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, 2016

or

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

Commission file number 1-11727

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

Delaware	**73-1493906**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

8111 Westchester Drive, Suite 600, Dallas, Texas 75225
(Address of principal executive offices) (zip code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant 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 (§232.405 of this chapter) 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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

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

At April 29, 2016, the registrant had 518,715,341 Common Units outstanding.

FORM 10-Q

ENERGY TRANSFER PARTNERS, L.P. AND SUBSIDIARIES

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Forward-Looking Statements

Certain matters discussed in this report, excluding historical information, as well as some statements by Energy Transfer Partners, L.P. (the "Partnership," or "ETP") in periodic press releases and some oral statements of the Partnership's officials during presentations about the Partnership, include forward-looking statements. These forward-looking statements are identified as any statement that does not relate strictly to historical or current facts. Statements using words such as "anticipate," "believe," "intend," "project," "plan," "expect," "continue," "estimate," "goal," "forecast," "may," "will" or similar expressions help identify forward-looking statements. Although the Partnership and its general partner believe such forward-looking statements are based on reasonable assumptions and current expectations and projections about future events, no assurance can be given that such assumptions, expectations, or projections will prove to be correct. Forward-looking statements are subject to a variety of risks, uncertainties and assumptions. If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, the Partnership's actual results may vary materially from those anticipated, projected or expected, forecasted, estimated or expressed in forward-looking statements since many of the factors that determine these results are subject to uncertainties and risks that are difficult to predict and beyond management's control. For additional discussion of risks, uncertainties and assumptions, see "Part I – Item 1A. Risk Factors" in the Partnership's Report on Form 10-K for the year ended December 31, 2015 filed with the Securities and Exchange Commission on February 29, 2016.

Definitions

The following is a list of certain acronyms and terms generally used in the energy industry and throughout this document:

/d	per day
AmeriGas	AmeriGas Partners, L.P.
AOCI	accumulated other comprehensive income (loss)
Bbls	barrels
Btu	British thermal unit, an energy measurement used by gas companies to convert the volume of gas used to its heat equivalent, and thus calculate the actual energy used
Capacity	capacity of a pipeline, processing plant or storage facility refers to the maximum capacity under normal operating conditions and, with respect to pipeline transportation capacity, is subject to multiple factors (including natural gas injections and withdrawals at various delivery points along the pipeline and the utilization of compression) which may reduce the throughput capacity from specified capacity levels
Citrus	Citrus, LLC
CrossCountry	CrossCountry Energy, LLC
ETC Compression	ETC Compression, LLC
ETC FEP	ETC Fayetteville Express Pipeline, LLC
ETC MEP	ETC Midcontinent Express Pipeline, L.L.C.
ETC OLP	La Grange Acquisition, L.P., which conducts business under the assumed name of Energy Transfer Company
ETC Tiger	ETC Tiger Pipeline, LLC
ETE	Energy Transfer Equity, L.P., a publicly traded partnership and the owner of ETP LLC
ET Interstate	Energy Transfer Interstate Holdings, LLC
ET Rover	ET Rover Pipeline LLC
ETP Credit Facility	ETP's $3.75 billion revolving credit facility
ETP GP	Energy Transfer Partners GP, L.P., the general partner of ETP
ETP Holdco	ETP Holdco Corporation
ETP LLC	Energy Transfer Partners, L.L.C., the general partner of ETP GP
Exchange Act	Securities Exchange Act of 1934
FEP	Fayetteville Express Pipeline LLC
FERC	Federal Energy Regulatory Commission

FGT	Florida Gas Transmission Company, LLC
GAAP	accounting principles generally accepted in the United States of America
HPC	RIGS Haynesville Partnership Co. and its wholly-owned subsidiary, Regency Intrastate Gas LP
IDRs	incentive distribution rights
Lake Charles LNG	Lake Charles LNG Company, LLC (previously named Trunkline LNG Company, LLC), a subsidiary of ETE
LIBOR	London Interbank Offered Rate
LNG	liquefied natural gas
Lone Star	Lone Star NGL LLC
MEP	Midcontinent Express Pipeline LLC
MMBtu	million British thermal units
MTBE	methyl tertiary butyl ether
NGL	natural gas liquid, such as propane, butane and natural gasoline
NYMEX	New York Mercantile Exchange
OSHA	federal Occupational Safety and Health Act
OTC	over-the-counter
Panhandle	Panhandle Eastern Pipe Line Company, LP and its subsidiaries
PCBs	polychlorinated biphenyls
PES	Philadelphia Energy Solutions
PHMSA	Pipeline Hazardous Materials Safety Administration
Preferred Units	ETP Series A cumulative convertible preferred units
Regency	Regency Energy Partners LP
Retail Holdings	ETP Retail Holdings, LLC, a joint venture between subsidiaries of ETC OLP and Sunoco, Inc.
Sea Robin	Sea Robin Pipeline Company, LLC, a subsidiary of Panhandle
SEC	Securities and Exchange Commission
Southern Union	Southern Union Company
Sunoco Logistics	Sunoco Logistics Partners L.P.
Sunoco LP	Sunoco LP (previously named Susser Petroleum Partners, LP)
Transwestern	Transwestern Pipeline Company, LLC
Trunkline	Trunkline Gas Company, LLC, a subsidiary of Panhandle

Adjusted EBITDA is a term used throughout this document, which we define as earnings before interest, taxes, depreciation, depletion, amortization and other non-cash items, such as non-cash compensation expense, gains and losses on disposals of assets, the allowance for equity funds used during construction, unrealized gains and losses on commodity risk management activities, non-cash impairment charges, losses on extinguishments of debt, gain on deconsolidation and other non-operating income or expense items. Unrealized gains and losses on commodity risk management activities include unrealized gains and losses on commodity derivatives and inventory fair value adjustments (excluding lower of cost or market adjustments). Adjusted EBITDA reflects amounts for less than wholly-owned subsidiaries based on 100% of the subsidiaries' results of operations and for unconsolidated affiliates based on the Partnership's proportionate ownership.

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS
ENERGY TRANSFER PARTNERS, L.P. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in millions)
(unaudited)

	March 31, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 715	$ 527
Accounts receivable, net	2,080	2,118
Accounts receivable from related companies	173	268
Inventories	1,147	1,213
Derivative assets	24	40
Other current assets	620	532
Total current assets	4,759	4,698
Property, plant and equipment	51,761	50,869
Accumulated depreciation and depletion	(5,974)	(5,782)
	45,787	45,087
Advances to and investments in unconsolidated affiliates	5,020	5,003
Non-current derivative assets	16	—
Other non-current assets, net	514	536
Intangible assets, net	4,080	4,421
Goodwill	4,139	5,428
Total assets	$ 64,315	$ 65,173

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

ENERGY TRANSFER PARTNERS, L.P. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in millions)
(unaudited)

LIABILITIES AND EQUITY	March 31, 2016	December 31, 2015
Current liabilities:		
Accounts payable	$ 2,002	$ 1,859
Accounts payable to related companies	46	25
Derivative liabilities	74	63
Accrued and other current liabilities	1,864	2,048
Current maturities of long-term debt	925	126
Total current liabilities	4,911	4,121
Long-term debt, less current maturities	26,769	28,553
Long-term notes payable – related company	223	233
Non-current derivative liabilities	213	137
Deferred income taxes	4,495	4,082
Other non-current liabilities	939	968
Commitments and contingencies		
Series A Preferred Units	33	33
Redeemable noncontrolling interests	15	15
Equity:		
General Partner	314	306
Limited Partners:		
Common Unitholders	16,343	17,043
Class H Unitholder	3,471	3,469
Class I Unitholder	2	14
Accumulated other comprehensive income (loss)	(10)	4
Total partners' capital	20,120	20,836
Noncontrolling interest	6,597	6,195
Total equity	26,717	27,031
Total liabilities and equity	$ 64,315	$ 65,173

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

ENERGY TRANSFER PARTNERS, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in millions, except per unit data)
(unaudited)

	Three Months Ended March 31,	
	2016	2015
REVENUES:		
Natural gas sales	$ 838	$ 1,034
NGL sales	940	981
Crude sales	1,210	2,208
Gathering, transportation and other fees	960	993
Refined product sales	245	3,656
Other	288	1,454
Total revenues	4,481	10,326
COSTS AND EXPENSES:		
Cost of products sold	2,968	8,496
Operating expenses	348	610
Depreciation, depletion and amortization	470	479
Selling, general and administrative	81	133
Total costs and expenses	3,867	9,718
OPERATING INCOME	614	608
OTHER INCOME (EXPENSE):		
Interest expense, net	(319)	(310)
Equity in earnings of unconsolidated affiliates	76	57
Losses on interest rate derivatives	(70)	(77)
Other, net	17	7
INCOME BEFORE INCOME TAX EXPENSE (BENEFIT)	318	285
Income tax expense (benefit)	(58)	17
NET INCOME	376	268
Less: Net income (loss) attributable to noncontrolling interest	65	(6)
Less: Net loss attributable to predecessor	—	(7)
NET INCOME ATTRIBUTABLE TO PARTNERS	311	281
General Partner’s interest in net income	297	242
Class H Unitholder’s interest in net income	79	54
Class I Unitholder’s interest in net income	2	33
Common Unitholders’ interest in net loss	$ (67)	$ (48)
NET LOSS PER COMMON UNIT:		
Basic	$ (0.15)	$ (0.17)
Diluted	$ (0.15)	$ (0.17)

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

ENERGY TRANSFER PARTNERS, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Dollars in millions)
(unaudited)

	Three Months Ended March 31,	
	2016	2015
Net income	$ 376	$ 268
Other comprehensive income (loss), net of tax:		
Change in value of derivative instruments accounted for as cash flow hedges	—	1
Change in value of available-for-sale securities	2	1
Actuarial gain (loss) relating to pension and other postretirement benefit plans	(9)	45
Foreign currency translation adjustments	(1)	(2)
Change in other comprehensive income from unconsolidated affiliates	(6)	(2)
	(14)	43
Comprehensive income	362	311
Less: Comprehensive income (loss) attributable to noncontrolling interest	65	(6)
Less: Comprehensive loss attributable to predecessor	—	(7)
Comprehensive income attributable to partners	$ 297	$ 324

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

ENERGY TRANSFER PARTNERS, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2016
(Dollars in millions)
(unaudited)

		Limited Partners					
	General Partner	Common Units	Class H Units	Class I Units	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest	Total
Balance, December 31, 2015	$ 306	$ 17,043	$ 3,469	$ 14	$ 4	$ 6,195	$ 27,031
Distributions to partners	(289)	(517)	(77)	(14)	—	—	(897)
Distributions to noncontrolling interest	—	—	—	—	—	(100)	(100)
Units issued for cash	—	363	—	—	—	—	363
Subsidiary units issued for cash	—	5	—	—	—	296	301
Capital contributions from noncontrolling interest	—	—	—	—	—	132	132
Sunoco, Inc. retail business to Sunoco LP transaction	—	(496)	—	—	—	—	(496)
Other comprehensive income, net of tax	—	—	—	—	(14)	—	(14)
Other, net	—	12	—	—	—	9	21
Net income (loss)	297	(67)	79	2	—	65	376
Balance, March 31, 2016	$ 314	$ 16,343	$ 3,471	$ 2	$ (10)	$ 6,597	$ 26,717

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

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

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
OPERATING ACTIVITIES		
Net income	$ 376	$ 268
Reconciliation of net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	470	479
Deferred income taxes	(57)	26
Amortization included in interest expense	(7)	(13)
Inventory valuation adjustments	26	34
Unit-based compensation expense	19	20
Distributions on unvested awards	(7)	(3)
Equity in earnings of unconsolidated affiliates	(76)	(57)
Distributions from unconsolidated affiliates	84	64
Other non-cash	(12)	(11)
Net change in operating assets and liabilities, net of effects of acquisition	144	(207)
Net cash provided by operating activities	960	600
INVESTING ACTIVITIES		
Proceeds from the Sunoco, Inc. retail business to Sunoco LP transaction	2,200	—
Proceeds from Bakken Pipeline Transaction	—	980
Proceeds from sale of noncontrolling interest	—	64
Cash paid for acquisition of a noncontrolling interest	—	(129)
Cash paid for all other acquisitions	—	(370)
Capital expenditures, excluding allowance for equity funds used during construction	(1,819)	(2,149)
Contributions in aid of construction costs	10	4
Contributions to unconsolidated affiliates	(31)	(34)
Distributions from unconsolidated affiliates in excess of cumulative earnings	51	34
Proceeds from the sale of assets	8	9
Change in restricted cash	(1)	—
Other	(3)	(6)
Net cash provided by (used in) investing activities	415	(1,597)
FINANCING ACTIVITIES		
Proceeds from borrowings	2,938	7,039
Repayments of long-term debt	(3,914)	(5,073)
Units issued for cash	363	135
Subsidiary units issued for cash	301	689
Predecessor units issued for cash	—	34
Capital contributions from noncontrolling interest	132	219
Distributions to partners	(897)	(558)
Predecessor distributions to partners	—	(203)
Distributions to noncontrolling interest	(100)	(77)
Debt issuance costs	—	(23)
Other	(10)	—
Net cash provided by (used in) financing activities	(1,187)	2,182
Increase in cash and cash equivalents	188	1,185
Cash and cash equivalents, beginning of period	527	663
Cash and cash equivalents, end of period	$ 715	$ 1,848

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

ENERGY TRANSFER PARTNERS, L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Tabular dollar and unit amounts, except per unit data, are in millions)
(unaudited)

1. ORGANIZATION AND BASIS OF PRESENTATION

Organization

Energy Transfer Partners, L.P., a publicly traded Delaware master limited partnership, and its subsidiaries (collectively, the "Partnership," "we," "us," "our" or "ETP") are managed by our general partner, ETP GP, which is in turn managed by its general partner, ETP LLC. ETE, a publicly traded master limited partnership, owns ETP LLC. The consolidated financial statements of the Partnership presented herein include our operating subsidiaries described below.

