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

FORM 10-K

(Mark One)

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

For the Fiscal Year Ended: December 31, 2020

or

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

For the transition period from _____ to _____

Commission File Number: 001-35653

SUNOCO LP

(Exact name of registrant as specified in its charter)

Delaware	**30-0740483**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

8111 Westchester Drive, Suite 400, Dallas, Texas 75225
(Address of principal executive offices, including zip code)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Units Representing Limited Partner Interests	**SUN**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: **NONE**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 Registration 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, a 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

At June 30, 2020, the aggregate market value of common units representing limited partner interests held by non-affiliates of the registrant was approximately $1.2 billion based upon the closing price of its common units on the New York Stock Exchange.

The registrant had 83,343,702 common units representing limited partner interests and 16,410,780 Class C units representing limited partner interests outstanding at February 12, 2021.

Documents Incorporated by Reference: None

SUNOCO LP
ANNUAL REPORT ON FORM 10-K
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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some of the information in this Annual Report on Form 10-K may contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements, other than statements of historical fact included in this Annual Report on Form 10-K, regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. Statements using words such as "believe," "plan," "expect," "anticipate," "intend," "forecast," assume," "estimate," "continue," "position," "predict," "project," "goal," "strategy," "budget," "potential," "will" and other similar words or phrases are used to help identify forward-looking statements, although not all forward-looking statements contain such identifying words. Descriptions of our objectives, goals, targets, plans, strategies, costs, anticipated capital expenditures, expected cost savings and benefits are also forward-looking statements. These forward-looking statements are based on our current plans and expectations and involve a number of risks and uncertainties that could cause actual results and events to vary materially from the results and events anticipated or implied by such forward-looking statements, including:

- our ability to make, complete and integrate acquisitions from affiliates or third-parties;
- business strategy and operations of Energy Transfer Operating, L.P. and Energy Transfer LP and their respective conflicts of interest with us;
- changes in the price of and demand for the motor fuel that we distribute and our ability to appropriately hedge any motor fuel we hold in inventory;
- our dependence on limited principal suppliers;
- competition in the wholesale motor fuel distribution and retail store industry;
- changing customer preferences for alternate fuel sources or improvement in fuel efficiency;
- volatility of fuel prices or a prolonged period of low fuel prices and the effects of actions by, or disputes among or between, oil producing countries with respect to matters related to the price or production of oil;
- impacts of world health events, including the coronavirus ("COVID-19") pandemic;
- changes in our credit rating, as assigned by rating agencies;
- a deterioration in the credit and/or capital markets;
- general economic conditions;
- environmental, tax and other federal, state and local laws and regulations;
- the fact that we are not fully insured against all risks incident to our business;
- dangers inherent in the storage and transportation of motor fuel;
- our ability to manage growth and/or control costs;
- our reliance on senior management, supplier trade credit and information technology; and
- our partnership structure, which may create conflicts of interest between us and our general partner, Sunoco GP LLC, (our "General Partner"), and its affiliates, and limits the fiduciary duties of our General Partner and its affiliates.

All forward-looking statements, express or implied, are expressly qualified in their entirety by the foregoing cautionary statements.

Many of the foregoing risks and uncertainties are, and will be, heightened by the COVID-19 pandemic and any further worsening of the global business and economic environment. New factors that could impact forward-looking statements emerge from time to time, and it is not possible for us to predict all such factors. Should one or more of the risks or uncertainties described or referenced in this Annual Report on Form 10-K for the year ended December 31, 2020 occur, or should underlying assumptions prove incorrect, actual results and plans could differ materially from those expressed in any forward-looking statements.

For a discussion of these and other risks and uncertainties, please refer to "Item 1A. Risk Factors" included herein. The list of factors that could affect future performance and the accuracy of forward-looking statements is illustrative but by no means exhaustive. Accordingly, all forward-looking statements should be evaluated with the understanding of their inherent uncertainty. The forward‑looking statements included in this report are based on, and include, our estimates as of the filing of this report. We anticipate that subsequent events and market developments will cause our estimates to change. However, while we may elect to update these forward-looking statements at some point in the future, we specifically disclaim any obligation to do so except as required by law, even if new information becomes available in the future.

In addition to risks and uncertainties in the ordinary course of business that are common to all businesses, important factors that are specific to our structure as a limited partnership, our industry and our company could materially impact our future performance and results of operations. We have provided below a list of these risk factors that should be reviewed when considering an investment in our securities. The risk factors set forth below are not all the risks we face and other factors currently considered immaterial or unknown to us may impact our future operations.

Risk Factor Summary

Risks Related to Our Business

Results of Operations and Financial Condition. Our results of operations and financial condition could be impacted by many risks that are beyond our control, including the following:

- cash distributions are not guaranteed and may fluctuate with our performance and other external factors;
- the global outbreak of COVID-19;
- general economic, financial, and political conditions;
- changes in the prices of motor fuel;
- demand for motor fuel, including consumer preference for alternative motor fuels or improvements in fuel efficiency;
- seasonal trends;
- dangers inherent in the storage and transportation of motor fuel;
- operational and business risks associated with our fuel storage terminals;
- events or developments associated with our branded suppliers;
- severe weather;
- competition and fragmentation within the wholesale motor fuel distribution industry;
- competition within the convenience store industry, including the impact of new entrants;
- possible increased costs related to land use and facilities and equipment leases;
- possible future litigation;
- potential loss of key members of our senior management team;
- failure to attract and retain qualified employees;
- failure to insure against risks incident to our business;
- terrorist attacks and threatened or actual war;
- disruption of our information technology systems;
- failure to protect sensitive customer, employee or vendor data, or to comply with applicable regulations relating to data security and privacy;
- failure to obtain trade credit terms to adequately fund our ongoing operations;
- our dependence on cash flow generated by our subsidiaries; and
- potential impairment of goodwill and intangible assets.

Acquisitions and Future Growth. Our business, results of operations, cash flows, financial condition and future growth could be impacted by the following:

- failure to make acquisitions on economically acceptable terms, or to successfully integrate acquired assets; and
- failure to manage risks associated with acquisitions.

Regulatory Matters. Our business, results of operations, cash flows, financial condition and future growth could be impacted by the following:

- significant expenditures or liabilities resulting from federal, state and local laws and regulations pertaining to environmental protection, operational safety, or the Renewable Fuel Standard;
- significant expenditures or penalties associated with federal, state and local laws and regulations that govern the product quality specifications of refined petroleum products we purchase; and
- regulatory provisions of the Dodd-Frank Act and the rules adopted thereunder.

Indebtedness. Our business, results of operations, cash flows and financial condition, as well as our ability to make distributions and the market value of our common units, could be impacted by the following:

- our future debt levels;

- changes in LIBOR reporting practices or the method in which LIBOR is determined;
- increases in interest rates, including the impact to the relative value of our distributions to yield-oriented investors; and
- restrictions and financial covenants associated with our debt agreements.

Risks Related to Our Structure

Our General Partner. Our stakeholders could be impacted by risks related to our General Partner, including:

- our General Partner's and its affiliates' conflicts of interest with us and contractually-limited duties;
- our General Partner's limited liability regarding our obligations;
- our General Partner's ability to approve the issuance of partnership securities and specify the terms of such securities; and
- cost reimbursements due to our General Partner and its affiliates for services provided to us or on our behalf.

Our Partnership Agreement. Our stakeholders could be impacted by risks related to our partnership agreement, including:

- the requirement that we distribute all of our available cash;
- the limited liability and duties of our General Partner and restrictions on the remedies available for actions taken;
- the potential need to issue common units in connection with a resetting of the target distribution levels related to our incentive distribution rights;
- our common unitholders' limited voting rights and lack of rights to elect our General Partner or its directors;
- limitations on our common unitholders' ability to remove our General Partner without its consent;
- potential transfer of the General Partner interest or the control of our General Partner to a third party;
- the potential requirement for unitholders to sell their common units at an undesirable time or price;
- our ability to issue additional units without unitholder approval;
- potential sales of substantial amounts of our common units in the public or private markets;
- restrictions on the voting rights of unitholders owning 20% or more of our outstanding common units;
- the dependence of our distributions primarily on our cash flow and not solely on profitability;
- our unitholders' potential liability to repay distributions; and
- the lack of certain corporate governance requirements by the New York Stock Exchange ("NYSE") for a publicly traded partnership like us.

Tax Risks to Common Unitholders

Our unitholders could be impacted by tax risks, including:

- our potential to be taxed as a corporation or otherwise become subject to a material amount of entity-level taxation;
- the potential for our unitholders to be required to pay taxes on their share of our income even if they do not receive any cash distributions from us; and
- unique tax issues faced by tax-exempt entities from owning common units.

PART I

Item 1. Business

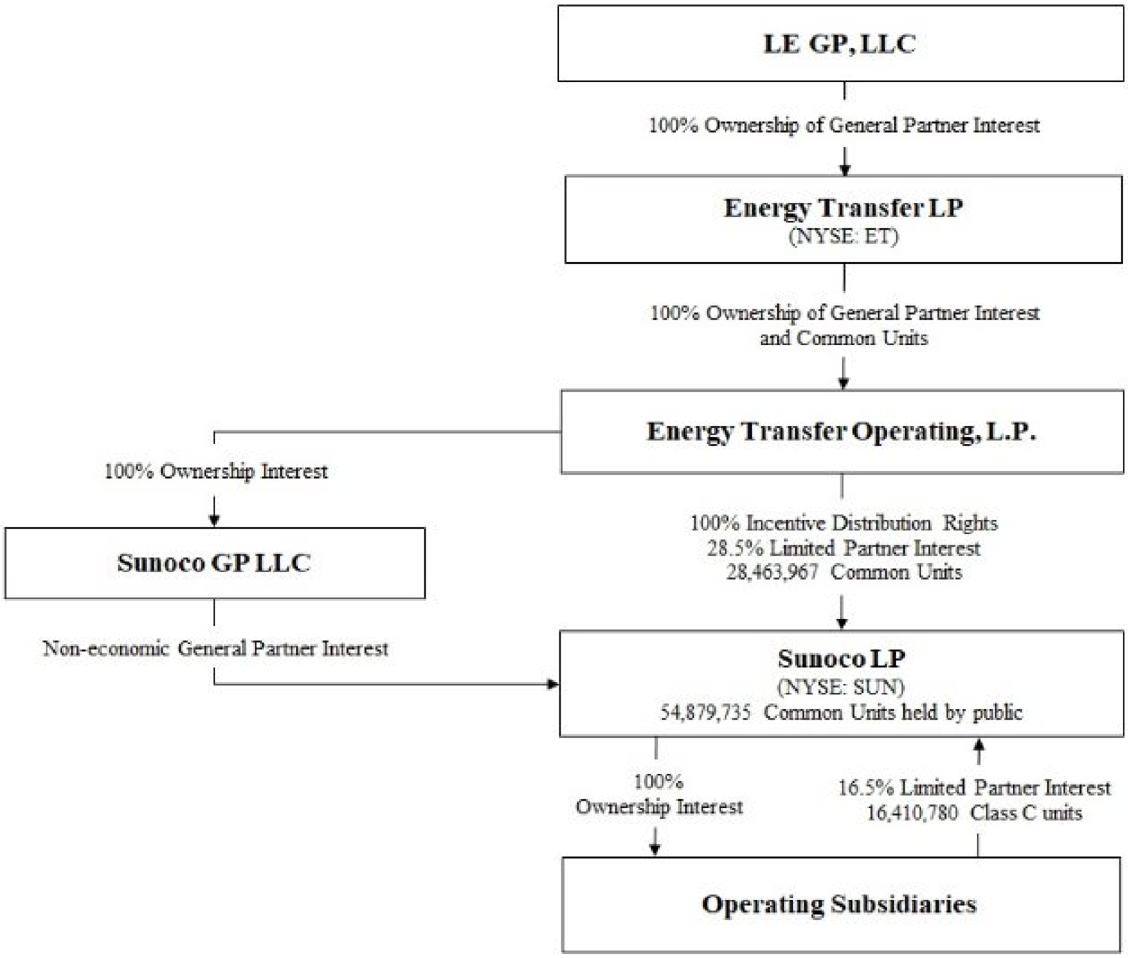
General

As used in this report, the terms "Partnership," "SUN," "we," "us," or "our" should be understood to refer to Sunoco LP, known prior to October 27, 2014 as Susser Petroleum Partners LP, and our consolidated subsidiaries as applicable and appropriate.

Overview

We are a Delaware master limited partnership. We are managed by our general partner, Sunoco GP LLC (our "General Partner"), which is owned by Energy Transfer Operating, L.P. ("ETO"), a consolidated subsidiary of Energy Transfer LP ("ET"). As of February 12, 2021, ETO owned 100% of the limited liability company interests in our General Partner, 28,463,967 of our common units, which constituted a 28.5% limited partner interest in us, and all of our incentive distribution rights ("IDRs").

The following simplified diagram depicts our organizational structure as of February 12, 2021.



We are primarily engaged in the distribution of motor fuels to independent dealers, distributors, and other commercial customers and the distribution of motor fuels to end customers at retail sites operated by commission agents. Additionally, we receive lease income through the leasing or subleasing of real estate used in the retail distribution of motor fuels. As of December 31, 2020, we also operated 78 retail stores located in Hawaii and New Jersey.

As of December 31, 2020, we distribute motor fuels across more than 30 states throughout the East Coast, Midwest, South Central and Southeast regions of the United States from Maine to Florida and from Florida to New Mexico, as well as Hawaii. We distributed approximately 7.1 billion gallons of motor fuel during 2020 through our independent dealers, distributors, other commercial customers, retail sites operated by commission agents and retail sites owned and operated by us.

In January 2018, we sold a portfolio of 1,030 company-operated retail fuel outlets in 19 geographic regions, together with ancillary businesses and related assets, to 7-Eleven, Inc. ("7-Eleven") and SEI Fuel Services Inc. ("SEI Fuel") for approximately $3.2 billion (the “7-Eleven Transaction”).

Operating Segments and Subsidiaries

We operate our business as two segments, Fuel Distribution and Marketing and All Other. Our primary operations are conducted by the following consolidated subsidiaries:

- Sunoco, LLC ("Sunoco LLC"), a Delaware limited liability company, primarily distributes motor fuel in 30 states throughout the East Coast, Midwest, South Central and Southeast regions of the United States. Sunoco LLC also processes transmix and distributes refined product through its terminals in Alabama, Texas, Arkansas and New York.
- Sunoco Retail LLC ("Sunoco Retail"), a Pennsylvania limited liability company, owns and operates retail stores that sell motor fuel and merchandise primarily in New Jersey.
- Aloha Petroleum LLC, a Delaware limited liability company, distributes motor fuel and operates terminal facilities on the Hawaiian Islands.
- Aloha Petroleum, Ltd. ("Aloha"), a Hawaii corporation, owns and operates retail stores on the Hawaiian Islands.

Recent Developments

On January 15, 2021, we repurchased the remaining outstanding portion of our 2023 Notes, discussed in the below paragraph.

On November 9, 2020, we completed a private offering of $800 million in aggregate principal amount of 4.500% senior notes due 2029 (the "2029 Notes"). We used the proceeds to fund the repurchase of a portion of our 4.875% senior notes due 2023 (the "2023 Notes"). Approximately $564 million aggregate principal amount, or 56% of the then outstanding 2023 Notes, were tendered. In connection with our issuance of the 2029 Notes, we entered into a registration rights agreement with the initial purchasers pursuant to which we agreed to complete an offer to exchange the 2029 Notes for an issue of registered notes with terms substantively identical to the 2029 Notes and evidencing the same indebtedness as the 2029 Notes on or before November 9, 2021.

On December 15, 2020, we acquired a terminal in New York for approximately $12 million plus working capital adjustments.

Available Information

Our principal executive offices are located at 8111 Westchester Drive, Suite 400, Dallas, Texas 75225. Our telephone number is (214) 981-0700. Our Internet address is *www.sunocolp.com.* We make available through our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the Securities and Exchange Commission (the "SEC"). Information contained on our website is not part of this report. The SEC maintains an Internet site at *www.sec.gov* that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Our Relationship with Energy Transfer Operating, L.P. and Energy Transfer LP

One of our principal strengths is our relationship with ETO and ET. As of February 12, 2021, ETO owned 100% of the membership interest in our General Partner, all of our incentive distribution rights and 28,463,967 of our common units, which constituted a 28.5% limited partner interest in us. Given the significant ownership, we believe ETO and ET will be motivated to promote and support the successful execution of our business strategies. In particular, we believe it will be in the best interest of each ETO and ET to facilitate organic growth opportunities and accretive acquisitions from third parties, although neither ETO nor ET is under any obligation to do so.

ET, one of the largest publicly traded master limited partnerships in the United States in terms of equity market capitalization, owns all of ETO's common units and its general partner. ETO, through its wholly-owned operating subsidiaries, is engaged primarily in natural gas and natural gas liquids transportation, storage and fractionation services. ETO is also engaged in refined product and crude oil operations including transportation, terminalling services, storage and retail marketing of gasoline and middle distillates through its subsidiaries.

Our Business and Operations

Fuel Distribution and Marketing Segment

We are a distributor of motor fuels and other petroleum products which we supply to third-party dealers and distributors, to independent operators of commission agent locations, other commercial consumers of motor fuel and to our retail locations. Also included in the segment are transmix processing plants and refined products terminals. Transmix is the mixture of various refined products (primarily gasoline and diesel) created in the supply chain (primarily in pipelines and terminals) when various products interface with each other. Transmix processing plants separate this mixture and return it to salable products of gasoline and diesel.

We are the exclusive wholesale supplier of the Sunoco-branded motor fuel, supplying an extensive distribution network of approximately 5,556 Sunoco-branded company and third-party operated locations throughout the East Coast, Midwest, South Central and Southeast regions of the United States. We believe we are one of the largest independent motor fuel distributors, by gallons, in Texas and one of the largest distributors of Chevron, Exxon, and Valero branded motor fuel in the United States. In addition to distributing motor fuels, we also distribute other petroleum products such as propane and lubricating oil, and we receive lease income from real estate that we lease or sublease.

During 2020, we purchased motor fuel primarily from independent refiners and major oil companies and distributed it across more than 30 states throughout the East Coast, Midwest, South Central and Southeast regions of the United States, as well as Hawaii to:

- 78 company-owned and operated retail stores;
- 539 independently operated commission agent locations where we sell motor fuel to retail customers under commission agent arrangements with such operators;
- 6,803 retail stores operated by independent operators, which we refer to as "dealers" or "distributors," pursuant to long-term distribution agreements; and
- 2,476 other commercial customers, including unbranded retail stores, other fuel distributors, school districts and municipalities and other industrial customers.

Dealer Incentives

In addition to motor fuel distribution, we offer dealers the opportunity to participate in merchandise purchasing and promotional programs arranged with vendors. We believe the vendor relationships we have established through our retail operations and our ability to develop programs provide us with an advantage over other distributors when recruiting new dealers into our network, as well as retaining current dealers. Our dealer incentives give our dealers access to discounted rates on products and services that they would likely not be able to obtain on their own.

Sales to Contracted Third Parties

We distribute fuel under long-term contracts to branded distributors, branded and unbranded convenience stores, and branded and unbranded retail fuel outlets operated by third parties. 7-Eleven is the only third-party dealer or distributor which is individually over 10% of our Fuel Distribution and Marketing segment or individually over 10%, in terms of revenue, of our aggregate business.

Sunoco-branded supply contracts with distributors generally have both time and volume commitments that establish contract duration. These contracts have an initial term of approximately ten years with an estimated volume-weighted term remaining of approximately four years.

Distribution contracts with retail stores generally commit us to distribute branded (including, but not limited to, Sunoco branded) or unbranded motor fuel to a location or group of locations and arrange for all transportation and logistics. These contracts require, among other things, that dealers maintain the standards established by the applicable fuel brand, if any. The initial term of these contracts range from three to twenty years, with most contracts for ten years.

Our supply contracts and distribution contracts are typically constructed so that we receive either (i) a fee per gallon equal to the posted rack rate, less any applicable commercial discounts, plus transportation costs, taxes and a fixed, volume-based fee, which is usually expressed in cents per gallon, or (ii) receive a variable cent per gallon margin ("dealer tank wagon pricing").

During 2020, our Fuel Distribution and Marketing business distributed fuel to 539 commission agent locations. Under these arrangements, we generally provide and control motor fuel inventory and price at the site and receive actual retail selling price for each gallon sold, less a commission paid to the independent commission agents.

We continually seek to expand through the addition of new branded dealers, distributors and commission agent locations, new unbranded commercial customers, and through acquisitions of contracts for existing independently operated sites from other distributors. We evaluate potential independent site operators based on their creditworthiness and the quality of their sites and operations, including the site's size and location, projected monthly volumes of motor fuel, monthly merchandise sales, overall financial performance and previous operating experience. We may extend credit to certain dealers based on our credit evaluation process.

Sales to Other Commercial Customers

We distribute unbranded fuel to numerous other customers, including retail stores, unattended fueling facilities and certain other commercial customers. These customers are primarily commercial, governmental and other parties who buy motor fuel by the load or in bulk and who do not generally enter into exclusive contractual relationships with us, if they enter into a contractual relationship with us at all. Sales to these customers are typically made at a quoted price based upon our cost plus taxes, cost of transportation and a margin determined at time of sale, and may provide for immediate payment or the extension of credit for up to 45 days. We also sell propane, lubricating oil and other petroleum products, such as heating fuels, to our commercial customers on both a spot and contracted basis. In addition, we receive income from the manufacture and distribution sale of race fuels at our Marcus Hook, Pennsylvania manufacturing facility.

Fuel Supplier Arrangements

We distribute branded motor fuel under the Aloha, Chevron, Citgo, Conoco, Exxon, Mahalo, Mobil, Phillips 66, Shamrock, Shell, Sunoco, Texaco, and Valero brands. We purchase branded motor fuel from major oil companies and refiners under supply agreements. Our largest branded fuel suppliers in terms of volume are Chevron, Exxon, Phillips 66 and Valero. The branded fuel supply agreements generally have an initial term of three to five years. Each supply agreement typically contains provisions relating to payment terms, use of the supplier’s brand names, credit card processing, compliance with other of the supplier’s requirements, insurance coverage and compliance with legal and environmental requirements, among others.

We also distribute unbranded motor fuel, which we purchase in bulk, on a rack basis based upon prices posted by the refiner at a fuel supply terminal or on a contract basis with the price tied to one or more market indices.

As is typical in the industry, our suppliers generally can terminate the supply contract if we do not comply with any material condition of the contract, including our failure to make payments when due, fraud, criminal misconduct, bankruptcy or insolvency.

Bulk Fuel Purchases

We purchase motor fuel in bulk and hold it in inventory or transport it via pipeline. To mitigate inventory risk, we use commodity futures contracts or other derivative instruments, which are matched in quantity and timing to the anticipated usage of the inventory. We also blend in various additives, including ethanol and biomass-based diesel.

Terminals and Transmix

We operate two transmix processing facilities and fourteen refined product terminals (six in Hawaii and eight in the continental United States). Transmix is the mixture of various refined products (primarily gasoline and diesel) created in the supply chain (primarily in pipelines and terminals) when various products interface with each other. Transmix processing plants separate this mixture and return it to salable products of gasoline and diesel. Our refined product terminals provide storage and distribution services used to supply our own retail stations as well as third-party customers. In addition, we provide services at our terminals to various third-party throughput customers.

Transportation Logistics

We provide transportation logistics for most of our motor fuel deliveries through our own fleet of fuel transportation vehicles as well as third-party and affiliated transportation providers. We arrange for motor fuel to be delivered from the storage terminals to the appropriate sites in our distribution network at prices consistent with those historically charged to third parties for the delivery of fuel. We also deliver motor fuel, propane, and lubricating oils to commercial customers involved in petroleum exploration and production.

Technology

Technology is an important part of our Fuel Distribution and Marketing operations. We utilize a proprietary web-based system that allows our wholesale customers to access their accounts at any time from a personal computer to obtain prices, place orders, and review invoices, credit card transactions and electronic funds transfer notifications. Substantially all of our customer payments are processed by electronic funds transfer. We use an Internet-based system to assist with fuel inventory management and procurement and an integrated distribution fuel system for financial accounting, procurement, billing and inventory management.

All Other Segment

Our All Other segment includes the Partnership’s retail operations in Hawaii and New Jersey, credit card services, and franchise royalties.

For further detail of our segment results refer to “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Item 8. Financial Statements and Supplementary Data - Notes to Consolidated Financial Statements - Note 20 Segment Reporting.”

Sale of Regulated Products

In certain areas where our convenience stores are located, state or local laws limit the hours of operation for the sale of alcoholic beverages and restrict the sale of alcoholic beverages and tobacco products to persons younger than a certain age. State and local regulatory agencies have the authority to approve, revoke, suspend or deny applications for and renewals of permits and licenses relating to the sale of alcoholic beverages, as well as to issue fines to convenience stores for the improper sale of alcoholic beverages and tobacco products. Failure to comply with these laws may result in the loss of necessary licenses and the imposition of fines and penalties on us.

Real Estate and Lease Arrangements

As of December 31, 2020, our real estate and lease arrangements are as follows:

	Owned	Leased
Dealer and commission agent sites	627	323
Company-operated retail stores	6	72
Warehouses, offices and other	48	64
Total	681	459

Competition

In the Fuel Distribution and Marketing business, we compete primarily with other independent motor fuel distributors. The markets for distribution of motor fuel and the large and growing retail store industry are highly competitive and fragmented, which results in narrow margins. We have numerous competitors, some of which may have significantly greater resources and name recognition than we do. Significant competitive factors include the availability of major brands, customer service, price, range of services offered and quality of service, among others. We rely on our ability to provide value-added and reliable service and control our operating costs in order to maintain our margins and competitive position.

In the All Other segment, we face strong competition in the market for the sale of retail gasoline and merchandise. Our competitors include service stations of large integrated oil companies, independent gasoline service stations, convenience stores, fast food stores, supermarkets, drugstores, dollar stores, club stores and other similar retail outlets, some of which are well-recognized national or regional retail systems. The number of competitors varies depending on the geographical area. Competition also varies with gasoline and convenience store offerings. The principal competitive factors affecting our retail marketing operations include gasoline and diesel acquisition costs, site location, product price, selection and quality, site appearance and cleanliness, hours of operation, store safety, customer loyalty and brand recognition. We compete by pricing gasoline competitively, combining our retail gasoline business with convenience stores that provide a wide variety of products, and using advertising and promotional campaigns.

Seasonality

Our business exhibits some seasonality due to our customers' increased demand for motor fuel during the late spring and summer months, as compared to the fall and winter months. Travel, recreation and construction activities typically increase in these months in the geographic areas in which we operate, increasing the demand for motor fuel. Therefore, the volume of motor fuel that we distribute is typically somewhat higher in the second and third quarters of our fiscal year. As a result, our results from operations may vary from period to period.

Working Capital Requirements

Related to our retail store operations, we maintain customary levels of fuel and merchandise inventories and carry corresponding payable balances to suppliers of those inventories. In addition, Sunoco LLC purchases and stores a significant amount of unbranded fuel in bulk. We also have rental obligations related to leased locations. Our working capital needs will typically fluctuate over the medium to long term with the price of crude oil, and over the short term due to the timing of motor fuel tax, sales tax, interest and rent payments.

Environmental Matters

Environmental Laws and Regulations

We are subject to various federal, state and local environmental laws and regulations, including those relating to underground storage tanks; the release or discharge of hazardous materials into the air, water and soil; the generation, storage, handling, use, transportation and disposal of regulated materials; the exposure of persons to regulated materials; and the remediation of contaminated soil and groundwater. For more information, see “Our operations are subject to federal, state and local laws and regulations pertaining to environmental protection and operational safety that may require significant expenditures or result in liabilities that could have a material adverse effect on our business” in Part I, "Item 1A. Risk Factors” in this Annual Report on Form 10-K.

Environmental laws and regulations can restrict or impact our business activities in many ways, such as:

- requiring remedial action to mitigate releases of hydrocarbons, hazardous substances or wastes caused by our operations or attributable to former operators;
- requiring capital expenditures to comply with environmental control requirements; and
- enjoining the operations of facilities deemed to be in noncompliance with environmental laws and regulations.

Failure to comply with environmental laws and regulations may trigger a variety of administrative, civil and criminal enforcement measures, including the assessment of monetary penalties, the imposition of remedial requirements and the issuance of orders enjoining or otherwise curtailing future operations. Certain environmental statutes impose strict, joint and several liability for costs required to clean up and restore sites where hydrocarbons, hazardous substances or wastes have been released or disposed of. Moreover, neighboring landowners and other third parties may file claims for personal injury and property damage allegedly caused by the release of hydrocarbons, hazardous substances or other wastes into the environment.

We believe we are in compliance in all material respects with applicable environmental laws and regulations, and we do not believe that compliance with federal, state or local environmental laws and regulations will have a material adverse effect on our financial position, results of operations or cash available for distribution to our unitholders. Any future change in regulatory requirements could cause us to incur significant costs. We incorporate by reference into this section our disclosures included in Note 14 of the Notes to Consolidated Financial Statements included in “Item 8. Financial Statements and Supplementary Data.”

Hazardous Substances and Releases

Certain environmental laws, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (“CERCLA”), impose strict, and under certain circumstances, joint and several, liability on the owner and operator as well as former owners and operators of properties for the costs of investigation, removal or remediation of contamination and also impose liability for any related damages to natural resources without regard to fault. In addition, under CERCLA and similar state laws, as persons who arrange for the transportation, treatment or disposal of hazardous substances, we also may be subject to similar liability at sites where such hazardous substances come to be located. We may also be subject to third-party claims alleging property damage and/or personal injury in connection with releases of or exposure to hazardous substances at, from or in the vicinity of, our current properties or off-site waste disposal sites.

We are required to comply with federal and state financial responsibility requirements to demonstrate that we have the ability to pay for remediation or to compensate third parties for damages incurred as a result of a release of regulated materials from our underground storage tank systems. We meet these requirements primarily by maintaining insurance, which we purchase from private insurers.

Environmental Reserves

We are currently involved in the investigation and remediation of contamination at motor fuel storage and gasoline store sites where releases of regulated substances have been detected. We accrue for anticipated future costs and the related probable state reimbursement amounts for remediation activities. Accordingly, we have recorded estimated undiscounted liabilities for these sites totaling $20 million as of December 31, 2020. As of December 31, 2020, we have additional reserves of $75 million that represent our estimate for future asset retirement obligations for underground storage tanks.

Underground Storage Tanks

We are required to make financial expenditures to comply with regulations governing underground storage tanks adopted by federal, state and local regulatory agencies. Pursuant to the Resource Conservation and Recovery Act of 1976, as amended, the Environmental Protection Agency ("EPA") has established a comprehensive regulatory program for the detection, prevention, investigation and cleanup of leaking underground storage tanks. State or local agencies are often delegated the responsibility for implementing the federal program or developing and implementing equivalent state or local regulations. We have a comprehensive program in place for performing routine tank testing and other compliance activities, which are intended to promptly detect and investigate any potential releases. We believe we are in compliance in all material respects with requirements applicable to our underground storage tanks.

Air Emissions and Climate Change

The Federal Clean Air Act (the "Clean Air Act") and similar state laws impose requirements on emissions to the air from motor fueling activities in certain areas of the country, including those that do not meet state or national ambient air quality standards. These laws may require the installation of vapor recovery systems to control emissions of volatile organic compounds to the air during the motor fueling process. Under the Clean Air Act and comparable state and local laws, permits are typically required to emit regulated air pollutants into the atmosphere. We believe that we currently hold, or have applied for, all necessary air permits and that we would be in compliance in all material respects with applicable air laws and regulations. Although we can give no assurances, we are aware of no changes to air quality regulations that will have a material adverse effect on our financial condition, results of operations or cash available for distribution to our unitholders.

Various federal, state and local agencies have the authority to prescribe product quality specifications for the motor fuels that we sell, largely in an effort to reduce air pollution. Failure to comply with these regulations can result in substantial penalties. Although we can give no assurances, we believe we are currently in compliance in all material respects with these regulations.

Efforts at the federal and state level are currently underway to reduce the levels of greenhouse gas ("GHG") emissions from various sources in the United States. At the federal level, Congress has considered legislation to reduce GHG emissions in the United States. Such federal legislation may impose a carbon emissions tax or establish a cap-and-trade program or regulation by the EPA. Even in the absence of new federal legislation, GHG emissions have begun to be regulated by the EPA pursuant to the Clean Air Act. For example, in April 2010, the EPA set a new emissions standard for motor vehicles to reduce GHG emissions. Several states have also adopted, or are considering adopting, regulations related to GHG emissions, some of which are more stringent than those implemented by the federal government. New federal or state restrictions on emissions of GHGs that may be imposed in areas of the United States in which we conduct business and that apply to our operations could adversely affect the demand for our products. In addition, in May 2016, the EPA issued final standards that would reduce methane emissions from new and modified oil and natural gas production by up to 45% from 2012 levels by 2025. In September 2020, the EPA finalized amendments to the 2016 standards that removed the transmission and storage segment from the oil and natural gas source category and rescinded the methane-specific requirements for production and processing facilities. However, several lawsuits have been filed challenging these amendments, and President Biden signed an executive order on January 20, 2021 that, among other things, calls for the suspension, revision, or rescission of the September 2020 rule and the establishment of new or more stringent emissions standards for methane and volatile organic compounds from new, modified, and existing oil and gas facilities, including the transmission and storage segments. Additionally, President Biden has announced that climate change will be a focus of his administration. On January 27, he issued an executive order calling for substantial action on climate change, including, among other things, the increased use of zero-emissions vehicles by the federal government, the elimination of subsidies provided to the fossil fuel industry, and increased emphasis on climate-related risks across agencies and economic sectors.

In December 2015, the United States and 195 other countries reached an agreement (the "Paris Agreement") during the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change, a long-term, international framework convention designed to address climate change over the next several decades. Although the United States had withdrawn from the Paris Agreement in November 2020, President Biden has signed executive orders to reenter the Paris Agreement and calling on the federal government to develop the United States' emissions reduction target. The impacts of President Biden's executive orders and the terms of any laws or regulations promulgated to implement the United States' commitment under the Paris Agreement are uncertain at this time. However, any efforts to control and/or reduce GHG emissions by the United States or other countries, or concerted conservation efforts that result in reduced consumption, could adversely impact demand for our products and, in turn, our financial position and results of operations.

Many studies have discussed the relationship between GHG emissions and climate change. One consequence of climate change noted in many of these reports is the increased severity of extreme weather, such as increased hurricanes and floods. Such events could adversely affect our operations through water damage, powerful winds or increased costs for insurance. Further, there have been recent efforts by members of the general financial and investment communities, such as investment advisors, sovereign wealth funds, public pension funds, universities and other groups, to divest themselves and to promote the divestment of securities issued by companies involved in the fossil fuel market. These entities also have been pressuring lenders to limit financing available to such companies. These efforts may adversely affect the market for our securities and our ability to access capital and financial markets in the future.

Water

The U.S. Federal Water Pollution Control Act, as amended, (the "Clean Water Act"), and analogous state laws, impose restrictions and strict controls regarding the discharge of pollutants into navigable waters of the United States ("WOTUS"). The definition of WOTUS has been subject to repeated change in recent years, and the new presidential administration may propose a revised definition of WOTUS. Federal and state regulatory agencies can impose administrative, civil and/or criminal penalties for non-compliance with discharge permits or other requirements of the Clean Water Act, and can also pursue injunctive relief to enforce compliance with the Clean Water Act and analogous laws. Spill prevention control and countermeasure requirements of federal and state laws require containment to mitigate or prevent contamination of waters in the event of a refined product overflow, rupture, or leak from above-ground pipelines and storage tanks. The Clean Water Act also requires us to maintain spill prevention control and countermeasure plans at our terminal facilities with above-ground storage tanks and pipelines.

The U.S. Oil Pollution Act of 1990 ("OPA 90") amended certain provisions of the Clean Water Act as they relate to the release of petroleum products into navigable waters. OPA 90 subjects owners of facilities to strict, joint and potentially unlimited liability for containment and removal costs, natural resource damages and certain other consequences of an oil spill. State laws also impose requirements relating to the prevention of oil releases and the remediation of areas. In addition, the OPA 90 requires that most fuel transport and storage companies maintain and update various oil spill prevention and oil spill contingency plans. Facilities that are adjacent to water require the engagement of Federally Certified Oil Spill Response Organizations to be available to respond to a spill on water from above ground storage tanks or pipelines.

Transportation and storage of refined products over and adjacent to water involves risk and potentially subjects us to strict, joint, and potentially unlimited liability for removal costs and other consequences of an oil spill where the spill is into navigable waters, along shorelines or in the exclusive economic zone of the United States. In the event of an oil spill into navigable waters, substantial liabilities could be imposed upon us. The Clean Water Act imposes restrictions and strict controls regarding the discharge of pollutants into navigable waters, with the potential of substantial liability for the violation of permits or permitting requirements.

Other Government Regulation

The Petroleum Marketing Practices Act (the "PMPA") is a federal law that governs the relationship between a refiner and a distributor, as well as between a distributor and branded dealer, pursuant to which the refiner or distributor permits a distributor or dealer to use a trademark in connection with the sale or distribution of motor fuel. Under the PMPA, we may not terminate or fail to renew a branded distributor contract, unless certain enumerated preconditions or grounds for termination or nonrenewal are met and we also comply with the prescribed notice requirements. Additionally, we are subject to state petroleum franchise laws as well as laws specific to gasoline retailers and dealers, including state laws that regulate our relationships with third parties to whom we lease sites and supply motor fuels. Finally, we are subject to laws regarding fuel standards. For more information, see "We are subject to federal laws related to the Renewable Fuel Standard" and "We are subject to federal, state and local laws and regulations that govern the product quality specifications of refined petroleum products we purchase, store, transport, and sell to our distribution customers" in "Item 1A. Risk Factors" in this Annual Report on Form 10-K.

Employee Safety

We are subject to the requirements of the Occupational Safety and Health Act ("OSHA") and comparable state statutes that regulate the protection of the health and safety of workers. In addition, OSHA's hazard communication standards require that information be maintained about hazardous materials used or produced in operations and that this information be provided to employees, state and local government authorities and citizens. We believe that we are in substantive compliance with the applicable OSHA requirements.

Store Operations

Our remaining retail locations are subject to regulation by federal agencies and to licensing and regulations by state and local health, sanitation, safety, fire and other departments relating to the development and operation of convenience stores, including regulations related to zoning and building requirements and the preparation and sale of food.

Our operations are also subject to federal and state laws governing such matters as wage rates, overtime, working conditions and citizenship requirements. At the federal level, there are proposals under consideration from time to time to increase minimum wage rates.

Human Capital Management

As of December 31, 2020, we employed an aggregate of 2,282 employees, 257 of which are represented by labor unions. We and our subsidiaries believe that our relations with our employees are good.

In order to accomplish our objectives, we must continue to attract and retain top talent. We seek to accomplish this by fostering a culture that is guided by our ethics and principles, that respects all people and cultures, and that focuses on health and safety.

Ethics and Principles. We are committed to operating our business in a manner that honors and respects all people and the communities in which we do business. We recognize that people are our most valued resource, and we are committed to hiring and investing in employees who strive for excellence and live by our core values: working safely, corporate stewardship, ethics and integrity, entrepreneurial mindset, our people, excellence and results, and social responsibility. We value our employees for what they bring to our organization by embracing those from all backgrounds, cultures, and experiences. We also believe that the keys to our success have been the cultivation of an atmosphere of inclusion and respect within our family of partnerships and sustaining organizations that promote diversity and provide support across all communities. These are the principles upon which we build and strengthen relationships among our people, our stakeholders, and those within the communities we support.

Respecting All People and All Cultures. We believe strict adherence to our Code of Business Conduct and Ethics is not only right, but is in the best interest of the Partnership, its unitholders, its customers, and the industry in general. The Partnership's policies require that business be conducted in a lawful and ethical manner at all times. Every employee acting on behalf of the Partnership must adhere to these policies. Please refer to “Item 10. Directors, Executive Officers and Corporate Governance” for additional information on our Code of Business Conduct and Ethics.

Commitment to Safety. Sunoco’s goal is operational excellence, which means an injury and incident-free workplace. To achieve this, we strive to hire and maintain a qualified and dedicated workforce and encourage safety and safety accountability throughout our daily operations.

Our environmental, health and safety professionals provide environmental and safety training to our field representatives. This group also assists others throughout the organization in identifying continuous training for personnel, including the training that is required by applicable laws, regulations, standards, and permit conditions. Our safety standards and expectations are clearly communicated to all employees and contractors with the expectation that each individual has the obligation to make safety the highest priority. Our safety culture promotes an open environment for discovering, resolving, and sharing safety challenges. We strive to eliminate unwanted safety events through a comprehensive process that promotes leadership, employee involvement, communication, and personal responsibility to comply with standard operating procedures and regulatory requirements, effective risk reduction processes, maintaining clean facilities, contractor safety, and personal wellness.

Regarding COVID-19, as an essential business providing critical energy infrastructure and goods and services, the safety of our employees and the continued operation of our assets are our top priorities, and we will continue to operate in accordance with federal and state health guidelines and safety protocols. We have implemented several new policies and provided employee training to help maintain the health and safety of our workforce.

Item 1A. Risk Factors

Risks Related to Our Business

Results of Operations and Financial Condition

Cash distributions are not guaranteed and may fluctuate with our performance and other external factors.

Cash distributions to unitholders is principally dependent upon cash generated from operations. The amount of cash generated from operations will fluctuate from quarter to quarter based on a number of factors, some of which are beyond our control, which include, among others:

- demand for motor fuel in the markets we serve, including seasonal fluctuations in demand for motor fuel;
- competition from other companies that sell motor fuel products or have convenience stores in the market areas in which we or our commission agents or dealers operate;
- regulatory action affecting the supply of or demand for motor fuel, our operations, our existing contracts or our operating costs;
- prevailing economic conditions;
- supply, extreme weather and logistics disruptions; and
- volatility of margins for motor fuel.

