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DPM - Q2 2014 DCP Midstream Partners LP Earnings Call

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PRESENTATION

Operator

Welcome to the DCP Midstream Partners second-quarter 2014 earnings call. My name is Christine, and I will be your operator for today's call.

(Operator Instructions)

I will now turn the call over to Andrea Attel.

Andrea Attel - *DCP Midstream Partners LP - Director of IR*

Thank you, Christine. Good morning everyone, and welcome to the DCP Midstream Partners, or DPM, second-quarter 2014 earnings call. Our speakers today are Wouter van Kempen, Chairman and CEO of both DCP Midstream and the partnership; and Bill Waldheim, President; and Sean O'Brien, CFO of DCP Midstream and the partnership.

As always we'd like to thank you for your interest in our company. This call is being webcast and the slide views for today's call are available on our website at DCPpartners.com.

During our call today we may be making forward-looking statements. Please refer to the second slide in the deck noting that our business is subject to a variety of risks and uncertainties that could materially impact our actual results. For a complete listing of these and other risk factors, please refer to the partnership's most recently filed 10-K and 10-Q.

We will also use various non-GAAP measures which are reconciled to the nearest GAAP measure and scheduled in the appendix section of the earnings slide.

With that, I'll turn the call over to Wouter.

Wouter van Kempen - *DCP Midstream Partners LP & DCP Midstream, LLC. - Chairman and CEO*

Thanks Andrea, and good morning everyone. Let me offer up the headlines for you this quarter. Continued strong results, driven primarily buy our Gas Services segment, and in particular the Eagle Ford system. Adjusted EBITDA is up 31% to $110 million and DCF is up 37%, to $93 million.

And underlining, is our key focus on long-term sustainable growth, and I'm proud to share our 15th consecutive quarterly distribution increase now standing at $3.03 per unit annualized. We've been busy turning the flywheel this quarter, on executing on the growth strategy.

Having approved $160 million of fee-based organic growth projects this quarter across all three of our business segments, so we're well on our way to achieving our $500 million organic growth targeted for 2014. And let me put that organic growth into perspective for you.

Some look at DPM as just a drop-down story. Well, it's these drop-downs that fuel higher return organic growth opportunities around our existing footprint and which then create even more opportunities. So here is an example of how we just did that.

I told you last quarter how excited I was that Sand Hills was dropped down, expanding the partnership's footprint into the rapidly growing Permian basin. And now with the organic Sand Hills laterals that we just announced, DPM is connecting production from the Cline Shale in the Permian basin to Sand Hills, and we're expanding into new areas of the Permian, the Delaware Basin and southeast New Mexico. So this drop-down [teed-up] a higher return organic growth project, and it expanded our overall footprint and that's the flywheel affect that we're creating.

Our other area of focus is around capital efficiency. And what I mean by that is we ramp up our new plants and pipelines quickly. Take the 560 million a day of new capacity that we placed into service in the past year. Already 80% utilized. This strategy's clearly paying off in the Eagle Ford, where volumes are up 20% year over year.

And lastly, you can see how our early out of the gate $1.15 billion drop-down of Sand and Southern Hills, the remaining 20% of the Eagle Ford, and the Lucerne 1 plant have contributed strong volumes and results during the second quarter. So the organic flywheel is delivering momentum all across our footprint and our growth for growth strategy is successfully creating long-term sustainable value for our unit holders.

Now I'll turn it over to Bill, to talk specifically about each of our business segments, project development, and our new approved growth. Bill?

Bill Waldheim - *DCP Midstream Partners LP - President*

Thanks, Wouter, and thanks everyone for listening in today. On slide 4, let me provide you a brief update on how we are executing on our 2014 guidance. First as Wouter mentioned, we approved four predominantly fee based projects totaling $160 million of organic growth during the quarter, across all three segments.

The project list includes three laterals to connect the Sands Hills main line to DCP's and third party plants in southeast New Mexico, the Delaware basin and Cline Shale of West Texas. Condensate handling at two Eagle Ford shell plants, improved liquids handling at our Marysville storage facility, and facility modifications at Chesapeake to export butanes. So if you add these to our Keathley Canyon and Lucerne 2 projects, we are well on our way to meeting our 2014 organic growth forecast of about $500 million.

Our second-quarter DCF of $93 million and year-to-date of DCF $215 million is in line with our 2014 DCF target range of $400 million to $420 million. And with our first and second quarter distribution increases, we are also on track to reach the 2014 distribution growth target of 7%.