Our activities are primarily conducted through our operating subsidiaries (collectively, the "Operating Companies") as follows:

- ETC OLP, a Texas limited partnership primarily engaged in midstream and intrastate transportation and storage natural gas operations. ETC OLP owns and operates, through its wholly and majority-owned subsidiaries, natural gas gathering systems, intrastate natural gas pipeline systems and gas processing plants and is engaged in the business of purchasing, gathering, transporting, processing, and marketing natural gas and NGLs in the states of Texas, Louisiana, New Mexico and West Virginia. ETC OLP's intrastate transportation and storage operations primarily focus on transporting natural gas in Texas through our Oasis pipeline, ET Fuel System, East Texas pipeline and HPL System. ETC OLP's midstream operations focus on the gathering, compression, treating, conditioning and processing of natural gas, primarily on or through our Southeast Texas System, Eagle Ford System, North Texas System and Northern Louisiana assets.
- ET Interstate, a Delaware limited liability company with revenues consisting primarily of fees earned from natural gas transportation services and operational gas sales. ET Interstate is the parent company of:
  - Transwestern, a Delaware limited liability company engaged in interstate transportation of natural gas. Transwestern's revenues consist primarily of fees earned from natural gas transportation services and operational gas sales.
  - ETC FEP, a Delaware limited liability company that directly owns a 50% interest in FEP, which owns 100% of the Fayetteville Express interstate natural gas pipeline.
  - ETC Tiger, a Delaware limited liability company engaged in interstate transportation of natural gas.
  - CrossCountry, a Delaware limited liability company that indirectly owns a 50% interest in Citrus, which owns 100% of the FGT interstate natural gas pipeline.
  - ETC MEP, a Delaware limited liability company that directly owns a 50% interest in MEP.
- ETC Compression, a Delaware limited liability company engaged in natural gas compression services and related equipment sales.
- ETP Holdco, a Delaware limited liability company that indirectly owns Panhandle and Sunoco, Inc. Panhandle owns and operates assets in the regulated and unregulated natural gas industry and is primarily engaged in the transportation and storage of natural gas in the United States. Sunoco, Inc. owned and operated retail marketing assets, which were contributed to Sunoco LP in March 2016, as discussed in Note 2. Subsequent to this transaction, Sunoco Inc.'s assets primarily consist of its ownership in Retail Holdings, which owns noncontrolling interests in Sunoco LP and PES.
- Sunoco Logistics, a publicly traded Delaware limited partnership that owns and operates a logistics business, consisting of a geographically diverse portfolio of complementary crude oil, NGLs, and refined products pipeline, terminalling, and acquisition and marketing assets which are used to facilitate the purchase and sale of crude oil, NGLs and refined products.
- Effective July 1, 2015, ETE acquired 100% of the membership interests of Sunoco GP LLC, the general partner of Sunoco LP, and all of the IDRs of Sunoco LP from ETP, and in exchange, ETE transferred to ETP 21 million ETP common units. These operations were reported within the retail marketing segment. In connection with this transaction, the Partnership deconsolidated Sunoco LP, and its remaining investment in Sunoco LP is accounted for under the equity method. Additionally, in March 2016 and as discussed in Note 2, ETP contributed to Sunoco LP its remaining 68.42% interest in Sunoco, LLC and 100% interest in the legacy Sunoco, Inc. retail business.

Our financial statements reflect the following reportable business segments:

- intrastate transportation and storage;

- interstate transportation and storage;
- midstream;
- liquids transportation and services;
- investment in Sunoco Logistics;
- retail marketing; and
- all other.

Basis of Presentation

The unaudited financial information included in this Form 10-Q has been prepared on the same basis as the audited consolidated financial statements included in the Partnership's Annual Report on Form 10-K for the year ended December 31, 2015. In the opinion of the Partnership's management, such financial information reflects all adjustments necessary for a fair presentation of the financial position and the results of operations for such interim periods in accordance with GAAP. All intercompany items and transactions have been eliminated in consolidation. Certain information and footnote disclosures normally included in annual consolidated financial statements prepared in accordance with GAAP have been omitted pursuant to the rules and regulations of the SEC.

Certain prior period amounts have been reclassified to conform to the current year presentation. These reclassifications had no impact on net income or total equity.

Merger with Regency. On April 30, 2015, a wholly-owned subsidiary of the Partnership merged with Regency, with Regency surviving as a wholly-owned subsidiary of the Partnership (the "Regency Merger"). The Regency Merger was a combination of entities under common control; therefore, Regency's assets and liabilities were not adjusted. The Partnership's consolidated financial statements have been retrospectively adjusted to reflect consolidation of Regency for all prior periods subsequent to May 26, 2010 (the date ETE acquired Regency's general partner).

Use of Estimates

The unaudited consolidated financial statements have been prepared in conformity with GAAP, which includes the use of estimates and assumptions made by management that affect the reported amounts of assets, liabilities, revenues, expenses and disclosure of contingent assets and liabilities that exist at the date of the consolidated financial statements. Although these estimates are based on management's available knowledge of current and expected future events, actual results could be different from those estimates.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"), which clarifies the principles for recognizing revenue based on 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 to which the entity expects to be entitled in exchange for those goods or services. In August 2015, the FASB deferred the effective date of ASU 2014-09, which is now effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early adoption is permitted as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within those annual periods. ASU 2014-09 can be adopted either retrospectively to each prior reporting period presented or as a cumulative-effect adjustment as of the date of adoption. In March 2016, FASB issued Accounting Standards Update No. 2016-08 to clarify the implementation guidance on principal versus agent considerations. In April 2016, the FASB issued Accounting Standards Update No. 2016-10 to clarify guidance related to identifying performance obligations and licensing implementation guidance contained in the new revenue recognition standard. The Partnership is currently evaluating the impact, if any, that adopting this new accounting standard will have on our revenue recognition policies.

In February 2015, the FASB issued Accounting Standards Update No. 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis* ("ASU 2015-02"), which changed the requirements for consolidations analysis. Under ASU 2015-02, reporting entities are required to evaluate whether they should consolidate certain legal entities. The Partnership adopted this standard on January 1, 2016, and the adoption did not impact the Partnership's financial position or results of operations.

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, *Leases (Topic 842*) ("ASU 2016-02"), which establishes 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. Early adoption is permitted. The Partnership is currently evaluating the impact that it will have on the consolidated financial statements and related disclosures.

In March 2016, the FASB issued Accounting Standards Update No. 2016-09, *Stock Compensation (Topic 718)* ("ASU 2016-09"). The objective of the update is to reduce complexity in accounting standards. The areas for simplification in this update involve several aspects of the accounting for employee share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. In addition, the amendments in this update eliminate the guidance in Topic 718 that was indefinitely deferred shortly after the issuance of FASB Statement No. 123 (revised 2004), *Share-Based Payment*. ASU 2016-09 is effective for fiscal years beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted. The Partnership is currently evaluating the impact that it will have on the consolidated financial statements and related disclosures.

2. CONTRIBUTION TRANSACTION

Sunoco Retail to Sunoco LP

In March 2016, ETP contributed to Sunoco LP its remaining 68.42% interest in Sunoco, LLC and 100% interest in the legacy Sunoco, Inc. retail business for $2.23 billion. Sunoco LP paid $2.20 billion in cash, including a working capital adjustment, and issued 5.7 million Sunoco LP common units to Retail Holdings, a wholly-owned subsidiary of the Partnership. The transaction was effective January 1, 2016. In connection with this transaction, the Partnership deconsolidated the legacy Sunoco, Inc. retail business, including goodwill of $1.29 billion and intangible assets of $294 million. The results of Sunoco LLC and the legacy Sunoco, Inc. retail business' operations have not been presented as discontinued operations and Sunoco, Inc.'s retail business assets and liabilities have not been presented as held for sale in the Partnership's consolidated financial statements.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all cash on hand, demand deposits, and investments with original maturities of three months or less. We consider cash equivalents to include short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

We place our cash deposits and temporary cash investments with high credit quality financial institutions. At times, our cash and cash equivalents may be uninsured or in deposit accounts that exceed the Federal Deposit Insurance Corporation insurance limit.

The net change in operating assets and liabilities, net of acquisitions and deconsolidations, included in cash flows from operating activities is comprised as follows:

	Three Months Ended March 31,	
	2016	2015
Accounts receivable	$ (9)	$ 464
Accounts receivable from related companies	90	46
Inventories	(11)	(35)
Exchanges receivable	3	(1)
Other current assets	(102)	(115)
Other non-current assets, net	11	35
Accounts payable	51	(487)
Accounts payable to related companies	(2)	(103)
Exchanges payable	21	(28)
Accrued and other current liabilities	(17)	(179)
Other non-current liabilities	21	118
Derivative assets and liabilities, net	88	78
Net change in operating assets and liabilities, net of effects of acquisition	$ 144	$ (207)

Non-cash investing and financing activities are as follows:

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
NON-CASH INVESTING ACTIVITIES:		
Accrued capital expenditures	$ 826	$ 658
Sunoco LP limited partner interest received in exchange for contribution of the Sunoco, Inc. retail business to Sunoco LP	194	—
Net gains from subsidiary common unit issuances	5	72
NON-CASH FINANCING ACTIVITIES:		
Issuance of Class H Units in connection with the Bakken Pipeline Transaction	$ —	$ 1,926
Redemption of common units in connection with the Bakken Pipeline Transaction	—	979

4. INVENTORIES

Inventories consisted of the following:

	March 31, 2016	December 31, 2015
Natural gas and NGLs	$ 331	$ 415
Crude oil	453	424
Refined products	132	104
Other	231	270
Total inventories	$ 1,147	$ 1,213

We utilize commodity derivatives to manage price volatility associated with our natural gas inventory. Changes in fair value of designated hedged inventory are recorded in inventory on our consolidated balance sheets and cost of products sold in our consolidated statements of operations.

5. FAIR VALUE MEASURES

Based on the estimated borrowing rates currently available to us and our subsidiaries for loans with similar terms and average maturities, the aggregate fair value and carrying amount of our consolidated debt obligations as of March 31, 2016 was $25.49 billion and $27.69 billion, respectively. As of December 31, 2015, the aggregate fair value and carrying amount of our consolidated debt obligations was $25.71 billion and $28.68 billion, respectively. The fair value of our consolidated debt obligations is a Level 2 valuation based on the observable inputs used for similar liabilities.

We have commodity derivatives, interest rate derivatives and embedded derivatives in the Preferred Units that are accounted for as assets and liabilities at fair value in our consolidated balance sheets. We determine the fair value of our assets and liabilities subject to fair value measurement by using the highest possible “level” of inputs. Level 1 inputs are observable quotes in an active market for identical assets and liabilities. We consider the valuation of marketable securities and commodity derivatives transacted through a clearing broker with a published price from the appropriate exchange as a Level 1 valuation. Level 2 inputs are inputs observable for similar assets and liabilities. We consider OTC commodity derivatives entered into directly with third parties as a Level 2 valuation since the values of these derivatives are quoted on an exchange for similar transactions. Additionally, we consider our options transacted through our clearing broker as having Level 2 inputs due to the level of activity of these contracts on the exchange in which they trade. We consider the valuation of our interest rate derivatives as Level 2 as the primary input, the LIBOR curve, is based on quotes from an active exchange of Eurodollar futures for the same period as the future interest swap settlements. Level 3 inputs are unobservable. Derivatives related to the embedded derivatives in our preferred units are valued using a binomial lattice model. The market inputs utilized in the model include credit spread, probabilities of the occurrence of certain events, common unit price, dividend yield, and expected value, and are considered Level 3. During the three months ended March 31, 2016, no transfers were made between any levels within the fair value hierarchy.

The following tables summarize the fair value of our financial assets and liabilities measured and recorded at fair value on a recurring basis as of March 31, 2016 and December 31, 2015 based on inputs used to derive their fair values:

	Fair Value Total	Fair Value Measurements at March 31, 2016		
		Level 1	Level 2	Level 3
Assets:				
Interest rate derivatives	$ 25	$ —	$ 25	$ —
Commodity derivatives:				
Natural Gas:				
Basis Swaps IFERC/NYMEX	6	6	—	—
Swing Swaps IFERC	1	—	1	—
Fixed Swaps/Futures	67	67	—	—
Forward Physical Swaps	3	—	3	—
Power:				
Forwards	22	—	22	—
Futures	1	1	—	—
Options – Calls	2	2	—	—
Natural Gas Liquids – Forwards/Swaps	34	34	—	—
Refined Products – Futures	3	3	—	—
Crude – Futures	12	12	—	—
Total commodity derivatives	151	125	26	—
Total assets	$ 176	$ 125	$ 51	$ —
Liabilities:				
Interest rate derivatives	$ (267)	$ —	$ (267)	$ —
Embedded derivatives in the Preferred Units	(5)	—	—	(5)
Commodity derivatives:				
Natural Gas:				
Basis Swaps IFERC/NYMEX	(9)	(9)	—	—
Swing Swaps IFERC	(2)	(1)	(1)	—
Fixed Swaps/Futures	(50)	(50)	—	—
Power:				
Forwards	(26)	—	(26)	—
Futures	(1)	(1)	—	—
Natural Gas Liquids – Forwards/Swaps	(33)	(33)	—	—
Refined Products – Futures	(4)	(4)	—	—
Crude – Futures	(5)	(5)	—	—
Total commodity derivatives	(130)	(103)	(27)	—
Total liabilities	$ (402)	$ (103)	$ (294)	$ (5)

	Fair Value Total	Fair Value Measurements at December 31, 2015		
		Level 1	Level 2	Level 3
Assets:				
Commodity derivatives:				
Natural Gas:				
Basis Swaps IFERC/NYMEX	$ 16	$ 16	$ —	$ —
Swing Swaps IFERC	10	2	8	—
Fixed Swaps/Futures	274	274	—	—
Forward Physical Swaps	4	—	4	—
Power:				
Forwards	22	—	22	—
Futures	3	3	—	—
Options – Puts	1	1	—	—
Options – Calls	1	1	—	—
Natural Gas Liquids – Forwards/Swaps	99	99	—	—
Refined Products – Futures	9	9	—	—
Crude – Futures	9	9	—	—
Total commodity derivatives	448	414	34	—
Total assets	$ 448	$ 414	$ 34	$ —
Liabilities:				
Interest rate derivatives	$ (171)	$ —	$ (171)	$ —
Embedded derivatives in the Preferred Units	(5)	—	—	(5)
Commodity derivatives:				
Natural Gas:				
Basis Swaps IFERC/NYMEX	(16)	(16)	—	—
Swing Swaps IFERC	(12)	(2)	(10)	—
Fixed Swaps/Futures	(203)	(203)	—	—
Power:				
Forwards	(22)	—	(22)	—
Futures	(2)	(2)	—	—
Options – Puts	(1)	(1)	—	—
Natural Gas Liquids – Forwards/Swaps	(89)	(89)	—	—
Crude – Futures	(5)	(5)	—	—
Total commodity derivatives	(350)	(318)	(32)	—
Total liabilities	$ (526)	$ (318)	$ (203)	$ (5)

The following table presents a reconciliation of the beginning and ending balances for our Level 3 financial instruments measured at fair value on a recurring basis using significant unobservable inputs for the three months ended March 31, 2016.

