Targa Resources Corp.
Form 10-Q
May 07, 2015

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

FORM 10-Q

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

For the quarterly period ended March 31, 2015

or

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

For the transition period from _____ to _____

Commission File Number: 001-34991

TARGA RESOURCES CORP.
(Exact name of registrant as specified in its charter)

Delaware	20-3701075
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1000 Louisiana St, Suite 4300, Houston, Texas	77002
(Address of principal executive offices)	(Zip Code)

(713) 584-1000
(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 R 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 R 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 R Accelerated filer £ Non-accelerated filer £ Smaller reporting company £

(Do not check if a 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 R.

As of May 1, 2015, there were 56,022,051 shares of the registrant's common stock, $0.001 par value, outstanding.

PART I—FINANCIAL INFORMATION

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CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

Targa Resources Corp.'s (together with its subsidiaries, other than Targa Resources Partners LP ("the Partnership"), "we," "us," "Targa," "TRC," or the "Company") reports, filings and other public announcements may from time to time contain statements that do not directly or exclusively relate to historical facts. Such statements are "forward-looking statements." You can typically identify forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, by the use of forward-looking statements, such as "may," "could," "project," "believe," "anticipate," "expect," "estimate," "potential," "plan and other similar words.

All statements that are not statements of historical facts, including statements regarding our future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward-looking statements.

These forward-looking statements reflect our intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside our control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Known risks and uncertainties include, but are not limited to, the risks set forth in "Part II – Other Information, Item 1A. Risk Factors." in this Quarterly Report on Form 10-Q ("Quarterly Report") as well as the following risks and uncertainties:

- the Partnership's and our ability to access the debt and equity markets, which will depend on general market conditions and the credit ratings for our debt obligations;

- the amount of collateral required to be posted from time to time in the Partnership's transactions;

- the Partnership's success in risk management activities, including the use of derivative instruments to hedge commodity risks;

- the level of creditworthiness of counterparties to various transactions with the Partnership;

- changes in laws and regulations, particularly with regard to taxes, safety and protection of the environment;

- the timing and extent of changes in natural gas, natural gas liquids ("NGL"), crude oil and other commodity prices, interest rates and demand for the Partnership's services;

- weather and other natural phenomena;

- industry changes, including the impact of consolidations and changes in competition;

- the Partnership's ability to obtain necessary licenses, permits and other approvals;

- the level and success of crude oil and natural gas drilling around the Partnership's assets, its success in connecting natural gas supplies to its gathering and processing systems, oil supplies to its gathering systems and NGL supplies to its logistics and marketing facilities and the Partnership's success in connecting its facilities to transportation and markets;

- the Partnership's and our ability to grow through acquisitions or internal growth projects and the successful integration and future performance of such assets; including with respect to the Atlas mergers (as defined below) which were completed February 27, 2015 between Targa Resources Corp. and Atlas Energy, L.P., a Delaware limited partnership (“ATLS”) and between Atlas Pipeline Partners L.P., a Delaware limited partnership (“APL”) and the Partnership;

- general economic, market and business conditions; and

- the risks described elsewhere in “Part II – Other Information, Item 1A. Risk Factors.” in this Quarterly Report, our Annual Report on Form 10-K for the year ended December 31, 2014 (“Annual Report”) and our reports and registration statements filed from time to time with the United States Securities and Exchange Commission (“SEC”).

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Although we believe that the assumptions underlying our forward-looking statements are reasonable, any of the assumptions could be inaccurate, and, therefore, we cannot assure you that the forward-looking statements included in this Quarterly Report will prove to be accurate. Some of these and other risks and uncertainties that could cause actual results to differ materially from such forward-looking statements are more fully described in "Part II – Other Information, Item 1A. Risk Factors." in this Quarterly Report and in our Annual Report. Except as may be required by applicable law, we undertake no obligation to publicly update or advise of any change in any forward-looking statement, whether as a result of new information, future events or otherwise.

As generally used in the energy industry and in this Quarterly Report, the identified terms have the following meanings:

Bbl	Barrels (equal to 42 U.S. gallons)
Bcf	Billion cubic feet
Btu	British thermal units, a measure of heating value
BBtu	Billion British thermal units
/d	Per day
/hr	Per hour
gal	U.S. gallons
GPM	Liquid volume equivalent expressed as gallons per 1000 cu. ft. of natural gas
LPG	Liquefied petroleum gas
MBbl	Thousand barrels
MMBbl	Million barrels
MMBtu	Million British thermal units
MMcf	Million cubic feet
NGL(s)	Natural gas liquid(s)
NYMEX	New York Mercantile Exchange
GAAP	Accounting principles generally accepted in the United States of America
LIBOR	London Interbank Offer Rate
NYSE	New York Stock Exchange

Price Index Definitions

IF-NGPL MC	Inside FERC Gas Market Report, Natural Gas Pipeline, Mid-Continent
IF-PB	Inside FERC Gas Market Report, Permian Basin
IF-WAHA	Inside FERC Gas Market Report, West Texas WAHA
NY-WTI	NYMEX, West Texas Intermediate Crude Oil
OPIS-MB	Oil Price Information Service, Mont Belvieu, Texas
NG-NYMEX	NYMEX, Natural Gas

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

TARGA RESOURCES CORP.
CONSOLIDATED BALANCE SHEETS

	March 31, 2015	December 31, 2014
	(Unaudited)	
	(In millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	$170.7	$81.0
Trade receivables, net of allowances of $0.0 million	675.6	567.3
Inventories	78.2	168.9
Deferred income taxes	-	0.1
Assets from risk management activities	126.0	44.4
Other current assets	17.1	20.9
Total current assets	1,067.6	882.6
Property, plant and equipment	11,624.6	6,521.1
Accumulated depreciation	(1,791.6)	(1,696.5)
Property, plant and equipment, net	9,833.0	4,824.6
Goodwill	628.5	-
Intangible assets, net	1,602.4	591.9
Long-term assets from risk management activities	51.2	15.8
Investments in unconsolidated affiliates	322.9	50.2
Other long-term assets	119.7	88.4
Total assets	$13,625.3	$6,453.5
LIABILITIES AND OWNERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$736.8	$638.5
Accounts receivable securitization facility	197.9	182.8
Deferred income taxes	47.6	0.6
Liabilities from risk management activities	0.6	5.2
Total current liabilities	982.9	827.1
Long-term debt	5,838.2	2,885.4
Long-term liabilities from risk management activities	1.8	-
Deferred income taxes	127.8	138.2
Other long-term liabilities	80.2	63.3
Contingencies (see Note 16)		
Owners' equity:		
Targa Resources Corp. stockholders' equity:		
	0.1	-

Common stock ($0.001 par value, 300,000,000 shares authorized)				
	Issued	Outstanding		
March 31, 2015	56,427,480	56,021,222		
December 31, 2014	42,529,068	42,162,178		
Preferred stock ($0.001 par value, 100,000,000 shares authorized, no shares issued and outstanding)			-	-
Additional paid-in capital			1,532.6	164.9
Retained earnings			3.1	25.5
Accumulated other comprehensive income (loss)			5.3	4.8
Treasury stock, at cost (406,258 shares as of March 31, 2015 and 388,890 as of December 31, 2014)			(27.0)	(25.4)
Total Targa Resources Corp. stockholders' equity			1,514.1	169.8
Noncontrolling interests in subsidiaries			5,080.3	2,369.7
Total owners' equity			6,594.4	2,539.5
Total liabilities and owners' equity			$13,625.3	$6,453.5

See notes to consolidated financial statements.