In addition, the actual amount of cash we will have available for distribution will depend on other factors such as:

- the level and timing of capital expenditures we make;
- the cost of acquisitions, if any;

- our debt service requirements and other liabilities;
- fluctuations in our general working capital needs;
- reimbursements made to our General Partner and its affiliates for all direct and indirect expenses they incur on our behalf pursuant to the partnership agreement;
- our ability to borrow funds at favorable interest rates and access capital markets;
- restrictions contained in debt agreements to which we are a party;
- the level of costs related to litigation and regulatory compliance matters; and
- the amount of cash reserves established by our General Partner in its discretion for the proper conduct of our business.

If our cash flow from operations is insufficient to satisfy our needs, we cannot be certain that we will be able to obtain bank financing or access the capital markets. Further, incurring additional debt may significantly increase our interest expense and financial leverage and issuing additional limited partner interests may result in significant unitholder dilution and would increase the aggregate amount of cash required to maintain the cash distribution rate which could materially decrease our ability to pay distributions. If additional capital resources are unavailable to us, our business, financial condition, results of operations and ability to make distributions could be materially adversely affected.

The global outbreak of COVID-19 may have a material adverse effect on our operations and earnings.

The global spread of the coronavirus disease 2019 (COVID-19) has created significant volatility, uncertainty and economic disruption and has negatively impacted the global economy. In response to the pandemic, governments around the world have implemented stringent measures to help reduce the spread of the virus, including stay-at-home orders, travel restrictions and other measures. Due to reductions in economic activity, the world is experiencing reduced demand for petroleum products, including motor fuels, which has adversely affected our business.

The extent to which the COVID-19 pandemic continues to impact our business, operations and financial results depends on numerous evolving factors that we cannot accurately predict, including: the duration and scope of the pandemic; governmental, business and individuals' actions taken in response to the pandemic and the associated impact on the global economy; decreased demand for motor fuels as travel is restricted and more individuals work remotely; our ability to market our services, including as a result of travel restrictions; and the ability of our customers to pay for our services.

We face counterparty credit risks that our customers, who may be in financial distress, may delay planned projects or seek to renegotiate or terminate existing agreements. Any loss of business from our customers, which is likely to be caused by decreased demand for motor fuels and other challenges caused by the COVID-19 pandemic and lower energy prices could have a material adverse effect on our revenues and results of operations. In addition, significant price fluctuations for motor fuels as a result of the outbreak could materially affect our profitability.

Further, the effects of the COVID-19 pandemic may increase our cost of capital, make additional capital more difficult to obtain or available only on terms less favorable to us and limit our access to the capital markets. This could lead to an inability to fund capital expenditures, which could have a material impact on our operations. Further, a sustained downturn may also result in the carrying value of our goodwill or other intangible assets exceeding their fair value, which may require us to recognize an impairment to those assets.

General economic, financial, and political conditions may materially adversely affect our results of operations and financial condition.

General economic, financial, and political conditions may have a material adverse effect on our results of operations and financial condition. For example, following the election of President Biden and a Democratic majority in both houses of Congress, it is possible that our operations and the operations of the oil and gas industry may be subject to greater environmental, health, and safety restrictions. Similarly, declines in consumer confidence and/or consumer spending, changes in unemployment, significant inflationary or deflationary changes or disruptive regulatory or geopolitical events could contribute to increased volatility and diminished expectations for the economy and our markets, including the market for our goods and services, and lead to demand or cost pressures that could negatively and adversely impact our business. These conditions could affect both of our business segments.

Examples of such conditions could include:

- a general or prolonged decline in, or shocks to, regional or broader macro-economies;
- regulatory changes that could impact the markets in which we operate, such as immigration or trade reform laws or regulations prohibiting or limiting hydraulic fracturing, which could reduce demand for our goods and services or lead to pricing, currency, or other pressures; and
- deflationary economic pressures, which could hinder our ability to operate profitably in view of the challenges inherent in making corresponding deflationary adjustments to our cost structure.

The nature of these types of risks, which are often unpredictable, makes them difficult to plan for, or otherwise mitigate, and they are generally uninsurable —which compounds their potential impact on our business.

Our financial condition and results of operations are influenced by changes in the prices of motor fuel, which may adversely impact our margins, our customers' financial condition and the availability of trade credit.

Our operating results are influenced by prices for motor fuel. General economic and political conditions, acts of war or terrorism and instability in oil producing regions, particularly in the Middle East, South America, Russia and Africa could significantly impact crude oil supplies and refined product petroleum costs. Significant increases or high volatility in petroleum costs could impact consumer demand for motor fuel and convenience merchandise. Such volatility makes it difficult to predict the impact that future petroleum costs fluctuations may have on our operating results and financial condition. We are subject to dealer tank wagon pricing structures at certain locations further contributing to margin volatility. A significant change in any of these factors could materially impact both wholesale and retail fuel margins, the volume of motor fuel we distribute or sell, and overall customer traffic, each of which in turn could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

Significant increases in wholesale motor fuel prices could impact us as some of our customers may have insufficient credit to purchase motor fuel from us at their historical volumes. Higher prices for motor fuel may also reduce our access to trade credit support or cause it to become more expensive.

A significant decrease in demand for motor fuel, including increased consumer preference for alternative motor fuels or improvements in fuel efficiency, in the areas we serve would reduce our ability to make distributions to our unitholders.

Sales of refined motor fuels account for approximately 96% of our total revenues and 72% of our gross profit for the year ended December 31, 2020. A significant decrease in demand for motor fuel in the areas we serve could significantly reduce our revenues and our ability to make distributions to our unitholders. Our revenues are dependent on various trends, such as trends in commercial truck traffic, travel and tourism in our areas of operation, and these trends can change. Regulatory action, including government imposed fuel efficiency standards, may also affect demand for motor fuel. Because certain of our operating costs and expenses are fixed and do not vary with the volumes of motor fuel we distribute, our costs and expenses might not decrease ratably or at all should we experience such a reduction. As a result, we may experience declines in our profit margin if our fuel distribution volumes decrease.

Any technological advancements, regulatory changes or changes in consumer preferences causing a significant shift toward alternative motor fuels could reduce demand for the conventional petroleum based motor fuels we currently sell. Additionally, a shift toward electric, hydrogen, natural gas or other alternative-power vehicles could fundamentally change our customers' shopping habits or lead to new forms of fueling destinations or new competitive pressures.

New technologies have been developed and governmental mandates have been implemented to improve fuel efficiency, which may result in decreased demand for petroleum-based fuel. Additionally, President Biden has announced intentions to implement regulations that may, among other things, increase fuel efficiency standards and increase the prominence of zero-emission vehicles (which primarily rely on electricity, hydrogen, or other fossil-fuel alternatives). Any of these outcomes could result in fewer visits to our convenience stores or independently operated commission agents and dealer locations, a reduction in demand from our wholesale customers, decreases in both fuel and merchandise sales revenue, or reduced profit margins, any of which could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

The industries in which we operate are subject to seasonal trends, which may cause our operating costs to fluctuate, affecting our cash flow.

We rely in part on consumer travel and spending patterns, and may experience more demand for gasoline in the late spring and summer months than during the fall and winter. Travel, recreation and construction are typically higher in these months in the geographic areas in which we or our commission agents and dealers operate, increasing the demand for motor fuel that we sell and distribute. Therefore, our revenues and cash flows are typically higher in the second and third quarters of our fiscal year. As a result, our results from operations may vary widely from period to period, affecting our cash flow.

The dangers inherent in the storage and transportation of motor fuel could cause disruptions in our operations and could expose us to potentially significant losses, costs or liabilities.

We store motor fuel in underground and aboveground storage tanks. We transport the majority of our motor fuel in our own trucks, instead of by third-party carriers. Our operations are subject to significant hazards and risks inherent in transporting and storing motor fuel. These hazards and risks include, but are not limited to, traffic accidents, fires, explosions, spills, discharges, and other releases, any of which could result in distribution difficulties and disruptions, environmental pollution, governmentally-imposed fines or clean-up obligations, personal injury or wrongful death claims, and other damage to our properties and the properties of others. Any such event not covered by our insurance could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

Our fuel storage terminals are subject to operational and business risks which may adversely affect our financial condition, results of operations, cash flows and ability to make distributions to our unitholders.

Our fuel storage terminals are subject to operational and business risks, the most significant of which include the following:

- our inability to renew a ground lease for certain of our fuel storage terminals on similar terms or at all;
- our dependence on third parties to supply our fuel storage terminals;
- outages at our fuel storage terminals or interrupted operations due to weather-related or other natural causes;
- the threat that the nation’s terminal infrastructure may be a future target of terrorist organizations;
- the volatility in the prices of the products stored at our fuel storage terminals and the resulting fluctuations in demand for our storage services;
- the effects of a sustained recession or other adverse economic conditions;
- the possibility of federal and/or state regulations that may discourage our customers from storing gasoline, diesel fuel, ethanol and jet fuel at our fuel storage terminals or reduce the demand by consumers for petroleum products;
- competition from other fuel storage terminals that are able to supply our customers with comparable storage capacity at lower prices; and
- climate change legislation or regulations that restrict emissions of greenhouse gases ("GHGs") could result in increased operating and capital costs and reduced demand for our storage services.

The occurrence of any of the above situations, among others, may affect operations at our fuel storage terminals and may adversely affect our business, financial condition, results of operations, cash flows and ability to make distributions to our unitholders.

Negative events or developments associated with our branded suppliers could have an adverse impact on our revenues.

We believe that the success of our operations is dependent, in part, on the continuing favorable reputation, market value, and name recognition associated with the motor fuel brands sold at our convenience stores and at stores operated by our independent, branded dealers and commission agents. Erosion of the value of those brands could have an adverse impact on the volumes of motor fuel we distribute, which in turn could have a material adverse effect on our business, financial condition, results of operations and ability to make distributions to our unitholders.

Severe weather could adversely affect our business by damaging our suppliers’ or our customers’ facilities or communications networks.

A substantial portion of our wholesale distribution and retail networks are located in regions susceptible to severe storms, including hurricanes. A severe storm could damage our facilities or communications networks, or those of our suppliers or our customers, as well as interfere with our ability to distribute motor fuel to our customers or our customers’ ability to operate their locations. If warmer temperatures, or other climate changes, lead to changes in extreme weather events, including increased frequency, duration or severity, these weather-related risks could become more pronounced. Any weather-related catastrophe or disruption could have a material adverse effect on our business, financial condition and results of operations, potentially causing losses beyond the limits of the insurance we currently carry.

The wholesale motor fuel distribution industry is characterized by intense competition and fragmentation. Failure to effectively compete could result in lower margins.

The market for distribution of wholesale motor fuel is highly competitive and fragmented, which results in narrow margins. We have numerous competitors, some of which may have significantly greater resources and name recognition than us. We rely on our ability to provide value-added, reliable services and to control our operating costs in order to maintain our margins and competitive position. If we fail to maintain the quality of our services, certain of our customers could choose alternative distribution sources and our margins could decrease. While major integrated oil companies have generally continued a strategy of limited direct retail operation and the corresponding wholesale distribution to such sites, such major oil companies could shift from this strategy and decide to distribute their own products in direct competition with us, or large customers could attempt to buy directly from the major oil companies. The occurrence of any of these events could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

The convenience store industry is highly competitive and impacted by new entrants. Failure to effectively compete could result in lower sales and lower margins.

The geographic areas in which we operate and supply independently operated commission agent and dealer locations are highly competitive and marked by ease of entry and constant change in the number and type of retailers offering products and services of the type we and our independently operated commission agents and dealers sell in our stores. Our convenience stores and the commission agents and dealer locations we supply compete with other convenience store chains, independently owned convenience stores, motor fuel stations, supermarkets, drugstores, discount stores, dollar stores, club stores, mass merchants and local restaurants. Over the past two decades, several non-traditional retailers, such as supermarkets, hypermarkets, club stores and mass merchants, have impacted the convenience store industry, particularly in the geographic areas in which we operate and supply, by entering the motor fuel retail business. These non-traditional motor fuel retailers have captured a significant share of the motor fuels market, and we expect their market share will continue to grow.

In some of our markets, our competitors have been in existence longer and have greater financial, marketing, and other resources than we or our independently operated commission agents and dealers do. As a result, our competitors may be able to respond better to changes in the economy and new opportunities within the industry. To remain competitive, we must constantly analyze consumer preferences and competitors' offerings and prices to ensure that we offer a selection of convenience products and services at competitive prices to meet consumer demand. We must also maintain and upgrade our customer service levels, facilities and locations to remain competitive and attract customer traffic to our stores. We may not be able to compete successfully against current and future competitors, and competitive pressures faced by us could have a material adverse effect on our business, results of operations and cash available for distribution to our unitholders.

We do not own all of the land on which our retail service stations are located, and we lease certain facilities and equipment, and we are subject to the possibility of increased costs to retain necessary land use which could disrupt our operations.

We do not own all of the land on which our retail service stations are located. We have rental agreements for approximately 38% of the partnership, commission agent or dealer operated retail service stations where we currently control the real estate. We also have rental agreements for certain logistics facilities. As such, we are subject to the possibility of increased costs under rental agreements with landowners, primarily through rental increases and renewals of expired agreements. We are also subject to the risk that such agreements may not be renewed. Additionally, certain facilities and equipment (or parts thereof) used by us are leased from third parties for specific periods. Our inability to renew leases or otherwise maintain the right to utilize such facilities and equipment on acceptable terms, or the increased costs to maintain such rights, could have a material adverse effect on our financial condition, results of operations and cash flows.

Future litigation could adversely affect our financial condition and results of operations.

We are exposed to various litigation claims in the ordinary course of our wholesale business operations, including dealer litigation and industry-wide or class-action claims arising from the products we carry, the equipment or processes we use or employ or industry-specific business practices. If we were to become subject to any such claims, our defense costs and any resulting awards or settlement amounts may not be fully covered by our insurance policies. Additionally, our retail operations are characterized by a high volume of customer traffic and by transactions involving a wide array of product selections. These operations carry a higher exposure to consumer litigation risk when compared to the operations of companies operating in many other industries. Consequently, we are frequently party to individual personal injury, bad fuel, products liability and other legal actions in the ordinary course of our business. While we believe these actions are generally routine in nature, incidental to the operation of our business and immaterial in scope, if our assessment of any action or actions should prove inaccurate our financial condition and results of operations could be adversely affected. Additionally, several fossil fuel companies have been the targets of litigation alleging, among other things, that such companies created public nuisances by producing and marketing fuels that contributed to climate change or that the companies have been aware of the adverse effects of climate change but failed to adequately disclose those impacts. While we cannot predict the likelihood of success of such suits, to the extent the plaintiffs prevail, we could face significant costs or decreased demand for our services, which could adversely affect our financial condition and results of operations.

Because we depend on our senior management's experience and knowledge of our industry, we could be adversely affected were we to lose key members of our senior management team.

We are dependent on the expertise and continued efforts of our General Partner's senior management team. If, for any reason, our senior executives do not continue to be active, our business, financial condition, or results of operations could be adversely affected. We do not maintain key man life insurance for our senior executives or other key employees.

We compete with other businesses in our market with respect to attracting and retaining qualified employees.

Our continued success depends on our ability to attract and retain qualified personnel in all areas of our business. We compete with other businesses in our market with respect to attracting and retaining qualified employees. A tight labor market, increased overtime and a higher full-time employee ratio may cause labor costs to increase. A shortage of qualified employees may require us to enhance wage and benefits packages in order to compete effectively in the hiring and retention of such employees or to hire more expensive temporary employees. No assurance can be given that our labor costs will not increase, or that such increases can be recovered through increased prices charged to customers. We are especially vulnerable to labor shortages in oil and gas drilling areas when energy prices drive higher exploration and production activity.

We are not fully insured against all risks incident to our business.

We are not fully insured against all risks incident to our business. We may be unable to obtain or maintain insurance with the coverage that we desire at reasonable rates. As a result of market conditions, the premiums and deductibles for certain of our insurance policies have increased and could continue to do so. Certain insurance coverage could become unavailable or available only for reduced amounts of coverage. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our business, financial condition, results of operations and ability to make distributions to our unitholders.

Terrorist attacks and threatened or actual war may adversely affect our business.

Our business is affected by general economic conditions and fluctuations in consumer confidence and spending, which can decline as a result of numerous factors outside of our control. Terrorist attacks or threats, whether within the United States or abroad, rumors or threats of war, actual conflicts involving the United States or its allies, or military or trade disruptions impacting our suppliers or our customers may adversely impact our operations. Specifically, strategic targets such as energy related assets (which could include refineries that produce the motor fuel we purchase, ports in which crude oil is delivered or attacks to the electrical grid) may be at greater risk of future terrorist attacks than other targets in the United States. These occurrences could have an adverse impact on energy prices, including prices for motor fuels, and an adverse impact on our operations. Any or a combination of these occurrences could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

We rely on our information technology systems to manage numerous aspects of our business, and a disruption of these systems could adversely affect our business.

We depend on our information technology ("IT") systems to manage numerous aspects of our business transactions and provide analytical information to management. Our IT systems are an essential component of our business and growth strategies, and a serious disruption to our IT systems could significantly limit our ability to manage and operate our business efficiently. These systems are vulnerable to, among other things, damage and interruption from power loss or natural disasters, computer system and network failures, loss of telecommunications services, physical and electronic loss of data, security breaches and computer viruses, which could result in a loss of sensitive business information, systems interruption or the disruption of our business operations. To protect against unauthorized access or attacks, we have implemented infrastructure protection technologies and disaster recovery plans, but there can be no assurance that a technology systems breach or systems failure will not have a material adverse effect on our financial condition or results of operations.

Our business and our reputation could be adversely affected by the failure to protect sensitive customer, employee or vendor data, whether as a result of cyber security attacks or otherwise, or to comply with applicable regulations relating to data security and privacy.

In the normal course of our business as a motor fuel, food service and merchandise retailer, we obtain large amounts of personal data, including credit and debit card information from our customers. In recent years several retailers have experienced data breaches resulting in exposure of sensitive customer data, including payment card information. While we have invested significant amounts in the protection of our IT systems and maintain what we believe are adequate security controls over individually identifiable customer, employee and vendor data provided to us, a breakdown or a breach in our systems that results in the unauthorized release of individually identifiable customer or other sensitive data could nonetheless occur and have a material adverse effect on our reputation, operating results and financial condition. Such a breakdown or breach could also materially increase the costs we incur to protect against such risks. Also, a material failure on our part to comply with regulations relating to our obligation to protect such sensitive data or to the privacy rights of our customers, employees and others could subject us to fines or other regulatory sanctions and potentially to lawsuits.

Cyber attacks are rapidly evolving and becoming increasingly sophisticated. A successful cyber attack resulting in the loss of sensitive customer, employee or vendor data could adversely affect our reputation, results of operations, financial condition and liquidity, and could result in litigation against us or the imposition of penalties. Moreover, a security breach could require that we expend significant additional resources to upgrade further the security measures that we employ to guard against cyber attacks.

We rely on our suppliers to provide trade credit terms to adequately fund our ongoing operations.

Our business is impacted by the availability of trade credit to fund fuel purchases. An actual or perceived downgrade in our liquidity or operations (including any credit rating downgrade by a rating agency) could cause our suppliers to seek credit support in the form of additional collateral, limit the extension of trade credit, or otherwise materially modify their payment terms. Any material changes in our payment terms, including early payment discounts, or availability of trade credit provided by our principal suppliers could impact our liquidity, results of operations and cash available for distribution to our unitholders.

We depend on cash flow generated by our subsidiaries.

We are a holding company with no material assets other than the equity interests in our subsidiaries. Our subsidiaries conduct all of our operations and own all of our assets. These subsidiaries are distinct legal entities and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries and our subsidiaries may not be able to, or be permitted to, make distributions to us. In the event that we do not receive distributions from our subsidiaries, we may be unable to meet our financial obligations or make distributions to our unitholders.

An impairment of goodwill and intangible assets could reduce our earnings.

As of December 31, 2020, our consolidated balance sheet reflected $1.56 billion of goodwill and $588 million of intangible assets. Goodwill is recorded when the purchase price of a business exceeds the fair value of the tangible and separately measurable intangible net assets. Generally accepted accounting principles ("GAAP") require us to test goodwill and indefinite-lived intangible assets for impairment on an annual basis or when events or circumstances occur, indicating that goodwill or indefinite-lived intangible assets might be impaired. Long-lived assets such as intangible assets with finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If we determine that any of our goodwill or intangible assets were impaired, we would be required to take an immediate charge to earnings with a correlative effect on partners' capital and balance sheet leverage as measured by debt to total capitalization. Impairment charges are allowed to be removed from our debt covenant calculations. See Note 8, "Goodwill and Other Intangible Assets" in the accompanying Notes to Consolidated Financial Statements for more information.

Acquisitions and Future Growth

If we are unable to make acquisitions on economically acceptable terms from third parties, our future growth and ability to increase distributions to unitholders will be limited.

A portion of our strategy to grow our business is dependent on our ability to make acquisitions that result in an increase in cash flow. The acquisition component of our growth strategy is based, in part, on our expectation of ongoing strategic divestitures of wholesale fuel distribution assets by industry participants. If we are unable to make acquisitions from third parties for any reason, including if we are unable to identify attractive acquisition candidates or negotiate acceptable purchase contracts, we are unable to obtain financing for these acquisitions on economically acceptable terms, we are outbid by competitors, or we or the seller are unable to obtain all necessary consents, our future growth and ability to increase distributions to unitholders will be limited. In addition, if we consummate any future acquisitions, our capitalization and results of operations may change significantly, and unitholders will not have the opportunity to evaluate the economic, financial, and other relevant information considered in determining the application of these funds and other resources. Finally, we may complete acquisitions which at the time of completion we believe will be accretive, but which ultimately may not be accretive. If any of these events were to occur, our future growth would be limited.

Integration of assets acquired in past acquisitions or future acquisitions with our existing business will be a complex, time-consuming and costly process, particularly given that assets acquired to date significantly increased our size and diversified the geographic areas in which we operate. A failure to successfully integrate the acquired assets with our existing business in a timely manner may have a material adverse effect on our business, financial condition, results of operations or cash available for distribution to our unitholders.

The difficulties of integrating past and future acquisitions with our business include, among other things:

- operating a larger combined organization in new geographic areas and new lines of business;
- hiring, training or retaining qualified personnel to manage and operate our growing business and assets;
- integrating management teams and employees into existing operations and establishing effective communication and information exchange with such management teams and employees;
- diversion of management's attention from our existing business;
- assimilation of acquired assets and operations, including additional regulatory programs;
- loss of customers or key employees;
- maintaining an effective system of internal controls in compliance with the Sarbanes-Oxley Act of 2002 as well as other regulatory compliance and corporate governance matters; and
- integrating new technology systems for financial reporting.

If any of these risks or other unanticipated liabilities or costs were to materialize, then desired benefits from past acquisitions and future acquisitions could result in a negative impact to our future results of operations. In addition, acquired assets may perform at levels below the forecasts used to evaluate them, due to factors beyond our control. If the acquired assets perform at levels below the forecasts, then our future results of operations could be negatively impacted.

Also, our reviews of proposed business or asset acquisitions are inherently imperfect because it is generally not feasible to perform an in-depth review of each such proposal given time constraints imposed by sellers. Even if performed, a detailed review of assets and businesses may not reveal existing or potential problems, and may not provide sufficient familiarity with such business or assets to fully assess their deficiencies and potential. Inspections may not be performed on every asset, and environmental problems, such as groundwater contamination, may not be observable even when an inspection is undertaken.

Acquisitions are subject to substantial risks that could adversely affect our financial condition and results of operations and reduce our ability to make distributions to unitholders.

Any acquisitions involve potential risks, including, among others:

- the validity of our assumptions about revenues, capital expenditures and operating costs of the acquired business or assets, as well as assumptions about achieving synergies with our existing business;
- the validity of our assessment of environmental and other liabilities, including legacy liabilities;
- the costs associated with additional debt or equity capital, which may result in a significant increase in our interest expense and financial leverage resulting from any additional debt incurred to finance the acquisition, or the issuance of additional common units on which we will make distributions, either of which could offset the expected accretion to our unitholders from such acquisition and could be exacerbated by volatility in the equity or debt capital markets;
- a failure to realize anticipated benefits, such as increased available cash per unit, enhanced competitive position or new customer relationships;
- a decrease in our liquidity by using a significant portion of our available cash or borrowing capacity to finance the acquisition;
- the incurrence of other significant charges, such as impairment of goodwill or other intangible assets, asset devaluation or restructuring charges; and
- the risk that our existing financial controls, information systems, management resources and human resources will need to grow to support future growth and we may not be able to react timely.

Regulatory Matters

Our operations are subject to federal, state and local laws and regulations pertaining to environmental protection and operational safety that may require significant expenditures or result in liabilities that could have a material adverse effect on our business.

Our business is subject to various federal, state and local environmental laws and regulations, including those relating to terminals, underground storage tanks, the release or discharge of regulated materials into the air, water and soil, the generation, storage, handling, use, transportation and disposal of hazardous materials, the exposure of persons to regulated materials, and the health and safety of our employees. A violation of, liability under, or noncompliance with these laws and regulations, or any future environmental law or regulation, could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

Regulations under the Federal Water Pollution Control Act of 1972 (the “Clean Water Act”), the Oil Pollution Act of 1990 (“OPA 90”) and state laws impose regulatory burdens on terminal operations. Spill prevention control and countermeasure requirements of federal and state laws require containment to mitigate or prevent contamination of waters in the event of a refined product overflow, rupture, or leak from above-ground pipelines and storage tanks. The Clean Water Act also requires us to maintain spill prevention control and countermeasure plans at our terminal facilities with above-ground storage tanks and pipelines. In addition, OPA 90 requires that most fuel transport and storage companies maintain and update various oil spill prevention and oil spill contingency plans. Facilities that are adjacent to water require the engagement of Federally Certified Oil Spill Response Organizations to be available to respond to a spill on water from above ground storage tanks or pipelines.

Transportation and storage of refined products over and adjacent to water involves risk and potentially subjects us to strict, joint, and potentially unlimited liability for removal costs and other consequences of an oil spill where the spill is into navigable waters, along shorelines or in the exclusive economic zone of the United States. In the event of an oil spill into navigable waters, substantial liabilities could be imposed upon us. The Clean Water Act imposes restrictions and strict controls regarding the discharge of pollutants into navigable waters, with the potential of substantial liability for the violation of permits or permitting requirements.

Terminal operations and associated facilities are subject to the Clean Air Act ("Clean Air Act") as well as comparable state and local statutes. Under these laws, permits may be required before construction can commence on a new source of potentially significant air emissions, and operating permits may be required for sources that are already constructed. If regulations become more stringent, additional emission control technologies may be required at our facilities. Any such future obligation could require us to incur significant additional capital or operating costs. For example, President Biden has announced that he intends to pursue substantial reductions in GHG emissions, particularly from the oil and gas sector.

Terminal operations are subject to additional programs and regulations under the Occupational Safety and Health Act (“OSHA”). Liability under, or a violation of compliance with, these laws and regulations, or any future laws or regulations, could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

Certain environmental laws, including the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), impose strict, and under certain circumstances, joint and several, liability on the current and former owners and operators of properties for the costs of investigation and removal or remediation of contamination and also impose liability for any related damages to natural resources without regard to fault. Under CERCLA and similar state laws, as persons who arrange for the transportation, treatment, and disposal of hazardous substances, we may also be subject to liability at sites where such hazardous substances come to be located. We may be subject to third-party claims alleging property damage and/or personal injury in connection with releases of or exposure to hazardous substances at, from, or in the vicinity of our current or former properties or off-site waste disposal sites. Costs associated with the investigation and remediation of contamination, as well as associated third-party claims, could be substantial, and could have a material adverse effect on our business, financial condition, results of operations and our ability to service our outstanding indebtedness. In addition, the presence of, or failure to remediate, identified or unidentified contamination at our properties could materially and adversely affect our ability to sell or rent such property or to borrow money using such property as collateral.

We are required to make financial expenditures to comply with regulations governing underground storage tanks as adopted by federal, state and local regulatory agencies. Compliance with existing and future environmental laws regulating underground storage tank systems of the kind we use may require significant capital expenditures. [For example, the EPA has previously published rules that amend existing federal underground storage tank rules, requiring certain upgrades to underground storage tanks and related piping to further ensure the detection, prevention, investigation, and remediation of leaks and spills.]

The Clean Air Act and similar state laws impose requirements on emissions from motor fueling activities in certain areas of the country, including those that do not meet state or national ambient air quality standards. These laws may require the installation of vapor recovery systems to control emissions of volatile organic compounds during the motor fueling process. While we believe we are in material compliance with all applicable regulatory requirements with respect to underground storage tank systems of the kind we use, regulatory requirements may become more stringent or apply to an increased number of underground storage tanks in the future, which would require additional, potentially material, expenditures.

We are required to comply with federal and state financial responsibility requirements to demonstrate that we have the ability to pay for cleanups or to compensate third parties for damages incurred as a result of a release of regulated materials from our underground storage tank systems. We seek to comply with these requirements by maintaining insurance that we purchase from private insurers and in certain circumstances, rely on applicable state trust funds, which are funded by underground storage tank registration fees and taxes on wholesale purchases of motor fuels. Coverage afforded by each fund varies and is dependent upon the continued maintenance and solvency of each fund.

We are responsible for investigating and remediating contamination at a number of our current and former properties. We are entitled to reimbursement for certain of these costs under various third-party contractual indemnities and insurance policies, subject to eligibility requirements, deductibles, per incident, annual and aggregate caps. To the extent third parties (including insurers) do not pay for investigation and remediation, and/or insurance is not available, we will be obligated to make these additional payments, which could have a material adverse impact on our business, liquidity, results of operations and cash available for distribution to our unitholders.

We believe we are in material compliance with applicable environmental requirements; however, we cannot ensure that violations of these requirements will not occur in the future. Although we have a comprehensive environmental, health, and safety program, we may not have identified all environmental liabilities at all of our current and former locations; material environmental conditions not known to us may exist; existing and future laws, ordinances or regulations may impose material environmental liability or compliance costs on us; or we may be required to make material environmental expenditures for remediation of contamination that has not been discovered at existing locations or locations that we may acquire.

The occurrence of any of the events described above could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

Our operations are subject to a series of risks related to climate change.

The threat of climate change continues to attract considerable attention in the United States and in foreign countries. In the United States to date, no comprehensive climate change legislation has been implemented at the federal level. However, President Biden has announced that climate change will be a focus of his administration. On January 27, he issued an executive order calling for substantial action on climate change, including, among other things, the increased use of zero-emissions vehicles by the federal government, the elimination of subsidies provided to the fossil fuel industry, and increased emphasis on climate-related risks across agencies and economic sectors. Additionally, federal regulators, state and local governments, and private parties have taken (or announced that they plan to take) actions related to climate change that have or may have a significant impact on our operations. For example, in response to findings that emissions of carbon dioxide, methane and other GHGs endanger public health and the environment, the EPA has adopted regulations under existing provisions of the Clean Air Act that, among other things, establish PSD construction and Title V operating permit reviews for certain large stationary sources that are already potential major sources of certain principal, or criteria, pollutant emissions. Facilities required to obtain PSD permits for their GHG emissions also will be required to meet “best available control technology” standards that will be established by the states or, in some cases, by the EPA for those emissions. The EPA has also adopted rules requiring the monitoring and reporting of GHG emissions from certain sources in the United States on an annual basis, including certain of our operations; moreover, President Biden signed an executive order on January 20, 2021 that, among other things, calls for the establishment of new or more stringent emissions standards for methane and volatile organic compounds from new, modified, and existing oil and gas facilities, including the transmission and storage segments.

Internationally, the United Nations-sponsored “Paris Agreement” requires member states to individually determine and submit non-binding emissions reduction targets every five years after 2020. Although the United States had withdrawn from the Paris Agreement in November 2020, President Biden has signed executive orders to re-enter the Paris Agreement and calling on the federal government to develop the United States' emissions reduction target. The impacts of President Biden’s executive orders and the terms of any laws or regulations promulgated to implement the United States’ commitment under the Paris Agreement, are uncertain at this time. Increasingly, fossil fuel companies are also exposed to litigation risks from climate change.

Additionally, in response to concerns related to climate change, companies in the fossil fuel sector may be exposed to increasing financial risks. Financial institutions, including investment advisors and certain sovereign wealth, pension, and endowment funds, may elect in the future to shift some or all of their investment into non-fossil fuel related sectors. Institutional lenders who provide financing to fossil-fuel energy companies have also become more attentive to sustainable lending practices, and some of them may elect in future not to provide funding for fossil fuel energy companies. There is also a risk that financial institutions will be required to adopt policies that have the effect of reducing the funding provided to the fossil fuel sector. Recently, President Biden signed an executive order calling for the development of a "climate finance plan," and, separately, the Federal Reserve announced that it has joined the Network for Greening the Financial System, a consortium of financial regulators focused on addressing climate-related risks in the financial sector. A material reduction in the capital available to the fossil fuel industry could make it more difficult to secure funding for exploration, development, production, transportation, and processing activities, which could in turn reduce demand for our services adversely impact our financial performance.

We are subject to federal laws related to the Renewable Fuel Standard.

New laws, new interpretations of existing laws, increased governmental enforcement of existing laws or other developments could require us to make additional capital expenditures or incur additional liabilities. For example, at times, certain independent refiners have initiated discussions with the EPA to change the way the Renewable Fuel Standard (“RFS”) is administered in an attempt to shift the burden of compliance from refiners and importers to blenders and distributors. Under the RFS, which requires an annually increasing amount of biofuels to be blended into the fuels used by U.S. drivers, refiners/importers are obligated to obtain renewable identification numbers (“RINS”) either by blending biofuel into gasoline or through purchase in the open market. If the obligation was shifted from the importer/refiner to the blender/distributor, the Partnership would potentially have to utilize the RINS it obtains through its blending activities to satisfy a new obligation and would be unable to sell RINS to other obligated parties, which may cause an impact on the fuel margins associated with the Partnership’s sale of gasoline.

The occurrence of any of the events described above could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

We are subject to federal, state and local laws and regulations that govern the product quality specifications of refined petroleum products we purchase, store, transport, and sell to our distribution customers.

Various federal, state, and local government agencies have the authority to prescribe specific product quality specifications for certain commodities, including commodities that we distribute. Changes in product quality specifications, such as reduced sulfur content in refined petroleum products, or other more stringent requirements for fuels, could reduce our ability to procure product, require us to incur additional handling costs and/or require the expenditure of capital. If we are unable to procure product or recover these costs through increased selling price, we may not be able to meet our financial obligations. Failure to comply with these regulations could result in substantial penalties.

The swaps regulatory provisions of the Dodd-Frank Act and the rules adopted thereunder could have an adverse effect on our ability to use derivative instruments to mitigate the risks of changes in commodity prices and interest rates and other risks associated with our business.

Provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") and rules adopted by the Commodity Futures Trading Commission (the "CFTC"), the SEC and other prudential regulators establish federal regulation of the physical and financial derivatives, including over-the-counter derivatives market and entities, such as us, participating in that market. While most of these regulations are already in effect, the implementation process is still ongoing and the CFTC continues to review and refine its initial rulemakings through additional interpretations and supplemental rulemakings. As a result, any new regulations or modifications to existing regulations could significantly increase the cost of derivative contracts, materially alter the terms of derivative contracts, reduce the availability and/or liquidity of derivatives to protect against risks we encounter, reduce our ability to monetize or restructure our existing derivative contracts, and increase our exposure to less creditworthy counterparties. Any of these consequences could have a material adverse effect on our financial condition, results of operations and cash available for distribution to our unitholders.

The CFTC has re-proposed speculative position limits for certain futures and option contracts in the major energy markets and for swaps that are their economic equivalents, although certain bona fide hedging transactions would be exempt from these position limits provided that various conditions are satisfied. The CFTC has also finalized a related aggregation rule that requires market participants to aggregate their positions with certain other persons under common ownership and control, unless an exemption applies, for purposes of determining whether the position limits have been exceeded. If adopted, the revised position limits rule and its finalized companion rule on aggregation may create additional implementation or operational exposure. In addition to the CFTC federal speculative position limit regime, designated contract markets ("DCMs") also maintain speculative position limit and accountability regimes with respect to contracts listed on their platform as well as aggregation requirements similar to the CFTC's final aggregation rule. Any speculative position limit regime, whether imposed at the federal-level or at the DCM-level may impose added operating costs to monitor compliance with such position limit levels, addressing accountability level concerns and maintaining appropriate exemptions, if applicable.

The Dodd-Frank Act requires that certain classes of swaps be cleared on a derivatives clearing organization and traded on a DCM or other regulated exchange, unless exempt from such clearing and trading requirements, which could result in the application of certain margin requirements imposed by derivatives clearing organizations and their members. The CFTC and prudential regulators have also adopted mandatory margin requirements for uncleared swaps entered into between swap dealers and certain other counterparties. We currently qualify for and rely upon an end-user exception from such clearing and margin requirements for the swaps we enter into to hedge our commercial risks. However, the application of the mandatory clearing and trade execution requirements and the uncleared swaps margin requirements to other market participants, such as swap dealers, may adversely affect the cost and availability of the swaps that we use for hedging.

In addition to the Dodd-Frank Act, the European Union and other foreign regulators have adopted and are implementing local reforms generally comparable with the reforms under the Dodd-Frank Act. Implementation and enforcement of these regulatory provisions may reduce our ability to hedge our market risks with non-U.S. counterparties and may make transactions involving cross-border swaps more expensive and burdensome. Additionally, the lack of regulatory equivalency across jurisdictions may increase compliance costs and make it more difficult to satisfy our regulatory obligations.

<u>Indebtedness</u>

Our future debt levels may impair our financial condition and our ability to make distributions to our unitholders.

We had $3.1 billion of debt outstanding as of December 31, 2020. We have the ability to incur additional debt under our revolving credit facility and the indentures governing our senior notes. The level of our future indebtedness could have important consequences to us, including:

- making it more difficult for us to satisfy our obligations with respect to our senior notes and our credit agreements governing our revolving credit facility and term loan;
- limiting our ability to borrow additional amounts to fund working capital, capital expenditures, acquisitions, debt service requirements, the execution of our growth strategy and other activities;
- requiring us to dedicate a substantial portion of our cash flow from operations to pay interest on our debt, which would reduce our cash flow available to make distributions to our unitholders and to fund working capital, capital expenditures, acquisitions, execution of our growth strategy and other activities;
- making us more vulnerable to adverse changes in general economic conditions, our industry and government regulations and in our business by limiting our flexibility in planning for, and making it more difficult for us to react quickly to, changing conditions; and
- placing us at a competitive disadvantage compared with our competitors that have less debt.

In addition, we may not be able to generate sufficient cash flow from our operations to repay our indebtedness when it becomes due and to meet other cash needs. Our ability to service our debt depends upon, among other things, our financial and operating performance as impacted by prevailing economic conditions, and financial, business, regulatory and other factors, some of which are beyond our control. In addition, our ability to service our debt will depend on market interest rates, since the rates applicable to a portion of our borrowings fluctuate. If we are not able to pay our debts as they become due, we will be required to pursue one or more alternative strategies, such as selling assets, refinancing or restructuring our indebtedness or selling additional debt or equity securities. We may not be able to refinance our debt or sell additional debt or equity securities or our assets on favorable terms, if at all, and if we must sell our assets, it may negatively affect our ability to generate revenues.

Changes in LIBOR reporting practices or the method in which LIBOR is determined may adversely affect the market value of our current or future debt obligations, including our revolving credit facility.

As of February 14, 2021, we had outstanding approximately $375 million of debt that bears interest at variable interest rates that use the London Interbank Offered Rate (“LIBOR”) as a benchmark rate. Due to the perceived structural risks inherent in unsecured benchmark rates such as LIBOR, in July 2014, the Financial Stability Board ("FSB") recommended developing alternative, near risk-free reference rates. In response to the recommendation put forth by the FSB, the Board of Governors of the Federal Reserve System and the Federal Reserve Bank of New York convened the Alternative Reference Rates Committee (“ARRC”) to identify alternatives to LIBOR. In June 2017, the ARRC selected the secured overnight financing rate ("SOFR") as the preferred alternative reference rate to LIBOR. In July 2017, the U.K.’s Financial Conduct Authority ("FCA"), which oversees the LIBOR submission process for all currencies and regulates the authorized administrator of LIBOR, ICE Benchmark Administration ("IBA"), announced that it intends to stop persuading or compelling London banks to make these rate submissions after 2021. The cessation date for compulsory submission and publication of rates for certain tenors of LIBOR has since been extended by the IBA and FCA until June 2023. Additionally, the ARRC has published a series of principles for LIBOR fallback contract language which include a methodology for determining fallback rates, which are primarily comprised of SOFR as the replacement benchmark and a replacement benchmark spread.

It is unclear whether certain LIBOR tenors that continue to be reported beyond 2021 will be considered representative or whether SOFR as the identified successor benchmark rate will attain market acceptance as a replacement for LIBOR. It is not possible to predict the further effect of the rules, recommendations or administrative practices of the FCA, IBA or ARRC, any changes in the methods by which LIBOR is determined or any other reforms to LIBOR that may be enacted in the United Kingdom, the European Union or elsewhere. Any such developments may cause LIBOR to perform differently than in the past, or cease to exist. In addition, any other legal or regulatory changes made by the FCA, the European Commission or any other successor governance or oversight body, or future changes adopted by such body, in the method by which LIBOR is determined or the change from LIBOR to an alternative benchmark rate may result in, among other things, a sudden or prolonged increase or decrease in LIBOR, a delay in the publication of LIBOR, and changes in the rules or methodologies in LIBOR, which may discourage market participants from continuing to administer or to participate in LIBOR’s determination, and, in certain situations, could result in LIBOR no longer being determined and published.