Balance, December 31, 2015	$ (5)
Net unrealized gains included in other income (expense)	—
Balance, March 31, 2016	$ (5)

6. NET LOSS PER LIMITED PARTNER UNIT

Net income for partners' capital and statement of operations presentation purposes is allocated to the General Partner and Limited Partners in accordance with their respective partnership percentages, after giving effect to priority income allocations for incentive distributions, if any, to the General Partner, the holder of the IDRs pursuant to the Partnership Agreement, which are declared and paid following the close of each quarter. Earnings in excess of distributions are allocated to the General Partner and Limited Partners based on their respective ownership interests. Loss attributable to predecessor represents amounts allocated to the former Regency partners and have no impact on net income (loss) per unit for the periods prior to the Regency Merger.

A reconciliation of net income and weighted average units used in computing basic and diluted net loss per unit is as follows:

	Three Months Ended March 31,	
	2016	2015
Net income	$ 376	$ 268
Less: Income (loss) attributable to noncontrolling interest	65	(6)
Less: Loss attributable to predecessor	—	(7)
Net income, net of noncontrolling interest and predecessor income	311	281
General Partner’s interest in net income	297	242
Class H Unitholder’s interest in net income	79	54
Class I Unitholder’s interest in net income	2	33
Common Unitholders’ interest in net loss	(67)	(48)
Additional earnings allocated to General Partner	(3)	(2)
Distributions on employee unit awards, net of allocation to General Partner	(5)	(4)
Net loss available to Common Unitholders	$ (75)	$ (54)
Weighted average Common Units – basic and diluted [(1)]	490.2	323.8
Basic net loss per Common Unit	$ (0.15)	$ (0.17)
Diluted net loss per Common Unit	$ (0.15)	$ (0.17)

(1) Excludes Common Units owned by the Partnership’s consolidated subsidiaries.

7. DEBT OBLIGATIONS

Revolving Credit Facilities

ETP Credit Facility

The ETP Credit Facility allows for borrowings of up to $3.75 billion and expires in November 2019. The indebtedness under the ETP Credit Facility is unsecured, is not guaranteed by any of the Partnership’s subsidiaries and has equal rights to holders of our current and future unsecured debt. As of March 31, 2016, the ETP Credit Facility had $4 million of outstanding borrowings.

Sunoco Logistics Credit Facilities

Sunoco Logistics maintains a $2.5 billion unsecured revolving credit agreement (the “Sunoco Logistics Credit Facility”), which matures in March 2020. The Sunoco Logistics Credit Facility contains an accordion feature, under which the total aggregate commitment may be increased to $3.25 billion under certain conditions. As of March 31, 2016, the Sunoco Logistics Credit Facility had $942 million of outstanding borrowings.

Compliance with Our Covenants

We were in compliance with all requirements, tests, limitations, and covenants related to our credit agreements as of March 31, 2016.

8. EQUITY

ETP

The changes in outstanding common units during the three months ended March 31, 2016 were as follows:

	Number of Units
Number of common units at December 31, 2015	505.6
Common units issued in connection with equity distribution agreements	11.2
Common units issued in connection with the distribution reinvestment plan	1.8
Number of common units at March 31, 2016	518.6

During the three months ended March 31, 2016, the Partnership received proceeds of $324 million, net of $3 million commissions, from the issuance of common units pursuant to equity distribution agreements, which were used for general partnership purposes. As of March 31, 2016, none of the Partnership's common units were available to be issued under an equity distribution agreement.

During the three months ended March 31, 2016, distributions of $39 million were reinvested under the distribution reinvestment plan. As of March 31, 2016, a total of 9.7 million common units remain available to be issued under the existing registration statement in connection with the distribution reinvestment plan.

Sunoco Logistics

During the three months ended March 31, 2016, Sunoco Logistics received proceeds of $301 million, net of $3 million commissions, from the issuance of Sunoco Logistics common units pursuant to equity distribution agreements, which were used for general partnership purposes. As a result of Sunoco Logistics' issuances of common units during the three months ended March 31, 2016, the Partnership recognized increases in partners' capital of $5 million.

Quarterly Distributions of Available Cash

Following are distributions declared and/or paid by the Partnership subsequent to December 31, 2015:

Quarter Ended	Record Date	Payment Date	Rate
December 31, 2015	February 8, 2016	February 16, 2016	$ 1.0550
March 31, 2016	May 6, 2016	May 16, 2016	1.0550

ETE agreed to relinquish its right to the following amounts of incentive distributions in future periods, including distributions on Class I Units.

	Total Year
2016 (remainder)	$ 103
2017	128
2018	105
2019	95

Sunoco Logistics Quarterly Distributions of Available Cash

Following are distributions declared and/or paid by Sunoco Logistics subsequent to December 31, 2015:

Quarter Ended	Record Date	Payment Date	Rate
December 31, 2015	February 8, 2016	February 12, 2016	$ 0.4790
March 31, 2016	May 9, 2016	May 13, 2016	0.4890

Accumulated Other Comprehensive Income (Loss)

The following table presents the components of AOCI, net of tax:

	March 31, 2016	December 31, 2015
Available-for-sale securities	$ 2	$ —
Foreign currency translation adjustment	(5)	(4)
Net loss on interest rate derivative hedges	(6)	—
Actuarial gain related to pensions and other postretirement benefits	(1)	8
Total AOCI, net of tax	$ (10)	$ 4

9. INCOME TAXES

For the three months ended March 31, 2016, the Partnership's effective income tax rate decreased from the prior year primarily due to lower earnings among the Partnership's consolidated corporate subsidiaries. The three months ended March 31, 2016 also reflected a benefit of $20 million of net state tax benefit attributable to statutory state rate changes resulting from the contribution by ETP to Sunoco LP of its remaining 68.42% interest in Sunoco, LLC and 100% interest in the legacy Sunoco, Inc. retail business.

10. REGULATORY MATTERS, COMMITMENTS, CONTINGENCIES AND ENVIRONMENTAL LIABILITIES

Contingent Residual Support Agreement – AmeriGas

In connection with the closing of the contribution of its propane operations in January 2012, ETP agreed to provide contingent, residual support of $1.55 billion of intercompany borrowings made by AmeriGas and certain of its affiliates with maturities through 2022 from a finance subsidiary of AmeriGas that have maturity dates and repayment terms that mirror those of an equal principal amount of senior notes issued by this finance company subsidiary to third party purchasers.

ETP Retail Holdings Guarantee of Sunoco LP Notes

Retail Holdings has provided a guarantee of collection, but not of payment, to Sunoco LP with respect to (i) $800 million principal amount of 6.375% senior notes due 2023 issued by Sunoco LP, (ii) $800 million principal amount of 6.25% senior notes due 2021 issued by Sunoco LP and (iii) $2.035 billion aggregate principal for Sunoco LP's term loan due 2019.

NGL Pipeline Regulation

We have interests in NGL pipelines located in Texas and New Mexico. We commenced the interstate transportation of NGLs in 2013, which is subject to the jurisdiction of the FERC under the Interstate Commerce Act ("ICA") and the Energy Policy Act of 1992. Under the ICA, tariff rates must be just and reasonable and not unduly discriminatory and pipelines may not confer any undue preference. The tariff rates established for interstate services were based on a negotiated agreement; however, the FERC's rate-making methodologies may limit our ability to set rates based on our actual costs, may delay or limit the use of rates that reflect increased costs and may subject us to potentially burdensome and expensive operational, reporting and other requirements. Any of the foregoing could adversely affect our business, revenues and cash flow.

FERC Audit

In March 2016, the FERC commenced an audit of Trunkline for the period from January 1, 2013 to present to evaluate Trunkline's compliance with the requirements of its FERC gas tariff, the accounting regulations of the Uniform System of Accounts as prescribed by the FERC, and the FERC's annual reporting requirements.

Commitments

In the normal course of our business, we purchase, process and sell natural gas pursuant to long-term contracts and we enter into long-term transportation and storage agreements. Such contracts contain terms that are customary in the industry. We believe that the terms of these agreements are commercially reasonable and will not have a material adverse effect on our financial position or results of operations.

We have certain non-cancelable leases for property and equipment, which require fixed monthly rental payments and expire at various dates through 2058. The table below reflects rental expense under these operating leases included in operating expenses in the accompanying statements of operations, which include contingent rentals, and rental expense recovered through related sublease rental income:

	Three Months Ended March 31,	
	2016	2015
Rental expense[1]	$ 18	$ 52
Less: Sublease rental income	—	(8)
Rental expense, net	$ 18	$ 44

[1] Includes contingent rentals totaling $14 million and $4 million for the three months ended March 31, 2016 and 2015, respectively.

Our joint venture agreements require that we fund our proportionate share of capital contributions to our unconsolidated affiliates. Such contributions will depend upon our unconsolidated affiliates' capital requirements, such as for funding capital projects or repayment of long-term obligations.

Litigation and Contingencies

We may, from time to time, be involved in litigation and claims arising out of our operations in the normal course of business. Natural gas and crude oil are flammable and combustible. Serious personal injury and significant property damage can arise in connection with their transportation, storage or use. In the ordinary course of business, we are sometimes threatened with or named as a defendant in various lawsuits seeking actual and punitive damages for product liability, personal injury and property damage. We maintain liability insurance with insurers in amounts and with coverage and deductibles management believes are reasonable and prudent, and which are generally accepted in the industry. However, there can be no assurance that the levels of insurance protection currently in effect will continue to be available at reasonable prices or that such levels will remain adequate to protect us from material expenses related to product liability, personal injury or property damage in the future.

MTBE Litigation

Sunoco, Inc., along with other refiners, manufacturers and sellers of gasoline, is a defendant in lawsuits alleging MTBE contamination of groundwater. The plaintiffs typically include water purveyors and municipalities responsible for supplying drinking water and governmental authorities. The plaintiffs primarily assert product liability claims and additional claims including nuisance, trespass, negligence, violation of environmental laws and deceptive business practices. The plaintiffs in all of the cases seek to recover compensatory damages, and in some cases also seek natural resource damages, injunctive relief, punitive damages and attorneys' fees.

As of March 31, 2016, Sunoco, Inc. is a defendant in five cases, including cases initiated by the States of New Jersey, Vermont, Pennsylvania, and two others by the Commonwealth of Puerto Rico with the more recent Puerto Rico action being a companion case alleging damages for additional sites beyond those at issue in the initial Puerto Rico action. Four of these cases are venued in a multidistrict litigation proceeding in a New York federal court. The New Jersey, Puerto Rico, Vermont, and Pennsylvania cases assert natural resource damage claims.

Fact discovery has concluded with respect to an initial set of 19 sites each that will be the subject of the first trial phase in the New Jersey case and the initial Puerto Rico case. Insufficient information has been developed about the plaintiffs' legal theories or the facts with respect to statewide natural resource damage claims to provide an analysis of the ultimate potential liability of Sunoco, Inc. in these matters. It is reasonably possible that a loss may be realized; however, we are unable to estimate the possible loss or range of loss in excess of amounts accrued. Management believes that an adverse determination with respect to one or more of the MTBE cases could have a significant impact on results of operations during the period in which any said adverse determination occurs, but does not believe that any such adverse determination would have a material adverse effect on the Partnership's consolidated financial position.

Regency Merger Litigation

Following the January 26, 2015 announcement of the definitive merger agreement with Regency, purported Regency unitholders filed lawsuits in state and federal courts in Dallas, Texas and Delaware state court asserting claims relating to the proposed transaction. All Regency merger related lawsuits have been dismissed, though one lawsuit remains pending on appeal. On June 10, 2015, Adrian Dieckman ("Dieckman"), a purported Regency unitholder, filed a class action complaint on behalf of Regency's common unitholders in the Court of Chancery of the State of Delaware. The lawsuit alleges that the transaction did not comply with the Regency partnership agreement because the conflicts committee was not properly formed. Defendants filed a motion to dismiss, and on March 29, 2016, the Delaware court granted Defendants' motion and dismissed the lawsuit. On April 26, 2016, Plaintiff filed its Notice of Appeal to the Supreme Court of Delaware. This appeal is styled *Adrian Dieckman v. Regency GP LP, et al.*, No. 208, 2016, in the Supreme Court of the State of Delaware.

Enterprise Products Partners, L.P. and Enterprise Products Operating LLC Litigation

On January 27, 2014, a trial commenced between ETP against Enterprise Products Partners, L.P. and Enterprise Products Operating LLC (collectively, "Enterprise") and Enbridge (US) Inc. Trial resulted in a verdict in favor of ETP against Enterprise that consisted of $319 million in compensatory damages and $595 million in disgorgement to ETP. The jury also found that ETP owed Enterprise approximately $1 million under a reimbursement agreement. On July 29, 2014, the trial court entered a final judgment in favor of ETP and awarded ETP $536 million, consisting of compensatory damages, disgorgement, and pre-judgment interest. The trial court also ordered that ETP shall be entitled to recover post-judgment interest and costs of court and that Enterprise is not entitled to any net recovery on its counterclaims. Enterprise has filed a notice of appeal with the Texas Court of Appeals, and briefing by Enterprise and ETP is complete. Oral argument was held on April 20, 2016. The Court of Appeals is taking the briefs under advisement. In accordance with GAAP, no amounts related to the original verdict or the July 29, 2014 final judgment will be recorded in our financial statements until the appeal process is completed.