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TARGA RESOURCES CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31,	
	2015	2014
	(Unaudited)	
	(In millions, except per share amounts)	
Revenues	$1,679.7	$2,294.7
Costs and expenses:		
Product purchases	1,268.3	1,915.1
Operating expenses	111.4	104.3
Depreciation and amortization expenses	119.6	79.6
General and administrative expenses	42.6	38.0
Other operating (income) expense	0.5	(0.7)
Income from operations	137.3	158.4
Other income (expense):		
Interest expense, net	(55.0)	(33.9)
Equity earnings	1.7	4.9
Loss on debt redemptions and amendments	(9.0)	-
Other	(25.2)	-
Income before income taxes	49.8	129.4
Income tax (expense) benefit:		
Current	(9.1)	(23.9)
Deferred	(6.1)	1.4
	(15.2)	(22.5)
Net income	34.6	106.9
Less: Net income attributable to noncontrolling interests	31.4	87.3
Net income (loss) available to Targa Resources Corp.	$3.2	$19.6
Net income (loss) available per common share - basic	$0.07	$0.47
Net income (loss) available per common share - diluted	$0.07	$0.47
Weighted average shares outstanding - basic	45.8	42.0
Weighted average shares outstanding - diluted	45.9	42.1

See notes to consolidated financial statements.

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TARGA RESOURCES CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Three Months Ended March 31, 2015			2014		
	Pre-Tax	Related Income Tax	After Tax	Pre-Tax	Related Income Tax	After Tax
	(Unaudited) (In millions)					
Net income attributable to Targa Resources Corp.			$3.2			$19.6
Other comprehensive income (loss) attributable to Targa Resources Corp.						
Commodity hedging contracts:						
Change in fair value	$1.8	$ (0.7)	1.1	$(1.5)	$ 0.6	(0.9)
Settlements reclassified to revenues	(0.9)	0.3	(0.6)	0.8	(0.3)	0.5
Interest rate swaps:						
Settlements reclassified to interest expense, net	-	-	-	0.2	(0.1)	0.1
Other comprehensive income (loss) attributable to Targa Resources Corp.	$0.9	$ (0.4)	0.5	$(0.5)	$ 0.2	(0.3)
Comprehensive income attributable to Targa Resources Corp.			$3.7			$19.3
Net income attributable to noncontrolling interests			$31.4			$87.3
Other comprehensive loss attributable to noncontrolling interests						
Commodity hedging contracts:						
Change in fair value	$23.4	$ -	23.4	$(10.3)	$ -	(10.3)
Settlements reclassified to revenues	(7.2)	-	(7.2)	5.5	-	5.5
Interest rate swaps:						
Settlements reclassified to interest expense, net	-	-	-	1.1	-	1.1
Other comprehensive loss attributable to noncontrolling interests	$16.2	$ -	16.2	$(3.7)	$ -	(3.7)
Comprehensive income attributable to noncontrolling interests			$47.6			$83.6
Total						
Net income			$34.6			$106.9
Other comprehensive income (loss)						
Commodity hedging contracts:						
Change in fair value	$25.2	$ (0.7)	24.5	$(11.8)	$ 0.6	(11.2)
Settlements reclassified to revenues	(8.1)	0.3	(7.8)	6.3	(0.3)	6.0
Settlements reclassified to interest expense, net	-	-	-	1.3	(0.1)	1.2
Other comprehensive income (loss) attributable to Targa Resources Corp.	$17.1	$ (0.4)	16.7	$(4.2)	$ 0.2	(4.0)
Total comprehensive income			$51.3			$102.9

See notes to consolidated financial statements.

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TARGA RESOURCES CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN OWNERS' EQUITY

	Common Stock		Additional Paid in	Retained Earnings (Accumulated	Accumulated Other Comprehensive Income	Treasury Shares		Noncontrolling	
	Shares	Amount	Capital	Deficit)	(Loss)	Shares	Amount	Interests	Total
	(Unaudited) (In millions, except shares in thousands)								
Balance, December 31, 2014	42,143	$ -	$ 164.9	$ 25.5	$ 4.8	389	$ (25.4)	$ 2,369.7	$ 2,539.5
Compensation on equity grants	-	-	2.1	-	-	-	-	3.8	5.9
Accrual of distribution equivalent rights	-	-	(0.2)	-	-	-	-	-	(0.2)
Shares issued under compensation program	31	-	-	-	-	-	-	-	-
Common stock and Partnership units tendered for tax withholding obligations	(17)	-	-	-	-	17	(1.6)	(0.6)	(2.2)
Sale of Partnership limited partner interests	-	-	-	-	-	-	-	53.0	53.0
Receivables from Partnership unit offerings	-	-	(24.8)	-	-	-	-	-	(24.8)
Proceeds from equity issuances	3,738	-	336.2	-	-	-	-	-	336.2
Impact of Partnership equity transactions	-	-	47.6	-	-	-	-	(47.6)	-
Dividends	-	-	-	(25.6)	-	-	-	-	(25.6)
Dividends in excess of retained earnings	-	-	(6.8)	-	-	-	-	3.4	(3.4)
Distributions to noncontrolling interests	-	-	-	-	-	-	-	(88.6)	(88.6)
Contributions from noncontrolling interests		-	-	-	-			-	-
Noncontrolling interest in acquired subsidiaries	-	-	-	-	-	-	-	303.9	303.9
Common stock issued in ATLS merger	10,126	-	1,013.6	-	-	-	-	-	1,013.6
Issuance of Partnership units in APL merger	-	-	-	-	-	-	-	2,435.7	2,435.7
Other comprehensive income (loss)	-	-	-	-	0.5	-	-	16.2	16.7
Net income	-	-	-	3.2	-	-	-	31.4	34.6
Balance, March 31, 2015	56,021	$ 0.1	$ 1,532.6	$ 3.1	$ 5.3	406	$ (27.0)	$ 5,080.3	$ 6,594.4