The next slide provides a brief update on our three business segments. Building on the first quarter momentum, our natural Gas Services segment continued to deliver strong results in the second quarter. Our continued focus on capital efficiency underscores our ability to rapidly fill new processing capacity which improves overall return on capital.

Let me highlight our Eagle Ford system which continues to be one of the primary drivers of the strong results and growth of this business segment. This system continues to grow with volumes rapidly climbing up approximately 20% over the second quarter of last year, and up 5% second quarter versus first quarter of 2014. Placing us now at about 85% of the system's 1.2BCF of processing capacity.

Our 200 million-a-day Goliad plant which we just placed into service in February, is already running over 170 million-a-day and climbing. And due to the continued drilling in liquids rich and condensate windows in the Eagle Ford, we are finding it necessary to beef up our condensate handling capabilities at two of our Eagle Ford plants, where we are installing slug-catchers and additional liquids handling equipment to capture condensate vines and improve system reliability.

These are great high return projects in the Eagle Ford, and part of our $160 million of newly approved capital. So all told, we are very pleased with the Eagle Ford's current and future projected earnings growth.

Turning to the DJ Basin, we are also experiencing growth from our recently expanded O'Connor plant. This plant which was expanded to 160 million-a-day in March, is running between 85% and 90% of capacity.

Construction is underway on our Lucerne 2 plant where the towers are already up and it's starting to look like a plant. We are still on track to meet our mid-2015 estimated in-service date.

The DJ Basin is an exceptional growth area. And now, with the regulatory uncertainty resolved, we will continue to see volume growth and infrastructure needs as E&P companies deploy large amounts of capital in the drilling programs in this prolific area.

Turning to NGL logistics. The fee base Sand and Southern Hills pipelines are ramping up fast, if not faster than expected. Sand Hills is averaging over 85% of the forecasted 2014 exit rate of 145,000-barrels per day. And Southern Hills is already averaging at or over the forecasted 2014 exit rate of 85,000-barrels per day. And as we mentioned, included in the $160 million of fee based organic projects approved this quarter are three Sand Hills full-time projects, the Lee County, Red Bluff Lake, and Sprayberry laterals.

You can see a small map of these extensions at the middle bottom of the slide. The Lee county and Red Bluff Lake 12-inch laterals, total 170 miles, and will connect Sand Hills pipeline to DCP's Midstream Zia II Plant in southeast New Mexico and a third party's plant in the Delaware basin of west Texas.

The Sprayberry's 16-inch lateral will connect DCP's Rawhide and other third party plants to Sand Hill's as well. These laterals will bring on additional dedicated NGL volumes to the pipeline. And Front Range and Tex Express pipelines continue to grow vine with the start up and ramp of several DJ Basin plants. As a reminder, the associated [shipper-peg] contracts are active on these pipelines.

In the second quarter and as we look ahead, our NGL logistics segment will continue to have significant growth in volume and fee based earnings as our NGL pipelines continue to ramp up, and as we connect additional vines through bolt-on opportunities. Our final logistics project is the Marysville liquids handling project which will improve our ability to receive and deliver NGL product at the facility via truck and rail. This is a much needed project that ultimately could result in additional storage cavern capabilities.

I'm real excited about the logistics organic growth project, which are all fee based in nature, which return multiples in the 5 to 7X range.

In our wholesale propane segment, Sean will cover the results in greater detail, so I'll focus my comments on the next heating season and organic growth. Already we've completed contracting for the upcoming heating season. And overall, our contracts sustain the margin capture we've experienced in past heating seasons.

Also, we can now check the box that we have an arrangement in place with a large Marcellus midstream operator to export butane from our Chesapeake terminal. Phase 2 of our project to store and export butane is underway and we'll be in service to export in the latter part of 2014. Chesapeake will now be capable of handling 7,000 to 8,000 barrels a day of product.

For perspective, this quantity of butane is about the production you would see from a 75,000-barrel per day frac. As a reminder, there is potential for us to further expands exports at the facility if we see increased need from other Marcellus producers.

So as you can see, we've been having good capital opportunities across all of our business segments. With that, I'll turn it over to Sean to review our financial results.

Sean O'Brien - *DCP Midstream Partners LP & DCP Midstream, LLC. - CFO*

Thanks Bill, and thanks to everyone for joining us today. I'm very excited to share with you the strong performance that we delivered in the second quarter of 2014, driven by our solid execution on our growth projects. Shown on slide 6 are both our second quarter and year-to-date results for reference. However, I'll be discussing only the results and variances for the second quarter.

