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 30, 2019

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Commission File Number: 1-14222

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

Delaware	**22-3410353**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

240 Route 10 West
Whippany, NJ 07981
(973) 887-5300
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of exchange on which registered
Common Units	SPH	New York Stock Exchange

At May 6, 2019, there were 61,665,692 Common Units of Suburban Propane Partners, L.P. outstanding.

SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES

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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements ("Forward-Looking Statements") as defined in the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, relating to future business expectations and predictions and financial condition and results of operations of Suburban Propane Partners, L.P. (the "Partnership"). Some of these statements can be identified by the use of forward-looking terminology such as "prospects," "outlook," "believes," "estimates," "intends," "may," "will," "should," "could," "anticipates," "expects" or "plans" or the negative or other variation of these or similar words, or by discussion of trends and conditions, strategies or risks and uncertainties. These Forward-Looking Statements involve certain risks and uncertainties that could cause actual results to differ materially from those discussed or implied in such Forward-Looking Statements (statements contained in this Quarterly Report identifying such risks and uncertainties are referred to as "Cautionary Statements"). The risks and uncertainties and their impact on the Partnership's results include, but are not limited to, the following risks:

- The impact of weather conditions on the demand for propane, fuel oil and other refined fuels, natural gas and electricity;
- Volatility in the unit cost of propane, fuel oil and other refined fuels, natural gas and electricity, the impact of the Partnership's hedging and risk management activities, and the adverse impact of price increases on volumes sold as a result of customer conservation;
- The ability of the Partnership to compete with other suppliers of propane, fuel oil and other energy sources;
- The impact on the price and supply of propane, fuel oil and other refined fuels from the political, military or economic instability of the oil producing nations, global terrorism and other general economic conditions;
- The ability of the Partnership to acquire sufficient volumes of, and the costs to the Partnership of acquiring, transporting and storing, propane, fuel oil and other refined fuels;
- The ability of the Partnership to acquire and maintain reliable transportation for its propane, fuel oil and other refined fuels;
- The ability of the Partnership to retain customers or acquire new customers;
- The impact of customer conservation, energy efficiency and technology advances on the demand for propane, fuel oil and other refined fuels, natural gas and electricity;
- The ability of management to continue to control expenses;
- The impact of changes in applicable statutes and government regulations, or their interpretations, including those relating to the environment and climate change, derivative instruments and other regulatory developments on the Partnership's business;
- The impact of changes in tax laws that could adversely affect the tax treatment of the Partnership for income tax purposes;
- The impact of legal proceedings on the Partnership's business;
- The impact of operating hazards that could adversely affect the Partnership's operating results to the extent not covered by insurance;
- The Partnership's ability to make strategic acquisitions and successfully integrate them;
- The impact of current conditions in the global capital and credit markets, and general economic pressures;
- The operating, legal and regulatory risks the Partnership may face; and
- Other risks referenced from time to time in filings with the Securities and Exchange Commission ("SEC") and those factors listed or incorporated by reference into the Partnership's most recent Annual Report under "Risk Factors."

Some of these Forward-Looking Statements are discussed in more detail in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Quarterly Report. Reference is also made to the risk factors discussed in Item 1A of our Annual Report on Form 10-K for the fiscal year ended September 29, 2018. On different occasions, the Partnership or its representatives have made or may make Forward-Looking Statements in other filings with the SEC, press releases or oral statements made by or with the approval of one of the Partnership's authorized executive officers. Readers are cautioned not to place undue reliance on Forward-Looking Statements, which reflect management's view only as of the date made. The Partnership undertakes no obligation to update any Forward-Looking Statement or Cautionary Statement, except as required by law. All subsequent written and oral Forward-Looking Statements attributable to the Partnership or persons acting on its behalf are expressly qualified in their entirety by the Cautionary Statements in this Quarterly Report and in future SEC reports.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)
(unaudited)

	March 30, 2019	September 29, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5,928	$ 5,164
Accounts receivable, less allowance for doubtful accounts of $4,338 and $3,629, respectively	153,599	71,298
Inventories	50,510	59,112
Other current assets	22,599	22,194
Total current assets	232,636	157,768
Property, plant and equipment, net	636,618	649,218
Goodwill	1,096,119	1,093,470
Other intangible assets, net	151,408	175,183
Other assets	23,189	25,560
Total assets	$ 2,139,970	$ 2,101,199
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities:		
Accounts payable	$ 55,923	$ 38,264
Accrued employment and benefit costs	31,039	32,402
Customer deposits and advances	47,698	95,483
Accrued interest	14,891	13,223
Other current liabilities	29,608	39,666
Total current liabilities	179,159	219,038
Long-term borrowings	1,256,048	1,255,138
Accrued insurance	54,305	54,797
Other liabilities	75,410	78,402
Total liabilities	1,564,922	1,607,375
Commitments and contingencies		
Partners' capital:		
Common Unitholders (61,664 and 61,405 units issued and outstanding at March 30, 2019 and September 29, 2018, respectively)	598,614	518,494
Accumulated other comprehensive loss	(23,566)	(24,670)
Total partners' capital	575,048	493,824
Total liabilities and partners' capital	$ 2,139,970	$ 2,101,199

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

SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per unit amounts)
(unaudited)

	Three Months Ended	
	March 30, 2019	March 31, 2018
Revenues		
Propane	$ 433,056	$ 462,814
Fuel oil and refined fuels	41,598	41,699
Natural gas and electricity	17,596	20,392
All other	12,127	11,377
	504,377	536,282
Costs and expenses		
Cost of products sold	201,522	246,642
Operating	108,154	111,828
General and administrative	21,988	18,205
Depreciation and amortization	30,623	32,203
	362,287	408,878
Operating income	142,090	127,404
Interest expense, net	19,647	19,402
Other, net	1,175	1,174
Income before provision for income taxes	121,268	106,828
Provision for income taxes	252	41
Net income	$ 121,016	$ 106,787
Net income per Common Unit - basic	$ 1.96	$ 1.74
Weighted average number of Common Units outstanding - basic	61,776	61,463
Net income per Common Unit - diluted	$ 1.94	$ 1.73
Weighted average number of Common Units outstanding - diluted	62,225	61,793

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

SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per unit amounts)
(unaudited)

	Six Months Ended	
	March 30, 2019	March 31, 2018
Revenues		
Propane	$ 754,416	$ 784,944
Fuel oil and refined fuels	70,507	67,014
Natural gas and electricity	31,000	33,539
All other	25,558	24,062
	881,481	909,559
Costs and expenses		
Cost of products sold	384,107	411,831
Operating	207,563	210,267
General and administrative	38,493	34,980
Depreciation and amortization	60,694	63,334
	690,857	720,412
Loss on sale of business	—	4,823
Operating income	190,624	184,324
Interest expense, net	39,135	38,916
Other, net	2,351	2,346
Income before provision for (benefit from) income taxes	149,138	143,062
Provision for (benefit from) income taxes	403	(893)
Net income	$ 148,735	$ 143,955
Net income per Common Unit - basic	$ 2.41	$ 2.34
Weighted average number of Common Units outstanding - basic	61,711	61,391
Net income per Common Unit - diluted	$ 2.39	$ 2.33
Weighted average number of Common Units outstanding - diluted	62,128	61,688

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

SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	Three Months Ended		Six Months Ended	
	March 30, 2019	March 31, 2018	March 30, 2019	March 31, 2018
Net income	$ 121,016	$ 106,787	$ 148,735	$ 143,955
Other comprehensive income:				
Amortization of net actuarial losses and prior service credits into earnings	552	757	1,104	1,514
Other comprehensive income	552	757	1,104	1,514
Total comprehensive income	$ 121,568	$ 107,544	$ 149,839	$ 145,469

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

SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Six Months Ended	
	March 30, 2019	March 31, 2018
Cash flows from operating activities:		
Net income	$ 148,735	$ 143,955
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	60,694	63,334
Loss on sale of business	—	4,823
Compensation costs recognized under Restricted Unit Plans	6,575	5,147
Other, net	228	317
Changes in assets and liabilities:		
Accounts receivable	(82,613)	(94,723)
Inventories	8,769	1,129
Other current and noncurrent assets	629	(11,913)
Accounts payable	17,787	14,536
Accrued employment and benefit costs	(1,365)	2,221
Customer deposits and advances	(47,785)	(50,072)
Other current and noncurrent liabilities	(10,410)	4,817
Net cash provided by operating activities	101,244	83,571
Cash flows from investing activities:		
Capital expenditures	(16,552)	(18,153)
Acquisition of businesses	(10,575)	(4,151)
Proceeds from sale of business	—	2,800
Proceeds from sale of property, plant and equipment	3,095	3,002
Net cash (used in) investing activities	(24,032)	(16,502)
Cash flows from financing activities:		
Proceeds from borrowings under revolving credit facility	234,400	205,700
Repayments of borrowings under revolving credit facility	(234,500)	(194,300)
Partnership distributions	(73,841)	(73,499)
Other, net	(2,507)	(2,017)
Net cash (used in) financing activities	(76,448)	(64,116)
Net increase in cash and cash equivalents	764	2,953
Cash and cash equivalents at beginning of period	5,164	2,789
Cash and cash equivalents at end of period	$ 5,928	$ 5,742

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

SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
(in thousands)
(unaudited)

	Three Months Ended March 30, 2019			
	Number of Common Units	Common Unitholders	Accumulated Other Comprehensive (Loss)	Total Partners' Capital
Balance, beginning of period	61,664	$ 511,042	$ (24,118)	$ 486,924
Net income		121,016		121,016
Other comprehensive income			552	552
Partnership distributions		(36,998)		(36,998)
Common Units issued under Restricted Unit Plans	—	—		—
Compensation costs recognized under Restricted Unit Plans		3,554		3,554
Balance, end of period	61,664	$ 598,614	$ (23,566)	$ 575,048

	Three Months Ended March 31, 2018			
	Number of Common Units	Common Unitholders	Accumulated Other Comprehensive (Loss)	Total Partners' Capital
Balance, beginning of period	61,389	$ 584,102	$ (28,055)	$ 556,047
Net income		106,787		106,787
Other comprehensive income			757	757
Partnership distributions		(36,836)		(36,836)
Common Units issued under Restricted Unit Plans	15	—		—
Compensation costs recognized under Restricted Unit Plans		2,498		2,498
Balance, end of period	61,404	$ 656,551	$ (27,298)	$ 629,253

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

SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
(in thousands)
(unaudited)

	Six Months Ended March 30, 2019			
	Number of Common Units	Common Unitholders	Accumulated Other Comprehensive (Loss)	Total Partners' Capital
Balance, beginning of period	61,405	$ 518,494	$ (24,670)	$ 493,824
Net income		148,735		148,735
Other comprehensive income			1,104	1,104
Partnership distributions		(73,841)		(73,841)
Common Units issued under Restricted Unit Plans	259	(1,349)		(1,349)
Compensation costs recognized under Restricted Unit Plans		6,575		6,575
Balance, end of period	61,664	$ 598,614	$ (23,566)	$ 575,048

	Six Months Ended March 31, 2018			
	Number of Common Units	Common Unitholders	Accumulated Other Comprehensive (Loss)	Total Partners' Capital
Balance, beginning of period	61,105	$ 581,794	$ (28,812)	$ 552,982
Net income		143,955		143,955
Other comprehensive income			1,514	1,514
Partnership distributions		(73,499)		(73,499)
Common Units issued under Restricted Unit Plans	299	(846)		(846)
Compensation costs recognized under Restricted Unit Plans		5,147		5,147
Balance, end of period	61,404	$ 656,551	$ (27,298)	$ 629,253

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

SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except unit and per unit amounts)
(unaudited)

1. Partnership Organization and Formation

Suburban Propane Partners, L.P. (the "Partnership") is a publicly traded Delaware limited partnership principally engaged, through its operating partnership and subsidiaries, in the retail marketing and distribution of propane, fuel oil and refined fuels, as well as the marketing of natural gas and electricity in deregulated markets. In addition, to complement its core marketing and distribution businesses, the Partnership services a wide variety of home comfort equipment, particularly for heating and ventilation. The publicly traded limited partner interests in the Partnership are evidenced by common units traded on the New York Stock Exchange ("Common Units"), with 61,663,627 Common Units outstanding at March 30, 2019. The holders of Common Units are entitled to participate in distributions and exercise the rights and privileges available to limited partners under the Third Amended and Restated Agreement of Limited Partnership (the "Partnership Agreement"), as amended. Rights and privileges under the Partnership Agreement include, among other things, the election of all members of the Board of Supervisors and voting on the removal of the general partner.

Suburban Propane, L.P. (the "Operating Partnership"), a Delaware limited partnership, is the Partnership's operating subsidiary formed to operate the propane business and assets. In addition, Suburban Sales & Service, Inc. (the "Service Company"), a subsidiary of the Operating Partnership, was formed to operate the service work and appliance and parts businesses of the Partnership. The Operating Partnership, together with its direct and indirect subsidiaries, accounts for substantially all of the Partnership's assets, revenues and earnings. The Partnership, the Operating Partnership and the Service Company commenced operations in March 1996 in connection with the Partnership's initial public offering.

