 3
Cost of products sold	(3)	(1)
	$ (17)	$ 2

Credit Risk Management

The Partnership maintains credit policies with regard to its counterparties that management believes minimize the overall credit risk through credit analysis, credit approvals, credit limits and monitoring procedures. The credit positions of the Partnership's customers are analyzed prior to the extension of credit and periodically after credit has been extended. The Partnership's counterparties consist primarily of financial institutions and major integrated oil companies. This concentration of counterparties may impact the Partnership's overall exposure to credit risk, either positively or negatively, as the counterparties may be similarly affected by changes in economic, regulatory or other conditions.

Interest Rate Risk Management

The Partnership has interest rate risk exposure for changes in interest rates related to its outstanding borrowings. The Partnership manages its exposure to changes in interest rates through the use of a combination of fixed-rate and variable-rate debt. At March 31, 2017, the Partnership had $1.4 billion of consolidated variable-rate borrowings under its credit facilities, including $128 million of commercial paper products and the $630 million term loan.

15. Fair Value Measurements

The Partnership applies fair value accounting for all assets and liabilities that are required to be measured at fair value under current accounting rules. The assets and liabilities measured at fair value on a recurring basis are comprised primarily of derivative instruments.

The Partnership determines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Partnership utilizes valuation techniques that maximize the use of observable inputs (levels 1 and 2) and minimize the use of unobservable inputs (level 3) within the fair value hierarchy established by the FASB. The Partnership generally applies a "market approach" to determine fair value. This method uses pricing and other information generated by market transactions for identical or comparable assets and liabilities. Assets and liabilities are classified within the fair value hierarchy based on the lowest level (least observable) input that is significant to the measurement in its entirety.

The estimated fair value of the Partnership's financial instruments has been determined based on management's assessment of available market information and appropriate valuation methodologies. The Partnership's current assets (other than derivatives and inventories) and current liabilities (other than derivatives) are financial instruments and most of these items are recorded at cost in the condensed consolidated balance sheets. The estimated fair value of these financial instruments approximates their carrying value due to their short-term nature. The Partnership's derivatives are measured and recorded at fair value based on observable market prices (Note 14). The estimated fair value of the Partnership's senior notes is determined using observable market prices, as these notes are actively traded (level 1). The estimated aggregate fair value of the senior notes at March 31, 2017 was $5.4 billion, compared to the carrying amount of $5.4 billion. The estimated aggregate fair value of the senior notes at December 31, 2016 was $5.4 billion, compared to the carrying amount of $5.4 billion.

For further information regarding the Partnership's fair value measurements, see Notes 2, 3 and 14.

16. Business Segment Information

The following tables summarize condensed consolidated statements of comprehensive income information for the Partnership's business segments and reconcile total segment Adjusted EBITDA to net income attributable to the Partnership for the three months ended March 31, 2017 and 2016, respectively:

	Three Months Ended March 31,	
	2017	2016
	(in millions)	
Sales and other operating revenue [(1)]		
Crude Oil	$ 2,557	$ 1,380
Natural Gas Liquids	385	233
Refined Products	277	164
Total sales and other operating revenue	$ 3,219	$ 1,777
Depreciation and amortization		
Crude Oil	$ 73	$ 59
Natural Gas Liquids	27	21
Refined Products	25	26
Total depreciation and amortization	$ 125	$ 106
Impairment charge and other matters		
Crude Oil	$ (7)	$ 24
Natural Gas Liquids	5	4
Refined Products	—	(2)
Total impairment charge and other matters	$ (2)	$ 26
Adjusted EBITDA		
Crude Oil	$ 147	$ 224
Natural Gas Liquids	82	74
Refined Products	49	51
Total Adjusted EBITDA	278	349
Interest expense, net	(40)	(39)
Depreciation and amortization expense	(125)	(106)
Impairment charge and other matters	2	(26)
Provision for income taxes	(10)	(5)
Non-cash compensation expense	(6)	(5)
Unrealized gains (losses) on commodity risk management activities	24	(13)
Amortization of excess equity method investment	(1)	(1)
Proportionate share of unconsolidated affiliates' interest, depreciation and provision for income taxes	(10)	(8)
Gain on sale of investment in affiliate	483	—
Net Income	595	146
Less: Net income attributable to noncontrolling interests	(10)	(1)
Net Income attributable to Partners	$ 585	$ 145

(1) Sales and other operating revenue includes the following amounts from ETP and its affiliates for the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31,	
	2017	2016
	(in millions)	
Crude Oil	$ 5	$ 4
Natural Gas Liquids	49	49
Refined Products	94	56
Total sales and other operating revenue	$ 148	$ 109

The following table summarizes the identifiable assets for each segment as of March 31, 2017 and December 31, 2016:

	March 31, 2017	December 31, 2016
	(in millions)	
Crude Oil	$ 11,720	$ 10,939
Natural Gas Liquids	5,290	4,937
Refined Products	2,740	2,795
Corporate and other assets [1]	186	178
Total identifiable assets	$ 19,936	$ 18,849

(1) Corporate and other assets consist of cash and cash equivalents, properties, plants and equipment and other assets.

17. Supplemental Condensed Consolidating Financial Information

The Partnership serves as guarantor of the senior notes. These guarantees are full and unconditional. For the purposes of this footnote, Sunoco Logistics Partners L.P. is referred to as "Parent Guarantor" and Sunoco Logistics Partners Operations L.P. is referred to as "Subsidiary Issuer." All other consolidated subsidiaries of the Partnership are collectively referred to as "Non-Guarantor Subsidiaries."

The following supplemental condensed consolidating financial information reflects the Parent Guarantor's separate accounts, the Subsidiary Issuer's separate accounts, the combined accounts of the Non-Guarantor Subsidiaries, the combined consolidating adjustments and eliminations, and the Parent Guarantor's consolidated accounts for the dates and periods indicated. For purposes of the following condensed consolidating information, the Parent Guarantor's investments in its subsidiaries and the Subsidiary Issuer's investments in its subsidiaries are accounted for under the equity method of accounting.

Condensed Consolidating Statement of Comprehensive Income (Loss)
Three Months Ended March 31, 2017
(in millions, unaudited)

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Revenues					
Sales and other operating revenue:					
Unaffiliated customers	$ —	$ —	$ 3,071	$ —	$ 3,071
Affiliates	—	—	148	—	148
Gain on sale of investment in affiliate	—	—	483	—	483
Total Revenues	—	—	3,702	—	3,702
Costs and Expenses					
Cost of products sold	—	—	2,891	—	2,891
Operating expenses	—	—	21	—	21
Selling, general and administrative expenses	—	—	32	—	32
Depreciation and amortization expense	—	—	125	—	125
Impairment charge and other matters	—	—	(2)	—	(2)
Total Costs and Expenses	—	—	3,067	—	3,067
Operating Income	—	—	635	—	635
Interest cost and debt expense, net	—	(75)	2	—	(73)
Capitalized interest	—	33	—	—	33
Other income	—	—	10	—	10
Equity in earnings of subsidiaries	585	628	—	(1,213)	—
Income (Loss) Before Provision for Income Taxes	585	586	647	(1,213)	605
Provision for income taxes	—	—	(10)	—	(10)
Net Income (Loss)	585	586	637	(1,213)	595
Less: Net income attributable to noncontrolling interests	—	—	(10)	—	(10)
Net Income (Loss) Attributable to Partners	$ 585	$ 586	$ 627	$ (1,213)	$ 585
Comprehensive Income (Loss)	$ 585	$ 586 —	$ 638	$ (1,213)	$ 596
Less: Comprehensive income attributable to noncontrolling interests	—	—	(10)	—	(10)
Comprehensive Income (Loss) Attributable to Partners	$ 585	$ 586	$ 628	$ (1,213)	$ 586