Our strong momentum continues to build, drawing from the great growth from drop-downs and the organic opportunities they create. As a quick reminder for GAAP accounting purposes our prior year results are presented as if we owned an additional 47% interest in the Eagle Ford, during the first quarter of 2013 even though we only owned 33% of the Eagle Ford system during that period, and 100% of the Lucerne 1 Plant during the first and second quarters of 2013, even though it was just acquired at the end of the last quarter.

I'll be referring to the quarter-over-quarter variances for the assets actually owned by the partnership as shown in the shaded boxes on this and the next slide. In the second quarter, which is typically one of our weaker quarters due to seasonality, we generated $93 million of DCF, up 37%, and our second-quarter adjusted EBITDA was up a notable $31 million to $110 million.

Bottom line, despite our normal seasonality and heavy plant turn arounds and maintenance activity we saw solid results during the quarter, specifically, these strong results were driven largely by growth from the Eagle Ford and O'Connor plant drop-downs and growth from our NGL pipelines and were in line with our 2014 DCF target range of $400 million to $420 million.

On slide 7, I'll highlight the key earnings drivers from each of our business segments. In our largest business segment, natural Gas Services, adjusted EBITDA increased $24 million. Results in the segment were driven primarily by our Eagle Ford drop down as well as the operation of our fee based O'Connor plant that started up at the end of October 2013, and that was just expanded in the first quarter 2014.

These were partially offset by planned turn around and maintenance activity of approximately $6 million to $8 million. Our natural gas throughput volumes were up about 11% compared to the second quarter of last year. With volumes up 20% from our Eagle Ford system and new incremental volumes from our O'Connor and Lucerne 2 plants and our DJ Basin system. Partially offset by declines on lower margin assets.

And so I'll underline that not all natural gas volumes are created equally. As shown by the 34% increase in NGL production volumes. Liquids-rich, higher margin gas is growing while some of our lower margin dry gas is declining.

Volumes and improved recoveries from plants in our liquid rich areas, such as the Eagle Ford and DJ Basin are driving higher natural gas throughput and NGL production volumes from what we saw, just a year ago. And as a quick reminder, our hedging program continues to provide earning stability with very little exposure to commodity prices for this segment.

Looking at the lower left graph on this slide, our NGL logistic segment adjusted-EBITDA's up $10 million to $32 million compared to the prior year. This increase was driven primarily due to growth from the drop-down of the Sand and Southern Hills' pipelines and with Front Range and Texas Express pipelines we expect volumes and fees to continue to grow.

I want to remind you that all of these four NGL investments are accounted using equity method accounting which drives higher DCF rather than EBITDA. And finally, in the lower right-hand graph, we show our wholesale propane segment which was slightly lower compared to 2013 as a result of lower unit margins, partially offset by lower operating costs. And just as a reminder, our wholesale propane business is seasonal, with most of the earnings generated in the first and fourth quarters.

Moving to slide 8, I'll quickly recap our financial position at the end of the quarter. We continue to maintain a strong capital structure and a competitive cost of capital.

Our average cost of debt was about 3.8%, and we had all of our capacity available under a $1.25 billion revolver at the end of the quarter. Our debt to EBITDA at the end of the quarter was 3.6 times well within our target range of 3 to 4 times.

And our coverage ratio for the trailing 12 months was 1.1 times. And we are actively managing our ATM program, which is an efficient and cost effective way to help fund organic growth. So with strong investment grade credit metrics, we are well positioned to continue to serve as a significant source of funding for growth capital for the DCP enterprise. And with that, I'll turn it back to Wouter for some summary remarks.

Wouter van Kempen - *DCP Midstream Partners LP & DCP Midstream, LLC. - Chairman and CEO*

Thanks Sean. So back to the headlines for this quarter. Our growth for growth strategy continues to deliver momentum.

First, we continue to deliver strong results. Second, we're developing organic opportunities that attract multiples, and lastly, we deliver long-term sustainable value for our unit holders.

We're on track to meet our 2014 DCF forecast, with DCF growing and sustainable distribution growth with 15 consecutive distribution increases. And with the approval of $160 million of fee based projects across all of our segments this quarter, we're on track to achieve $500 million of higher return organic growth.

So again, these organic opportunities grow from initial drop-downs that expanded our asset base deeper into new areas, and are now driving further growth opportunities. That's the flywheel affect that we're achieving.