The general partner of both the Partnership and the Operating Partnership is Suburban Energy Services Group LLC (the "General Partner"), a Delaware limited liability company, the sole member of which is the Partnership's Chief Executive Officer. Other than as a holder of 784 Common Units that will remain in the General Partner, the General Partner does not have any economic interest in the Partnership or the Operating Partnership.

The Partnership's fuel oil and refined fuels, natural gas and electricity and services businesses are structured as either limited liability companies that are treated as corporations or corporate entities (collectively referred to as the "Corporate Entities") and, as such, are subject to corporate level U.S. income tax.

Suburban Energy Finance Corp., a direct 100%-owned subsidiary of the Partnership, was formed on November 26, 2003 to serve as co-issuer, jointly and severally with the Partnership, of the Partnership's senior notes.

2. Basis of Presentation

Principles of Consolidation. The condensed consolidated financial statements include the accounts of the Partnership, the Operating Partnership and all of its direct and indirect subsidiaries. All significant intercompany transactions and account balances have been eliminated. The Partnership consolidates the results of operations, financial condition and cash flows of the Operating Partnership as a result of the Partnership's 100% limited partner interest in the Operating Partnership.

The accompanying condensed consolidated financial statements are unaudited and have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). They include all adjustments that the Partnership considers necessary for a fair statement of the results of operations, financial position and cash flows for the interim periods presented. Such adjustments consist only of normal recurring items, unless otherwise disclosed. These financial statements should be read in conjunction with the financial statements included in the Partnership's Annual Report on Form 10-K for the fiscal year ended September 29, 2018. Due to the seasonal nature of the Partnership's operations, the results of operations for interim periods are not necessarily indicative of the results to be expected for a full year.

Fiscal Period. The Partnership uses a 52/53 week fiscal year which ends on the last Saturday in September. The Partnership's fiscal quarters are generally thirteen weeks in duration. When the Partnership's fiscal year is 53 weeks long, the corresponding fourth quarter is fourteen weeks in duration.

Revenue Recognition. On September 30, 2018, the first day of fiscal 2019, the Partnership adopted the new accounting guidance regarding revenue recognition under the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2014-09 "Revenue from Contracts with Customers" ("ASU 2014-09") and all related amendments using the full retrospective method. ASU 2014-09 provides a five-step model to be applied to all contracts with customers. The five steps are to identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when each performance obligation is satisfied. The adoption of this standard had no impact on the Partnership's condensed consolidated statements of financial position, operations or cash flows.

Revenue is recognized by the Partnership when goods or services promised in a contract with a customer have been transferred, and no further performance obligation on that transfer is required, in an amount that reflects the consideration expected to be received. Performance obligations are determined and evaluated based on the specific terms of the arrangements and the distinct products and services offered. Due to the nature of the retail business of the Partnership, there are no remaining or unsatisfied performance obligations as of the end of the reporting period, except for tank rental agreements, maintenance service contracts, fixed price contracts and budgetary programs, as described below. The performance obligation associated with sales of propane, fuel oil and refined fuels is met at the time product is delivered to the customer. Revenue from the sale of appliances and equipment is recognized at the time of sale or when installation is complete, as defined by the performance obligations included within the related customer contract. Revenue from repairs, maintenance and other service activities is recognized upon completion of the service. Revenue from the natural gas and electricity business is recognized based on customer usage as determined by meter readings for amounts delivered, an immaterial amount of which may be unbilled at the end of each accounting period.

The Partnership defers the recognition of revenue for annually billed tank rent, maintenance service contracts, fixed price contracts and budgetary programs where customer consideration is received at the start of the contract period, establishing contract liabilities which are disclosed as customer deposits and advances on the condensed consolidated balance sheets. Deliveries to customers enrolled in budgetary programs that exceed billings to those customers establish contract assets which are included in accounts receivable on the condensed consolidated balance sheets. The Partnership ratably recognizes revenue over the applicable term for tank rent and maintenance service agreements, which is generally one year, and at the time of delivery for fixed price contracts and budgetary programs.

The Partnership incurs incremental direct costs to obtain certain contracts when it pays commissions to its salesforce. These costs are expensed as incurred, consistent with the practical expedients issued by the FASB, since the expected amortization period is one year or less. The Partnership generally determines selling prices based on, among other things, current weighted average cost and the current replacement cost of the product at the time of delivery, plus an applicable margin. Except for tank rental agreements, maintenance service contracts, fixed price contracts and budgetary programs, customer payments for the satisfaction of a performance obligation are due upon receipt.

Fair Value Measurements. The Partnership measures certain of its assets and liabilities at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants – in either the principal market or the most advantageous market. The principal market is the market with the greatest level of activity and volume for the asset or liability.

The common framework for measuring fair value utilizes a three-level hierarchy to prioritize the inputs used in the valuation techniques to derive fair values. The basis for fair value measurements for each level within the hierarchy is described below with Level 1 having the highest priority and Level 3 having the lowest.

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Quoted prices in active markets for similar assets or liabilities; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable in active markets.
- Level 3: Valuations derived from valuation techniques in which one or more significant inputs are unobservable.

Business Combinations. The Partnership accounts for business combinations using the acquisition method and accordingly, the assets and liabilities of the acquired entities are recorded at their estimated fair values at the acquisition date. Goodwill represents the excess of the purchase price over the fair value of the net assets acquired, including the amount assigned to identifiable intangible assets. The primary drivers that generate goodwill are the value of synergies between the acquired entities and the Partnership, and the acquired assembled workforce, neither of which qualifies as an identifiable intangible asset. Identifiable intangible assets with finite lives are amortized over their useful lives. The results of operations of acquired businesses are included in the consolidated financial statements from the acquisition date. The Partnership expenses all acquisition-related costs as incurred.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates have been made by management in the areas of self-insurance and

litigation reserves, pension and other postretirement benefit liabilities and costs, valuation of derivative instruments, depreciation and amortization of long-lived assets, asset impairment assessments, tax valuation allowances, allowances for doubtful accounts, and purchase price allocation for acquired businesses. The Partnership uses Society of Actuaries life expectancy information when developing the annual mortality assumptions for the pension and postretirement benefit plans, which are used to measure net periodic benefit costs and the obligation under these plans. Actual results could differ from those estimates, making it reasonably possible that a material change in these estimates could occur in the near term.

Reclassifications. Certain prior period amounts have been reclassified to conform to the current period presentation. See Recently Adopted Accounting Pronouncements, below.

Recently Issued Accounting Pronouncements. In January 2017, the FASB issued ASU 2017-04, "Simplifying the Test for Goodwill Impairment" ("ASU 2017-04"). This update eliminates the second of the two-step goodwill impairment test, as described in Note 6, "Goodwill and Other Intangible Assets." Instead, an entity should perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit to its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to the reporting unit. ASU 2017-04 is effective for the first interim period within annual reporting periods beginning after December 15, 2019, which will be the Partnership's first quarter of fiscal 2021. Early adoption of ASU 2017-04 is permitted. The Partnership does not expect that the adoption of ASU 2017-04 will have a material impact on the Partnership's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, "Leases" ("ASU 2016-02"). The standard amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. ASU 2016-02 is effective for the first interim period within annual reporting periods beginning after December 15, 2018, which will be the Partnership's first quarter of fiscal 2020. Early adoption of ASU 2016-02 is permitted. The new leases standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The Partnership is currently evaluating the impact of adopting ASU 2016-02 on the Partnership's consolidated financial statements.

Recently Adopted Accounting Pronouncements. During the first quarter of fiscal 2019, the Partnership adopted new accounting guidance under ASU 2017-07, "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost" ("ASU 2017-07"), which has been applied retrospectively. This update required separate disclosure below Operating income on the face of the condensed consolidated statements of operations for certain components of net periodic pension cost and net periodic postretirement cost. The adoption of this standard had no material impact on the Partnership's condensed consolidated financial statements other than to classify certain components of net periodic benefit costs on the condensed consolidated statements of operations from Operating expenses to Other, net. Refer to Note 14, "Pension Plans and Other Postretirement Benefits".

In August 2016, the FASB issued ASU 2016-15, "Classification of Certain Cash Receipts and Cash Payments" ("ASU 2016-15"). This update addresses eight specific cash flow issues and is intended to reduce diversity in practice on how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The adoption of this standard had no material impact on the Partnership's condensed consolidated statements of cash flows.

See also Revenue Recognition, above.

3. Disaggregation of Revenue

The following table disaggregates revenue for each customer type. See Note 17 for more information on segment reporting wherein it is disclosed that the Partnership's Propane, Fuel Oil and Refined Fuels and Natural Gas and Electricity reportable segments generated approximately 86%, 8% and 4%, respectively, of the Partnership's revenue for all periods presented. The propane segment contributes the majority of the Partnership's revenue and the concentration of revenue by customer type for the propane segment is not materially different from the consolidated revenue.

	Three Months Ended	
	March 30, 2019	March 31, 2018
Retail		
Residential	$ 312,110	$ 323,045
Commercial	118,081	125,597
Industrial	33,477	34,906
Agricultural	13,867	14,400
Government	23,339	24,717
Wholesale	3,503	13,616
Total revenues	$ 504,377	$ 536,282

	Six Months Ended	
	March 30, 2019	March 31, 2018
Retail		
Residential	$ 533,824	$ 537,253
Commercial	214,659	219,539
Industrial	62,431	63,029
Agricultural	27,768	30,401
Government	39,273	39,843
Wholesale	3,526	19,494
Total revenues	$ 881,481	$ 909,559

The Partnership recognized $25,988 and $59,146 of revenue during the three and six months ended March 30, 2019, respectively, and $22,738 and $53,821 during the three and six months ended March 31, 2018, respectively, for annually billed tank rent, maintenance service contracts, fixed price contracts and budgetary programs where customer consideration was received at the start of the contract period and which was included in contract liabilities as of the beginning of each respective period. Contract assets of $32,435 and $9,606 relating to deliveries to customers enrolled in budgetary programs that exceeded billings to those customers were included in accounts receivable as of March 30, 2019 and September 29, 2018, respectively.

4. Acquisition of Business

On February 6, 2019, the Operating Partnership acquired the propane assets and operations of a propane retailer operating in strategic markets on the west coast for $12,000, including $800 for non-compete consideration, plus working capital acquired. As of March 30, 2019, $10,575 was paid and the remainder of the purchase price will be funded in accordance with the terms of the asset purchase and non-compete agreements. The acquisition was consummated pursuant to the Partnership's strategic growth initiatives. The purchase price allocation and results of operations of the acquired business were not material to the Partnership's condensed consolidated financial position and statement of operations.

5. Financial Instruments and Risk Management

Cash and Cash Equivalents. The Partnership considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. The carrying amount approximates fair value because of the short-term maturity of these instruments.

Derivative Instruments and Hedging Activities

Commodity Price Risk. Given the retail nature of its operations, the Partnership maintains a certain level of priced physical inventory to help ensure its field operations have adequate supply commensurate with the time of year. The Partnership's strategy is to keep its physical inventory priced relatively close to market for its field operations. The Partnership enters into a combination of exchange-traded futures and option contracts and, in certain instances, over-the-counter options and swap contracts (collectively, "derivative instruments") to hedge price risk associated with propane and fuel oil physical inventories, as well as future purchases of propane or fuel oil used in its operations and to help ensure adequate supply during periods of high demand. In addition, the Partnership sells propane and fuel oil to customers at fixed prices, and enters into derivative instruments to hedge a portion of its exposure to fluctuations in commodity prices as a result of selling the fixed price contracts. Under this risk management strategy, realized gains or losses on derivative instruments will typically offset losses or gains on the physical inventory once the product is sold or delivered as it pertains to fixed price contracts. All of the Partnership's derivative instruments are reported on the condensed consolidated balance sheet at their fair values. In addition, in the course of normal operations, the Partnership routinely enters into contracts such as forward priced physical contracts for the purchase or sale of propane and fuel oil that qualify for and are designated as normal purchase or normal sale contracts. Such contracts are exempted from the fair value accounting requirements and are accounted for at the time product is purchased or sold under the related contract. The Partnership does not use derivative instruments for speculative trading purposes. Market risks associated with derivative instruments are monitored daily for compliance with the Partnership's Hedging and Risk Management Policy which includes volume limits for open positions. Priced on-hand inventory is also reviewed and managed daily as to exposures to changing market prices.