Condensed Consolidating Statement of Comprehensive Income (Loss)
Three Months Ended March 31, 2016
(in millions, unaudited)

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Revenues					
Sales and other operating revenue:					
Unaffiliated customers	$ —	$ —	$ 1,668	$ —	$ 1,668
Affiliates	—	—	109	—	109
Total Revenues	—	—	1,777	—	1,777
Costs and Expenses					
Cost of products sold	—	—	1,413	—	1,413
Operating expenses	—	—	23	—	23
Selling, general and administrative expenses	—	—	26	—	26
Depreciation and amortization expense	—	—	106	—	106
Impairment charge and other matters	—	—	26	—	26
Total Costs and Expenses	—	—	1,594	—	1,594
Operating Income (Loss)	—	—	183	—	183
Interest cost and debt expense, net	—	(64)	(1)	—	(65)
Capitalized interest	—	26	—	—	26
Other income	—	—	7	—	7
Equity in earnings of subsidiaries	145	183	—	(328)	—
Income (Loss) Before Provision for Income Taxes	145	145	189	(328)	151
Provision for income taxes	—	—	(5)	—	(5)
Net Income (Loss)	145	145	184	(328)	146
Less: Net income attributable to noncontrolling interests	—	—	(1)	—	(1)
Net Income (Loss) Attributable to Partners	$ 145	$ 145	$ 183	$ (328)	$ 145
Comprehensive Income (Loss)	$ 145	$ 145	$ 185	$ (328)	$ 147
Less: Comprehensive income attributable to noncontrolling interests	—	—	(1)	—	(1)
Comprehensive Income (Loss) Attributable to Partners	$ 145	$ 145	$ 184	$ (328)	$ 146

Condensed Consolidating Balance Sheet
March 31, 2017
(in millions, unaudited)

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Assets					
Cash and cash equivalents	$ —	$ 38	$ —	$ —	$ 38
Accounts receivable, net	—	—	1,877	—	1,877
Accounts receivable, affiliated companies	—	—	40	—	40
Inventories	—	—	967	—	967
Other current assets	—	2	7	—	9
Total Current Assets	—	40	2,891	—	2,931
Properties, plants and equipment, net	—	—	13,149	—	13,149
Investment in affiliates	7,787	11,325	662	(19,112)	662
Goodwill	—	—	1,613	—	1,613
Intangible assets, net	—	—	1,504	—	1,504
Other assets	—	4	73	—	77
Total Assets	$ 7,787	$ 11,369	$ 19,892	$ (19,112)	$ 19,936
Liabilities and Equity					
Accounts payable	$ —	$ —	$ 2,017	$ —	$ 2,017
Accounts payable, affiliated companies	—	4	74	—	78
Accrued liabilities	—	25	305	—	330
Accrued taxes payable	—	—	44	—	44
Intercompany	(1,492)	(3,207)	4,699	—	—
Total Current Liabilities	(1,492)	(3,178)	7,139	—	2,469
Long-term debt	—	6,760	—	—	6,760
Other deferred credits and liabilities	—	—	130	—	130
Deferred income taxes	—	—	256	—	256
Total Liabilities	(1,492)	3,582	7,525	—	9,615
Redeemable noncontrolling interests	—	—	15	—	15
Redeemable Limited Partners' interests	300	—	—	—	300
Total Equity	8,979	7,787	12,352	(19,112)	10,006
Total Liabilities and Equity	$ 7,787	$ 11,369	$ 19,892	$ (19,112)	$ 19,936

Condensed Consolidating Balance Sheet
December 31, 2016
(in millions, audited)

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Assets					
Cash and cash equivalents	$ —	$ 41	$ —	$ —	$ 41
Accounts receivable, net	—	—	1,555	—	1,555
Accounts receivable, affiliated companies	—	—	44	—	44
Inventories	—	—	934	—	934
Note receivable, affiliated companies	—	—	301	—	301
Other current assets	—	2	29	—	31
Total Current Assets	—	43	2,863	—	2,906
Properties, plants and equipment, net	—	—	12,324	—	12,324
Investment in affiliates	7,199	10,664	952	(17,863)	952
Goodwill	—	—	1,609	—	1,609
Intangible assets, net	—	—	977	—	977
Other assets	—	5	76	—	81
Total Assets	$ 7,199	$ 10,712	$ 18,801	$ (17,863)	$ 18,849
Liabilities and Equity					
Accounts payable	$ —	$ —	$ 1,750	$ —	$ 1,750
Accounts payable, affiliated companies	—	4	59	—	63
Accrued liabilities	—	49	238	—	287
Accrued taxes payable	—	—	38	—	38
Intercompany	(1,761)	(3,853)	5,614	—	—
Total Current Liabilities	(1,761)	(3,800)	7,699	—	2,138
Long-term debt	—	7,313	—	—	7,313
Other deferred credits and liabilities	—	—	133	—	133
Deferred income taxes	—	—	257	—	257
Total Liabilities	(1,761)	3,513	8,089	—	9,841
Redeemable noncontrolling interests	—	—	15	—	15
Redeemable Limited Partners' interests	300	—	—	—	300
Total Equity	8,660	7,199	10,697	(17,863)	8,693
Total Liabilities and Equity	$ 7,199	$ 10,712	$ 18,801	$ (17,863)	$ 18,849

Condensed Consolidating Statement of Cash Flows
Three Months Ended March 31, 2017
(in millions, unaudited)

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Net Cash Flows from Operating Activities	$ 585	$ 560	$ 185	$ (1,213)	$ 117
Cash Flows from Investing Activities:					
Capital expenditures	—	—	(395)	—	(395)
Proceeds from sale of investment in affiliate	—	—	800	—	800
Change in note receivable, affiliated companies	—	—	301		301
Change in long-term note receivable	—	—	(1)	—	(1)
Intercompany	(309)	(11)	(893)	1,213	—
Net cash provided by (used in) investing activities	(309)	(11)	(188)	1,213	705
Cash Flows from Financing Activities:					
Distributions paid to limited and general partners	(272)	—	—	—	(272)
Distributions paid to noncontrolling interests	(4)	—	—	—	(4)
Repayments under credit facilities	—	(1,725)	—	—	(1,725)
Borrowings under credit facilities	—	1,173	—	—	1,173
Contributions attributable to acquisition from affiliate	—	—	1	—	1
Contributions from noncontrolling interests	—	—	2	—	2
Net cash provided by (used in) financing activities	(276)	(552)	3	—	(825)
Net change in cash and cash equivalents	—	(3)	—	—	(3)
Cash and cash equivalents at beginning of period	—	41	—	—	41
Cash and cash equivalents at end of period	$ —	$ 38	$ —	$ —	$ 38