Other Litigation and Contingencies

We or our subsidiaries are a party to various legal proceedings and/or regulatory proceedings incidental to our businesses. For each of these matters, we evaluate the merits of the case, our exposure to the matter, possible legal or settlement strategies, the likelihood of an unfavorable outcome and the availability of insurance coverage. If we determine that an unfavorable outcome of a particular matter is probable and can be estimated, we accrue the contingent obligation, as well as any expected insurance recoverable amounts related to the contingency. As of March 31, 2016 and December 31, 2015, accruals of approximately $59 million and $40 million, respectively, were reflected on our consolidated balance sheets related to these contingent obligations. As new information becomes available, our estimates may change. The impact of these changes may have a significant effect on our results of operations in a single period.

The outcome of these matters cannot be predicted with certainty and there can be no assurance that the outcome of a particular matter will not result in the payment of amounts that have not been accrued for the matter. Furthermore, we may revise accrual amounts prior to resolution of a particular contingency based on changes in facts and circumstances or changes in the expected outcome. Currently, we are not able to estimate possible losses or a range of possible losses in excess of amounts accrued.

No amounts have been recorded in our March 31, 2016 or December 31, 2015 consolidated balance sheets for contingencies and current litigation, other than amounts disclosed herein.

Attorney General of the Commonwealth of Massachusetts v. New England Gas Company.

On July 7, 2011, the Massachusetts Attorney General ("AG") filed a regulatory complaint with the Massachusetts Department of Public Utilities ("MDPU") against New England Gas Company with respect to certain environmental cost recoveries. The AG is seeking a refund to New England Gas Company customers for alleged "excessive and imprudently incurred costs" related to legal fees associated with Southern Union's environmental response activities. In the complaint, the AG requests that the MDPU initiate an investigation into the New England Gas Company's collection and reconciliation of recoverable environmental costs including: (i) the prudence of any and all legal fees, totaling approximately $19 million, that were charged by the Kasowitz, Benson, Torres & Friedman firm and passed through the recovery mechanism since 2005, the year when a partner in the firm, the Southern Union former Vice Chairman, President and Chief Operating Officer, joined Southern Union's management team; (ii) the prudence of any and all legal fees that were charged by the Bishop, London & Dodds firm and passed through the recovery mechanism since 2005, the period during which a member of the firm served as Southern Union's Chief Ethics Officer; and (iii) the propriety and allocation of certain legal fees charged that were passed through the recovery mechanism that the AG contends only qualify for a lesser, 50%, level of recovery. Southern Union has filed its answer denying the allegations and moved to dismiss the complaint, in part on a theory of collateral estoppel. The hearing officer has deferred consideration of Southern Union's motion to dismiss. The AG's motion to be reimbursed expert and consultant costs by Southern Union of up to $150,000 was granted. By tariff, these costs are recoverable through rates charged to New England Gas Company customers. The hearing officer previously stayed discovery pending resolution of a dispute concerning the applicability of attorney-client privilege to legal billing invoices. The MDPU issued an interlocutory order on June 24, 2013 that lifted the stay, and discovery has resumed. Panhandle (as successor to Southern Union) believes it has complied with all applicable requirements regarding its filings for cost recovery and has not recorded any accrued liability; however, Panhandle will continue to assess its potential exposure for such cost recoveries as the matter progresses.

Compliance Orders from the New Mexico Environmental Department

Regency received a Notice of Violation from the New Mexico Environmental Department on September 23, 2015 for allegations of violations of New Mexico air regulations related to Jal #3. The Partnership has accrued $250,000 related to the claims and will continue to assess its potential exposure to the allegations as the matter progresses.

Lone Star NGL Fractionators Notice of Enforcement

Lone Star NGL Fractionators received a Notice of Enforcement from the Texas Commission on Environmental Quality on August 28, 2015 for allegations of violations of Texas air regulations related to its Mont Belvieu Gas Plant. The Partnership has accrued $300,000 related to the claim. As of April 2016, the Agreed Order is in the approval process with the Texas Commission on Environmental Quality and includes a $21,000 penalty and a $21,000 Supplemental Environmental Project.

Environmental Matters

Our operations are subject to extensive federal, tribal, state and local environmental and safety laws and regulations that require expenditures to ensure compliance, including related to air emissions and wastewater discharges, at operating facilities and for remediation at current and former facilities as well as waste disposal sites. Although we believe our operations are in substantial compliance with applicable environmental laws and regulations, risks of additional costs and liabilities are inherent in the business of transporting, storing, gathering, treating, compressing, blending and processing natural gas, natural gas liquids and other products. As a result, there can be no assurance that significant costs and liabilities will not be incurred. Costs of planning, designing, constructing and operating pipelines, plants and other facilities must incorporate compliance with environmental laws and regulations and safety standards. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of investigatory, remedial and corrective action obligations, the issuance of injunctions in affected areas and the filing of federally authorized citizen suits. Contingent losses related to all significant known environmental matters have been accrued and/or separately disclosed. However, we may revise accrual amounts prior to resolution of a particular contingency based on changes in facts and circumstances or changes in the expected outcome.

Environmental exposures and liabilities are difficult to assess and estimate due to unknown factors such as the magnitude of possible contamination, the timing and extent of remediation, the determination of our liability in proportion to other parties, improvements in cleanup technologies and the extent to which environmental laws and regulations may change in the future. Although environmental costs may have a significant impact on the results of operations for any single period, we believe that such costs will not have a material adverse effect on our financial position.

Based on information available at this time and reviews undertaken to identify potential exposure, we believe the amount reserved for environmental matters is adequate to cover the potential exposure for cleanup costs.

Environmental Remediation

Our subsidiaries are responsible for environmental remediation at certain sites, including the following:

- Certain of our interstate pipelines conduct soil and groundwater remediation related to contamination from past uses of PCBs. PCB assessments are ongoing and, in some cases, our subsidiaries could potentially be held responsible for contamination caused by other parties.
- Certain gathering and processing systems are responsible for soil and groundwater remediation related to releases of hydrocarbons.
- Currently operating Sunoco, Inc. retail sites.
- Legacy sites related to Sunoco, Inc., that are subject to environmental assessments include formerly owned terminals and other logistics assets, retail sites that Sunoco, Inc. no longer operates, closed and/or sold refineries and other formerly owned sites.
- Sunoco, Inc. is potentially subject to joint and several liability for the costs of remediation at sites at which it has been identified as a potentially responsible party ("PRP"). As of March 31, 2016, Sunoco, Inc. had been named as a PRP at approximately 48 identified or potentially identifiable "Superfund" sites under federal and/or comparable state law. Sunoco, Inc. is usually one of a number of companies identified as a PRP at a site. Sunoco, Inc. has reviewed the nature and extent of its involvement at each site and other relevant circumstances and, based upon Sunoco, Inc.'s purported nexus to the sites, believes that its potential liability associated with such sites will not be significant.

To the extent estimable, expected remediation costs are included in the amounts recorded for environmental matters in our consolidated balance sheets. In some circumstances, future costs cannot be reasonably estimated because remediation activities are undertaken as claims are made by customers and former customers. To the extent that an environmental remediation obligation is recorded by a subsidiary that applies regulatory accounting policies, amounts that are expected to be recoverable through tariffs or rates are recorded as regulatory assets on our consolidated balance sheets.

The table below reflects the amounts of accrued liabilities recorded in our consolidated balance sheets related to environmental matters that are considered to be probable and reasonably estimable. Currently, we are not able to estimate possible losses or a range of possible losses in excess of amounts accrued. Except for matters discussed above, we do not have any material environmental matters assessed as reasonably possible that would require disclosure in our consolidated financial statements.

	March 31, 2016	December 31, 2015
Current	$ 33	$ 41
Non-current	293	326
Total environmental liabilities	$ 326	$ 367

In 2013, we established a wholly-owned captive insurance company to bear certain risks associated with environmental obligations related to certain sites that are no longer operating. The premiums paid to the captive insurance company include estimates for environmental claims that have been incurred but not reported, based on an actuarially determined fully developed claims expense estimate. In such cases, we accrue losses attributable to unasserted claims based on the discounted estimates that are used to develop the premiums paid to the captive insurance company.

During the three months ended March 31, 2016 and 2015, Sunoco, Inc. recorded $6 million and $7 million, respectively, of expenditures related to environmental cleanup programs.

On December 2, 2010, Sunoco, Inc. entered an Asset Sale and Purchase Agreement to sell the Toledo Refinery to Toledo Refining Company LLC (TRC) wherein Sunoco, Inc. retained certain liabilities associated with the pre-Closing time period. On January 2, 2013, USEPA issued a Finding of Violation (FOV) to TRC and, on September 30, 2013, EPA issued an NOV/FOV to TRC alleging Clean Air Act violations. To date, EPA has not issued an FOV or NOV/FOV to Sunoco, Inc. directly but some of EPA's claims relate to the time period that Sunoco, Inc. operated the refinery. Specifically, EPA has claimed that the refinery flares were not operated in a manner consistent with good air pollution control practice for minimizing emissions and/or in conformance with their design, and that Sunoco, Inc. submitted semi-annual compliance reports in 2010 and 2011 that failed to include all of the information required by the regulations. EPA has proposed penalties in excess of $200,000 to resolve the allegations and discussions continue between the parties. The timing or outcome of this matter cannot be reasonably determined at this time, however, we do not expect there to be a material impact to our results of operations, cash flows or financial position.

Our pipeline operations are subject to regulation by the U.S. Department of Transportation under the PHMSA, pursuant to which the PHMSA has established requirements relating to the design, installation, testing, construction, operation, replacement and management of pipeline facilities. Moreover, the PHMSA, through the Office of Pipeline Safety, has promulgated a rule requiring pipeline operators to develop integrity management programs to comprehensively evaluate their pipelines, and take measures to protect pipeline segments located in what the rule refers to as "high consequence areas." Activities under these integrity management programs involve the performance of internal pipeline inspections, pressure testing or other effective means to assess the integrity of these regulated pipeline segments, and the regulations require prompt action to address integrity issues raised by the assessment and analysis. Integrity testing and assessment of all of these assets will continue, and the potential exists that results of such testing and assessment could cause us to incur future capital and operating expenditures for repairs or upgrades deemed necessary to ensure the continued safe and reliable operation of our pipelines; however, no estimate can be made at this time of the likely range of such expenditures.

In April 2016, the PHMSA issued a Notice of Probable Violation ("NOPV"), Proposed Civil Penalty and Proposed Compliance Order related to certain procedures carried out during construction of Sunoco Logistics' Permian Express 2 pipeline system in Texas. The correspondence proposes penalties in excess of $0.1 million, and Sunoco Logistics is currently in discussions with PHMSA to resolve these matters. The timing or outcome of these matters cannot be reasonably determined at this time, however, Sunoco Logistics does not expect there to be a material impact to its results of operations, cash flows, or financial position.

Our operations are also subject to the requirements of the OSHA, and comparable state laws that regulate the protection of the health and safety of employees. In addition, OSHA's hazardous communication standard requires that information be maintained about hazardous materials used or produced in our operations and that this information be provided to employees, state and local government authorities and citizens. We believe that past costs for OSHA required activities, including general industry standards, record keeping requirements, and monitoring of occupational exposure to regulated substances have not had a material adverse effect on our results of operations but there is no assurance that such costs will not be material in the future.

11. DERIVATIVE ASSETS AND LIABILITIES

Commodity Price Risk

We are exposed to market risks related to the volatility of commodity prices. To manage the impact of volatility from these prices, we utilize various exchange-traded and OTC commodity financial instrument contracts. These contracts consist primarily of futures, swaps and options and are recorded at fair value in our consolidated balance sheets.

We use futures and basis swaps, designated as fair value hedges, to hedge our natural gas inventory stored in our Bammel storage facility. At hedge inception, we lock in a margin by purchasing gas in the spot market or off peak season and entering into a financial contract. Changes in the spreads between the forward natural gas prices and the physical inventory spot price result in unrealized gains or losses until the underlying physical gas is withdrawn and the related designated derivatives are settled. Once the gas is withdrawn and the designated derivatives are settled, the previously unrealized gains or losses associated with these positions are realized.

We use futures, swaps and options to hedge the sales price of natural gas we retain for fees in our intrastate transportation and storage segment and operational gas sales on our interstate transportation and storage segment. These contracts are not designated as hedges for accounting purposes.

We use NGL and crude derivative swap contracts to hedge forecasted sales of NGL and condensate equity volumes we retain for fees in our midstream segment whereby our subsidiaries generally gather and process natural gas on behalf of producers, sell the resulting residue gas and NGL volumes at market prices and remit to producers an agreed upon percentage of the proceeds based on an index price for the residue gas and NGL. These contracts are not designated as hedges for accounting purposes.

We use derivatives in our liquids transportation and services segment to manage our storage facilities and the purchase and sale of purity NGL. These contracts are not designated as hedges for accounting purposes.

Sunoco Logistics utilizes swaps, futures and other derivative instruments to mitigate the risk associated with market movements in the price of refined products and NGLs. These contracts are not designated as hedges for accounting purposes.

We use futures and swaps to achieve ratable pricing of crude oil purchases, to convert certain expected refined product sales to fixed or floating prices, to lock in margins for certain refined products and to lock in the price of a portion of natural gas purchases or sales and transportation costs in our retail marketing segment. These contracts are not designated as hedges for accounting purposes.

We use financial commodity derivatives to take advantage of market opportunities in our trading activities which complement our transportation and storage segment's operations and are netted in cost of products sold in our consolidated statements of operations. We also have trading and marketing activities related to power and natural gas in our all other segment which are also netted in cost of products sold. As a result of our trading activities and the use of derivative financial instruments in our transportation and storage segment, the degree of earnings volatility that can occur may be significant, favorably or unfavorably, from period to period. We attempt to manage this volatility through the use of daily position and profit and loss reports provided to our risk oversight committee, which includes members of senior management, and the limits and authorizations set forth in our commodity risk management policy.