On the date that derivative instruments are entered into, other than those designated as normal purchases or normal sales, the Partnership makes a determination as to whether the derivative instrument qualifies for designation as a hedge. Changes in the fair value of derivative instruments are recorded each period in current period earnings or other comprehensive income ("OCI"), depending on whether the derivative instrument is designated as a hedge and, if so, the type of hedge. For derivative instruments

designated as cash flow hedges, the Partnership formally assesses, both at the hedge contract's inception and on an ongoing basis, whether the hedge contract is highly effective in offsetting changes in cash flows of hedged items. Changes in the fair value of derivative instruments designated as cash flow hedges are reported in OCI to the extent effective and reclassified into earnings during the same period in which the hedged item affects earnings. The mark-to-market gains or losses on ineffective portions of cash flow hedges are recognized in earnings immediately. Changes in the fair value of derivative instruments that are not designated as cash flow hedges, and that do not meet the normal purchase and normal sale exemption, are recorded within earnings as they occur. Cash flows associated with derivative instruments are reported as operating activities within the condensed consolidated statement of cash flows.

Interest Rate Risk. A portion of the Partnership's borrowings bear interest at prevailing interest rates based upon, at the Operating Partnership's option, LIBOR plus an applicable margin or the base rate, defined as the higher of the Federal Funds Rate plus ½ of 1% or the agent bank's prime rate, or LIBOR plus 1%, plus the applicable margin. The applicable margin is dependent on the level of the Partnership's total leverage (the ratio of total debt to income before deducting interest expense, income taxes, depreciation and amortization ("EBITDA")). Therefore, the Partnership is subject to interest rate risk on the variable component of the interest rate. From time to time, the Partnership manages part of its variable interest rate risk by entering into interest rate swap agreements. The interest rate swaps have been designated as, and are accounted for as, cash flow hedges. The fair value of the interest rate swaps are determined using an income approach, whereby future settlements under the swaps are converted into a single present value, with fair value being based on the value of current market expectations about those future amounts. Changes in the fair value are recognized in OCI until the hedged item is recognized in earnings. However, due to changes in the underlying interest rate environment, the corresponding value in OCI is subject to change prior to its impact on earnings.

Valuation of Derivative Instruments. The Partnership measures the fair value of its exchange-traded options and futures contracts using quoted market prices found on the New York Mercantile Exchange (the "NYMEX") (Level 1 inputs); the fair value of its swap contracts using quoted forward prices, and the fair value of its interest rate swaps using model-derived valuations driven by observable projected movements of the 3-month LIBOR (Level 2 inputs); and the fair value of its over-the-counter options contracts using Level 3 inputs. The Partnership's over-the-counter options contracts are valued based on an internal option model. The inputs utilized in the model are based on publicly available information as well as broker quotes. The significant unobservable inputs used in the fair value measurements of the Partnership's over-the-counter options contracts are interest rate and market volatility.

The following summarizes the fair value of the Partnership's derivative instruments and their location in the condensed consolidated balance sheets as of March 30, 2019 and September 29, 2018, respectively:

	As of March 30, 2019		As of September 29, 2018	
Asset Derivatives	**Location**	**Fair Value**	**Location**	**Fair Value**
Derivatives not designated as hedging instruments:				
Commodity-related derivatives	Other current assets	$ 3,944	Other current assets	$ 14,875
	Other assets	—	Other assets	13
		$ 3,944		$ 14,888
Liability Derivatives	**Location**	**Fair Value**	**Location**	**Fair Value**
Derivatives not designated as hedging instruments:				
Commodity-related derivatives	Other current liabilities	$ 2,285	Other current liabilities	$ 6,122
	Other liabilities	—	Other liabilities	167
		$ 2,285		$ 6,289

The following summarizes the reconciliation of the beginning and ending balances of assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs:

	Fair Value Measurement Using Significant Unobservable Inputs (Level 3)			
	Six Months Ended March 30, 2019		Six Months Ended March 31, 2018	
	Assets	Liabilities	Assets	Liabilities
Beginning balance of over-the-counter options	$ 1,546	$ 361	$ 4,108	$ 737
Beginning balance realized during the period	(1,179)	(287)	(2,466)	(532)
Contracts purchased during the period	—	—	800	—
Change in the fair value of outstanding contracts	869	(74)	(1,008)	(205)
Ending balance of over-the-counter options	$ 1,236	$ —	$ 1,434	$ —

As of March 30, 2019 and September 29, 2018, the Partnership's outstanding commodity-related derivatives had a weighted average maturity of approximately six and four months, respectively.

The effect of the Partnership's derivative instruments on the condensed consolidated statements of operations and the condensed consolidated statements of comprehensive income, as applicable, for the three and six months ended March 30, 2019 and March 31, 2018 are as follows:

Derivatives Not Designated as Hedging Instruments	Three Months Ended March 30, 2019 — Unrealized Gains (Losses) Recognized in Income		Three Months Ended March 31, 2018 — Unrealized Gains (Losses) Recognized in Income	
	Location	Amount	Location	Amount
Commodity-related derivatives	Cost of products sold	$ 8,521	Cost of products sold	$ (3,696)

Derivatives Not Designated as Hedging Instruments	Six Months Ended March 30, 2019 — Unrealized Gains (Losses) Recognized in Income		Six Months Ended March 31, 2018 — Unrealized Gains (Losses) Recognized in Income	
	Location	Amount	Location	Amount
Commodity-related derivatives	Cost of products sold	$ (7,390)	Cost of products sold	$ (5,227)

The following table presents the fair value of the Partnership's recognized derivative assets and liabilities on a gross basis and amounts offset on the condensed consolidated balance sheets subject to enforceable master netting arrangements or similar agreements:

	As of March 30, 2019			As of September 29, 2018		
	Gross amounts	Effects of netting	Net amounts presented in the balance sheet	Gross amounts	Effects of netting	Net amounts presented in the balance sheet
Asset Derivatives						
Commodity-related derivatives	$ 7,101	$ (3,157)	$ 3,944	$ 23,181	$ (8,293)	$ 14,888
Liability Derivatives						
Commodity-related derivatives	$ 5,442	$ (3,157)	$ 2,285	$ 14,582	$ (8,293)	$ 6,289

The Partnership had $1,920 and $-0- posted cash collateral as of March 30, 2019 and September 29, 2018, respectively, with its brokers for outstanding commodity-related derivatives.

Bank Debt and Senior Notes. The fair value of the borrowings under the Revolving Credit Facility (defined below in Note 9) approximates the carrying value since the interest rates are adjusted quarterly to reflect market conditions. Based upon quoted market prices (a Level 1 input), the fair value of the Senior Notes (also defined below in Note 9) of the Partnership are as follows:

	As of	
	March 30, 2019	September 29, 2018
5.5% senior notes due June 1, 2024	$ 511,875	$ 518,112
5.75% senior notes due March 1, 2025	242,500	242,500
5.875% senior notes due March 1, 2027	331,625	334,250
	$ 1,086,000	$ 1,094,862

6. Inventories

Inventories are stated at the lower of cost or market. Cost is determined using a weighted average method for propane, fuel oil and refined fuels and natural gas, and a standard cost basis for appliances, which approximates average cost. Inventories consist of the following:

	As of	
	March 30, 2019	September 29, 2018
Propane, fuel oil and refined fuels and natural gas	$ 48,631	$ 57,834
Appliances	1,879	1,278
	$ 50,510	$ 59,112

7. Goodwill and Other Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of net assets acquired. Goodwill is subject to an impairment review at a reporting unit level, on an annual basis as of the end of fiscal July of each year, or when an event occurs or circumstances change that would indicate potential impairment.

The Partnership has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. However, if an entity concludes otherwise, then it is required to perform the first step of the two-step impairment test.

Under the two-step impairment test, the Partnership assesses the carrying value of goodwill at a reporting unit level based on an estimate of the fair value of the respective reporting unit. Fair value of the reporting unit is estimated using discounted cash flow analyses taking into consideration estimated cash flows in a ten-year projection period and a terminal value calculation at the end of the projection period. If the fair value of the reporting unit exceeds its carrying value, the goodwill associated with the reporting unit is not considered to be impaired. If the carrying value of the reporting unit exceeds its fair value, an impairment loss is recognized to the extent that the carrying amount of the associated goodwill, if any, exceeds the implied fair value of the goodwill.

The carrying values of goodwill assigned to the Partnership's operating segments are as follows:

	Propane	Fuel oil and refined fuels	Natural gas and electricity	Total
Balance as of September 29, 2018				
Goodwill	$ 1,081,132	$ 10,900	$ 7,900	$ 1,099,932
Accumulated adjustments	—	(6,462)	—	(6,462)
	$ 1,081,132	$ 4,438	$ 7,900	$ 1,093,470
Fiscal 2019 Activity				
Goodwill acquired (1)	$ 2,649	$ —	$ —	$ 2,649
Balance as of March 30, 2019				
Goodwill	$ 1,083,781	$ 10,900	$ 7,900	$ 1,102,581
Accumulated adjustments	—	(6,462)	—	(6,462)
	$ 1,083,781	$ 4,438	$ 7,900	$ 1,096,119

Other intangible assets consist of the following:

	As of	
	March 30, 2019	September 29, 2018
Customer relationships (1)	$ 503,017	$ 499,432
Non-compete agreements (1)	34,340	33,540
Other	1,967	1,967
	539,324	534,939
Less: accumulated amortization		
Customer relationships	(357,526)	(330,571)
Non-compete agreements	(28,995)	(27,836)
Other	(1,395)	(1,349)
	(387,916)	(359,756)
	$ 151,408	$ 175,183

(1) Reflects the impact from the acquisition (Note 4).

8. Net Income Per Common Unit

Computations of basic income per Common Unit are performed by dividing net income by the weighted average number of outstanding Common Units, and vested (and unissued) restricted units granted under the Partnership's Restricted Unit Plans, as defined below, to retirement-eligible grantees. Computations of diluted income per Common Unit are performed by dividing net income by the weighted average number of outstanding Common Units and unissued restricted units granted under the Restricted Unit Plans. In computing diluted net income per Common Unit, weighted average units outstanding used to compute basic net income per Common Unit were increased by 448,593 and 417,308 units for the three and six months ended March 30, 2019, respectively, and 329,409 and 296,878 units for the three and six months ended March 31, 2018, respectively, to reflect the potential dilutive effect of the unvested restricted units outstanding using the treasury stock method.

9. Long-Term Borrowings

Long-term borrowings consist of the following:

	As of	
	March 30, 2019	September 29, 2018
5.5% senior notes, due June 1, 2024	$ 525,000	$ 525,000
5.75% senior notes, due March 1, 2025	250,000	250,000
5.875% senior notes due March 1, 2027	350,000	350,000
Revolving Credit Facility, due March 3, 2021	143,500	143,600
Subtotal	1,268,500	1,268,600
Less: unamortized debt issuance costs	(12,452)	(13,462)
	$ 1,256,048	$ 1,255,138

Senior Notes

2024 Senior Notes. On May 27, 2014, the Partnership and its 100%-owned subsidiary, Suburban Energy Finance Corp., completed a public offering of $525,000 in aggregate principal amount of 5.5% senior notes due June 1, 2024 (the "2024 Senior Notes"). The 2024 Senior Notes were issued at 100% of the principal amount and require semi-annual interest payments in June and December. The net proceeds from the issuance of the 2024 Senior Notes, along with cash on hand, were used to repurchase, satisfy and discharge all of the Partnership's then-outstanding 7.5% senior notes due in 2018.

2025 Senior Notes. On February 25, 2015, the Partnership and its 100%-owned subsidiary, Suburban Energy Finance Corp., completed a public offering of $250,000 in aggregate principal amount of 5.75% senior notes due March 1, 2025 (the "2025 Senior Notes"). The 2025 Senior Notes were issued at 100% of the principal amount and require semi-annual interest payments in March and September. The net proceeds from the issuance of the 2025 Senior Notes, along with cash on hand, were used to repurchase, satisfy and discharge all of the Partnership's then-outstanding 7.375% senior notes due in 2020.

2027 Senior Notes. On February 14, 2017, the Partnership and its 100%-owned subsidiary, Suburban Energy Finance Corp., completed a public offering of $350,000 in aggregate principal amount of 5.875% senior notes due March 1, 2027 (the "2027 Senior Notes"). The 2027 Senior Notes were issued at 100% of the principal amount and require semi-annual interest payments in March and September. The net proceeds from the issuance of the 2027 Senior Notes, along with borrowings under the Revolving Credit Facility, were used to repurchase, satisfy and discharge all of the Partnership's then-outstanding 7.375% senior notes due in 2021.

The Partnership's obligations under the 2024 Senior Notes, 2025 Senior Notes and 2027 Senior Notes (collectively, the "Senior Notes") are unsecured and rank senior in right of payment to any future subordinated indebtedness and equally in right of payment with any future senior indebtedness. The Senior Notes are structurally subordinated to, which means they rank effectively behind, any debt and other liabilities of the Operating Partnership. The Partnership is permitted to redeem some or all of the Senior Notes at redemption prices and times as specified in the indentures governing the Senior Notes. The Senior Notes each have a change of control provision that would require the Partnership to offer to repurchase the notes at 101% of the principal amount repurchased, if a change of control, as defined in the indenture, occurs and is followed by a rating decline (a decrease in the rating of the notes by either Moody's Investors Service or Standard and Poor's Rating Group by one or more gradations) within 90 days of the consummation of the change of control.