Condensed Consolidating Statement of Cash Flows
Three Months Ended March 31, 2016
(in millions, unaudited)

	Parent Guarantor	Subsidiary Issuer	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total
Net Cash Flows from Operating Activities	$ 145	$ 127	$ 176	$ (328)	$ 120
Cash Flows from Investing Activities:					
Capital expenditures	—	—	(580)	—	(580)
Change in long-term note receivable	—	—	(1)	—	(1)
Intercompany	(229)	(501)	402	328	—
Net cash provided by (used in) investing activities	(229)	(501)	(179)	328	(581)
Cash Flows from Financing Activities:					
Distributions paid to limited and general partners	(216)	—	—	—	(216)
Distributions paid to noncontrolling interests	(1)	—	—	—	(1)
Net proceeds from issuance of limited partner units	301	—	—	—	301
Repayments under credit facilities	—	(813)	—	—	(813)
Borrowings under credit facilities	—	1,193	—	—	1,193
Contributions attributable to acquisition from affiliate	—	—	3	—	3
Net cash provided by (used in) financing activities	84	380	3	—	467
Net change in cash and cash equivalents	—	6	—	—	6
Cash and cash equivalents at beginning of period	—	37	—	—	37
Cash and cash equivalents at end of period	$ —	$ 43	$ —	$ —	$ 43

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Merger Update

Energy Transfer Partners, L.P. (formerly named "Sunoco Logistics Partners L.P.", as discussed below) is a consolidated subsidiary of Energy Transfer Equity, L.P. ("ETE").

In April 2017, Sunoco Logistics Partners L.P. ("SXL") and Energy Transfer Partners, L.P. ("ETP") completed the previously announced merger (the "Merger") of an indirect subsidiary of SXL, with and into ETP, with ETP surviving the merger as a wholly-owned subsidiary of SXL. Concurrent with the Merger, SXL's general partner, Sunoco Partners LLC ("SXL GP"), merged with ETP's general partner, Energy Transfer Partners GP, L.P. ("ETP GP"), with ETP GP surviving and becoming the general partner of SXL, owning the general partner interest and incentive distribution rights in SXL, which remain unchanged following the Merger. In connection with the Merger, each ETP common unit converted into the right to receive 1.5 SXL common units. Based on the ETP units outstanding, SXL issued approximately 845 million SXL common units to ETP unitholders. The outstanding ETP Class E units, Class G units, Class I units and Class K units at the effective time of the Merger were converted into an equal number of newly created classes of SXL units, with the same rights, preferences, privileges, duties and obligations as such classes of ETP units had immediately prior to the closing of the Merger. Additionally, the outstanding SXL common units and SXL Class B units owned by ETP at the effective time of the Merger were cancelled.

As part of the completion of the merger, Sunoco Logistics Partners L.P. changed its name to Energy Transfer Partners, L.P., and its common units began trading on the New York Stock Exchange ("NYSE") under the "ETP" ticker symbol on May 1, 2017. Also effective with the completion of the merger, ETP ceased to be a publicly traded partnership, and its common units discontinued trading on the NYSE.

For purposes of maintaining clarity, the following references are used herein:

- References to "SXL," "we," "us" and "our" refer to the entity named Sunoco Logistics Partners L.P. prior to the close of the Merger;
- References to "ETP" refer to the entity named Energy Transfer Partners, L.P. prior to the close of the Merger; and
- References to "Post-Merger ETP" refer to the consolidated entity named Energy Transfer Partners, L.P. subsequent to the close of the Merger.

Unless otherwise noted, the disclosures and financial information included in this report for the periods ended March 31, 2017 and 2016, and as of March 31, 2017 and December 31, 2016, reflect that of SXL.

Results of Operations

The following table summarizes our consolidated operating results for the periods presented:

	Three Months Ended March 31,	
	2017	2016
	(in millions, except per unit data)	
Revenues		
Sales and other operating revenue:		
Unaffiliated customers	$ 3,071	$ 1,668
Affiliates	148	109
Gain on sale on investment in affiliate	483	—
Total Revenues	3,702	1,777
Costs and Expenses		
Cost of products sold	2,891	1,413
Operating expenses	21	23
Selling, general and administrative expenses	32	26
Depreciation and amortization expense	125	106
Impairment charge and other matters	(2)	26
Total Costs and Expenses	3,067	1,594
Operating Income	635	183
Interest cost and debt expense, net	(73)	(65)
Capitalized interest	33	26
Other income	10	7
Income Before Provision for Income Taxes	605	151
Provision for income taxes	(10)	(5)
Net Income	595	146
Less: Net income attributable to noncontrolling interests	(10)	(1)
Net Income Attributable to Partners	$ 585	$ 145
Net Income Attributable to Partners per Limited Partner unit:		
Basic	$ 1.42	$ 0.18
Diluted	$ 1.42	$ 0.18

Non-GAAP Financial Measures

To supplement our financial information presented in accordance with United States generally accepted accounting principles ("GAAP"), management uses additional measures that are known as "non-GAAP financial measures" in its evaluation of past performance and prospects for the future. The primary measures used by management are earnings before interest, taxes, depreciation and amortization expenses and other non-cash items ("Adjusted EBITDA"), and distributable cash flow ("DCF"). Adjusted EBITDA and DCF do not represent and should not be considered alternatives to net income or cash flows from operating activities as determined under GAAP and may not be comparable to similarly titled measures of other businesses.

Our management believes that Adjusted EBITDA and DCF information enhances an investor's understanding of a business's performance, which is a factor in evaluating its ability to generate cash for payment of distributions and other purposes. Adjusted EBITDA calculations are also defined and used as a measure in determining our compliance with certain revolving credit facility covenants. However, despite compliance with our credit facility covenants, there may be contractual, legal, economic or other factors which may prevent us from satisfying principal and interest obligations with respect to indebtedness and may require us to allocate funds for other purposes.

The following table reconciles the differences between net income, as determined under GAAP, and Adjusted EBITDA and DCF.

	Three Months Ended March 31,	
	2017	2016
	(in millions)	
Net Income	$ 595	$ 146
Interest expense, net	40	39
Depreciation and amortization expense	125	106
Impairment charge and other matters	(2)	26
Provision for income taxes	10	5
Non-cash compensation expense	6	5
Unrealized (gains) losses on commodity risk management activities	(24)	13
Amortization of excess investment in joint venture interests	1	1
Proportionate share of unconsolidated affiliates' interest, depreciation and provision for income taxes	10	8
Gain on sale of investment in affiliate	(483)	—
Adjusted EBITDA	278	349
Interest expense, net	(40)	(39)
Provision for current income taxes	(11)	(5)
Amortization of fair value adjustments on long-term debt	(2)	(3)
Proportionate share of unconsolidated affiliates' interest, provision for current income taxes and maintenance capital expenditures	(8)	(8)
Maintenance capital expenditures	(13)	(13)
Distributable cash flow attributable to noncontrolling interests	(11)	(1)
Contributions attributable to acquisition from affiliate	1	3
Distributable Cash Flow	$ 194	$ 283

Analysis of Consolidated Operating Results

Net income attributable to Partners was $585 and $145 million for the three months ended March 31, 2017 and 2016, respectively. The increase was largely attributable to a $483 million gain resulting from the sale of a portion of our interest in the Bakken Pipeline project, and a $28 million positive variance related to non-cash inventory adjustments resulting from changes in commodity prices compared to the prior year period. Also contributing to the increase was improved operating results from our Natural Gas Liquids segment. These positive factors were partially offset by lower operating results from our Crude Oil segment driven largely by acquisition and marketing activities which included unfavorable LIFO inventory timing, and higher depreciation and amortization expense related to expansion capital projects placed into service in 2016.