The adoption of SOFR, or any other alternative benchmark rate, may result in interest obligations which are more than or do not otherwise correlate over time with the payments that would have been made on such debt if U.S. dollar LIBOR was available in its current form. Further, the same costs and risks that may lead to the discontinuation or unavailability of U.S. dollar LIBOR may make one or more of the alternative methods impossible or impracticable to determine. Use of SOFR as an alternative benchmark rate and/or as a replacement for LIBOR could affect our debt securities, derivative instruments, receivables, debt payments and receipts. At this time, it is not possible to predict the effect of the establishment of any alternative benchmark rate(s). Any new benchmark rate will likely not replicate LIBOR exactly, and any changes to benchmark rates may have an uncertain impact on our cost of funds and our access to the capital markets. Any of these proposals or consequences could have a material adverse effect on our financing costs.

Increases in interest rates could reduce the amount of cash we have available for distributions as well as the relative value of those distributions to yield-oriented investors, which could cause a decline in the market value of our common units.

We did not have any outstanding indebtedness as of December 31, 2020 that bears interest at variable interest rates. However, we may incur variable interest rate debt in the future, including borrowings under our revolving credit facility. Should variable interest rates rise, the amount of cash we would otherwise have available for distribution would ordinarily be expected to decline, which could impact our ability to maintain or grow our quarterly distributions. Additionally, an increase in interest rates in lower risk investment alternatives, such as United States treasury securities, could cause investors to demand a relatively higher distribution yield on our common units, which, unless we are able to raise our distribution, would imply a lower trading price for our common units. Consequently, rising interest rates could cause a significant decline in the market value of our common units.

Our existing debt agreements have substantial restrictions and financial covenants that may restrict our business and financing activities and our ability to pay distributions to our unitholders.

We are dependent upon the earnings and cash flow generated by our operations in order to meet our debt service obligations and to allow us to make cash distributions to our unitholders. The operating and financial restrictions and covenants in our credit agreement, the indentures governing our senior notes and any future financing agreements may restrict our ability to finance future operations or capital needs, to engage in or expand our business activities or to pay distributions to our unitholders. For example, our credit agreement and the indentures governing our senior notes restrict our ability to, among other things:

- incur certain additional indebtedness;
- incur, permit, or assume certain liens to exist on our properties or assets;
- make certain investments or enter into certain restrictive material contracts;
- repurchase units; and
- merge or dispose of all or substantially all of our assets.

In addition, our credit agreement contains covenants requiring us to maintain certain financial ratios. See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources” for additional information.

Our future ability to comply with these restrictions and covenants is uncertain and will be affected by the levels of cash flow from our operations and other events or circumstances beyond our control. If market or other economic conditions deteriorate, our ability to comply with these covenants may be impaired. If we violate any provisions of our credit agreement or the indentures governing our senior notes that are not cured or waived within the appropriate time period provided therein, a significant portion of our indebtedness may become immediately due and payable, our ability to make distributions to our unitholders will be inhibited and our lenders’ commitment to make further loans to us may terminate. We might not have, or be able to obtain, sufficient funds to make these accelerated payments.

Risks Related to Our Structure

Our General Partner

ETO owns and controls our General Partner, which has sole responsibility for conducting our business and managing our operations. Our General Partner and its affiliates, including ETO and ET, have conflicts of interest with us and limited contractual duties and they may favor their own interests to the detriment of us and our unitholders.

ETO owns and controls our General Partner and appoints all of the officers and directors of our General Partner. Although our General Partner has a contractual obligation to manage us in a manner it believes is not adverse to us, the executive officers and directors of our General Partner also have a contractual duty to manage our General Partner in a manner beneficial to ETO. Therefore, conflicts of interest may arise between ETO and its affiliates, including our General Partner, on the one hand, and us and our unitholders, on the other hand. In resolving these conflicts of interest, our General Partner may favor its own interests and the interests of its affiliates over the interests of our common unitholders. These conflicts include the following situations, among others:

- Our General Partner’s affiliates, including ETO, ET and its affiliates, are not prohibited from engaging in other business or activities, including those in direct competition with us.
- In addition, neither our partnership agreement nor any other agreement requires ETO to pursue a business strategy that favors us. The affiliates of our General Partner have contractual duties to make decisions in their own best interests and in the best interest of their owners, which may be contrary to our interests. In addition, our General Partner is allowed to take into account the interests of parties other than us or our unitholders, such as ETO, in resolving conflicts of interest.
- Certain officers and directors of our General Partner are officers or directors of affiliates of our General Partner, and also devote significant time to the business of these entities and are compensated accordingly.
- Affiliates of our General Partner, including ETO, are not limited in their ability to compete with us and may offer business opportunities or sell assets to parties other than us.
- Our partnership agreement provides that our General Partner may, but is not required to, in connection with its resolution of a conflict of interest, seek “special approval” of such resolution by appointing a conflicts committee of the General Partner’s board of directors composed of one or more independent directors to consider such conflicts of interest and to either, itself, take action or recommend action to the board of directors, and any resolution of the conflict of interest by the conflicts committee shall be conclusively deemed to be approved by our unitholders.
- Except in limited circumstances, our General Partner has the power and authority to conduct our business without unitholder approval.

- Our General Partner determines the amount and timing of asset purchases and sales, borrowings, repayment of indebtedness and issuances of additional partnership securities and the level of reserves, each of which can affect the amount of cash that is distributed to our unitholders.
- Our General Partner determines the amount and timing of any capital expenditure and whether a capital expenditure is classified as a maintenance capital expenditure or an expansion capital expenditure. These determinations can affect the amount of cash that is distributed to our unitholders.
- Our General Partner may cause us to borrow funds in order to permit the payment of cash distributions, even if the purpose or effect of the borrowing is to make incentive distributions on the incentive distribution rights.
- Our partnership agreement permits us to distribute up to $25 million as operating surplus, even if it is generated from asset sales, non-working capital borrowings or other sources that would otherwise constitute capital surplus. This cash may be used to fund distributions on the incentive distribution rights.
- Our General Partner determines which costs incurred by it and its affiliates are reimbursable by us.
- Our partnership agreement does not restrict our General Partner from causing us to pay it or its affiliates for any services rendered to us or entering into additional contractual arrangements with its affiliates on our behalf. There is no limitation on the amounts our General Partner can cause us to pay it or its affiliates.
- Our General Partner has limited its liability regarding our contractual and other obligations.
- Our General Partner may exercise its right to call and purchase common units if it and its affiliates own more than 80% of the common units.
- Our General Partner controls the enforcement of obligations owed to us by it and its affiliates. In addition, our General Partner will decide whether to retain separate counsel or others to perform services for us.
- ETO may elect to cause us to issue common units to it in connection with a resetting of the target distribution levels related to ETO's incentive distribution rights without the approval of the conflicts committee of the board of directors of our General Partner or our unitholders. This election may result in lower distributions to our common unitholders in certain situations.

Our General Partner has limited its liability regarding our obligations.

Our General Partner has limited its liability under contractual arrangements so that the counterparties to such arrangements have recourse only against our assets, and not against our General Partner or its assets. Our General Partner may therefore cause us to incur indebtedness or other obligations that are nonrecourse to our General Partner. Our partnership agreement provides that any action taken by our General Partner to limit its liability is not a breach of our General Partner's contractual duties to us, even if we could have obtained more favorable terms without the limitation on liability. In addition, we are obligated to reimburse or indemnify our General Partner to the extent that it incurs obligations on our behalf. Any such reimbursement or indemnification payments would reduce the amount of cash otherwise available for distribution to our unitholders.

Our General Partner may, in its sole discretion, approve the issuance of partnership securities and specify the terms of such partnership securities.

Pursuant to our partnership agreement, our General Partner has the ability, in its sole discretion and without the approval of our unitholders, to approve the issuance of securities by the Partnership at any time and to specify the terms and conditions of such securities. The securities authorized to be issued may be issued in one or more classes or series, with such designations, preferences, rights, powers and duties (which may be senior to existing classes and series of partnership securities), as shall be determined by our General Partner, including:

- the right to share in the Partnership's profits and losses;
- the right to share in the Partnership's distributions;
- the rights upon dissolution and liquidation of the Partnership;
- whether, and the terms upon which, the Partnership may redeem the securities;
- whether the securities will be issued, evidenced by certificates and assigned or transferred; and
- the right, if any, of the security to vote on matters relating to the Partnership, including matters relating to the relative rights, preferences and privileges of such security.

Cost reimbursements due to our General Partner and its affiliates for services provided to us or on our behalf will reduce cash available for distribution to our unitholders. The amount and timing of such reimbursements will be determined by our General Partner.

Prior to making any distribution on the common units, we will reimburse our General Partner and its affiliates for all expenses they incur and payments they make on our behalf pursuant to our partnership agreement. Our partnership agreement does not limit the amount of expenses for which our General Partner and its affiliates may be reimbursed. Our partnership agreement provides that our General Partner will determine in good faith the expenses that are allocable to us. Reimbursement of expenses and payment of fees to our General Partner and its affiliates will reduce the amount of cash available to pay distributions to our unitholders.

Our Partnership Agreement

Our partnership agreement requires that we distribute all of our available cash, which could limit our ability to grow and make acquisitions.

Our partnership agreement requires that we distribute all of our available cash to our unitholders. Our General Partner will determine the amount and timing of such distributions and has broad discretion to establish and make additions to our reserves in amounts it determines in its reasonable discretion to be necessary or appropriate. As such, we rely primarily upon external financing sources, including borrowings under our revolving credit facility and the issuance of debt and equity securities, to fund our acquisitions and expansion capital requirements. To the extent we are unable to finance growth externally, our cash distribution policy may significantly impair our ability to grow.

In addition, because we distribute all of our available cash, our growth rate may not be as fast as that of businesses that reinvest their available cash to expand ongoing operations. To the extent we issue additional units in connection with any acquisitions or expansion capital expenditures, the payment of distributions on those additional units may increase the risk that we will be unable to maintain or increase our per unit distribution level. There are no limitations in our partnership agreement on our ability to issue additional units, including units ranking senior to existing common units. The incurrence of bank borrowings or other debt to finance our growth strategy may result in increased interest expense, which, in turn, may impact the available cash that we have to distribute to our unitholders.

Our partnership agreement limits the liability and duties of our General Partner and restricts the remedies available to us and our common unitholders for actions taken by our General Partner that might otherwise constitute breaches of fiduciary duty if we were a Delaware corporation.

Our partnership agreement limits the liability and duties of our General Partner, while also restricting the remedies available to our common unitholders for actions that, without these limitations, might constitute breaches of fiduciary duty under Delaware law. Delaware partnership law permits such contractual reductions or elimination of fiduciary duty. By purchasing common units, common unitholders consent to be bound by the partnership agreement, and pursuant to our partnership agreement, each unitholder consents to various actions and conflicts of interest contemplated in our partnership agreement that might otherwise constitute a breach of fiduciary or other duties under Delaware law. For example:

- Our partnership agreement permits our General Partner to make a number of decisions in its individual capacity, as opposed to its capacity as General Partner. This entitles our General Partner to consider only the interests and factors that it desires, with no duty or obligation to give consideration to the interests of, or factors affecting, our common unitholders. Decisions made by our General Partner in its individual capacity will be made by ETO, as the owner of our General Partner, and not by the board of directors of our General Partner. Examples of such decisions include:
    - whether to exercise limited call rights;
    - how to exercise voting rights with respect to any units it owns;
    - whether to exercise registration rights; and
    - whether to consent to any merger or consolidation, or amendment to our partnership agreement.
- Our partnership agreement provides that our General Partner will not have any liability to us or our unitholders for decisions made in its capacity as General Partner so long as it acted in good faith as defined in the partnership agreement, meaning it believed that the decisions were not adverse to the interests of our partnership.
- Our partnership agreement provides that our General Partner and the officers and directors of our General Partner will not be liable for monetary damages to us for any acts or omissions unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that our General Partner or those persons acted in bad faith or, in the case of a criminal matter, acted with knowledge that such person’s conduct was criminal.
- Our partnership agreement provides that our General Partner will not be in breach of its obligations under the partnership agreement or its duties to us or our limited partners with respect to any transaction involving an affiliate if:
    - the transaction with an affiliate or the resolution of a conflict of interest is:
        - approved by the conflicts committee of the board of directors of our General Partner, although our General Partner is not obligated to seek such approval; or

- approved by the vote of a majority of the outstanding common units, excluding any common units owned by our General Partner and its affiliates; or
- the board of directors of our General Partner acted in good faith in taking any action or failing to act.

If an affiliate transaction or the resolution of a conflict of interest is not approved by our common unitholders or the conflicts committee then it will be presumed that, in making its decision, taking any action or failing to act, the board of directors acted in good faith, and in any proceeding brought by or on behalf of any limited partner or the partnership, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption.

ETO may elect to cause us to issue common units to it in connection with a resetting of the target distribution levels related to its incentive distribution rights, without the approval of the conflicts committee of our General Partner's board of directors or the holders of our common units. This could result in lower distributions to holders of our common units.

ETO has the right, at any time it has received incentive distributions at the highest level to which it is entitled (50%) for each of the prior four consecutive whole fiscal quarters (and the amount of each such did not exceed adjusted operating surplus for each such quarter), to reset the initial target distribution levels at higher levels based on our cash distributions at the time of the exercise of the reset election. Following a reset election by ETO, the minimum quarterly distribution will be adjusted to equal the reset minimum quarterly distribution, and the target distribution levels will be reset to correspondingly higher levels based on the same percentage increases above the reset minimum quarterly distribution reflected by the current target distribution levels.

If ETO elects to reset the target distribution levels, it will be entitled to receive a number of common units equal the number of common units which would have entitled their holder to an average aggregate quarterly cash distribution in the prior two quarters equal to the average of the distributions to ETO on the incentive distribution rights in the prior two quarters. We anticipate that ETO would exercise this reset right in order to facilitate acquisitions or internal growth projects that would not be sufficiently accretive to cash distributions per common unit without such conversion. It is possible, however, that ETO could exercise this reset election at a time when it is experiencing, or expects to experience, declines in the cash distributions it receives related to its incentive distribution rights and may, therefore, desire to be issued common units rather than retain the right to receive incentive distributions based on the initial target distribution levels. As a result, a reset election may cause our common unitholders to experience a reduction in the amount of cash distributions that they would have otherwise received had we not issued new common units to ETO in connection with resetting the target distribution levels.

Holders of our common units have limited voting rights and are not entitled to elect our General Partner or its directors.

Unlike the holders of common stock in a corporation, our common unitholders have only limited voting rights on matters affecting our business and, therefore, limited ability to influence management's decisions regarding our business. Our common unitholders have no right on an annual or ongoing basis to elect our General Partner or its board of directors. The board of directors of our General Partner, including the independent directors, are chosen entirely by ETO due to its ownership of our General Partner, and not by our common unitholders. Unlike a publicly traded corporation, we do not conduct annual meetings of our unitholders to elect directors or conduct other matters routinely conducted at annual meetings of stockholders of corporations. Our partnership agreement also contains provisions limiting the ability of unitholders to call meetings or to acquire information about our operations, as well as other provisions limiting our unitholders' ability to influence the manner or direction of management.

Even if holders of our common units are dissatisfied, they cannot easily remove our General Partner without its consent.

If our unitholders are dissatisfied with the performance of our General Partner, they have limited ability to remove our General Partner. Our General Partner generally may not be removed except upon the vote of the holders of 66⅔% of our outstanding common units, including units owned by our General Partner and its affiliates. As of December 31, 2020, ETO and its affiliates held approximately 34.2% of our outstanding common units, which constitutes a 28.5% limited partner interest in us.

Our General Partner interest or the control of our General Partner may be transferred to a third party without unitholder consent.

Our General Partner may transfer its General Partner interest to a third party without the consent of our unitholders in a merger, in a sale of all or substantially all of its assets or in other transactions so long as certain conditions are satisfied. Furthermore, our partnership agreement does not restrict the ability of ETO to transfer all or a portion of its interest in our General Partner to a third party. Any new owner of our General Partner or our General Partner interest would then be in a position to replace the board of directors and executive officers of our General Partner with its own designees without the consent of unitholders and thereby exert significant control over us, and may change our business strategy.

Our General Partner has a limited call right that may require unitholders to sell their common units at an undesirable time or price.

If at any time our General Partner and its affiliates own more than 80% of the common units, our General Partner will have the right, which it may assign to any of its affiliates or to us, but not the obligation, to acquire all, but not less than all, of the common units held by unaffiliated persons at a price equal to the greater of (1) the average of the daily closing price of the common units over the 20 trading days preceding the date three days before notice of exercise of the call right is first mailed and (2) the highest per-unit price paid by our General Partner or any of its affiliates for common units during the 90-day period preceding the date such notice is first mailed. As a result, unitholders may be required to sell their common units at an undesirable time or price and may not receive any return or a negative return on their investment. Unitholders may also incur a tax liability upon a sale of their units. Our General Partner is not obligated to obtain a fairness opinion regarding the value of the common units to be repurchased by it upon exercise of the limited call right. There is no restriction in our partnership agreement that prevents our General Partner from issuing additional common units and exercising its call right.

We may issue additional units without unitholder approval, which would dilute existing unitholder ownership interests.

Our partnership agreement does not limit the number of additional limited partner interests we may issue at any time without the approval of our unitholders. The issuance of additional common units or other equity interests of equal or senior rank will have the following effects:

- our existing unitholders' proportionate ownership interest in us will decrease;
- the amount of cash available for distribution on each unit may decrease;
- the ratio of taxable income to distributions may increase;
- the relative voting strength of each previously outstanding unit may be diminished; and
- the market price of the common units may decline.

The market price of our common units could be adversely affected by sales of substantial amounts of our common units in the public or private markets, including sales by ETO.

As of December 31, 2020, ETO owned 28,463,967 of our common units. The sale or disposition of a substantial portion of these units in the public or private markets could reduce the market price of our outstanding common units.

Our partnership agreement restricts the voting rights of unitholders owning 20% or more of our outstanding common units.

Our partnership agreement restricts unitholders' voting rights by providing that any units held by a person or group that owns 20% or more of any class of units then outstanding, other than our General Partner and its affiliates, their transferees and persons who acquired such units with the prior approval of the board of directors of our General Partner, cannot vote on any matter.

The amount of cash we have available for distribution to holders of our units depends primarily on our cash flow and not solely on profitability, which may prevent us from making cash distributions during periods when we record net income.

The amount of cash we have available for distribution depends primarily upon our cash flow, including cash flow from working capital or other borrowings, and not solely on profitability, which will be affected by non-cash items. As a result, we may pay cash distributions during periods when we record net losses for financial accounting purposes and may not pay cash distributions during periods when we record net income.

Unitholders may have liability to repay distributions.

Under certain circumstances, unitholders may have to repay amounts wrongfully returned or distributed to them. Under Section 17-607 of the Delaware Revised Uniform Limited Partnership Act (the "Delaware Act"), we may not make a distribution to our unitholders if the distribution would cause our liabilities to exceed the fair value of our assets. Delaware law provides that for a period of three years from the date of an impermissible distribution, limited partners who received the distribution and who knew at the time of the distribution that it violated Delaware law will be liable to the limited partnership for the distribution amount. A purchaser of units who becomes a limited partner is liable for the obligations of the transferring limited partner to make contributions to the partnership that are known to such purchaser at the time it became a limited partner and for unknown obligations if the liabilities could be determined from the partnership agreement. Liabilities to partners on account of their partnership interests and liabilities that are non-recourse to the partnership are not counted for purposes of determining whether a distribution is permitted.

Our partnership agreement limits the forum, venue and jurisdiction of claims, suits, actions or proceedings.

Our partnership agreement is governed by Delaware law. Our partnership agreement requires that any claims, suits, actions or proceedings:

- arising out of or relating in any way to our partnership agreement (including any claims, suits or actions to interpret, apply or enforce the provisions of our partnership agreement or the duties, obligations or liabilities among our limited partners or of our limited partners to us, or the rights or powers of, or restrictions on, our limited partners or us);

- brought in a derivative manner on our behalf;
- asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of us or our General Partner, or owed by our General Partner, to us or the limited partners;
- asserting a claim arising pursuant to any provision of the Delaware Act; or
- asserting a claim governed by the internal affairs doctrine,

will be exclusively brought in the Court of Chancery of the State of Delaware (or, if such court does not have subject matter jurisdiction thereof, any other court located in the State of Delaware with subject matter jurisdiction). By purchasing a common unit, a limited partner is irrevocably consenting to these limitations and provisions regarding claims, suits, actions or proceedings and submitting to the exclusive jurisdiction of the Court of Chancery of the State of Delaware in connection with any such claims, suits, actions or proceedings.

The provisions may have the effect of discouraging lawsuits against our directors, officers, employees and agents. The enforceability of similar forum selection provisions in other companies' certificates of incorporation or similar governing documents have been challenged in legal proceedings, and it is possible that, in connection with one or more actions or proceedings described above, a court could find that the forum selection provision contained in our partnership agreement is inapplicable or unenforceable in such action or actions, including with respect to claims arising under the federal securities laws. Limited partners will not be deemed, by operation of the forum selection provision alone, to have waived claims arising under the federal securities laws and the rules and regulations thereunder.

The forum selection provision is intended to apply "to the fullest extent permitted by applicable law" to the above-specified types of actions and proceedings, including, to the extent permitted by the federal securities laws, to lawsuits asserting both the above-specified claims and federal securities claims. However, application of the forum selection provision may in some instances be limited by applicable law. Section 27 of the Exchange Act provides: "The district courts of the United States ... shall have exclusive jurisdiction of violations of the Exchange Act or the rules and regulations thereunder, and of all suits in equity and actions at law brought to enforce any liability or duty created by the Exchange Act or the rules and regulations thereunder." As a result, the forum selection provision will not apply to actions arising under the Exchange Act or the rules and regulations thereunder. However, Section 22 of the Securities Act of 1933, as amended (the "Securities Act") provides for concurrent federal and state court jurisdiction over actions under the Securities Act and the rules and regulations thereunder, subject to a limited exception for certain "covered class actions" as defined in Section 16 of the Securities Act and interpreted by the courts. Accordingly, we believe that the forum selection provision would apply to actions arising under the Securities Act or the rules and regulations thereunder, except to the extent a particular action fell within the exception for covered class actions.

The NYSE does not require a publicly traded partnership like us to comply with certain corporate governance requirements.

Because we are a publicly traded partnership, the NYSE does not require us to have a majority of independent directors on our General Partner's board of directors or to establish a compensation committee or a nominating and corporate governance committee. Accordingly, unitholders do not have the same protections afforded to stockholders of corporations that are subject to all of the corporate governance requirements of the applicable stock exchange.

Tax Risks to Common Unitholders

Our tax treatment depends on our status as a partnership for U.S. federal income tax purposes, as well as our not being subject to a material amount of entity-level taxation by individual states. If the Internal Revenue Service ("IRS") were to treat us as a corporation for U.S. federal income tax purposes or we were otherwise subject to a material amount of entity-level taxation, then our cash available for distribution to our unitholders would be substantially reduced.

The anticipated after-tax economic benefit of an investment in our common units depends largely on our being treated as a partnership for U.S. federal income tax purposes.

Despite the fact that we are organized as a limited partnership under Delaware law, we will be treated as a corporation for U.S. federal income tax purposes unless we satisfy a "qualifying income" requirement. Based upon our current operations, we believe we satisfy the qualifying income requirement. However, no ruling has been or will be requested regarding our treatment as a partnership for U.S. federal income tax purposes. Failing to meet the qualifying income requirement or a change in current law could cause us to be treated as a corporation for U.S. federal income tax purposes or otherwise subject us to taxation as an entity.

If we were treated as a corporation for U.S. federal income tax purposes, we would pay U.S. federal income tax on our taxable income at the corporate tax rate, which is currently a maximum of 21%, and would likely pay state income tax at varying rates. Distributions to our unitholders who are treated as holders of corporate stock would generally be taxed again as corporate distributions, and no income, gains, losses, deductions or credits would flow through to our unitholders. Because a tax would be imposed upon us as a corporation, our cash available for distribution to our unitholders would be substantially reduced.

Our partnership agreement provides that if a law is enacted or existing law is modified or interpreted in a manner that subjects us to taxation as a corporation or otherwise subjects us to entity-level taxation for federal, state or local income tax purposes, the minimum quarterly distribution amount and the target distribution amounts may be adjusted to reflect the impact of that law on us.

In addition, changes in current state law may subject us to additional entity-level taxation by individual states. Several states are evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise and other forms of taxation. For example, we are currently subject to the entity-level Texas franchise tax. Imposition of any such additional taxes on us or an increase in the existing tax rates would reduce the cash available for distribution to our unitholders. Therefore, if we were treated as a corporation for U.S. federal income tax purposes or otherwise subjected to a material amount of entity-level taxation, there would be a material reduction in the anticipated cash flow and after-tax return to our unitholders, likely causing a substantial reduction in the value of our common units.

The tax treatment of publicly traded partnerships or an investment in our common units could be subject to potential legislative, judicial or administrative changes or differing interpretations, possibly applied on a retroactive basis.

The present U.S. federal income tax treatment of publicly traded partnerships, including us, or an investment in our common units may be modified by administrative, legislative or judicial changes or differing interpretations at any time. Members of Congress have frequently proposed and considered substantive changes to the existing U.S. federal income tax laws that would affect publicly traded partnerships, including proposals that would eliminate our ability to qualify for partnership tax treatment.

In addition, the Treasury Department has issued, and in the future may issue, regulations interpreting those laws that affect publicly traded partnerships. There can be no assurance that there will not be further changes to U.S. federal income tax laws or the Treasury Department's interpretation of the qualifying income rules in a manner that could impact our ability to qualify as a partnership in the future.

Any modification to the U.S. federal income tax laws and interpretations thereof may or may not be retroactively applied and could make it more difficult or impossible for us to meet the exception for certain publicly traded partnerships to be treated as partnerships for U.S. federal income tax purposes. We are unable to predict whether any changes or other proposals will ultimately be enacted. Any future legislative changes could negatively impact the value of an investment in our common units.

If the IRS makes audit adjustments to our income tax returns for tax years beginning after December 31, 2017, it (and some states) may assess and collect directly from us taxes (including any applicable penalties and interest) resulting from such audit adjustments, in which case our cash available for distribution to our unitholders might be substantially reduced.

Pursuant to the Bipartisan Budget Act of 2015, for tax years beginning after December 31, 2017, if the IRS makes audit adjustments to our income tax returns, it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from us. To the extent possible under the new rules, our General Partner may elect to either pay the taxes (including any applicable penalties and interest) directly to the IRS or, if we are eligible, issue an information statement to our current and former unitholders with respect to an audited and adjusted return. Although our General Partner may elect to have our current and former unitholders take such audit adjustment into account in accordance with their interests in us during the tax year under audit, there can be no assurance that such election will be practical, permissible or effective in all circumstances. As a result, our current unitholders may bear some or all of the tax liability resulting from such audit adjustment, even if such unitholders did not own units in us during the tax year under audit. If, as a result of any such audit adjustment, we are required to make payments of taxes, penalties and interest, our cash available for distribution to our unitholders might be substantially reduced.

We have subsidiaries that are treated as corporations for U.S. federal income tax purposes and are subject to corporate-level income taxes.

Even though we (as a partnership for U.S. federal income tax purposes) are not subject to U.S. federal income tax, some of our operations are currently conducted through subsidiaries that are organized as corporations for U.S. federal income tax purposes. The taxable income, if any, of these subsidiaries is subject to corporate-level U.S. federal income taxes, which may reduce the cash available for distribution to us and, in turn, to our unitholders. If the IRS or other state or local jurisdictions were to successfully assert that these corporations have more tax liability than we anticipate or legislation is enacted that increases the corporate tax rate, then cash available for distribution could be further reduced. The income tax return filing positions taken by these corporate subsidiaries requires significant judgment, use of estimates, and the interpretation and application of complex tax laws. Significant judgment is also required in assessing the amounts of deductible and taxable items. Despite our belief that the income tax return positions taken by these subsidiaries are fully supportable, certain positions may be successfully challenged by the IRS, state or local jurisdictions.

Our unitholders will be required to pay taxes on their share of our income even if they do not receive any cash distributions from us.

Because our unitholders will be treated as partners to whom we will allocate taxable income that could be different in amount than the cash we distribute, our unitholders will be required to pay U.S. federal income taxes and, in some cases, state and local income taxes on their share of our taxable income whether or not they receive cash distributions from us. Our unitholders may not receive cash distributions from us equal to their share of our taxable income or even equal to the actual tax liability that results from that income.

Tax gain or loss on the disposition of our common units could be more or less than expected.

If a unitholder sells its common units, it will recognize a gain or loss equal to the difference between the amount realized and its tax basis in those common units. Because distributions in excess of a unitholder's allocable share of our net taxable income result in a decrease in its tax basis in its common units, the amount, if any, of such prior excess distributions with respect to the common units it sells will, in effect, become taxable income to the unitholder if it sells such common units at a price greater than its tax basis in those common units, even if the price the unitholder receives is less than its original cost. In addition, because the amount realized includes a unitholder's share of our nonrecourse liabilities, if a unitholder sells its common units, such unitholder may incur a tax liability in excess of the amount of cash received from the sale.

Furthermore, a substantial portion of the amount realized, whether or not representing gain, may be taxed as ordinary income due to potential recapture of depreciation deductions and certain other items. In addition, because the amount realized includes a unitholder's share of our nonrecourse liabilities, if a unitholder sells its common units, the unitholder may incur a tax liability in excess of the amount of cash it receives from the sale.

Tax-exempt entities face unique tax issues from owning common units that may result in adverse tax consequences to them.

Investments in our common units by tax-exempt entities, such as employee benefit plans and individual retirement accounts ("IRAs") raises issues unique to them. For example, virtually all of our income allocated to organizations that are exempt from U.S. federal income tax, including IRAs and other retirement plans, will be unrelated business taxable income and will be taxable to them. Tax-exempt entities should consult a tax advisor before investing in our common units.

If the IRS contests the U.S. federal income tax positions we take, the market for our common units may be adversely impacted and the cost of any IRS contest will reduce our cash available for distribution to our unitholders.

The IRS may adopt positions that differ from the positions we take, and the IRS's positions may ultimately be sustained. It may be necessary to resort to administrative or court proceedings to sustain some or all of the positions we take. A court may not agree with some or all of the positions we take. Any contest by the IRS may materially and adversely impact the market for our common units and the price at which they trade. The costs of any contest by the IRS will be borne indirectly by our unitholders because the costs will reduce our cash available for distribution.

We treat each purchaser of our common units as having the same tax benefits without regard to the actual common units purchased. The IRS may challenge this treatment, which could adversely affect the value of the common units.

Because we cannot match transferors and transferees of common units, we have adopted certain methods for allocating depreciation and amortization deductions that may not conform to all aspects of existing Treasury regulations. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to a unitholder. It also could affect the timing of these tax benefits or the amount of gain from a unitholder's sale of common units and could have a negative impact on the value of our common units or result in audit adjustments to a unitholder's tax returns.

We generally prorate our items of income, gain, loss and deduction between transferors and transferees of our common units each month based upon the ownership of our common units on the first day of each month, instead of on the basis of the date a particular common unit is transferred. The IRS may challenge this treatment, which could change the allocation of items of income, gain, loss and deduction among our unitholders.

We generally prorate our items of income, gain, loss and deduction between transferors and transferees of our common units each month based upon the ownership of our common units on the first day of each month (the "Allocation Date"), instead of on the basis of the date a particular common unit is transferred. Similarly, we generally allocate certain deductions for depreciation of capital additions, gain or loss realized on a sale or other disposition of our assets and, in the discretion of the General Partner, any other extraordinary item of income, gain, loss or deduction based upon ownership on the Allocation Date. Treasury regulations allow a similar monthly simplifying convention, but such regulations do not specifically authorize all aspects of the proration method we have currently adopted. If the IRS were to successfully challenge our proration method, we may be required to change the allocation of items of income, gain, loss and deduction among our unitholders.

A unitholder whose common units are the subject of a securities loan (e.g., a loan to a "short seller" to cover a short sale of common units) may be considered as having disposed of those common units. If so, the unitholder would no longer be treated for U.S. federal income tax purposes as a partner with respect to those common units during the period of the loan and may recognize gain or loss from the disposition.

Because there are no specific rules governing the U.S. federal income tax consequence of loaning a partnership interest, a unitholder whose common units are the subject of a securities loan may be considered as having disposed of the loaned common units. In that case, he may no longer be treated for U.S. federal income tax purposes as a partner with respect to those common units during the period of the loan and the unitholder may recognize gain or loss from such disposition. Moreover, during the period of the loan, any of our income, gain, loss or deduction with respect to those common units may not be reportable by the unitholder and any cash distributions received by the unitholder as to those common units could be fully taxable as ordinary income. Unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a securities loan are urged to consult a tax advisor to discuss whether it is advisable to modify any applicable brokerage account agreements to prohibit their brokers from borrowing their common units.

We have adopted certain valuation methodologies in determining a unitholder's allocations of income, gain, loss and deduction. The IRS may challenge these methods or the resulting allocations, and such a challenge could adversely affect the value of our common units.

In determining the items of income, gain, loss and deduction allocable to our unitholders, we must routinely determine the fair market value of our respective assets. Although we may from time to time consult with professional appraisers regarding valuation matters, we make many fair market value estimates using a methodology based on the market value of our common units as a means to measure the fair market value of our respective assets. The IRS may challenge these valuation methods and the resulting allocations of income, gain, loss and deduction.

A successful IRS challenge to these methods or allocations could adversely affect the amount, character, and timing of taxable income or loss being allocated to our unitholders. It also could affect the amount of gain from our unitholders' sale of common units and could have a negative impact on the value of the common units or result in audit adjustments to our unitholders' tax returns without the benefit of additional deductions.

Unitholders will likely be subject to state and local taxes and return filing requirements in states where they do not live as a result of investing in our common units.

In addition to U.S. federal income taxes, unitholders may be subject to other taxes, including state and local income taxes, unincorporated business taxes, and estate, inheritance or intangibles taxes that may be imposed by the various jurisdictions in which we conduct business or own property now or in the future or in which the unitholder is a resident. We currently own property or do business in a substantial number of states, most of which impose a personal income tax and many impose an income tax on corporations and other entities. We may also own property or do business in other states in the future. Although an analysis of those various taxes is not presented here, each prospective unitholder should consider their potential impact on its investment in us.

Although you may not be required to file a return and pay taxes in some jurisdictions because your income from that jurisdiction falls below the filing and payment requirement, you will be required to file income tax returns and to pay income taxes in many of the jurisdictions in which we do business or own property and may be subject to penalties for failure to comply with those requirements. Some of the jurisdictions may require us, or we may elect, to withhold a percentage of income from amounts to be distributed to a unitholder who is not a resident of the jurisdiction. Withholding, the amount of which may be greater or less than a particular unitholder's income tax liability to the jurisdiction, generally does not relieve a nonresident unitholder from the obligation to file an income tax return.

It is the responsibility of each unitholder to investigate the legal and tax consequences, under the laws of pertinent jurisdictions, of its investment in us. We strongly recommend that each prospective unitholder consult, and depend on, its own tax counsel or other advisor with regard to those matters. Further, it is the responsibility of each unitholder to file all state, local, and non-U.S., as well as U.S. federal tax returns that may be required of it.

Unitholders may be subject to limitations on their ability to deduct interest expense we incur.

In general, we are entitled to a deduction for interest paid or accrued on indebtedness properly allocable to our trade or business during our taxable year. However, subject to the exceptions in the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act," discussed below), under the Tax Cuts and Jobs Act, for taxable years beginning after December 31, 2017, our deduction for "business interest" is limited to the sum of our business interest income and 30% of our "adjusted taxable income." For the purposes of this limitation, our adjusted taxable income is computed without regard to any business interest expense or business interest income, and in the case of taxable years beginning before January 1, 2022, any deduction allowable for depreciation, amortization, or depletion, to the extent such depreciation, amortization, or depletion is not capitalized into cost of goods sold with respect to inventory.

For our 2020 taxable year, the CARES Act increases the 30% adjusted taxable income limitation to 50%, unless we elect not to apply such increase. For purposes of determining our 50% adjusted taxable income limitation, we may elect to substitute our 2020 adjusted taxable income with our 2019 adjusted taxable income, which may result in a greater business interest expense deduction. In addition, unitholders may treat 50% of any excess business interest allocated to them in 2019 as deductible in the 2020 taxable year without regard to the 2020 business interest expense limitations. The remaining 50% of such unitholder's excess business interest is carried forward and subject to the same limitations as other taxable years.

If our "business interest" is subject to limitation under these rules, our unitholders will be limited in their ability to deduct their share of any interest expense that has been allocated to them. As a result, unitholders may be subject to limitation on their ability to deduct interest expense incurred by us.

Non-U.S. unitholders will be subject to U.S. federal income taxes and withholding with respect to their income and gain from owning our common units.

Non-U.S. unitholders are generally taxed and subject to U.S. federal income tax filing requirements on income effectively connected with a U.S. trade or business. Income allocated to our unitholders and any gain from the sale of our units will generally be considered to be "effectively connected" with a U.S. trade or business. As a result, distributions to a non-U.S. unitholder will be subject to withholding at the highest applicable effective tax rate and a non-U.S. unitholder who sells or otherwise disposes of a common unit will also be subject to U.S. federal income tax on the gain realized from the sale or disposition of that unit.

Moreover, the transferee of an interest in a partnership that is engaged in a U.S. trade or business is generally required to withhold 10% of the "amount realized" by the transferor unless the transferor certifies that it is not a foreign person. While the determination of a partner's "amount realized" generally includes any decrease of a partner's share of the partnership's liabilities, recently issued Treasury regulations provide that the "amount realized" on a transfer of an interest in a publicly traded partnership, such as our common units, will generally be the amount of gross proceeds paid to the broker effecting the applicable transfer on behalf of the transferor, and thus will be determined without regard to any decrease in that partner's share of a publicly traded partnership's liabilities. The Treasury regulations further provide that withholding on a transfer of an interest in a publicly traded partnership will not be imposed on a transfer that occurs prior to January 1, 2022, and after that date, if effected through a broker, the obligation to withhold is imposed on the transferor's broker. Non-U.S. unitholders should consult their tax advisors regarding the impact of these rules on an investment in our common units.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

A description of our properties is included in "Item 1. Business." In addition, we own and lease warehouses and offices in Pennsylvania, Texas and Hawaii. While we may require additional warehouse and office space as our business expands, we believe that our existing facilities are adequate to meet our needs for the immediate future, and that additional facilities will be available on commercially reasonable terms as needed.

We believe that we have satisfactory title to or valid rights to use all of our material properties. Although some of our properties are subject to liabilities and leases, liens for taxes not yet due and payable, encumbrances securing payment obligations under non-competition agreements and immaterial encumbrances, easements and restrictions, we do not believe that any such burdens will materially interfere with our continued use of such properties in our business, taken as a whole. In addition, we believe that we have, or are in the process of obtaining, all required material approvals, authorizations, orders, licenses, permits, franchises and consents of, and have obtained or made all required material registrations, qualifications and filings with, the various state and local government and regulatory authorities which relate to ownership of our properties or the operations of our business.

Item 3. Legal Proceedings

Although we may, from time to time, be involved in litigation and claims arising out of our operations in the normal course of business, we do not believe that we are party to any litigation that will have a material adverse impact to our financial condition or results of operations.

Item 4. Mine Safety Disclosures

Not applicable.

Part II

Item 5. Market for Registrant's Common Equity, Related Unitholder Matters and Issuer Purchases of Equity Securities

Our Partnership Interest

As of February 12, 2021, we had outstanding 83,343,702 common units, 16,410,780 Class C units representing limited partner interests in the Partnership ("Class C Units"), a non-economic general partner interest and incentive distribution rights. As of February 12, 2021, ETO directly owned approximately 34.2% of our outstanding common units, which constitutes a 28.5% limited partner ownership interest in us. Our General Partner is 100% owned by ETO and owns a non-economic general partner interest in us. ETO also owns all of our IDRs. As discussed below, the IDRs represent the right to receive increasing percentages, up to a maximum of 50%, of the cash we distribute from operating surplus (as defined below) in excess of $0.503125 per unit per quarter. Our common units, which represent limited partner interests in us, are listed on the New York Stock Exchange under the symbol "SUN." Our common units have been traded on the NYSE since September 20, 2012.

Holders

At the close of business on February 12, 2021, we had twenty holders of record of our common units and two holders of record of our Class C units. The number of record holders does not include holders of units in "street names" or persons, partnerships, associations, corporations or other entities identified in security position listings maintained by depositories.

Distributions of Available Cash

Our partnership agreement requires that within 60 days after the end of each quarter, we distribute our available cash to unitholders of record on the applicable record date.

Definition of Available Cash

Available cash generally means, for any quarter, all cash and cash equivalents on hand at the end of the quarter; *less*, the amount of cash reserves established by our General Partner at the date of determination of available cash for the quarter to:

- provide for the proper conduct of our business;
- comply with applicable law, any of our debt instruments or other agreements or any other obligation; or
- provide funds for distributions to our unitholders for any one or more of the next four quarters;

plus, if our General Partner so determines on the date of determination, all or any portion of the cash on hand immediately prior to the date of determination of available cash for the quarter, including cash on hand resulting from working capital borrowings made after the end of the quarter.

Minimum Quarterly Distributions

We intend to make a cash distribution to the holders of our common units and Class C units on a quarterly basis to the extent we have sufficient cash from our operations after the establishment of cash reserves and the payment of costs and expenses, including payments to our General Partner and its affiliates. However, there is no guarantee that we will pay the minimum quarterly distribution, as described below, on our common units in any quarter. Even if our cash distribution policy is not modified or revoked, the amount of distributions paid under our policy and the decision to make any distribution is determined by our General Partner, taking into consideration the terms of our partnership agreement.

Incentive Distribution Rights

The following table illustrates the percentage allocations of available cash from operating surplus, after the payment of distributions to the Class C unitholders, between our common unitholders and the holder of our IDRs based on the specified target distribution levels. The amounts set forth under "marginal percentage interest in distributions" are the percentage interests of the holder of our IDRs and the common unitholders in any available cash from operating surplus we distribute up to and including the corresponding amount in the column "total quarterly distribution per common unit target amount." The percentage interests shown for our common unitholders and the holder of our IDRs for the minimum quarterly distribution are also applicable to quarterly distribution amounts that are less than the minimum quarterly distribution. ETO currently owns all of our IDRs.