Credit Agreement. The Operating Partnership has an amended and restated credit agreement, dated March 3, 2016 and further amended on May 1, 2017 (the "Amended Credit Agreement") that provides for a five-year $500,000 revolving credit facility (the "Revolving Credit Facility") with a maturity date of March 3, 2021, of which $143,500 and $143,600 was outstanding as of March 30, 2019 and September 29, 2018, respectively. Borrowings under the Revolving Credit Facility may be used for general corporate purposes, including working capital, capital expenditures and acquisitions. The Operating Partnership has the right to prepay any borrowings under the Revolving Credit Facility, in whole or in part, without penalty at any time prior to maturity.

The Amended Credit Agreement contains certain restrictive and affirmative covenants applicable to the Operating Partnership, its subsidiaries and the Partnership, as well as certain financial covenants, including (a) requiring the Partnership's Consolidated Interest Coverage Ratio, as defined in the Amended Credit Agreement, to be not less than 2.5 to 1.0 as of the end of any fiscal quarter, (b) prohibiting the Total Consolidated Leverage Ratio, as defined in the Amended Credit Agreement, of the Partnership from being greater than 5.5 to 1.0 for the fiscal quarter ending in December 2018 and for each fiscal quarter thereafter, and (c) prohibiting the Senior Secured Consolidated Leverage Ratio, as defined in the Amended Credit Agreement, of the Operating Partnership from being greater than 3.0 to 1.0 as of the end of any fiscal quarter.

The Partnership and certain subsidiaries of the Operating Partnership act as guarantors with respect to the obligations of the Operating Partnership under the Amended Credit Agreement pursuant to the terms and conditions set forth therein. The obligations under the Amended Credit Agreement are secured by liens on substantially all of the personal property of the Partnership, the Operating Partnership and their subsidiaries, as well as mortgages on certain real property.

Borrowings under the Revolving Credit Facility bear interest at prevailing interest rates based upon, at the Operating Partnership's option, LIBOR plus the Applicable Rate, or the base rate, defined as the higher of the Federal Funds Rate plus ½ of 1%, the administrative agent bank's prime rate, or LIBOR plus 1%, plus in each case the Applicable Rate. The Applicable Rate is dependent upon the Partnership's Total Consolidated Leverage Ratio. As of March 30, 2019, the interest rate for borrowings under the Revolving Credit Facility was approximately 5.0%. The interest rate and the Applicable Rate will be reset following the end of each calendar quarter.

As of March 30, 2019, the Partnership had standby letters of credit issued under the Revolving Credit Facility of $62,426 which expire periodically through November 1, 2020.

The Amended Credit Agreement and the Senior Notes both contain various restrictive and affirmative covenants applicable to the Operating Partnership, its subsidiaries and the Partnership, respectively, including (i) restrictions on the incurrence of additional indebtedness, and (ii) restrictions on certain liens, investments, guarantees, loans, advances, payments, mergers, consolidations,

distributions, sales of assets and other transactions. Under the Amended Credit Agreement and the indentures governing the Senior Notes, the Operating Partnership and the Partnership are generally permitted to make cash distributions equal to available cash, as defined, as of the end of the immediately preceding quarter, if no event of default exists or would exist upon making such distributions, and with respect to the indentures governing the Senior Notes, the Partnership's Consolidated Fixed Charge Coverage Ratio, as defined, is greater than 1.75 to 1. The Partnership and the Operating Partnership were in compliance with all covenants and terms of the Senior Notes and the Amended Credit Agreement as of March 30, 2019.

The aggregate amounts of long-term debt maturities subsequent to March 30, 2019 are as follows: fiscal 2019: $-0-; fiscal 2020: $-0-; fiscal 2021: $143,500; fiscal 2022: $-0-; fiscal 2023: $-0-; and thereafter: $1,125,000.

10. Distributions of Available Cash

The Partnership makes distributions to its partners no later than 45 days after the end of each fiscal quarter in an aggregate amount equal to its Available Cash for such quarter. Available Cash, as defined in the Partnership Agreement, generally means all cash on hand at the end of the respective fiscal quarter less the amount of cash reserves established by the Board of Supervisors in its reasonable discretion for future cash requirements. These reserves are retained for the proper conduct of the Partnership's business, the payment of debt principal and interest and for distributions during the next four quarters.

On April 25, 2019, the Partnership announced a quarterly distribution of $0.60 per Common Unit, or $2.40 per Common Unit on an annualized basis, in respect of the second quarter of fiscal 2019, payable on May 14, 2019 to holders of record on May 7, 2019.

11. Unit-Based Compensation Arrangements

The Partnership recognizes compensation cost over the respective service period for employee services received in exchange for an award of equity, or equity-based compensation, based on the grant date fair value of the award. The Partnership measures liability awards under an equity-based payment arrangement based on remeasurement of the award's fair value at the conclusion of each interim and annual reporting period until the date of settlement, taking into consideration the probability that the performance conditions will be satisfied.

Restricted Unit Plans. On July 22, 2009, the Partnership adopted the Suburban Propane Partners, L.P. 2009 Restricted Unit Plan, as amended (the "2009 Restricted Unit Plan"), which authorizes the issuance of Common Units to executives, managers and other employees and members of the Board of Supervisors of the Partnership. The total number of Common Units authorized for issuance under the 2009 Restricted Unit Plan was 2,400,000 as of March 30, 2019. As of this date, there were no further units available for future awards under the 2009 Restricted Unit Plan. At the Partnership's Tri-Annual Meeting held on May 15, 2018, the Unitholders approved the Partnership's 2018 Restricted Unit Plan (the "2018 Restricted Unit Plan" and together with the 2009 Restricted Unit Plan, the "Restricted Unit Plans") authorizing the issuance of up to 1,800,000 Common Units. Unless otherwise stipulated by the Compensation Committee of the Partnership's Board of Supervisors on or before the grant date, all currently outstanding restricted unit awards will vest 33.33% on each of the first three anniversaries of the award grant date. The Restricted Unit Plans participants are not eligible to receive quarterly distributions on, or vote, their respective restricted units until vested. Restricted units cannot be sold or transferred prior to vesting. The value of the restricted unit is established by the market price of the Common Unit on the date of grant, net of estimated future distributions during the vesting period. Restricted units are subject to forfeiture in certain circumstances as defined in the Restricted Unit Plans documents. Compensation expense for the unvested awards is recognized ratably over the vesting periods and is net of estimated forfeitures.

During the six months ended March 30, 2019, the Partnership awarded 617,768 restricted units under the Restricted Unit Plans at an aggregate grant date fair value of $11,203. The following is a summary of activity for the Restricted Unit Plans for the six months ended March 30, 2019:

	Restricted Units	Weighted Average Grant Date Fair Value Per Unit
Outstanding September 29, 2018	696,131	$ 19.47
Awarded	617,768	18.13
Forfeited	(4,872)	(18.37)
Vested	(317,445)	(21.10)
Outstanding March 30, 2019	991,582	$ 18.12

As of March 30, 2019, unrecognized compensation cost related to unvested restricted units awarded under the Restricted Unit Plans amounted to $7,616. Compensation cost associated with unvested awards is expected to be recognized over a weighted-average period of 1 year. Compensation expense for the Restricted Unit Plans, net of forfeitures, for the three and six months ended March 30, 2019 was $3,554 and $6,575, respectively, and $2,498 and $5,147, for the three and six months ended March 31, 2018, respectively.

Distribution Equivalent Rights Plan. On January 17, 2017, the Partnership adopted the Distribution Equivalent Rights Plan (the "DER Plan"), which gives the Compensation Committee of the Partnership's Board of Supervisors discretion to award distribution equivalent rights ("DERs") to executive officers of the Partnership. Once awarded, DERs entitle the grantee to a cash payment each time the Board of Supervisors declares a cash distribution on the Partnership's Common Units, which cash payment will be equal to an amount calculated by multiplying the number of unvested restricted units which are held by the grantee on the record date of the distribution, by the amount of the declared distribution per Common Unit. Compensation expense recognized under the DER Plan for the three and six months ended March 30, 2019 was $264 and $520, respectively, and $201 and $408, for the three and six months ended March 31, 2018, respectively.

Long-Term Incentive Plan. On August 6, 2013, the Partnership adopted the 2014 Long-Term Incentive Plan ("LTIP"). The LTIP is a non-qualified, unfunded, long-term incentive plan for executive officers and key employees that provides for payment, in the form of cash, of an award of equity-based compensation at the end of a three-year performance period. The level of compensation earned under the LTIP is based on the Partnership's average distribution coverage ratio over the three-year measurement period. The Partnership's average distribution coverage ratio is calculated as the Partnership's average distributable cash flow, as defined by the LTIP, for each of the three years in the measurement period, subject to certain adjustments as set forth in the LTIP, divided by the amount of annualized cash distributions to be paid by the Partnership.

As a result of the quarterly remeasurement of the liability for awards under the LTIP, compensation expense recognized for the three and six months ended March 30, 2019 was $1,361 and $3,199, respectively, and $492 and $2,124, for the three and six months ended March 31, 2018, respectively. As of March 30, 2019 and September 29, 2018, the Partnership had a liability included within accrued employment and benefit costs (or other liabilities, as applicable) of $8,015 and $4,817, respectively, related to estimated future payments under the LTIP.

12. Commitments and Contingencies

Self-Insurance. The Partnership is self-insured for general and product, workers' compensation and automobile liabilities up to predetermined thresholds above which third party insurance applies. As of March 30, 2019 and September 29, 2018, the Partnership had accrued insurance liabilities of $67,665 and $70,567, respectively, representing the total estimated losses under these self-insurance programs. For the portion of the estimated liability that exceeds insurance deductibles, the Partnership records an asset within other assets (or prepaid expenses and other current assets, as applicable) related to the amount of the liability expected to be covered by insurance which amounted to $19,069 and $20,837 as of March 30, 2019 and September 29, 2018, respectively.

Legal Matters. The Partnership's operations are subject to operating hazards and risks normally incidental to handling, storing and delivering combustible liquids such as propane. The Partnership has been, and will continue to be, a defendant in various legal proceedings and litigation as a result of these operating hazards and risks, and as a result of other aspects of its business. In this regard, the Partnership's natural gas and electricity business is currently a defendant in two putative class action suits in the federal district courts of New York and Pennsylvania. The complaints allege a number of claims regarding pricing to its electricity customers in those states under various consumer statutes and common law. The complaint in the Pennsylvania action was dismissed in its entirety by the district court, which dismissal is being appealed by plaintiff. Plaintiff also filed a motion to amend its complaint and reverse the dismissal order, which motion was also denied by the court. The complaint in the New York action was dismissed in part by the district court, but causes of action based on the NY consumer statute and breach of contract were allowed to proceed. The Partnership filed a motion for reconsideration seeking the dismissal of the entire New York complaint, which motion was denied by the district court. Based on the nature of the allegations under these suits, the Partnership believes that the suits are without merit and is defending each of these suits vigorously. With respect to these pending suits, the Partnership has determined, based on the allegations and discovery to date, that no reserve for a loss contingency is required. The Partnership is unable to reasonably estimate the possible loss or range of loss, if any, arising from either of these two actions. Although any litigation is inherently uncertain, based on past experience, the information currently available to the Partnership, and the amount of its accrued insurance liabilities, the Partnership does not believe that currently pending or threatened litigation matters, or known claims or known contingent claims, will have a material adverse effect on its results of operations, financial condition or cash flow.

13. Guarantees

The Partnership has residual value guarantees associated with certain of its operating leases, related primarily to transportation equipment, with remaining lease periods scheduled to expire periodically through fiscal 2028. Upon completion of the lease period, the Partnership guarantees that the fair value of the equipment will equal or exceed the guaranteed amount, or the Partnership will pay the lessor the difference. Although the fair value of equipment at the end of its lease term has historically exceeded the guaranteed amounts, the maximum potential amount of aggregate future payments the Partnership could be required to make under these leasing arrangements, assuming the equipment is deemed worthless at the end of the lease term, was $17,712 as of March 30, 2019. The fair value of residual value guarantees for outstanding operating leases was de minimis as of March 30, 2019 and September 29, 2018.

