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Enterprise Products Partners LP Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). The first question is from Yves Siegel of Wachovia Securities.

Yves Siegel - Wachovia Securities

Good morning guys.

Mike Creel

Morning Yves.

Yves Siegel - Wachovia Securities

Just a couple of question. Number one, can you just discuss how you're thinking about processing commodity exposure going forward, especially in light of the great environment that we're in. That's number one, and the second question was could you also discuss what you are seeing now on construction costs and so the confidence level that you have that you can execute the rest of the expansion program within a reasonable budget and time schedule?

Mike Creel

Yeah, let me take the second question first, then, I will pass it over to Jim Teague to talk about processing exposure up in the Rockies. On construction costs, you could tell from the tone of our press release and the conference call that we're not pleased with the result up in the Rocky Mountains; the Meeker plant and the Pioneer plant have both taken longer to build than we expected. Part of that was a problem with valve manufacturers, part of that was outside engineering firms and their design work, and frankly, part of that was lack of adequate oversight by us.

We are making changes to remedy the internal problems that we had with the lack of proper oversight. We think that we've made the proper changes and that we're going to have much better control over that in the future. We're pursuing remedies against some of the outside firms that we feel are responsible for some of the cost overruns and delays in the projects and working to get those back on track.

Going forward, I think we're going to be much more vigilant about providing oversight to third parties making sure that we have eyes on what they are doing, that we review their designs that we do some independent testing, though we don't expect to have the same kinds of problems going forward.

We've got a long track record of successfully building projects on time and under budget and we expect to get back to that position as well.

On the processing environment, Yves, I think what you're really alluding to is the fact that in the Rocky Mountains we've got some exposure there and it was intentional and I'll let Jim Teague talk about that.

Jim Teague

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