	Total quarterly distribution per common unit target amount	Marginal percentage interest in distributions: Common Unitholders	IDR Holder
Minimum Quarterly Distribution	$0.4375	100 %	—
First Target Distribution	Above $0.4375 up to $0.503125	100 %	—
Second Target Distribution	Above $0.503125 up to $0.546875	85 %	15 %
Third Target Distribution	Above $0.546875 up to $0.656250	75 %	25 %
Thereafter	Above $0.656250	50 %	50 %

Class C Units

We have outstanding an aggregate of 16,410,780 Class C units, all of which are held by wholly-owned subsidiaries of the Partnership.

Class C Units are entitled to receive quarterly distributions at a rate of $0.8682 per Class C Unit. The distributions on the Class C Units are paid out of our available cash, except that the Class C Units do not share in distributions of available cash to the extent such cash is derived from or attributable to any distribution received by us from Sunoco Property Company LLC ("PropCo"), our indirect wholly-owned subsidiary that is subject to state and federal income tax, the proceeds of any sale of the membership interests in PropCo, or any interest or principal payments we receive with respect to indebtedness of PropCo or its subsidiaries. The Class C Units are entitled to receive distributions of available cash (other than available cash attributable to PropCo) prior to distributions of such cash being made on our common units. Any unpaid distributions on the Class C Units will accrue interest at a rate of 1.5% per annum until paid in full in cash. The Class C Units are perpetual, do not have any rights of redemption or conversion, do not have the right to vote on any matter except as otherwise required by any non-waivable provision of law, and are not traded on any public securities market.

Equity Compensation Plan

For disclosures regarding securities authorized for issuance under equity compensation plans, see “Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Unitholder Matters.”

Item 6. Selected Financial Data

The selected financial data should be read in conjunction with the audited consolidated financial statements and related notes thereto and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” included herein.

	Year Ended December 31,				
	2020	2019	2018	2017	2016
	(in millions, except per unit data)				
Statement of Income Data:					
Total revenues	$ 10,710	$ 16,596	$ 16,994	$ 11,723	$ 9,986
Operating income	$ 417	$ 464	$ 345	$ 229	$ 145
Income from continuing operations	$ 212	$ 313	$ 58	$ 326	$ 56
Net income (loss) from continuing operations per common limited partner unit - basic	$ 1.63	$ 2.84	$ (0.25)	$ 2.13	$ (0.32)
Net income (loss) from continuing operations per common limited partner unit - diluted	$ 1.61	$ 2.82	$ (0.25)	$ 2.12	$ (0.32)
Cash distribution per unit	$ 3.30	$ 3.30	$ 3.30	$ 3.30	$ 3.29

	As of December 31,				
	2020	2019	2018	2017	2016
	(in millions)				
Balance Sheet Data:					
Total assets	$ 5,267	$ 5,438	$ 4,879	$ 8,344	$ 8,701
Long-term debt, less current maturities	$ 3,106	$ 3,060	$ 2,980	$ 4,284	$ 4,509
Total equity	$ 632	$ 758	$ 784	$ 2,247	$ 2,196

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements and notes to audited consolidated financial statements included elsewhere in this report.

Adjusted EBITDA is a non-GAAP financial measure of performance that has limitations and should not be considered as a substitute for net income or cash provided by (used in) operating activities. Please see "Key Measures Used to Evaluate and Assess Our Business" below for a discussion of our use of Adjusted EBITDA in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" and a reconciliation to net income (loss) for the periods presented.

Overview

As used in this Management's Discussion and Analysis of Financial Condition and Results of Operations, the terms "Partnership," "SUN," "we," "us," or "our" should be understood to refer to Sunoco LP and our consolidated subsidiaries, unless the context clearly indicates otherwise.

We are a Delaware master limited partnership primarily engaged in the distribution of motor fuels to independent dealers, distributors, and other customers and the distribution of motor fuels to end customers at retail sites operated by commission agents. In addition, we receive lease income through the leasing or subleasing of real estate used in the retail distribution of motor fuels. As of December 31, 2020, we also operated 78 retail stores located in Hawaii and New Jersey.

We are managed by our General Partner. As of February 12, 2021, Energy Transfer Operating, L.P. ("ETO"), a consolidated subsidiary of Energy Transfer LP ("ET"). As of December 31, 2020, ETO owned 100% of the membership interests in our General Partner, 28,463,967 of our common units, which constituted a 28.5% limited partner interest in us, and all of our incentive distribution rights.

We believe we are one of the largest independent motor fuel distributors by gallons in the United States and one of the largest distributors of Chevron, Exxon, and Valero branded motor fuel in the United States. In addition to distributing motor fuel, we also distribute other petroleum products such as propane and lubricating oil.

We purchase motor fuel primarily from independent refiners and major oil companies and distribute it across more than 30 states throughout the East Coast, Midwest, South Central and Southeast regions of the United States, as well as Hawaii, to:

- 78 company-owned and operated retail stores;
- 539 independently operated commission agent locations where we sell motor fuel to retail customers under commission agent arrangement with such operators;
- 6,803 retail stores operated by independent operators, which we refer to as "dealers" or "distributors," pursuant to long-term distribution agreements; and
- 2,476 other commercial customers, including unbranded retail stores, other fuel distributors, school districts, municipalities and other industrial customers.

On January 23, 2018, we sold a portfolio of 1,030 company-operated retail fuel outlets in 19 geographic regions to 7-Eleven.

Our retail stores operate under several brands, including our proprietary brands APlus and Aloha Island Mart, and offer a broad selection of food, beverages, snacks, grocery and non-food merchandise, motor fuels and other services.

Recent Developments and Outlook

The COVID-19 pandemic has created significant volatility, uncertainty and economic disruption. As a provider of critical energy infrastructure, our business has been designated as a "critical business" and our employees as "critical infrastructure workers" pursuant to the Department of Homeland Security Guidance on Essential Critical Infrastructure Workforce(s). As an essential business providing motor fuels, the safety of our employees and the continued operation of our assets are our top priorities and we will continue to operate in accordance with federal and state health guidelines and safety protocols. We have implemented several new policies and provided employee training to help maintain the health and safety of our workforce. The future impact of the outbreak is highly uncertain and we cannot predict the impact on our volume demand, gross profit or collections from customers. We cannot assure you that COVID-19 will not have other material adverse impacts on the Partnership's future results. See Part I. "Item 1A. Risk Factors" for further discussion.

On January 15, 2021, we repurchased the remaining outstanding portion of our 2023 Notes, discussed in the below paragraph.

On November 9, 2020, we completed a private offering of $800 million in aggregate principal amount of 4.500% senior notes due 2029 (the "2029 Notes"). We used the proceeds to fund the repurchase of a portion of our 4.875% senior notes due 2023 (the "2023 Notes"). Approximately $564 million aggregate principal amount, or 56%, of the then-outstanding 2023 Notes were tendered. In connection with our issuance of the 2029 Notes, we entered into a registration rights agreement with the initial purchasers pursuant to which we agreed to complete an offer to exchange the 2029 Notes for an issue of registered notes with terms substantively identical to the 2029 Notes and evidencing the same indebtedness as the 2029 Notes on or before November 9, 2021.

Acquisition

On December 15, 2020, we acquired a terminal in New York for approximately $12 million plus working capital adjustments.

Market and Industry Trends and Outlook

We expect that certain trends and economic or industry-wide factors will continue to affect our business, both in the short-term and long-term. We base our expectations on information currently available to us and assumptions made by us. To the extent our underlying assumptions about or interpretation of available information prove to be incorrect, our actual results may vary materially from our expected results. Read "Item 1A. Risk Factors" included herein for additional information about the risks associated with purchasing our common units.

Seasonality

Our business exhibits some seasonality due to our customers' increased demand for motor fuel during the late spring and summer months, as compared to the fall and winter months. Travel, recreation, and construction activities typically increase in these months, driving up the demand for motor fuel sales. Our gallons sold are typically somewhat higher in the second and third quarters of our fiscal years due to this seasonality. Results of operations may therefore vary from period to period.

Key Measures Used to Evaluate and Assess Our Business

Management uses a variety of financial measurements to analyze business performance, including the following key measures:

- *Motor fuel gallons sold*. One of the primary drivers of our business is the total volume of motor fuel sold through our channels. Fuel distribution contracts with our customers generally provide that we distribute motor fuel at a fixed, volume-based profit margin or at an agreed upon level of price support. As a result, gross profit is directly tied to the volume of motor fuel that we distribute. Total motor fuel gross profit dollars earned from the product of gross profit per gallon and motor fuel gallons sold are used by management to evaluate business performance.
- *Gross profit per gallon*. Gross profit per gallon is calculated as the gross profit on motor fuel (excluding non-cash inventory adjustments) divided by the number of gallons sold, and is typically expressed as cents per gallon. Our gross profit per gallon varies amongst our third-party relationships and is impacted by the availability of certain discounts and rebates from suppliers. Retail gross profit per gallon is heavily impacted by volatile pricing and intense competition from retail stores, supermarkets, club stores and other retail formats, which varies based on the market.
- *Adjusted EBITDA*. Adjusted EBITDA, as used throughout this document, is defined as earnings before net interest expense, income taxes, depreciation, amortization and accretion expense, allocated non-cash unit-based compensation expense, unrealized gains and losses on commodity derivatives and inventory adjustments, and certain other operating expenses reflected in net income that we do not believe are indicative of ongoing core operations, such as gain or loss on disposal of assets and non-cash impairment charges. Inventory adjustments that are excluded from the calculation of Adjusted EBITDA represent changes in lower of cost or market reserves on the Partnership's inventory. These amounts are unrealized valuation adjustments applied to fuel volumes remaining in inventory at the end of the period.

Adjusted EBITDA is a non-GAAP financial measure. For a reconciliation of Adjusted EBITDA to the most directly comparable financial measure calculated and presented in accordance with GAAP, read "Key Operating Metrics and Results of Operations" below.

We believe Adjusted EBITDA is useful to investors in evaluating our operating performance because:

- Adjusted EBITDA is used as a performance measure under our revolving credit facility;
- securities analysts and other interested parties use Adjusted EBITDA as a measure of financial performance; and
- our management uses Adjusted EBITDA for internal planning purposes, including aspects of our consolidated operating budget and capital expenditures;

Adjusted EBITDA is not a recognized term under GAAP and does not purport to be an alternative to net income (loss) as a measure of operating performance. Adjusted EBITDA has limitations as an analytical tool, and one should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations include:

- it does not reflect interest expense or the cash requirements necessary to service interest or principal payments on our revolving credit facility or term loan;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect cash requirements for such replacements; and
- as not all companies use identical calculations, our presentation of Adjusted EBITDA may not be comparable to similarly titled measures of other companies.

Adjusted EBITDA reflects amounts for the unconsolidated affiliate based on the same recognition and measurement methods used to record equity in earnings of unconsolidated affiliate. Adjusted EBITDA related to unconsolidated affiliate excludes the same items with respect to the unconsolidated affiliate as those excluded from the calculation of Adjusted EBITDA, such as interest, taxes, depreciation, depletion, amortization and other non-cash items. Although these amounts are excluded from Adjusted EBITDA related to unconsolidated affiliate, such exclusion should not be understood to imply that we have control over the operations and resulting revenues and expenses of such affiliate. We do not control our unconsolidated affiliate; therefore, we do not control the earnings or cash flows of such affiliate. The use of Adjusted EBITDA or Adjusted EBITDA related to unconsolidated affiliate as an analytical tool should be limited accordingly.

Key Operating Metrics and Results of Operations

The following information is intended to provide investors with a reasonable basis for assessing our historical operations, but should not serve as the only criteria for predicting our future performance.

Key operating metrics set forth below are presented for the years ended December 31, 2020, 2019 and 2018, and have been derived from our historical consolidated financial statements.

	Year Ended December 31,					
	2020			2019		
	Fuel Distribution and Marketing	All Other	Total	Fuel Distribution and Marketing	All Other	Total
	(dollars and gallons in millions, except gross profit per gallon)					
Revenues:						
Motor fuel sales	$ 9,930	$ 402	$ 10,332	$ 15,522	$ 654	$ 16,176
Non motor fuel sales	54	186	240	62	216	278
Lease income	127	11	138	131	11	142
Total revenues	$ 10,111	$ 599	$ 10,710	$ 15,715	$ 881	$ 16,596
Gross profit (1):						
Motor fuel sales	$ 691	$ 73	$ 764	$ 817	$ 89	$ 906
Non motor fuel sales	48	106	154	53	115	168
Lease	127	11	138	131	11	142
Total gross profit	$ 866	$ 190	$ 1,056	$ 1,001	$ 215	$ 1,216
Net income and comprehensive income	$ 208	$ 4	$ 212	$ 290	$ 23	$ 313
Adjusted EBITDA (2)	$ 654	$ 85	$ 739	$ 545	$ 120	$ 665
Operating data:						
Motor fuel gallons sold (3)			7,094			8,193
Motor fuel gross profit cents per gallon (3)			11.9 ¢			10.1 ¢

(1) Excludes depreciation, amortization and accretion.
(2) We define Adjusted EBITDA, which is a non-GAAP financial measure, as described above under “Key Measures Used to Evaluate and Assess Our Business.”
(3) Excludes the impact of inventory adjustments consistent with the definition of Adjusted EBITDA.

The Partnership’s results of operations are discussed on a consolidated basis below. Those results are primarily driven by the fuel distribution and marketing segment, which is the Partnership’s only significant segment. To the extent that results of operations are significantly impacted by discrete items or activities within the All Other segment, such impacts are specifically attributed to the all other segment in the discussion and analysis below.

In the discussion below, the analysis of the Partnership’s primary revenue generating activities are discussed in the analysis of Adjusted EBITDA, and other significant items impacting net income are analyzed separately.

The following table presents a reconciliation of Adjusted EBITDA to net income for the years ended December 31, 2020 and 2019:

	Year Ended December 31, 2020	Year Ended December 31, 2019	Change
	(in millions)		
Adjusted EBITDA			
Fuel Distribution and Marketing	$ 654	$ 545	$ 109
All Other	85	120	(35)
Total Adjusted EBITDA	739	665	74
Depreciation, amortization and accretion	(189)	(183)	(6)
Interest expense, net	(175)	(173)	(2)
Non-cash unit-based compensation expense	(14)	(13)	(1)
Loss on disposal of assets and impairment charges	(2)	(68)	66
Loss on extinguishment of debt	(13)	—	(13)
Unrealized gain (loss) on commodity derivatives	(6)	5	(11)
Inventory adjustments	(82)	79	(161)
Equity in earnings of unconsolidated affiliate	5	2	3
Adjusted EBITDA related to unconsolidated affiliate	(10)	(4)	(6)
Other non-cash adjustments	(17)	(14)	(3)
Income tax (expense) benefit	(24)	17	(41)
Net income and comprehensive income	$ 212	$ 313	$ (101)

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

The following discussion of results compares the operations for the years ended December 31, 2020 and 2019.

Adjusted EBITDA. Total Adjusted EBITDA for 2020 was $739 million, an increase of $74 million from 2019. The increase is primarily attributable to the following changes:

- an increase in the gross profit on motor fuel sales of $32 million, primarily due to a 17.8% increase in gross profit per gallon sold and the receipt of a $13 million make-up payment under the fuel supply agreement with 7-Eleven; partially offset by a 13.4% decrease in gallons sold for 2020 compared to 2019;
- a decrease in operating costs of $54 million. These expenses include other operating expense, general and administrative expense and lease expense. The decrease was primarily due to lower employee costs, maintenance, advertising, credit card fees and utilities, which was partially offset by a $12 million charge for current expected credit losses of our accounts receivable in connection with the financial impact from COVID-19; and
- an increase of $6 million in Adjusted EBITDA related to unconsolidated affiliates, which was attributable to the joint venture on the J.C. Nolan diesel fuel pipeline to West Texas; partially offset by
- a decrease in non motor fuel gross profit and lease income of $18 million, primarily due to reduced credit card transactions and merchandise gross profit related to the COVID-19 pandemic in 2020.

Depreciation, Amortization and Accretion. Depreciation, amortization and accretion was $189 million in 2020, a slight increase of $6 million from 2019 due to additional assets in service.

Interest Expense. Interest expense was $175 million in 2020, a slight increase of $2 million from 2019, primarily attributable to a slight increase in average long-term debt.

Non-Cash Unit-Based Compensation Expense. Non-cash unit-based compensation expense was $14 million in 2020, a slight increase of $1 million from 2019 due to award activity.

Loss on Disposal of Assets and Impairment Charges. Loss on disposal of assets and impairment charges was $2 million in 2020, a decrease of $66 million from 2019. The 2019 amount is primarily attributable to a $47 million write-down on assets held for sale and a $21 million loss on disposal of assets related to our ethanol plant in Fulton, New York.

Loss on Extinguishment of Debt. Loss on extinguishment of debt of $13 million in 2020 was related to the repurchase of approximately $564 million aggregate principal amount, or 56%, of the Partnership’s outstanding 2023 Notes, pursuant to the previously-disclosed tender offer.

Unrealized Gain (Loss) on Commodity Derivatives. The unrealized gains and losses on our commodity derivatives represent the changes in fair value of our commodity derivatives. The change in unrealized gains and losses between periods is impacted by the notional amounts and commodity price changes on our commodity derivatives. Additional information on commodity derivatives is included in “Item 7A. Quantitative and Qualitative Disclosures about Market Risk” below.

Inventory Adjustments. Inventory adjustments represent changes in lower of cost or market reserves on the Partnership's inventory. These amounts are unrealized valuation adjustments applied to fuel volumes remaining in inventory at the end of the period. For 2020, a decline in fuel prices increased lower of cost or market reserve requirements for the period by $82 million, creating an adverse impact to net income. For 2019, an increase in fuel prices reduced lower of cost or market reserve requirements for the period by $79 million, creating a favorable impact to net income.

Income Tax Expense/(Benefit). Income tax expense for 2020 was $24 million, an increase of $41 million from income tax benefit of $17 million in 2019. This increase is primarily attributable to higher earnings from the Partnership's consolidated corporate subsidiaries in 2020 and a change to the state income tax estimate in 2019.

The following table sets forth, for the periods indicated, information concerning key measures we rely on to gauge our operating performance:

	Year Ended December 31,					
	2019			2018		
	Fuel Distribution and Marketing	All Other	Total	Fuel Distribution and Marketing	All Other	Total
	(dollars and gallons in millions, except gross profit per gallon)					
Revenues:						
Motor fuel sales	$ 15,522	$ 654	$ 16,176	$ 15,466	$ 1,038	$ 16,504
Non motor fuel sales	62	216	278	48	312	360
Lease income	131	11	142	118	12	130
Total revenues	$ 15,715	$ 881	$ 16,596	$ 15,632	$ 1,362	$ 16,994
Gross profit (1):						
Motor fuel sales	$ 817	$ 89	$ 906	$ 673	$ 123	$ 796
Non motor fuel sales	53	115	168	40	156	196
Lease	131	11	142	118	12	130
Total gross profit	$ 1,001	$ 215	$ 1,216	$ 831	$ 291	$ 1,122
Net income (loss) from continuing operations	290	23	313	80	(22)	58
Loss from discontinued operations, net of taxes	—	—	—	—	(265)	(265)
Net income (loss) and comprehensive income (loss)	$ 290	$ 23	$ 313	$ 80	$ (287)	$ (207)
Adjusted EBITDA (2)	$ 545	$ 120	$ 665	$ 554	$ 84	$ 638
Operating data:						
Motor fuel gallons sold (3)			8,193			7,859
Motor fuel gross profit cents per gallon (3)(4)			10.1 ¢			11.4 ¢

(1) Excludes depreciation, amortization and accretion.
(2) We define Adjusted EBITDA, which is a non-GAAP financial measure, as described above under "Key Measures Used to Evaluate and Assess Our Business."
(3) Includes amounts from discontinued operations in 2018.
(4) Excludes the impact of inventory adjustments consistent with the definition of Adjusted EBITDA.

The Partnership's results of operations are discussed on a consolidated basis below. Those results are primarily driven by the fuel distribution and marketing segment, which is the Partnership's only significant segment. To the extent that results of operations are significantly impacted by discrete items or activities within the All Other segment, such impacts are specifically attributed to the all other segment in the discussion and analysis below.

In the discussion below, the analysis of the Partnership's primary revenue generating activities are discussed in the analysis of Adjusted EBITDA, and other significant items impacting net income are analyzed separately.

The following table presents a reconciliation of Adjusted EBITDA to net income (loss) for the years ended December 31, 2019 and 2018:

	Year Ended December 31, 2019	2018	Change
	(in millions)		
Adjusted EBITDA			
Fuel Distribution and Marketing	$ 545	$ 554	$ (9)
All Other	120	84	36
Total Adjusted EBITDA	665	638	27
Depreciation, amortization and accretion	(183)	(182)	(1)
Interest expense, net (1)	(173)	(146)	(27)
Non-cash unit-based compensation expense (1)	(13)	(12)	(1)
Loss on disposal of assets and impairment charges (1)	(68)	(80)	12
Loss on extinguishment of debt and other, net (1)	—	(129)	129
Unrealized gain (loss) on commodity derivatives (1)	5	(6)	11
Inventory adjustments (1)	79	(84)	163
Equity in earnings of unconsolidated affiliate	2	—	2
Adjusted EBITDA related to unconsolidated affiliate	(4)	—	(4)
Other non-cash adjustments	(14)	(14)	—
Income tax (expense) benefit (1)	17	(192)	209
Net income (loss) and comprehensive income (loss)	$ 313	$ (207)	$ 520

(1) Includes amounts from discontinued operations in 2018.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

The following discussion of results for 2019 compared to 2018 compares the operations for the years ended December 31, 2019 and 2018, respectively.

Adjusted EBITDA. Total Adjusted EBITDA for 2019 was $665 million, an increase of $27 million from 2018. The increase is primarily attributable to the following changes:

- a decrease in operating costs of $143 million, primarily as a result of the divestment of 1,030 company-operated fuel sites to 7-Eleven on January 23, 2018, the conversion of 207 retail sites to commission agent sites during April 2018 and the May 2019 sale of our ethanol plant in Fulton, New York. These expenses include other operating expense, general and administrative expense and lease expense; and
- an increase in Adjusted EBITDA related to unconsolidated affiliate of $4 million, which was attributable to the joint venture on the J. C. Nolan diesel fuel pipeline to West Texas; partially offset by
- a decrease in non motor fuel sales gross profit of $44 million, primarily related to lower merchandise gross profit as a result of the divestment of 1,030 company-operated fuel sites to 7-Eleven on January 23, 2018 and the conversion of 207 retail sites to commission agent sites during April 2018; and
- a decrease in the gross profit on motor fuel sales of $76 million, primarily due to lower fuel margins, a one-time benefit of approximately $25 million related to a cash settlement with a fuel supplier recorded for the year ended December 31, 2018 and a $8 million one-time charge related to a reserve for an open contractual dispute recorded for the year ended December 31, 2019; partially offset by a 4.2% increase in gallons sold for the year ended December 31, 2019 compared to the year ended December 31, 2018.

Depreciation, Amortization and Accretion. Depreciation, amortization and accretion was $183 million in 2019, a slight increase of $1 million from 2018.

Interest Expense. Interest expense was $173 million in 2019, an increase of $27 million from 2018. The increase is primarily attributable to an increase in total long-term debt.

Non-Cash Unit-Based Compensation Expense. Non-cash unit-based compensation expense was $13 million in 2019, a slight increase of $1 million from 2018.

Loss on Disposal of Assets and Impairment Charges. Loss on disposal of assets and impairment charges was $68 million in 2019, a decrease of $12 million from 2018. The 2019 amount is primarily attributable to a $47 million write-down on assets held for sale and a $21 million loss on disposal of assets related to our ethanol plant in Fulton, New York. The 2018 amount is primarily attributable to the loss on fixed assets driven by the 7-Eleven Transaction and the $30 million impairment on our contractual rights intangible asset.

Unrealized Gain (Loss) on Commodity Derivatives. The unrealized gains and losses on our commodity derivatives represent the changes in fair value of our commodity derivatives. The change in unrealized gains and losses between periods is impacted by the notional amounts and commodity price changes on our commodity derivatives. Additional information on commodity derivatives is included in “Item 7A. Quantitative and Qualitative Disclosures about Market Risk” below.

Inventory Adjustments. Inventory adjustments represent changes in lower of cost or market reserves on the Partnership’s inventory. These amounts are unrealized valuation adjustments applied to fuel volumes remaining in inventory at the end of the period. For the year ended December 31, 2019, an increase in fuel prices reduced lower of cost or market reserve requirements for the period by $79 million, creating a favorable impact to net income. For the year ended December 31, 2018, a decline in fuel prices increased lower of cost or market reserve requirements for the period by $84 million , creating an adverse impact to net income.

Income Tax Expense/(Benefit). Income tax benefit for 2019 was $17 million, a change of $209 million from 2018. The change is primarily due to the taxable gain recognized on the sales of assets to 7-Eleven in 2018.

Liquidity and Capital Resources

Liquidity

Our principal liquidity requirements are to finance current operations, to fund capital expenditures, including acquisitions from time to time, to service our debt and to make distributions. We expect our ongoing sources of liquidity to include cash generated from operations, borrowings under our revolving credit facility and the issuance of additional long-term debt or partnership units as appropriate given market conditions. We expect that these sources of funds will be adequate to provide for our short-term and long-term liquidity needs.

Our ability to meet our debt service obligations and other capital requirements, including capital expenditures and acquisitions, will depend on our future operating performance which, in turn, will be subject to general economic, financial, business, competitive, legislative, regulatory and other conditions, many of which are beyond our control. As a normal part of our business, depending on market conditions, we will from time to time consider opportunities to repay, redeem, repurchase or refinance our indebtedness. Changes in our operating plans, lower than anticipated sales, increased expenses, acquisitions or other events may cause us to seek additional debt or equity financing in future periods. There can be no guarantee that financing will be available on acceptable terms or at all. Debt financing, if available, could impose additional cash payment obligations and additional covenants and operating restrictions. In addition, any of the items discussed in detail under “Item 1A. Risk Factors” included in this Annual Report on Form 10-K may also significantly impact our liquidity.

The Partnership is party to an Amended and Restated Credit Agreement among the Partnership, as borrower, the lenders from time to time party thereto and Bank of America, N.A., as administrative agent, collateral agent, swingline lender and a line of credit issuer (the "2018 Revolver"). As of December 31, 2020, we had $97 million of cash and cash equivalents on hand and borrowing capacity of $1.5 billion under the 2018 Revolver. Based on our current estimates, we expect to utilize capacity under the 2018 Revolver, along with cash from operations, to fund our announced growth capital expenditures and working capital needs; however, we may issue debt or equity securities prior to that time as we deem prudent to provide liquidity for new capital projects or other partnership purposes.

Cash Flows

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

	Year Ended December 31,		
	2020	2019	2018
	(in millions)		
Net cash provided by (used in)			
Operating activities - continuing operations	$ 502	$ 435	$ 447
Investing activities - continuing operations	(120)	(164)	(469)
Financing activities - continuing operations	(306)	(306)	(2,684)
Discontinued operations	—	—	2,734
Net increase (decrease) in cash and cash equivalents	$ 76	$ (35)	$ 28

Operating Activities

Changes in cash flows from operating activities between periods primarily result from changes in earnings, excluding the impacts of non-cash items and changes in operating assets and liabilities (net of effects of acquisitions). Non-cash items include recurring non-cash expenses, such as depreciation, depletion and amortization expense and non-cash unit-based compensation expense. Cash flows from operating activities also differ from earnings as a result of non-cash charges that may not be recurring, such as impairment charges. Our daily working capital requirements fluctuate within each month, primarily in response to the timing of payments for motor fuels, motor fuels tax and rent.

Cash Flows Provided by Operations - Continuing Operations. Net cash provided by operations was $502 million, $435 million, and $447 million for 2020, 2019, and 2018, respectively.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

The increase in cash flows provided by operations was primarily due to increases in operating assets and liabilities of $54 million and a $13 million increase in cash basis net income compared to the prior year.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

The decrease in cash flows provided by operations was primarily due to decreases in operating assets and liabilities of $41 million, partially offset by a $29 million increase in cash basis net income compared to the prior year.

Investing Activities

Cash flows from investing activities primarily consist of capital expenditures, cash contributions to unconsolidated affiliate, cash amounts paid for acquisitions, and cash proceeds from sale or disposal of assets. Changes in capital expenditures between periods primarily result from increases or decreases in our growth capital expenditures to fund our construction and expansion projects.

Cash Flows Used in Investing Activities - Continuing Operations. Net cash used in investing activities was $120 million, $164 million, and $469 million for 2020, 2019, and 2018, respectively.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Net cash used in investing activities included $12 million and $5 million of cash paid for acquisitions in 2020 and 2019, respectively. Capital expenditures were $124 million and $148 million for 2020 and 2019, respectively. Contributions to unconsolidated affiliate were $8 million and $41 million in 2020 and 2019, respectively. Proceeds from disposal of property and equipment were $13 million and $30 million in 2020 and 2019, respectively. Distributions from unconsolidated affiliates in excess of cumulative earnings were $11 million in 2020 and zero in 2019.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Net cash used in investing activities included $5 million and $401 million of cash paid for acquisitions in 2019 and 2018, respectively. Capital expenditures were $148 million and $103 million for 2019 and 2018, respectively. Contributions to unconsolidated affiliate were $41 million in 2019 and zero in 2018, respectively. Proceeds from disposal of property and equipment were $30 million and $37 million in 2019 and 2018, respectively.

Financing Activities

Changes in cash flows from financing activities between periods primarily result from changes in the levels of borrowings and equity issuances, which are primarily used to fund our acquisitions and growth capital expenditures. Distributions increase between the periods based on increases in the number of common units outstanding or increases in the distribution rate.

Cash Flows Used in Financing Activities - Continuing Operations. Net cash used in financing activities was $306 million, $306 million, and $2,684 million for 2020, 2019, and 2018, respectively.

Year Ended December 31, 2020

During year ended December 31, 2020 we:

- issued $800 million of 4.500% senior notes due 2029;
- paid $564 million to repurchase 56% of the 4.875% senior notes due 2023;
- borrowed $1.1 billion and repaid $1.3 billion under our 2018 Revolver to fund daily operations;
- paid $354 million in distributions to our unitholders, of which $165 million was paid to ETO.

Year Ended December 31, 2019

During year ended December 31, 2019 we:

- issued $600 million of 6.000% senior notes due 2027;

- borrowed $2.4 billion and repaid $3.0 billion under our 2018 Revolver to fund daily operations;
- paid $353 million in distributions to our unitholders, of which $165 million was paid to ETO.

Year Ended December 31, 2018

During year ended December 31, 2018 we:

- issued $2.2 billion of Senior Notes, comprised of $1.0 billion in aggregate principal amount of 4.875% senior notes due 2023, $800 million in aggregate principal amount of 5.500% senior notes due 2026 and $400 million in aggregate principal amount of 5.875% senior notes due 2028;
- borrowed $2.8 billion and repaid $2.9 billion under our existing revolving credit facility entered into on September 25, 2014 and the 2018 Revolver to fund daily operations; redeemed $2.2 billion of our existing senior notes, comprised of $800 million in aggregate principal amount of 6.250% senior notes due 2021, $600 million in aggregate principal amount of 5.500% senior notes due 2020, and $800 million in aggregate principal amount of 6.375% senior notes due 2023;
- repaid the $1.2 billion Term Loan in full and terminated it; redeemed the outstanding Series A Preferred Units held by ETE for $300 million and a call premium of $3 million; repurchased 17,286,859 SUN common units owned by ETP for aggregate cash consideration of approximately $540 million; and
- paid $383 million in distributions to our unitholders, of which $192 million was paid to ETO and ET collectively.

We intend to pay cash distributions to the holders of our common units and Class C units on a quarterly basis, to the extent we have sufficient cash from our operations after establishment of cash reserves and payment of fees and expenses, including payments to our General Partner and its affiliates. Class C unitholders receive distributions at a fixed rate equal to $0.8682 per quarter for each Class C Unit outstanding. There is no guarantee that we will pay a distribution on our units. On January 28, 2021, we declared a quarterly distribution totaling $69 million, or $0.8255 per common unit based on the results for the three months ended December 31, 2020, excluding distributions to Class C unitholders. The distribution was paid on February 19, 2021 to all unitholders of record on February 8, 2021.

Cash Flows Provided by (Used in) Discontinued Operations. Cash provided by discontinued operations was $2.7 billion for 2018. Cash used in discontinued operations for operating activities was $484 million for 2018. Cash provided by discontinued operations for investing activities for 2018 was $3.2 billion, which is related to proceeds from the 7-Eleven Transaction. The change in cash included in current assets held for sale was $11 million for 2018.

Capital Expenditures

Included in our capital expenditures for 2020 was $35 million in maintenance capital and $89 million in growth capital. Growth capital relates primarily to new store construction and dealer supply contracts.

We currently expect to spend approximately $45 million in maintenance capital and $120 million in growth capital for the full year 2021.

Description of Indebtedness

Our outstanding consolidated indebtedness was as follows:

	December 31, 2020	December 31, 2019
	(in millions)	
Sale leaseback financing obligation	$ 97	$ 103
2018 Revolver	—	162
4.875% Senior Notes Due 2023	436	1,000
5.500% Senior Notes Due 2026	800	800
6.000% Senior Notes Due 2027	600	600
5.875% Senior Notes Due 2028	400	400
4.500% Senior Notes Due 2029	800	—
Finance leases	6	32
Total debt	3,139	3,097
Less: current maturities	6	11
Less: debt issuance costs	27	26
Long-term debt, net of current maturities	$ 3,106	$ 3,060

Revolving Credit Agreement

The Partnership is party to the 2018 Revolver. As of December 31, 2020, there were no borrowings outstanding on the 2018 Revolver and $8 million in standby letters of credit were outstanding. The unused availability on the 2018 Revolver at December 31, 2020 was $1.5 billion. The Partnership was in compliance with all financial covenants at December 31, 2020.

Contractual Obligations and Commitments

Contractual Obligations. We have contractual obligations that are required to be settled in cash. As of December 31, 2020, there were no borrowings outstanding on the 2018 Revolver and $3.0 billion aggregate principal amount of outstanding Senior Notes. See "Item 8. Financial Statements and Supplementary Data - Notes to Consolidated Financial Statements - Note 10 Long-Term Debt" for more information on our debt transactions. Our contractual obligations as of December 31, 2020 were as follows:

	Payments Due by Years				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
			(in millions)		
Long-term debt obligations, including current portion (1)	$ 3,139	$ 6	$ 451	$ 16	$ 2,666
Interest payments (2)	1,011	170	317	286	238
Operating lease obligations (3)	1,062	51	96	92	823
Service concession arrangements (4)	364	15	31	32	286
Total	$ 5,576	$ 242	$ 895	$ 426	$ 4,013

(1) Payments include required principal payments on our debt, finance lease obligations and sale leaseback obligations (see Note 10, "Long-Term Debt" to our Consolidated Financial Statements). Assumes the balance of the 2018 Revolver at December 31, 2020 continues to be zero until the 2018 Revolver matures in July 2023.

(2) Includes interest on outstanding debt, finance lease obligations and sale leaseback financing obligations. Includes interest on the 2018 Revolver balance as of December 31, 2020 and commitment fees on the unused portion of the facility through July 2023 using rates in effect at December 31, 2020.

(3) Includes minimum rental commitments under non-cancelable leases.

(4) Includes minimum guaranteed payments under service concession arrangements with New Jersey Turnpike Authority and New York Thruway Authority.

We periodically enter into derivatives, such as futures and options, to manage our fuel price risk on inventory in the distribution system. Fuel hedging positions are not significant to our operations. On a consolidated basis, the Partnership had a position of 1.3 million barrels with an aggregated unrealized loss of $6.0 million at December 31, 2020.

Off-Balance Sheet Arrangements

We do not maintain any off-balance sheet arrangements for the purpose of credit enhancement, hedging transactions or other financial or investment purposes.

Impact of Inflation

Inflation has a minimal impact on our results of operations, because we are generally able to pass along energy cost increases in the form of increased sales prices to our customers. Inflation in energy prices impacts our sales and cost of motor fuel products and working capital requirements. Increased fuel prices may also require us to post additional letters of credit or other collateral if our fuel purchases exceed unsecured credit limits extended to us by our suppliers. Although we believe we have historically been able to pass on increased costs through price increases and maintain adequate liquidity to support any increased collateral requirements, there can be no assurance that we will be able to do so in the future.

Critical Accounting Estimates

We prepare our consolidated financial statements in conformity with GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Critical accounting policies are those we believe are both most important to the portrayal of our financial condition and results of operations, and require our most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. Judgments and uncertainties affecting the application of those policies may result in materially different amounts being reported under different conditions or using different assumptions.

We believe the following policies will be the most critical in understanding the judgments that are involved in preparation of our consolidated financial statements.

Impairments of Goodwill, Intangible Assets and Long-Lived assets. Our recorded identifiable intangible assets primarily include the estimated value assigned to certain customer related and contract-based assets. Identifiable intangible assets with finite lives are amortized over their estimated useful lives, which is the period over which the asset is expected to contribute directly or indirectly to our future cash flows. Supply agreements are amortized on a straight-line basis over the remaining terms of the agreements, which generally range from five to fifteen years. The determination of the fair market value of the intangible asset and the estimated useful life are based on an analysis of all pertinent factors including (1) the use of widely-accepted valuation approaches, the income approach or the cost approach, (2) the expected use of the asset by us, (3) the expected useful life of related assets, (4) any legal, regulatory or contractual provisions, including renewal or extension periods that would cause substantial costs or modifications to existing agreements, and (5) the effects of obsolescence, demand, competition, and other economic factors. Should any of the underlying assumptions indicate that the value of the intangible assets might be impaired, we may be required to reduce the carrying value and subsequent useful life of the asset. If the underlying assumptions governing the amortization of an intangible asset were later determined to have significantly changed, we may be required to adjust the amortization period of such asset to reflect any new estimate of its useful life. Any write-down of the value or unfavorable change in the useful life of an intangible asset would increase expense at that time.

Customer relations and supply agreements are amortized over a weighted average period of approximately 5 to 20 years. Non-competition agreements are amortized over the terms of the respective agreements. Loan origination costs are amortized over the life of the underlying debt as an increase to interest expense.

At December 31, 2020, we had goodwill recorded in conjunction with past business acquisitions and “push down” accounting totaling $1.6 billion. Under GAAP, goodwill is not amortized. Instead, goodwill is subject to annual reviews on the first day of the fourth fiscal quarter for impairment at a reporting unit level. The reporting unit or units used to evaluate and measure goodwill for impairment are determined primarily from the manner in which the business is managed or operated. A reporting unit is an operating segment or a component that is one level below an operating segment. We have assessed the reporting unit definitions and determined that we have three reporting units that are appropriate for testing goodwill impairment.

Long-lived assets are required to be tested for recoverability whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Goodwill and intangibles with indefinite lives must be tested for impairment annually or more frequently if events or changes in circumstances indicate that the related asset might be impaired. An impairment loss should be recognized only if the carrying amount of the asset/goodwill is not recoverable and exceeds its fair value.

During the fourth quarter of 2020, management performed the annual impairment tests on our indefinite-lived intangible assets and goodwill for its reporting units. Impairment testing involved qualitative assessments for the reporting units. No impairments were identified for the reporting units as a result of these tests. During the first quarter of 2020, due to the impacts of the COVID-19 pandemic and the decline in the Partnership’s market capitalization, we determined that interim impairment testing should be performed. We performed the interim impairment tests consistent with our approach for annual impairment testing, including using similar models, inputs and assumptions. As a result of the interim impairment test, no goodwill impairment was identified for the reporting units.

The Partnership determined the fair value of our reporting units using a weighted combination of the discounted cash flow method and the guideline company method. Determining the fair value of a reporting unit requires judgment and the use of significant estimates and assumptions. Such estimates and assumptions include revenue growth rates, operating margins, weighted average costs of capital and future market conditions, among others. The Partnership believes the estimates and assumptions used in our impairment assessments are reasonable and based on available market information, but variations in any of the assumptions could result in materially different calculations of fair value and determinations of whether or not an impairment is indicated. Under the discounted cash flow method, the Partnership determined fair value based on estimated future cash flows of each reporting unit including estimates for capital expenditures, discounted to present value using the risk-adjusted industry rate, which reflect the overall level of inherent risk of the reporting unit. Cash flow projections are derived from one year budgeted amounts plus an estimate of later period cash flows, all of which are determined by management. Subsequent period cash flows are developed for each reporting unit using growth rates that management believes are reasonably likely to occur. Under the guideline company method, the Partnership determined the estimated fair value of each of our reporting units by applying valuation multiples of comparable publicly-traded companies to each reporting unit’s projected EBITDA and then averaging that estimate with similar historical calculations using a three year average. In addition, the Partnership estimated a reasonable control premium representing the incremental value that accrues to the majority owner from the opportunity to dictate the strategic and operational actions of the business.

Income Taxes. As a limited partnership, we are generally not subject to state and federal income tax and would therefore not recognize deferred income tax liabilities and assets for the expected future income tax consequences of temporary differences between financial statement carrying amounts and the related income tax basis. We are, however, subject to a statutory requirement that our non-qualifying income cannot exceed 10% of our total gross income, determined on a calendar year basis under the applicable income tax provisions. If the amount of our non-qualifying income exceeds this statutory limit, we would be taxed as a corporation. Accordingly, certain activities that generate non-qualifying income are conducted through our wholly-owned taxable corporate subsidiaries for which we have recognized deferred income tax liabilities and assets. These balances, as well as any income tax expense, are determined through management’s estimations, interpretation of tax laws of multiple jurisdictions and tax planning strategies. If our actual results differ from estimated results due to changes in tax laws, our effective tax rate and tax balances could be affected. As such, these estimates may require adjustments in the future as additional facts become known or as circumstances change.