See "Analysis of Operating Segments" and "Liquidity and Capital Resources" below for additional details on operating results.

Analysis of Operating Segments

We manage our operations through three operating segments: Crude Oil, Natural Gas Liquids and Refined Products.

Crude Oil

Our Crude Oil segment utilizes an integrated set of pipeline, terminalling, and acquisition and marketing assets that facilitate the movement of crude oil from producers to end-user markets. The segment includes crude oil trunk and gathering pipelines in the southwest and midwest United States, including those owned by our joint venture interests, terminalling assets in key crude oil markets, and a crude oil trucking fleet that supports the sale of gathered and bulk purchased crude oil. Revenues are generated from tariffs and the associated fees paid by shippers utilizing our pipeline assets with rates for shipments on the crude oil pipelines regulated by the Federal Energy Commission ("FERC") and other state regulatory agencies, as applicable. The Crude Oil segment also generates revenues from fees for terminalling services provided and the marketing of crude oil.

The crude oil acquisition and marketing activities generate substantial revenue and cost of products sold as a result of the significant volumes bought and sold. The absolute price levels of crude oil normally do not bear a relationship to gross profit, although the price levels significantly impact revenue and costs of products sold. As a result, period-to-period variations in revenue and cost of products sold are not generally meaningful in analyzing the variation in gross profit for the segment. The operating results of the Crude Oil segment are affected by overall levels of supply and demand for crude oil and relative fluctuations in market related indices. To the extent there are periods of sustained crude oil price declines, drilling activity could decline impacting the volume of crude oil we transport, store, or buy and sell. Generally, we expect a base level of earnings from our Crude Oil segment that may be optimized and enhanced when there is a high level of market volatility, favorable basis differentials and/or a steep contango or backwardated structure. Our management believes gross profit, which is equal to sales and other operating revenue less cost of products sold and operating expenses, is a key measure of financial performance. Although we implement risk management activities to provide general stability in our margins, these margins are not fixed and will vary from period to period.

The following table summarizes the operating results and key operating measures for our Crude Oil segment for the periods presented:

	Three Months Ended March 31,	
	2017	**2016**
	(in millions, except for barrel amounts)	
Sales and other operating revenue:		
Unaffiliated customers	$ 2,552	$ 1,376
Affiliates	5	4
Total sales and other operating revenue	$ 2,557	$ 1,380
Depreciation and amortization expense	$ 73	$ 59
Impairment charges and other matters (1)	$ (7)	$ 24
Adjusted EBITDA	$ 147	$ 224
Pipeline throughput (thousands of barrels per day ("bpd")) (2) (3)	2,706	2,258
Terminal throughput (thousands of bpd)	1,917	1,517
Gross profit (4)	$ 641	$ 235

(1) Represents non-cash inventory adjustments related to changes in commodity prices.

(2) Excludes amounts attributable to equity ownership interests which are not consolidated.

(3) Prior period pipeline throughput amounts have been restated to conform to current presentation.

(4) Represents total segment sales and other operating revenue less costs of products sold and operating expenses.

Adjusted EBITDA for the Crude Oil segment decreased $77 million to $147 million for the three months ended March 31, 2017, as compared to $224 million for the prior year period. The impact of LIFO inventory accounting on our contango inventory positions resulted in approximately $60 million of positive earnings during the first quarter 2016, compared to approximately $50 million of negative earnings during the first quarter 2017. The unfavorable LIFO timing is expected to be reversed in future periods as commodity prices fall or the inventory positions are liquidated. Excluding these inventory timing impacts, Adjusted EBITDA for the Crude Oil segment increased $33 million compared to the prior year period. This increase related to improved results from our crude oil pipelines and terminalling activities ($56 million) which was largely attributable to expansion capital projects which commenced operations in 2016, the acquisition of Vitol

Inc.'s crude oil assets in the fourth quarter 2016, and the formation of Permian Express Partners LLC in the first quarter 2017. Partially offsetting this improvement was lower operating results from our crude oil acquisition and marketing activities ($23 million), which includes transportation and storage fees related to our crude oil pipelines and terminal facilities.

Natural Gas Liquids

Our Natural Gas Liquids segment transports, stores, and executes acquisition and marketing activities utilizing an integrated network of pipeline assets in the northeast and southwest United States, storage and blending facilities, and strategic off-take locations that provide access to multiple natural gas liquid ("NGL") markets. Revenues are generated from tariffs and the associated fees paid by shippers utilizing our pipeline assets, fees for terminalling services provided, and the marketing of NGLs. Rates for shipments on the NGLs pipelines are regulated by the FERC and other state and Canadian regulatory agencies, as applicable.

The following table summarizes the operating results and key operating measures for our Natural Gas Liquids segment for the periods presented:

	Three Months Ended March 31,			
	2017		**2016**	
	(in millions, except for barrel amounts)			
Sales and other operating revenue:				
Unaffiliated customers	$	336	$	184
Affiliates		49		49
Total sales and other operating revenue	$	385	$	233
Depreciation and amortization expense	$	27	$	21
Impairment charge and other matters [1]	$	5	$	4
Adjusted EBITDA	$	82	$	74
Pipeline throughput (thousands of bpd)		280		269
Terminal throughput (thousands of bpd)		264		220
Gross profit [2]	$	99	$	79

(1) Represents non-cash inventory adjustments related to changes in commodity prices.

(2) Represents total segment sales and other operating revenue less costs of products sold and operating expenses.

Adjusted EBITDA for the Natural Gas Liquids segment increased $8 million to $82 million for the three months ended March 31, 2017, as compared to $74 million for the prior year period. The increase was largely attributable to increased volumes and fees from our Mariner NGLs projects ($12 million), which includes our NGLs pipelines and terminal facilities at Marcus Hook and Nederland. These positive factors were partially offset by lower operating results from our NGLs acquisition and marketing activities ($2 million).

Refined Products

Our Refined Products segment provides transportation and terminalling services through the use of refined products pipelines and approximately 40 active refined products marketing terminals. The segment includes our controlling financial interest in Inland Corporation ("Inland"), as well as equity ownership interest in four refined products pipelines. The Refined Products segment utilizes our integrated pipeline and terminalling assets, as well as acquisition and marketing activities, to service refined products markets in the northeast and midwest United States. Revenues are generated from tariffs and the associated fees paid by shippers utilizing our pipeline assets, fees for terminalling services provided, and the marketing of refined products. Rates for shipments on the refined products pipelines are regulated by the FERC and other associated state entities.