Balance, December 31, 2013	42,162	$ -	$ 151.6	$ 20.5	$ (0.5)	367	$ (22.8)	$ 1,942.5	$ 2,091.3
Compensation on equity grants	5	-	1.6	-	-	-	-	2.6	4.2
Accrual of distribution equivalent rights	-	-	-	-	-	-	-	(0.6)	(0.6)
Repurchase of common stock	(8)	-	-	-	-	8	(0.8)	-	(0.8)
Common stock and Partnership units tendered for tax withholding obligations	-	-	-	-	-	-	-	-	-
Sale of Partnership limited partner interests	-	-	-	-	-	-	-	115.3	115.3
Receivables from unit offerings	-	-	(5.9)	-	-	-	-	-	(5.9)
Impact of Partnership equity transactions	-	-	7.1	-	-	-	-	(7.1)	-
Dividends	-	-	(5.2)	(20.5)	-	-	-	-	(25.7)
Dividends in excess of retained earnings	-	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	(81.7)	(81.7)
Other comprehensive income	-	-	-	-	(0.3)	-	-	(3.7)	(4.0)
Net income	-	-	-	19.6	-	-	-	87.3	106.9
Balance, March 31, 2014	42,159	-	$ 149.2	$ 19.6	$ (0.8)	375	$ (23.6)	$ 2,054.6	$ 2,199.0

See notes to consolidated financial statements.

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TARGA RESOURCES CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
	2015	2014
	(Unaudited)	
	(In millions)	
Cash flows from operating activities		
Net income	$34.6	$106.9
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization in interest expense	3.2	3.6
Compensation on equity grants	5.9	4.2
Depreciation and amortization expense	119.6	79.6
Accretion of asset retirement obligations	1.3	1.2
Deferred income tax expense (benefit)	6.1	(1.4)
Equity earnings of unconsolidated affiliates	(1.7)	(4.9)
Distributions received from unconsolidated affiliates	2.1	4.9
Risk management activities	6.5	(0.3)
(Gain) loss on sale or disposition of assets	0.7	(0.8)
(Gain) loss on debt redemptions and amendments	9.2	-
Changes in operating assets and liabilities:		
Receivables and other assets	93.9	57.3
Inventory	102.4	60.6
Accounts payable and other liabilities	(91.2)	7.8
Net cash provided by operating activities	292.6	318.7
Cash flows from investing activities		
Outlays for property, plant and equipment	(187.6)	(197.7)
Outlays for business acquisitions, net of cash acquired	(1,598.0)	-
Return of capital from unconsolidated affiliate	0.6	2.2
Other, net	(7.8)	1.8
Net cash used in investing activities	(1,792.8)	(193.7)
Cash flows from financing activities		
Partnership debt obligations:		
Proceeds from borrowings under credit facilities	975.0	460.0
Repayments of credit facilities	(135.0)	(500.0)
Proceeds from issuance of senior notes	1,100.0	-
Redemption of APL senior notes	(1,168.8)	-
Proceeds from accounts receivable securitization facility	253.4	29.5
Repayments of accounts receivable securitization facility	(238.3)	(75.7)
Non-Partnership loan facility:		
Proceeds from issuance of senior term loan	430.0	-
Repayments on senior term loan	(188.0)	-
Proceeds from borrowings under credit facility	481.0	4.0
Repayments of credit facility	(123.0)	(16.0)
Costs incurred in connection with financing arrangements	(41.1)	(1.2)
Contributions from noncontrolling interests	-	
Distributions to noncontrolling interests	(85.2)	(81.7)
Proceeds from equity offerings	336.2	-
Proceeds from sale of common units of the Partnership	28.2	110.6

Repurchase of common units under Partnership compensation plans	(0.6)	-
Dividends to common shareholders	(32.4)	(25.5)
Repurchase of common stock under TRC compensation plans	(1.5)	(0.8)
Net cash provided by (used in) financing activities	1,589.9	(96.8)
Net change in cash and cash equivalents	89.7	28.2
Cash and cash equivalents, beginning of period	81.0	66.7
Cash and cash equivalents, end of period	$170.7	$94.9

See notes to consolidated financial statements.

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TARGA RESOURCES CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The year-end condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP. Except as noted within the context of each footnote disclosure, the dollar amounts presented in the tabular data within these footnote disclosures are stated in millions of dollars.

Note 1 — Organization

Targa Resources Corp. ("TRC") is a publicly traded Delaware corporation formed in October 2005. Our common stock is listed on the New York Stock Exchange under the symbol "TRGP." In this Quarterly Report, unless the context requires otherwise, references to "we," "us," "our," "the Company" or "Targa" are intended to mean our consolidated business and operations.

Note 2 — Basis of Presentation

We have prepared these unaudited consolidated financial statements in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. While we derived the year-end balance sheet data from audited financial statements, this interim report does not include all disclosures required by GAAP for annual periods. These unaudited consolidated financial statements and other information included in this Quarterly Report should be read in conjunction with our consolidated financial statements and notes thereto included in our Annual Report.

The unaudited consolidated financial statements for the three months ended March 31, 2015 and 2014 include all adjustments that we believe are necessary for a fair presentation of the results for interim periods. All significant intercompany balances and transactions have been eliminated in consolidation. Certain amounts in prior periods may have been reclassified to conform to the current year presentation.

Our financial results for the three months ended March 31, 2015 are not necessarily indicative of the results that may be expected for the full year.

One of our indirect subsidiaries is the sole general partner of Targa Resources Partners LP ("the Partnership" or "TRP"). Because we control the general partner of the Partnership, under GAAP, we must reflect our ownership interests in the Partnership on a consolidated basis. Accordingly, the Partnership's financial results are included in our consolidated financial statements even though the distribution or transfer of Partnership assets is limited by the terms of the Partnership's partnership agreement, as well as restrictive covenants in the Partnership's lending agreements. The limited partner interests in the Partnership not owned by us are reflected in our consolidated results of operations as net income attributable to noncontrolling interests and in our consolidated balance sheet equity section as noncontrolling interests in subsidiaries. Throughout these footnotes, we make a distinction where relevant between financial results of the Partnership versus those of a standalone parent and its non-partnership subsidiaries.

As of March 31, 2015, our interests in the Partnership consist of the following:

- a 2% general partner interest, which we hold through our 100% ownership interest in the general partner of the Partnership;

- all Incentive Distribution Rights ("IDRs"); and

- 16,309,594 common units of the Partnership, representing a 9.1% limited partnership interest.

The Partnership is engaged in the business of gathering, compressing, treating, processing and selling natural gas; storing, fractionating, treating, transporting and selling NGLs and NGL products; gathering, storing and terminaling crude oil; and storing, terminaling and selling refined petroleum products. See Note 18 for an analysis of our and the Partnership's operations by business segment.

The Partnership does not have any employees. We provide operational, general and administrative and other services to the Partnership, associated with the Partnership's existing assets and assets acquired from third parties. We perform centralized corporate functions for the Partnership, such as legal, accounting, treasury, insurance, risk management, health, safety and environmental, information technology, human resources, credit, payroll, internal audit, taxes, engineering and marketing.