The benefit of an uncertain tax position can only be recognized in the financial statements if management concludes that it is more likely than not that the position will be sustained with the tax authorities. For a position that is likely to be sustained, the benefit recognized in the financial statements is measured at the largest amount that is greater than 50 percent likely of being realized. In determining the future tax consequences of events that have been recognized in our financial statements or tax returns, judgment is required. Differences between the anticipated and actual outcomes of these future tax consequences could have a material impact on our consolidated results of operations or financial position.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

We are subject to market risk from exposure to changes in interest rates based on our financing, investing and cash management activities. We had no outstanding variable interest rate borrowings on the 2018 Revolver as of December 31, 2020. Our primary exposure relates to:

- interest rate risk on short-term borrowings; and
- the impact of interest rate movements on our ability to obtain adequate financing to fund future acquisitions.

While we cannot predict or manage our ability to refinance existing debt or the impact interest rate movements will have on our existing debt, management evaluates our financial position on an ongoing basis. From time to time, we may enter into interest rate swaps to reduce the impact of changes in interest rates on our floating rate debt. We had no interest rate swaps in effect during the twelve months ended December 31, 2020 and 2019.

Commodity Price Risk

Sunoco LLC and Aloha hold working inventories of refined petroleum products, renewable fuels, and gasoline blendstocks and transmix in storage. As of December 31, 2020, Sunoco LLC held approximately $324 million and Aloha held approximately $29 million of such inventory. While in storage, volatility in the market price of stored motor fuel could adversely impact the price at which we can later sell the motor fuel. However, Sunoco LLC uses futures, forwards and other derivative instruments (collectively, "positions") to hedge a variety of price risks relating to deviations in that inventory from a target base operating level established by management. Derivative instruments utilized consist primarily of exchange-traded futures contracts traded on the New York

Mercantile Exchange, Chicago Mercantile Exchange, and Intercontinental Exchange, as well as over-the-counter transactions (including swap agreements) entered into with established financial institutions and other credit-approved energy companies. Sunoco LLC's policy is generally to purchase only products for which there is a market and to structure sales contracts so that price fluctuations do not materially affect profit. Sunoco LLC also engages in controlled trading in accordance with specific parameters set forth in a written risk management policy. While these derivative instruments represent economic hedges, they are not designated as hedges for accounting purposes.

On a consolidated basis, the Partnership had a position of 1.3 million barrels with an aggregated unrealized loss of $6.0 million at December 31, 2020.

Item 8. Financial Statements and Supplementary Data

See Index to Consolidated Financial Statements at Page F-1.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act), that are designed to provide reasonable assurance that the information that we are required to disclose in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. It should be noted that, because of inherent limitations, our disclosure controls and procedures, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the disclosure controls and procedures are met.

As required by paragraph (b) of Rule 13a-15 under the Exchange Act, our management with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Form 10-K. Based on such evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, has concluded, as of December 31, 2020, that our disclosure controls and procedures were effective at the reasonable assurance level for which they were designed in that the information required to be disclosed by the Partnership in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process that is designed under the supervision of our Chief Executive Officer and Chief Financial Officer and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures recorded by us are being made only in accordance with authorizations of our management and board of directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management conducted its evaluation of the effectiveness of internal control over financial reporting as of December 31, 2020, based on the framework in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management's assessment included an evaluation of the design of its internal control over financial reporting and testing the operational effectiveness of its internal control over financial reporting. Management reviewed the results of the assessment with the audit committee of the board of directors. Based on its assessment, management determined that, as of December 31, 2020, it maintained effective internal control over financial reporting.

Grant Thornton LLP, the independent registered public accounting firm that audited the consolidated financial statements of the Partnership included in this Annual Report on Form 10-K, has issued an attestation report on the effectiveness of the Partnership's internal control over financial reporting as of December 31, 2020. The report, which expresses an unqualified opinion on the effectiveness of the Partnership's internal control over financial reporting as of December 31, 2020, is included in this Item under the heading "Report of Independent Registered Public Accounting Firm".

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the fourth quarter of fiscal 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

From time to time, we make changes to our internal control over financial reporting that are intended to enhance its effectiveness and which do not have a material effect on our overall internal control over financial reporting. We will continue to evaluate the effectiveness of our disclosure controls and procedures and internal control over financial reporting on an ongoing basis and will take action as appropriate.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors of Sunoco GP LLC and
Unitholders of Sunoco LP

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of Sunoco LP (a Delaware limited partnership) and subsidiaries (the "Partnership") as of December 31, 2020, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, the Partnership maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Partnership as of and for the year ended December 31, 2020, and our report dated February 19, 2021 expressed an unqualified opinion on those financial statements.

Basis for opinion

The Partnership's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Partnership's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

Dallas, Texas
February 19, 2021

Item 9B. Other Information

None.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

Board of Directors

Our general partner, Sunoco GP LLC (our “General Partner”), manages and directs our operations and activities. The membership interest in our General Partner is solely owned by Energy Transfer Operating, L.P. (“ETO”), a wholly-owned subsidiary of Energy Transfer LP (“ET”). As the sole member of our General Partner, ETO is entitled under the limited liability company agreement of our General Partner to appoint all directors of our General Partner. Our General Partner’s limited liability company agreement provides that our General Partner’s Board of Directors (the “Board”) shall consist of between three and twelve persons, at least three of whom are required to qualify as independent directors. As of December 31, 2020, the Board consisted of seven persons, three of whom qualify as “independent” under the listing standards of the NYSE and our governance guidelines. Our Board has affirmatively determined that the directors who qualify as “independent” under the NYSE’s listing standards, SEC rules and our governance guidelines are James W. Bryant, Oscar A. Alvarez and Imad K. Anbouba.

As a limited partnership, we are not required by the rules of the NYSE to seek unitholder approval for the election of any of our directors. We do not have a formal process for identifying director nominees, nor do we have a formal policy regarding consideration of diversity in identifying director nominees. We believe, however, that the individuals appointed as directors have experience, skills and qualifications relevant to our business and have a history of service in senior leadership positions with the qualities and attributes required to provide effective oversight of the Partnership. Our Board met four times during fiscal year 2020 and each of our current directors attended at least 75% of those meetings, and 75% of the meetings of any committees on which they served.

The Board’s Role in Risk Oversight

Our Board generally administers its risk oversight function as a whole. It does so in part through discussion and review of our business, financial and corporate governance practices and procedures, with opportunity for specific inquires of management. In addition, at each regular meeting of the Board, management provides a report of the Partnership’s operational and financial performance, which often prompts questions and feedback from the Board. The audit committee provides additional risk oversight through its quarterly meetings, where it discusses policies with respect to risk assessment and risk management, reviews contingent liabilities and risks that may be material to the Partnership and assesses major legislative and regulatory developments that could materially impact the Partnership’s contingent liabilities and risks. The audit committee is required to discuss any material violations of our policies brought to its attention on an ad hoc basis. Additionally, the compensation committee reviews our overall compensation program and its effectiveness at both linking executive pay to performance and aligning the interests of our executives and our unitholders.

Committees of the Board of Directors

The Board has established standing committees to consider designated matters. The standing committees of the Board are: the audit committee and the compensation committee. The listing standards of the NYSE do not require boards of directors of publicly traded limited partnerships to be composed of a majority of independent directors, nor are they required to have a standing nominating or compensation committee. Notwithstanding, the Board has elected to have a standing compensation committee. We do not have a nominating committee in view of the fact that ETO, which owns our General Partner, appoints the directors to our Board. The Board has adopted governance guidelines for the Board and charters for each of the audit and compensation committees.

Audit Committee

We are required to have an audit committee of at least three members, and all of its members are required to meet the independence and experience standards established by the NYSE and the Exchange Act. The current members of the audit committee are James W. Bryant, Oscar A. Alvarez and Imad K. Anbouba, each of whom are independent under the NYSE’s standards and SEC’s rules for audit committee members. In addition, the Board has determined that Mr. Anbouba, who serves as chairman of the audit committee, has “accounting or related financial management expertise” and constitutes an “audit committee financial expert,” in accordance with SEC and NYSE rules and regulations.

The audit committee assists the Board in its oversight of the integrity of our consolidated financial statements and our compliance with legal and regulatory requirements and partnership policies and controls. The audit committee meets on a regularly-scheduled basis with our independent accountants at least four times each year and is available to meet at their request. Our independent registered public accounting firm has been given unrestricted access to the audit committee and our management, as necessary. The audit committee has the authority and responsibility to review our external financial reporting, to review our procedures for internal auditing and the adequacy of our internal accounting controls, to consider the qualifications and independence of our independent accountants, to engage and resolve disputes with our independent accountants, including the letter of engagement and statement of fees relating to the scope of the annual audit work and special audit work that may be recommended or required by the independent accountants, and to engage the services of any other advisors and accountants as the audit committee deems advisable. The committee reviews and discusses the audited financial statements with management, discusses with our independent auditors matters and makes recommendations to the Board relating to our audited financial statements. In addition, the audit committee is authorized to recommend to the Board any changes or modifications to its charter that the committee believes may be required. The charter of the audit committee is publicly available on our website at *http://www.sunocolp.com/investors/corporate-governance*. The audit committee held four meetings during 2020.

Compensation Committee

Although we are not required under NYSE rules to appoint a compensation committee because we are a limited partnership, the Board established a compensation committee to establish standards and make recommendations concerning the compensation of our officers and directors. The compensation committee is currently chaired by Mr. Bryant and includes Mr. Anbouba. In addition, the compensation committee determines and establishes the standards for any awards to employees and officers providing services to us under the equity compensation plans adopted by our unitholders, including the performance standards or other restrictions pertaining to the vesting of any such awards. Pursuant to the charter of the compensation committee, a director serving as a member of the compensation committee may not be an officer of or employed by our General Partner, us or our subsidiaries. During 2020, neither Mr. Bryant nor Mr. Anbouba was an officer or employee of affiliates of ET, or served as an officer of any company with respect to which any of our executive officers served on such company's board of directors. In addition, neither Mr. Bryant nor Mr. Anbouba is a former employee of affiliates of ET. The charter of the compensation committee is publicly available on our website at *http://www.sunocolp.com/investors/corporate-governance*. The compensation committee held three meetings during 2020.

Code of Ethics

The Board has approved a Code of Business Conduct and Ethics which is applicable to all directors, officers and employees of our General Partner and its affiliates, including the principal executive officer, the principal financial officer and the principal accounting officer. The Code of Business Conduct and Ethics is available on our website at *http://www.sunocolp.com/investors/corporate-governance* (under the 'Investor Relations/Corporate Governance' tab) and in print without charge to any unitholder who sends a written request to our secretary at our principal executive offices at 8111 Westchester Drive, Suite 400, Dallas, Texas 75225. We intend to post any amendments of this code, or waivers of its provisions applicable to directors or executive officers of our General Partner, including its principal executive officer and principal financial officer, at this location on our website.

Corporate Governance Guidelines

The Board has adopted a set of Corporate Governance Guidelines to promote a common set of expectations as to how the Board and its committees should perform their functions. These principles are published on our website at *http://www.sunocolp.com/investors/corporate-governance* and reviewed by the Board annually or more often as the Board deems appropriate.

Meetings of Non-Management Directors and Communications with Directors

In accordance with our Corporate Governance Guidelines, the Board holds executive sessions of non-management directors not less than twice annually. These meetings are presided over, on a rotating basis, by the chairman of the audit and compensation committees of the Board. Interested parties may contact the chairman of our audit or compensation committee, or our independent or non-management directors individually or as a group, utilizing the contact information set forth on our website at *http://www.sunocolp.com/investors/corporate-governance*.

Note that the preceding Internet addresses are for information purposes only and are not intended to be hyperlinked. Accordingly, no information found or provided at those Internet addresses or at our website in general is intended or deemed to be incorporated by reference herein.

Executive Officers and Directors of our General Partner

The following table shows information about the current executive officers and directors of our General Partner. References to "our officers," "our directors," or "our board" refer to the officers, directors, and board of directors of our General Partner. Directors are appointed to hold office until their successors have been elected or qualified or until the earlier of their death, resignation, removal or disqualification. Executive officers serve at the discretion of the Board.

Name	Age	Position With Our General Partner
Matthew S. Ramsey	65	Chairman of the Board
Joseph Kim	49	President & Chief Executive Officer and Director
Arnold D. Dodderer	52	General Counsel & Assistant Secretary
Karl R. Fails	46	Senior Vice President, Chief Operations Officer
Brian A. Hand	53	Senior Vice President, Chief Sales Officer
Dylan A. Bramhall	44	Chief Financial Officer
Oscar A. Alvarez	65	Director
Imad K. Anbouba	66	Director
James W. Bryant	87	Director
Christopher R. Curia	65	Director and Executive Vice President, Human Resources
Thomas E. Long	64	Director

Matthew S. Ramsey - Chairman of the Board. Mr. Ramsey was appointed as the Chairman of the Board in April 2015, having previously been appointed to the Board in August 2014. Mr. Ramsey is the President and Chief Operating Officer and director of ETO's general partner and has served in that capacity since November 2015. Mr. Ramsey served as President and Chief Operating Officer and Chairman of the board of directors of PennTex Midstream Partners, LP's general partner from November 2016 to July 2017. Mr. Ramsey has served on the Board of Directors of the general partner of ET since July 2012. Mr. Ramsey has served on the board of directors of the general partner of USA Compression Partners, LP since April 2018. Prior to joining ETO in November 2015, Mr. Ramsey served as president of Houston-based RPM Exploration Ltd., a private oil and gas exploration partnership generating and drilling 3-D seismic prospects on the Gulf Coast of Texas. Mr. Ramsey formerly served as a director of RSP Permian, Inc. from January 2014 to July 2018. Mr. Ramsey formerly served as President of DDD Energy, Inc. until its sale in 2002. From 1996 to 2000, Mr. Ramsey served as President and Chief Executive Officer of OEC Compression Corporation, Inc., a publicly traded oil field service company, providing gas compression services to a variety of energy clients. Previously, Mr. Ramsey served as Vice President of Nuevo Energy Company ("Nuevo Energy"), an independent energy company. Additionally, he was employed by Torch Energy Advisors, Inc. ("Torch Energy"), a company providing management and operations services to energy companies, including Nuevo Energy, last serving as Executive Vice President. Mr. Ramsey joined Torch Energy as Vice President of Land and was named Senior Vice President of Land in 1992. Mr. Ramsey holds a B.B.A. in Marketing from the University of Texas at Austin and a J.D. from South Texas College of Law. Mr. Ramsey is a graduate of Harvard Business School Advanced Management Program. Mr. Ramsey is licensed to practice law in the State of Texas. He is qualified to practice in the Western District of Texas and the United States Court of Appeals for the Fifth Circuit. Mr. Ramsey formerly served as a director of Southern Union Company. Mr. Ramsey was appointed to serve on our Board in recognition of his vast knowledge of the energy space and valuable industry, operational and management experience.

Joseph Kim - President and Chief Executive Officer and Director. Mr. Kim was appointed to the Board in January 2018 and has served as President and Chief Executive Officer of our General Partner since January 2018. From June 2017 through December 2017, he served as President and Chief Operating Officer and prior to that served as Executive Vice President and Chief Development Officer since October 2015. Prior to joining the Partnership in October 2015, Mr. Kim held various executive positions, including Chief Operating Officer for Pizza Hut and Senior Vice President - Retail Strategy and Growth for Valero Energy. Prior to his 18 years with Pizza Hut and Valero, Mr. Kim worked for Arthur Anderson within both the Audit and Consulting business units. He is a graduate of Trinity University with a bachelor's degree in Business Administration.

Arnold D. Dodderer - General Counsel & Assistant Secretary. Mr. Dodderer has served as General Counsel & Assistant Secretary of our General Partner since April 2017, as General Counsel since April 2016 and as General Counsel and Assistant Secretary of our affiliate, Sunoco, Inc. (now known as ETC Sunoco Holdings LLC), since April 2013. Between June 2007 and April 2013, Mr. Dodderer served in various capacities for Sunoco, Inc., including Assistant General Counsel and Chief Compliance Officer. Prior to joining Sunoco, Mr. Dodderer began his legal career in 2000 as an associate at the international law firm of K&L Gates. Mr. Dodderer earned a B.A. from the University of Arkansas and a J.D. from the University of Michigan.

Karl R. Fails - Senior Vice President, Chief Operations Officer. Mr. Fails has served as Senior Vice President, Chief Operations Officer of our General Partner since January 2019. He is responsible for all aspects of the petroleum and renewable fuel supply chain, including supply and trading activities, fuel pricing, product quality, trucking transportation and midstream operations, which includes product terminals and transmix processing facilities. Mr. Fails previously held the position of Senior Vice President, Chief Commercial Officer from February 2018 to January 2019, and Executive Vice President - Supply & Trading from January 2017 to January 2018 and held various other leadership positions during his tenure at the Partnership and Sunoco, Inc. (now known as ETC Sunoco Holdings LLC). Prior to joining Sunoco, Inc. in 2010, Mr. Fails served in various operations and engineering roles in the refining business for both Valero Energy and Exxon. He holds Bachelor's degrees in Chemical Engineering and Math from Brigham Young University and a Master of Business Administration degree from the University of California, Berkeley.

Brian A. Hand - Senior Vice President, Chief Sales Officer. Mr. Hand has served as Senior Vice President, Chief Sales Officer since April 2020. He is responsible for all aspects of the fuel distribution business, including strategic acquisition and divestment, branded/unbranded wholesale, direct dealers, performance products retail fuel pricing, and sales. Mr. Hand previously served as Senior Vice President, Chief Development & Marketing Officer of our General Partner from February 2018 through April 2020. Mr. Hand previously held the position of Chief Procurement Officer at various Partnership subsidiaries and also held various other leadership positions during his tenure with the Partnership and Sunoco, Inc. (now known as ETC Sunoco Holdings LLC). Prior to joining Sunoco, Inc. in 2010, Mr. Hand served in various leadership positions at Hewlett Packard, Blockbuster, Inc. and Cingular Wireless (now AT&T Mobility). He holds a Bachelor’s degree in Accounting and Business Management from Lebanon Valley College and a Master of Business Administration degree from Widener University.

Dylan A. Bramhall - Chief Financial Officer. Mr. Bramhall has served as Chief Financial Officer of our General Partner since October 2020 and currently is also Executive Vice President - Finance and Group Treasurer of Energy Transfer's General Partner. Mr. Bramhall joined Energy Transfer in 2015 as a result of its merger with Regency Energy Partners and is responsible for oversight of the Partnership’s Financial Planning and Analysis, Credit and Commodity Risk Management, Insurance, Cash Management, and Capital Markets groups. He also serves as a member of Energy Transfer’s Risk Oversight Committee and is on the board of directors for Permian Express Partners, a joint venture between Energy Transfer and Exxon Mobil, and Energy Transfer Canada, the Canadian business unit of Energy Transfer. While at Regency, Mr. Bramhall held management positions in the finance, risk, commercial and operations groups.

Oscar A. Alvarez - Director. Mr. Alvarez was appointed to the Board in March 2018. Mr. Alvarez serves on our audit committee. Mr. Alvarez served the Republic of Honduras for over 30 years, and was elected as a Representative in the National Congress of Honduras multiple times before retiring from politics in 2018. Over the course of his political career he was appointed to the cabinet position of Secretary of Security in both 2002 and 2010. Prior to this, he assisted with the diplomatic mission of the Honduran Embassy in Washington D.C. as Assistant Defense Attaché. In 1994, Mr. Alvarez entered the private sector and founded Atessa Seguridad S.A., providing turnkey security services for many major banks in the country of Honduras. A veteran of the Honduran Armed Forces, he is a graduate of United States Army Ranger School in Fort Benning, GA and the Special Forces Qualification Course at Fort Bragg, NC. Mr. Alvarez has a bachelor's degree from Texas A&M University, where he was the first cadet to be commissioned into a foreign army. He has also taken graduate courses in International Relations at Johns Hopkins University. Mr. Alvarez was selected to serve on our Board due to his extensive international experience.

Imad K. Anbouba - Director. Mr. Anbouba was appointed to the Board in March 2018. Mr. Anbouba chairs our audit committee and serves on our compensation committee. Mr. Anbouba has been the President and Chief Executive Officer of MarJam Global Holdings, Inc. since 1999 and previously served Triton Energy Limited in senior managerial positions from June 1987 to July 1998. Mr. Anbouba is a petroleum engineer with more than 35 years of experience in the oil and gas midstream and petrochemical industries. Mr. Anbouba has previously served as a member of the board of directors and Chief Executive Officer of Central Energy GP LLC from May 2012 to November 2013. He has also previously served as a member of the board of the Dallas Wildcatters from August 2010 to May 2013 and member of the board and Vice President of the Dallas Petroleum Club from January 1997 to January 2000 and January 1998 to January 1999, respectively. Mr. Anbouba was selected to our Board based on his extensive experience in the energy industry, including his past experiences as an executive with various energy companies.

James W. Bryant - Director. Mr. Bryant was appointed to the Board in April 2015. Mr. Bryant chairs our compensation committee and serves on our audit committee. Mr. Bryant is a chemical engineer and has more than 40 years of experience in all phases of the natural gas business, specifically in the engineering and management of midstream facilities. Mr. Bryant was a founder and Chief Executive Officer of, and currently serves as Chairman of Producers Midstream LP, a position he has held since August 2019. Mr. Bryant previously served as a director of Regency GP LLC, the general partner of Regency Energy Partners LP, from July 2010 to April 2015 and was Chairman of the Regency board from April 2014 to April 2015. He also served as a partner and member of the board of directors for Cardinal Midstream, LLC from September 2008 until April 2013, and since then formed JWB Cardinal Investments. Prior to that, he was a co-founder of Cardinal Gas Solutions LP and Regency Gas Services, LLC. Mr. Bryant received a bachelor’s degree in chemical engineering from Louisiana Tech University. Mr. Bryant was selected to serve as a member of the Board based on his more than 40 years of experience in the energy industry as well as his experience as a director on the boards of other public companies.

Christopher R. Curia - Director and Executive Vice President-Human Resources. Mr. Curia was appointed to the Board in August 2014. Mr. Curia has served as Executive Vice President-Human Resources of our General Partner since April 2015. Mr. Curia joined ETO in July 2008 and was appointed the Executive Vice President and Chief Human Resources Officer of ET in January 2015. Mr. Curia has served on the board of directors of the general partner of USA Compression Partners, LP since April 2018. Prior to joining ETO, Mr. Curia held HR leadership positions at both Valero Energy Corporation and Pennzoil and brings with him more than three decades of Human Resources experience in the oil and gas field. He also has several years’ experience in the retail sector of the energy industry. Mr. Curia earned a master’s degree in Industrial Relations from the University of West Virginia. Mr. Curia was selected to serve as a member of the Board due to the valuable perspective he brings from his extensive experience working as a human resources professional in the energy industry, and the insights he brings to the Board on matters such as succession planning, compensation, employee management and acquisition evaluation and integration.

Thomas E. Long - Director. Mr. Long was appointed to the Board in May 2016. Mr. Long was appointed as Co-Chief Executive Officer of ET's general partner effective January 2021. Mr. Long previously served as the Chief Financial Officer of ET's general partner from February 2016 through January 2021. Mr. Long also serves as a director of the general partner of ET since April 2019. Mr. Long serves as the Co-Chief Executive Officer of ETO's general partner and was previously Chief Financial Officer of ETO's general partner. Mr. Long also served as the Chief Financial Officer and as a director of PennTex Midstream Partners, LP’s general partner, from November 2016 to July 2017. Mr. Long has served on the board of directors of the general partner of USA Compression Partners, LP since April 2018. Mr. Long previously served as Executive Vice President and Chief Financial Officer of Regency Energy Partners LP’s general partner from November 2010 to April 2015. From May 2008 to November 2010, Mr. Long served as Vice President and Chief Financial Officer of Matrix Service Company. Prior to joining Matrix, he served as Vice President and Chief Financial Officer of DCP Midstream Partners, LP, a publicly traded natural gas and natural gas liquids midstream business company located in Denver, CO. In that position, he was responsible for all financial aspects of the company since its formation in December 2005. From 1998 to 2005, Mr. Long served in several executive positions with subsidiaries of Duke Energy Corp., one of the nation’s largest electric power companies. Mr. Long was selected to serve on our Board because of his understanding of energy-related corporate finance gained through his extensive experience in the energy industry.

Section 16(a) Beneficial Ownership Reporting Compliance

Each director and executive officer (and, for a specified period, certain former directors and executive officers) of our General Partner and each holder of more than 10 percent of a class of our equity securities is required to report to the SEC his or her pertinent position or relationship, as well as transactions in those securities, by specified dates.

Delinquent Section 16(a) Reports

Based solely upon a review of reports on Forms 3 and 4 (including any amendments) furnished to us during our most recent fiscal year and written representations from officers and directors of our General Partner that no Form 5 was required, we believe that all filings applicable to our General Partner’s officers and directors, and our beneficial owners, required by Section 16(a) of the Exchange Act were filed on a timely basis during 2020.

Reimbursement of Expenses of our General Partner

Our General Partner does not receive any management fee or other compensation for its management of us. Our General Partner is reimbursed for all expenses incurred on our behalf. These expenses include all expenses necessary or appropriate to the conduct of our business and are allocable to us, as provided for in our partnership agreement. There is no cap on the amount that may be paid or reimbursed to our General Partner.

Item 11. Executive Compensation

As is commonly the case for many publicly traded limited partnerships, we do not have officers or directors. Instead, we are managed by the board of directors of our General Partner, and the executive officers of our General Partner perform all of our management functions. As a result, the executive officers of our General Partner are essentially our executive officers. ETO controls our General Partner and ETO owns a significant limited partner interest in us. ETO is controlled by ET, and it is ET, as a result, that will be referenced throughout this Item 11. References to "our officers" and "our directors" refer to the officers and directors of our General Partner.

Compensation Discussion and Analysis

Named Executive Officers

This Compensation Discussion and Analysis is focused on the total compensation of the executive officers of our General Partner as set forth below. The executive officers we refer to in this discussion as our "named executive officers," or "NEOs," for the 2020 fiscal year are the following officers of our General Partner:

Name	Principal Position
Joseph Kim	President and Chief Executive Officer
Dylan A. Bramhall	Chief Financial Officer (effective October 2020)
Thomas R. Miller	Former Chief Financial Officer
Karl R. Fails	Senior Vice President, Chief Operations Officer
Brian A. Hand	Senior Vice President, Chief Sales Officer
Arnold D. Dodderer	General Counsel & Assistant Secretary

Effective September 1, 2020, Mr. Miller resigned as Chief Financial Officer and terminated his employment. In connection with his retirement, Mr. Miller and the Partnership entered into a Separation and Restrictive Covenant Agreement and Full Release of Claims (the "Separation Agreement"), which provided for certain payments and benefits described in greater detail below within the section titled "Potential Payments Upon a Termination or Change of Control." Pursuant to SEC disclosure rules, any individual that serves in the role of the Chief Financial Officer for any portion of a year must be deemed an NEO for the year in question, even if not employed at the end of that year.

Our board of directors has established a Compensation Committee to review and make decisions with respect to the compensation determinations of our officers and directors. However, our compensation committee consults with and receives guidance and input, as appropriate, from ET's compensation committee, ET's Chairman of the board of directors, and ET's Executive Vice President and Chief Human Resources Officer to ensure compensation decisions are undertaken consistent with the compensation philosophy and objectives set by ET.

In addition to his role as the Chief Financial Officer of our General Partner, Mr. Bramhall also serves as Executive Vice President of Finance and Group Treasurer of ET's general partner. ET's compensation committee sets the components of Mr. Bramhall's compensation, including salary, long-term incentive awards and annual bonus. Mr. Bramhall's overall compensation will be divided between SUN and ET with 40% of his total compensation attributable to his work for SUN. For 2020, a portion of Mr. Bramhall's annual long-term incentive compensation has been approved and awarded by the Compensation Committee of our General Partner in recognition of his services to the Partnership.

Compensation Philosophy and Objectives

Generally, our compensation philosophy and objectives are substantially the same as those set by ET and are based on the premise that a significant portion of each executive's total compensation should be incentive-based or "at-risk" compensation. We also share ET's philosophy that executives' total compensation levels should be competitive in the marketplace for executive talent and abilities. Our General Partner seeks a total compensation program for our NEOs that provides for an annual base compensation rate slightly below the median market (i.e., approximately the 30th to 40th percentile of market) but incentive-based compensation composed of a combination of compensation vehicles designed to reward both short- and long-term performance that are both targeted to pay out at approximately the top-quartile of market for similarly situated businesses. Our General Partner believes the incentive-based balance is achieved by (i) the payment of annual discretionary cash bonuses that consider the achievement of the financial performance objectives for a fiscal year set at the beginning of such fiscal year and the individual contributions of our NEOs to the success of the achievement of the annual financial performance objectives, and (ii) the annual grant of time-based restricted unit and/or restricted phantom unit awards under the long-term incentive plan ("RSUs"), which awards are intended to provide a long-term incentive and retentive value to our key employees to focus their efforts on increasing the market price of our publicly traded units and to increase the cash distribution we pay to our unitholders. As discussed below, our compensation committee, in consultation with our General Partner, and, as applicable ET or the ET Compensation Committee, are responsible for the compensation policies and compensation level of the named executive officers of our General Partner. In this discussion, we refer to our compensation committee as the "Compensation Committee."

Our compensation program is structured to achieve the following:

- reward executives with an industry-competitive total compensation package of competitive base salaries and significant incentive opportunities yielding a total compensation package approaching the top-quartile of the market;
- attract, retain and reward talented executive officers and key management employees by providing total compensation competitive with that of other executive officers and key management employees employed by publicly traded limited partnerships of similar size and in similar lines of business;
- motivate executive officers and key employees to achieve strong financial and operational performance;
- emphasize performance-based or "at-risk" compensation; and
- reward individual performance.

Components of Executive Compensation

For the year ended December 31, 2020, the compensation paid to our NEOs consisted of the following components:

- annual base salary;
- non-equity incentive plan compensation consisting solely of discretionary cash bonuses;
- time-vested restricted unit and/or restricted phantom unit awards under the equity incentive plan;
- payment of distribution equivalent rights ("DERs") on unvested time-based restricted unit and/or restricted phantom unit awards under our equity incentive plan;
- vesting of previously issued time-based restricted unit and/or restricted phantom unit awards issued pursuant to equity incentive plans of affiliates; and
- 401(k) plan employer contributions.

Methodology

The Compensation Committee considers relevant data available to it to assess our competitive position with respect to base salary, annual short-term incentives and long-term incentive compensation for our executives, including our NEOs. The Compensation Committee also considers individual performance, levels of responsibility, skills and experience.

Periodically, we engage a third-party consultant to provide the compensation committee of our General Partner with market information for compensation levels at peer companies in order to assist in the determination of compensation levels for executives, including the named executive officers. During 2019, Longnecker & Associates ("Longnecker"), the independent compensation advisor to ET was engaged to provide targeted market review and benchmarking for the identified members of the senior leadership team. In particular, the review by Longnecker was designed to (i) evaluate the market competitiveness of total compensation levels for certain members of senior management, including our named executive officers; (ii) assist in the determination of appropriate compensation levels for our senior management, including the named executive officers; and (iii) confirm that our compensation programs were yielding compensation packages consistent with our overall compensation philosophy. The Partnership was reviewed by Longnecker through various metrics in order to recognize the Partnership's unique structure, including the facts that (i) the Partnership receives certain shared-service support from ET; and (ii) in other functions, the Partnership operates in a manner consistent with an independent publicly-traded organization. As such, Longnecker reviewed certain of our executive officers, including the named executive officers, in their specific functions to determine the appropriate benchmarking technique. In all circumstances, Longnecker considered our annual revenues and market capitalization levels in its benchmarking. The compensation analysis provided by Longnecker covered all major components of total compensation, including annual base salary, annual short-term cash bonus and long-term incentive awards for our named executive officers as compared to officers of companies similarly situated in terms of structure, annual revenues and market capitalization and made determinations with respect to such officers' level (i.e. as a corporate officer, subsidiary officer or shared service function) given the unique characteristics of our structure.

Following Longnecker's 2019 review, the Compensation Committee reviewed the information provided, including Longnecker's specific conclusions and recommended considerations for all compensation going forward. The Compensation Committee considered and reviewed the results of the study performed by Longnecker to determine if the results indicated that the compensation programs were yielding a competitive total compensation model prioritizing incentive-based compensation and rewarding achievement of short and long-term performance objectives and considered Longnecker's conclusions and recommendations. In general, Longnecker found that the Partnership is achieving its stated objectives with respect to the "at-risk" approach and targeted level of compensation for our named executive officers.

In addition to the 2019 compensation analysis, Longnecker also provided advice and feedback on certain other matters, including the appropriateness, targets and composition of the annual equity award pools and the annual bonus awards under our bonus plan.

Base salary. Base salary is designed to provide for a competitive fixed level of pay that attracts and retains executive officers and compensates them for their level of responsibility and sustained individual performance (including experience, scope of responsibility and results achieved). The salaries of our named executive officers are targeted as an annual base salary slightly below median level of market and are determined by the compensation committee. Base salaries also are influenced by internal pay equity (fair and consistent application of compensation practices). At the NEO level, the balance of compensation is weighted toward pay-at-risk compensation (annual bonuses and long-term incentives).

During 2020, given the challenging economic conditions, including the impacts of the COVID-19 pandemic, the Compensation Committee did not approve any increases to base salaries of the named executive officers. Thus, 2020 base salaries for the named executive officers were consistent with the prior year amounts: $533,025 for Mr. Kim, $349,664 for Mr. Miller, $319,815 for Mr. Hand and $309,154 for Mr. Dodderer. In connection with Mr. Bramhall's appointment as Chief Financial Officer in October 2020, his annual base salary was established at $345,000.

Annual Bonus. In addition to base salary, the Compensation Committee makes a determination whether to award discretionary annual cash bonuses to employees, including following the end of the year. These discretionary bonuses, if awarded, are intended to reward our named executive officers for the achievement of financial performance objectives during the year for which the bonuses are awarded in light of the contribution of each individual to our profitability and success during such year.

The Bonus Plan is a discretionary annual cash bonus plan available to all employees, including the named executive officers. The purpose of the Bonus Plan is to reward employees for contributions towards the Partnership's business goals and to aid in motivating employees. The Bonus Plan is administered by the Compensation Committee and the Compensation Committee has the authority to establish and interpret the rules and regulations relating to the Bonus Plan, to select participants, to determine and approve the size of any actual award amount, to make all determinations, including factual determinations, under the Bonus Plan, and to take all other actions necessary or appropriate for the proper administration of the Bonus Plan.

For each calendar year, or any other period designated by the compensation committee (the "Performance Period"), the compensation committee will evaluate and determine an overall funded cash bonus pool based on achievement of (i) an internal Adjusted EBITDA target ("Adjusted EBITDA Target"), (ii) an internal distributable cash flow target ("DCF Target") and (iii) performance of each department compared to the applicable departmental budget ("Departmental Budget Target"). The performance criteria are weighted 60% on the achievement of the Adjusted EBITDA Target, 20% on the achievement of the DCF Target and 20% on the achievement of the Departmental Budget Target (collectively "Budget Targets"). The total amount of cash to be allocated to the funded bonus pool will range from 0% to 120% for each of the budgeted DCF Target and Adjusted EBITDA Target and will range from 0% to 100% of the Departmental Budget Target. The maximum funding of the bonus pool is 116% of the total pool target and to achieve such funding each of the Adjusted EBITDA and the DCF Target must achieve 120% funding and the Department Budget target must achieve its 100% target. While the funded bonus pool will reflect an aggregation of performance under each target, in the event performance under the Adjusted EBITDA Target is below 80% of its target, no bonus pool will be funded. If the bonus pool is funded, a participant may earn a cash award for the Performance Period based upon the level of attainment of the Budget Targets and his or her individual performance. Awards are paid in cash as soon as practicable after the end of the Performance Period but in no event later than two and one-half months after the end of the Performance Period.

For 2020, the short-term annual cash bonus pool targets for Messrs. Kim, Miller, Bramhall, Fails, Hand and Dodderer were as follows: for Mr. Kim, 130%; and 100% for Messrs. Miller, Bramhall, Fails and Hand and 80% for Mr. Dodderer.

While the achievement of the various budget targets sets a bonus pool under the Bonus Plan, actual bonus awards are discretionary. These discretionary bonuses, if awarded, are intended to reward our named executive officers for the achievement of the budget targets during the performance period in light of the contribution of each individual to our profitability and success during such year. The compensation committee does not establish its own financial performance objectives in advance for purposes of determining whether to approve any annual bonuses, and it does not utilize any formulaic approach to determine annual bonuses.

In February 2021, the Compensation Committee certified Partnership results to achieve a bonus payout of 100% of the bonus pool. The actual achieved bonus pool could have reflected 102% of total funding, but the Compensation Committee consistent with management's recommendation used its discretion to adjust the approved pool to a 100% payout. The actual results reflected the achievement of approximately 102% of the Adjusted EBITDA Target; 110% of the DCF Target and 85% of the Departmental Budget

Target coming in approximately $18 million or 20% under total expense budget in respect of 2020 performance under the Bonus Plan. The cash bonuses approved for Messrs. Kim, Fails, Hand and Dodderer were $719,600, $361,000, $332,000, and $257,000, respectively. Mr. Bramhall would have been eligible for a bonus award of $66,346 for the portion of the year he served as our Chief Financial Officer but determined to forgo any portion of that amount. Mr. Bramhall's decision was based on the fact that ET would not be paying bonus awards in respect of 2020 performance. Mr. Bramhall determined he should be treated the same as employees of Energy Transfer for the 2020 performance year as he spent most of his year performing duties solely for ET.

In approving the 2020 bonuses of the named executive officers, the compensation committee took into account the achievement by the Partnership of all of the targeted performance objectives for 2020 and the individual performances of each of the named executive officers. The cash bonuses awarded to each of the named executive officers for 2020 performance were materially consistent with their applicable bonus pool targets.

Equity Awards. In 2018, the Board adopted the Sunoco LP 2018 Long-Term Incentive Plan (the "2018 LTIP"). Each of the Sunoco LP 2012 Long-Term Incentive Plan (the "2012 LTIP") and 2018 LTIP (collectively the "LTIPs") is designed to provide long-term incentive awards in order to promote achievement of our long-term strategic business objectives. The LTIPs are designed to align the economic interests of the named executive officers, key employees and directors with those of our unitholders and to provide an incentive to management for continuous employment with the General Partner and its affiliates. Each of our named executive officers is eligible to participate in the LTIPs. These awards are intended to align the interests of plan participants (including our NEOs) with those of our unitholders and to give plan participants the opportunity to share in our long-term performance.

From time to time, the Compensation Committee may make grants under the plan to employees and/or directors containing such terms as the compensation committee shall determine under the LTIPs. The Compensation Committee determines the conditions upon which the restricted units granted may become vested or forfeited, and whether or not any such restricted units will have distribution equivalent rights ("DERs") entitling the grantee to receive an amount in cash equal to cash distributions made by us with respect to a like number of our common units during the restricted period.

For 2020, the annual long-term incentive targets set by the Compensation Committee for the named executive officers were 400% of annual base salary for Mr. Kim; 200% of annual base salary for Messrs. Miller, Bramhall, Fails and Hand, and 150% for Mr. Dodderer. The targets of the named executive officers were the same as the prior year's targets.

The annual long-term incentive targets are used as the basis to determine the target number of units to be awarded to the eligible participant, including the named executive officers. A multiple of base salary is used to set the pool target, that number is then divided by a weighted average price determined by considering SUN's modified total unitholder return ("TUR") performance as measured against the average return of SUN's identified peer group over defined time periods. The modified TUR is designed to create a recognition of performance adjustment based on the prior periods measured to an element of performance impact in setting grant date value even though the RSUs themselves are a time-vested vehicle. For purposes of establishing an initial price, we utilize a 60 trading-day trailing weighted average price of SUN common units prior to November 1, 2020. This average trading price is then subject to adjustment when our TUR is more than 5% greater or less than that of its identified peer group. If the TUR analysis yields a result that is within 5% percent of its identified peer group, the Compensation Committee will simply use the 60 trading day trailing weighted average price divided by the applicable salary multiple to establish a target pool for each eligible participant, including the named executive officers. If our TUR is outside of the 5% deviation, the 60 trading day trailing weighted average will be adjusted up or down to a maximum of 15% either way from the trailing weighted average price based on SUN's performance as compared to the identified group. For 2020, the peer group included the following:

PBF Energy
Delek US Holdings, Inc.
Holly Energy Partners, L.P.
CVR Energy
Global Partners LP

For 2020, our TUR outperformed the identified peer group based on the average of the identified three comparison periods: (i) year-to-date 2020, (ii) trailing twelve months, and (iii) full-year 2019. Consequently, the 2020 long-term incentive base price was reduced to increase the total available restricted pool by 15%.

In December 2020, the Compensation Committee granted RSU awards to Messrs. Kim, Bramhall, Fails, Hand and Dodderer of 98,850 units, 16,000 units, 33,000 units, 30,000 units and 21,500 units, respectively, under the 2018 LTIP. In addition, Mr. Bramhall was also granted equity awards by ET's compensation committee in connection with his service to ET's general partner, with such awards including ET's restricted units and cash restricted units. In approving the grant of such RSUs, the Compensation Committee considered several factors, including the long-term objective of retaining such individuals as key drivers of the Partnership's future success, the existing level of equity ownership of such individuals and the previous awards to such individuals of equity awards subject to vesting. In addition to the grant of Sunoco LP RSUs in December 2020, Mr. Bramhall also received a grant of equity awards by ET's compensation committee in connection with his service to ET's general partner, with such awards including ET restricted units and cash restricted units. Additionally, in October 2020 the Compensation Committee granted a special one-time award of 20,000 units to Mr. Bramhall upon his appointment as Chief Financial Officer.

Vesting of the 2020 awards would accelerate in the event of the death or disability of the named executive officer or in the event of a change in control of the partnership as that term is defined under the 2018 LTIP.