The following table summarizes the operating results and key operating measures for our Refined Products segment for the periods presented:

	Three Months Ended March 31,	
	2017	**2016**
	(in millions, except for barrel amounts)	
Sales and other operating revenue:		
Unaffiliated customers	$ 183	$ 108
Affiliates	94	56
Total sales and other operating revenue	$ 277	$ 164
Depreciation and amortization expense	$ 25	$ 26
Impairment charge and other matters [1]	$ —	$ (2)
Adjusted EBITDA	$ 49	$ 51
Pipeline throughput (thousands of bpd) [2] [3]	624	551
Terminal throughput (thousands of bpd)	542	532
Gross profit [4]	$ 50	$ 27

(1) Represents non-cash inventory adjustments related to changes in commodity prices.

(2) Excludes amounts attributable to equity ownership interests which are not consolidated.

(3) Prior period pipeline throughput amounts have been restated to conform to current presentation.

(4) Represents total segment sales and other operating revenue less costs of products sold and operating expenses.

Adjusted EBITDA for the Refined Products segment decreased $2 million to $49 million for the three months ended March 31, 2017, as compared to $51 million for the prior year period. The decrease was primarily attributable to lower results from our refined products acquisition and marketing activities ($7 million). This decrease was partially offset by improved results from our refined products pipelines ($4 million) and improved contributions from joint venture interests ($2 million).

Liquidity and Capital Resources

Liquidity

Cash generated from operations and borrowings under our credit facilities are our primary sources of liquidity. At March 31, 2017, we had a net working capital surplus of $462 million and available borrowing capacity of $2.1 billion under our revolving credit facilities. We supplement our cash flows from operations with proceeds from our at-the-market equity offering program ("ATM" program) and periodically with debt and equity financing activities.

Credit Facilities

We maintain a $2.50 billion unsecured revolving credit agreement (the "$2.50 billion Credit Facility"), which matures in March 2020, to fund our working capital requirements, finance acquisitions and capital projects, and for general partnership purposes. The $2.50 billion Credit Facility contains an "accordion" feature, under which the total aggregate commitment may be extended to $3.25 billion under certain conditions. The $2.50 billion Credit Facility also includes a segregated tranche of borrowings that are guaranteed by ETP, as well as a commercial paper program that is subject to the borrowing limits under the $2.50 billion Credit Facility. Outstanding borrowings amounted to $740 million and $1.3 billion at March 31, 2017 and December 31, 2016, respectively. Borrowings under the $2.50 billion Credit Facility included commercial paper of $128 and $50 million at March 31, 2017 and December 31, 2016, respectively.

The $2.50 billion Credit Facility contains various covenants including limitations on the creation of indebtedness and liens, and related to the operation and conduct of our business. The credit facility also limits us, on a rolling four quarter basis, to a maximum total consolidated debt to consolidated Adjusted EBITDA ratio, as defined in the underlying credit agreement, of 5.0 to 1, which can generally be increased to 5.5 to 1 during an acquisition period. Our ratio of total consolidated debt, excluding net unamortized fair value adjustments, to consolidated Adjusted EBITDA was 4.2 to 1 at March 31, 2017, as calculated in accordance with the credit agreement.

In December 2016, we entered into an agreement for a 364-day maturity credit facility ("364-Day Credit Facility") with a total lending capacity of $1.0 billion, including a $630 million term loan. The terms of the 364-Day Credit Facility are similar to those of the $2.50 billion Credit Facility, including limitations on the creation of indebtedness, liens and financial covenants on our ratio of debt to Adjusted EBITDA. The facility is used to fund our working capital requirements and for general partnership purposes. The facility bears interest at LIBOR or the Base Rate (as defined in the facility), each plus an applicable margin. In connection with the merger with ETP, the 364-Day Credit Facility is expected to be terminated and repaid in the second quarter 2017.

Senior Notes

We had $175 million of 6.125 percent Senior Notes which matured and were repaid in May 2016 with borrowings under the $2.50 billion Credit Facility.

In July 2016, we issued $550 million of 3.90 percent Senior Notes (the "2026 Senior Notes"), due July 2026, for net proceeds of $544 million. The terms and conditions of the 2026 Senior Notes are comparable to those of our other outstanding senior notes. The net proceeds from this offering were used to repay outstanding credit facility borrowings and for general partnership purposes.

Equity Offerings

We maintain an ATM program which allows us to issue common units directly to the public and raise capital in a timely and efficient manner to finance our growth capital program, while supporting our investment grade credit ratings. There was no activity under the ATM program for the three months ended March 31, 2017. For the three months ended March 31, 2016, we issued 12.1 million common units under this program for net proceeds of $298 million.

In September and October 2016, a total of 24.2 million common units were issued for net proceeds of $644 million in connection with a public offering and related option exercise. The proceeds from this offering were used to partially fund the acquisition from Vitol.

Bakken Project Initiatives

In August 2016, ETP, SXL and Phillips 66 established a $2.5 billion project-level credit facility to provide substantially all of the remaining capital necessary to complete the project. The facility was limited to $1.1 billion in borrowings until attainment of certain closing conditions, which were met in February 2017. The joint partners agreed to provide the Bakken entities with a short-term loan until the full capacity of the $2.5 billion credit facility was available. The loan was made by the partners in proportion to their respective ownership interests. The note receivable due to us amounted to $301 million at December 31, 2016, and was repaid in February 2017. At March 31, 2017, there was $2.5 billion outstanding under the Bakken credit facility.

In February 2017, ETP and SXL completed the sale of a 36.75 percent interest in the Bakken Pipeline project for $2 billion in cash to MarEn Bakken Company LLC, an entity jointly owned by Enbridge Energy Partners, L.P. and MPLX LP. SXL received $800 million for its interest, resulting in a gain of $483 million on the proportionate carrying value of our previously held equity interest. Subsequent to closing, our ownership interest in the Bakken Pipeline project is 15.3 percent. ETP continues to consolidate the Bakken Pipeline project, and its total ownership interest, including our interest, was 38.25 percent after the sale.

Proceeds from the sale were used to pay down debt and to help fund our expansion capital program.

Cash Flows and Capital Expenditures

Operating Activities

Cash flows from operating activities are primarily driven by earnings, excluding the impact of non-cash items, the timing of cash receipts and disbursements related to accounts receivable and payable, the timing of inventory transactions and changes in other working capital amounts. Non-cash items include depreciation, amortization, and impairment charges and related matters. See the Analysis of Consolidated Operating Results, above, for more information on changes in our consolidated earnings.

Net cash provided by operating activities for the three months ended March 31, 2017 of $117 million was primarily related to net income of $595 million and a non-cash adjustment for depreciation and amortization totaling $125 million. These sources of cash were partially offset by a $483 million gain resulting from the sale of a portion of our interest in the Bakken Pipeline project (see Investing Activities below), and a $121 million increase in working capital largely attributable to an increase in our net receivables position and inventories.