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The Partnership Agreement between the Partnership and us, as general partner of the Partnership, governs the reimbursement of costs incurred on the behalf of the Partnership. We charge the Partnership for all the direct costs of the employees assigned to its operations, as well as all general and administrative support costs other than (1) costs attributable to our status as a separate reporting company and (2) our costs of providing management and support services to certain unaffiliated spun-off entities. The Partnership generally reimburses us monthly for cost allocations to the extent that we have made a cash outlay.

Note 3 — Significant Accounting Policies

Accounting Policy Updates/Revisions

The accounting policies that we follow are set forth in Note 3 of the Notes to Consolidated Financial Statements in our Annual Report. We have updated our policies during the three months ended March 31, 2015 to include our accounting policy for goodwill related to the Atlas mergers.

Goodwill results when the cost of an acquisition exceeds the fair value of the net identifiable assets of the acquired business. Goodwill is not amortized, but is assessed annually to determine whether its carrying value has been impaired.

Impairment testing for goodwill is performed at the reporting unit level. A reporting unit is an operating segment or one level below an operating segment (also known as a component). A component of an operating segment is a reporting unit if the component constitutes a business for which discrete financial information is available, and segment management regularly reviews the operating results of that component.

The Partnership evaluates goodwill for impairment at least annually, as of November 30th for all affected reporting units. The Partnership also evaluates goodwill for impairment whenever events or changes in circumstances indicate it is more likely than not the fair value of a reporting unit is less than its carrying amount. The Partnership may first assess qualitative factors to evaluate whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount (including assigned goodwill) as the basis for determining whether it is necessary to perform the two-step goodwill impairment test. If a two-step process goodwill impairment test is required, the first step involves comparing the fair value of the reporting unit to which goodwill has been allocated with its carrying amount. If the carrying amount of a reporting unit exceeds its fair value, the second step of the process involves comparing the implied fair value to the carrying value of the goodwill for that reporting unit. If the carrying value of the goodwill of a reporting unit exceeds the implied fair value of that goodwill, the excess of the carrying value over the implied fair value is recognized as a reduction of goodwill on the Partnership's Consolidated Balance Sheets and a goodwill impairment loss on the Partnership's Consolidated Statements of Operations.

Recent Accounting Pronouncements

In February 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis. The amendments are intended to simplify the consolidation evaluation for reporting organizations that are required to evaluate whether they should consolidate certain legal entities and modify the evaluation of whether limited partnerships and similar legal entities are variable interest entities or voting interest entities. The amendments are effective for us in 2016, with early adoption permitted. We are currently evaluating the effect of the amendments on our consolidated financial statements and related disclosures.

In April 2015, the FASB issued ASU 2015-03, Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. The amendments in this ASU require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this ASU. The amendments are effective for us in 2016, with early adoption permitted. We anticipate adopting the amendments on January 1, 2016. Unamortized debt issuance costs of $63.8 million were included in Other long-term assets on the Consolidated Balance Sheets as of March 31, 2015.

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Note 4 – Business Acquisitions

2015 Acquisition

Atlas Mergers

On February 27, 2015, (i) Targa completed the previously announced transactions contemplated by the Agreement and Plan of Merger, dated as of October 13, 2014 (the “ATLS Merger Agreement”), by and among Targa, Targa GP Merger Sub LLC, a Delaware limited liability company and a wholly owned subsidiary of Targa (“GP Merger Sub”), ATLS and Atlas Energy GP, LLC, a Delaware limited liability company and the general partner of ATLS (“ATLS GP”), and (ii) Targa and the Partnership completed the previously announced transactions contemplated by the Agreement and Plan of Merger (the “APL Merger Agreement” and, together with the ATLS Merger Agreement, the “Atlas Merger Agreements”) by and among Targa, the Partnership, the Partnership’s general partner, Trident MLP Merger Sub LLC, a Delaware limited liability company and a wholly owned subsidiary of the Partnership (“MLP Merger Sub”), ATLS, APL and Atlas Pipeline Partners GP, LLC, a Delaware limited liability company and the general partner of APL (“APL GP”). Pursuant to the terms and conditions set forth in the ATLS Merger Agreement, GP Merger Sub merged (the “ATLS merger”) with and into ATLS, with ATLS continuing as the surviving entity and as a subsidiary of Targa. Pursuant to the terms and conditions set forth in the APL Merger Agreement, MLP Merger Sub merged (the “APL merger” and, together with the ATLS merger, the “Atlas mergers”) with and into APL, with APL continuing as the surviving entity and as a subsidiary of the Partnership. While these were two separate legal transactions involving different groups of unitholders, for GAAP reporting purposes these two mergers are viewed as a single integrated transaction.

In connection with the Atlas mergers, APL changed its name to “Targa Pipeline Partners LP,” which we refer to as TPL, and ATLS changed its name to “Targa Energy LP.”

In addition, prior to the completion of the Atlas mergers, ATLS, pursuant to a Separation and Distribution Agreement entered into by and among ATLS, ATLS GP and Atlas Energy Group, LLC, a Delaware limited liability company (“AEG”), on February 27, 2015, (i) transferred its assets and liabilities other than those related to its “Atlas Pipeline Partners” segment, to AEG and (ii) effected a pro rata distribution to the ATLS unitholders of AEG common units representing a 100% interest in AEG (collectively, the “Spin-Off” and, together with the Atlas mergers, the “Atlas Transactions”).

On February 27, 2015, the Partnership Agreement was amended to provide for the issuance of a special general partner interest in the Partnership (the “Special GP Interest”)representing a capital account credit equal to the tax basis of the APL GP Interests acquired in the ATLS merger totaling $1.6 billion, which, through a series of transactions, was contributed by us to the Partnership immediately following the effective time of the ATLS merger and prior to the effective time of the APL merger. The Special GP Interest is not entitled to current distributions or allocations of net income or loss, and has no voting rights or other rights except for the limited right to receive deductions attributable to the contribution of APL GP.

The Partnership acquired all of the outstanding units of APL for a total purchase price of approximately $5.3 billion (including $1.8 billion of acquired debt and all other assumed liabilities). Of the $1.8 billion of debt acquired and other liabilities assumed, approximately $1.2 billion of the acquired debt was tendered and settled upon the closing of the Atlas mergers via the Partnership’s January 2015 cash tender offers. These tender offers were in connection with, and conditioned upon, the consummation of the merger with APL. The merger with APL, however, was not conditioned on the consummation of the tender offers. On that same date, we acquired ATLS for a total purchase price of approximately $1.6 billion (including all assumed liabilities).