Before we leave and go to Q&A, you should have received an invitation to our Investor Day on October 7 in New York. If you haven't, please contact Andrea Attel to get added to the list. Again, I would like to thank you for your interest in the partnership, and Bill, Sean and I are now available to take your questions.

Christine, please open the line for Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

The first question is from Gabe Moreen of Bank of America, Merrill Lynch.

Gabriel Moreen - *BofA Merrill Lynch - Analyst*

Good morning, everyone. Questions on the [old] Sand Hills laterals going more into the Permian and Delaware, and Cline Shale. I was wondering why those laterals weren't contemplated in sort of the initial Sand Hills plans? And then also maybe if you can talk about of the dynamic between connecting DPM/DCP Midstream Plants to those laterals versus the third party plants? It looks like you're connecting in the Delaware, and the success you've had there?

Bill Waldheim - *DCP Midstream Partners LP - President*

Yes, Gabe, this is Bill Waldheim. When we originally envisioned the Sand Hills Pipeline, those areas, the Delaware Basin, and even out in the New Mexico area were still areas that we're developing, and so we always knew that there was going to be a need out there. As a matter of fact, we currently serve the Delaware basin via a leased pipeline. But we are already increasing and using more capacity than that line is capable of, so the long term plan was always to lay out into that area. We are actually, we believe, laying out sooner than we even anticipated, so that speaks to the good growth and opportunities in that area. And then the DCP is experiencing a lot of growth in the southeast New Mexico area, DCP Midstream, so Sand Hills Pipeline was envisioned to be moving out into that area as well, so we're very excited about the growth in these shale plays that are adding volume to the system.

Wouter van Kempen - *DCP Midstream Partners LP & DCP Midstream, LLC. - Chairman and CEO*

Gabe, good morning, this is Wouter, to add to that, like as Bill mentioned, the DCP is very large gatherer and processor in the Permian as I think you know. One of the largest processor in the Permian Basin, so we continue to see a lot of activity. We have a number of plants on the drawing board, and in the end part of the strategy here is for the enterprise, is when those new plants come on line is get them connected into Sand Hills.

Gabriel Moreen - *BofA Merrill Lynch - Analyst*

Great. And then the 5 to 6 times you mentioned in aggregate returns, does that include, Sand Hills itself touching those barrels? Or is that just on the lateral CapEx?

Sean O'Brien - *DCP Midstream Partners LP & DCP Midstream, LLC. - CFO*

The CapEx associated with the laterals have a return of capital, but when you add in the main line tariff, we definitely have a very strong return on these projects.

Gabriel Moreen - *BofA Merrill Lynch - Analyst*

Okay. Got it. And then I guess shifting gears to the additional condensate handling projects, clearly a pretty topical -- or popular subject. Just wondering in terms of, sounds like it's not stabilization per se that you're going to be doing for customers but can you talk about stabilization opportunities and whether you've seen additional interest from customers given recent developments?

Bill Waldheim - *DCP Midstream Partners LP - President*

Sure. Our Eagle Ford system as we build plants, we generally will include in the design feature of the plant stabilizers to handle system gathering condensate that we receive, both the Eagle Plant and the Goliad Plant have stabilizers. So what we're finding though is with the drilling that's occurring in the crude on condensate windows, that our gathering systems have more liquids than we actually anticipated so what we're doing is -- the stabilizers are sized appropriately.

What we need to do is beef up the way we handle the liquids as they enter our plants. We're finding right now that the plants have, have to be slowed down somewhat as we bring liquids into the system, and then we speed them back up, and that's just not a good way to run the system. Real good returns with these projects, and we'll actually capture more of the condensate as well. These are quick high return projects, and we'll have most of these in place as we get into the fourth quarter and early next year.

Gabriel Moreen - *BofA Merrill Lynch - Analyst*

Got it. Thanks Bill. And last question from me is on Chesapeake just in -- and congrats on getting the agreement finalized there. First, on the agreement itself, contract structure, is there anything embedded in there that gives you upside depending on, I guess, where spreads or the [R bids] in terms of exporting and where they're taking those butane cargos as we've seen elsewhere for NGL export facilities? And then the second part of that question also is just in terms of spot business, is there any expectation that you're actually going to be able to do spot business considering that it sounds like you still have some capability to do that without expansion?

Bill Waldheim - *DCP Midstream Partners LP - President*

Gabe, I share your enthusiasm that we finally got the deal put together. The export facility is currently geared towards being a fee based operation and so the facility will charge for a throughput fee and earn its returns in that manner. The folks that will be using the facility take the risk on any commodity sensitivity on the international markets as they export the product.

