FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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

FOR THE QUARTERLY PERIOD ENDED FEBRUARY 29, 2000

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM ______ to ______

COMMISSION FILE NUMBER 1-11727

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

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

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

(918) 492-7272
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

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

Heritage Propane Partners, L.P.	7,214,204	Common Units
	2,777,207	Subordinated Units

FORM 10-Q

HERITAGE PROPANE PARTNERS, L.P.

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

CONSOLIDATED BALANCE SHEETS
(in thousands)

	February 29, 2000 (unaudited)	August 31, 1999
ASSETS		
CURRENT ASSETS:		
Cash	$ 3,992	$ 1,679
Accounts receivable	33,235	11,635
Inventories	11,517	14,784
Marketable securities	2,845	--
Prepaid expenses	1,044	1,169
Total current assets	52,633	29,267
PROPERTY, PLANT AND EQUIPMENT, net	189,075	155,219
INVESTMENT IN AFFILIATE	5,845	5,202
INTANGIBLES AND OTHER ASSETS, net	89,310	73,270
Total assets	$336,863	$262,958
LIABILITIES AND PARTNERS' CAPITAL		
CURRENT LIABILITIES:		
Working capital facility	$ 23,800	$ 19,900
Accounts payable	26,971	17,268
Accrued and other current liabilities	10,600	8,490
Current maturities of long-term debt	2,400	2,022
Total current liabilities	63,771	47,680
LONG-TERM DEBT, less current maturities	221,066	196,216
COMMITMENTS AND CONTINGENCIES		
Total liabilities	284,837	243,896
PARTNERS' CAPITAL:		
Common unitholders (7,155,886 and 5,825,674 units issued and outstanding at February 29, 2000 and August 31, 1999, respectively)	48,355	17,077
Subordinated unitholders (2,777,207 units issued and outstanding at February 29, 2000 and August 31, 1999, respectively)	3,190	1,809
General partner	481	176
Total partners' capital	52,026	19,062
Total liabilities and partners' capital	$336,863	$262,958

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

HERITAGE PROPANE PARTNERS, L.P. AND SUBSIDIARIES

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

	Three Months Ended Feb. 29, 2000	Three Months Ended Feb. 28, 1999	Six Months Ended Feb. 29, 2000	Six Months Ended Feb. 28, 1999
REVENUES:				
Retail fuel	$ 83,001	$ 54,902	$ 119,519	$ 84,243
Wholesale fuel	11,911	7,767	19,728	13,522
Other	7,248	5,829	14,803	12,291
Total revenues	102,160	68,498	154,050	110,056
COSTS AND EXPENSES:				
Cost of products sold	57,260	31,738	86,681	51,669
Operating expenses	16,994	13,358	30,597	25,536
Depreciation and amortization	4,714	3,647	8,736	7,192
Selling, general and administrative	1,939	1,685	3,353	3,026
Total costs and expenses	80,907	50,428	129,367	87,423
OPERATING INCOME	21,253	18,070	24,683	22,633
OTHER INCOME (EXPENSE):				
Interest expense	(4,825)	(3,963)	(9,223)	(7,859)
Equity in earnings of affiliates	597	643	643	821
Gain on disposal of assets	90	13	375	515
Other	222	(70)	152	(101)
INCOME BEFORE MINORITY INTEREST	17,337	14,693	16,630	16,009
Minority interest	(366)	(289)	(467)	(390)
NET INCOME	16,971	14,404	16,163	15,619
GENERAL PARTNER'S INTEREST IN NET INCOME	169	144	161	156
LIMITED PARTNERS' INTEREST IN NET INCOME	$ 16,802	$ 14,260	$ 16,002	$ 15,463
BASIC NET INCOME PER LIMITED PARTNER UNIT	$ 1.70	$ 1.66	$ 1.69	$ 1.80
BASIC WEIGHTED AVERAGE NUMBER OF UNITS OUTSTANDING	9,883,217	8,579,668	9,482,412	8,579,668
DILUTED NET INCOME PER LIMITED PARTNER UNIT	$ 1.69	$ 1.65	$ 1.67	$ 1.79
DILUTED WEIGHTED AVERAGE NUMBER OF UNITS OUTSTANDING	9,957,517	8,634,168	9,557,108	8,634,168