14. Pension Plans and Other Postretirement Benefits

The following table provides the components of net periodic benefit costs:

	Pension Benefits			
	Three Months Ended		Six Months Ended	
	March 30, 2019	March 31, 2018	March 30, 2019	March 31, 2018
Interest cost	$ 985	$ 944	$ 1,971	$ 1,888
Expected return on plan assets	(430)	(473)	(861)	(947)
Amortization of net loss	867	921	1,733	1,842
Net periodic benefit cost	$ 1,422	$ 1,392	$ 2,843	$ 2,783

	Postretirement Benefits			
	Three Months Ended		Six Months Ended	
	March 30, 2019	March 31, 2018	March 30, 2019	March 31, 2018
Interest cost	$ 68	$ 70	$ 137	$ 139
Amortization of prior service credits	(125)	(124)	(249)	(248)
Amortization of net (gain)	(190)	(164)	(380)	(328)
Net periodic benefit cost	$ (247)	$ (218)	$ (492)	$ (437)

The Partnership expects to contribute approximately $5,350 to the defined benefit pension plan during fiscal 2019, of which $3,320 was contributed during the six months ended March 30, 2019. The projected annual contribution requirements related to the Partnership's postretirement health care and life insurance benefit plan for fiscal 2019 is $1,129, of which $496 was contributed during the six months ended March 30, 2019. The components of net periodic benefit cost are included in the line item Other, net in the condensed consolidated statements of operations.

The Partnership contributes to multi-employer pension plans ("MEPPs") in accordance with various collective bargaining agreements covering union employees. As one of the many participating employers in these MEPPs, the Partnership is responsible with the other participating employers for any plan underfunding. As of March 30, 2019 and September 29, 2018, the Partnership's estimated obligation to these MEPPs was $21,978 and $22,509, respectively, as a result of its voluntary full withdrawal from certain MEPPs.

15. Amounts Reclassified Out of Accumulated Other Comprehensive Income

The following table summarizes amounts reclassified out of accumulated other comprehensive (loss) income for the three and six months ended March 30, 2019 and March 31, 2018:

	Three Months Ended		Six Months Ended	
	March 30, 2019	March 31, 2018	March 30, 2019	March 31, 2018
Pension Benefits				
Balance, beginning of period	$ (32,314)	$ (36,390)	$ (33,180)	$ (37,311)
Reclassifications to earnings:				
Amortization of net loss (1)	867	921	1,733	1,842
Other comprehensive income	867	921	1,733	1,842
Balance, end of period	$ (31,447)	$ (35,469)	$ (31,447)	$ (35,469)
Postretirement Benefits				
Balance, beginning of period	$ 8,196	$ 8,335	$ 8,510	$ 8,499
Reclassifications to earnings:				
Amortization of net gain and prior service credits (1)	(315)	(164)	(629)	(328)
Other comprehensive loss	(315)	(164)	(629)	(328)
Balance, end of period	$ 7,881	$ 8,171	$ 7,881	$ 8,171
Accumulated Other Comprehensive Income (Loss)				
Balance, beginning of period	$ (24,118)	$ (28,055)	$ (24,670)	$ (28,812)
Reclassifications to earnings	552	757	1,104	1,514
Other comprehensive income	552	757	1,104	1,514
Balance, end of period	$ (23,566)	$ (27,298)	$ (23,566)	$ (27,298)

(1) These amounts are included in the computation of net periodic benefit cost. See Note 14, “Pension Plans and Other Postretirement Benefits.”

16. Income Taxes

For federal income tax purposes, as well as for state income tax purposes in the majority of the states in which the Partnership operates, the earnings attributable to the Partnership and the Operating Partnership are not subject to income tax at the partnership level. With the exception of those states that impose an entity-level income tax on partnerships, the taxable income or loss attributable to the Partnership and to the Operating Partnership, which may vary substantially from the income (loss) before income taxes reported by the Partnership in the condensed consolidated statement of operations, are includable in the federal and state income tax returns of the Common Unitholders. The aggregate difference in the basis of the Partnership’s net assets for financial and tax reporting purposes cannot be readily determined as the Partnership does not have access to each Common Unitholder’s basis in the Partnership.

As described in Note 1, the earnings of the Corporate Entities are subject to corporate level federal and state income tax. However, based upon past performance, the Corporate Entities are currently reporting an income tax provision composed primarily of minimum state income taxes. A full valuation allowance has been provided against the deferred tax assets (with the exception of the AMT credit carryforward; see below) based upon an analysis of all available evidence, both negative and positive at the balance sheet date, which, taken as a whole, indicates that it is more likely than not that sufficient future taxable income will not be available to utilize the assets. Management’s periodic reviews include, among other things, the nature and amount of the taxable income and expense items, the expected timing of when assets will be used or liabilities will be required to be reported and the reliability of historical profitability of businesses expected to provide future earnings. Furthermore, management considered tax-planning strategies it could use to increase the likelihood that the deferred tax assets will be realized.

On December 22, 2017, the Tax Cuts and Jobs Act (“2017 Act”) was signed into law, which enacted significant changes to U.S. tax and related laws. Some of the provisions of the 2017 Act that could affect the Partnership, the Operating Partnership and their subsidiaries include, but are not limited to, a reduction of the federal corporate income tax rate from 35% to 21%, limitations on the deductibility of net business interest expense, restrictions on the use of net operating loss carryforwards arising in taxable years beginning after December 31, 2017 and full expensing for certain qualified property.

In the case of a corporation, the 2017 Act made Alternative Minimum Tax ("AMT") credit carryforwards fully refundable w ithout regard to future taxable income. Accordingly, the Partnership concluded that the existing valuation allowance on the AMT credit carryforwards of the Corporate Entities should be released as part of accounting for tax reform. The reversal of the valuation allowance resulted in a $1,086 discrete deferred tax benefit being recorded during the first quarter of fiscal 2018. The Partnership remeasured all other federal net deferred tax assets of the Corporate Entities using the new 21% federal income tax rate and correspondingly adjusted the full valuation allowance. The blended corporate tax federal rate requirements of Internal Revenue Code Section 15 do not apply because the Corporate Entities are calendar-year tax filers.

17. Segment Information

The Partnership manages and evaluates its operations in four operating segments, three of which are reportable segments: Propane, Fuel Oil and Refined Fuels, and Natural Gas and Electricity. The chief operating decision maker evaluates performance of the operating segments using a number of performance measures, including gross margins and income before interest expense and provision for income taxes (operating profit). Costs excluded from these profit measures are captured in Corporate and include corporate overhead expenses not allocated to the operating segments. Unallocated corporate overhead expenses include all costs of back office support functions that are reported as general and administrative expenses within the condensed consolidated statements of operations. In addition, certain costs associated with field operations support that are reported in operating expenses within the condensed consolidated statements of operations, including purchasing, training and safety, are not allocated to the individual operating segments. Thus, operating profit for each operating segment includes only the costs that are directly attributable to the operations of the individual segment. The accounting policies of the operating segments are otherwise the same as those described in Note 2, "Summary of Significant Accounting Policies," in the Partnership's Annual Report on Form 10-K for the fiscal year ended September 29, 2018.

The propane segment is primarily engaged in the retail distribution of propane to residential, commercial, industrial and agricultural customers and, to a lesser extent, wholesale distribution to large industrial end users. In the residential and commercial markets, propane is used primarily for space heating, water heating, cooking and clothes drying. Industrial customers use propane generally as a motor fuel burned in internal combustion engines that power over-the-road vehicles, forklifts and stationary engines, to fire furnaces and as a cutting gas. In the agricultural markets, propane is primarily used for tobacco curing, crop drying, poultry brooding and weed control.

The fuel oil and refined fuels segment is primarily engaged in the retail distribution of fuel oil, diesel, kerosene and gasoline to residential and commercial customers for use primarily as a source of heat in homes and buildings.

The natural gas and electricity segment is engaged in the marketing of natural gas and electricity to residential and commercial customers in the deregulated energy markets of New York and Pennsylvania. Under this operating segment, the Partnership owns the relationship with the end consumer and has agreements with the local distribution companies to deliver the natural gas or electricity from the Partnership's suppliers to the customer.

Activities in the "all other" category include the Partnership's service business, which is primarily engaged in the sale, installation and servicing of a wide variety of home comfort equipment, particularly in the areas of heating and ventilation.

The following table presents certain data by reportable segment and provides a reconciliation of total operating segment information to the corresponding consolidated amounts for the periods presented:

	Three Months Ended		Six Months Ended	
	March 30, 2019	March 31, 2018	March 30, 2019	March 31, 2018
Revenues:				
Propane	$ 433,056	$ 462,814	$ 754,416	$ 784,944
Fuel oil and refined fuels	41,598	41,699	70,507	67,014
Natural gas and electricity	17,596	20,392	31,000	33,539
All other	12,127	11,377	25,558	24,062
Total revenues	$ 504,377	$ 536,282	$ 881,481	$ 909,559
Operating income:				
Propane	$ 162,650	$ 144,395	$ 233,121	$ 220,118
Fuel oil and refined fuels	8,071	7,199	11,541	11,023
Natural gas and electricity	4,885	5,454	7,713	8,939
All other	(4,152)	(4,981)	(8,796)	(10,214)
Corporate	(29,364)	(24,663)	(52,955)	(45,542)
Total operating income	142,090	127,404	190,624	184,324
Reconciliation to net income:				
Interest expense, net	19,647	19,402	39,135	38,916
Other, net	1,175	1,174	2,351	2,346
Provision for (benefit from) income taxes	252	41	403	(893)
Net income	$ 121,016	$ 106,787	$ 148,735	$ 143,955
Depreciation and amortization:				
Propane	$ 27,939	$ 28,288	$ 54,894	$ 56,069
Fuel oil and refined fuels	503	716	1,025	1,295
Natural gas and electricity	—	—	—	—
All other	48	56	100	106
Corporate	2,133	3,143	4,675	5,864
Total depreciation and amortization	$ 30,623	$ 32,203	$ 60,694	$ 63,334

	As of	
	March 30, 2019	September 29, 2018
Assets:		
Propane	$ 2,020,044	$ 1,995,060
Fuel oil and refined fuels	55,396	47,911
Natural gas and electricity	15,277	13,067
All other	3,649	3,363
Corporate	45,604	41,798
Total assets	$ 2,139,970	$ 2,101,199

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

The following is a discussion of the financial condition and results of operations of the Partnership as of and for the three and six months ended March 30, 2019. The discussion should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the historical consolidated financial statements and notes thereto included in the Annual Report on Form 10-K for the fiscal year ended September 29, 2018.

Executive Overview

The following are factors that regularly affect our operating results and financial condition. In addition, our business is subject to the risks and uncertainties described in Item 1A included in the Annual Report on Form 10-K for the fiscal year ended September 29, 2018.

Product Costs and Supply

The level of profitability in the retail propane, fuel oil, natural gas and electricity businesses is largely dependent on the difference between retail sales price and our costs to acquire and transport products. The unit cost of our products, particularly propane, fuel oil and natural gas, is subject to volatility as a result of supply and demand dynamics or other market conditions, including, but not limited to, economic and political factors impacting crude oil and natural gas supply or pricing. We enter into product supply contracts that are generally one-year agreements subject to annual renewal, and also purchase product on the open market. We attempt to reduce price risk by pricing product on a short-term basis. Our propane supply contracts typically provide for pricing based upon index formulas using the posted prices established at major supply points such as Mont Belvieu, Texas, or Conway, Kansas (plus transportation costs) at the time of delivery.

To supplement our annual purchase requirements, we may utilize forward fixed price purchase contracts to acquire a portion of the propane that we resell to our customers, which allows us to manage our exposure to unfavorable changes in commodity prices and to assure adequate physical supply. The percentage of contract purchases, and the amount of supply contracted for under forward contracts at fixed prices, will vary from year to year based on market conditions.

Changes in our costs to acquire and transport products can occur rapidly over a short period of time and can impact profitability. There is no assurance that we will be able to pass on product acquisition and transportation cost increases fully or immediately, particularly when such costs increase rapidly. Therefore, average retail sales prices can vary significantly from year to year as our costs fluctuate with the propane, fuel oil, crude oil and natural gas commodity markets and infrastructure conditions. In addition, periods of sustained higher commodity and/or transportation prices can lead to customer conservation, resulting in reduced demand for our product.

Seasonality

The retail propane and fuel oil distribution businesses, as well as the natural gas marketing business, are seasonal because these fuels are primarily used for heating in residential and commercial buildings. Historically, approximately two-thirds of our retail propane volume is sold during the six-month peak heating season from October through March. The fuel oil business tends to experience greater seasonality given its more limited use for space heating and approximately three-fourths of our fuel oil volumes are sold between October and March. Consequently, sales and operating profits are concentrated in our first and second fiscal quarters. Cash flows from operations, therefore, are greatest during the second and third fiscal quarters when customers pay for product purchased during the winter heating season. We expect lower operating profits and either net losses or lower net income during the period from April through September (our third and fourth fiscal quarters). To the extent necessary, we will reserve cash from the second and third quarters for distribution to holders of our Common Units in the fourth quarter and the following fiscal year first quarter.

Weather

Weather conditions have a significant impact on the demand for our products, in particular propane, fuel oil and natural gas, for both heating and agricultural purposes. Many of our customers rely heavily on propane, fuel oil or natural gas as a heating source. Accordingly, the volume sold is directly affected by the severity of the winter weather in our service areas, which can vary substantially from year to year. In any given area, sustained warmer than normal temperatures will tend to result in reduced propane, fuel oil and natural gas consumption, while sustained colder than normal temperatures will tend to result in greater consumption.