The following table details our outstanding commodity-related derivatives:

	March 31, 2016		December 31, 2015	
	Notional Volume	Maturity	Notional Volume	Maturity
Mark-to-Market Derivatives				
(Trading)				
Natural Gas (MMBtu):				
Fixed Swaps/Futures	1,712,500	2016-2017	(602,500)	2016-2017
Basis Swaps IFERC/NYMEX[(1)]	63,825,000	2016-2017	(31,240,000)	2016-2017
Power (Megawatt):				
Forwards	(344,954)	2016-2017	357,092	2016-2017
Futures	2,675,597	2016-2017	(109,791)	2016
Options – Puts	(227,600)	2016	260,534	2016
Options – Calls	1,011,600	2016	1,300,647	2016
Crude (Bbls):				
Futures	(616,000)	2016-2017	(591,000)	2016-2017
Options – Puts	(300,000)	2016	—	—
Options – Calls	300,000	2016	—	—
(Non-Trading)				
Natural Gas (MMBtu):				
Basis Swaps IFERC/NYMEX	(9,175,000)	2016-2017	(6,522,500)	2016-2017
Swing Swaps IFERC	105,170,000	2016-2017	71,340,000	2016-2017
Fixed Swaps/Futures	(6,862,500)	2016-2018	(14,380,000)	2016-2018
Forward Physical Contracts	26,156,570	2016-2017	21,922,484	2016-2017
Natural Gas Liquid (Bbls) – Forwards/Swaps	(6,273,000)	2016	(8,146,800)	2016-2018
Refined Products (Bbls) – Futures	(2,042,000)	2016-2017	(993,000)	2016-2017

Corn (Bushels) – Futures	—	—	1,185,000	2016
Fair Value Hedging Derivatives				
(Non-Trading)				
Natural Gas (MMBtu):				
Basis Swaps IFERC/NYMEX	(23,215,000)	2016	(37,555,000)	2016
Fixed Swaps/Futures	(23,215,000)	2016	(37,555,000)	2016
Hedged Item – Inventory	23,215,000	2016	37,555,000	2016

(1) Includes aggregate amounts for open positions related to Houston Ship Channel, Waha Hub, NGPL TexOk, West Louisiana Zone and Henry Hub locations.

Interest Rate Risk

We are exposed to market risk for changes in interest rates. To maintain a cost effective capital structure, we borrow funds using a mix of fixed rate debt and variable rate debt. We also manage our interest rate exposure by utilizing interest rate swaps to achieve a desired mix of fixed and variable rate debt. We also utilize forward starting interest rate swaps to lock in the rate on a portion of our anticipated debt issuances.

The following table summarizes our interest rate swaps outstanding, none of which were designated as hedges for accounting purposes:

		Notional Amount Outstanding	
Term	Type[(1)]	March 31, 2016	December 31, 2015
July 2016[(2)]	Forward-starting to pay a fixed rate of 3.80% and receive a floating rate	$ 200	$ 200
July 2017[(3)]	Forward-starting to pay a fixed rate of 3.84% and receive a floating rate	300	300
July 2018[(3)]	Forward-starting to pay a fixed rate of 4.00% and receive a floating rate	200	200
December 2018	Pay a floating rate based on a 3-month LIBOR and receive a fixed rate of 1.53%	1,200	1,200
March 2019	Pay a floating rate based on a 3-month LIBOR and receive a fixed rate of 1.42%	300	300
July 2019[(3)]	Forward-starting to pay a fixed rate of 3.25% and receive a floating rate	200	200

(1) Floating rates are based on 3-month LIBOR.

(2) Represents the effective date. These forward-starting swaps have terms of 10 and 30 years with a mandatory termination date the same as the effective date.

(3) Represents the effective date. These forward-starting swaps have terms of 30 years with a mandatory termination date the same as the effective date.

Credit Risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a loss to the Partnership. Credit policies have been approved and implemented to govern the Partnership's portfolio of counterparties with the objective of mitigating credit losses. These policies establish guidelines, controls and limits to manage credit risk within approved tolerances by mandating an appropriate evaluation of the financial condition of existing and potential counterparties, monitoring agency credit ratings, and by implementing credit practices that limit exposure according to the risk profiles of the counterparties. Furthermore, the Partnership may, at times, require collateral under certain circumstances to mitigate credit risk as necessary. The Partnership also uses industry standard commercial agreements which allow for the netting of exposures associated with transactions executed under a single commercial agreement. Additionally, we utilize master netting agreements to offset credit exposure across multiple commercial agreements with a single counterparty or affiliated group of counterparties.

The Partnership's counterparties consist of a diverse portfolio of customers across the energy industry, including petrochemical companies, commercial and industrials, oil and gas producers, municipalities, gas and electric utilities, midstream companies and independent power generators. Our overall exposure may be affected positively or negatively by macroeconomic or regulatory changes that impact our counterparties to one extent or another. Currently, management does not anticipate a material adverse effect in our financial position or results of operations as a consequence of counterparty non-performance.

The Partnership has maintenance margin deposits with certain counterparties in the OTC market, primarily independent system operators, and with clearing brokers. Payments on margin deposits are required when the value of a derivative exceeds our pre-established credit limit with the counterparty. Margin deposits are returned to us on or about the settlement date for non-exchange traded derivatives, and we exchange margin calls on a daily basis for exchange traded transactions. Since the margin calls are made daily with the exchange brokers, the fair value of the financial derivative instruments are deemed current and netted in deposits paid to vendors within other current assets in the consolidated balance sheets.

For financial instruments, failure of a counterparty to perform on a contract could result in our inability to realize amounts that have been recorded on our consolidated balance sheets and recognized in net income or other comprehensive income.

Derivative Summary

The following table provides a summary of our derivative assets and liabilities:

	Fair Value of Derivative Instruments			
	Asset Derivatives		Liability Derivatives	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Derivatives designated as hedging instruments:				
Commodity derivatives (margin deposits)	$ 4	$ 38	$ —	$ (3)
	4	38	—	(3)
Derivatives not designated as hedging instruments:				
Commodity derivatives (margin deposits)	115	353	(98)	(306)
Commodity derivatives	32	57	(32)	(41)
Interest rate derivatives	25	—	(267)	(171)
Embedded derivatives in ETP Preferred Units	—	—	(5)	(5)
	172	410	(402)	(523)
Total derivatives	$ 176	$ 448	$ (402)	$ (526)

The following table presents the fair value of our recognized derivative assets and liabilities on a gross basis and amounts offset on the consolidated balance sheets that are subject to enforceable master netting arrangements or similar arrangements:

		Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Derivatives without offsetting agreements	Derivative assets (liabilities)	$ 25	$ —	$ (272)	$ (176)
Derivatives in offsetting agreements:					
OTC contracts	Derivative assets (liabilities)	32	57	(32)	(41)
Broker cleared derivative contracts	Other current assets	119	391	(98)	(309)
Total gross derivatives		176	448	(402)	(526)
Offsetting agreements:					
Counterparty netting	Derivative assets (liabilities)	(17)	(17)	17	17
Payments on margin deposit	Other current assets	(98)	(309)	98	309
Total net derivatives		$ 61	$ 122	$ (287)	$ (200)

We disclose the non-exchange traded financial derivative instruments as price risk management assets and liabilities on our consolidated balance sheets at fair value with amounts classified as either current or long-term depending on the anticipated settlement date.

The following tables summarize the amounts recognized with respect to our derivative financial instruments:

	Change in Value Recognized in OCI on Derivatives (Effective Portion)	
	Three Months Ended March 31,	
	2016	2015
Derivatives in cash flow hedging relationships:		
Commodity derivatives	$ —	$ 1
Total	$ —	$ 1

	Location of Gain/(Loss) Recognized in Income on Derivatives	Amount of Gain/(Loss) Recognized in Income Representing Hedge Ineffectiveness and Amount Excluded from the Assessment of Effectiveness	
		Three Months Ended March 31,	
		2016	2015
Derivatives in fair value hedging relationships (including hedged item):			
Commodity derivatives	Cost of products sold	$ (4)	$ (3)
Total		$ (4)	$ (3)

	Location of Gain/(Loss) Recognized in Income on Derivatives	Amount of Gain/(Loss) Recognized in Income on Derivatives	
		Three Months Ended March 31,	
		2016	2015
Derivatives not designated as hedging instruments:			
Commodity derivatives – Trading	Cost of products sold	$ (9)	$ (2)
Commodity derivatives – Non-trading	Cost of products sold	5	(8)
Interest rate derivatives	Losses on interest rate derivatives	(70)	(77)
Embedded derivatives	Other, net	—	2
Total		$ (74)	$ (85)

12. RELATED PARTY TRANSACTIONS

ETE has agreements with subsidiaries to provide or receive various management and general and administrative services. ETE pays us to provide services on its behalf and on behalf of other subsidiaries of ETE, which includes the reimbursement of various operating and general and administrative expenses incurred by us on behalf of ETE and its subsidiaries.

The Partnership also has related party transactions with several of its equity method investees. In addition to commercial transactions, these transactions include the provision of certain management services and leases of certain assets.

The following table summarizes the affiliate revenues on our consolidated statements of operations:

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Affiliated revenues	$ 74	$ 76

The following table summarizes the related company balances on our consolidated balance sheets:

	March 31, 2016	December 31, 2015
Accounts receivable from related companies:		
ETE	$ 44	$ 110
Sunoco LP	—	3
PES	11	10
FGT	18	13
Lake Charles LNG	38	36
Trans-Pecos Pipeline, LLC	7	29
Comanche Trail Pipeline, LLC	3	22
Other	52	45
Total accounts receivable from related companies:	$ 173	$ 268
Accounts payable to related companies:		
Sunoco LP	$ 31	$ 5
FGT	—	1
Lake Charles LNG	2	3
Trans-Pecos Pipeline, LLC	2	—
Comanche Trail Pipeline, LLC	3	—
Other	8	16
Total accounts payable to related companies:	$ 46	$ 25

13. REPORTABLE SEGMENTS

Our financial statements currently reflect the following reportable segments, which conduct their business in the United States, as follows:

- intrastate transportation and storage;
- interstate transportation and storage;
- midstream;
- liquids transportation and services;
- investment in Sunoco Logistics;
- retail marketing; and
- all other.

Intersegment and intrasegment transactions are generally based on transactions made at market-related rates. Consolidated revenues and expenses reflect the elimination of all material intercompany transactions.

Revenues from our intrastate transportation and storage segment are primarily reflected in natural gas sales and gathering, transportation and other fees. Revenues from our interstate transportation and storage segment are primarily reflected in gathering, transportation and other fees. Revenues from our midstream segment are primarily reflected in natural gas sales, NGL sales and gathering, transportation and other fees. Revenues from our liquids transportation and services segment are primarily reflected in NGL sales and gathering, transportation and other fees. Revenues from our investment in Sunoco Logistics segment are primarily reflected in crude sales. Revenues from our retail marketing segment are primarily reflected in refined product sales.

We report Segment Adjusted EBITDA as a measure of segment performance. We define Segment Adjusted EBITDA as earnings before interest, taxes, depreciation, depletion, amortization and other non-cash items, such as non-cash compensation expense, gains and losses on disposals of assets, the allowance for equity funds used during construction, unrealized gains and losses on commodity risk management activities, non-cash impairment charges, and other non-operating income or expense items. Unrealized gains and losses on commodity risk management activities include unrealized gains and losses on commodity derivatives and inventory fair value adjustments (excluding lower of cost or market adjustments). Segment Adjusted EBITDA reflects amounts for unconsolidated affiliates based on the Partnership's proportionate ownership.

The following tables present financial information by segment:

	Three Months Ended March 31,	
	2016	2015
Revenues:		
Intrastate transportation and storage:		
Revenues from external customers	$ 446	$ 541
Intersegment revenues	112	45
	558	586
Interstate transportation and storage:		
Revenues from external customers	254	271
Intersegment revenues	5	5
	259	276
Midstream:		
Revenues from external customers	527	749
Intersegment revenues	565	402
	1,092	1,151
Liquids transportation and services:		
Revenues from external customers	829	812
Intersegment revenues	90	23
	919	835
Investment in Sunoco Logistics:		
Revenues from external customers	1,729	2,526
Intersegment revenues	48	46
	1,777	2,572
Retail marketing:		
Revenues from external customers	—	4,782
Intersegment revenues	—	23
	—	4,805
All other:		
Revenues from external customers	696	645
Intersegment revenues	158	97
	854	742
Eliminations	(978)	(641)
Total revenues	$ 4,481	$ 10,326

	Three Months Ended March 31,	
	2016	2015
Segment Adjusted EBITDA:		
Intrastate transportation and storage	$ 179	$ 177
Interstate transportation and storage	292	301
Midstream	263	310
Liquids transportation and services	227	169
Investment in Sunoco Logistics	349	221
Retail marketing	57	129
All other	45	59
Total	1,412	1,366
Depreciation, depletion and amortization	(470)	(479)
Interest expense, net	(319)	(310)
Losses on interest rate derivatives	(70)	(77)
Non-cash unit-based compensation expense	(19)	(20)
Unrealized losses on commodity risk management activities	(63)	(77)
Inventory valuation adjustments	(26)	(34)
Adjusted EBITDA related to unconsolidated affiliates	(219)	(146)
Equity in earnings of unconsolidated affiliates	76	57
Other, net	16	5
Income before income tax expense (benefit)	$ 318	$ 285

	March 31, 2016	December 31, 2015
Assets:		
Intrastate transportation and storage	$ 5,054	$ 4,882
Interstate transportation and storage	11,533	11,345
Midstream	17,464	17,111
Liquids transportation and services	7,745	7,235
Investment in Sunoco Logistics	15,952	15,423
Retail marketing	520	3,218
All other	6,047	5,959
Total assets	$ 64,315	$ 65,173

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

(Tabular dollar and unit amounts, except per unit data, are in millions)

The following is a discussion of our historical consolidated financial condition and results of operations, and should be read in conjunction with (i) our historical consolidated financial statements and accompanying notes thereto included elsewhere in this Quarterly Report on Form 10-Q; (ii) our Annual Report on Form 10-K for the year ended December 31, 2015 filed with the SEC on February 29, 2016; and (iii) our management's discussion and analysis of financial condition and results of operations included in our 2015 Form 10-K. This discussion includes forward-looking statements that are subject to risk and uncertainties. Actual results may differ substantially from the statements we make in this section due to a number of factors that are discussed in "Part I – Item 1A. Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2015.

References to "we," "us," "our," the "Partnership" and "ETP" shall mean Energy Transfer Partners, L.P. and its subsidiaries.