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

HERITAGE PROPANE PARTNERS, L.P. AND SUBSIDIARIES

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

	NUMBER OF UNITS Common	NUMBER OF UNITS Subordinated	Common Unitholders	Subordinated Unitholders	General Partner	Total Partners' Capital
BALANCE, AUGUST 31, 1999	5,825,674	2,777,207	$ 17,077	$ 1,809	$ 176	$ 19,062
Unit Distribution	--	--	(7,277)	(3,124)	(123)	(10,524)
Issuance of restricted Common Units in connection with certain acquisitions	125,712	--	2,789	--	--	2,789
Issuance of Common Units to public net of related expenses	1,200,000	--	24,054	--	--	24,054
Capital contribution from General Partner in connection with issuance of Common Units	--	--	--	--	265	265
Issuance of Common Units pursuant to the vesting rights of the Restricted Unit Plan	4,500	--	29	(28)	(1)	--
Other	--	--	155	59	3	217
Net income	--	--	11,528	4,474	161	16,163
BALANCE, FEBRUARY 29, 2000	7,155,886	2,777,207	$ 48,355	$ 3,190	$ 481	$ 52,026

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

HERITAGE PROPANE PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands, unaudited)

	Six Months Ended February 29, 2000	Six Months Ended February 28, 1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 16,163	$ 15,619
Reconciliation of net income to net cash provided by operating activities-		
Depreciation and amortization	8,736	7,192
Provision for losses on accounts receivable	122	92
Gain on disposal of assets	(375)	(515)
Deferred compensation on restricted units	217	178
Undistributed earnings of affiliates	(643)	(553)
Minority interest	250	(52)
Unrealized gain on trading securities	(300)	--
Changes in assets and liabilities, net of effect of acquisitions:		
Accounts receivable	(21,595)	(9,641)
Marketable securities	(2,545)	--
Inventories	3,825	3,975
Prepaid expenses	159	(129)
Intangibles and other assets	(188)	690
Accounts payable	9,532	846
Accrued and other current liabilities	793	(1,621)
Net cash provided by operating activities	14,151	16,081
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for acquisitions, net of cash acquired	(43,602)	(5,914)
Capital expenditures	(8,761)	(6,894)
Proceeds from asset sales	587	1,521
Net cash used in investing activities	(51,776)	(11,287)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	87,350	35,449
Principal payments on debt	(61,207)	(30,684)
Unit distribution	(10,524)	(8,774)
Net proceeds from issuance of common units	24,054	--
Capital contribution from General Partner	265	--
Net cash provided by (used in) financing activities	39,938	(4,009)
INCREASE IN CASH	2,313	785
CASH, beginning of period	1,679	1,837
CASH, end of period	$ 3,992	$ 2,622
NONCASH FINANCING ACTIVITIES:		
Notes payable incurred on noncompete agreements	$ 2,985	$ 1,799
Issuance of restricted common units in connection with certain acquisitions	$ 2,789	$ --
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	$ 8,231	$ 7,838

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

HERITAGE PROPANE PARTNERS, L.P. AND SUBSIDIARIES

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

1. GENERAL:

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

The Operating Partnership sells propane and propane-related products to a current customer base of approximately 286,000 retail customers in 27 states throughout the United States. The Partnership is also a wholesale propane supplier in the southwestern United States and in Canada, the latter through participation in M-P Energy Partnership. M-P Energy Partnership is a Canadian partnership primarily engaged in lower-margin wholesale distribution in which the Partnership owns a 60 percent interest. The Partnership grants credit to its customers for the purchase of propane and propane-related products.

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

2. INVENTORIES:

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

	February 29, 2000	August 31, 1999
Fuel	$ 5,998	$ 9,341
Appliances, parts and fittings	5,519	5,443
	$11,517	$14,784

3. INCOME PER LIMITED PARTNER UNIT:

Basic net income per limited partner unit is computed by dividing net income, after considering the General Partner's one percent interest, by the weighted average number of Common and Subordinated Units outstanding. Diluted net income per limited partner unit is computed by dividing net income, after considering the General Partner's one percent interest, by the weighted average number of Common and Subordinated Units outstanding and the weighted average number of Restricted Units ("Phantom Units") granted under the Restricted Unit Plan. A reconciliation of net income and weighted average units used in computing basic and diluted earnings per unit is as follows:

	For the Three Months Ended		For the Six Months Ended	
	February 29, 2000	February 28, 1999	February 29, 2000	February 28, 1999
BASIC NET INCOME PER LIMITED PARTNER UNIT:				
Limited Partners' interest in net income	$ 16,802	$ 14,260	$ 16,002	$ 15,463
Weighted average limited partner units	9,883,217	8,579,668	9,482,412	8,579,668
Basic net income per limited partner unit	$ 1.70	$ 1.66	$ 1.69	$ 1.80
DILUTED NET INCOME PER LIMITED PARTNER UNIT:				
Limited partners' interest in net income	$ 16,802	$ 14,260	$ 16,002	$ 15,463
Weighted average limited partner units	9,883,217	8,579,668	9,482,412	8,579,668
Dilutive effect of Phantom Units	74,300	54,500	74,696	54,500
Weighted average limited partner units, assuming dilutive effect of Phantom Units	9,957,517	8,634,168	9,557,108	8,634,168
Diluted net income per limited partner unit	$ 1.69	$ 1.65	$ 1.67	$ 1.79

CASH DISTRIBUTIONS

On October 15, 1999, a quarterly distribution of $4,842, or $.5625 per Common and Subordinated Unit, was paid to Unitholders of record at the close of business on October 1, 1999 and $57 and $58 was distributed to the General Partner for its General Partner interest in the Operating Partnership and its Minority Interest, respectively, and its Incentive Distribution Rights. On January 14, 2000 a quarterly distribution of $5,559, or $.5625 per Common and Subordinated Unit was paid to Unitholders of record at the close of business January 4, 2000 and $66 and $67 was distributed to the General Partner for its General Partner interest in the Operating Partnership and its Minority Interest, respectively and its Incentive Distribution Rights. On March 20, 2000, the Partnership declared a cash distribution for the second quarter ended February 29, 2000 of $.5625 per unit payable on April 14, 2000 to Unitholders of record at the close of business on April 3, 2000.

4. WORKING CAPITAL FACILITIES AND LONG-TERM DEBT:

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

A $35,000 Senior Revolving Working Capital Facility, expiring June 30, 2002, with $23,800 outstanding at February 29, 2000. The interest rate and interest payment dates vary depending on the terms the Partnership agrees to when the money is borrowed. The weighted average interest rate was 7.55 percent for the amount outstanding at February 29, 2000. The Partnership must be free of all working capital borrowings for 30 consecutive days each fiscal year. The maximum commitment fee payable on the unused portion of the facility is .375 percent.

A $50,000 Senior Revolving Acquisition Facility is available through December 31, 2001, with $41,250 outstanding at February 29, 2000, at which time the outstanding amount must be paid in ten equal quarterly installments, beginning March 31, 2002. The interest rate and interest payment dates vary depending on the terms the Partnership agrees to when the money is borrowed. The average interest rate was 7.55 percent for the amount outstanding at February 29, 2000. The maximum commitment fee payable on the unused portion of the facility is .375 percent.

5. REPORTABLE SEGMENTS:

The Partnership applies SFAS No. 131, Disclosures About Segments of an Enterprise and Related Information, which requires the reporting of certain financial information by business segment. The Partnership financial statements reflect three reportable segments: the domestic retail operations of Heritage Propane Partners, the domestic wholesale operations of Heritage Propane Partners, and the foreign wholesale operations of M-P Energy Partnership, a 60 percent owned Canadian wholesale supplier that the Partnership consolidates. The Partnership's reportable segments are strategic business units that sell products and services to different types of users; retail and wholesale customers. Intersegment sales by the foreign wholesale segment to the domestic segment are priced in accordance with the partnership agreement. The Partnership manages these segments separately as each segment involves different distribution, sale and marketing strategies. The Partnership evaluates the performance of its operating segments based on operating income. The operating income below does not reflect selling, general, and administrative expenses of $1,939 and $1,685 for the three months and $3,353 and $3,026 for the six months ended February 29, 2000 and February 28, 1999, respectively.