Hedging and Risk Management Activities

We engage in hedging and risk management activities to reduce the effect of price volatility on our product costs and to ensure the availability of product during periods of short supply. We enter into propane forward, options and swap agreements with third parties, and use futures and options contracts traded on the New York Mercantile Exchange ("NYMEX") to purchase and sell propane, fuel oil and crude oil at fixed prices in the future. The majority of the futures, forward and options agreements are used to hedge price risk associated with propane and fuel oil physical inventory, as well as, in certain instances, forecasted purchases of propane or fuel oil. In addition, we sell propane and fuel oil to customers at fixed prices, and enter into derivative instruments to hedge a portion of our exposure to fluctuations in commodity prices as a result of selling the fixed price contracts. Forward contracts are generally settled physically at the expiration of the contract whereas futures, options and swap contracts are generally settled at the expiration of the contract through a net settlement mechanism. Although we use derivative instruments to reduce the effect of price volatility associated with priced physical inventory and forecasted transactions, we do not use derivative instruments for speculative trading purposes. Risk management activities are monitored by an internal Commodity Risk Management Committee, made up of six members of management and reporting to the Audit Committee, through enforcement of our Hedging and Risk Management Policy.

Critical Accounting Policies and Estimates

Our significant accounting policies are summarized in Note 2, "Summary of Significant Accounting Policies," included within the Notes to Consolidated Financial Statements section of our Annual Report on Form 10-K for the fiscal year ended September 29, 2018.

Certain amounts included in or affecting our consolidated financial statements and related disclosures must be estimated, requiring management to make certain assumptions with respect to values or conditions that cannot be known with certainty at the time the financial statements are prepared. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We are also subject to risks and uncertainties that may cause actual results to differ from estimated results. Estimates are used when accounting for depreciation and amortization of long-lived assets, employee benefit plans, self-insurance and litigation reserves, environmental reserves, allowances for doubtful accounts, asset valuation assessments and valuation of derivative instruments. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Any effects on our business, financial position or results of operations resulting from revisions to these estimates are recorded in the period in which the facts that give rise to the revision become known to us. Management has reviewed these critical accounting estimates and related disclosures with the Audit Committee of our Board of Supervisors.

Results of Operations and Financial Condition

Net income for the second quarter of fiscal 2019 was $121.0 million, or $1.96 per Common Unit, compared to net income of $106.8 million, or $1.74 per Common Unit, in the prior year second quarter. Adjusted EBITDA (as defined and reconciled below) increased to $163.0 million for the second quarter of fiscal 2019, compared to $162.1 million in the prior year second quarter.

Retail propane gallons sold in the second quarter of fiscal 2019 were 165.2 million gallons, 2.6% lower than the prior year second quarter. According to the National Oceanic and Atmospheric Administration, average temperatures (as measured by heating degree days) across all of the Partnership's service territories for the second quarter of fiscal 2019 were 3% warmer than normal, and 3% cooler than the prior year second quarter. The increase in heating degree days compared to the prior year was concentrated in February and March, as heating degree days for those months were near or above normal.

Revenues in the second quarter of fiscal 2019 of $504.4 million decreased $31.9 million, or 5.9%, compared to the prior year second quarter, primarily due to lower volumes sold, coupled with lower retail selling prices associated with lower wholesale product costs. Average posted propane prices (basis Mont Belvieu, Texas) were 20.8% lower than the prior year second quarter. Cost of products sold for the second quarter of fiscal 2019 of $201.5 million decreased $45.1 million, or 18.3%, compared to the prior year, primarily due to lower volumes sold and lower wholesale product costs. Cost of products sold included an $8.5 million unrealized (non-cash) gain attributable to the mark-to-market adjustment for derivative instruments used in risk management activities, compared to a $3.7 million unrealized (non-cash) loss in the prior year second quarter. These unrealized gains and losses were excluded from Adjusted EBITDA for both periods in the table below.

Combined operating and general and administrative expenses of $130.1 million were essentially flat to the prior year second quarter.

During the second quarter of fiscal 2019, the Partnership repaid approximately $39.3 million under its Revolving Credit Facility from operating cash flows, which reduced outstanding borrowings under that facility to $143.5 million as of March 30, 2019. The increase in Adjusted EBITDA and the debt repayment during the second quarter resulted in the Partnership's Total Consolidated Leverage Ratio improving to 4.32x as of March 30, 2019.

As previously announced on April 25, 2019, the Partnership's Board of Supervisors had declared a quarterly distribution of $0.60 per Common Unit for the three months ended March 30, 2019. On an annualized basis, this distribution rate equates to $2.40 per Common Unit. The distribution is payable on May 14, 2019 to Common Unitholders of record as of May 7, 2019.

Our anticipated cash requirements for the remainder of fiscal 2019 include: (i) maintenance and growth capital expenditures of approximately $18.4 million; (ii) interest and income tax payments of approximately $36.5 million; and (iii) cash distributions of approximately $74.0 million to our Common Unitholders based on the current quarterly distribution rate of $0.60 per Common Unit. Based on our liquidity position, which includes cash on hand, availability of funds under our Revolving Credit Facility and expected cash flow from operating activities, we expect to have sufficient funds to meet our current and future obligations.

Three Months Ended March 30, 2019 Compared to Three Months Ended March 31, 2018

Revenues

(Dollars and gallons in thousands)	Three Months Ended			Percent
	March 30, 2019	March 31, 2018	Increase (Decrease)	Increase (Decrease)
Revenues				
Propane	$ 433,056	$ 462,814	$ (29,758)	(6.4)%
Fuel oil and refined fuels	41,598	41,699	(101)	(0.2)%
Natural gas and electricity	17,596	20,392	(2,796)	(13.7)%
All other	12,127	11,377	750	6.6%
Total revenues	$ 504,377	$ 536,282	$ (31,905)	(5.9)%
Retail gallons sold				
Propane	165,241	169,724	(4,483)	(2.6)%
Fuel oil and refined fuels	13,240	13,645	(405)	(3.0)%

Weather-driven customer demand got off to a slow start in the second quarter of fiscal 2019 as warmer than normal average temperatures at the end of the first quarter carried over into the month of January. Average temperatures (as measured in heating degrees days) for the month of January 2019 were 10% warmer than both normal and January 2018. However, as cooler temperatures arrived in February and March of 2019 in the majority of our service territories, customer demand responded. Overall, average temperatures across all of our service territories during the second quarter of fiscal 2019 were 3% warmer than normal and 3% cooler than the prior year second quarter. The increase in heating degree days compared to the prior year was concentrated in the months of February and March, as heating degree days for those months were near or above normal.

Revenues from the distribution of propane and related activities of $433.1 million decreased $29.8 million, or 6.4%, compared to the prior year primarily due to lower volumes sold and lower average selling prices associated with lower average wholesale costs. As a result of the aforementioned impact of inconsistent weather on customer demand, retail propane gallons sold decreased 4.5 million gallons, or 2.6%, compared to the prior year, resulting in an $11.9 million decrease in revenues. Average propane selling prices decreased 1.8% compared to the prior year, resulting in a $7.8 million decrease in revenues. Included within the propane segment are revenues from other propane activities, which decreased $10.1 million primarily due to a lower notional amount of hedging contracts used in risk management that were settled physically.

Revenues from the distribution of fuel oil and refined fuels of $41.6 million were slightly lower than the prior year second quarter, as the impact of lower volumes sold was mostly offset by higher average selling prices.

Revenues in our natural gas and electricity segment of $17.6 million were $2.8 million, or 13.7%, lower than the prior year, primarily due to a decrease in electricity usage and lower average selling prices associated with lower average wholesale costs for electricity.

Cost of Products Sold

(Dollars in thousands)	Three Months Ended			
	March 30, 2019	March 31, 2018	Increase (Decrease)	Percent Increase (Decrease)
Cost of products sold				
Propane	$ 160,579	$ 202,097	$ (41,518)	(20.5)%
Fuel oil and refined fuels	27,146	28,782	(1,636)	(5.7)%
Natural gas and electricity	10,447	12,420	(1,973)	(15.9)%
All other	3,350	3,343	7	0.2%
Total cost of products sold	$ 201,522	$ 246,642	$ (45,120)	(18.3)%
As a percent of total revenues	40.0%	46.0%		

The cost of products sold reported in the condensed consolidated statements of operations represents the weighted average unit cost of propane, fuel oil and refined fuels, and natural gas and electricity sold, including transportation costs to deliver product from our supply points to storage or to our customer service centers. Cost of products sold also includes the cost of appliances and related parts sold or installed by our customer service centers computed on a basis that approximates the average cost of the products.

Given the retail nature of our operations, we maintain a certain level of priced physical inventory to help ensure that our field operations have adequate supply commensurate with the time of year. Our strategy has been, and will continue to be, to keep our physical inventory priced relatively close to market for our field operations. Consistent with past practices, we principally utilize futures and/or options contracts traded on the NYMEX to mitigate the price risk associated with our priced physical inventory. In addition, we sell propane and fuel oil to customers at fixed prices, and enter into derivative instruments to hedge a portion of our exposure to fluctuations in commodity prices as a result of selling the fixed price contracts. At expiration, the derivative contracts are settled by the delivery of the product to the respective party or are settled by the payment of a net amount equal to the difference between the then market price and the fixed contract price or option exercise price. Under this risk management strategy, realized gains or losses on futures or options contracts, which are reported in cost of products sold, will typically offset losses or gains on the physical inventory once the product is sold (which may or may not occur in the same accounting period). We do not use futures or options contracts, or other derivative instruments, for speculative trading purposes. Unrealized (non-cash) gains or losses from changes in the fair value of derivative instruments that are not designated as cash flow hedges are recorded within cost of products sold. Cost of products sold excludes depreciation and amortization; these amounts are reported separately within the condensed consolidated statements of operations.

In the commodities markets, average posted propane prices (basis Mont Belvieu, Texas) and fuel oil prices were 20.8% and 2.4% lower than the prior year second quarter, respectively. The net change in the fair value of derivative instruments resulted in an $8.5 million unrealized (non-cash) gain in the second quarter of fiscal 2019 compared to an unrealized (non-cash) loss of $3.7 million in the prior year second quarter, resulting in a decrease of $12.2 million in cost of products sold year-over-year, all of which was reported within the propane segment. These unrealized mark-to-market adjustments are excluded from Adjusted EBITDA for both periods.

Cost of products sold associated with the distribution of propane and related activities of $160.6 million decreased $41.5 million, or 20.5%, compared to the prior year second quarter. Lower average wholesale costs and lower volumes sold contributed to decreases in cost of products sold of $16.9 million and $5.2 million, respectively. Included within the propane segment are costs from other propane activities which decreased $7.2 million compared to the prior year, and the impact of mark-to-market adjustments on derivative instruments discussed above.

Cost of products sold associated with our fuel oil and refined fuels segment of $27.1 million decreased $1.6 million, or 5.7%, compared to the prior year second quarter. Lower average wholesale costs and lower volumes sold each contributed to decreases in cost of products sold of $0.8 million.

Cost of products sold in our natural gas and electricity segment of $10.4 million decreased $2.0 million, or 15.9%, compared to the prior year primarily due to lower usage and lower wholesale costs for electricity.

Total cost of products sold as a percent of total revenues decreased six percentage points to 40.0% from 46.0% primarily due to the year-over-year decline in wholesale propane costs outpacing the year-over-year decline in average propane selling prices, and the impact of mark-to-market adjustments on derivative instruments.

Operating Expenses

(Dollars in thousands)	Three Months Ended			
	March 30, 2019	March 31, 2018	Decrease	Percent Decrease
Operating expenses	$ 108,154	$ 111,828	$ (3,674)	(3.3)%
As a percent of total revenues	21.4%	20.9%		

All costs of operating our retail distribution and appliance sales and service operations are reported within operating expenses in the condensed consolidated statements of operations. These operating expenses include the compensation and benefits of field and direct operating support personnel, costs of operating and maintaining our vehicle fleet, overhead and other costs of our purchasing, training and safety departments and other direct and indirect costs of operating our customer service centers.

Operating expenses of $108.2 million for the second quarter of fiscal 2019 decreased $3.7 million, or 3.3%, compared to the prior year second quarter, primarily due to lower general insurance costs and lower bad debt expense.

General and Administrative Expenses

(Dollars in thousands)	Three Months Ended			
	March 30, 2019	March 31, 2018	Increase	Percent Increase
General and administrative expenses	$ 21,988	$ 18,205	$ 3,783	20.8%
As a percent of total revenues	4.4%	3.4%		

All costs of our back office support functions, including compensation and benefits for executives and other support functions, as well as other costs and expenses to maintain finance and accounting, treasury, legal, human resources, corporate development and the information systems functions are reported within general and administrative expenses in the condensed consolidated statements of operations.