We do have abilities to further expand that would include a little more capital to beef up the refrigeration system. So I would say currently, probably not spot opportunity, but I think our commercial team is actively looking at what we can do to fully utilize the second tank at that facility for either a term contract with a producer or spot business.

Gabriel Moreen - *BofA Merrill Lynch - Analyst*

Great, thanks everyone.

Bill Waldheim - *DCP Midstream Partners LP - President*

Thanks, Gabe.

Operator

Our next question is from Michael Blum of Wells Fargo.

Michael Blum - *Wells Fargo Securities, LLC - Analyst*

Thanks, good morning, everybody. Another question on the Chesapeake terminal. You mentioned there is potential for expansion. If you did expand it, what's the max in terms of capacity that you could have at that facility?

Bill Waldheim - *DCP Midstream Partners LP - President*

I think right now, Michael, the limiting factor would be our refrigeration capabilities to get the product ready to export. We have enough capability to easily continue to expand the rail, and being a deepwater port-type facility, the amount of ships coming in and out wouldn't be a limiting factor. If would probably be around our ability to refrigerator the product, and get it staged for export. Again, I say our commercial teams are looking at what we need to do to accomplish that as we speak.

Michael Blum - *Wells Fargo Securities, LLC - Analyst*

Okay. And from a capital standpoint, would it be a similar amount of capital in terms of what you spent to date?

Bill Waldheim - *DCP Midstream Partners LP - President*

Yes, I think we've mentioned previously that the entire project was about a $30 million-plus or -minus, project. Half of that was really expanding the rail capability, and the terminal already had some refrigeration at the site, and so we just were able to expand and improve the refrigeration capability. I would say if we were to get into phase -- I'll call it now phase 2, and further export product out of the second tank it, would maybe be about that same amount of dollars. We're working on that right now, we'll know more in the coming days.

Michael Blum - *Wells Fargo Securities, LLC - Analyst*

Okay. Great. And just on Southern Hills and Sands Hills Pipeline, it certainly seems based on the slides that you're running on a volume basis ahead of what you probably projected as 2014 exit rates. So do you have any new or updated forecast of what you think exit rates could look like for those two lines?

Bill Waldheim - *DCP Midstream Partners LP - President*

You know, Michael, we've only owned these pipelines for a quarter now, and we definitely see good opportunity in growth with DCP activity. As Wouter mentioned, we have projects and opportunities that are currently underway that will probably be discussed in further detail at the Investor Day. We're also seeing a lot of good third party activity. Some of the activity is incumbent upon the third parties, and how quickly they get their plants up and running and then ramp up the plants. And so, I'd be hesitant to give you numbers as we sit here today, although I can tell you it sure feels like the volume ramp is going to exceed our expectations at this point.

Michael Blum - *Wells Fargo Securities, LLC - Analyst*

Great, thank you very much, guys.

Bill Waldheim - *DCP Midstream Partners LP - President*

Thanks, Michael.

Operator

(Operator Instructions)

Becca Followill, US Capital Advisors.

Becca Followill - *US Capital Advisors - Analyst*

Good morning, guys.

Bill Waldheim - *DCP Midstream Partners LP - President*

Good morning, Becca.

Becca Followill - *US Capital Advisors - Analyst*

2014 CapEx, are you guys putting any of the $160 million of additional projects into 2014 CapEx?

Sean O'Brien - *DCP Midstream Partners LP & DCP Midstream, LLC. - CFO*

Yes. Some of the projects definitely have some spin Becca, that's helping us get to $500 million that we talked about in our guidance this year.

Becca Followill - *US Capital Advisors - Analyst*

Thank you. And then on Marysville storage, can you talk about potentials to expand once you get this additional ability to deliver -- to handle the volumes via truck and rail. How big could that storage facility be?

Bill Waldheim - *DCP Midstream Partners LP - President*

Sure Becca. Right now Marysville has plenty of -- its footprint from just a spatial on the land itself it has plenty of room for the needed brine pits and anything we would want to do on the surface. It also has a very nice sub-surface salt structure and so we can definitely expand really as the market needs the capacity. So the first step for us was making sure we can get the product into and out of the facility. That's what these projects are going to allow us to do, and improve the throughput capabilities. Then we'll be looking at whether we need to leach and expand cavern capabilities at that point.