The following table presents financial information by segment:

	For the Three Months Ended		For the Six Months Ended	
	Feb. 29, 2000	Feb. 28, 1999	Feb. 29, 2000	Feb. 28, 1999
Gallons:				
Domestic retail	77,352	62,734	116,227	98,402
Domestic wholesale	2,746	3,304	4,473	4,956
Foreign wholesale				
Affiliated	25,964	22,718	40,470	35,810
Unaffiliated	25,069	22,045	44,495	40,658
Elimination	(25,964)	(22,718)	(40,470)	(35,810)
Total	105,169	88,083	165,195	144,016
Revenues:				
Domestic retail fuel	$ 83,001	$ 54,902	$ 119,519	$ 84,243
Domestic wholesale fuel	1,667	1,506	2,613	2,171
Foreign wholesale fuel				
Affiliated	11,261	4,631	16,799	8,337
Unaffiliated	10,244	6,261	17,115	11,351
Elimination	(11,261)	(4,631)	(16,799)	(8,337)
Other revenues	7,248	5,829	14,803	12,291
Total	$ 102,160	$ 68,498	$ 154,050	$ 110,056
Operating Income:				
Domestic retail	$ 22,300	$ 19,034	$ 26,729	$ 24,710
Domestic wholesale fuel	226	89	226	109
Foreign wholesale				
Affiliated	220	190	365	316
Unaffiliated	666	633	1,081	841
Elimination	(220)	(190)	(365)	(316)
Total	$ 23,192	$ 19,756	$ 28,036	$ 25,659
Depreciation and amortization:				
Domestic retail	$ 4,704	$ 3,628	$ 8,714	$ 7,160
Domestic wholesale	8	13	18	26
Foreign wholesale	2	6	4	6
Total	$ 4,714	$ 3,647	$ 8,736	$ 7,192

	As of Feb. 29, 2000	As of Aug. 31, 1999
Total Assets:		
Domestic retail	$303,544	$236,215
Domestic wholesale	1,842	2,803
Foreign wholesale	8,662	4,566
Corporate	22,815	19,374
Total	$336,863	$262,958

6. SIGNIFICANT INVESTEE:

The Partnership holds a 50 percent interest in Bi-State Partnership. The Partnership accounts for its 50 percent interest in Bi-State Partnership under the equity method. The Partnership's investment in Bi-State Partnership totaled $5,845 and $5,202 at February 29, 2000 and August 31, 1999, respectively. The Partnership received distributions from Bi-State Partnership in the amount of $470 for the year ended August 31, 1999.

Bi-State Partnership's financial position at February 29, 2000 and August 31, 1999 is summarized below:

	February 29, 2000	August 31, 1999
Current assets	$ 2,880	$ 1,533
Noncurrent assets	14,358	14,281
	$17,238	$15,814
Current liabilities	$ 2,874	$ 2,333
Long-term debt	4,325	4,804
Partners' capital:		
Heritage	5,845	5,202
Other partner	4,194	3,475
	$17,238	$15,814

Bi-State Partnership's results of operations are summarized below:

	Three Months Ended		Six Months Ended	
	Feb. 29, 2000	Feb. 28, 1999	Feb. 29, 2000	Feb. 28 1999
Revenues	$5,300	$4,819	$7,849	$7,567
Gross profit	2,553	2,716	3,930	4,400
Net income:				
Heritage	597	643	643	821
Other partner	658	733	719	898

7. MARKETABLE SECURITIES

The Partnership's marketable securities are classified as trading securities as defined by SFAS No. 115 and are reflected as a current asset on the balance sheet at their fair value. An unrealized gain of $300 was recorded as other income based on the market value of the securities at the balance sheet date.

8. FOOTNOTES INCORPORATED BY REFERENCE:

Certain footnotes are applicable to the consolidated financial statements but would be substantially unchanged from those presented on Form 10-K filed with the Securities and Exchange Commission on November 29, 1999.

Accordingly, reference should be made to the Company's Annual Report filed with the Securities and Exchange Commission on Form 10-K for the following:

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

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

GENERAL

Since its formation in 1989, Heritage has grown primarily through acquisitions of retail propane operations and, to a lesser extent, through internal growth. Through February 29, 2000, Heritage and the Partnership completed 68 acquisitions for an aggregate purchase price of approximately $292 million. The Partnership has completed 40 of these acquisitions since going public on June 25, 1996. The Partnership engages in the sale, distribution and marketing of propane and other related products. The Partnership derives its revenue primarily from the retail propane marketing business. The General Partner believes that the Partnership is one of the largest retail marketers of propane in the United States, based on retail gallons sold, currently serving more than 286,000 residential, industrial/commercial and agricultural customers in 27 states through 168 retail outlets.