General and administrative expenses of $22.0 million for the second quarter of fiscal 2019 increased $3.8 million, or 20.8%, compared to the prior year second quarter, primarily due to higher variable compensation expenses and higher professional services fees for marketing and advertising initiatives.

Depreciation and Amortization

(Dollars in thousands)	Three Months Ended			
	March 30, 2019	March 31, 2018	Decrease	Percent Decrease
Depreciation and amortization	$ 30,623	$ 32,203	$ (1,580)	(4.9)%
As a percent of total revenues	6.1%	6.0%		

Depreciation and amortization expense of $30.6 million in the second quarter of fiscal 2019 decreased $1.6 million, or 4.9%, compared to the prior year second quarter, primarily as a result of accelerated depreciation recorded in the prior year for assets taken out of service.

Interest Expense, net

(Dollars in thousands)	Three Months Ended			
	March 30, 2019	March 31, 2018	Increase	Percent Increase
Interest expense, net	$ 19,647	$ 19,402	$ 245	1.3%
As a percent of total revenues	3.9%	3.6%		

Net interest expense of $19.6 million in the second quarter of fiscal 2019 was up slightly compared to the prior year quarter, primarily due to an increase in benchmark interest rates on outstanding borrowings under our Revolving Credit Facility, which was substantially offset by a lower average level of outstanding borrowings. See Liquidity and Capital Resources below for additional discussion.

EBITDA and Adjusted EBITDA

EBITDA represents net income before deducting interest expense, income taxes, depreciation and amortization. Adjusted EBITDA represents EBITDA excluding the unrealized net gain or loss on mark-to-market activity for derivative instruments and other items, as applicable, as provided in the table below. Our management uses EBITDA and Adjusted EBITDA as supplemental measures of operating performance and we are including them because we believe that they provide our investors and industry analysts with additional information that we determined is useful to evaluate our operating results. EBITDA and Adjusted EBITDA are not recognized terms under US GAAP and should not be considered as an alternative to net income or net cash provided by operating activities determined in accordance with US GAAP. Because EBITDA and Adjusted EBITDA as determined by us excludes some, but not all, items that affect net income, they may not be comparable to EBITDA and Adjusted EBITDA or similarly titled measures used by other companies.

The following table sets forth our calculations of EBITDA and Adjusted EBITDA:

(Dollars in thousands)	Three Months Ended	
	March 30, 2019	March 31, 2018
Net income	$ 121,016	$ 106,787
Add:		
Provision for income taxes	252	41
Interest expense, net	19,647	19,402
Depreciation and amortization	30,623	32,203
EBITDA	171,538	158,433
Unrealized (non-cash) (gains) losses on changes in fair value of derivatives	(8,521)	3,696
Adjusted EBITDA	$ 163,017	$ 162,129

Six Months Ended March 30, 2019 Compared to Six Months Ended March 31, 2018

Revenues

(Dollars and gallons in thousands)	Six Months Ended			Percent
	March 30, 2019	March 31, 2018	Increase (Decrease)	Increase (Decrease)
Revenues				
Propane	$ 754,416	$ 784,944	$ (30,528)	(3.9)%
Fuel oil and refined fuels	70,507	67,014	3,493	5.2%
Natural gas and electricity	31,000	33,539	(2,539)	(7.6)%
All other	25,558	24,062	1,496	6.2%
Total revenues	$ 881,481	$ 909,559	$ (28,078)	(3.1)%
Retail gallons sold				
Propane	289,294	294,710	(5,416)	(1.8)%
Fuel oil and refined fuels	22,376	22,767	(391)	(1.7)%

Average temperatures (as measured in heating degree days) across all of our service territories for the first six months of fiscal 2019 were 3% warmer than normal and 4% cooler than the prior year first half. The cooler temperatures compared to the prior year were experienced in the early and latter parts of the heating season, which generally have less of an impact on customer demand than heating degree days in December and January. Average temperatures during the month of December were 8% warmer than normal and 4% warmer than December of the prior year, and average temperatures during the month of January were 10% warmer than both normal and January of the prior year.

Revenues from the distribution of propane and related activities of $754.4 million decreased $30.5 million, or 3.9%, compared to the prior year first half, primarily due to lower volumes sold and lower average retail selling prices. Retail propane gallons sold decreased 5.4 million gallons, or 1.8%, compared to the prior year, resulting in a $14.1 million decrease in revenues. Average propane selling prices decreased slightly compared to the prior year period, resulting in a $0.5 million decrease in revenues. Included within the propane segment are revenues from other propane activities, which decreased $15.9 million primarily due to a lower notional amount of hedging contracts used in risk management that were settled physically.

Revenues from the distribution of fuel oil and refined fuels of $70.5 million increased $3.5 million, or 5.2%, compared to the prior year first half, primarily due to higher average selling prices, offset to an extent by lower volumes sold. Average selling prices for fuel oil and refined fue ls increased 6.8%, resulting in a $4.6 million increase in revenues. Fuel oil and refined fuels gallons sold decreased 0.4 million, or 1.7%, resulting in an $1.1 million decrease in revenues.

Revenues in our natural gas and electricity segment of $31.0 million were $2.5 million, or 7.6%, lower than the prior year first half, mainly due to lower electricity usage.

Cost of Products Sold

(Dollars in thousands)	Six Months Ended March 30, 2019	Six Months Ended March 31, 2018	Increase (Decrease)	Percent Increase (Decrease)
Cost of products sold				
Propane	$ 310,600	$ 338,825	$ (28,225)	(8.3)%
Fuel oil and refined fuels	47,534	45,964	1,570	3.4%
Natural gas and electricity	18,896	20,068	(1,172)	(5.8)%
All other	7,077	6,974	103	1.5%
Total cost of products sold	$ 384,107	$ 411,831	$ (27,724)	(6.7)%
As a percent of total revenues	43.6%	45.3%		

In the commodities markets, average posted propane prices (basis Mont Belvieu, Texas) and fuel oil prices were 18.9% lower and 3.2% higher than the prior year first half, respectively. The net change in the fair value of derivative instruments resulted in a $7.4 million unrealized (non-cash) loss in the first six months of fiscal 2019 compared to an unrealized (non-cash) loss of $5.2 million in the prior year period, resulting in an increase of $2.2 million in cost of products sold year-over-year, all of which was reported within the propane segment. These unrealized mark-to-market adjustments are excluded from Adjusted EBITDA for both periods.

Cost of products sold associated with the distribution of propane and related activities of $310.6 million decreased $28.2 million, or 8.3%, compared to the prior year first half. Lower average wholesale costs and lower volumes sold contributed to decreases in cost of products sold of $12.0 million and $6.1 million, respectively. Included within the propane segment are costs from other propane activities which decreased $12.3 million compared to the prior year, and the impact of mark-to-market adjustments on derivative instruments discussed above.

Cost of products sold associated with our fuel oil and refined fuels segment of $47.5 million increased $1.6 million, or 3.4%, compared to the prior year first half, primarily due to higher average fuel oil and refined fuels wholesale costs.

Cost of products sold in our natural gas and electricity segment of $18.9 million decreased $1.2 million, or 5.8%, compared to the prior year primarily due to lower electricity usage.

Total cost of products sold as a percent of total revenues decreased 1.7 percentage points to 43.6% from 45.3% primarily due to the year-over-year decline in wholesale propane costs outpacing the decline in average propane selling prices.

Operating Expenses

(Dollars in thousands)	Six Months Ended March 30, 2019	Six Months Ended March 31, 2018	Decrease	Percent Decrease
Operating expenses	$ 207,563	$ 210,267	$ (2,704)	(1.3)%
As a percent of total revenues	23.5%	23.1%		

Operating expenses of $207.6 million for the first half of fiscal 2019 decreased $2.7 million, or 1.3%, compared to the prior year first half. The decrease in operating expenses was primarily due to lower general insurance costs and lower bad debt expense, offset to an extent by higher payroll and benefit-related costs and higher vehicle repairs and maintenance costs.

General and Administrative Expenses

(Dollars in thousands)	Six Months Ended			
	March 30, 2019	March 31, 2018	Increase	Percent Increase
General and administrative expenses	$ 38,493	$ 34,980	$ 3,513	10.0%
As a percent of total revenues	4.4%	3.8%		

General and administrative expenses of $38.5 million for the first half of fiscal 2019 increased $3.5 million, or 10.0%, compared to the prior year period primarily due to higher variable compensation expenses and higher professional services fees for marketing and advertising initiatives.

Depreciation and Amortization

(Dollars in thousands)	Six Months Ended			
	March 30, 2019	March 31, 2018	Decrease	Percent Decrease
Depreciation and amortization	$ 60,694	$ 63,334	$ (2,640)	(4.2)%
As a percent of total revenues	6.9%	7.0%		

Depreciation and amortization expense of $60.7 million in the first half of fiscal 2019 decreased $2.6 million, or 4.2%, primarily as a result of accelerated depreciation recorded in the prior year for assets taken out of service.

Interest Expense, net

(Dollars in thousands)	Six Months Ended			
	March 30, 2019	March 31, 2018	Increase	Percent Increase
Interest expense, net	$ 39,135	$ 38,916	$ 219	0.6%
As a percent of total revenues	4.4%	4.3%		

Net interest expense of $39.1 million in the first half of fiscal 2019 slightly increased compared to the prior year first half, primarily due to an increase in benchmark interest rates on outstanding borrowings under our Revolving Credit Facility, mostly offset by a lower average level of outstanding borrowings. See Liquidity and Capital Resources below for additional discussion.

Loss on Sale of Business

During the first quarter of fiscal 2018, we sold certain assets and operations in a non-strategic market of our propane segment for $2.8 million plus working capital consideration, resulting in a loss of $4.8 million. The corresponding net assets and results of operations were not material to our results of operations, financial position and cash flows.

EBITDA and Adjusted EBITDA

The following table sets forth our calculations of EBITDA and Adjusted EBITDA:

(Dollars in thousands)	Six Months Ended	
	March 30, 2019	March 31, 2018
Net income	$ 148,735	$ 143,955
Add:		
Provision for (benefit from) income taxes	403	(893)
Interest expense, net	39,135	38,916
Depreciation and amortization	60,694	63,334
EBITDA	248,967	245,312
Unrealized (non-cash) losses on changes in fair value of derivatives	7,390	5,227
Loss on sale of business	—	4,823
Adjusted EBITDA	$ 256,357	$ 255,362

Liquidity and Capital Resources

Analysis of Cash Flows

Operating Activities. Net cash provided by operating activities for the first six months of fiscal 2019 and fiscal 2018 was $101.2 million and $83.6 million, respectively. The $17.6 million year-over-year increase in net cash provided by operating activities was primarily attributable to higher earnings (discussed above) along with a smaller increase in working capital during the first half of fiscal 2019 compared to the prior year, stemming from the decline in average wholesale costs of propane.

Investing Activities. Net cash used in investing activities of $24.0 million for the first half of fiscal 2019 consisted of capital expenditures of $16.6 million (including approximately $9.1 million to support the growth of operations and $7.5 million for maintenance expenditures), and $10.6 million used in the acquisition of a business (see Item 1, Note 4 of this Quarterly Report), partially offset by $3.1 million in proceeds from the sale of property, plant and equipment.

Net cash used in investing activities of $16.5 million for the first half of fiscal 2018 consisted of capital expenditures of $18.2 million (including approximately $10.3 million to support the growth of operations and $7.9 million for maintenance expenditures) and $4.2 million used in the acquisition of a business, partially offset by $2.8 million in proceeds from the sale of assets and operations in a non-strategic market and $3.0 million in proceeds from the sale of other property, plant and equipment.

Financing Activities. Net cash used in financing activities for the first six months of fiscal 2019 reflected $73.8 million paid for the quarterly distributions to Common Unitholders at a rate of $0.60 per Common Unit paid in respect of the fourth quarter of fiscal 2018 and first quarter of fiscal 2019, $0.1 million of net repayments under the Revolving Credit Facility and other financing activities of $2.5 million.

Net cash used in financing activities for the first half of fiscal 2018 of $64.1 million reflected $73.5 million paid for the quarterly distributions to Common Unitholders at a rate of $0.60 per Common Unit paid in respect of the fourth quarter of fiscal 2017 and the first quarter of fiscal 2018 and other financing activities of $2.0 million, offset to an extent by total net borrowings under the Revolving Credit Facility of $11.4 million which were used to fund a portion of our working capital requirements.

Summary of Long-Term Debt Obligations and Revolving Credit Facility

As of March 30, 2019, our long-term debt consisted of $525.0 million in aggregate principal amount of 5.5% senior notes due June 1, 2024, $250.0 million in aggregate principal amount of 5.75% senior notes due March 1, 2025, $350.0 million in aggregate principal amount of 5.875% senior notes due March 1, 2027 and $143.5 million outstanding under our Revolving Credit Facility. See Item 1, Note 9 of this Quarterly Report.