All of the RSUs granted, including to the named executive officers, provided for the vesting of 60 percent of the units at the end of the third year from the date of the grant and the vesting of the remaining 40 percent of the units at the end of the fifth year, subject to continued employment of the named executive officers through each specified vesting date. These RSUs entitle the grantee of the unit awards to receive, with respect to each Partnership common unit subject to such RSU that has not either vested or been forfeited, a DER cash payment promptly following each such distribution by us to our unitholders. In approving the grant of such unit awards, the compensation committee took into account a number of performance factors as well as the long-term objective of retaining such individuals as key drivers of the Partnership's future success, the existing level of equity ownership of such individuals and the previous awards to such individuals of equity awards subject to vesting.

The issuance of common units pursuant to our equity incentive plans is intended to serve as a means of incentive compensation; therefore, no consideration will be payable by the plan participants upon vesting and issuance of the common units.

We believe that permitting the accelerated vesting of equity awards upon a change in control creates an important retention tool for us by enabling employees to realize value from these awards in the event that we undergo a change in control transaction. The actual value to be realized upon any acceleration is discussed below under "Potential Payments Upon a Termination or Change of Control."

Benefit Plans. Our NEOs are provided compensation in the form of other benefits, including medical, life, dental, and disability insurance in line with competitive market conditions in retail non-store plans sponsored by Sunoco GP LLC. Our NEOs receive the same benefits and are responsible to pay the same premiums, deductibles and out of pocket maximums as other employees participating in these plans.

Sunoco GP LLC 401(k) Plan. Effective December 31, 2018, our previous 401(k) benefit plan, the Sunoco GP LLC 401(k), was merged into the Energy Transfer LP 401(k) Plan (the "ET 401(k) Plan"). The Energy Transfer LP 401(k) Plan (the "ET 401(k) Plan") is a defined contribution 401(k) plan, which covers substantially all of our employees, including the named executive officers. Employees may elect to defer up to 100% of their eligible compensation after applicable taxes, as limited under the Internal Revenue Code. We make a matching contribution that is not less than the aggregate amount of matching contributions that would be credited to a participant's account based on a rate of match equal to 100% of each participant's elective deferrals up to 5% of covered compensation. During 2020, in response to the challenging conditions within the industry, including the impacts of the COVID-19 pandemic, ET suspended the 401(k) matching contribution from July 1, 2020 through December 31, 2020. The amounts deferred by the participant are fully vested at all times, and the amounts contributed by the Partnership become vested based on years of service. We provide this benefit as a means to incentivize employees and provide them with an opportunity to save for their retirement.

The Partnership provides a 3% profit sharing contribution to employee 401(k) accounts for all employees with a base compensation below a specified threshold. The contribution is in addition to the 401(k) matching contribution and employees become vested based on years of service. As with the matching contribution, ET suspended the profit-sharing contribution from July 1, 2020 through December 31, 2020.

Sunoco GP LLC Severance Plan. In addition, Sunoco GP LLC has also adopted the SUN Severance Plan, which provides for payment of certain severance benefits in the event of Qualifying Termination (as that term is defined in the SUN Severance Plan). In general, the Severance Plan provides payment of one (1) week of annual base salary for each year or partial year of employment service, up to a maximum of fifty-two weeks or one year of annual base salary (with a minimum of eight weeks of annual base salary) and up to three months of continued group health insurance coverage. The SUN Severance Plan also provides that additional benefits in addition to those provided under the Severance Plan may be paid based on special circumstances, which additional benefits shall be unique and non-precedent setting. The Severance Plan is available to all salaried employees on a nondiscriminatory basis; therefore, amounts that would be payable to the named executive officers upon a Qualified Termination have been excluded from "Compensation Tables - Potential Payments Upon a Termination or Change of Control" below.

The benefit levels are summarized below:

Employee Level	Minimum Severance Pay	Maximum Severance Pay
Senior Manager or below	8 weeks of Base Pay	26 weeks of Base Pay
Director or Senior Director	16 weeks of Base Pay	39 weeks of Base Pay
Vice President and above	26 weeks of Base Pay	52 weeks of Base Pay

Other ET Sponsored Benefit Plans. Our NEOs participate in certain retirement and deferred compensation plans sponsored by ET or its affiliates as described below. The Partnership is not allocated any compensation expense nor does it make any contributions to the plans sponsored by ET or its affiliates.

The Sunoco, Inc. Pension Restoration Plan. The Sunoco, Inc. Pension Restoration Plan is a non-qualified plan that provides for certain retirement benefits that otherwise would be provided under the SCIRP, except for the IRS limits. Effective June 30, 2010, Sunoco Inc. froze pension benefits (including accrued and vested benefits) payable under this plan for all salaried employees. None of our current NEOs participate in this plan.

ET Non-Qualified Deferred Compensation Plan (the "ET NQDC Plan") is a deferred compensation plan, which permits eligible highly compensated employees to defer a portion of their salary, bonus and/or quarterly non-vested restricted unit and/or restricted phantom unit distribution equivalent income until retirement, termination of employment or other designated distribution event. Each year under the ET NQDC Plan, eligible employees are permitted to make an irrevocable election to defer up to 50 percent of their annual base salary, 50 percent of their quarterly non-vested restricted unit and/or restricted phantom unit distribution equivalent income, and/or 50 percent of their discretionary performance bonus compensation during the following year. Pursuant to the ET NQDC Plan, ET may make annual discretionary matching contributions to participants' accounts; however, ET has not made any discretionary contributions to participants' accounts and currently has no plans to make any discretionary contributions to participants' accounts. All amounts credited under the ET NQDC Plan (other than discretionary credits) are immediately 100% vested. Participant accounts are credited with deemed earnings or losses based on hypothetical investment fund choices made by the participants among available funds.

Participants may elect to have their account balances distributed in one lump sum payment or in annual installments over a period of three or five years upon retirement, and in a lump sum upon other termination events. Participants may also elect to take lump-sum in-service withdrawals five years or longer in the future, and such scheduled in-service withdrawals may be further deferred prior to the withdrawal date. Upon a change in control (as defined in the ET NQDC Plan) of ET, all ET NQDC Plan accounts are immediately vested in full. However, distributions are not accelerated and, instead, are made in accordance with the ET NQDC Plan's normal distribution provisions unless a participant has elected to receive a change of control distribution pursuant to his deferral agreement.

Risk Assessment Related to Our Compensation Structure

We believe our compensation plans and programs for our named executive officers, as well as the other employees who provide services to us, are appropriately structured and are not reasonably likely to result in material risk to us. We believe our compensation plans and programs are structured in a manner that does not promote excessive risk-taking that could harm our value or reward poor judgment. We also believe we have allocated our compensation among base salary and short and long-term compensation in such a way as to not encourage excessive risk-taking. We use restricted units and/or restricted phantom units rather than unit options for equity awards because restricted units and/or restricted phantom units retain value even in a depressed market so that employees are less likely to take unreasonable risks to get, or keep, options "in-the-money." Finally, the time-based vesting over five years for our long-term incentive awards ensures that our employees' interests align with those of our unitholders for our long-term performance.

Accounting and Tax Considerations

We account for the equity compensation expense for equity awards granted under our LTIP in accordance with U.S. generally accepted accounting principles ("GAAP"), which requires us to estimate and record an expense for each equity award over the vesting period of the award. For performance-based restricted units and/or restricted phantom units that are paid out in the form of common units, the value of our common units on the date of grant is used for determining the expense, with an adjustment for the actual performance factors achieved. Thus, the expense for performance-based restricted units and/or restricted phantom units payable in units generally is not adjusted for changes in the trading price of our common units after the date of grant. For market-based awards, the value is determined using a Monte Carlo simulation. The expense for restricted units and/or restricted phantom units settled in common units is recognized ratably over the vesting period. For cash compensation, the accounting rules require us to record it as an expense at the time the obligation is accrued. Because we are a partnership, and our General Partner is a limited liability company, Internal Revenue Code ("Code") Section 162(m) does not apply to the compensation paid to our NEOs and, accordingly, our compensation committee did not consider its impact in making the compensation recommendations discussed above.

Compensation Committee Interlocks and Insider Participation

Messrs. Anbouba and Bryant are the only members of the compensation committee. During 2020, neither Mr. Anbouba nor Mr. Bryant was an officer or employee of affiliates of ET, or served as an officer of any company with respect to which any of our executive officers served on such company's board of directors. In addition, neither Mr. Anbouba nor Bryant is a former employee of affiliates of ET.

***Compensation* Committee Report**

The compensation committee of the board of directors of our General Partner has reviewed and discussed the section of this report entitled "Compensation Discussion and Analysis" with the management of the Partnership and approved its inclusion on this annual report on Form 10-K.

Compensation Committee

James W. Bryant (Chairman)

Imad K. Anbouba

The foregoing report shall not be deemed to be incorporated by reference by any general statement or reference to this Annual Report on Form 10-K into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed filed under those Acts.

Summary Compensation Table

Name and Principal Position	Year	Salary ($) (1)	Unit Awards ($) (2)	Non-Equity Incentive Plan Compensation ($) (3)	Change in Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($) (4)	Total ($)
Joseph Kim	2020	$ 553,526	$ 2,836,995	$ 719,600	$ —	$ 14,584	$ 4,124,705
President and Chief Executive Officer	2019	523,319	2,129,433	680,315	—	15,145	3,348,212
	2018	502,772	1,964,430	719,000	—	15,541	3,201,743
Dylan A. Bramhall	2020	77,215	967,800	—	—	49	1,045,064
Chief Financial Officer							
Karl R. Fails	2020	360,061	947,100	361,000	129,664	10,882	1,808,707
Senior Vice President — Chief Operations Officer	2019	338,303	1,510,500	340,000	111,532	139,077	2,439,412
	2018	311,758	699,660	342,900	(28,110)	16,252	1,342,460
Brian A. Hand	2020	332,116	861,000	332,000	71,163	10,613	1,606,892
Senior Vice President — Chief Sales Officer	2019	313,992	724,035	313,000	39,837	16,403	1,407,267
	2018	304,154	632,385	334,600	(6,552)	14,764	1,279,351
Arnold D. Dodderer	2020	321,045	617,050	257,000	1,607	10,321	1,207,023
General Counsel	2019	303,525	492,960	242,850	1,164	15,425	1,055,924
Thomas R. Miller	2020	268,749	—	—	—	1,383,716	1,652,465
Former Chief Financial Officer	2019	343,297	616,200	300,000	—	17,401	1,276,898
	2018	332,542	538,200	365,800	—	17,066	1,253,608

(1) For comparative purposes, the above table provides a summary of the total compensation for each NEO for each of 2018, 2019 and 2020. In accordance with the terms of our partnership agreement, we reimburse our General Partner and its affiliates for compensation related expenses attributable to the portion of the named executive officer's time dedicated to providing services to us. For the periods presented, amounts reported herein reflect (i) 100% of the cash compensation expense associated with the NEO's services and (ii) 100% grant date value of the RSU associated with the services performed by each of the NEOs. Cash compensation expenses for each NEO were allocated on the basis of total cash compensation earned by the NEO during the period.

For 2020, the amount reported in the salary column reflects an extra pay period, due to the timing of the bi-weekly payroll cycle in relation to the timing of year-end.

(2) The amounts reported for unit awards represent the full grant date fair value of RSUs granted to each of our NEOs, computed in accordance with FASB ASC Topic 718, disregarding any estimates for forfeitures FASB ASC Topic 718, disregarding any estimates for forfeitures.

(3) Sunoco LP maintains the Bonus Plan which provides for annual bonuses. Awards of bonuses are tied to achievement of targeted performance objectives and described in the Compensation Discussion and Analysis.

(4) The amounts reflected for 2020 in this column include (i) 401(k) Plan matching contributions made on behalf of the named executive officers of $11,276 for Mr. Kim, $8,001 for Mr. Fails, $7,380 for Mr. Hand, $7,134 for Mr. Dodderer and $8,069 for

Mr. Miller, (ii) health savings account contributions made on behalf of the named executive officers of $2,000 each for Messrs. Kim, Fails, Hand and Dodderer and $1,000 for Mr. Miller, and (iii) the dollar value of life insurance premiums paid for the benefit of the named executive officers of $1,308 for Mr. Kim, $49 for Mr. Bramhall, $880 for Mr. Fails, $1,233 for Mr. Hand, $1,187 for Mr. Dodderer and $2,749 for Mr. Miller. Additionally, for 2020 severance costs associated with Mr. Miller's retirement included (i) severance payments of $87,416 and (ii) the realized fair value of awards that vested upon Mr. Miller's retirement of $1,284,482.

The amounts reflected for all periods exclude distribution payments in connection with distribution equivalent rights on unvested unit awards, because the dollar value of such distributions are factored into the grant date fair value reported in the "Unit Awards" column of the Summary Compensation Table at the time that the unit awards and distribution equivalent rights were originally granted. For 2020, distribution payments in connection with distribution equivalent rights totaled $626,498 for Mr. Kim, $179,051 for Mr. Miller, $16,560 for Mr. Bramhall (in addition to $22,126 related to ET unit awards), $354,437 for Mr. Fails, $242,459 for Mr. Hand and $182,997 for Mr. Dodderer.

Grants of Plan-Based Awards in 2020

The table below reflects awards granted to our NEOs under the LTIP during 2020.

Name	Grant Date	Type of Award [(1)]	All Other Stock Awards: Number of Shares of Stock (#) [(1)]	Grant Date Fair Value of Stock Awards ($) [(1)]
Sunoco LP Unit Awards:				
Joseph Kim	12/30/2020	Restricted units	98,850	$ 2,836,995
Dylan A. Bramhall	12/30/2020	Restricted units	16,000	459,200
	10/27/2020	Restricted units	20,000	508,600
Karl R. Fails	12/30/2020	Restricted units	33,000	947,100
Brian A. Hand	12/30/2020	Restricted units	30,000	861,000
Arnold D. Dodderer	12/30/2020	Restricted units	21,500	617,050

(1) The reported grant date fair value of stock awards was determined in compliance with FASB ASC Topic 718 and are more fully described in Note 19–Unit-Based Compensation in our Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data."

Outstanding Equity Awards at December 31, 2020

The following table reflects NEO equity awards granted under the LTIP Plan that were outstanding at December 31, 2020.

Name	Grant Date (1)	Unit Awards (1) Number of Shares or Units of Stock That Have Not Vested (#)	Unit Awards (1) Market Value of Shares or Units That Have Not Vested ($) (2)
Sunoco LP Unit Awards:			
Joseph Kim	12/30/2020	98,850	$ 2,844,903
	12/16/2019	69,115	1,989,130
	12/19/2018	73,000	2,100,940
	12/21/2017	12,660	364,355
	12/29/2016	9,100	261,898
Dylan A. Bramhall	12/30/2020	16,000	460,480
	10/27/2020	20,000	575,600
Karl R. Fails	12/30/2020	33,000	949,740
	12/16/2019	26,000	748,280
	1/23/2019	24,000	690,720
	12/19/2018	26,000	748,280
	12/21/2017	8,200	235,996
	12/29/2016	7,200	207,216
Brian A. Hand	12/30/2020	30,000	863,400
	12/16/2019	23,500	676,330
	12/19/2018	23,500	676,330
	12/21/2017	7,200	207,216
	12/29/2016	5,100	146,778
Arnold D. Dodderer	12/30/2020	21,500	618,770
	12/16/2019	16,000	460,480
	12/19/2018	17,700	509,406
	12/21/2017	6,000	172,680
	12/29/2016	3,420	98,428

(1) RSUs outstanding vest as follows (including ET unit awards):

- at a rate of 60% in December 2023 and 40% in December 2025 for awards granted in October 2020 and December 2020;
- at a rate of 60% in December 2022 and 40% in December 2024 for awards granted in December 2019;
- at a rate of 60% in December 2021 and 40% in December 2023 for awards granted in December 2018 and January 2019;
- 100% in December 2022 for the remaining outstanding portion of for awards granted in December 2017; and
- 100% in December 2021 for the remaining outstanding portion of awards granted in December 2016.

(2) Based on the closing market price of our common units of $28.78 on December 31, 2020.

Units Vested in 2020

The following table provides information regarding the vesting of SUN RSUs and ET restricted units held by certain of our NEOs during 2020. There are no options outstanding on our common units.

Name	Unit Awards	
	Number of Units Acquired on Vesting (#)	Value Realized on Vesting ($) [1]
Sunoco LP Unit Awards:		
Joseph Kim	25,858	$ 747,555
Thomas R. Miller	50,610	1,284,482 [2]
Dylan A. Bramhall	—	—
Karl R. Fails	15,940	460,825
Brian A. Hand	14,128	408,440
Arnold D. Dodderer	12,300	355,593

(1) Amounts presented represent the number of unit awards vested during 2020 and the value realized upon vesting of these awards, which is calculated as the number of units vested multiplied by the closing price of Sunoco LP or ET's respective common units upon the vesting date.

(2) In accordance with his separation agreement effective September 1, 2020, vesting of 50,160 of Mr. Miller's unit awards was accelerated with a realized vesting value of $1,284,482.

Non-Qualified Deferred Compensation

Our NEOs are eligible to participate, and do participate, in a non-qualified deferred compensation plan administered by ET. The following table provides the voluntary salary deferrals made by the named executive officers in 2020 under the ET NQDC Plan and Sunoco Executive DC Plan.

Name	Executive Contributions in Last FY ($)	Registrant Contributions in Last FY ($)	Aggregate Earnings in Last FY ($)	Aggregate Withdrawals/Distributions ($)	Aggregate Balance at Last FYE ($)
Joseph Kim	$ —	$ —	$ —	$ —	$ —
Thomas R. Miller	—	—	—	—	—
Dylan A. Bramhall	—	—	—	—	—
Karl R. Fails	604,681	122,450	129,664	—	856,795
Brian A. Hand	206,827	82,115	71,163	—	360,105
Arnold D. Dodderer	14,102	—	1,607	—	15,709

Potential Payments upon Termination or Change of Control

Pursuant to the terms of the award agreements issued under the LTIP, in the event of a (i) Change of Control (as defined in the LTIPs, summarized below) or (ii) termination of employment due to death or disability, all RSUs shall vest. In the event of a termination of employment for any other reason, all RSUs that are still unvested shall be forfeited. The RSUs that would vest in the event of Change of Control are those RSU's described for each NEO in the table entitles "Outstanding Equity Awards at December 31, 2020".

In addition, awards under both the 2012 LTIP and the 2018 LTIP contain a partial acceleration of vesting for qualified retirement, whereby a recipient who voluntarily retires after at least five years of service would be eligible for (i) vesting of 40% of the outstanding award, if the recipient retires at age 65 to 68, or (ii) vesting of 50% of the outstanding award, if the recipient is over the age of 68 upon retirement. Currently, none of our NEOs are eligible for partial acceleration upon retirement. The acceleration of these awards at retirement is subject to the provisions of IRC Section 409(a) and such accelerated units shall not be delivered before the earlier of (i) the day that is six months plus one day after the date of separation from service or (ii) the tenth (10th) day after the date of the recipient's death.

Under the LTIPs, a "Change of Control" means, and shall be deemed to have occurred upon one or more of the following events: (i) any "person" or "group" within the meaning of those terms as used in Sections 13(d) and 14(d)(2) of the Exchange Act, other than members of the General Partner, the Partnership, or an affiliate of either the General Partner or the Partnership, shall become the beneficial owner, by way of merger, consolidation, recapitalization, reorganization or otherwise, of 50% or more of the voting power of the voting securities of the General Partner or the Partnership; (ii) the limited partners of the General Partner or the Partnership approve, in one transaction or a series of transactions, a plan of complete liquidation of the General Partner or the Partnership; (iii) the sale or other disposition by either the General Partner or the Partnership of all or substantially all of its assets in one or more transactions to any Person other than an affiliate; (iv) the General Partner or an affiliate of the General Partner or the Partnership ceases to be the General Partner of the Partnership; (v) any other event specified as a "Change of Control" in the equity incentive plan maintained by the Partnership at the time of such "Change of Control;" or (vi) any other event specified as a "Change of Control" in an applicable award agreement. Notwithstanding the above, with respect to a 409A award, a "Change of Control" shall not occur unless that Change of Control also constitutes a "change in the ownership of a corporation," a "change in the effective control of a corporation," or a "change in the ownership of a substantial portion of a corporation's assets," in each case, within the meaning of 1.409A-3(i)(5) of the 409A regulations, as applied to non-corporate entities.

In connection with his retirement, Mr. Miller and the Partnership entered into a Separation and Restrictive Covenant Agreement and Full Release of Claims (the "Separation Agreement"), which provided for:

- a one (1) year industry limited non-compete covenant;
- a one (1) year non-solicit/ non-hire covenant;
- accelerated vesting of 50,610 restricted units/ restricted phantom units previously awarded to Mr. Miller under the Partnership's long-term incentive plan, which number of restricted units/restricted phantom units represented 70% of Mr. Miller's total unvested units as of his retirement date with remaining unvested restricted units/restricted phantom units to be forfeited;
- a separation payment equal to three months of Mr. Miller's base salary, less applicable withholdings;
- a standard release of claims and waivers in favor of the General Partner and the Partnership and its directors, officers and affiliates;
- a mutual non-disparagement clause; and
- a confirmation and acknowledgment of Mr. Miller of his obligations with respect to proprietary and confidential information of the Partnership.

The following table shows the amount of incremental value that would have been received by each of the NEOs upon certain events of termination or a change of control resulting in the accelerated vesting of the restricted units and/or restricted phantom units held by our NEOs on December 31, 2020:

Name	Benefit	Termination Due to Death or Disability ($) [1]	Termination for any other reason ($)	Change of Control with or without Continued Employment ($) [1]	Not for Cause Termination ($)
Joseph Kim	Unit Vesting	$ 7,561,226	$ —	$ 7,561,226	$ —
Dylan A. Bramhall	Unit Vesting	1,036,080	—	1,036,080	—
Karl R. Fails	Unit Vesting	3,580,232	—	3,580,232	—
Brian A. Hand	Unit Vesting	2,570,054	—	2,570,054	—
Arnold D. Dodderer	Unit Vesting	1,859,764	—	1,859,764	—

(1) The amounts reflected above represent the product of the number of restricted units and/or restricted phantom units that were subject to vesting/restrictions on December 31, 2020 multiplied by the closing price of applicable common units on that date.

CEO Pay Ratio

In accordance with Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and Item 402(u) of Regulation S-K, set forth below is information about the relationship of the annual total compensation of Mr. Kim, our President and Chief Executive Officer and the annual total compensation of our employees.

For the 2020 calendar year:

- The annual total compensation of Mr. Kim, as reported in the Summary Compensation Tables of this Item 11 was $4,124,705; and
- The median total compensation of the employees supporting our Partnership (other than Mr. Kim) was $75,999.

Based on this information, for 2020 the ratio of the annual total compensation of Mr. Kim to the median of the annual total compensation of the 2,613 employees supporting us as of December 31, 2020 was approximately 54 to 1.

To identify the median of the annual total compensation of the employees supporting the Partnership, the following steps were taken:

1. It was determined that, as of December 31, 2020, the applicable employee populations consisted of 2,613 with all of the identified individuals being employed in the United States. This population consisted of all of our full-time and part-time employees. We did not engage any independent contractors in 2019 that are required to be included in our employee population for the CEO pay ratio evaluation.
2. To identify the "median employee" from our employee population, we compared the total earnings of our employees as reflected in our payroll records as reported on Form W-2 for 2020.
3. We identified our median employee using W-2 reporting and applied this compensation measure consistently to all of our employees required to be included in the calculation. We did not make any cost of living adjustments in identifying the "median employee".
4. Once we identified our median employee, we combined all elements of the employee's compensation for 2020 resulting in an annual compensation of \$75,999. The difference between such employee's total earnings and the employee's total compensation represents the estimated value of the employee's health care benefits (estimated for the employee and such employee's eligible dependents at \$9,230 and the employee's 401(k) matching contribution and profit sharing contribution, as applicable estimated at \$2,654 per employee).
5. With respect to Mr. Kim, we used the amount reported in the "Total" column of our 2020 Summary Compensation Table under this Item 11.

Compensation of Directors

Our Board periodically reviews and determines the amounts payable to the members of our Board. In January 2018, the Board approved modifications to the compensation of the non-employee directors on our Board. For 2020, the directors of the General Partner who were not employees of the General Partner or its affiliates received, as applicable: an annual cash retainer of \$100,000; an annual cash retainer of \$15,000 (\$25,000 for the chair) for serving on our audit committee; an annual cash retainer of \$7,500 (\$15,000 for the chair) for serving on our compensation committee; and a cash fee for the engagement of the special committee of the Board (the "Special Committee"), as determined by the Board at the time of such engagement. Such directors also received an annual grant of RSUs under the LTIP equal to an aggregate of \$100,000 divided by the closing price of SUN units on the date of grant. Directors appointed during the year, or who cease to be directors during a year, receive a pro-rated portion of any cash retainers. In addition, each non-employee director who is appointed to the Board for the first time is entitled to receive 2,500 unvested SUN common units. Unit awards granted to non-employee directors will vest 60% after the third year and the remaining 40% after the fifth year after the grant date.

Under the LTIP, the director will forfeit all unvested RSUs upon a termination of his duties as a director for any reason. If the director ceases providing services due to death or disability (as defined by the LTIP) prior to the date all restricted units and/or restricted phantom units have vested, then all restrictions lapse and all restricted units and/or restricted phantom units become immediately vested. If a Change of Control (as defined under the LTIP) occurs, then all unvested RSUs become fully vested as of the date of the Change of Control. In addition, our directors will be reimbursed for out-of-pocket expenses incurred in connection with attending meetings of the Board or its committees.

The following table provides a summary of compensation paid to each of our current and former non-employee directors (and Messrs. Ramsey, Long and Curia) for 2020 service:

Name	Fees Earned or Paid in Cash (\$) [1]	Unit Awards (\$) [2]	Total (\$)
Oscar A. Alvarez	\$ 115,000	\$ 100,011	\$ 215,011
Imad K. Anbouba	132,500	100,011	232,511
James W. Bryant	130,000	100,011	230,011
Thomas E. Long [3]	—	797,860	797,860
Christopher R. Curia [3]	—	657,230	657,230
Matthew S. Ramsey [3]	—	927,010	927,010

(1) The amounts in this column reflect the aggregate dollar amount of fees earned or paid in cash including the annual retainer fee.

(2) The amounts reported for unit awards represent the full grant date fair value of the awards granted in 2020, calculated in accordance with FASB ASC Topic 718, disregarding any estimate for forfeiture. These amounts do not correspond to the actual value that may be recognized by the recipient upon any disposition of vested units and do not give effect to any decline or increase in the trading price of our common units since the date of grant. For a discussion of the assumptions and methodologies used in calculating the grant date fair value of the unit awards reported above, see Note 19–Unit-Based Compensation in our Notes to Consolidated Financial Statements. As of December 31, 2020, Mr. Alvarez had 9,432 outstanding restricted phantom units, Mr. Anbouba had 9,432 outstanding RSUs, Mr. Bryant had 12,888 outstanding RSUs, Mr. Long had 82,348 outstanding RSUs, Mr. Curia had 92,011 outstanding RSUs and Mr. Ramsey had 78,725 outstanding RSUs.

(3) Messrs. Long (ET's Chief Financial Officer in 2020; ET's Co-Chief Executive Officer effective January 1, 2021), Curia (ET's EVP-Chief Human Resources Officer) and Ramsey (ET's Chief Operating Officer), are entitled to receive grants of RSUs pursuant to the LTIP in recognition of their commitment and contribution to us and our unitholders. The restricted units granted in December 2020 will vest 60% in December 2023 and 40% in December 2025, subject to the terms of the award agreement. The awards of RSUs to Messrs. Long, Curia and Ramsey in respect of their contribution to us represent a portion of their total awards as executive officers of ET and the allocation of such percentage to us is in recognition of the portion of their total time spent on our business.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Unitholder Matters

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the beneficial ownership of common units and Class C units of the Partnership that are issued and outstanding as of February 12, 2021 and held by:

- each person or group of persons known by us to be beneficial owners of 5% or more of our common or Class C units;
- each director, director nominee and named executive officer of our General Partner; and
- all of our directors and executive officers of our General Partner, as a group.

Name of Beneficial Owner (1)	Common Units Beneficially Owned (5)	Percentage of Commons Units Beneficially Owned	Class C Units Beneficially Owned	Percentage of Class C Units Beneficially Owned	Percentage of Common and Class C Units Beneficially Owned
ETO (2)	28,463,967	34.2%	—	—	28.5%
Invesco Ltd. (3)	9,980,925	12.0%	—	—	10.0%
Sunoco Retail LLC	—	—	11,168,667	68.1 %	11.2%
Aloha Petroleum Ltd (4)	—	—	5,242,113	31.9 %	5.3%
Dylan Bramhall	—	*	—	—	*
Arnold D. Dodderer	6,274	*	—	—	*
Karl R. Fails	44,774	*	—	—	*
Brian A. Hand	28,046	*	—	—	*
Joseph Kim	29,886	*	—	—	*
Thomas R. Miller (6)	12,554	*	—	—	*
Oscar A. Alvarez	1,500	—	—	—	—
Imad K. Anbouba	1,500	—	—	—	—
James W. Bryant	8,213	*	—	—	*
Christopher R. Curia	40,514	*	—	—	*
Thomas E. Long	32,465	*	—	—	*
Matthew S. Ramsey	2,231	*	—	—	*
All executive officers and directors as a group (thirteen persons)	229,795	*	—	—	*

* Represents less than 1%.

(1) As of the date set forth above, there are no arrangements for any listed beneficial owner to acquire within 60 days common units from options, warrants, rights, conversion privileges or similar obligations. Unless otherwise indicated, the address for all beneficial owners in this table is 8111 Westchester Drive, Suite 400, Dallas, Texas 75225.

(2) The address for ETO and ETO's subsidiaries is 8111 Westchester Drive, Suite 600, Dallas, Texas 75225.

(3) The information contained in the table and this footnote with respect to Invesco Ltd. is based solely on a filing on Schedule 13G/A filed with the Securities and Exchange Commission on February 12, 2021. The business address of the reporting party is 1555 Peachtree Street NE, Suite 1800, Atlanta, GA 30309.

(4) The address for Aloha is 1001 Bishop Street, Suite 1300, Honolulu, Hawaii 96813.

(5) Does not include unvested phantom units that may not be voted or transferred prior to vesting. As of February 12, 2021, there were 83,343,702 common units and 16,410,780 Class C Units deemed to be beneficially owned for purposes of the above table.

(6) Mr. Miller retired as of September 1, 2020.

The following table sets forth, as of February 12, 2021, the number of common units of ET owned by each of the directors and named executive officers of our General Partner and all directors and current executive officers of our General Partner as a group.

	ET Common Units Beneficially Owned†	
Name of Beneficial Owner (1)	**Number of Common Units (2)**	**Percentage of Total Common Units (3)**
Dylan Bramhall	61,020	*
Arnold D. Dodderer	—	*
Karl R. Fails	13,161	*
Brian A. Hand	7,440	*
Joseph Kim	12,000	*
Thomas R. Miller (4)	13,000	—
Oscar A. Alvarez	—	—
Imad K. Anbouba	12,000	*
James W. Bryant	239,696	*
Christopher R. Curia	258,424	*
Thomas E. Long	395,231	*
Matthew S. Ramsey	428,745	*
All executive officers and directors as a group (thirteen persons)	1,196,111	*

* Represents less than 1%.

† Officers and directors of our General Partner may be deemed to indirectly beneficially own certain limited partnership interests in us or ETO, by virtue of owning common units in ETO or ET, respectively, or based upon their simultaneous service as officers or directors of ETO or ET. Any such deemed ownership is not reflected in the table.

(1) Unless otherwise indicated, the address for all beneficial owners in this table is 8111 Westchester Drive, Suite 400, Dallas, Texas 75225.

(2) Beneficial ownership for the purposes of the above table is determined in accordance with the rules and regulation of the Securities and Exchange Commission. These rules generally provide that a person is the beneficial owner of securities if they have or share the power to vote or direct the voting thereof, or to dispose or direct the disposition thereof, or have the right to acquire such powers with sixty (60) days.

(3) As of February 12, 2021, there were 1,447,827 common units of ET deemed to be beneficially owned for purposes of the above table.

(4) Mr. Miller retired as of September 1, 2020.

Equity Compensation Plan Information

As of December 31, 2020, a total of 3,881,409 phantom units had been issued under our long-term incentive plans. Total securities remaining available for issuance under our long-term incentive plans as of December 31, 2020 were as follows:

Common Units Remaining Available for Issuance under Our Equity Compensation Plans

Plan Category	**Number of securities to be issued upon exercise of outstanding options, warrants and rights**	**Weighted-average exercise price of outstanding options, warrants and rights**	**Number of securities remaining available for future issuance under equity compensation plans**
Equity compensation plans approved by security holders	367,610	$ —	—
Equity compensation plans not approved by security holders	1,774,735	—	8,185,983
Total	2,142,345	$ —	8,185,983

Item 13. Certain Relationships, Related Transactions and Director Independence

Transactions with ET and its Affiliates

The following table summarizes the distributions and payments made by us to ETO or its affiliates during 2020.

Transaction	Explanation	Amount/Value
2020 quarterly distributions on limited partner interests and IDRs held by affiliates.	Represents the aggregate amount of distributions made to affiliates of our General Partner in respect of common units and IDRs during 2020.	$165 million
Fuel sold to affiliates.	Total revenues we received for fuel gallons sold by us to affiliates of our General Partner for 2020.	$58 million
Bulk purchases of motor fuel from ETO and its affiliates.	Represents payments made to ETO and its affiliates for bulk motor fuel purchases.	$951 million
Reimbursement to our General Partner for certain allocated overhead and other expenses.	Total payment to our General Partner for reimbursement of overhead and other expenses, including employee compensation costs relating to employees supporting our operations for 2020.	$29 million

Other Transactions with Related Persons

Related Party Agreements

Sunoco, LLC (“Sunoco LLC”) and Sunoco Retail LLC (“Sunoco Retail”) have administrative and support services agreements in place pursuant to which a subsidiary of Sunoco Inc. provided certain general and administrative services to Sunoco LLC and Sunoco Retail during 2020. In addition, Sunoco, LLC and Sunoco Retail have treasury services agreements for certain cash management activities with Sunoco (R&M), LLC, an indirect wholly-owned subsidiary of ETO.

We are party to fee-based commercial agreements with various subsidiaries or affiliates of ETO for pipeline, terminalling and storage services. We also have agreements with subsidiaries of ETO for the purchase and sale of fuel.

Financing Transactions with Affiliates

ETO provides credit support to certain of our suppliers under certain of our supply contracts.

Procedures for Review, Approval and Ratification of Transactions with Related Persons

For a discussion of director independence, see “Item 10. Directors, Executive Officers and Corporate Governance.”

As a policy matter, our Special Committee, comprised of our independent directors, generally reviews any proposed related-party transaction that may be material to the Partnership to determine whether the transaction is fair and reasonable to the Partnership. In determining materiality, our General Partner evaluates several factors including the terms of the transaction, the capital investment required, and the revenues expected from the transaction. While there are no written policies or procedures for the Board to follow in making these determinations, the Board makes those determinations in light of its contractually-limited duties to the Partnership’s unitholders. Our Partnership Agreement provides that if the Board, through the Special Committee or otherwise, approves the resolution or course of action taken with respect to a conflict of interest, then it will be presumed that, in making its decision, the Board acted in good faith, and any proceeding brought by or on behalf of any limited partner or the Partnership, the person bringing or prosecuting such proceedings will have the burden of overcoming such presumption (see “Item 1A. Risk Factors - Risks Related to Our Structure" in this annual report on Form 10-K).

Additionally, we have in place a Code of Business Conduct and Ethics that is applicable to all directors, officers and employees of the Partnership and its subsidiaries and affiliates, that requires the approval by designated executive officers prior to entering into any related party transaction that could present a potential conflict of interest.

Item 14. Principal Accountant Fees and Services

Audit Fees

The following table presents fees for audit services rendered by Grant Thornton LLP for the audit of our annual consolidated financial statements for 2020 and 2019, and fees billed for services rendered by Grant Thornton LLP during the corresponding periods (dollars in millions).

	Fiscal 2020	Fiscal 2019
Audit Fees (1)	$ 2.2	$ 2.0
Audit-Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
Total	$ 2.2	$ 2.0

(1) Includes fees for audits of annual financial statements of our companies, reviews of the related quarterly financial statements, and services that are normally provided by the independent accountants in connection with statutory and regulatory filings or engagements, including reviews of documents filed with the SEC and services related to the audit of our internal control over financial reporting.

Policy for Approval of Audit and Non-Audit Services

Our audit committee charter requires that all services provided by our independent public accountants, both audit and non-audit, must be pre-approved by the audit committee. Pre-approval of audit and non-audit services may be given at any time up to a year before commencement of the specified service.

In determining whether to approve a particular audit or permitted non-audit service, the audit committee will consider, among other things, whether such service is consistent with maintaining the independence of the independent public accountants. The audit committee will also consider whether the independent public accountants are best positioned to provide the most effective and efficient service to us and whether the service might be expected to enhance our ability to manage or control risk or improve audit quality.

Part IV

Item 15. Exhibit and Financial Statement Schedules

(a) The following documents are filed as a part of this Annual Report on Form 10-K**:**

(1) Financial Statements - see Index to Consolidated Financial Statements appearing on page F-1.

(2) Financial Statement Schedules - None.

(3) Exhibits - see Exhibit Index set forth on page 72.

Item 16. Form 10-K Summary

None.