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

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

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

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

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

ANALYSIS OF UNAUDITED HISTORICAL RESULTS OF OPERATIONS

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

THREE MONTHS ENDED FEBRUARY 29, 2000 COMPARED TO THE THREE MONTHS ENDED FEBRUARY 28, 1999.

Volume. The Partnership sold 77.4 million retail gallons in the three months ended February 29, 2000, an increase of 14.7 million gallons or 23.4% over the 62.7 million gallons sold in the three months ended February 28, 1999. This increase was primarily attributable to acquisition-related volumes and to a lesser extent internal growth, offset by warmer than normal weather.

The Partnership also sold approximately 27.7 million wholesale gallons in this second quarter of fiscal 2000, an increase of 2.3 million gallons or 9.1% from the 25.4 million wholesale gallons sold in the second quarter of fiscal 1999. U.S. wholesale volumes decreased .6 million gallons to 2.7 million gallons while the foreign volumes of MP Energy Partnership increased 2.9 million gallons to 25.0 million gallons during the second quarter.

Revenues. Total revenues for the Partnership increased $33.7 million or 49.2% to $102.2 million for the three months ended February 29, 2000 as compared to $68.5 million for the same three-month period last year. The current period's domestic retail propane revenues increased $28.1 million or 51.2% to $83.0 million versus the prior year's comparable period results of $54.9 million due to increased volumes and higher selling prices. The U.S. wholesale revenues increased slightly to $1.7 million as compared to $1.5 million for the period ended February 28, 1999, due to higher selling prices. Other revenues increased $1.5 million or 25.9% to $7.3 million as a result of acquisitions and internal growth. Foreign revenues increased $3.9 million for the three months ended February 29, 2000, to $10.2 million as compared to $6.3 million for the three months ended February 28, 1999, primarily as a result of higher selling prices and increased volume. Sales price per gallon during the three months ended February 29, 2000 continued to remain above last year's level due to the higher cost of propane as compared to the same period last year.

Cost of Sales. Total cost of sales increased $25.5 million or 80.2% to $57.3 million for the three months ended February 29, 2000 as compared to $31.8 million for the three months ended February 28, 1999. This increase is the result of a significant increase in the wholesale propane prices that started during the first quarter as compared to the low wholesale costs experienced in the same period last fiscal year and the increase in gallons sold for the period. Retail fuel cost of sales increased $20.8 million or 90.4% to $43.8 million in the second quarter of fiscal 2000, compared to $23.0 million in the second quarter of fiscal 1999 due to the impact of the increase in wholesale fuel cost and retail volumes. Foreign cost of sales increased $4.0 million for the same reasons. Other cost of sales also increased $.6 million in the second quarter comparison in correlation to the increase in other revenues and total domestic wholesale cost increased from $1.3 million to $1.4 million.

Gross Profit. Total gross profit increased $8.2 million or 22.3% to $44.9 million for the three months ended February 29, 2000, as compared to $36.7 million for the three months ended February 28, 1999 due to the increases in retail volumes and revenues discussed above, offset by the increase in product costs.

Operating Expenses. Operating expenses increased $3.7 million or 27.8% to $17.0 million in the second quarter of fiscal 2000 as compared to $13.3 million in the second quarter of fiscal 1999 primarily due to acquisition related operating expenses.

Selling, General and Administrative. Selling, general and administrative expenses were $1.9 million for the three months ended February 29, 2000, an increase of $.2 million from the $1.7 million reported for the same three month period last year.

Depreciation and Amortization. Depreciation and amortization increased $1.0 million for the second quarter ended February 29, 2000 to $4.7 million as compared to $3.7 million for the second quarter ended February 28, 1999. This increase is primarily the result of additional depreciation and amortization cost on the fixed assets and intangible assets recorded in connection with acquisitions.