Net cash provided by operating activities for the three months ended March 31, 2016 of $120 million was primarily related to net income of $146 million, adjusted for non-cash charges for depreciation and amortization totaling $106 million and a $26 million non-cash inventory adjustment related to changes in commodity prices. These sources of cash were partially offset by a $164 million increase in working capital largely attributable to an increase in inventories.

Investing Activities

Cash flows from investing activities relate primarily to our capital expenditures, including maintenance and expansion capital expenditures, acquisitions and dispositions. See "Capital Requirements" below for additional details on our investing activities.

Net cash provided by investing activities of $705 million for the three months ended March 31, 2017 primarily related to $800 million proceeds resulting from the sale of a portion of our interest in the Bakken Pipeline project, and a $301 million decrease in an affiliated note receivable. These sources of cash were partially offset by $395 million of expansion and maintenance capital expenditures.

Net cash used in investing activities of $581 million for the three months ended March 31, 2016, primarily included expansion and maintenance capital expenditures.

Financing Activities

Cash flows from financing activities relate primarily to the payment of distributions to partners; proceeds from overnight equity and ATM offerings; proceeds and repayments related to senior notes; and borrowings and repayments under our credit facility.

Net cash used in financing activities for the three months ended March 31, 2017 of $825 million resulted primarily from $552 million of net repayments under our credit facilities and $272 million in distributions paid to limited partners and the general partner.

Net cash provided by financing activities for the three months ended March 31, 2016 of $467 million resulted primarily from $380 million of net borrowings under our $2.50 billion Credit Facility and $301 million of net proceeds from our ATM program. These sources of cash were partially offset by $216 million in distributions paid to limited partners and the general partner.

Capital Requirements

Our operations are capital intensive, requiring significant investment to maintain, upgrade and enhance existing assets and to comply with environmental and operational regulations. The capital requirements have consisted, and are expected to continue to consist, primarily of:

- Expansion capital expenditures to acquire and integrate complementary assets to improve operational efficiencies or reduce costs and to expand existing and construct new facilities, such as projects that increase storage or throughput volume, and joint projects which complement our existing asset base,
- Maintenance capital expenditures that extend the usefulness of existing assets, such as those required to maintain equipment reliability, tankage and pipeline integrity and safety, and to address environmental regulations, and
- Acquisitions to acquire and integrate complementary assets to grow the business, to improve operational efficiencies or reduce costs.

The following table summarizes our capital expenditures for the periods presented:

	Three Months Ended March 31,	
	2017	**2016**
	(in millions)	
Expansion	$ 506	$ 574
Maintenance	13	13
Acquisitions	—	—
Total	$ 519	$ 587

Expansion capital expenditures for the three months ended March 31, 2017 included spending to: invest in the announced Mariner NGLs projects; invest in our crude oil infrastructure by increasing our pipeline capabilities including joint projects; expand the service capabilities of our acquisition and marketing activities; and upgrade the service capabilities at our bulk marine terminals.

Maintenance capital expenditures for both periods presented primarily included recurring expenditures such as pipeline integrity costs; pipeline relocations; repair and upgrade of field instrumentation, including measurement devices; repair and replacement of tank floors and roofs; upgrades of cathodic protection systems, crude trucks and related equipment; and the upgrade of pump stations.

Our capital expenditures, including any acquisitions, are expected to be primarily funded from cash provided by operations, borrowings under our credit facility, and with proceeds from debt and equity offerings, as necessary.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to various risks, including volatility in the interest rates associated with our variable-rate debt and in the prices of the products that we market. In order to manage such exposure, debt levels, interest rates, inventory levels and expectations of future commodity prices are monitored when making decisions with respect to risk management.

Interest Rate Risk

We have interest rate risk exposure for changes in interest rates relating to our outstanding borrowings. We manage our exposure to changing interest rates through the use of a combination of fixed-rate and variable-rate debt. At March 31, 2017, we had $1.4 billion of variable-rate borrowings under our revolving credit facility. Outstanding borrowings bear interest cost at LIBOR plus an applicable margin. An increase in short-term interest rates will have a negative impact on funds borrowed under variable-rate debt arrangements. Our weighted average interest rate on our variable-rate borrowings was approximately 2 percent at March 31, 2017. A one-percent movement in the weighted average rate would have impacted interest expense by approximately $4 million for the three months ended March 31, 2017.

At March 31, 2017, we had $5.4 billion of fixed-rate borrowings which was comprised of our outstanding senior notes. This amount excludes the $82 million of unamortized fair value adjustments resulting from the application of push-down accounting in connection with the acquisition of our general partner by ETP. The estimated fair value of our senior notes was $5.4 billion at March 31, 2017. A hypothetical one-percent movement in interest rates would have impacted the fair value of our fixed-rate borrowings by approximately $530 million.

Commodity Market Risk

We are exposed to volatility in the prices of the products we market. To manage such exposures, inventory levels and expectations regarding future commodity prices are monitored when making decisions with respect to risk management and inventory carried. Our policy is to purchase only commodity products for which we have a market, and to structure our sales contracts so that price fluctuations for those products do not materially affect the margins we receive. We also seek to maintain a position that is substantially balanced within our various commodity purchase and sale activities. We may experience net unbalanced positions for short periods of time as a result of production, transportation and delivery variances, as well as logistical issues associated with inclement weather conditions. When unscheduled physical inventory builds or draws occur, they are monitored and managed to a balanced position over a reasonable period of time.

We do not use futures or other derivative instruments to speculate on crude oil, natural gas liquids ("NGLs") or refined products prices, as these activities could expose us to significant losses. We do use derivative contracts as economic hedges against price changes related to our forecasted NGLs and refined products purchase and sale activities. These derivatives are intended to have equal and opposite effects of the related physical purchase and sale activities. At March 31, 2017, the fair market value of our open derivative positions resulted in a net liability of $1 million on 3.9 million barrels of NGLs and refined products. These derivative positions vary in length but do not extend beyond one year.

For additional information concerning our commodity market risk activities, see Note 14 to the condensed consolidated financial statements.

Forward-Looking Statements

Some of the information in this quarterly report on Form 10-Q discusses our goals, intentions and expectations as to future trends, plans, events, results of operations or financial condition, or states other information relating to us, based on the current beliefs of our management as well as assumptions made by, and information currently available to, our management.