Becca Followill - *US Capital Advisors - Analyst*

Thank you. And then finally on, back to the Chesapeake terminal, I know it's fee based, but is there a volume guarantee, or is there a guarantee that people pay you regardless of the throughput, or is it throughput sensitive?

Bill Waldheim - *DCP Midstream Partners LP - President*

Becca, we do have a term arrangement on that facility, and it does have minimum throughputs, so it is attractive as far as the MLP is concerned. We don't have commodity sensitivity associated with the project.

Becca Followill - *US Capital Advisors - Analyst*

Would it be fair to say -- I know you don't have commodity sensitivity, but is there a volume sensitivity?

Bill Waldheim - *DCP Midstream Partners LP - President*

With the minimum throughputs, again on the upside, the volume is capped on our ability to get product into the facility. But other than that, we do have minimum throughputs and the returns are attractive.

Becca Followill - *US Capital Advisors - Analyst*

When do those exports begin?

Bill Waldheim - *DCP Midstream Partners LP - President*

We believe it will be in the latter part of 2014, so right now, we believe we'll be exporting before the year's out, and even hopefully sooner than that.

Becca Followill - *US Capital Advisors - Analyst*

And then finally, generally, on the LPG export projects, the returns have been substantially below the 5 to 7 times targeted EBITDA multiples. Would that be a fair characterization of this facility?

Bill Waldheim - *DCP Midstream Partners LP - President*

We don't -- we are not participating in any uplift that the export commodity itself might bring. Again it's a very solid 5X to 7X return project with throughput commitment so that's what we're happy with. The second phase might involve other structures, but right now, that's the structure we have in place.

Becca Followill - *US Capital Advisors - Analyst*

Great.

Wouter van Kempen - *DCP Midstream Partners LP & DCP Midstream, LLC. - Chairman and CEO*

I think the other part there Becca, this is Wouter, [might] -- this is not a greenfield new build facility, so we've already owned the facility which it's a relatively easy one to convert it and expand.

Becca Followill - *US Capital Advisors - Analyst*

Great, thank you.

Operator

The next question is from Jerren Holder of Goldman Sachs.

Jerren Holder - *Goldman Sachs - Analyst*

Good morning, just wanted to start off about your -- if you could comment on your fractionation capability on the Gulf Coast, and expansion potential there, and possibility down the line of maybe providing some sort of NGL exports for those ethane, propane, butane, from the Gulf Coasts?

Bill Waldheim - *DCP Midstream Partners LP - President*

Jerren, we have a permit in hand for a Beaumont facility, as you know we're already not operated-owner in fractionation capacity at both Enterprise and ONEOK's NB1 facility. But we are certainly looking at the possibilities of a facility at the Beaumont site. I think we're assessing the utilization capacity of Gulf Coast frack spaces as we look at it today, and when and if more capacity might be needed. So we certainly have the infrastructure there with the salt caverns and storage, and so the siting we feel is a good location, if and when we might decide to move forward.

Wouter van Kempen - *DCP Midstream Partners LP & DCP Midstream, LLC. - Chairman and CEO*

Jerren, this is Wouter. I think one of the things that we've been talking about a bunch is about capital efficiency, and how can you make your dollars go as far as possible as you can. So for us, around fractionation, it's really about -- is it a build versus a buy decision. We could obviously, as Bill mentioned, we have a permit in hand -- but is that the best utilization of our capital dollars? Or is there a better way to utilize the dollars because we can buy the product cheaper in the market versus build it ourselves. Those are the things that we are always looking at around the Enterprise.

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Jerren Holder - *Goldman Sachs - Analyst*

I guess just to follow up on that. Do you guys have the option -- just given your processing capability, to say, get a equity investment into some of these other fractionation expansions, or ethane exports facilities going to be constructed or expansions to LPG exports? Is that something you guys have?

Wouter van Kempen - *DCP Midstream Partners LP & DCP Midstream, LLC. - Chairman and CEO*

Yes, I think there's an opportunity to do so at times, and we've done that historically around fractionation as well as that is definitely something that could be on the table.

Jerren Holder - *Goldman Sachs - Analyst*

Okay. Thank you.

Operator

We have no further questions. I will now turn the call back over to Bill Waldheim.

Bill Waldheim - *DCP Midstream Partners LP - President*

Thank you Christine, and we want to thank everybody for their interest in the Partnership, and we'll look forward to answering any questions you might have with Andrea, and our Investor Relation Group. Thank you very much.

Operator

Thank you, and thank you, ladies and gentlemen. This concludes today's conference. Thank you for participating.