EXHIBIT INDEX

Exhibit No.	Description
2.1	Asset Purchase Agreement by and among Susser Petroleum Property Company LLC, Sunoco Retail LLC, Stripes LLC, Town & Country Food Stores, Inc., MACS Retail LLC, 7-Eleven, Inc. and SEI Fuel Services, Inc., and, solely for the limited purposes referenced therein, Sunoco, LP, Sunoco Finance Corp. and Sunoco, LLC, dated as of April 6, 2017 (Incorporated by reference to Exhibit 2.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on April 6, 2017)
2.2	Amended and Restated Asset Purchase Agreement by and among Susser Petroleum Property Company LLC, Sunoco Retail LLC, Stripes LLC, Town & Country Food Stores, Inc., MACS Retail LLC, 7-Eleven, Inc. and SEI Fuel Services, Inc., and, solely for the limited purposes referenced therein, Sunoco, LP, Sunoco Finance Corp. and Sunoco, LLC, dated January 23, 2018 (Incorporated by reference to Exhibit 2.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on January 24, 2018)
3.1	Second Amended and Restated Certificate of Limited Partnership Sunoco LP dated as of May 8, 2018 (Incorporated by reference to Exhibit 3.1 of the quarterly report on Form 10-Q (File Number 001-35653) filed by the registrant on May 10, 2018)
3.2	First Amended and Restated Agreement of Limited Partnership of Susser Petroleum Partners LP, dated September 25, 2012 (Incorporated by reference to Exhibit 3.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on September 25, 2012)
3.3	Amendment No. 1 to the First Amended and Restated Agreement of Limited Partnership of Susser Petroleum Partners LP (Incorporated by reference to Exhibit 3.2 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on October 28, 2014)
3.4	Amendment No. 2 to the First Amended and Restated Agreement of Limited Partnership of Sunoco LP (Incorporated by reference to Exhibit 3.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on August 6, 2015)
3.5	Amendment No. 3 to the First Amended and Restated Agreement of Limited Partnership of Sunoco LP (Incorporated by reference to Exhibit 3.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on January 5, 2016)
3.6	Amendment No. 4 to the First Amended and Restated Agreement of Limited Partnership of Sunoco LP (Incorporated by reference to Exhibit 3.2 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on June 8, 2016)
3.7	Amendment No. 5 to the First Amended and Restated Agreement of Limited Partnership of Sunoco LP (Incorporated by reference to Exhibit 3.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on March 31, 2017)
3.8	Amendment No. 6 to the First Amended and Restated Agreement of Limited Partnership of Sunoco LP dated as of May 8, 2018 (Incorporated by reference to Exhibit 3.2 of the quarterly report on Form 10-Q (File Number 001-35653) filed by the registrant on May 10, 2018)
3.9	Amendment No. 7 to the First Amended and Restated Agreement of Limited Partnership of Sunoco LP (Incorporated by reference to Exhibit 3.1 of the quarterly report on Form 10-Q (File Number 001-35653) filed by the registrant on August 8, 2019)
3.10	Certificate of Formation of Susser Petroleum Partners GP LLC (Incorporated by reference to Exhibit 3.4 of the registration statement on Form S-1 (File Number 333-182276), as amended, originally filed by the registrant on June 22, 2012)
3.11	Certificate of Amendment to the Certificate of Formation of Susser Petroleum Partners GP LLC (Incorporated by reference to Exhibit 3.3 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on October 28, 2014)
3.12	Amended and Restated Limited Liability Company Agreement of Susser Petroleum Partners GP LLC, dated September 25, 2012 (Incorporated by reference to Exhibit 3.2 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on September 25, 2012)
3.13	Amendment No. 1 to Amended and Restated Limited Liability Company Agreement of Susser Petroleum Partners GP LLC (Incorporated by reference to Exhibit 3.4 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on October 28, 2014)
3.14	Amendment No. 2 to the Amended and Restated Limited Liability Company Agreement of Sunoco GP LLC dated as of June 6, 2016 (Incorporated by reference to Exhibit 3.3 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on June 8, 2016)
3.15	Amendment No. 3 to the Amended and Restated Limited Liability Company Agreement of Sunoco GP LLC dated as of May 8, 2018 (Incorporated by reference to Exhibit 3.3 of the quarterly report on Form 10-Q (File Number 001-35653) filed by the registrant on May 10, 2018)
4.1	Registration Rights Agreement, dated as of March 31, 2016, by and among Sunoco LP and Energy Transfer Equity, L.P. (Incorporated by reference to Exhibit 4.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on April 1, 2016)
4.2	Indenture, by and among Sunoco LP, Sunoco Finance Corp., the Guarantors party thereto and U.S. Bank National Association, as Trustee, dated January 23, 2018 (Incorporated by reference to Exhibit 4.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on January 29, 2018)
4.3	First Supplemental Indenture, dated as of January 24, 2019 by and among Sunoco LP, Sunoco Finance Corp, the subsidiary guarantors party thereto and AMID Refined Products LLC, AMID Caddo LLC, AMID NLR LLC, as guarantors, and U.S. Bank, N.A., as trustee (Incorporated by reference to Exhibit 4.4 of the annual report on Form 10-K filed by the registrant on February 22, 2019)

4.4	Indenture, dated as of March 14, 2019, by and among Sunoco LP, Sunoco Finance Corp., the Guarantors party thereto and U.S. Bank National Association, as Trustee (Incorporated by reference to Exhibit 4.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on March 14, 2019)
4.5	Description of the registrant's securities registered pursuant to section 12 of the Securities Exchange Act of 1934 - Description of common units (Incorporated by reference to Exhibit 4.5 of the annual report on Form 10-K (File Number 001-35653) filed by the registrant on February 21, 2020)
4.6	Indenture, by and among Sunoco LP, Sunoco Finance Corp., the Guarantors party thereto and U.S. Bank National Association, as Trustee, dated November 24, 2020 (Incorporated by reference to Exhibit 4.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on November 24, 2020)
4.7	Registration Rights Agreement, dated as of November 24, 2020, by and among Sunoco LP, Sunoco Finance Corp., the Guarantors party thereto, Credit Suisse Securities (USA) LLC and Barclays Capital Inc., as representatives of the initial purchasers therein (Incorporated by reference to Exhibit 4.2 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on November 24, 2020)
10.1+	Susser Petroleum Partners LP 2012 Long-Term Incentive Plan (Incorporated by reference to Exhibit 10.2 of the registration statement on Form S-1 (File Number 333-182276), as amended, originally filed by the registrant on June 22, 2012)
10.2+	First Amendment to the Susser Petroleum Partners LP 2012 Long Term Incentive Plan, dated November 4 2014 (Incorporated by reference to Exhibit 10.24 of the annual report on Form 10-K (File Number 001-35653) filed by the registrant on February 27, 2015)
10.3	Revised Form of Director Indemnification Agreement (Incorporated by reference to Exhibit 10.10 of the annual report on Form 10-K (File Number 001-35653) filed by the registrant on March 14, 2014)
10.4+	Form of Phantom Unit Award Agreement (Incorporated by reference to Exhibit 10.9 of the registration statement on Form S-1 (File Number 333-182276), as amended, originally filed by the registrant on June 22, 2012)
10.5+	Form of Restricted Phantom Unit Agreement (Incorporated by reference to Exhibit 99.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on November 14, 2014)
10.6+	Form of Time -Vested Restricted Phantom Unit Award Agreement (Incorporated by reference to Exhibit 10.14 of the annual report on Form 10-K (File Number 001-35653) filed by the registrant on February 24, 2017)
10.7	Contribution Agreement, dated as of September 25, 2014, by and among Mid-Atlantic Convenience Stores, LLC, ETC M-A Acquisition LLC, Susser Petroleum Partners LP and Energy Transfer Partners, L.P (Incorporated by reference to Exhibit 2.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on October 1, 2014)
10.8	Contribution Agreement, dated as of March 23, 2015, by and among Sunoco, LLC, ETP Retail Holdings, LLC, Sunoco LP and Energy Transfer Partners, L.P. (Incorporated by reference to Exhibit 2.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on March 23, 2015)
10.9	Contribution Agreement, dated as of July 14, 2015, by and among Susser Holdings Corporation, Heritage Holdings, Inc., ETP Holdco Corporation, Sunoco LP, Sunoco GP LLC and Energy Transfer Partners, L.P. (Incorporated by reference to Exhibit 2.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on July 15, 2015)
10.10	Contribution Agreement, dated as of November 15, 2015, by and among Sunoco, LLC, Sunoco, Inc., ETP Retail Holdings, LLC, Sunoco LP, Sunoco GP LLC, and solely with respect to limited provisions therein, Energy Transfer Partners, L.P. (Incorporated by reference to Exhibit 2.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on November 16, 2015)
10.11	Guarantee Agreement by and among Sunoco LP, Sunoco, LLC, 7-Eleven, Inc. and SEI Fuel Services, dated as of April 6, 2017 (Incorporated by reference to Exhibit 10.2 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on April 6, 2017)
10.12	Guarantee of Collection, by Energy Transfer Operating, L.P. to Sunoco LP and Sunoco Finance Corp., dated May 1, 2020 *
10.13	Amended and Restated Support Agreement, by and among ETC Sunoco Holdings LLC, Sunoco LP, Sunoco Finance Corp. and Energy Transfer Operating L.P., dated May 1, 2020 *
10.14	Common Unit Repurchase Agreement, by and among Sunoco LP, Heritage Holdings, Inc. and ETP Holdco Corporation, dated January 24, 2018 (Incorporated by reference to Exhibit 10.3 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on January 29, 2018)
10.15	Distribution Motor Fuel Agreement by and between Sunoco, LLC and 7-Eleven, Inc. and SEI Fuel Services, Inc. dated January 23, 2018 (asterisks located within the exhibit denote information which has been deleted pursuant to a confidential treatment request filed with the Securities and Exchange Commission) (Incorporated by reference to Exhibit 10.37 of the annual report on Form 10-K (File Number 001-35653) filed by the registrant on February 23, 2018)
10.16	First Amendment, dated as of March 29, 2019, to Distributor Motor Fuel Agreement by and between Sunoco, LLC and 7-Eleven, Inc. and SEI Fuel Services, Inc. dated as of January 23, 2018 (asterisks located within the exhibit denote information which has been redacted) (Incorporated by reference to Exhibit 10.1 of the quarterly report on Form 10-Q (File Number 001-35653) filed by the registrant on May 9, 2019)
10.17+	Sunoco GP LLC Annual Bonus Plan (Incorporated by reference to Exhibit 10.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on July 13, 2018)

10.18	Amended and Restated Credit Agreement, dated as of July 27, 2018, among Sunoco LP, as borrower, Bank of America N.A., as administrative agent, collateral agent, swingline lender and an LC issuer, and the lenders party thereto. (Incorporated by reference to Exhibit 10.1 of the current report on Form 8-K (File Number 001-35653) filed by registrant on July 31, 2018)
10.19+	Sunoco LP 2018 Long-Term Incentive Plan (Incorporated by reference to Exhibit 10.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on November 20, 2018)
10.20+	Form of Time Vested Restricted Unit/Phantom Unit Agreement (Incorporated by reference to Exhibit 10.32 of the annual report on Form 10-K (File number 001-35653) filed by the registrant on February 22, 2019)
10.21+	Form of Heinemann Separation Agreement (Incorporated by reference to Exhibit 10.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on November 27,2018)
10.22+	Form of Heinemann Consulting Agreement (Incorporated by reference to Exhibit 10.2 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on November 27,2018)
10.23+	Form of Miller Separation Agreement (Incorporated by reference to Exhibit 10.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on June 4, 2020)
21.1	List of Subsidiaries of the Registrant *
23.1	Consent of Grant Thornton LLP, independent registered public accounting firm *
23.2	Consent of Grant Thornton LLP, independent registered public accounting firm *
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act *
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act *
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes - Oxley Act of 2002 **
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes - Oxley Act of 2002 **
99.1	Energy Transfer Operating, L.P. consolidated financial statements for the year ended December 31, 2020 (Incorporated by reference to Part IV, Item 15 of Form 10-K (File Number 001-31219) filed by Energy Transfer Operating, L.P. on February 19, 2021)
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation
101.DEF	Inline XBRL Taxonomy Extension Definition
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Filed herewith. Pursuant to SEC Release No. 33-8212, this certification will be treated as “accompanying” this Annual Report on Form 10-K and not “filed” as part of such report for purposes of Section 18 of the Securities Exchange Act, as amended, or otherwise subject to the liability of Section 18 of the Securities Exchange Act, as amended, and this certification will not be deemed to be incorporated by reference into any filing under the Securities Exchange Act of 1933, as amended, except to the extent that the registrant specifically incorporates it by reference.

\+ Denotes a management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Sunoco LP

By: Sunoco GP LLC, its general partner

By: /s/ *Joseph Kim*

Joseph Kim

President and Chief Executive Officer

(On behalf of the registrant, and in his capacity as principal executive officer)

Date: February 19, 2021

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Joseph Kim Joseph Kim	Director, President and Chief Executive Officer (Principal Executive Officer)	February 19, 2021
/s/ Dylan A. Bramhall Dylan A. Bramhall	Chief Financial Officer (Principal Financial Officer)	February 19, 2021
/s/ Rick J. Raymer Rick J. Raymer	Vice President, Controller and Principal Accounting Officer (Principal Accounting Officer)	February 19, 2021
/s/ *Matthew S. Ramsey* Matthew S. Ramsey	Chairman of the Board	February 19, 2021
/s/ *Thomas E. Long* Thomas E. Long	Director	February 19, 2021
/s/ *James W. Bryant* James W. Bryant	Director	February 19, 2021
/s/ *Christopher R. Curia* Christopher R. Curia	Director	February 19, 2021
/s/ Imad K. Anbouba Imad K. Anbouba	Director	February 19, 2021
/s/ Oscar A. Alvarez Oscar A. Alvarez	Director	February 19, 2021

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors of Sunoco GP LLC and
Unitholders of Sunoco LP

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Sunoco LP (a Delaware limited partnership) and subsidiaries (the “Partnership”) as of December 31, 2020 and 2019, the related consolidated statements of operations and comprehensive income (loss), equity, and cash flows for each of the three years in the period ended December 31, 2020, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Partnership’s internal control over financial reporting as of December 31, 2020, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”), and our report dated February 19, 2021 expressed an unqualified opinion thereon.

Basis for opinion

These financial statements are the responsibility of the Partnership’s management. Our responsibility is to express an opinion on the Partnership’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Quantitative impairment assessments - goodwill

At December 31, 2020, the Partnership’s goodwill balance was $1.564 billion. As described in note 8 to the financial statements, management evaluates goodwill for impairment at the reporting unit level annually on October 1, or more frequently if events or circumstances indicate the carrying value of a reporting unit that includes goodwill might exceed the fair value of that reporting unit. Due to the impacts of the COVID-19 pandemic and the decline in the Partnership’s market capitalization, management determined that an interim quantitative impairment assessment should be performed for each reporting unit as of March 31, 2020. As a result of these assessments, management concluded the fair value of each reporting unit exceeded its respective carrying value, therefore no impairment was identified. We identified the estimation of the fair values of the reporting units in the quantitative goodwill impairment assessments as a critical audit matter.

The principal consideration for our determination that the estimation of fair values of the reporting units was a critical audit matter is that there was high estimation uncertainty due to significant judgments with respect to assumptions used to project the discounted future cash flows, including gross profit growth rates, operating expenses, capital expenditures and discount rates. Changes in these assumptions could materially affect the fair values of the reporting units.

Our audit procedures related to the estimation of the fair values of the reporting units included the following procedures, among others:

a. Tested the effectiveness of controls relating to the interim goodwill impairment assessment, including controls over the assumptions used in determining the fair values of the reporting units.

b. Tested management’s process for determining the fair values of the reporting units. This included evaluating the appropriateness of the valuation methods, testing the completeness, accuracy and relevance of data used by management, and evaluating management’s significant assumptions used to project discounted future cash flows, which included forecasted gross profit, operating expenses, capital expenditures and discount rates. We assessed the historical accuracy of management’s estimates and the reasonableness of assumptions used by management, including analyzing the sensitivity of changes in significant assumptions to evaluate the impact to the estimated fair values of the reporting units.

/s/ GRANT THORNTON LLP

We have served as the Partnership’s auditor since 2015.

Dallas, Texas
February 19, 2021

SUNOCO LP
CONSOLIDATED BALANCE SHEETS
(Dollars in millions)

	December 31, 2020	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 97	$ 21
Accounts receivable, net	295	399
Receivables from affiliates	11	12
Inventories, net	382	419
Other current assets	62	73
Total current assets	847	924
Property and equipment	2,231	2,134
Accumulated depreciation	(806)	(692)
Property and equipment, net	1,425	1,442
Other assets:		
Finance lease right-of-use assets, net	3	29
Operating lease right-of-use assets, net	536	533
Goodwill	1,564	1,555
Intangible assets, net	588	646
Other noncurrent assets	168	188
Investment in unconsolidated affiliate	136	121
Total assets	$ 5,267	$ 5,438
Liabilities and equity		
Current liabilities:		
Accounts payable	$ 267	$ 445
Accounts payable to affiliates	79	49
Accrued expenses and other current liabilities	282	219
Operating lease current liabilities	19	20
Current maturities of long-term debt	6	11
Total current liabilities	653	744
Operating lease non-current liabilities	538	530
Revolving line of credit	—	162
Long-term debt, net	3,106	2,898
Advances from affiliates	125	140
Deferred tax liability	104	109
Other noncurrent liabilities	109	97
Total liabilities	4,635	4,680
Commitments and contingencies (Note 14)		
Equity:		
Limited partners:		
Common unitholders (83,333,631 units issued and outstanding as of December 31, 2020 and 82,985,941 units issued and outstanding as of December 31, 2019)	632	758
Class C unitholders - held by subsidiary (16,410,780 units issued and outstanding as of December 31, 2020 and December 31, 2019)	—	—
Total equity	632	758
Total liabilities and equity	$ 5,267	$ 5,438

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

SUNOCO LP
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(Dollars in millions, except per unit data)

	Year Ended December 31, 2020	2019	2018
Revenues:			
Motor fuel sales	$ 10,332	$ 16,176	$ 16,504
Non motor fuel sales	240	278	360
Lease income	138	142	130
Total revenues	10,710	16,596	16,994
Cost of sales and operating expenses:			
Cost of sales	9,654	15,380	15,872
General and administrative	112	136	141
Other operating	275	304	363
Lease expense	61	61	72
Loss on disposal of assets and impairment charges	2	68	19
Depreciation, amortization and accretion	189	183	182
Total cost of sales and operating expenses	10,293	16,132	16,649
Operating income	417	464	345
Other income (expense):			
Interest expense, net	(175)	(173)	(144)
Other income (expense), net	2	3	—
Equity in earnings of unconsolidated affiliate	5	2	—
Loss on extinguishment of debt and other, net	(13)	—	(109)
Income from continuing operations before income taxes	236	296	92
Income tax expense (benefit)	24	(17)	34
Income from continuing operations	212	313	58
Loss from discontinued operations, net of income taxes	—	—	(265)
Net income (loss) and comprehensive income (loss)	$ 212	$ 313	$ (207)
Net income (loss) per common unit - basic:			
Continuing operations	$ 1.63	$ 2.84	$ (0.25)
Discontinued operations	—	—	(3.14)
Net income (loss)	$ 1.63	$ 2.84	$ (3.39)
Net income (loss) per common unit - diluted:			
Continuing operations	$ 1.61	$ 2.82	$ (0.25)
Discontinued operations	—	—	(3.14)
Net income (loss)	$ 1.61	$ 2.82	$ (3.39)
Weighted average limited partner units outstanding:			
Common units - basic	83,062,159	82,755,520	84,299,893
Common units - diluted	83,716,464	83,551,962	84,820,570
Cash distribution per unit	$ 3.30	$ 3.30	$ 3.30

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

SUNOCO LP
CONSOLIDATED STATEMENTS OF EQUITY
(Dollars in millions)

	Preferred Units - Affiliated	Common Units	Total Equity
Balance at December 31, 2017	$ 300	$ 1,947	$ 2,247
Common unit repurchase	—	(540)	(540)
Redemption of preferred units	(300)	—	(300)
Cash distribution to unitholders	—	(369)	(369)
Dividend to preferred units	(2)	—	(2)
Unit-based compensation	—	12	12
Cumulative effect of change in revenue recognition accounting principle	—	(54)	(54)
Other	—	(3)	(3)
Partnership net income (loss)	2	(209)	(207)
Balance at December 31, 2018	—	784	784
Cash distribution to unitholders	—	(353)	(353)
Unit-based compensation	—	13	13
Other	—	1	1
Partnership net income	—	313	313
Balance at December 31, 2019	—	758	758
Cash distribution to unitholders	—	(354)	(354)
Unit-based compensation	—	14	14
Other	—	2	2
Partnership net income	—	212	212
Balance at December 31, 2020	$ —	$ 632	$ 632

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

SUNOCO LP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in millions)

	Year Ended December 31,		
	2020	2019	2018
Cash flows from operating activities:			
Net income (loss)	$ 212	$ 313	$ (207)
Adjustments to reconcile net income (loss) to net cash provided by continuing operating activities:			
Loss from discontinued operations, net of taxes	—	—	265
Depreciation, amortization and accretion	189	183	182
Amortization of deferred financing fees	7	7	6
Loss on disposal of assets and impairment charges	2	68	19
Loss on extinguishment of debt and other, net	13	—	109
Other non-cash, net	—	(3)	—
Non-cash unit-based compensation expense	14	13	12
Deferred income tax	5	6	6
Inventory adjustments	82	(79)	85
Equity in earnings of unconsolidated affiliate	(5)	(2)	—
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	104	(44)	201
Receivables from affiliates	1	25	15
Inventories	(45)	26	(11)
Other assets	12	(28)	(45)
Accounts payable	(163)	72	(123)
Accounts payable to affiliates	7	(46)	(15)
Accrued expenses and other current liabilities	63	(92)	(55)
Other noncurrent liabilities	4	16	3
Net cash provided by continuing operating activities	502	435	447
Cash flows from investing activities:			
Capital expenditures	(124)	(148)	(103)
Contributions to unconsolidated affiliate	(8)	(41)	—
Distributions from unconsolidated affiliates in excess of cumulative earnings	11	—	—
Purchase of intangible assets	—	—	(2)
Cash paid for acquisitions	(12)	(5)	(401)
Proceeds from disposal of property and equipment	13	30	37
Net cash used in investing activities	(120)	(164)	(469)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	800	600	2,200
Payments on long-term debt	(590)	(9)	(3,450)
Payments on debt extinguishment costs	—	—	(93)
Revolver borrowings	1,146	2,443	2,790
Revolver repayments	(1,308)	(2,981)	(2,855)
Loan origination costs	—	(6)	(35)
Common unit repurchase	—	—	(540)
Redemption of preferred units	—	—	(303)
Other cash from financing activities, net	—	—	(15)
Distributions to unitholders	(354)	(353)	(383)
Net cash used in financing activities	(306)	(306)	(2,684)
Cash flows from discontinued operations:			
Operating activities	—	—	(484)
Investing activities	—	—	3,207
Changes in cash included in current assets held for sale	—	—	11
Net increase in cash and cash equivalents of discontinued operations	—	—	2,734
Net increase (decrease) in cash and cash equivalents	76	(35)	28
Cash and cash equivalents at beginning of period	21	56	28
Cash and cash equivalents at end of period	$ 97	$ 21	$ 56

	Year Ended December 31,		
	2020	2019	2018
Supplemental disclosure of non-cash investing activities:			
Note payable to unconsolidated affiliate	$ 8	$ 75	$ —
Supplemental disclosure of cash flow information:			
Interest paid	162	161	140
Income taxes paid (refunded), net	(58)	38	501

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

SUNOCO LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Principles of Consolidation

As used in this document, the terms “Partnership,” “SUN,” “we,” “us,” and “our” should be understood to refer to Sunoco LP and our consolidated subsidiaries, unless the context clearly indicates otherwise.

We are a Delaware master limited partnership. We are managed by our general partner, Sunoco GP LLC (“General Partner”), which is owned by Energy Transfer Operating, L.P. (“ETO”), a consolidated subsidiary of Energy Transfer LP (“ET”). As of December 31, 2020, ETO and its subsidiaries owned 100% of the membership interests in our General Partner, all of our incentive distribution rights (“IDRs”) and approximately 34.2% of our common units, which constitutes a 28.5% limited partner interest in us.

The consolidated financial statements are composed of Sunoco LP, a publicly traded Delaware limited partnership, and our wholly-owned subsidiaries. We distribute motor fuels across more than 30 states throughout the East Coast, Midwest, South Central and Southeast regions of the United States, from Maine to Florida and from Florida to New Mexico, as well as Hawaii. We also operate retail stores in Hawaii and New Jersey.

In January 2018, we sold a portfolio of 1,030 company operated retail fuel outlets, together with ancillary businesses and related assets to 7-Eleven, Inc. ("7-Eleven") and SEI Fuel Services, Inc. ("SEI Fuel") for approximately $3.2 billion (the “7-Eleven Transaction”). The results of the 7-Eleven Transaction have been reported as discontinued operations in the consolidated financial statements. See Note 4 for more information related to the 7-Eleven Purchase Transaction and discontinued operations. All other footnotes present results of the continuing operations.

On April 1, 2018, the Partnership completed the conversion of 207 retail sites located in certain West Texas, Oklahoma and New Mexico markets to a single commission agent.

Our primary operations are conducted by the following consolidated subsidiaries:

- Sunoco, LLC (“Sunoco LLC”), a Delaware limited liability company, primarily distributes motor fuel in 30 states throughout the East Coast, Midwest, South Central and Southeast regions of the United States. Sunoco LLC also processes transmix and distributes refined product through its terminals in Alabama, Texas, Arkansas and New York.
- Sunoco Retail LLC (“Sunoco Retail”), a Pennsylvania limited liability company, owns and operates retail stores that sell motor fuel and merchandise primarily in New Jersey.
- Aloha Petroleum LLC, a Delaware limited liability company, distributes motor fuel and operates terminal facilities on the Hawaiian Islands.
- Aloha Petroleum, Ltd. (“Aloha”), a Hawaii corporation, owns and operates retail stores on the Hawaiian Islands.

All significant intercompany accounts and transactions have been eliminated in consolidation.

Certain items have been reclassified for presentation purposes to conform to the accounting policies of the consolidated entity. These reclassifications had no impact on gross margin, income from operations, net income (loss) and comprehensive income (loss), or the balance sheets or statements of cash flows.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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. Actual results could differ from those estimates.

Fair Value Measurements

We use fair value measurements to measure, among other items, purchased assets, investments, leases and derivative contracts. We also use them to assess impairment of properties, equipment, intangible assets and goodwill. An asset’s fair value is defined as the price at which an asset could be exchanged in a current transaction between knowledgeable, willing parties. A liability’s fair value is defined as the amount that would be paid to transfer the liability to a new obligor, not the amount that would be paid to settle the liability with the creditor. Where available, fair value is based on observable market prices or parameters, or is derived from such prices or parameters. Where observable prices or inputs are not available, unobservable prices or inputs are used to estimate the current fair value, often using an internal valuation model. These valuation techniques involve some level of management estimation and judgment, the degree of which is dependent on the item being valued.

ASC 820 “*Fair Value Measurements and Disclosures*” prioritizes the inputs used in measuring fair value into the following hierarchy:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable;

Level 3 Unobservable inputs in which little or no market activity exists, therefore requiring an entity to develop its own assumptions about the assumptions that market participants would use in pricing.

Cash, accounts receivable, certain other current assets, marketable securities, accounts payable, accrued expenses, and certain other current liabilities are reflected in the consolidated balance sheets at carrying amounts, which approximate the fair value due to their short term nature.

Segment Reporting

We operate our business in two primary operating segments, Fuel Distribution and Marketing and All Other, both of which are included as reportable segments. Our Fuel Distribution and Marketing segment sells motor fuel to our All Other segment and external customers. Our All Other segment includes the Partnership’s credit card services, franchise royalties, and its retail operations in Hawaii and New Jersey.

Acquisition Accounting

Acquisitions of assets or entities that include inputs and processes and have the ability to create outputs are accounted for as business combinations. A purchase price allocation is recorded for tangible and intangible assets acquired and liabilities assumed based on their fair value. The excess of fair value of consideration conveyed over fair value of net assets acquired is recorded as goodwill. The consolidated statements of operations and comprehensive income (loss) for the periods presented include the results of operations for each acquisition from their respective dates of acquisition.

Acquisitions of entities under common control are accounted for similar to a pooling of interests, in which the acquired assets and assumed liabilities are recognized at their historic carrying values. The results of operations of affiliated businesses acquired are reflected in the Partnership’s consolidated results of operations beginning on the date of common control.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less.

Sunoco LLC and Sunoco Retail have treasury services agreements with Sunoco (R&M), LLC, an indirect wholly-owned subsidiary of ETO, for certain cash management activities. The net balance of Sunoco LLC and Sunoco Retail activity is reflected in either “Advances to affiliates” or “Advances from affiliates” on the consolidated balance sheets.

Accounts Receivable

The majority of trade receivables are from wholesale fuel customers or from credit card companies related to retail credit card transactions. Wholesale customer credit is extended based on an evaluation of the customer’s financial condition. We maintain allowances for expected credit losses based on the best estimate of the amount of expected credit losses in existing accounts receivable. Credit losses are recorded against the allowance when accounts are deemed uncollectible.

Receivables from affiliates arise from fuel sales and other miscellaneous transactions with non-consolidated affiliates. These receivables are recorded at face value, without interest or discount.

Inventories

Fuel inventories are stated at the lower of cost or market using the last-in-first-out (“LIFO”) method. Under this methodology, the cost of fuel sold consists of actual acquisition costs, which includes transportation and storage costs. Such costs are adjusted to reflect increases or decreases in inventory quantities which are valued based on changes in LIFO inventory layers.

Merchandise inventories are stated at the lower of average cost, as determined by the retail inventory method, or market. We record an allowance for shortages and obsolescence relating to merchandise inventory based on historical trends and any known changes. Shipping and handling costs are included in the cost of merchandise inventories.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs were $19 million for the year ended December 31, 2020, and $24 million for each of the years ended December 31, 2019 and 2018.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed on a straight-line basis over the useful lives of assets, estimated to be forty years for buildings, three to fifteen years for equipment and thirty years for storage tanks. Assets under finance leases are depreciated over the life of the corresponding lease.

Amortization of leasehold improvements is based upon the shorter of the remaining terms of the leases including renewal periods that are reasonably assured, or the estimated useful lives, which approximate twenty years. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Maintenance and repairs are charged to operations as incurred. Gains or losses on the disposition of property and equipment are recorded in the period incurred.

Long-Lived Assets and Assets Held for Sale

Long-lived assets are tested for possible impairment whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. If such indicators exist, the estimated undiscounted future cash flows related to the asset are compared to the carrying value of the asset. If the carrying value is greater than the estimated undiscounted future cash flow amount, an impairment charge is recorded within loss on disposal of assets and impairment charges in the consolidated statements of operations and comprehensive income (loss) for amounts necessary to reduce the corresponding carrying value of the asset to fair value. The impairment loss calculations require management to apply judgment in estimating future cash flows.

Properties that have been closed and other excess real property are recorded as assets held for sale, and are written down to the lower of cost or estimated net realizable value at the time we close such stores or determine that these properties are in excess and intend to offer them for sale. We estimate the net realizable value based on our experience in utilizing or disposing of similar assets and on estimates provided by our own and third-party real estate experts. Although we have not experienced significant changes in our estimate of net realizable value, changes in real estate markets could significantly impact the net values realized from the sale of assets. When we have determined that an asset is more likely than not to be sold in the next twelve months, that asset is classified as assets held for sale and included in other current assets. We had no assets classified as assets held for sale as of December 31, 2020 or 2019.

Goodwill and Indefinite-Lived Intangible Assets

Goodwill represents the excess of consideration paid over fair value of net assets acquired. Goodwill and intangible assets acquired in a purchase business combination are recorded at fair value as of the date acquired. Acquired intangible assets determined to have an indefinite useful life are not amortized, but are instead tested for impairment at least annually, or more frequently if events and circumstances indicate that the asset might be impaired. The annual impairment test of goodwill and indefinite lived intangible assets is performed as of the first day of the fourth quarter of each fiscal year.

The Partnership uses qualitative factors to determine whether it is more likely than not (likelihood of more than 50%) that the fair value of a reporting unit exceeds its carrying amount, including goodwill. Some of the qualitative factors considered in applying this test include consideration of macroeconomic conditions, industry and market conditions, cost factors affecting the business, overall financial performance of the business, and performance of the unit price of the Partnership.

If qualitative factors are not deemed sufficient to conclude that the fair value of the reporting unit more likely than not exceeds its carrying value, then a one-step approach is applied in making an evaluation. The evaluation utilizes multiple valuation methodologies, including a market approach (market price multiples of comparable companies) and an income approach (discounted cash flow analysis). The computations require management to make significant estimates and assumptions, including, among other things, selection of comparable publicly traded companies, the discount rate applied to future earnings reflecting a weighted average cost of capital, and earnings growth assumptions. A discounted cash flow analysis requires management to make various assumptions about future sales, operating margins, capital expenditures, working capital, and growth rates. If the evaluation results in the fair value of the reporting unit being lower than the carrying value, an impairment charge is recorded.

Indefinite-lived intangible assets are composed of certain tradenames and liquor licenses which are not amortized but are evaluated for impairment annually or more frequently if events or changes occur that suggest an impairment in carrying value, such as a significant adverse change in the business climate. Indefinite-lived intangible assets are evaluated for impairment by comparing each asset’s fair value to its book value. Management first determines qualitatively whether it is more likely than not that an indefinite-lived asset is impaired. If management concludes that it is more likely than not that an indefinite-lived asset is impaired, then its fair value is determined by using the discounted cash flow model based on future revenues estimated to be derived in the use of the asset.

Other Intangible Assets

Other finite-lived intangible assets consist of supply agreements, customer relations, non-competes, and loan origination costs. Separable intangible assets that are not determined to have an indefinite life are amortized over their useful lives and assessed for impairment only if and when circumstances warrant. Determination of an intangible asset's fair value and estimated useful life are based on an analysis of pertinent factors including (1) the use of widely-accepted valuation approaches, such as the income approach or the cost approach, (2) the expected use of the asset by the Partnership, (3) the expected useful life of related assets, (4) any legal, regulatory or contractual provisions, including renewal or extension period that would cause substantial costs or modifications to existing agreements, and (5) the effects of obsolescence, demand, competition, and other economic factors. Should any of the underlying assumptions indicate that the value of the intangible assets might be impaired, we may be required to reduce the carrying value and remaining useful life of the asset. If the underlying assumptions governing the amortization of an intangible asset were later determined to have significantly changed, we may be required to adjust its amortization period to reflect a new estimate of its useful life. Any write-down of the value or unfavorable change in the useful life of an intangible asset would increase expense at that time.

Customer relations and supply agreements are amortized on a straight-line basis over the remaining terms of the agreements, which generally range from five to twenty years. Non-competition agreements are amortized over the terms of the respective agreements, and loan origination costs are amortized over the life of the underlying debt as an increase to interest expense.

Asset Retirement Obligations

The estimated future cost to remove an underground storage tank is recognized over the estimated useful life of the storage tank. We record a discounted liability for the future fair value of an asset retirement obligation along with a corresponding increase to the carrying value of the related long-lived asset at the time an underground storage tank is installed. We then depreciate the amount added to property and equipment and recognize accretion expense in connection with the discounted liability over the remaining life of the tank. We base our estimates of the anticipated future costs for tank removal on our prior experience with removals. We review assumptions for computing the estimated liability for tank removal on an annual basis. Any change in estimated cash flows are reflected as an adjustment to both the liability and the associated asset.

Long-lived assets related to asset retirement obligations aggregated \$18 million and \$20 million, and were reflected as property and equipment, net on our consolidated balance sheets as of December 31, 2020 and 2019, respectively.

Environmental Liabilities

Environmental expenditures related to existing conditions, resulting from past or current operations, and from which no current or future benefit is discernible, are expensed. Expenditures that extend the life of the related property or prevent future environmental contamination are capitalized. We determine and establish a liability on a site-by-site basis when it is probable and can be reasonably estimated. A related receivable is recorded for estimable and probable reimbursements.

Revenue Recognition

Revenue from motor fuel is recognized either at the time fuel is delivered to the customer or at the time of sale. Shipment and delivery of motor fuel generally occurs on the same day. The Partnership charges wholesale customers for third-party transportation costs, which are recorded net in cost of sales. Through PropCo, our wholly-owned corporate subsidiary, we sell motor fuel to customers on a commission agent basis, in which we retain title to inventory, control access to and sale of fuel inventory, and recognize revenue at the time the fuel is sold to the end customer. In our Fuel Distribution and Marketing segment, we derive additional income from lease income, propane and lubricating oils, and other ancillary product and service offerings. In our All Other segment, we derive other income from merchandise, lottery ticket sales, money orders, prepaid phone cards and wireless services, ATM transactions, car washes, and other ancillary product and service offerings. We record revenue from other retail transactions on a net commission basis when a product is sold and/or services are rendered.

Lease Income

Lease income from operating leases is recognized on a straight-line basis over the term of the lease.

Cost of Sales

We include in cost of sales all costs incurred to acquire fuel and merchandise, including the costs of purchasing, storing, and transporting inventory prior to delivery to our customers. Items are removed from inventory and are included in cost of sales based on the retail inventory method for merchandise and the LIFO method for motor fuel. Cost of sales does not include depreciation of property and equipment as amounts attributed to cost of sales would not be significant. Depreciation is classified within operating expenses in the consolidated statements of operations and comprehensive income (loss).

Motor Fuel and Sales Taxes

Certain motor fuel and sales taxes are collected from customers and remitted to governmental agencies either directly by the Partnership or through suppliers. The Partnership's accounting policy for wholesale direct sales to dealers, distributors and commercial customers is to exclude the collected motor fuel tax from sales and cost of sales.

For retail locations where the Partnership holds inventory, including commission agent locations, motor fuel sales and motor fuel cost of sales include motor fuel taxes. Such amounts were $301 million, $386 million and $370 million, for the years ended December 31, 2020, 2019 and 2018, respectively. Merchandise sales and cost of merchandise sales are reported net of sales tax in the consolidated statements of operations and comprehensive income (loss).

Deferred Branding Incentives

We receive payments for branding incentives related to fuel supply contracts. Unearned branding incentives are deferred and amortized on a straight-line basis over the term of the agreement as a credit to cost of sales.

Lease Accounting

At the inception of each lease arrangement, we determine if the arrangement is a lease or contains an embedded lease and review the facts and circumstances of the arrangement to classify lease assets as operating or finance leases under Topic 842. The Partnership has elected not to record any leases with terms of 12 months or less on the balance sheet.

Balances related to operating leases are included in operating lease ROU assets, accrued expenses and other current liabilities, operating lease current liabilities and non-current operating lease liabilities in our consolidated balance sheets. Finance leases represent a small portion of the active lease agreements and are included in finance lease ROU assets, current maturities of long-term debt and long-term debt, less current maturities in our consolidated balance sheets. The ROU assets represent the Partnership's right to use an underlying asset for the lease term and lease liabilities represent the obligation of the Partnership to make minimum lease payments arising from the lease for the duration of the lease term.

The Partnership leases a portion of its properties under non-cancelable operating leases, whose initial terms are typically five to fifteen years, with options permitting renewal for additional periods. Most leases include one or more options to renew, with renewal terms that can extend the lease term from one to 20 years or greater. The exercise of lease renewal options is typically at the sole discretion of the Partnership and lease extensions are evaluated on a lease-by-lease basis. Leases containing early termination clauses typically require the agreement of both parties to the lease. At the inception of a lease, all renewal options reasonably certain to be exercised are considered when determining the lease term. The depreciable life of lease assets and leasehold improvements are limited by the expected lease term.

To determine the present value of future minimum lease payments, we use the implicit rate when readily determinable. Presently, because many of our leases do not provide an implicit rate, the Partnership applies its incremental borrowing rate based on the information available at the lease commencement date to determine the present value of minimum lease payments. The operating and finance lease ROU assets include any lease payments made and exclude lease incentives.

Minimum rent is expensed on a straight-line basis over the term of the lease, including renewal periods that are reasonably assured at the inception of the lease. The Partnership is typically responsible for payment of real estate taxes, maintenance expenses, and insurance. The Partnership also leases certain vehicles, and such leases are typically less than five years.

For short-term leases (leases that have term of twelve months or less upon commencement), lease payments are recognized on a straight-line basis and no ROU assets are recorded.

Earnings Per Unit

In addition to limited partner units, we have identified incentive distribution rights ("IDRs") as participating securities and compute income per unit using the two-class method under which any excess of distributions declared over net income shall be allocated to the partners based on their respective sharing of income specified in the First Amended and Restated Agreement of Limited Partnership, as amended (the "Partnership Agreement"). Net income per unit applicable to limited partners is computed by dividing limited partners' interest in net income, after deducting any incentive distributions, distributions on Series A Preferred Units and unvested phantom unit awards, by the weighted-average number of outstanding common units.

Unit-Based Compensation

Under the Partnership's long-term incentive plans, various types of awards may be granted to employees, consultants, and directors of our General Partner who provide services for us. Compensation expense related to outstanding awards is recognized over the vesting period based on the grant-date fair value. The grant-date fair value is determined based on the market price of our common units on the grant date. We amortize the grant-date fair value of these awards over their vesting period using the straight-line method. Expenses related to unit-based compensation are included in general and administrative expenses.

Income Taxes

The Partnership is a publicly traded limited partnership and is not taxable for federal and most state income tax purposes. As a result, our earnings or losses, to the extent not included in a taxable subsidiary, for federal and most state purposes are included in the tax returns of the individual partners. Net earnings for financial statement purposes may differ significantly from taxable income reportable to Unitholders as a result of differences between the tax basis and financial basis of assets and liabilities, differences between the tax accounting and financial accounting treatment of certain items, and due to allocation requirements related to taxable income under our Partnership Agreement.

As a publicly traded limited partnership, we are subject to a statutory requirement that our “qualifying income” (as defined by the Internal Revenue Code, related Treasury Regulations, and IRS pronouncements) exceed 90% of our total gross income, determined on a calendar year basis. If our qualifying income were not to meet this statutory requirement, the Partnership would be taxed as a corporation for federal and state income tax purposes. For the years ended December 31, 2020, 2019, and 2018, our qualifying income met the statutory requirement.

The Partnership conducts certain activities through corporate subsidiaries which are subject to federal, state and local income taxes. These corporate subsidiaries include Sunoco Property Company LLC (“PropCo”) and Aloha. The Partnership and its corporate subsidiaries account for income taxes under the asset and liability method.

Under this method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rate is recognized in earnings in the period that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts more likely than not to be realized.

The determination of the provision for income taxes requires significant judgment, use of estimates, and the interpretation and application of complex tax laws. Significant judgment is required in assessing the timing and amounts of deductible and taxable items and the probability of sustaining uncertain tax positions. The benefits of uncertain tax positions are recorded in our financial statements only after determining a more-likely-than-not probability that the uncertain tax positions will withstand challenge, if any, from taxing authorities. When facts and circumstances change, we reassess these probabilities and record any changes through the provision for income taxes.

Recently Adopted Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board issued ASU 2016-13 *"Financial Instruments - Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments."* ASU 2016-13 requires an entity to utilize a new impairment model known as the current expected credit loss ("CECL") model to estimate its lifetime "expected credit loss" and record an allowance that, when deducted from the amortized cost basis of the financial asset, presents the net amount expected to be collected on the financial asset. The CECL model is expected to result in more timely recognition of credit losses. The Partnership adopted ASU 2016-13 on January 1, 2020. The impact of the adoption was not material; however, due to the global economic impacts of COVID-19, the Partnership recorded $12 million of current expected credit losses for the year ended December 31, 2020.

3. Acquisitions and Divestment

2020 Acquisition

On December 15, 2020, we acquired a terminal in New York for approximately $12 million plus working capital adjustments.

2019 Acquisition

On January 18, 2019, we acquired certain convenience store locations for approximately $5 million plus working capital adjustments. We subsequently converted the acquired convenience store locations to commission agent locations.

Fulton Divestment

On May 31, 2019, we completed the previously announced divestiture to Attis Industries Inc. (“Attis”) for the sale of our ethanol plant, including the grain malting operation, in Fulton, New York. As part of the transaction, we entered into a 10-year ethanol offtake agreement with Attis. Total consideration for the divestiture was $20 million in cash plus certain working capital adjustments. Pursuant to the offtake agreement wherein Attis sells ethanol to Sunoco, Attis is responsible for remitting taxes related to such sales to the state of New York. Should Attis fail to remit such taxes, under New York law, we could be held jointly and severally liable for any unremitted portions for sales that occurred through February 4, 2020. Our current estimate of the net cash exposure for the potential liability is $19 million as of December 31, 2020.

Other Acquisitions

The following is a summary of the allocation of the purchase price paid to the fair values of the net assets, net of cash acquired, of our acquisitions during 2018 (in millions):

	AMID	Schmitt	BRENCO	Sandford	Superior	7-Eleven
Current assets	$ 3	$ 4	$ 2	$ 37	$ 19	$ 4
Property and equipment	41	20	7	13	20	20
Intangible assets	40	16	12	36	12	—
Goodwill	43	6	5	31	10	30
Other noncurrent assets	2	—	—	—	—	—
Current liabilities	(2)	—	—	(13)	(1)	—
Deferred tax liabilities	—	—	—	(11)	—	—
Other noncurrent liabilities	—	—	—	—	(2)	—
Total	$ 127	$ 46	$ 26	$ 93	$ 58	$ 54

On December 20, 2018, we completed the acquisition of the refined products terminalling business from American Midstream Partners, LP for approximately $127 million inclusive of working capital adjustments. The refined products terminalling business consists of terminals located in Texas and Arkansas with a combined 21 tanks, approximately 1.3 million barrels of storage capacity and approximately 77,500 barrels per day of total throughput capacity. The acquisition increased goodwill by $43 million, which is deductible for tax purposes.

On December 18, 2018, we completed the acquisition of the wholesale fuel distribution business from Schmitt Sales, Inc. (“Schmitt”) for approximately $46 million inclusive of working capital adjustments. The acquired wholesale fuels business distributes approximately 180 million gallons of fuel annually across a network of dealer and commission agent-operated locations in the Upstate New York and Pennsylvania markets. The acquisition increased goodwill by $6 million.

On October 16, 2018, we completed the acquisition of BRENCO Marketing Corporation’s fuel distribution business (“BRENCO”) for approximately $26 million inclusive of working capital adjustments. The acquired wholesale fuels business distributes approximately 95 million gallons of fuel annually across a network of approximately 160 dealer and commission agent-operated locations and 100 commercial accounts in Central and East Texas. The acquisition increased goodwill by $5 million.