Pursuant to the APL Merger Agreement, Targa agreed to cause the general partner of the Partnership to enter into an amendment to the Partnership's partnership agreement, which we refer to as the IDR Giveback Amendment in order to reduce aggregate distributions to us, as the holder of the Partnership's IDRs, by (a) $9,375,000 per quarter during the first four quarters following the APL merger, (b) $6,250,000 per quarter for the next four quarters, (c) $2,500,000 per quarter for the next four quarters and (d) $1,250,000 per quarter for the next four quarters, with the amount of such reductions to be distributed pro rata to the holders of the Partnership's outstanding common units.

TPL is a provider of natural gas gathering, processing and treating services primarily in the Anadarko, Arkoma and Permian Basins located in the southwestern and mid-continent regions of the United States and in the Eagle Ford Shale play in south Texas. The APL merger adds TPL's Woodford/SCOOP, Mississippi Lime, Eagle Ford and additional Permian assets to the Partnership's existing operations and creates a combined position across the Permian Basin that enhances service capabilities in one of the most active producing basins in North America, with a combined 1,439 MMcf/d of processing capacity and 10,500 miles of pipelines. The results of TPL are reported in our Field Gathering and Processing segment.

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The APL merger was a unit-for-unit transaction with an exchange ratio of 0.5846 of the Partnership's common units (the "APL Unit Consideration") and $1.26 in cash for each APL common unit (the "APL Cash Consideration" and with the APL Unit Considerations, the "APL Merger Consideration"), a $128.0 million total cash payment, of which $0.6 million was expensed at the acquisition date as the cash payment representing accelerated vesting of a portion of retained employees APL phantom awards. We issued 58,614,157 of our common units and awarded 629,231 replacement phantom unit awards with a combined value of approximately $2.6 billion as consideration for the APL merger (based on the $43.82 closing market price of a common unit on the NYSE on February 27, 2015). The cash component of the APL Merger also included $701.4 million for the mandatory repayment and extinguishment at closing of the APL Senior Secured Revolving Credit Facility that was to mature in May 2017 (the "APL Revolver"), $28.8 million related to change of control payments and $6.4 million of cash paid in lieu of unit issuances in connection with settlement of APL equity awards for AEG employees. In March 2015, Targa contributed $52.4 million to us to maintain its 2% general partner interest.

In addition, pursuant to the APL Merger Agreement, APL exercised its right under the certificate of designations of the APL 8.25% Class E cumulative redeemable perpetual preferred units ("Class E Preferred Units") to redeem the APL Class E Preferred Units immediately prior to the APL Effective Time.

The ATLS merger was a stock-for-unit transaction with an exchange ratio of 0.1809 of Targa common stock, par value $0.001 per share (the "ATLS Stock Consideration"), and $9.12 in cash for each ATLS common unit (the ATLS Cash Consideration" and with the ATLS Stock Consideration, the "ATLS Merger Consideration"), (a $514.7 million total cash payment). Targa issued 10,126,532 of its common shares and awarded 81,740 replacement restricted stock units with a combined value of approximately $1.0 billion for the ATLS merger (based on the $99.58 closing market price of a TRC common share on the NYSE on February 27, 2015). The cash component of the ATLS merger also included approximately $149.2 million for change of control payments and cash settlements of equity awards, $88.0 million for repayment of a portion of ATLS outstanding indebtedness and $11.0 million for reimbursement of certain transaction expenses. Approximately $4.5 million of the one-time cash payments and cash settlements of equity awards, which represent accelerated vesting of a portion of retained employees' ATLS phantom units, which were expensed at the acquisition date.

ATLS owned, directly and indirectly, 5,754,253 APL common units immediately prior to closing. Our acquisition of ATLS resulted in our acquiring these common units (converted to 3,363,935 Partnership common units) valued at approximately $147.4 million (based on the $43.82 closing market price of a Partnership common unit on the NYSE on February 27, 2015) and the right to receive the units' one-time cash payment of approximately $7.3 million, which reduced the consolidated purchase price by approximately $154.7 million.

All outstanding ATLS equity awards, whether vested or unvested, were adjusted in connection with the Spin-Off on the terms and conditions set forth in an Employee Matters Agreement entered into by ATLS, ATLS GP and AEG on February 27, 2015. Following the Spin-Off-related adjustment and at the ATLS Effective Time, each outstanding ATLS option and ATLS phantom unit award, whether vested or unvested, held by a person who became an employee of AEG became fully vested (to the extent not vested) and was cancelled and converted into the right to receive the ATLS Merger Consideration in respect of each ATLS common unit underlying the ATLS option or phantom unit award (in the case of options, net of the applicable exercise price). Each outstanding vested ATLS option held by an employee of APL who became an employee of the Company in connection with the Atlas Transactions (the "Midstream Employees") was cancelled and converted into the right to receive the ATLS Merger Consideration in respect of each ATLS common unit underlying the vested ATLS option, net of the applicable exercise price. Each outstanding unvested ATLS option and each outstanding ATLS phantom unit award held by a Midstream Employee was cancelled and converted into the right to receive (1) the ATLS Cash Consideration in respect of each ATLS common unit underlying such ATLS option or phantom unit award and (2) a TRC restricted stock unit award with respect to a number of shares of TRC Common Stock equal to the product of the ATLS Stock Consideration multiplied by the number of ATLS common units underlying such ATLS option or phantom unit award (in the case of options, net of the applicable exercise price).

In connection with the APL merger, each outstanding APL phantom unit award held by an employee of AEG became fully vested and was cancelled and converted into the right to receive the APL Merger Consideration in respect of each APL common unit underlying the APL phantom unit award. Each outstanding APL phantom unit award held by a Midstream Employee was cancelled and converted into the right to receive (1) the APL Cash Consideration in respect of each APL common unit underlying such APL phantom unit award and (2) a Partnership phantom unit award with respect to a number of the Partnership's common units equal to the product of the APL Unit Consideration multiplied by the number of APL common units underlying such APL phantom unit award.

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Pro Forma Impact of Atlas Mergers on Consolidated Statements of Operations

The acquired business contributed revenues of $160.6 million and net income of $4.1 million to the Company for the period from February 27, 2015 to March 31, 2015, and is reported in our Field Gathering and Processing segment. In 2015, we incurred $25.8 million of acquisition-related costs. These expenses are included in other expense in our Consolidated Statement of Operations for the three months ended March 31, 2015.