OVERVIEW

The primary activities and operating subsidiaries through which we conduct those activities are as follows:

- Natural gas operations, including the following:
  - natural gas midstream and intrastate transportation and storage; and
  - interstate natural gas transportation and storage through ET Interstate and Panhandle. ET Interstate is the parent company of Transwestern, ETC FEP, ETC Tiger, CrossCountry, ETC MEP and ET Rover. Panhandle is the parent company of the Trunkline and Sea Robin transmission systems.
- Liquids operations, including NGL transportation, storage and fractionation services.
- Product and crude oil transportation, terminalling services and acquisition and marketing activities through Sunoco Logistics.

RECENT DEVELOPMENTS

Sunoco Retail to Sunoco LP

In March 2016, ETP contributed to Sunoco LP its remaining 68.42% interest in Sunoco, LLC and 100% interest in the legacy Sunoco, Inc. retail business for $2.23 billion. Sunoco LP paid $2.20 billion in cash, including a working capital adjustment, and issued 5.7 million Sunoco LP common units to Retail Holdings, a wholly-owned subsidiary of the Partnership. The transaction was effective January 1, 2016. In connection with this transaction, the Partnership deconsolidated the legacy Sunoco, Inc. retail business, including goodwill of $1.29 billion and intangible assets of $294 million. The results of Sunoco LLC and the legacy Sunoco, Inc. retail business' operations have not been presented as discontinued operations and Sunoco, Inc.'s retail business assets and liabilities have not been presented as held for sale in the Partnership's consolidated financial statements.

Bayou Bridge

In April 2016, Bayou Bridge Pipeline, LLC ("Bayou Bridge"), a joint venture among ETP, Sunoco Logistics and Phillips 66 Partners LP, began commercial operations on the 30-inch segment of the pipeline from Nederland, Texas to Lake Charles, Louisiana. ETP and Sunoco Logistics each hold a 30% interest in the entity and Sunoco Logistics will be the operator of the system.

Results of Operations

Consolidated Results

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	Change
Segment Adjusted EBITDA:			
Intrastate transportation and storage	$ 179	$ 177	$ 2
Interstate transportation and storage	292	301	(9)
Midstream	263	310	(47)
Liquids transportation and services	227	169	58
Investment in Sunoco Logistics	349	221	128
Retail marketing	57	129	(72)
All other	45	59	(14)
Total	1,412	1,366	46
Depreciation, depletion and amortization	(470)	(479)	9
Interest expense, net	(319)	(310)	(9)
Losses on interest rate derivatives	(70)	(77)	7
Non-cash unit-based compensation expense	(19)	(20)	1
Unrealized losses on commodity risk management activities	(63)	(77)	14
Inventory valuation adjustments	(26)	(34)	8
Adjusted EBITDA related to unconsolidated affiliates	(219)	(146)	(73)
Equity in earnings of unconsolidated affiliates	76	57	19
Other, net	16	5	11
Income before income tax expense	318	285	33
Income tax (expense) benefit	58	(17)	75
Net income	$ 376	$ 268	$ 108

See the detailed discussion of Segment Adjusted EBITDA and Segment Operating Results.

Depreciation, Depletion and Amortization. Depreciation, depletion and amortization expense decreased for the three months ended March 31, 2016 compared to the same periods last year primarily due to a decrease of $74 million related to the deconsolidation of Sunoco, LLC and the legacy Sunoco, Inc. retail business, partially offset by an increase of $65 million primarily from assets recently placed in service.

Losses on Interest Rate Derivatives. Losses on interest rate derivatives during the three months ended March 31, 2016 and 2015 is primarily attributable to the impact on our forward starting swap locks from the downward shift in the forward LIBOR curve.

Unrealized Losses on Commodity Risk Management Activities. See discussion of the unrealized gains (losses) on commodity risk management activities included in “Segment Operating Results” below.

Inventory Valuation Adjustments. Inventory valuation reserve adjustments were recorded for the inventory associated with Sunoco Logistics’ crude oil, NGLs and refined products inventories and our retail marketing operations as a result of commodity price changes between periods.

Adjusted EBITDA Related to Unconsolidated Affiliates and *Equity in Earnings of Unconsolidated Affiliates.* See additional information in “Supplemental Information on Unconsolidated Affiliates” and “Segment Operation Results” below.

Other, net. Includes amortization of regulatory assets and other income and expense amounts.

Income Tax Expense (Benefit). For the three months ended March 31, 2016, the Partnership’s effective income tax rate decreased from the prior year primarily due to lower earnings among the Partnership’s consolidated corporate subsidiaries. The three months ended March 31, 2016 also reflected a benefit of $20 million of net state tax benefit attributable to statutory state rate changes resulting from the contribution by ETP to Sunoco LP of its remaining 68.42% interest in Sunoco, LLC and 100% interest in the legacy Sunoco, Inc. retail business.

Supplemental Information on Unconsolidated Affiliates

The following table presents financial information related to unconsolidated affiliates:

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	Change
Equity in earnings (losses) of unconsolidated affiliates:			
Citrus	$ 21	$ 19	$ 2
FEP	14	14	—
PES	(6)	(9)	3
MEP	11	12	(1)
HPC	8	9	(1)
AmeriGas	(2)	6	(8)
Sunoco LP	15	—	15
Other	15	6	9
Total equity in earnings of unconsolidated affiliates	$ 76	$ 57	$ 19
Adjusted EBITDA related to unconsolidated affiliates[1]:			
Citrus	$ 74	$ 69	$ 5
FEP	19	19	—
PES	4	2	2
MEP	24	24	—
HPC	15	15	—
Sunoco LP	57	—	57
Other	26	17	9
Total Adjusted EBITDA related to unconsolidated affiliates	$ 219	$ 146	$ 73
Distributions received from unconsolidated affiliates:			
Citrus	$ 35	$ 33	$ 2
FEP	17	16	1
PES	—	2	(2)
MEP	21	20	1
HPC	12	13	(1)
Sunoco LP	30	—	30
Other	17	11	6
Total distributions received from unconsolidated affiliates	$ 132	$ 95	$ 37

(1) These amounts represent our proportionate share of the Adjusted EBITDA of our unconsolidated affiliates and are based on our equity in earnings or losses of our unconsolidated affiliates adjusted for our proportionate share of the unconsolidated affiliates' interest, depreciation, amortization, non-cash items and taxes.

Segment Operating Results

We evaluate segment performance based on Segment Adjusted EBITDA, which we believe is an important performance measure of the core profitability of our operations. This measure represents the basis of our internal financial reporting and is one of the performance measures used by senior management in deciding how to allocate capital resources among business segments.

The tables below identify the components of Segment Adjusted EBITDA, which is calculated as follows:

- *Gross margin, operating expenses*, and *selling, general and administrative expenses*. These amounts represent the amounts included in our consolidated financial statements that are attributable to each segment.
- *Unrealized gains or losses on commodity risk management activities* and *inventory valuation adjustments*. These are the unrealized amounts that are included in cost of products sold to calculate gross margin. These amounts are not included in Segment Adjusted EBITDA; therefore, the unrealized losses are added back and the unrealized gains are subtracted to calculate the segment measure.
- *Non-cash compensation expense*. These amounts represent the total non-cash compensation recorded in operating expenses and selling, general and administrative expenses. This expense is not included in Segment Adjusted EBITDA and therefore is added back to calculate the segment measure.
- *Adjusted EBITDA related to unconsolidated affiliates*. These amounts represent our proportionate share of the Adjusted EBITDA of our unconsolidated affiliates. Amounts reflected are calculated consistently with our definition of Adjusted EBITDA.

Intrastate Transportation and Storage

	Three Months Ended March 31,		
	2016	2015	Change
Natural gas transported (MMBtu/d)	7,994,473	8,809,018	(814,545)
Revenues	$ 558	$ 586	$ (28)
Cost of products sold	393	416	(23)
Gross margin	165	170	(5)
Unrealized losses on commodity risk management activities	38	35	3
Operating expenses, excluding non-cash compensation expense	(33)	(36)	3
Selling, general and administrative expenses, excluding non-cash compensation expense	(6)	(7)	1
Adjusted EBITDA related to unconsolidated affiliates	15	15	—
Segment Adjusted EBITDA	$ 179	$ 177	$ 2

Volumes. For the three months ended March 31, 2016 compared to the same period last year, transported volumes decreased primarily due to lower production volumes, primarily in the Barnett Shale region, partially offset by increased volumes related to significant new long-term transportation contracts.

Gross Margin. The components of our intrastate transportation and storage segment gross margin were as follows:

	Three Months Ended March 31,		
	2016	2015	Change
Transportation fees	$ 134	$ 128	$ 6
Natural gas sales and other	23	24	(1)
Retained fuel revenues	10	15	(5)
Storage margin, including fees	(2)	3	(5)
Total gross margin	$ 165	$ 170	$ (5)

Segment Adjusted EBITDA. For the three months ended March 31, 2016 compared to the same period last year, Segment Adjusted EBITDA related to our intrastate transportation and storage segment increased due to the net impacts of the following:

- an increase of $7 million in transportation fees, despite the decrease in transported volumes, primarily due to increased revenue from renegotiated and newly initiated long-term, fixed capacity fee contracts on our Houston Pipeline system;
- an increase of $7 million in natural gas sales and other primarily due to higher realized gains from the buying and selling of gas along our system, as well as lower fuel losses;

- a decrease of $2 million in operating expenses due to lower pipeline maintenance related costs, as well as lower costs for electricity used to run compressors on our pipelines; and
- a decrease of $1 million in general and administrative expenses resulting from lower overhead allocation costs due to shared services cost savings; partially offset by
- a decrease of $8 million in storage margin (excluding changes in unrealized losses of $2 million and inventory fair value adjustments of $5 million), as discussed below; and
- a decrease of $7 million from the sale of retained fuel (excluding changes in unrealized gains of $1 million) primarily due to significantly lower market prices. The average spot price at the Houston Ship Channel location for the three months ended March 31, 2016 decreased by $0.83/MMBtu, or 30%, to $1.93/MMBtu, compared to $2.76/MMBtu for the same period in the prior year.

Storage margin was comprised of the following:

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	Change
Withdrawals from storage natural gas inventory (MMBtu)	20,995,000	15,782,500	5,212,500
Realized margin on natural gas inventory transactions	$ 28	$ 35	$ (7)
Fair value inventory adjustments	17	12	5
Unrealized losses on derivatives	(53)	(51)	(2)
Margin recognized on natural gas inventory, including related derivatives	(8)	(4)	(4)
Revenues from fee-based storage	6	7	(1)
Total storage margin	$ (2)	$ 3	$ (5)

The decrease in storage margin was primarily driven by the timing of the movement of market prices during both periods.

Interstate Transportation and Storage

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	Change
Natural gas transported (MMBtu/d)	5,835,046	6,794,740	(959,694)
Natural gas sold (MMBtu/d)	16,946	16,656	290
Revenues	$ 259	$ 276	$ (17)
Operating expenses, excluding non-cash compensation, amortization and accretion expenses	(72)	(72)	—
Selling, general and administrative expenses, excluding non-cash compensation, amortization and accretion expenses	(12)	(15)	3
Adjusted EBITDA related to unconsolidated affiliates	117	112	5
Segment Adjusted EBITDA	$ 292	$ 301	$ (9)

Volumes. For the three months ended March 31, 2016 compared to the same period last year, transported volumes decreased 790,206 MMBtu/d on the Trunkline pipeline due to the transfer of one of the pipelines at Trunkline which was repurposed from natural gas service to crude oil service. The remainder of the decrease in transported volumes was primarily due to the impacts of milder weather, including a decrease of 93,958 MMBtu/d on the Tiger pipeline.

Segment Adjusted EBITDA. For the three months ended March 31, 2016 compared to the same period last year, Segment Adjusted EBITDA related to our interstate transportation and storage segment decreased due to the net effects of the following:

- a decrease of approximately $10 million in revenues due to the transfer and conversion from crude oil service to natural gas service of one of the Trunkline pipelines, and $11 million on the Transwestern pipeline from the expiration of a transportation rate schedule and lower sales of gas due to lower prices. The decreases on the Transwestern pipeline were offset by a $7 million increase primarily from sales of capacity at higher rates and new transportation services; partially offset by

- a decrease of $3 million in selling, general and administrative expenses primarily due to a reduction in allocations and lower employee related expenses for the three months ended March 31, 2016; and
- an increase of $5 million in adjusted EBITDA related to unconsolidated affiliates due to higher equity from Citrus as a result of higher revenues from one additional operating day and Phase VIII related revenues and lower maintenance related expenses.

Midstream

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	Change
Gathered volumes (MMBtu/d)	9,851,105	9,514,586	336,519
NGLs produced (Bbls/d)	427,923	367,382	60,541
Equity NGLs (Bbls/d)	29,533	28,090	1,443
Revenues	$ 1,092	$ 1,151	$ (59)
Cost of products sold	678	712	(34)
Gross margin	414	439	(25)
Unrealized losses on commodity risk management activities	—	11	(11)
Operating expenses, excluding non-cash compensation expense	(145)	(138)	(7)
Selling, general and administrative expenses, excluding non-cash compensation expense	(12)	(3)	(9)
Adjusted EBITDA related to unconsolidated affiliates	6	1	5
Segment Adjusted EBITDA	$ 263	$ 310	$ (47)

Volumes. Gathered volumes and NGLs produced increased during the three months ended March 31, 2016 compared to the same periods last year primarily due to the King Ranch acquisition as well as increased gathering and processing capacities in the Eagle Ford, Permian Basin and Cotton Valley regions, partially offset by declines in the Panhandle/Mid-Con, North Texas, and North East regions.

Gross Margin. The components of our midstream segment gross margin were as follows:

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	Change
Gathering and processing fee-based revenues	$ 374	$ 370	$ 4
Non fee-based contracts and processing	40	69	(29)
Total gross margin	$ 414	$ 439	$ (25)

Segment Adjusted EBITDA. For the three months ended March 31, 2016 compared to the same period last year, Segment Adjusted EBITDA related to our midstream segment decreased due to the net effects of the following:

- a decrease of $9 million in non-fee based margins for natural gas due to lower natural gas prices and a $20 million decrease in non-fee based margins for crude oil and NGL due to lower crude oil and NGL prices;
- a decrease in gross margin of $22 million from realized gains and losses on derivatives;
- an increase of $7 million in operating expenses primarily due to assets that are recently placed in service, including the King Ranch and Eagle Ford systems in south Texas; and
- an increase of $9 million in general and administrative expenses primarily due to a higher allocation of costs to the midstream segment; partially offset by
- an increase of $4 million in fee-based revenues due to increased production and increased capacity from assets placed in service in the Eagle Ford Shale, Permian Basin and Cotton Valley regions partially offset by volume declines in the North Texas, Mid-Continent/Panhandle and North East regions; and
- an increase of $5 million in adjusted EBITDA related to unconsolidated affiliates due to increased volumes through unconsolidated joint ventures.