Operating Income. Operating income for the three months ended February 29, 2000, increased $3.3 million, or 18.3%, to $21.3 million as compared to $18.0 million for the same three-month period last fiscal year. This increase is primarily attributable to the increased gross profit offset by the acquisition related increase in operating expenses.

Net Income. The second quarter of fiscal 2000 recorded net income of $17.0 million, a $2.6 million, or 18.1% increase over the net income of $14.4 million for the second quarter of fiscal 2000. This increase is the result of the increase in operating income described above and offset by an increase in interest costs.

EBITDA. Earnings before interest, taxes, depreciation and amortization increased $4.5 million to $27.0 million for the second quarter ended February 29, 2000, as compared to the revised second quarter 1999 EBITDA of $22.5 million. The second quarter 1999 EBITDA was revised to account for the non-cash compensation expense that was previously included. The Partnership's EBITDA includes the EBITDA of investees, but does not include the EBITDA of the minority interest of M-P Energy Partnership. EBITDA should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations), but provides additional information for evaluating the Partnership's ability to make the Minimum Quarterly Distribution.

SIX MONTHS ENDED FEBRUARY 29, 2000 COMPARED TO THE SIX MONTHS ENDED FEBRUARY 28, 1999.

Volume. The Partnership sold 116.2 million retail gallons in the six months ended February 29, 2000, an increase of 17.8 million gallons or 18.1% over the 98.4 million gallons sold in the six months ended February 28, 1999. This increase was primarily attributable to acquisition-related volumes and to a lesser extent internal growth, offset by warmer than normal weather.

The Partnership also sold approximately 49.0 million wholesale gallons the first six months of fiscal 2000, an increase of 3.3 million gallons or 7.2% from the 45.7 million wholesale gallons sold during the same period last year. U.S. wholesale volumes decreased .5 million gallons to 4.5 million gallons while the foreign volumes of MP Energy Partnership increased 3.8 million gallons to 44.5 million gallons during this time period.

Revenues. Total revenues for the Partnership increased $44.0 million or 40.0% to $154.0 million for the six months ended February 29, 2000 as compared to $110.0 million for the same six-month period last year. The current period's domestic retail propane revenues increased $35.3 million or 41.9% to $119.5 million versus the prior year's comparable period results of $84.2 million due to increased volumes and higher selling prices. The U.S. wholesale revenues increased slightly to $2.6 million as compared to $2.2 million for the six month period ended February 28, 1999, due to higher selling prices. Other revenues increased $2.6 million or 21.3% to $14.8 million as a result of acquisitions and internal growth. Foreign revenues increased $5.7 million for the six months ended February 29, 2000, to $17.1 million as compared to $11.4 million for the six months ended February 28, 1999, primarily as a result of higher selling prices and increased volume. Sales price per gallon during the six months ended February 29, 2000 continued to remain above last year's level due to the higher cost of propane as compared to the same period last year.

Cost of Sales. Total cost of sales increased $34.9 million or 67.5% to $86.6 million for the six months ended February 29, 2000 as compared to $51.7 million for the six months ended February 28, 1999. This increase is the result of a significant increase in the wholesale propane prices that started during the first quarter as compared to the low wholesale costs experienced in the same period last fiscal year and the increase in gallons sold. Retail fuel cost of sales increased $27.8 million or 79.0% to $63.0 million during the six months ended February 29, 2000, compared to $35.2 million for the same time period of fiscal 1999. Foreign wholesale cost of sales also reflected an increase, going from $10.5 million for the six months ended February 28, 1999 to $16.0 million for the six months ended February 29, 2000. These increases were due to the impact of the increase in the cost of propane and increased volumes in these areas. U.S. wholesale cost of sales increased $.4 million as a result of the higher cost of fuel. Other cost of sales also increased $1.2 million during the six-month comparison in correlation to the increase in other revenues.

Gross Profit. Total gross profit increased $9.1 million or 15.6% to $67.4 million for the six months ended February 29, 2000, as compared to $58.3 million for the six months ended February 28, 1999 due to the increases in volumes sold and revenues discussed above, offset by the increase in product costs. The Partnership was able to recoup part of its margins during the latter part of the second quarter, narrowing the gap as compared to last fiscal year's margins.