The aggregate amounts of long-term debt maturities subsequent to March 30, 2019 are as follows: fiscal 2019: $-0-; fiscal 2020: $-0-; fiscal 2021: $143.5 million; fiscal 2022: $-0-; fiscal 2023: $-0-; and thereafter: $1,125.0 million.

Partnership Distributions

We are required to make distributions in an amount equal to all of our Available Cash, as defined in our Third Amended and Restated Partnership Agreement, as amended (the "Partnership Agreement"), no more than 45 days after the end of each fiscal quarter to holders of record on the applicable record dates. Available Cash, as defined in the Partnership Agreement, generally means all cash on hand at the end of the respective fiscal quarter less the amount of cash reserves established by the Board of Supervisors in its reasonable discretion for future cash requirements. These reserves are retained for the proper conduct of our business, the payment of debt principal and interest and for distributions during the next four quarters. The Board of Supervisors reviews the level of Available Cash on a quarterly basis based upon information provided by management.

On April 25, 2019, we announced a quarterly distribution of $0.60 per Common Unit, or $2.40 on an annualized basis, in respect of the second quarter of fiscal 2019, payable on May 14, 2019 to holders of record on May 7, 2019.

Other Commitments

We have a noncontributory, cash balance format, defined benefit pension plan which was frozen to new participants effective January 1, 2000. Effective January 1, 2003, the defined benefit pension plan was amended such that future service credits ceased and eligible employees would receive interest credits only toward their ultimate retirement benefit. We also provide postretirement health care and life insurance benefits for certain retired employees under a plan that was frozen to new participants effective March 31, 1998. At March 30, 2019, we had a liability for the defined benefit pension plan and accrued retiree health and life benefits of $31.5 million and $10.1 million, respectively.

We are self-insured for general and product, workers' compensatio n and automobile liabilities up to predetermined thresholds above which third party insurance applies. At March 30, 2019, we had accrued insurance liabilities of $67.7 million, and a receivable of $19.1 million related to the amount of the liability expected to be covered by insurance.

Legal Matters

See Item 1, Note 12, Legal Matters subsection of this Quarterly Report.

Off-Balance Sheet Arrangements

Guarantees

See Item 1, Note 13 of this Quarterly Report.

Recently Issued Accounting Pronouncements

See Item 1, Note 2, Recently Issued Accounting Pronouncements subsection of this Quarterly Report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Commodity Price Risk

We enter into product supply contracts that are generally one-year agreements subject to annual renewal, and also purchase product on the open market. Our propane supply contracts typically provide for pricing based upon index formulas using the posted prices established at major supply points such as Mont Belvieu, Texas, or Conway, Kansas (plus transportation costs) at the time of delivery. In addition, to supplement our annual purchase requirements, we may utilize forward fixed price purchase contracts to acquire a portion of the propane that we resell to our customers, which allows us to manage our exposure to unfavorable changes in commodity prices and to ensure adequate physical supply. The percentage of contract purchases, and the amount of supply contracted for under forward contracts at fixed prices, will vary from year to year based on market conditions. In certain instances, and when market conditions are favorable, we are able to purchase product under our supply arrangements at a discount to the market.

Product cost changes can occur rapidly over a short period of time and can impact profitability. We attempt to reduce commodity price risk by pricing product on a short-term basis. The level of priced, physical product maintained in storage facilities and at our customer service centers for immediate sale to our customers will vary depending on several factors, including, but not limited to, price, supply and demand dynamics for a given time of the year. Typically, our on hand priced position does not exceed more than four to eight weeks of our supply needs, depending on the time of the year. In the course of normal operations, we routinely enter into contracts such as forward priced physical contracts for the purchase or sale of propane and fuel oil that, under accounting rules for derivative instruments and hedging activities, qualify for and are designated as normal purchase or normal sale contracts. Such contracts are exempted from fair value accounting and are accounted for at the time product is purchased or sold under the related contract.

Under our hedging and risk management strategies, we enter into a combination of exchange-traded futures and options contracts and, in certain instances, over-the-counter options and swap contracts (collectively, "derivative instruments") to manage the price risk associated with physical product and with future purchases of the commodities used in our operations, principally propane and fuel oil, as well as to help ensure the availability of product during periods of high demand. In addition, we sell propane and fuel oil to customers at fixed prices, and enter into derivative instruments to hedge a portion of our exposure to fluctuations in commodity prices as a result of selling the fixed price contracts. We do not use derivative instruments for speculative or trading purposes. Futures and swap contracts require that we sell or acquire propane or fuel oil at a fixed price for delivery at fixed future dates. An option contract allows, but does not require, its holder to buy or sell propane or fuel oil at a specified price during a specified time period. However, the writer of an option contract must fulfill the obligation of the option contract, should the holder choose to exercise the option. At expiration, the contracts are settled by the delivery of the product to the respective party or are settled by the payment of a net amount equal to the difference between the then market price and the fixed contract price or option exercise price. To the extent that we utilize derivative instruments to manage exposure to commodity price risk and commodity prices move adversely in relation to the contracts, we could suffer losses on those derivative instruments when settled. Conversely, if prices move favorably, we could realize gains. Under our hedging and risk management strategy, realized gains or losses on derivative instruments will typically offset losses or gains on the physical inventory once the product is sold to customers at market prices, or delivered to customers as it pertains to fixed price contracts.

Futures are traded with brokers of the NYMEX and require daily cash settlements in margin accounts. Forward contracts are generally settled at the expiration of the contract term by physical delivery, and swap and options contracts are generally settled at expiration through a net settlement mechanism. Market risks associated with our derivative instruments are monitored daily for compliance with our Hedging and Risk Management Policy which includes volume limits for open positions. Open inventory positions are reviewed and managed daily as to exposures to changing market prices.

Credit Risk

Exchange-traded futures and options contracts are guaranteed by the NYMEX and, as a result, have minimal credit risk. We are subject to credit risk with over-the-counter forward, swap and options contracts to the extent the counterparties do not perform. We evaluate the financial condition of each counterparty with which we conduct business and establish credit limits to reduce exposure to the risk of non-performance by our counterparties.

Interest Rate Risk

A portion of our borrowings bear interest at prevailing interest rates based upon, at the Operating Partnership's option, LIBOR, plus an applicable margin or the base rate, defined as the higher of the Federal Funds Rate plus ½ of 1% or the agent bank's prime rate, or LIBOR plus 1%, plus the applicable margin. The applicable margin is dependent on the level of our total consolidated leverage (the total ratio of debt to consolidated EBITDA). Therefore, we are subject to interest rate risk on the variable component of the interest rate. From time to time, we enter into interest rate swap agreements to manage a part of our variable interest rate risk. The interest rate swaps are designated as cash flow hedges. Changes in the fair value of the interest rate swaps are recognized in other comprehensive income ("OCI") until the hedged item is recognized in earnings. At March 30, 2019, we were not party to an interest rate swap agreement.

Derivative Instruments and Hedging Activities

All of our derivative instruments are reported on the balance sheet at their fair values. On the date that derivative instruments are entered into, we make a determination as to whether the derivative instrument qualifies for designation as a hedge. Changes in the fair value of derivative instruments are recorded each period in current period earnings or OCI, depending on whether a derivative instrument is designated as a hedge and, if so, the type of hedge. For derivative instruments designated as cash flow hedges, we formally assess, both at the hedge contract's inception and on an ongoing basis, whether the hedge contract is highly effective in offsetting changes in cash flows of hedged items. Changes in the fair value of derivative instruments designated as cash flow hedges are reported in OCI to the extent effective and reclassified into earnings during the same period in which the hedged item affects earnings. The mark-to-market gains or losses on ineffective portions of cash flow hedges are immediately recognized in earnings. Changes in the fair value of derivative instruments that are not designated as cash flow hedges, and that do not meet the normal purchase and normal sale exemption, are recorded in earnings as they occur. Cash flows associated with derivative instruments are reported as operating activities within the condensed consolidated statement of cash flows.

Sensitivity Analysis

In an effort to estimate our exposure to unfavorable market price changes in commodities related to our open positions under derivative instruments, we developed a model that incorporates the following data and assumptions:

A. The fair value of open positions as of March 30, 2019.

B. The market prices for the underlying commodities used to determine A. above were adjusted adversely by a hypothetical 10% change and compared to the fair value amounts in A. above to project the potential negative impact on earnings that would be recognized for the respective scenario.

Based on the sensitivity analysis described above, the hypothetical 10% adverse change in market prices for open derivative instruments as of March 30, 2019 indicates an increase in potential future net losses of $6.8 million. See also Item 7A of our Annual Report on Form 10-K for the fiscal year ended September 29, 2018. The above hypothetical change does not reflect the worst case scenario. Actual results may be significantly different depending on market conditions and the composition of the open position portfolio.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Partnership maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to provide reasonable assurance that information required to be disclosed in the Partnership's filings and submissions under the Exchange Act is recorded, processed, summarized and reported within the periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to the Partnership's management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

The Partnership completed an evaluation under the supervision and with participation of the Partnership's management, including the Partnership's principal executive officer and principal financial officer, of the effectiveness of the design and operation of the Partnership's disclosure controls and procedures as of March 30, 2019. Based on this evaluation, the Partnership's principal executive officer and principal financial officer have concluded that as of March 30, 2019, such disclosure controls and procedures were effective to provide the reasonable assurance described above.

Changes in Internal Control Over Financial Reporting

There have not been any changes in the Partnership's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the quarter ended March 30, 2019 that have materially affected or are reasonably likely to materially affect its internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in Item 1A in the Partnership's Annual Report on Form 10-K for the fiscal year ended September 29, 2018.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

(a) Exhibits

INDEX TO EXHIBITS

The exhibits listed on this Exhibit Index are filed as part of this Quarterly Report. Exhibits required to be filed by Item 601 of Regulation S-K, which are not listed below, are not applicable.

Exhibit Number	Description
10.1	Suburban Propane, L.P. 2014 Long-Term Incentive Plan, effective October 1, 2013, as amended on November 14, 2016 and on January 22, 2019 (Incorporated by reference to Exhibit 10.1 to the Partnership's Quarterly Report on Form 10-Q filed February 7, 2019).
10.2	Suburban Propane Partners, L.P. Distribution Equivalent Rights Plan, effective January 17, 2017, as amended January 22, 2019 (Incorporated by reference to Exhibit 10.2 to the Partnership's Quarterly Report on Form 10-Q filed February 7, 2019).
10.3	Fourth Amendment to the Pension Plan for Eligible Employees of Suburban Propane, L.P. and Subsidiaries (effective January 1, 2019). (Incorporated by reference to Exhibit 10.3 to the Partnership's Quarterly Report on Form 10-Q filed February 7, 2019).
31.1	Certification of the President and Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Filed herewith).
31.2	Certification of the Chief Financial Officer and Chief Accounting Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Filed herewith).
32.1	Certification of the President and Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Furnished herewith).
32.2	Certification of the Chief Financial Officer and Chief Accounting Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Furnished herewith).
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

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

	SUBURBAN PROPANE PARTNERS, L.P.
May 9, 2019 Date	By: /s/ MICHAEL A. KUGLIN Michael A. Kuglin Chief Financial Officer and Chief Accounting Officer
May 9, 2019 Date	By: /s/ DANIEL S. BLOOMSTEIN Daniel S. Bloomstein Vice President and Controller

EXHIBIT 31.1

Certification of the President and Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Michael A. Stivala, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Suburban Propane Partners, L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Supervisors:

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 9, 2019

By: /s/ MICHAEL A. STIVALA
Michael A. Stivala
President and Chief Executive Officer

EXHIBIT 31.2

Certification of the Chief Financial Officer and Chief Accounting Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Michael A. Kuglin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Suburban Propane Partners, L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Supervisors:
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 9, 2019

By: /s/ MICHAEL A. KUGLIN
Michael A. Kuglin
Chief Financial Officer and Chief Accounting Officer

EXHIBIT 32.1

Certification of the President and Chief Executive Officer Pursuant to
18 U.S.C. Section 1350, as Adopted Pursuant to Section 906
of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Suburban Propane Partners, L.P. (the "Partnership") on Form 10-Q for the period ended March 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael A. Stivala, President and Chief Executive Officer of the Partnership, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

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

By: /s/ MICHAEL A. STIVALA
Michael A. Stivala
President and Chief Executive Officer
May 9, 2019

EXHIBIT 32.2

Certification of the Chief Financial Officer and Chief Accounting Officer
18 U.S.C. Section 1350, as Adopted Pursuant to Section 906
of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Suburban Propane Partners, L.P. (the "Partnership") on Form 10-Q for the period ended March 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael A. Kuglin, Chief Financial Officer and Chief Accounting Officer of the Partnership, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

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

By: /s/ MICHAEL A. KUGLIN
Michael A. Kuglin
Chief Financial Officer and Chief Accounting Officer
May 9, 2019