The following summarized unaudited pro forma consolidated statement of operations information for the three months ended March 31, 2015 and March 31, 2014 assumes that the Partnership's acquisition of APL and our acquisition of ATLS had occurred as of January 1, 2014. We prepared the following summarized unaudited pro forma financial results for comparative purposes only. The summarized unaudited pro forma financial results may not be indicative of the results that would have occurred if we had completed this acquisition as of January 1, 2014, or that the results that will be attained in the future. Amounts presented below are in millions, except for the per unit amounts:

	March 31, 2015 Pro Forma	March 31, 2014 Pro Forma
Revenues	$1,994.0	$2,944.4
Net income	18.7	83.0

The pro forma consolidated results of operations amounts have been calculated after applying the Company's accounting policies, and making adjustments to:

- Reflect the change in amortization expense resulting from the difference between the historical balances of APL's intangible assets, net, and our preliminary estimate of the fair value of intangible assets acquired.
- Reflect the change in interest expense resulting from our financing activities directly related to the Atlas mergers as compared with APL's historical interest expense.
- Reflect the changes in stock-based compensation expense related to the fair value of the unvested portion of replacement Partnership LTIP awards which were issued in connection with the acquisition to APL phantom unitholders who will continue to provide service as Targa employees.
- Remove the results of operations attributable to APL businesses sold during the periods: (1) the May 2014 sale of APL's 20% interest in West Texas LPG Pipeline Limited Partnership and (2) the February 2015 transfer of 100% of APL's interest in gas gathering assets located in the Appalachian Basin of Tennessee to Atlas Resource Partners, L.P.
- Exclude $25.8 million of acquisition-related costs incurred in 2015 from pro forma net income for the three months ended March 31, 2015. Pro forma net income for the three months ended March 31, 2014 was adjusted to include these charges.

The following table summarizes the consideration transferred to acquire ATLS and APL:

Fair Value of Consideration Transferred:	
Cash paid, net of cash acquired (1)	
TRC	$745.7
TRP	852.3
Common shares of TRC	1,008.5
Replacement restricted stock units awarded (2)	5.2
Common units of TRP	2,421.1
Replacement phantom units awarded (2)	15.0
Total	$5,047.8

(1) Net of cash acquired of $17.2 million, including $7.3 million to be received by us as part of the Atlas mergers, representing the one-time cash payment from the Partnership for the APL common units owned by ATLS. The one-time cash payment was paid by the Partnership in February 2015 and received by us from the transfer agent in April 2015. The receivable from the transfer agent is reflected in Other, net cash flows from investing activities on the Consolidated Statements of Cash Flows as of March 31, 2015.

(2) The fair value of consideration transferred in the form of replacement restricted stock unit awards and replacement phantom unit awards represent the allocation of the fair value of the awards to the pre-combination service period. The fair value of the awards associated with the post-combination service period will be recognized over the remaining service period of the award.

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As of February 27, 2015, our preliminary fair value determination related to the Atlas mergers was as follows. The excess of the purchase price over the estimated fair value of net assets acquired was approximately $628.5 million, which was recorded as goodwill. This determination is based on our preliminary valuation and is subject to revisions pending the completion of the valuation and other adjustments.

Preliminary fair value determination:	February 27, 2015
Trade and other current receivables, net	$183.9
Other current assets	26.5
Assets from risk management activities	102.1
Property, plant and equipment	4,944.0
Investments in unconsolidated affiliates	273.7
Intangible assets	1,035.0
Other long-term assets	6.7
Current liabilities, less current portion of long-term debt	(234.0)
Long-term debt	(1,573.8)
Deferred income tax liabilities, net	(30.2)
Other long-term liabilities	(10.7)
Noncontrolling interest in subsidiaries	(303.9)
Total preliminary fair value determination	$4,419.3
Goodwill	$628.5

Our valuation of the acquired assets and liabilities is ongoing and may result in future measurement period adjustments to these preliminary fair values. The fair values of property, plant and equipment, investments in unconsolidated affiliates, intangible assets representing the GP interest, IDRs, customer contracts and customer relationships, deferred income taxes related to APL Arkoma, Inc., a taxable subsidiary acquired, and noncontrolling interest, which is calculated as a proportionate share of the fair value of the acquired joint ventures' net assets, are provisional pending completion of final valuations. As a result, goodwill is also provisional, as it has been recorded as the excess of the purchase price over the estimated fair value of net assets acquired.

The preliminary valuation of the acquired assets and liabilities was prepared using fair value methods and assumptions including projections of future production volumes and cash flows, benchmark analysis of comparable public companies, expectations regarding customer contracts and relationships, and other management estimates. The fair value measurements of assets acquired and liabilities assumed are based on inputs that are not observable in the market and therefore represent Level 3 inputs, as defined in Note 14 – Fair Value Measurements. These inputs require significant judgments and estimates at the time of valuation.

The preliminary determination of goodwill of $628.5 million is attributable to the workforce of the acquired business and the significant synergies expected to arise after the Company's acquisition of ATLS and APL. The goodwill is expected to be amortizable for tax purposes. The allocation of the goodwill to our reporting units will be completed in conjunction with our finalization of the fair value determination.

The fair value of assets acquired includes trade receivables of $180.9 million. The gross amount due under contracts is $180.9 million, all of which is expected to be collectible. The fair value of assets acquired includes receivables of $3.0 million reported in current receivables and $4.5 million reported in other long-term assets related to a legal settlement with a counterparty. The gross amount due under contracts for this settlement is $7.5 million, all of which is expected to be collectible.

See Note 10, Debt Obligations, for additional disclosures regarding related financing activities associated with the Atlas mergers.

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Contingent Consideration

A liability arising from the contingent consideration for APL's previous acquisition of a gas gathering system and related assets has been recognized at fair value. APL agreed to pay up to an additional $6.0 million if certain volumes are achieved on the acquired gathering system within a specified time period. As of February 27, 2015, the fair value of the remaining contingent payment resulted in a $6.0 million long term liability, which is recorded within other long term liabilities on our Consolidated Balance Sheets. The range of the undiscounted amount that we could pay related to the remaining contingent payment is between $0.0 and $6.0 million. The fair value of this contingent liability is preliminary as of March 31, 2015 as we are in the process of assessing the probabilities of production forecast scenarios and the resulting impact on this contingent valuation.

Replacement Restricted Stock Units (RSUs)

In connection with the ATLS merger, we awarded replacement restricted stock units ("RSUs") in accordance with and as required by the Atlas Merger Agreements to those APL employees that who became Targa employees after the acquisition. The vesting dates and terms remained unchanged from the existing ATLS awards, and will vest over the remaining terms of the awards, which are either 25% per year over the original four year term or 25% after the third year of the original term and 75% after the fourth year of the original term.

Each RSU will entitle the grantee to one common share on the vesting date and is an equity-settled award. The RSUs include dividend equivalents. When we declare and pay cash dividends, the holders of RSUs will be entitled within 60 days to receive cash payment of dividend equivalents in an amount equal to the cash dividends the holders would have received if they were the holders of record on the record date of the number of our common shares related to the RSUs.

The fair value of the RSUs was based on the closing price of our common shares at the close of trading on February 27, 2015. The fair value was allocated between the pre-acquisition and post-acquisition periods to determine the amount to be treated as purchase consideration and future compensation expense, respectively. Compensation cost will be recognized in general and administrative expense over the remaining service period of each award.