Liquids Transportation and Services

	Three Months Ended March 31,		
	2016	2015	Change
Liquids transportation volumes (Bbls/d)	486,907	408,504	78,403
NGL fractionation volumes (Bbls/d)	362,906	218,325	144,581
Revenues	$ 919	$ 835	$ 84
Cost of products sold	661	638	23
Gross margin	258	197	61
Unrealized losses on commodity risk management activities	9	9	—
Operating expenses, excluding non-cash compensation expense	(37)	(35)	(2)
Selling, general and administrative expenses, excluding non-cash compensation expense	(5)	(4)	(1)
Adjusted EBITDA related to unconsolidated affiliates	2	2	—
Segment Adjusted EBITDA	$ 227	$ 169	$ 58

Volumes. For the three months ended March 31, 2016 compared to the same period last year, NGL transportation volumes increased in all major producing regions, including the Permian, North Texas, Southeast Texas, Eagle Ford, and Louisiana. Additionally, our crude transportation pipeline in the Eagle Ford region transported approximately 44,000 Bbls/d for the three months ended March 31, 2016 compared to 38,000 Bbls/d for the three months ended March 31, 2015.

Average daily fractionated volumes increased for the three months ended March 31, 2016 compared to the same period last year due to the ramp-up of our third 100,000 Bbls/d fractionator at Mont Belvieu, Texas, which was commissioned in late December 2015, as well as increased producer volumes, as mentioned above.

Gross Margin. The components of our liquids transportation and services segment gross margin were as follows:

	Three Months Ended March 31,		
	2016	2015	Change
Transportation margin	$ 108	$ 84	$ 24
Processing and fractionation margin	100	65	35
Storage margin	49	44	5
Other margin	1	4	(3)
Total gross margin	$ 258	$ 197	$ 61

Segment Adjusted EBITDA. For the three months ended March 31, 2016 compared to the same period last year, Segment Adjusted EBITDA related to our liquids transportation and services segment increased due to the net impacts of the following:

- an increase of $24 million in transportation fees due to higher volumes transported out of all of our producing regions and higher average rates. The increase in average rates was primarily due to a higher proportion of the volumes originating from West Texas where transport rates are higher. Higher volumes from the West Texas region resulted in an increase in margin of $20 million between periods;
- an increase of $40 million in processing and fractionation margin (excluding changes in unrealized losses of $5 million) due to a $27 million increase in margin from our fractionators due to the ramp-up of our third 100,000 Bbls/d fractionator at Mont Belvieu, Texas, and additional producer volumes, primarily from West Texas. Additionally, the commissioning of the Mariner South LPG export project during February 2015 contributed an additional $15 million for the three months ended March 31, 2016. Margin associated with our off-gas fractionator in Geismar, Louisiana decreased by $2 million, as NGL and olefins market prices decreased significantly for the comparable periods; and
- an increase of $5 million in storage margin due to an increase in demand for leased storage capacity as a result of favorable market conditions, which increased fee-based storage revenues by $6 million. This increase in fee-based storage revenues was partially offset by lower non-fee based revenues of $2 million due to lower commodity prices; partially offset by

- a decrease of $7 million in other margin (excluding changes in unrealized losses of $4 million) primarily due to less favorable commodity prices;
- an increase of $2 million in operating expenses primarily due to increased utilities costs offset by lower project related expenses; and
- an increase of $1 million in general and administrative expenses due to higher employee related expenses.

Investment in Sunoco Logistics

	Three Months Ended March 31,		
	2016	2015	Change
Revenues	$ 1,777	$ 2,572	$ (795)
Cost of products sold	1,439	2,359	(920)
Gross margin	338	213	125
Unrealized losses on commodity risk management activities	13	15	(2)
Operating expenses, excluding non-cash compensation expense	(21)	(39)	18
Selling, general and administrative expenses, excluding non-cash compensation expense	(23)	(22)	(1)
Inventory valuation adjustments	26	41	(15)
Adjusted EBITDA related to unconsolidated affiliates	16	13	3
Segment Adjusted EBITDA	$ 349	$ 221	$ 128

Segment Adjusted EBITDA. For the three months ended March 31, 2016 compared to the same period last year, Segment Adjusted EBITDA related to Sunoco Logistics increased due to the following:

- an increase of $64 million from Sunoco Logistics' crude oil operations. During the quarter, Sunoco Logistics continued to utilize its storage capabilities to capture the contango market structure. The impact of last-in, first-out ("LIFO") method of accounting in an environment where commodity prices are falling resulted in approximately $60 million of positive earnings in the quarter. This favorable LIFO timing is expected to be reversed in future periods as commodity prices rise or those inventory positions are liquidated. Excluding this favorable inventory timing, the Sunoco Logistics' crude oil operations increased $4 million compared to the same period last year. This increase was primarily attributable to improved results of $45 million from Sunoco Logistics' crude oil pipelines which benefited from the Permian Express 2 pipeline that commenced operations in July 2015, higher results from Sunoco Logistics' crude oil terminals of $8 million largely related to Sunoco Logistics' Nederland facility. These increases were largely offset by a decrease in operating results from Sunoco Logistics' crude oil acquisition and marketing activities of $50 million resulting from narrowing crude oil differentials, which includes transportation and storage fees related to its crude oil pipelines and terminal facilities;
- an increase of $46 million from Sunoco Logistics' NGLs operations, primarily due to increased volumes and fees from Sunoco Logistics' Mariner NGLs projects of $38 million, which includes Sunoco Logistics' Nederland and Marcus Hook facilities. Higher volumes related to Sunoco Logistics' NGLs acquisition and marketing activities and the absence of unfavorable LIFO inventory accounting contributed $7 million to the increase; and
- an increase of $18 million from Sunoco Logistics' refined products operations, primarily due to increased operating results from Sunoco Logistics' refined products pipelines of $9 million, which was largely attributable to the commencement of operations on Sunoco Logistics' Allegheny Access project in 2015. Improved earnings from Sunoco Logistics' refined products acquisition and marketing activities of $8 million and increased contributions from Sunoco Logistics' refined products joint ventures of $1 million also contributed to the improvement.

Retail Marketing

	Three Months Ended March 31, 2016	2015	Change
Revenues	$ —	$ 4,805	$ (4,805)
Cost of products sold	—	4,367	(4,367)
Gross margin	—	438	(438)
Unrealized losses on commodity risk management activities	—	2	(2)
Operating expenses, excluding non-cash compensation expense	—	(271)	271
Selling, general and administrative expenses, excluding non-cash compensation expense	—	(34)	34
Inventory valuation adjustments	—	(7)	7
Adjusted EBITDA related to unconsolidated affiliates	57	1	56
Segment Adjusted EBITDA	$ 57	$ 129	$ (72)

Due to the transfer of the general partnership interest of Sunoco LP from ETP to ETE in 2015 and completion of the dropdown of remaining Retail Marketing interests from ETP to Sunoco LP in March 2016, the Partnership's retail marketing segment has been deconsolidated, and the segment results now reflect an equity method investment in limited partnership units of Sunoco LP. As of March 31, 2016, the Partnership owns 43.5 million Sunoco LP common units, representing 45.6% of Sunoco LP's total outstanding common units.

All Other

	Three Months Ended March 31, 2016	2015	Change
Revenues	$ 854	$ 742	$ 112
Cost of products sold	761	635	126
Gross margin	93	107	(14)
Unrealized losses on commodity risk management activities	3	5	(2)
Operating expenses, excluding non-cash compensation expense	(21)	(23)	2
Selling, general and administrative expenses, excluding non-cash compensation expense	(27)	(49)	22
Adjusted EBITDA related to unconsolidated affiliates	4	3	1
Other	24	24	—
Eliminations	(31)	(8)	(23)
Segment Adjusted EBITDA	$ 45	$ 59	$ (14)

Amounts reflected in our all other segment primarily include:

- our natural gas marketing and compression operations;
- a 33% non-operating interest in PES, a refining joint venture; and
- our investment in Coal Handling, an entity that owns and operates end-user coal handling facilities.

For the three months ended March 31, 2016 compared to the same period last year, Segment Adjusted EBITDA decreased primarily due to unfavorable results from our natural resources operations.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our ability to satisfy our obligations and pay distributions to our Unitholders will depend on our future performance, which will be subject to prevailing economic, financial, business and weather conditions, and other factors, many of which are beyond management's control.

We currently expect the following capital expenditures in 2016 to be within the following ranges:

	Growth		Maintenance	
	Low	High	Low	High
Direct[1]:				
Intrastate transportation and storage[2]	$ 25	$ 35	$ 30	$ 35
Interstate transportation and storage[2][3]	200	240	110	115
Midstream	1,050	1,100	130	140
Liquids transportation and services				
NGL	975	1,025	20	25
Crude[2][3]	350	400	—	—
All other (including eliminations)	65	75	25	30
Total direct capital expenditures	$ 2,665	$ 2,875	$ 315	$ 345

(1) Direct capital expenditures exclude those funded by our publicly traded subsidiary.

(2) Net of amounts forecasted to be financed at the asset level with non-recourse debt of approximately $1.21 billion.

(3) Includes capital expenditures related to our proportionate ownership of the Bakken, Bayou Bridge and Rover pipeline projects.

The assets used in our natural gas and liquids operations, including pipelines, gathering systems and related facilities, are generally long-lived assets and do not require significant maintenance capital expenditures. Accordingly, we do not have any significant financial commitments for maintenance capital expenditures in our businesses. From time to time we experience increases in pipe costs due to a number of reasons, including but not limited to, delays from steel mills, limited selection of mills capable of producing large diameter pipe timely, higher steel prices and other factors beyond our control. However, we include these factors in our anticipated growth capital expenditures for each year.

We generally fund maintenance capital expenditures and distributions with cash flows from operating activities. We generally fund growth capital expenditures with proceeds of borrowings under credit facilities, long-term debt, the issuance of additional common units, dropdown proceeds or the monetization of non-core assets or a combination thereof.

Cash Flows

Our internally generated cash flows may change in the future due to a number of factors, some of which we cannot control. These include regulatory changes, the price for our products and services, the demand for such products and services, margin requirements resulting from significant changes in commodity prices, operational risks, the successful integration of our acquisitions, and other factors.

Operating Activities

Changes in cash flows from operating activities between periods primarily result from changes in earnings (as discussed in "Results of Operations" above), excluding the impacts of non-cash items and changes in operating assets and liabilities. Non-cash items include recurring non-cash expenses, such as depreciation, depletion and amortization expense and non-cash compensation expense. The increase in depreciation, depletion and amortization expense during the periods presented primarily resulted from construction and acquisitions of assets, while changes in non-cash unit-based compensation expense resulted from changes in the number of units granted and changes in the grant date fair value estimated for such grants. Cash flows from operating activities also differ from earnings as a result of non-cash charges that may not be recurring such as impairment charges and allowance for equity funds used during construction. The allowance for equity funds used during construction increases in periods when we have a significant amount of interstate pipeline construction in progress. Changes in operating assets and liabilities between periods result from factors such as the changes in the value of derivative assets and liabilities, timing of accounts receivable collection, payments on accounts payable, the timing of purchase and sales of inventories, and the timing of advances and deposits received from customers.

Three months ended March 31, 2016 compared to three months ended March 31, 2015. Cash provided by operating activities during 2016 was $960 million compared to $600 million for 2015 and net income was $376 million and $268 million for 2016 and 2015, respectively. The difference between net income and cash provided by operating activities for the three months ended March 31, 2016 primarily consisted of net changes in operating assets and liabilities of $144 million and non-cash items totaling $363 million.

The non-cash activity in 2016 and 2015 consisted primarily of depreciation, depletion and amortization of $470 million and $479 million, respectively, non-cash compensation expense of $19 million and $20 million, respectively, and equity in earnings of unconsolidated affiliates of $76 million and $57 million, respectively. Non-cash activity in 2016 also included deferred income taxes of $57 million and inventory valuation adjustments of $26 million.

Cash paid for interest, net of interest capitalized, was $344 million and $337 million for the three months ended March 31, 2016 and 2015, respectively.

Capitalized interest was $57 million and $32 million for the three months ended March 31, 2016 and 2015, respectively.

Investing Activities

Cash flows from investing activities primarily consist of cash amounts paid in acquisitions, capital expenditures, cash distributions from our joint ventures, and cash proceeds from sales or contributions of assets or businesses. Changes in capital expenditures between periods primarily result from increases or decreases in our growth capital expenditures to fund our construction and expansion projects.

Three months ended March 31, 2016 compared to three months ended March 31, 2015. Cash provided by investing activities during 2016 was $415 million compared to cash used in investing activities of $1.60 billion for 2015. Total capital expenditures (excluding the allowance for equity funds used during construction and net of contributions in aid of construction costs) for 2016 were $1.81 billion. This compares to total capital expenditures (excluding the allowance for equity funds used during construction and net of contributions in aid of construction costs) for 2015 of $2.15 billion. Additional detail related to our capital expenditures is provided in the table below. During 2016, we received $2.20 billion in cash related to the contribution of our Sunoco, Inc. retail business to Sunoco LP. During 2015, we received $980 million in cash related to the Bakken Pipeline Transaction and paid $499 million in cash for all other acquisitions.

The following is a summary of capital expenditures (net of contributions in aid of construction costs) for the three months ended March 31, 2016:

	Capital Expenditures Recorded During Period		
	Growth	Maintenance	Total
Direct[1]:			
Intrastate transportation and storage	$ 14	$ 2	$ 16
Interstate transportation and storage[2]	61	5	66
Midstream	322	26	348
Liquids transportation and services[2]	731	4	735
All other (including eliminations)	31	9	40
Total direct capital expenditures	1,159	46	1,205
Indirect[1]:			
Investment in Sunoco Logistics	467	13	480
Total capital expenditures	$ 1,626	$ 59	$ 1,685

(1) Indirect capital expenditures comprise those funded by our publicly traded subsidiary; all other capital expenditures are reflected as direct capital expenditures.