Words such as "may," "anticipates," "believes," "expects," "estimates," "planned," "scheduled" or similar phrases or expressions identify forward-looking statements. Although we believe these forward-looking statements are reasonable, they are based upon a number of assumptions, any or all of which may ultimately prove to be inaccurate. These statements are subject to numerous assumptions, uncertainties and risks that may cause future results to be materially different from the results projected, forecasted, estimated or budgeted, including, but not limited to the following:

- *Our ability to successfully consummate announced acquisitions or expansions and integrate them into our existing business operations;*
- *Delays related to construction of, or work on, new or existing facilities and the issuance of applicable permits;*
- *Changes in the supply of, or demand for crude oil, NGLs and refined products that impact demand for our pipeline, terminalling and storage services;*
- *Changes in the short-term and long-term demand for crude oil, NGLs and refined products we buy and sell;*
- *An increase in the competition encountered by our terminals, pipelines and acquisition and marketing operations;*
- *Changes in the financial condition or operating results of joint ventures or other holdings in which we have an equity ownership interest;*
- *Changes in the general economic conditions in the United States;*
- *Changes in laws and regulations to which we are subject, including federal, state, and local tax, safety, environmental and employment laws;*
- *Changes in regulations governing the composition of the products that we transport, terminal and store;*
- *Improvements in energy efficiency and development of technology resulting in reduced demand for refined petroleum products;*
- *Our ability to manage growth and/or control costs;*
- *The effect of changes in accounting principles and tax laws, and interpretations of both;*
- *Global and domestic economic repercussions, including disruptions in the crude oil, NGLs and refined products markets, from terrorist activities, international hostilities and other events, and the government's response thereto;*
- *Changes in the level of operating expenses and hazards related to operating our facilities (including equipment malfunction, explosions, fires, spills and the effects of severe weather conditions);*
- *The occurrence of operational hazards or unforeseen interruptions for which we may not be adequately insured;*
- *The age of, and changes in the reliability and efficiency of our operating facilities;*
- *Changes in the expected level of capital, operating, or remediation spending related to environmental matters;*
- *Changes in insurance markets resulting in increased costs and reductions in the level and types of coverage available;*
- *Risks related to labor relations and workplace safety;*
- *Non-performance by or disputes with major customers, suppliers or other business partners;*
- *Changes in our tariff rates implemented by federal and/or state government regulators;*
- *The amount of our debt, which could make us vulnerable to adverse general economic and industry conditions, limit our ability to borrow additional funds, place us at competitive disadvantages compared to competitors that have less debt, or have other adverse consequences;*
- *Restrictive covenants in our credit agreements;*
- *Changes in our or our general partner's credit ratings, as assigned by ratings agencies;*
- *The condition of the debt and equity capital markets in the United States, and our ability to raise capital in a cost-effective way;*
- *Performance of financial institutions impacting our liquidity, including those supporting our credit facilities;*
- *The effectiveness of our risk management activities, including the use of derivative financial instruments to hedge commodity risks;*
- *Changes in interest rates on our outstanding debt, which could increase the costs of borrowing; and*
- *The costs and effects of legal and administrative claims and proceedings against us or any entity in which we have an ownership interest, and changes in the status of, or the initiation of new litigation, claims or proceedings, to which we, or any entity in which we have an ownership interest, are a party.*

These factors are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results. We undertake no obligation to update publicly any forward-looking statement, whether as a result of new information or future events.

Item 4. Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified by the rules and forms of the Securities and Exchange Commission. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer of our general partner, as appropriate, to allow timely decisions regarding required disclosure.

As of March 31, 2017, we carried out an evaluation, under the supervision and with the participation of management of our general partner (including the Chief Executive Officer and Chief Financial Officer), of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15. Based upon that evaluation, our general partner's Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective.

There have been no changes in our internal control over financial reporting during the fiscal quarter ended March 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II.
OTHER INFORMATION

Item 1. Legal Proceedings

There are certain legal and administrative proceedings arising prior to the February 2002 initial public offering ("IPO") pending against our Sunoco-affiliated predecessors and us (as successor to certain liabilities of those predecessors). Although the ultimate outcome of these proceedings cannot be ascertained at this time, it is reasonably possible that some of them may be resolved unfavorably. Sunoco, Inc. ("Sunoco") has agreed to indemnify us for 100 percent of all losses from environmental liabilities related to the transferred assets arising prior to, and asserted within 21 years of February 8, 2002. There is no monetary cap on this indemnification from Sunoco. Sunoco's share of liability for claims asserted thereafter will decrease by 10 percent each year through the thirtieth year following the February 8, 2002 date. Any remediation liabilities not covered by this indemnity will be our responsibility. In addition, Sunoco is obligated to indemnify us under certain other agreements executed after the IPO.

Additionally, we have received notices of violations and potential fines under various federal, state and local provisions relating to the discharge of materials into the environment or protection of the environment. While we believe that even if any one or more of the environmental proceedings listed below were decided against us, it would not be material to our financial position, results of operations or cash flows. We are required to report environmental proceedings if we reasonably believe that such proceedings will result in monetary sanctions in excess of $0.1 million.

In September 2016, the Environmental Protection Agency ("EPA") issued a Notice of Violation ("NOV") related to well monitoring procedures at SXL's Inkster terminal located near Detroit, Michigan. Penalties of approximately $0.1 million were assessed in connection with the NOV, which the Partnership paid in March 2017, to close out this matter.

In December 2016, SXL received multiple Notices of Violation ("NOVs") from the Delaware County Regional Water Quality Control Authority ("DELCORA") in connection with a discharge at its Marcus Hook Industrial Complex ("MHIC") in July 2016. SXL also entered into a Consent Order and Agreement from the Pennsylvania Department of Environmental Protection ("PADEP") related to its tank inspection plan at MHIC. These actions propose penalties in excess of $0.1 million, and SXL is currently in discussions with the PADEP and DELCORA to resolve these matters. The timing or outcome of these matters cannot be reasonably determined at this time, however, SXL does not expect there to be a material impact to its results of operations, cash flows, or financial position.

For additional information related to these proceedings, refer to SXL's Annual Report on Form 10-K for the year ended December 31, 2016, filed on February 24, 2017.

Merger Litigation

Between January 6, 2017 and February 8, 2017, seven purported ETP common unitholders ("Plaintiffs") separately filed seven putative unitholder class action lawsuits challenging the merger and the disclosures made in connection with the merger. Since then, two of the Plaintiffs have non-suited their claims. The lawsuits remaining are styled (a) Shure v. Energy Transfer Partners, L.P. et al., Case No. 1:17-cv-00044-UNA, in the United States District Court for the District of Delaware (the "Shure Lawsuit"); (b) Verlin v. Energy Transfer Partners, L.P. et al., Case No. 1:17-cv-00045-UNA, in the United States District Court for the District of Delaware (the "Verlin Lawsuit"); (c) Duany v. Energy Transfer Partners, L.P. et al., Case No. 1:17-cv-00058-UNA, in the United States District Court for the District of Delaware (the "Duany Lawsuit"); (d) Epstein v. Energy Transfer Partners, L.P. et. al., Case No, 1:17-cv-00069, in the United States District Court for the District of Delaware (the "Epstein Lawsuit") and (e) Sgnilek v. Energy Transfer Partners, L.P. et al., Case No. 1:17-cv-00141, in the United States District Court for the District of Delaware (the "Sgnilek Lawsuit" and collectively with the Shure Lawsuit, Verlin Lawsuit, Duany Lawsuit, and Epstein Lawsuit, the "Lawsuits"). The Duany Lawsuit and Epstein Lawsuit are filed against ETP, ETP GP, ETP GP, LLC, ETE, and the members of the ETP Board. The Shure Lawsuit and Verlin Lawsuit are filed against ETP, ETP GP, the members of the ETP Board, ETE, Sunoco Logistics, and Sunoco Logistics GP. The Sgnilek Lawsuit is filed against ETP, ETP GP, ETP GP, LLC, and ETE, the members of the ETP Board, Sunoco Logistics and Sunoco Logistics GP (collectively "Defendants").