Replacement Phantom Units

In connection with the APL merger, the Partnership awarded replacement phantom units in accordance with and as required by the Atlas Merger Agreements to those APL employees who became Targa employees after the acquisition. The vesting dates and terms remained unchanged from the existing APL awards, and will vest over the remaining terms of the awards, which are either 25% per year over the original four year term or 33% per year over the original three year term.

Each replacement phantom unit will entitle the grantee to one common unit on the vesting date and is an equity-settled award. The replacement phantom units include distribution equivalent rights ("DERs"). When the Partnership declares and pays cash distributions, the holders of replacement phantom units will be entitled within 60 days to receive cash payment of DERs in an amount equal to the cash distributions the holders would have received if they were the holders of record on the record date of the number of the Partnership's common units related to the replacement phantom units.

The fair value of the replacement phantom units was based on the closing price of the Partnership's units at the close of trading on February 27, 2015. The fair value was allocated between the pre-acquisition and post-acquisition periods to determine the amount to be treated as purchase consideration and future compensation expense, respectively. Compensation cost will be recognized in general and administrative expense over the remaining service period of each award.

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Note 5 — Inventories

	March 31, 2015	December 31, 2014
Partnership:		
Commodities	$ 66.9	$ 157.4
Materials and supplies	11.3	11.5
	$ 78.2	$ 168.9

Note 6 — Property, Plant and Equipment and Intangible Assets

	March 31, 2015			December 31, 2014			
	Targa Resources Partners LP	TRC Non-Partnership	Targa Resources Corp. Consolidated	Targa Resources Partners LP	TRC Non-Partnership	Targa Resources Corp. Consolidated	Estimated Useful Lives (In Years)
Gathering systems	$ 6,113.8	$ -	$ 6,113.8	$ 2,588.6	$ -	$ 2,588.6	5 to 40
Processing and fractionation facilities	2,924.6	6.6	2,931.2	1,884.1	6.6	1,890.7	5 to 40
Terminaling and storage facilities	1,043.0	-	1,043.0	1,038.9	-	1,038.9	5 to 25
Transportation assets	432.9	-	432.9	359.0	-	359.0	10 to 25
Other property, plant and equipment	219.9	0.2	220.1	149.1	0.2	149.3	3 to 40
Land	101.4	-	101.4	95.6	-	95.6	-
Construction in progress	782.2	-	782.2	399.0	-	399.0	-
Property, plant and equipment	11,617.8	6.8	11,624.6	6,514.3	6.8	6,521.1	
Accumulated depreciation	(1,784.9)	(6.7)	(1,791.6)	(1,689.7)	(6.8)	(1,696.5)	
Property, plant and equipment, net	$ 9,832.9	$ 0.1	$ 9,833.0	$ 4,824.6	$ 0.0	$ 4,824.6	
Intangible assets	$ 1,716.6	$ -	$ 1,716.6	$ 681.8	$ -	$ 681.8	20
Accumulated amortization	(114.2)	-	(114.2)	(89.9)	-	(89.9)	
Intangible assets, net	$ 1,602.4	$ -	$ 1,602.4	$ 591.9	$ -	$ 591.9	

Intangible assets consist of customer contracts and customer relationships acquired in our Atlas mergers and our Badlands business acquisitions. The fair values of these acquired intangible assets were determined at the date of acquisition based on the present values of estimated future cash flows. Key valuation assumptions include probability of contracts under negotiation, renewals of existing contracts, economic incentives to retain customers, past and future volumes, current and future capacity of the gathering system, pricing volatility and the discount rate.

The fair values of intangible assets acquired in the Atlas mergers have been recorded at a preliminary value of $1,035.0 million pending completion of final valuations. For the purpose of our preparing the accompanying financial statements (which include one month of amortization of these intangible assets), we have amortized these intangible assets over a 20 year life using a straight-line method. The amortization method and lives for the Atlas mergers intangible assets will be reviewed and possibly revised as we finalize the valuations over the upcoming months.

Amortization expense attributable to our intangible assets related to the Badlands acquisition is recorded using a method that closely reflects the cash flow pattern underlying their intangible asset valuation. The estimated annual amortization expense for intangible assets, including the provisional Atlas valuation and straight-line treatment is approximately $123.2 million, $140.1 million, $133.3 million, $119.5 million and $108.6 million for each of the years 2015 through 2019.

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Note 7 — Asset Retirement Obligations

The Partnership's asset retirement obligations ("ARO") primarily relate to certain gas gathering pipelines and processing facilities, and are included in our Consolidated Balance Sheets as a component of other long-term liabilities. The changes in our aggregate asset retirement obligations are as follows:

	Three Months Ended March 31, 2015
Beginning of period	$ 57.3
Fair value of ARO acquired with Atlas mergers	4.1
Change in cash flow estimate	3.7
Accretion expense	1.3
End of period	$ 66.4

Note 8 – Investment in Unconsolidated Affiliates

At December 31, 2014, the Partnership's unconsolidated investment consisted of a 38.8% ownership interest in Gulf Coast Fractionators LP ("GCF"). As of March 31, 2015, the Partnership continues to have a 38.8% ownership interest in GCF.

On February 27, 2015, as part of the Atlas mergers, the Partnership acquired equity interests in three non-operated joint ventures, (1) a 75% interest in T2 LaSalle, (2) a 50% interest in T2 Eagle Ford and (3) a 50% interest in T2 EF Co-Gen (together the "T2 Joint Ventures"). The T2 Joint Ventures were formed to provide services for the benefit of the joint interest owners. The T2 Joint Ventures have capacity lease agreements with the joint interest owners, which cover the costs of operations of the T2 Joint Ventures. The terms of these joint venture agreements do not afford the Partnership the degree of control required for consolidating them in our financial statements, but, they do afford the Partnership significant influence required to employ the equity method of accounting.

The following table shows the activity related to the Partnership's investments in unconsolidated affiliates:

	Three Months Ended March 31, 2015
Beginning of period	$ 50.2
Fair value of T2 Joint Ventures	273.7
Equity earnings (1)	1.7
Cash distributions (2)	(2.7)
End of period	$ 322.9

(1) Includes equity earnings of acquired investments since the date of acquisition of February 27, 2015.
(2) Includes $0.6 million distributions received in excess of the Partnership's share of cumulative earnings for the three months ended March 31, 2015. Such excess distributions are considered a return of capital and disclosed in cash

flows from investing activities in the Consolidated Statements of Cash Flows.

The Partnership’s allocated cost basis of the T2 Joint Ventures investment is based on preliminary fair values at the date of acquisition with a basis difference of approximately $99.1 million. This basis difference is being amortized over the preliminary estimated useful lives of the underlying assets of 20 years on a straight-line basis and is included as a component of the Partnership’s equity earnings. See Note 4 for further information regarding the preliminary fair value determinations related to the Atlas mergers.