Operating Expenses. Operating expenses increased $5.1 million or 20.0% to $30.6 million in the six months ended February 29, 2000 as compared to $25.5 million in the six months ended February 28, 1999 primarily due to acquisition related operating expenses.

Selling, General and Administrative. Selling, general and administrative expenses were $3.3 million for the six months ended February 29, 2000, an increase of $.3 million from the $3.0 million reported for the six months ended February 28, 1999.

Depreciation and Amortization. Depreciation and amortization increased $1.5 million for the six months ended February 29, 2000 to $8.7 million as compared to $7.2 million for the same period last year. This increase is primarily the result of additional depreciation and amortization cost on the fixed assets and intangible assets recorded in connection with acquisitions.

Operating Income. Operating income for the six months ended February 29, 2000, increased $2.1 million, or 9.3%, to $24.7 million as compared to $22.6 million for the same six-month period last fiscal year. This increase is primarily attributable to the increased gross profit offset by the acquisition related increase in operating expenses, depreciation and amortization.

Net Income. Net income for the six months ended February 29, 2000 was $16.2 million as compared to the net income of $15.6 million for the same period last year. The $.6 million increase is the result of the increase in operating income described above and offset by an increase in interest costs.

EBITDA. Earnings before interest, taxes, depreciation and amortization increased $3.7 million to $34.7 million for the six months ended February 29, 2000, as compared to the revised six month 1999 EBITDA of $31.0 million. The 1999 EBITDA was revised to account for the non-cash compensation expense that was previously included. The Partnership's EBITDA includes the EBITDA of investees, but does not include the EBITDA of the minority interest of M-P Energy Partnership. EBITDA should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations), but provides additional information for evaluating the Partnership's ability to make the Minimum Quarterly Distribution.

LIQUIDITY AND CAPITAL RESOURCES

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

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

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

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

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

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

CASH FLOWS

Operating Activities. Cash provided by operating activities during the six months ended February 29, 2000, was $14.2 million compared to cash provided of $16.1 million in the six months ended February 28, 1999. The net cash provided from operations for the six months ended February 29, 2000 consisted of net income of $16.2 million and the impact of working capital used of $10.0 offset by noncash charges of $8.0 million, principally depreciation and amortization. Accounts receivable have increased significantly over last year as a result of the net effect of the increase in propane costs which in part was passed on to the customers and a larger customer base due to acquisitions. Accounts payable has also increased significantly also due to the same related reasons of increased cost of propane and acquisitions.

Investing Activities. The Partnership has had an active acquisition season during the six months ended February 29, 2000 spending $43.6 million, net of cash received, to purchase propane companies. This capital expenditure amount is reflected in the cash used in investing activities of $51.8 million along with $8.8 million spent for maintenance needed to sustain operations at current levels and customer tanks to support growth of operations.

Financing Activities. Cash provided by financing activities during the second quarter of fiscal 2000 of $39.9 million is primarily the result of net proceeds received in an equity offering of 1,200,000 Common Units representing limited partner interest in Heritage Propane Partners, L.P. utilizing the Partnership's Registration Statement No. 333-86057 on Form S-3 dated September 13, 1999. The underwriters delivered the Common Units to purchasers on October 28, 1999, at a public offering price of $22.00 per Common Unit. The net proceeds of approximately $24 million were used to repay a portion of the outstanding indebtedness under the acquisition facility that was incurred to acquire propane businesses. Other cash provided by financing activities of $26.4 million was mainly from a net increase in the working capital facility of $3.9 million and a net increase in long-term debt of $22.2 million used to acquire other propane businesses. These increases were offset by cash distributions to unitholders of $10.5 million.

FINANCING AND SOURCES OF LIQUIDITY

The Partnership has a Bank Credit Facility, which includes a Working Capital Facility, a revolving credit facility providing for up to $35.0 million of borrowings to be used for working capital and other general partnership purposes, and an Acquisition Facility, a revolving credit facility providing for up to $50.0 million of borrowings to be used for acquisitions and improvements. As of February 29, 2000, the Acquisition Facility had $8.7 million available to fund future acquisitions and the Working Capital Facility had $11.2 million available for borrowings.