Plaintiffs allege causes of action challenging the merger and the preliminary joint proxy statement/prospectus filed in connection with the merger. According to Plaintiffs, the preliminary joint proxy statement/prospectus is allegedly misleading because, among other things, it fails to disclose certain information concerning, in general, (a) the background and process that led to the merger; (b) ETE's, ETP's, and Sunoco Logistics' financial projections; (c) the financial analysis and fairness opinion provided by Barclays; and (d) alleged conflicts of interest concerning Barclays, ETE, and certain officers and directors of ETP and ETE. Based on these allegations, and in general, Plaintiffs allege that (i) Defendants have violated Section 14(a) of the Exchange Act and Rule 14a-9 promulgated thereunder and (ii) the members of the ETP Board have violated Section 20(a) of the Exchange Act. Plaintiffs in the Shure Lawsuit and Verlin Lawsuit also allege that Sunoco Logistics has violated Section 20(a) of the Exchange Act. Plaintiffs also assert, in general, that the terms of the merger (including, among other terms, the merger consideration) are unfair to ETP common unitholders and resulted from an unfair and conflicted process. Based on these allegations, the Sgnilek Lawsuit alleges that (a) the ETP Board, ETP GP, ETP GP LLC, ETP, and ETE have breached the covenant of good faith and/or fiduciary duties, and (b) Sunoco Logistics and Sunoco Logistics GP have aided and abetted those alleged breaches.

Based on these allegations, Plaintiffs seek to enjoin Defendants from proceeding with or consummating the merger unless and until Defendants disclose the allegedly omitted information summarized above. The Sgnilek Lawsuit also seeks to enjoin Defendants from proceeding with or consummating the merger unless and until the ETP Board adopts and implements processes to obtain the best possible terms for ETP common unitholders. To the extent that the merger is consummated before injunctive relief is granted, Plaintiffs seek to have the merger rescinded. Plaintiffs also seek damages and reimbursement of attorneys' fees.

Defendants' dates to answer, move to dismiss, or otherwise respond to the Lawsuits have not yet been set. Defendants cannot predict the outcome of these or any other lawsuits that might be filed subsequent to the date of the filing of this quarterly report, nor can Defendants predict the amount of time and expense that will be required to resolve such litigation. Defendants believe the Lawsuits are without merit and intend to defend vigorously against the Lawsuits and any other actions challenging the merger.

Item 1A. Risk Factors

There have been no material changes from the risk factors described previously in Part I, Item 1A. of SXL's Annual Report on Form 10-K for the year ended December 31, 2016, filed on February 24, 2017.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

Item 6. Exhibits

12.1	Statement of Computation of Ratio of Earnings to Fixed Charges
31.1	Chief Executive Officer Certification of Periodic Report Pursuant to Exchange Act Rule 13a-14(a)
31.2	Chief Financial Officer Certification of Periodic Report Pursuant to Exchange Act Rule 13a-14(a)
32.1	Chief Executive Officer Certification of Periodic Report Pursuant to Exchange Act Rule 13a-14(b) and U.S.C. § 1350
32.2	Chief Financial Officer Certification of Periodic Report Pursuant to Exchange Act Rule 13a-14(b) and U.S.C. § 1350
101.1	The following financial information from Energy Transfer Partners, L.P.'s Quarterly Report on Form 10-Q for the three months ended March 31, 2017 formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Statements of Comprehensive Income; (ii) the Condensed Consolidated Balance Sheets; (iii) the Condensed Consolidated Statements of Cash Flows; (iv) the Condensed Consolidated Statements of Equity; and (v) the Notes to Condensed Consolidated Financial Statements

* Each such exhibit has heretofore been filed with the Securities and Exchange Commission as part of the filing indicated and is incorporated herein by reference.

We are pleased to furnish this Form 10-Q to unitholders who request it by writing to:

Energy Transfer Partners, L.P.
Investor Relations
8111 Westchester Drive, Suite 600
Dallas, TX 75225

or through our website at www.energytransfer.com.

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.

ENERGY TRANSFER PARTNERS, L.P.

By: Energy Transfer Partners GP, L.P.
its General Partner

By: Energy Transfer Partners, L.L.C.
its General Partner

By: /s/ A. TROY STURROCK

A. Troy Sturrock
Senior Vice President, Controller and Principal Accounting Officer (duly authorized to sign on behalf of the registrant)

Date: May 4, 2017

Exhibit 12.1

STATEMENT OF COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES (UNAUDITED)

	Three Months Ended March 31, 2017 (in millions)
Fixed Charges:	
Interest cost and debt expense	$ 73
Interest allocable to rental expense [1]	2
Total	$ 75
Earnings:	
Income before income tax expense [2]	$ 605
Income before income tax expense attributable to noncontrolling interests	(11)
Income before income tax expense attributable to redeemable noncontrolling interests	—
Equity in income of 50 percent or less owned affiliated companies	(9)
Dividends received from 50 percent or less owned affiliated companies [3]	8
Fixed charges	75
Interest capitalized	(33)
Amortization of previously capitalized interest	1
Total	$ 636
Ratio of Earnings to Fixed Charges	8.5

(1) Represents one-third of the total operating lease rental expense which is the portion deemed to be interest.
(2) Represents income before income tax expense for all consolidated entities.
(3) Represents dividends received from equity-method investments.

Exhibit 31.1

CERTIFICATION
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Kelcy L. Warren, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Energy Transfer Partners, L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated entities, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2017

/s/ KELCY L. WARREN

Name: Kelcy L. Warren
Title: Chief Executive Officer

Exhibit 31.2

CERTIFICATION
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Thomas E. Long, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Energy Transfer Partners, L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated entities, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2017

/s/ THOMAS E. LONG

Name: Thomas E. Long
Title: Chief Financial Officer

Exhibit 32.1

Certification of the Chief Executive Officer of Energy Transfer Partners GP, L.P.
18 U.S.C. Section 1350 as Adopted
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with this Quarterly Report on Form 10-Q of Energy Transfer Partners, L.P. for the quarter ended March 31, 2017, I, Kelcy L. Warren, Chief Executive Officer, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the periodic report fairly presents, in all material respects, the financial condition and results of operations of Energy Transfer Partners, L.P.

Date: May 4, 2017

/s/ KELCY L. WARREN

Name: Kelcy L. Warren
Chief Executive Officer

Exhibit 32.2

Certification of Chief Financial Officer of Energy Transfer Partners GP, L.P.
18 U.S.C. Section 1350 as Adopted
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with this Quarterly Report on Form 10-Q of Energy Transfer Partners, L.P. for the quarter ended March 31, 2017, I, Thomas E. Long, Chief Financial Officer, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the periodic report fairly presents, in all material respects, the financial condition and results of operations of Energy Transfer Partners, L.P.

Date: May 4, 2017

/s/ THOMAS E. LONG
Name: Thomas E. Long
Chief Financial Officer