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Note 9 — Accounts Payable and Accrued Liabilities

	March 31, 2015			December 31, 2014		
	Targa Resources Partners LP	TRC Non-Partnership	Targa Resources Corp. Consolidated	Targa Resources Partners LP	TRC Non-Partnership	Targa Resources Corp. Consolidated
Commodities	$445.8	$ -	$ 445.8	$416.7	$ -	$ 416.7
Other goods and services	169.8	2.9	172.7	108.9	2.2	111.1
Interest	57.0	1.3	58.3	37.3	-	37.3
Compensation and benefits	3.2	18.4	21.6	1.3	44.8	46.1
Income and other taxes	20.0	(1.0)	19.0	13.6	(1.9)	11.7
Other	15.0	4.4	19.4	14.9	0.7	15.6
	$710.8	$ 26.0	$ 736.8	$592.7	$ 45.8	$ 638.5

Note 10 — Debt Obligations

	March 31, 2015	December 31, 2014
Current:		
Partnership		
Accounts receivable securitization facility, due December 2015 (1)	$197.9	$182.8
Long-term:		
Non-Partnership obligations:		
TRC Senior secured revolving credit facility, variable rate, due February 2020 (2)	460.0	-
TRC Senior secured term loan, variable rate, due February 2022	242.0	-
Unamortized discount	(4.2)	-
TRC Senior secured revolving credit facility, variable rate, due October 2017	-	102.0
Obligations of the Partnership: (1)		
Senior secured revolving credit facility, variable rate, due October 2017 (3)	840.0	-
Senior unsecured notes, 5% fixed rate, due January 2018	1,100.0	-
Senior unsecured notes, 6 % fixed rate, due February 2021	483.6	483.6
Unamortized discount	(24.5)	(25.2)
Senior unsecured notes, 6 % fixed rate, due August 2022	300.0	300.0
Senior unsecured notes, 5¼% fixed rate, due May 2023	600.0	600.0
Senior unsecured notes, 4¼% fixed rate, due November 2023	625.0	625.0
Senior unsecured notes, 4 % fixed rate, due November 2019	800.0	800.0
Senior unsecured notes, 6 % fixed rate, due October 2020 (4)	355.1	-
Unamortized premium	6.0	-
Senior unsecured notes, 4¾% fixed rate, due November 2021 (4)	6.5	-
Senior unsecured notes, 5 % fixed rate, due August 2023 (4)	48.1	-
Unamortized premium	0.6	-
Total long-term debt	5,838.2	2,885.4
Total debt	$6,036.1	$3,068.2
Irrevocable standby letters of credit:		
Letters of credit outstanding under TRC Senior secured credit facility (2)	$-	$-
Letters of credit outstanding under the Partnership senior secured revolving credit facility (3)	25.0	44.1
	$25.0	$44.1

(1) While we consolidate the debt of the Partnership in our financial statements, we do not have the obligation to make interest payments or debt payments with respect to the debt of the Partnership.

(2) As of March 31, 2015, availability under TRC's $670 million senior secured revolving credit facility was $210.0 million.

(3) As of March 31, 2015, availability under the Partnership's $1.6 billion senior secured revolving credit facility ("TRP Revolver") was $735.0 million.

(4) Senior unsecured notes issued by APL entities and acquired in the Atlas mergers.

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The following table shows the range of interest rates and weighted average interest rate incurred on variable-rate debt obligations during the three months ended March 31, 2015:

	Range of Interest Rates Incurred		Weighted Average Interest Rate Incurred	
TRC senior secured revolving credit facility	2.9	%	2.9	%
TRC senior secured term loan	5.75	%	5.75	%
Partnership's senior secured revolving credit facility	1.9	%	1.9	%
Partnership's accounts receivable securitization facility	0.9	%	0.9	%

Compliance with Debt Covenants

As of March 31, 2015, both the Partnership and we were in compliance with the covenants contained in our various debt agreements.

Partnership Financing Activities

Revolving Credit Agreement

In February 2015, the Partnership entered into the First Amendment, Waiver and Incremental Commitment Agreement (the “First Amendment”) that amended its Second Amended and Restated Credit Agreement (the “Original Agreement”). The First Amendment increased available commitments to $1.6 billion from $1.2 billion while retaining the Partnership’s ability to request up to an additional $300.0 million in commitment increases. In addition, the First Amendment amended certain provisions of the Original Agreement to designate each of APL and its subsidiaries as an “Unrestricted Subsidiary” under the Original Agreement. The Partnership used proceeds from borrowings under the credit facility to fund cash components of the APL merger, including $701.4 million for the repayments of the APL Revolver and $28.8 million related to change of control payments.

Senior Unsecured Notes

In January 2015, the Partnership privately placed $1,100.0 million in aggregate principal amount of 5% Senior Notes due 2018 (the “5% Notes”). The 5% Notes resulted in approximately $1,089.8 million of net proceeds, which were used with borrowings under the TRP Revolver to fund the APL Notes Tender Offers and the Change of Control Offer. The 5% Notes are unsecured senior obligations that have the same terms and covenants as the Partnership’s other senior notes.

Merger Financing Activities

ATLS Merger Financing Activities

In connection with the closing of the Atlas mergers, we entered into a Credit Agreement (the “TRC Credit Agreement”), dated as of February 27, 2015, among us, each lender from time to time party thereto and Bank of America, N.A. as administrative agent, collateral agent, swing line lender and letter of credit issuer. The TRC Credit Agreement provides for a new five year revolving credit facility in an aggregate principal amount up to $670 million and a seven year term loan facility in an aggregate principal amount of $430 million. We used the net proceeds from the term loan issuance and the revolving credit facility to fund cash components of the ATLS merger, including cash merger consideration and approximately $160 million related to change of control payments made by ATLS, cash settlements of equity awards and transaction fees and expenses. In March 2015, we repaid $188.0 million of the term loan and wrote off $3.3 million of the discount and $5.7 million of debt issuance costs. The write off of the discount and debt issuance costs are reflected as Loss on debt redemptions and amendments on the Consolidated Statements of Operations for the three months ended March 31, 2015.

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APL Senior Notes Tender Offers

In January 2015, the Partnership commenced cash tender offers for any and all of the outstanding fixed rate senior secured notes acquired in the APL merger ("APL Notes") which totaled $1,550.0 million, which we refer to as the APL Notes Tender Offers.

The results of the APL Notes Tender Offers were:

Senior Notes	Outstanding Note Balance	Amount Tendered	Premium Paid	Accrued Interest Paid	Total Tender Offer payments	% Tendered	Note Balance after Tender Offers
	($ amounts in millions)						
6 % due 2020	$500.0	$ 140.1	$ 2.1	$ 3.7	$ 145.9	28.02 %	$ 359.9
4¾% due 2021	400.0	393.5	5.9	5.3	404.7	98.38 %	6.5
5 % due 2023	650.0	601.9	8.7	2.6	613.2	92.60 %	48.1
Total	$1,550.0						