(2) Includes capital expenditures related to the Bakken, Bayou Bridge and Rover pipeline projects, which includes $112 million related to Sunoco Logistics' proportionate ownership in the Bakken and Bayou Bridge pipeline projects.

Financing Activities

Changes in cash flows from financing activities between periods primarily result from changes in the levels of borrowings and equity issuances, which are primarily used to fund our acquisitions and growth capital expenditures. Distributions to partners increased between the periods as a result of increases in the number of Common Units outstanding.

Three months ended March 31, 2016 compared to three months ended March 31, 2015. Cash used in financing activities during 2016 was $1.19 billion compared to cashed provided by financing activities of $2.18 billion for 2015. In 2016 and 2015, we received net proceeds from Common Unit offerings of $363 million and $135 million, respectively. In 2016 and 2015, our subsidiaries received $301 million and $689 million, respectively, in net proceeds from the issuance of common units. During 2016, we had a net decrease in our debt level of $976 million compared to a net increase of $1.97 billion for 2015. We have paid distributions of $897 million to our partners in 2016 compared to $558 million in 2015. We have also paid distributions of $100 million to noncontrolling interests in 2016 compared to $77 million in 2015. In addition, we have received capital contributions of $132 million in cash from noncontrolling interests in 2016 compared to $219 million in 2015.

Description of Indebtedness

Our outstanding consolidated indebtedness was as follows:

	March 31, 2016	December 31, 2015
ETP Senior Notes	$ 19,439	$ 19,439
Transwestern Senior Notes	782	782
Panhandle Senior Notes	1,085	1,085
Sunoco, Inc. Senior Notes	465	465
Sunoco Logistics Senior Notes[(1)]	4,975	4,975
Revolving credit facilities:		
ETP $3.75 billion Revolving Credit Facility due November 2019	4	1,362
Sunoco Logistics $2.50 billion Revolving Credit Facility due March 2020	942	562
Other long-term debt	32	32
Unamortized premiums, net of discounts and fair value adjustments	147	158
Deferred debt issuance costs	(177)	(181)
Total debt	27,694	28,679
Less: Current maturities of long-term debt	925	126
Long-term debt, less current maturities	$ 26,769	$ 28,553

(1) Sunoco Logistics' $175 million of 6.125% senior notes due May 15, 2016 were classified as long-term debt as of March 31, 2016 as Sunoco Logistics has the ability and intent to refinance such borrowings on a long-term basis.

Credit Facilities

ETP Credit Facility

The ETP Credit Facility allows for borrowings of up to $3.75 billion and expires in November 2019. The indebtedness under the ETP Credit Facility is unsecured, is not guaranteed by any of the Partnership's subsidiaries and has equal rights to holders of our current and future unsecured debt. As of March 31, 2016, the ETP Credit Facility had $4 million of outstanding borrowings.

Sunoco Logistics Credit Facilities

Sunoco Logistics maintains a $2.5 billion unsecured revolving credit agreement (the "Sunoco Logistics Credit Facility"), which matures in March 2020. The Sunoco Logistics Credit Facility contains an accordion feature, under which the total aggregate commitment may be increased to $3.25 billion under certain conditions. As of March 31, 2016, the Sunoco Logistics Credit Facility had $942 million of outstanding borrowings.

Covenants Related to Our Credit Agreements

We were in compliance with all requirements, tests, limitations, and covenants related to our credit agreements as of March 31, 2016.

CASH DISTRIBUTIONS

Cash Distributions Paid by ETP

We expect to use substantially all of our cash provided by operating and financing activities from the Operating Companies to provide distributions to our Unitholders. Under our Partnership Agreement, we will distribute to our partners within 45 days after the end of each calendar quarter, an amount equal to all of our Available Cash (as defined in our Partnership Agreement) 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. Our commitment to our Unitholders is to distribute the increase in our cash flow while maintaining prudent reserves for our operations.

Following are distributions declared and/or paid by us subsequent to December 31, 2015:

Quarter Ended	Record Date	Payment Date	Rate
December 31, 2015	February 8, 2016	February 16, 2016	$ 1.0550
March 31, 2016	May 6, 2016	May 16, 2016	1.0550

The total amounts of distributions declared during the periods presented (all from Available Cash from our operating surplus and are shown in the period with respect to which they relate):

	Three Months Ended March 31,	
	2016	2015
Common Units held by public	$ 526	$ 465
Common Units held by ETE	3	24
Class H Units held by ETE	83	56
General Partner interest held by ETE	8	8
Incentive distributions held by ETE	331	300
IDR relinquishments net of Class I Unit distributions	(34)	(27)
Total distributions declared to the partners of ETP	$ 917	$ 826

ETE agreed to relinquish its right to the following amounts of incentive distributions in future periods, including distributions on Class I Units.

	Total Year
2016 (remainder)	$ 103
2017	128
2018	105
2019	95

Cash Distributions Paid by Sunoco Logistics

Sunoco Logistics is required by its partnership agreement to distribute all cash on hand at the end of each quarter, less appropriate reserves determined by its general partner.

Following are distributions declared and/or paid by Sunoco Logistics subsequent to December 31, 2015:

Quarter Ended	Record Date	Payment Date	Rate
December 31, 2015	February 8, 2016	February 12, 2016	$ 0.4790
March 31, 2016	May 9, 2016	May 13, 2016	0.4890

The total amounts of Sunoco Logistics distributions declared during the periods presented were as follows (all from Available Cash from Sunoco Logistics' operating surplus and are shown in the period with respect to which they relate):

	Three Months Ended March 31,	
	2016	2015
Limited Partners:		
Common units held by public	$ 107	$ 75
Common units held by ETP	33	28
General Partner interest held by ETP	3	3
Incentive distributions held by ETP	89	59
Total distributions declared	$ 232	$ 165

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information contained in Item 3 updates, and should be read in conjunction with, information set forth in Part II, Item 7A in our Annual Report on Form 10-K for the year ended December 31, 2015, in addition to the accompanying notes and management's discussion and analysis of financial condition and results of operations presented in Items 1 and 2 of this Quarterly Report on Form 10-Q. Our quantitative and qualitative disclosures about market risk are consistent with those discussed for the year ended December 31, 2015. Since December 31, 2015, there have been no material changes to our primary market risk exposures or how those exposures are managed.

Commodity Price Risk

The table below summarizes our commodity-related financial derivative instruments and fair values, including derivatives related to our consolidated subsidiaries, as well as the effect of an assumed hypothetical 10% change in the underlying price of the commodity. Notional volumes are presented in MMBtu for natural gas, thousand megawatt for power, barrels for natural gas liquids, crude and refined products and bushels for corn. Dollar amounts are presented in millions.

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	March 31, 2016			December 31, 2015		
	Notional Volume	Fair Value Asset (Liability)	Effect of Hypothetical 10% Change	Notional Volume	Fair Value Asset (Liability)	Effect of Hypothetical 10% Change
Mark-to-Market Derivatives						
(Trading)						
Natural Gas (MMBtu):						
Fixed Swaps/Futures	1,712,500	$ —	$ —	(602,500)	$ (1)	$ —
Basis Swaps IFERC/NYMEX[1]	63,825,000	(3)	1	(31,240,000)	(1)	—
Power (Megawatt):						
Forwards	(344,954)	(4)	2	357,092	—	2
Futures	2,675,597	—	—	(109,791)	2	—
Options – Puts	(227,600)	—	—	260,534	—	—
Options – Calls	1,011,600	2	—	1,300,647	—	3
Crude (Bbls):						
Futures	(616,000)	7	3	(591,000)	4	3
Options – Puts	(300,000)	—	—	—	—	—
Options – Calls	300,000	—	—	—	—	—
(Non-Trading)						
Natural Gas (MMBtu):						
Basis Swaps IFERC/NYMEX	(9,175,000)	—	—	(6,522,500)	—	—
Swing Swaps IFERC	105,170,000	(1)	—	71,340,000	(1)	—
Fixed Swaps/Futures	(6,862,500)	13	5	(14,380,000)	(1)	5
Forward Physical Contracts	26,156,570	3	—	21,922,484	4	5
Natural Gas Liquid (Bbls) – Forwards/Swaps	(6,273,000)	1	13	(8,146,800)	10	13
Refined Products (Bbls) – Futures	(2,042,000)	(1)	12	(993,000)	9	5
Corn (Bushels) – Futures	—	—	—	1,185,000	—	1
Fair Value Hedging Derivatives						
(Non-Trading)						
Natural Gas (MMBtu):						
Basis Swaps IFERC/NYMEX	(23,215,000)	—	—	(37,555,000)	—	—
Fixed Swaps/Futures	(23,215,000)	4	4	(37,555,000)	73	9

[1] Includes aggregate amounts for open positions related to Houston Ship Channel, Waha Hub, NGPL TexOk, West Louisiana Zone and Henry Hub locations.

The fair values of the commodity-related financial positions have been determined using independent third party prices, readily available market information and appropriate valuation techniques. Non-trading positions offset physical exposures to the cash market; none of these offsetting physical exposures are included in the above tables. Price-risk sensitivities were calculated by assuming a theoretical 10% change (increase or decrease) in price regardless of term or historical relationships between the contractual price of the instruments and the underlying commodity price. Results are presented in absolute terms and represent a potential gain or loss in net income or in other comprehensive income. In the event of an actual 10% change in prompt month natural gas prices, the fair value of our total derivative portfolio may not change by 10% due to factors such as when the financial instrument settles and the location to which the financial instrument is tied (i.e., basis swaps) and the relationship between prompt month and forward months.

Interest Rate Risk

As of March 31, 2016, we had $3.07 billion of floating rate debt outstanding. A hypothetical change of 100 basis points would result in a maximum potential change to interest expense of $31 million annually; however, our actual change in interest expense may be less in a given period due to interest rate floors included in our variable rate debt instruments. We manage a portion of our interest rate exposure by utilizing interest rate swaps, including forward-starting interest rate swaps to lock-in the rate on a portion of anticipated debt issuances.

The following table summarizes our interest rate swaps outstanding (dollars in millions), none of which are designated as hedges for accounting purposes:

		Notional Amount Outstanding	
Term	Type[(1)]	March 31, 2016	December 31, 2015
July 2016[(2)]	Forward-starting to pay a fixed rate of 3.80% and receive a floating rate	$ 200	$ 200
July 2017[(3)]	Forward-starting to pay a fixed rate of 3.84% and receive a floating rate	300	300
July 2018[(3)]	Forward-starting to pay a fixed rate of 4.00% and receive a floating rate	200	200
December 2018	Pay a floating rate based on a 3-month LIBOR and receive a fixed rate of 1.53%	1,200	1,200
March 2019	Pay a floating rate based on a 3-month LIBOR and receive a fixed rate of 1.42%	300	300
July 2019[(3)]	Forward-starting to pay a fixed rate of 3.25% and receive a floating rate	200	200

(1) Floating rates are based on 3-month LIBOR.

(2) Represents the effective date. These forward-starting swaps have terms of 10 and 30 years with a mandatory termination date the same as the effective date.

(3) Represents the effective date. These forward-starting swaps have terms of 30 years with a mandatory termination date the same as the effective date.

A hypothetical change of 100 basis points in interest rates for these interest rate swaps would result in a net change in the fair value of interest rate derivatives and earnings (recognized in gains and losses on interest rate derivatives) of $185 million as of March 31, 2016. For the $1.50 billion of interest rate swaps whereby we pay a floating rate and receive a fixed rate, a hypothetical change of 100 basis points in interest rates would result in a net change in annual cash flows of $46 million. For the forward-starting interest rate swaps, a hypothetical change of 100 basis points in interest rates would not affect cash flows until the swaps are settled.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We have established disclosure controls and procedures to ensure that information required to be disclosed by us, including our consolidated entities, in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms.

Under the supervision and with the participation of senior management, including the Chief Executive Officer (“Principal Executive Officer”) and the Chief Financial Officer (“Principal Financial Officer”) of our General Partner, we evaluated our disclosure controls and procedures, as such term is defined under Rule 13a–15(e) promulgated under the Exchange Act. Based on this evaluation, the Principal Executive Officer and the Principal Financial Officer of our General Partner concluded that our disclosure controls and procedures were effective as of March 31, 2016 to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act (1) is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and (2) is accumulated and communicated to management, including the Principal Executive Officer and Principal Financial Officer of our General Partner, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal controls over financial reporting (as defined in Rule 13(a)–15(f) or Rule 15d–15(f) of the Exchange Act) during the three months ended March 31, 2016 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For information regarding legal proceedings, see our Form 10-K for the year ended December 31, 2015 and Note 10 – Regulatory Matters, Commitments, Contingencies and Environmental Liabilities of the Notes to Consolidated Financial Statements of Energy Transfer Partners, L.P. and Subsidiaries included in this Quarterly Report on Form 10-Q for the quarter ended March 31, 2016.

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors described in Part I, Item 1A in our Annual Report on Form 10-K for our previous fiscal year ended December 31, 2015.

ITEM 6. EXHIBITS

The exhibits listed below are filed or furnished, as indicated, as part of this report:

Exhibit Number	Description
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934 pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934 pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

*	Filed herewith.
**	Furnished herewith.

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

Date: May 6, 2016

By: /s/ A. Troy Sturrock

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

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
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 subsidiaries, 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 6, 2016

/s/ Kelcy L. Warren

Kelcy L. Warren
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
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 subsidiaries, 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 6, 2016

/s/ Thomas E. Long
Thomas E. Long
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Energy Transfer Partners, L.P. (the "Partnership") on Form 10-Q for the quarter ended March 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), 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 to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: May 6, 2016

/s/ Kelcy L. Warren
Kelcy L. Warren
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to and will be retained by Energy Transfer Partners, L.P. and furnished to the Securities and Exchange Commission upon request.

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Energy Transfer Partners, L.P. (the "Partnership") on Form 10-Q for the quarter ended March 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), 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 to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: May 6, 2016

/s/ Thomas E. Long

Thomas E. Long
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to and will be retained by Energy Transfer Partners, L.P. and furnished to the Securities and Exchange Commission upon request.