The Partnership uses its cash provided by operating and financing activities to provide distributions to unitholders and to fund acquisition, maintenance and growth capital expenditures. Acquisition capital expenditures, which include expenditures related to the acquisition of retail propane operations and intangibles associated with such acquired businesses, were $43.6 million for the six months ended February 29, 2000, as compared to $5.9 million during the same period of fiscal 1999. In addition to the $43.6 million of cash expended for acquisitions during the first six months of fiscal 2000, $2.8 million of Common Units and $3.0 million for notes payable on non-compete agreements were issued in connection with certain acquisitions and $1.0 million of liabilities were assumed.

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

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

YEAR 2000 MATTERS

The Partnership has not experienced any significant problems arising from Year 2000 system failures or disruption of service from its information technology ("IT") such as hardware and software and its non-IT systems, or embedded technology. The Partnership also believes that no significant vendors or suppliers and other third parties experienced any interruptions due to the Year 2000 issues that would have any effect on the Partnership's operations.

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

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

PART II - OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

(c) During the three months ended February 29, 2000, the Partnership issued 19,574 Common Units ("Units") in exchange for certain assets in connection with the acquisition of a propane business for a total value of $.4 million. These Units were issued utilizing the Partnership's Registration Statement No. 333-40407 on Form S-4. In addition, the partnership issued 49,650 Common Units to Heritage Holdings Inc., the Partnership's General Partner. Subsequent to February 29, 2000, the Partnership issued additional 58,318 Common Units to the General Partner. The Common Units issued to the General Partner were issued in connection with the assumption of certain liabilities by the General Partner from the Partnership's prior acquisition of certain assets of other propane companies. The General Partner's Units were not registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended, by virtue of an exemption under Section 4(2) thereof. All of the above Common Units carry a restrictive legend with regard to transfer of the Units.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

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

	Exhibit Number	Description
(1)	3.1	Agreement of Limited Partnership of Heritage Propane Partners, L.P.
(7)	10.1	First Amended and Restated Credit Agreement with Banks Dated May 31, 1999
(8)	10.1.1	First Amendment to the First Amended and Restated Credit Agreement dated as of October 15, 1999
(1)	10.2	Form of Note Purchase Agreement (June 25, 1996)
(3)	10.2.1	Amendment of Note Purchase Agreement (June 25, 1996) dated as of July 25, 1996
(4)	10.2.2	Amendment of Note Purchase Agreement (June 25, 2996) dated as of March 11, 1997
(6)	10.2.3	Amendment of Note Purchase Agreement (June 25, 1996) dated as of October 15, 1998
(8)	10.2.4	Second Amendment Agreement dated September 1, 1999 to June 25, 1996 Note Purchase Agreement
(1)	10.3	Form of Contribution, Conveyance and Assumption Agreement among Heritage Holdings, Inc., Heritage Propane Partners, L.P. and Heritage Operating, L.P.
(1)	10.6	Restricted Unit Plan
(4)	10.6.1	Amendment of Restricted Unit Plan dated as of October 17, 1996
(2)	10.7	Employment Agreement for James E. Bertelsmeyer
(1)	10.8	Employment Agreement for R. C. Mills
(1)	10.9	Employment Agreement for G.A. Darr
(1)	10.10	Employment Agreement for H. Michael Krimbill
(6)	10.11	Employment Agreement for Bradley K. Atkinson
(7)	10.12	First Amended and Restated Revolving Credit Agreement between Heritage Service Corp. and Banks Dated May 31, 1999

	Exhibit Number	Description
(5)	10.16	Note Purchase Agreement dated as of November 19, 1997
(6)	10.16.1	Amendment dated October 15, 1998 to November 19, 1997 Note Purchase Agreement
(8)	10.16.2	Second Amendment Agreement dated September 1, 1999 to November 19, 1997 Note Purchase Agreement and June 25, 1996 Note Purchase Agreement
(8)	21.1	List of Subsidiaries
	27.1	Financial Data Schedule - Filed with EDGAR version only
(8)	99.1	Balance Sheet of Heritage Holdings, Inc. as of August 31, 1999

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

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

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

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

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

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

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

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

(b) Reports on Form 8-K

None.

SIGNATURE

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

HERITAGE PROPANE PARTNERS, L.P.

By: Heritage Holdings, Inc., General Partner

Date: April 12, 2000

By: /s/ H. MICHAEL KRIMBILL

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

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