On August 1, 2018, we completed the acquisition of the equity interests of Sandford Energy, LLC, Sandford Transportation, LLC and their respective subsidiaries (“Sandford”) for approximately $93 million inclusive of working capital and other adjustments. The acquired wholesale fuels business distributes approximately 115 million gallons of fuel annually to exploration, drilling and oil field services customers, primarily in basins in Central and West Texas and Oklahoma. The acquisition increased goodwill by $31 million, which is not deductible for tax purposes.

On April 25, 2018, we completed the acquisition of wholesale fuel distribution assets and related terminal assets from Superior Plus Energy Services, Inc. (“Superior”) for approximately $58 million inclusive of working capital adjustments. The assets consist of a network of approximately 100 dealers, several hundred commercial contracts and three terminals, which are connected to major pipelines serving the Upstate New York market. The acquisition increased goodwill by $10 million.

On April 2, 2018, we completed the acquisition of 26 retail fuel outlets from 7-Eleven and SEI Fuel for approximately $54 million, inclusive of working capital adjustment. We subsequently converted the acquired stations from company-operated sites to commission agent locations. The acquisition increased goodwill by $30 million.

4. Discontinued Operations

On January 23, 2018, we completed the 7-Eleven Transaction discussed in Note 1. Subsequent to the closing of the 7-Eleven Transaction, previously eliminated wholesale motor fuel sales to the Partnership’s retail locations are reported as wholesale motor fuel sales to third parties.

In connection with the 7-Eleven Transaction, we entered into a 15-year take-or-pay fuel supply arrangement with 7-Eleven and SEI Fuel. For the period from January 1, 2018 through January 22, 2018, we recorded sales to the sites that were subsequently sold to 7-Eleven of $199 million, which sales were eliminated in consolidation.

The Partnership concluded that it meets the accounting requirements for reporting the financial position, results of operations and cash flows of the 7-Eleven Transaction and the operations of the related assets as discontinued operations.

As a result of the 7-Eleven Transaction, the Partnership recorded transaction costs of $3 million during 2018.

The Partnership had no assets or liabilities associated with discontinued operations as of December 31, 2020 or 2019. There were no results of operations associated with discontinued operations for the years ended December 31, 2020 or 2019.

The results of operations associated with discontinued operations are presented in the following table:

	Year Ended December 31, 2018
	(in millions)
Revenues:	
Motor fuel sales	$ 256
Non motor fuel sales (1)	93
Total revenues	349
Cost of sales and operating expenses:	
Cost of sales	305
General and administrative	7
Other operating	57
Rent	4
Loss on disposal of assets and impairment charge	61
Depreciation, amortization and accretion expense	—
Total cost of sales and operating expenses	434
Operating loss	(85)
Interest expense, net	(2)
Loss on extinguishment of debt and other, net	(20)
Loss from discontinued operations before income taxes	(107)
Income tax expense	158
Loss from discontinued operations, net of income taxes	$ (265)

(1) Non motor fuel sales includes merchandise sales totaling $89 million for the year ended December 31, 2018.

5. Accounts Receivable, net

Accounts receivable, net, consisted of the following:

	December 31, 2020	December 31, 2019
	(in millions)	
Accounts receivable, trade	$ 239	$ 337
Credit card receivables	24	29
Vendor receivables for rebates and branding	26	19
Other receivables	13	16
Allowance for expected credit losses	(7)	(2)
Accounts receivable, net	$ 295	$ 399

6. Inventories, net

Due to changes in fuel prices, we recorded a write-down on the value of fuel inventory of $82 million for the year ended December 31, 2020.

Fuel inventories are stated at the lower of cost or market using the last-in-first-out (“LIFO”) method. As of December 31, 2020 and 2019, the carrying value of the Partnership’s fuel inventory included lower of cost or market reserves of $311 million and $229 million, respectively, and the inventory carrying value equaled or exceeded its replacement cost. For the years ended December 31, 2020, 2019 and 2018, the Partnership’s Consolidated Statements of Operations did not include any material amounts of income from the liquidation of LIFO fuel inventory.

Inventories, net consisted of the following:

	December 31, 2020	December 31, 2019
	(in millions)	
Fuel	$ 374	$ 412
Other	8	7
Inventories, net	$ 382	$ 419

7. Property and Equipment, net

Property and equipment, net consisted of the following:

	December 31, 2020	December 31, 2019
	(in millions)	
Land	$ 512	$ 515
Buildings and leasehold improvements	741	754
Equipment	951	830
Construction in progress	27	35
Total property and equipment	2,231	2,134
Less: accumulated depreciation	806	692
Property and equipment, net	$ 1,425	$ 1,442

Depreciation expense on property and equipment was $122 million, $121 million and $129 million for the years ended December 31, 2020, 2019 and 2018, respectively.

8. Goodwill and Other Intangible Assets

Goodwill

Goodwill balances and activity for the years ended December 31, 2020 and 2019 consisted of the following:

	Segment		
	Fuel Distribution and Marketing	All Other	Consolidated
		(in millions)	
Balance at December 31, 2018	$ 1,197	$ 362	$ 1,559
Goodwill adjustments related to previous acquisitions	(4)	—	(4)
Balance at December 31, 2019	1,193	362	1,555
Goodwill related to terminal acquisition	9	$ —	9
Balance at December 31, 2020	$ 1,202	$ 362	$ 1,564

During 2018, 2019, and 2020, management performed annual goodwill impairment testing on its reporting units. No goodwill impairment was identified for the reporting units as a result of these tests. During the first quarter of 2020, due to the impacts of the COVID-19 pandemic and the decline in the Partnership’s market capitalization, management determined that interim impairment testing should also be performed. We performed the interim impairment tests consistent with our approach for annual impairment testing, including using similar models, inputs and assumptions. As a result of the interim impairment test, no goodwill impairment was identified for the reporting units. During 2020, $316 million of goodwill from the All Other segment was reclassified to the Fuel

Distribution and Marketing segment. The 2018 and 2019 balances were also reclassified by the same amount for presentation purposes.

The Partnership determined the fair value of our reporting units using a weighted combination of the discounted cash flow method and the guideline company method. Determining the fair value of a reporting unit requires judgment and the use of significant estimates and assumptions. Such estimates and assumptions include revenue growth rates, operating margins, weighted average costs of capital and future market conditions, among others. The Partnership believes the estimates and assumptions used in our impairment assessments are reasonable and based on available market information, but variations in any of the assumptions could result in materially different calculations of fair value and determinations of whether or not an impairment is indicated. Under the discounted cash flow method, the Partnership determined fair value based on estimated future cash flows of each reporting unit including estimates for capital expenditures, discounted to present value using the risk-adjusted industry rate, which reflect the overall level of inherent risk of the reporting unit. Cash flow projections are derived from one year budgeted amounts plus an estimate of later period cash flows, all of which are determined by management. Subsequent period cash flows are developed for each reporting unit using growth rates that management believes are reasonably likely to occur. Under the guideline company method, the Partnership determined the estimated fair value of each of our reporting units by applying valuation multiples of comparable publicly-traded companies to each reporting unit's projected EBITDA and then averaging that estimate with similar historical calculations using a three year average. In addition, the Partnership estimated a reasonable control premium representing the incremental value that accrues to the majority owner from the opportunity to dictate the strategic and operational actions of the business.

Other Intangibles

Gross carrying amounts and accumulated amortization for each major class of intangible assets, excluding goodwill, consisted of the following:

	December 31, 2020			December 31, 2019		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
	(in millions)					
Indefinite-lived						
Tradenames	$ 295	$ —	$ 295	$ 295	$ —	$ 295
Liquor licenses	12	—	12	12	—	12
Finite-lived						
Customer relations including supply agreements	569	296	273	580	252	328
Loan origination costs (1)	9	4	5	9	3	6
Other intangibles	9	6	3	10	5	5
Intangible assets, net	$ 894	$ 306	$ 588	$ 906	$ 260	$ 646

(1) Loan origination costs are associated with the Revolving Credit Agreement, see Note 10 "Long-Term Debt" for further information.

We review amortizable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If such a review should indicate that the carrying amount of amortizable intangible assets is not recoverable, we reduce the carrying amount of such assets to fair value. We review non-amortizable intangible assets for impairment annually, or more frequently if circumstances dictate.

During the fourth quarters of 2018, 2019, and 2020, we performed the annual impairment tests on our indefinite-lived intangible assets. We recognized impairment charges of $30 million on our contractual rights in 2018, primarily due to decreases in projected future revenues and cash flows from the date the intangible asset was originally recorded. No impairments were recorded in 2019 and 2020.

Total amortization expense on finite-lived intangibles included in depreciation, amortization and accretion was $57 million, $56 million and $43 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Customer relations and supply agreements have a remaining weighted-average life of approximately 9 years. Other intangible assets have a remaining weighted-average life of approximately 8 years. Loan origination costs have a remaining weighted-average life of approximately 3 years.

As of December 31, 2020, the Partnership's estimate of amortization includable in amortization expense and interest expense for each of the five succeeding fiscal years and thereafter for finite-lived intangibles is as follows (in millions):

	Amortization	Interest
2021	$ 53	$ 2
2022	43	2
2023	38	1
2024	28	—
2025	17	—
Thereafter	97	—
Total	$ 276	$ 5

9. Accrued Expenses and Other Current Liabilities

Current accrued expenses and other current liabilities consisted of the following:

	December 31, 2020	December 31, 2019
	(in millions)	
Wage and other employee-related accrued expenses	$ 23	$ 32
Accrued tax expense	135	42
Accrued insurance	24	27
Accrued interest expense	49	57
Dealer deposits	22	23
Accrued environmental expense	4	6
Other	25	32
Total	$ 282	$ 219

10. Long-Term Debt

Long-term debt consisted of the following:

	December 31, 2020	December 31, 2019
	(in millions)	
Sale leaseback financing obligation	$ 97	$ 103
2018 Revolver	—	162
4.875% Senior Notes Due 2023	436	1,000
5.500% Senior Notes Due 2026	800	800
6.000% Senior Notes Due 2027	600	600
5.875% Senior Notes Due 2028	400	400
4.500% Senior Notes Due 2029	800	—
Finance leases	6	32
Total debt	3,139	3,097
Less: current maturities	6	11
Less: debt issuance costs	27	26
Long-term debt, net of current maturities	$ 3,106	$ 3,060

At December 31, 2020, scheduled future debt principal maturities are as follows (in millions):

2021	$ 6
2022	7
2023	444
2024	8
2025	8
Thereafter	2,666
Total	$ 3,139

2018 Private Offering of Senior Notes

On January 23, 2018, we and certain of our wholly-owned subsidiaries, including Sunoco Finance Corp. (together with the Partnership, the "Issuers") completed a private offering of $2.2 billion of senior notes, comprised of $1.0 billion in aggregate principal amount of 4.875% senior notes due 2023 (the "2023 Notes"), $800 million in aggregate principal amount of 5.500% senior notes due 2026 (the "2026 Notes") and $400 million in aggregate principal amount of 5.875% senior notes due 2028 (the "2028 Notes" and, together with the 2023 Notes and the 2026 Notes, the "Notes").

The terms of the Notes are governed by an indenture dated January 23, 2018, among the Issuers, and certain other subsidiaries of the Partnership (the "Guarantors") and U.S. Bank National Association, as trustee. The 2023 Notes will mature on January 15, 2023 and interest is payable semi-annually on January 15 and July 15 of each year, commencing July 15, 2018. The 2026 Notes will mature on February 15, 2026 and interest is payable semi-annually on February 15 and August 15 of each year, commencing August 15, 2018. The 2028 Notes will mature on March 15, 2028 and interest is payable semi-annually on March 15 and September 15 of each year, commencing September 15, 2018. The Notes are senior obligations of the Issuers and are guaranteed on a senior basis by all of the Partnership's existing subsidiaries and certain of its future subsidiaries. The Notes and guarantees are unsecured and rank equally with all of the Issuers' and each Guarantor's existing and future senior obligations. The Notes and guarantees are effectively subordinated to the Issuers' and each Guarantor's secured obligations, including obligations under the Partnership's 2018 Revolver (as defined below), to the extent of the value of the collateral securing such obligations, and structurally subordinated to all indebtedness and obligations, including trade payables, of the Partnership's subsidiaries that do not guarantee the Notes. ETO guarantees collection to the Issuers with respect to the payment of the principal amount of the Notes. ETO is not subject to any of the covenants under the Indenture.

In connection with our issuance of the Notes, we entered into a registration rights agreement with the initial purchasers pursuant to which we agreed to complete an offer to exchange the Notes for an issue of registered notes with terms substantively identical to each series of Notes and evidencing the same indebtedness as the Notes on or before January 23, 2019. The exchange offer was completed on December 3, 2018.

The Partnership used the proceeds from the private offering, along with proceeds from the 7-Eleven Transaction, to: 1) redeem in full our existing senior notes as of December 31, 2017, comprised of $800 million in aggregate principal amount of 6.250% senior notes due 2021, $600 million in aggregate principal amount of 5.500% senior notes due 2020, and $800 million in aggregate principal amount of 6.375% senior notes due 2023; 2) repay in full and terminate the Term Loan; 3) pay all closing costs in connection with the 7-Eleven Transaction; 4) redeem the outstanding Series A Preferred Units held by ETE for an aggregate redemption amount of approximately $313 million; and 5) repurchase 17,286,859 SUN common units owned by subsidiaries of ETP for aggregate cash consideration of approximately $540 million.

On December 9, 2020 approximately 56% of the aggregate principal amount of outstanding 2023 Notes were tendered. The tender of the 2023 Notes was funded from the proceeds of the 2020 private offering disclosed below.

On January 15, 2021, we repurchased the remaining outstanding portion of our 2023 Notes.

2019 Private Offering of Senior Notes

On March 14, 2019, we, our General Partner and Sunoco Finance Corp. (together with the Partnership, the "2027 Notes Issuers") completed a private offering of $600 million in aggregate principal amount of 6.000% senior notes due 2027 (the "2027 Notes").

The terms of the 2027 Notes are governed by an indenture dated March 14, 2019, among the 2027 Notes Issuers, certain subsidiaries of the Partnership (the "2027 Notes Guarantors") and U.S. Bank National Association, as trustee. The 2027 Notes will mature on April 15, 2027, and interest on the 2027 Notes is payable semi-annually on April 15 and October 15 of each year, commencing October 15, 2019. The 2027 Notes are senior obligations of the 2027 Notes Issuers and are guaranteed on a senior basis by all of the Partnership's current subsidiaries (other than Sunoco Finance Corp.) that guarantee its obligations under the 2018 Revolver (as defined below) and certain of its future subsidiaries. The 2027 Notes and guarantees are unsecured and rank equally with all of the 2027 Notes Issuers' and each 2027 Notes Guarantor's existing and future senior obligations. The 2027 Notes and guarantees are effectively subordinated to the 2027 Notes Issuers' and each 2027 Notes Guarantor's secured obligations, including obligations under the 2018 Revolver (as defined below), to the extent of the value of the collateral securing such obligations, and structurally subordinated to all indebtedness and obligations, including trade payables, of the Partnership's subsidiaries that do not guarantee the 2027 Notes.

In connection with our issuance of the 2027 Notes, we entered into a registration rights agreement with the initial purchasers pursuant to which we agreed to complete an offer to exchange the 2027 Notes for an issue of registered notes with terms substantively identical to the 2027 Notes and evidencing the same indebtedness as the 2027 Notes on or before March 14, 2020. The exchange offer was completed on July 17, 2019.

The Partnership used the proceeds from the private offering to repay a portion of the outstanding borrowings under our 2018 Revolver (as defined below).

2020 Private Offering of Senior Notes

On November 9, 2020, we, our General Partner and Sunoco Finance Corp. (together with the Partnership, the "2029 Notes Issuers") completed a private offering of $800 million in aggregate principal amount of 4.500% senior notes due 2029 (the "2029 Notes").

The terms of the 2029 Notes are governed by an indenture dated November 9, 2020, among the 2029 Notes Issuers, certain subsidiaries of the Partnership (the "2029 Notes Guarantors") and U.S. Bank National Association, as trustee. The 2029 Notes will mature on May 15, 2029, and interest on the 2029 Notes is payable semi-annually on May 15 and November 15 of each year, commencing May 15, 2021. The 2029 Notes are senior obligations of the 2029 Notes Issuers and are guaranteed on a senior basis by all of the Partnership's current subsidiaries (other than Sunoco Finance Corp.) that guarantee its obligations under the 2018 Revolver (as defined below) and certain of its future subsidiaries. The 2029 Notes and guarantees are unsecured and rank equally with all of the 2029 Notes Issuers' and each 2029 Notes Guarantor's existing and future senior obligations. The 2029 Notes and guarantees are effectively subordinated to the 2029 Notes Issuers' and each 2029 Notes Guarantor's secured obligations, including obligations under the 2018 Revolver (as defined below), to the extent of the value of the collateral securing such obligations, and structurally subordinated to all indebtedness and obligations, including trade payables, of the Partnership's subsidiaries that do not guarantee the 2029 Notes.

In connection with our issuance of the 2029 Notes, we entered into a registration rights agreement with the initial purchasers pursuant to which we agreed to complete an offer to exchange the 2029 Notes for an issue of registered notes with terms substantively identical to the 2029 Notes and evidencing the same indebtedness as the 2029 Notes on or before November 9, 2021.

The Partnership used the proceeds from the private offering to fund the repurchase of a portion of the 2023 Notes and to repay the outstanding balance on the 2018 Revolver.

Revolving Credit Agreement

On July 27, 2018, we entered into a new Amended and Restated Credit Agreement among the Partnership, as borrower, the lenders from time to time party thereto and Bank of America, N.A., as administrative agent, collateral agent, swingline lender and a line of credit issuer (the "2018 Revolver"). Borrowings under the 2018 Revolver were used to pay off the Partnership's existing revolving credit facility entered into on September 25, 2014.

The 2018 Revolver is a $1.50 billion revolving credit facility, expiring July 27, 2023 (which date may be extended in accordance with the terms of the 2018 Revolver). The facility can be increased from time to time upon the Partnership's written request, subject to certain conditions, up to an additional $750 million. Borrowings under the revolving credit facility will bear interest at a base rate (a rate based off of the higher of (a) the Federal Funds Rate (as defined in the 2018 Revolver) plus 0.5%, (b) Bank of America's prime rate and (c) one-month LIBOR (as defined therein) plus 1.00%) or LIBOR, in each case plus an applicable margin ranging from 1.25% to 2.25%, in the case of a LIBOR loan, or from 0.250% to 1.25%, in the case of a base rate loan (determined with reference to the Partnership's Net Leverage Ratio as defined in the 2018 Revolver). Upon the first achievement by the Partnership of an investment grade credit rating, the applicable margin will decrease to a range of 1.125% to 1.75%, in the case of a LIBOR loan, or from 0.125% to 0.750%, in the case of a base rate loan (determined with reference to the credit rating for the Partnership's senior, unsecured, non-credit enhanced long-term debt and the Partnership's corporate issuer rating). Interest is payable quarterly if the base rate applies, at the end of the applicable interest period if LIBOR applies and at the end of the month if daily floating LIBOR applies. In addition, the unused portion of the Partnership's revolving credit facility will be subject to a commitment fee ranging from 0.250% to 0.350%, based on the Partnership's Leverage Ratio. Upon the first achievement by the Partnership of an investment grade credit rating, the commitment fee will decrease to a range of 0.125% to 0.350%, based on the Partnership's credit rating as described above.

The 2018 Revolver requires the Partnership to maintain a Net Leverage Ratio of not more than 5.50 to 1.00. The maximum Net Leverage Ratio is subject to upwards adjustment of not more than 6.00 to 1.00 for a period not to exceed three fiscal quarters in the event the Partnership engages in certain specified acquisitions of not less than $50 million (as permitted under the 2018 Revolver). The 2018 Revolver also requires the Partnership to maintain an Interest Coverage Ratio (as defined in the 2018 Revolver) of not less than 2.25 to 1.00.

Indebtedness under the 2018 Revolver is secured by a security interest in, among other things, all of the Partnership's present and future personal property and all of the present and future personal property of its guarantors, the capital stock of its material subsidiaries (or 66% of the capital stock of material foreign subsidiaries), and any intercompany debt. Upon the first achievement by the Partnership of an investment grade credit rating, all security interests securing the 2018 Revolver will be released.

As of December 31, 2020, the 2018 Revolver had no outstanding borrowings, and $8 million in standby letters of credit were outstanding. The unused availability on the 2018 Revolver at December 31, 2020 was $1.5 billion. The weighted average interest rate on the total amount outstanding at December 31, 2020 was 0.00%. The Partnership was in compliance with all financial covenants at December 31, 2020.

Sale Leaseback Financing Obligation

On April 4, 2013, Southside Oil, LLC ("Southside"), a subsidiary of the Partnership, completed a sale leaseback transaction with two separate companies for 50 of its dealer operated sites. As Southside did not meet the criteria for sale leaseback accounting, this transaction was accounted for as a financing arrangement over the course of the lease agreement. The obligations mature in varying dates through 2033, require monthly interest and principal payments, and bear interest at 5.125%. The obligation related to this transaction is included in current and long-term debt and the balance outstanding as of December 31, 2020 was $97 million.

Fair Value of Debt

The estimated fair value of debt is calculated using Level 2 inputs. The fair value of debt as of December 31, 2020, is estimated to be approximately $3.3 billion, based on outstanding balances as of the end of the period using current interest rates for similar securities.

11. Other Noncurrent Liabilities

Other noncurrent liabilities consisted of the following:

	December 31, 2020	December 31, 2019
	(in millions)	
Reserve for underground storage tank removal	$ 75	$ 67
Accrued environmental expense, long-term	16	23
Others	18	7
Total	$ 109	$ 97

We record an asset retirement obligation for the estimated future cost to remove underground storage tanks. Revisions to the liability could occur due to changes in tank removal costs, tank useful lives or if federal and/or state regulators enact new guidance on the removal of such tanks. Changes in the carrying amount of asset retirement obligations for the years ended December 31, 2020 and 2019 were as follows:

	Year Ended December 31,	
	2020	2019
	(in millions)	
Balance at beginning of year	$ 67	$ 54
Liabilities incurred	—	12
Liabilities settled	(1)	(1)
Accretion expense	9	2
Balance at end of year	$ 75	$ 67

12. Related-Party Transactions

We are party to fee-based commercial agreements with various affiliates of ETO for pipeline, terminalling and storage services. We also have agreements with subsidiaries of ETO for the purchase and sale of fuel.

On July 1, 2019, we entered into a 50% owned joint venture on the J.C. Nolan diesel fuel pipeline to West Texas. ETO operates the J. C. Nolan pipeline for the joint venture, which transports diesel fuel from Hebert, Texas to a terminal in the Midland, Texas area. Our investment in this unconsolidated joint venture was $136 million and $121 million as of December 31, 2020 and 2019, respectively. In addition, we recorded income on the unconsolidated joint venture of $5 million and $2 million for the years ended December 31, 2020 and December 31, 2019, respectively.

Summary of Transactions

Related party transactions with affiliates for the years ended December 31, 2020, 2019, and 2018 were as follows (in millions):

	Year Ended December 31,		
	2020	2019	2018
Motor fuel sales to affiliates	$ 58	$ 7	$ 33
Bulk fuel purchases from affiliates	$ 951	$ 821	$ 1,947

Significant affiliate balances included on the consolidated balance sheets are as follows:

- Net advances from affiliates were $125 million and $140 million at December 31, 2020 and 2019, respectively. Advances to and from affiliates are primarily related to the treasury services agreements between Sunoco LLC and Sunoco (R&M), LLC and Sunoco Retail and Sunoco (R&M), LLC, which are in place for purposes of cash management and transactions related to the diesel fuel pipeline joint venture with ETO.
- Net accounts receivable from affiliates were $11 million and $12 million at December 31, 2020 and 2019, respectively, which are primarily related to motor fuel sales to affiliates.
- Net accounts payable to affiliates were $79 million and $49 million as of December 31, 2020 and 2019, respectively, attributable to operational expenses and bulk fuel purchases.

13. Revenue

Disaggregation of Revenue

We operate our business in two primary segments, Fuel Distribution and Marketing and All Other. We disaggregate revenue within the segments by channels.

The following table depicts the disaggregation of revenue by channel within each segment:

	Year Ended December 31,		
	2020	2019	2018
		(in millions)	
Fuel Distribution and Marketing Segment			
Dealer	$ 2,211	$ 3,542	$ 3,639
Distributor	4,838	7,645	7,873
Unbranded Wholesale	1,831	2,729	2,577
Commission Agent	1,050	1,606	1,377
Non motor fuel sales	54	62	48
Lease income	127	131	118
Total	10,111	15,715	15,632
All Other Segment			
Motor fuel	402	654	1,038
Non motor fuel sales	186	216	312
Lease income	11	11	12
Total	599	881	1,362
Total Revenue	$ 10,710	$ 16,596	$ 16,994

Fuel Distribution and Marketing Revenue

The Partnership's Fuel Distribution and Marketing operations earn revenue from the following channels: sales to Dealers, sales to Distributors, Unbranded Wholesale revenue, Commission Agent revenue, Non motor fuel sales, and Lease income. Motor fuel revenue consists primarily of the sale of motor fuel under supply agreements with third-party customers and affiliates. Fuel supply contracts with our customers generally provide that we distribute motor fuel at a formula price based on published rates, volume-based profit margin, and other terms specific to the agreement. The customer is invoiced the agreed-upon price with most payment terms ranging less than 30 days. If the consideration promised in a contract includes a variable amount, the Partnership estimates the variable consideration amount and factors in such an estimate to determine the transaction price under the expected value method.

Revenue is recognized under the motor fuel contracts at the point in time the customer takes control of the fuel. At the time control is transferred to the customer the sale is considered final, because the agreements do not grant customers the right to return motor fuel. Under the new standard, to determine when control transfers to the customer, the shipping terms of the contract are assessed as shipping terms are considered a primary indicator of the transfer of control. For FOB shipping point terms, revenue is recognized at the time of shipment. The performance obligation with respect to the sale of goods is satisfied at the time of shipment since the customer gains control at this time under the terms. Shipping and/or handling costs that occur before the customer obtains control of the goods are deemed to be fulfillment activities and are accounted for as fulfillment costs. Once the goods are shipped, the Partnership is precluded from redirecting the shipment to another customer and revenue is recognized.

Commission agent revenue consists of sales from commission agent agreements between the Partnership and select operators. The Partnership supplies motor fuel to sites operated by commission agents and sells the fuel directly to the end customer. In commission agent arrangements, control of the product is transferred at the point in time when the goods are sold to the end customer. To reflect the transfer of control, the Partnership recognizes commission agent revenue at the point in time fuel is sold to the end customer.

The Partnership receives lease income from leased or subleased properties. Revenues from leasing arrangements for which we are the lessor are recognized ratably over the term of the underlying lease.

All Other Revenue

The Partnership's All Other operations earn revenue from the following channels: Motor fuel sales, Non motor fuel sales, and Lease income. Motor fuel sales consist of fuel sales to consumers at company-operated retail stores. Non motor fuel sales includes merchandise revenue that comprises the in-store merchandise and foodservice sales at company-operated retail stores, and other revenue that represents a variety of other services within our All Other segment including credit card processing, car washes, lottery, automated teller machines, money orders, prepaid phone cards and wireless services. Revenue from All Other operations is recognized when (or as) the performance obligations are satisfied (i.e. when the customer obtains control of the good or the service is provided).

Contract Balances with Customers

The Partnership satisfies its obligations by transferring goods or services in exchange for consideration from customers. The timing of performance may differ from the timing the associated consideration is paid to or received from the customer, thus resulting in the recognition of a contract asset or a contract liability.

The Partnership recognizes a contract asset when making upfront consideration payments to certain customers. The upfront considerations represent a pre-paid incentive, as these payments are not made for distinct goods or services provided by the customer. The pre-payment incentives are recognized as a contract asset upon payment and amortized as a reduction of revenue over the term of the specific agreement.

The Partnership recognizes a contract liability if the customer's payment of consideration precedes the Partnership's fulfillment of the performance obligations. We maintain some franchise agreements requiring dealers to make one-time upfront payments for long-term license agreements. The Partnership recognizes a contract liability when the upfront payment is received and recognizes revenue over the term of the license.

The balances of the Partnership's contract assets and contract liabilities as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019	Increase/ (Decrease)
		(in millions)	
Contract Balances			
Contract Asset	$ 121	$ 117	$ 4
Accounts receivable from contracts with customers	$ 256	$ 366	$ (110)
Contract Liability	$ —	$ —	$ —

The amount of revenue recognized in the years ended December 31, 2020, 2019, and 2018 that was included in the contract liability balance at the beginning of each period was $0.2 million, $0.4 million, and $0.6 million, respectively. This amount of revenue is a result of changes in the transaction price of the Partnership's contracts with customers. The difference in the opening and closing balances of the contract asset and contract liability primarily results from the timing difference between the Partnership's performance and the customer's payment.

Performance Obligations

At contract inception, the Partnership assesses the goods and services promised in its contracts with customers and identifies a performance obligation for each promise to transfer a good or service (or bundle of goods or services) that is distinct. To identify the performance obligations, the Partnership considers all the goods or services promised in the contract, whether explicitly stated or implied based on customary business practices. For a contract that has more than one performance obligation, the Partnership allocates the total contract consideration to each distinct performance obligation on a relative standalone selling price basis. Revenue is recognized when (or as) the performance obligations are satisfied, that is, when the customer obtains control of the good or the service is provided.

The Partnership distributes fuel under long-term contracts to branded distributors, branded and unbranded third-party dealers, and branded and unbranded retail fuel outlets. Sunoco-branded supply contracts with distributors generally have both time and volume commitments that establish contract duration. These contracts have an initial term of approximately ten years, with an estimated, volume-weighted term remaining of approximately four years.

As part of the 7-Eleven Transaction, the Partnership and 7-Eleven and SEI Fuel (collectively, the "Distributor") have entered into a 15-year take-or-pay fuel supply agreement in which the Distributor is required to purchase a volume of fuel that provides the Partnership a minimum amount of gross profit annually. We expect to recognize this revenue in accordance with the contract as we transfer control of the product to the customer. However, in case of annual shortfall we will recognize the amount payable by the Distributor at the sooner of the time at which the Distributor makes up the shortfall or becomes contractually or operationally unable to do so. The transaction price of the contract is variable in nature, fluctuating based on market conditions. The Partnership has elected to take the practical expedient not to estimate the amount of variable consideration allocated to wholly unsatisfied performance obligations. 7-Eleven is the only third-party dealer or distributor which is individually over 10% of our Fuel Distribution and Marketing segment or individually over 10%, in terms of revenue, of our aggregate business.

In some contractual arrangements, the Partnership grants dealers a franchise license to operate the Partnership's retail stores over the life of a franchise agreement. In return for the grant of the retail store license, the dealer makes a one-time nonrefundable franchise fee payment to the Partnership plus sales based royalties payable to the Partnership at a contractual rate during the period of the franchise agreement. Under the requirements of ASC Topic 606, the franchise license is deemed to be a symbolic license for which recognition of revenue over time is the most appropriate measure of progress toward complete satisfaction of the performance obligation. Revenue from this symbolic license is recognized evenly over the life of the franchise agreement.

Costs to Obtain or Fulfill a Contract

The Partnership recognizes an asset from the costs incurred to obtain a contract (e.g. sales commissions) only if it expects to recover those costs. On the other hand, the costs to fulfill a contract are capitalized if the costs are specifically identifiable to a contract, would result in enhancing resources that will be used in satisfying performance obligations in future, and are expected to be recovered. These capitalized costs are recorded as a part of other current assets and other noncurrent assets and are amortized as a reduction of revenue on a systematic basis consistent with the pattern of transfer of the goods or services to which such costs relate. The amount of amortization on these capitalized costs that the Partnership recognized in the years ended December 31, 2020, 2019, and 2018 was $18 million, $17 million, and $14 million, respectively. The Partnership has also made a policy election of expensing the costs to obtain a contract, as and when they are incurred, in cases where the expected amortization period is one year or less.

Practical Expedients Selected by the Partnership

The Partnership elected the following practical expedients in accordance with ASC 606:

- **Significant financing component** - The Partnership elected not to adjust the promised amount of consideration for the effects of significant financing component if the Partnership expects at contract inception that the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service will be one year or less.
- **Incremental costs of obtaining a contract** - The Partnership generally expenses sales commissions when incurred because the amortization period would have been less than one year. We record these costs within general and administrative expenses. The Partnership elected to expense the incremental costs of obtaining a contract when the amortization period for such contracts would have been one year or less.
- **Shipping and handling costs** - The Partnership elected to account for shipping and handling activities that occur after the customer has obtained control of a good as fulfillment activities (i.e., an expense) rather than as a promised service.
- **Measurement of transaction price** - The Partnership has elected to exclude from the measurement of transaction price all taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction and collected by the Partnership from a customer (i.e., sales tax, value added tax, etc.).
- **Variable consideration of wholly unsatisfied performance obligations** - The Partnership has elected to exclude the estimate of variable consideration to the allocation of wholly unsatisfied performance obligations.

14. Commitments and Contingencies

Lessee Accounting

The Partnership leases retail stores, other property, and equipment under non-cancellable operating leases whose initial terms are typically 5 to 15 years, with some having a term of 40 years or more, along with options that permit renewals for additional periods. At the inception of each, we determine if the arrangement is a lease or contains an embedded lease and review the facts and circumstances of the arrangement to classify leased assets as operating or finance under Topic 842. The Partnership has elected not to record any leases with terms of 12 months or less on the balance sheet.

At this time, the majority of active leases within our portfolio are classified as operating leases under the new standard. Operating leases are included in lease right-of-use (“ROU”) assets, operating lease current liabilities, and operating lease non-current liabilities in our consolidated balance sheet. Finance leases represent a small portion of the active lease agreements and are included in ROU assets and long-term debt in our consolidated balance sheet. The ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make minimum lease payments arising from the lease for the duration of the lease term.

Most leases include one or more options to renew, with renewal terms that can extend the lease term from 1 year to 20 years or greater. The exercise of lease renewal options is typically at our discretion. Additionally many leases contain early termination clauses, however early termination typically requires the agreement of both parties to the lease. At lease inception, all renewal options reasonably certain to be exercised are considered when determining the lease term. At this time, the Partnership does not have leases that include options to purchase or automatic transfer of ownership of the leased property to the Partnership. The depreciable life of leased assets and leasehold improvements are limited by the expected lease term.

To determine the present value of future minimum lease payments, we use the implicit rate when readily determinable. At this time, many of our leases do not provide an implicit rate, therefore to determine the present value of minimum lease payments we use our incremental borrowing rate based on the information available at lease commencement date. The ROU assets also include any lease payments made and exclude lease incentives.

Minimum rent payments are expensed on a straight-line basis over the term of the lease. In addition, some leases may require additional contingent or variable lease payments based on factors specific to the individual agreement. Variable lease payments we are typically responsible for include payment of real estate taxes, maintenance expenses and insurance.

The components of lease expense consisted of the following:

Lease cost	**Classification**	**Year Ended December 31, 2020**	**2019**
		(in millions)	
Operating lease cost	Lease expense	$ 52	$ 53
Finance lease cost			
Amortization of leased assets	Depreciation, amortization, and accretion	3	4
Interest on lease liabilities	Interest expense	1	1
Short term lease cost	Lease expense	3	3
Variable lease cost	Lease expense	6	5
Sublease income	Lease income	(42)	(43)
Net lease cost		$ 23	$ 23

Lease Term and Discount Rate	**December 31, 2020**	**December 31, 2019**
Weighted-average remaining lease term (years)		
Operating leases	24	25
Finance leases	9	5
Weighted-average discount rate (%)		
Operating leases	6%	6%
Finance leases	8%	5%

Other information	**Year Ended December 31, 2020**	**2019**
	(in millions)	
Cash paid for amount included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ (51)	$ (52)
Operating cash flows from finance leases	$ (1)	$ (1)
Financing cash flows from finance leases	$ (3)	$ (4)
Leased assets obtained in exchange for new finance lease liabilities	$ —	$ 28
Leased assets obtained in exchange for new operating lease liabilities	$ 12	$ 20

Maturities of lease liabilities as of December 31, 2020 are as follows:

Maturity of lease liabilities	**Operating leases**	**Finance leases**	**Total**
		(in millions)	
2021	$ 51	$ 1	$ 52
2022	49	1	50
2023	47	1	48
2024	46	1	47
2025	46	1	47
Thereafter	823	4	827
Total lease payment	1,062	9	1,071
Less: interest	505	3	508
Present value of lease liabilities	$ 557	$ 6	$ 563

Lessor Accounting

The Partnership leases or subleases a portion of its real estate portfolio to third-party companies as a stable source of long-term revenue. Our lessor and sublease portfolio consists mainly of operating leases with convenience store operators. At this time, most lessor agreements contain 5-year terms with renewal options to extend and early termination options based on established terms specific to the individual agreement.

	Year Ended December 31,		
	2020	**2019**	**2018**
		(in millions)	
Fuel Distribution & Marketing lease income	$ 127	$ 131	$ 118
All Other lease income	11	11	12
Total lease income	$ 138	$ 142	$ 130

Minimum future lease payments receivable as of December 31. 2020 are as follows (in millions):

2021	$ 100
2022	64
2023	8
2024	3
2025	2
Thereafter	5
Total undiscounted cash flow	$ 182

Litigation and Contingencies

We may, from time to time, be involved in litigation and claims arising out of our operations in the normal course of business. In the ordinary course of business, we are sometimes threatened with or named as a defendant in various lawsuits seeking actual and punitive damages for personal injury and property damage. We maintain liability insurance with insurers in amounts and with coverage and deductibles management believes are reasonable and prudent, and which are generally accepted in the industry. However, there can be no assurance that the levels of insurance protection currently in effect will continue to be available at reasonable prices or that such levels will remain adequate to protect us from material expenses related to personal injury or property damage in the future. In addition, various regulatory agencies such as tax authorities, environmental agencies, or other such agencies may perform audits or reviews to ensure proper compliance with regulations. We are not fully-insured for any claims that may arise from these various agencies and there can be no assurance that any claims arising from these activities would not have an adverse, material effect on our financial statements.

Environmental Remediation

We are subject to various federal, state and local environmental laws and make financial expenditures in order to comply with regulations governing underground storage tanks adopted by federal, state and local regulatory agencies. In particular, at the federal level, the Resource Conservation and Recovery Act of 1976, as amended, requires the EPA to establish a comprehensive regulatory program for the detection, prevention, and cleanup of leaking underground storage tanks (e.g. overfills, spills, and underground storage tank releases).

Federal and state regulations require us to provide and maintain evidence that we are taking financial responsibility for corrective action and compensating third parties in the event of a release from our underground storage tank systems and terminals. In order to comply with these requirements, we have historically obtained private insurance in the states in which we operate. These policies provide protection from third-party liability claims. During 2020, our coverage was $10 million per occurrence and in the aggregate. Our sites continue to be covered by these policies.

We are currently involved in the investigation and remediation of contamination at motor fuel storage and gasoline store sites where releases of regulated substances have been detected. We accrue for anticipated future costs and the related probable state reimbursement amounts for remediation activities. Accordingly, we have recorded estimated undiscounted liabilities for these sites totaling $20 million and $29 million as of December 31, 2020 and 2019, respectively, which are classified as accrued expenses and other current liabilities and other noncurrent liabilities. As of December 31, 2020, we had $0.76 million in an escrow account to satisfy environmental claims related to the acquisition of Mid-Atlantic Convenience Stores, LLC.

15. Assets under Operating Leases

The balances of property and equipment that are being leased to third parties were as follows:

	December 31, 2020	December 31, 2019
	(in millions)	
Land	$ 410	$ 410
Buildings and improvements	502	481
Equipment	393	368
Total property and equipment	1,305	1,259
Less: accumulated depreciation	(443)	(375)
Property and equipment, net	$ 862	$ 884

16. Interest Expense, net

Components of net interest expense were as follows:

	Year Ended December 31,		
	2020	2019	2018
		(in millions)	
Interest expense	$ 170	$ 168	$ 141
Amortization of deferred financing fees	7	7	6
Interest income	(2)	(2)	(3)
Interest expense, net	$ 175	$ 173	$ 144

17. Income Tax Expense

As a partnership, we are generally not subject to federal income tax and most state income taxes. However, the Partnership conducts certain activities through corporate subsidiaries which are subject to federal and state income taxes. The components of the federal and state income tax expense (benefit) are summarized as follows:

	Year Ended December 31,		
	2020	2019	2018
		(in millions)	
Current:			
Federal	$ 18	$ 7	$ 24
State	1	(30)	4
Total current income tax expense (benefit)	19	(23)	28
Deferred:			
Federal	1	2	(14)
State	4	4	20
Total deferred tax expense (benefit)	5	6	6
Net income tax expense (benefit)	$ 24	$ (17)	$ 34

Our effective tax rate differs from the statutory rate primarily due to Partnership earnings that are not subject to U.S. federal and most state income taxes at the Partnership level. A reconciliation of income tax expense at the U.S. federal statutory rate to net income tax expense (benefit) is as follows:

	Year Ended December 31,		
	2020	2019	2018
		(in millions)	
Tax at statutory federal rate	$ 50	$ 62	$ 19
Partnership earnings not subject to tax	(34)	(62)	(9)
Goodwill impairment	—	—	—
State and local tax, including federal expense (benefit)	3	(17)	24
Other	5	—	—
Net income tax expense (benefit)	$ 24	$ (17)	$ 34

In 2019, a current state income tax benefit (including federal benefit) of $17 million was largely attributable to a change in estimate related to state income taxes.

Deferred taxes result from the temporary differences between financial reporting carrying amounts and the tax basis of existing assets and liabilities. Principal components of deferred tax assets and liabilities are as follows:

	December 31, 2020	December 31, 2019
	(in millions)	
Deferred tax assets:		
Net operating and other loss carry forwards	$ 4	$ 4
Other	20	32
Total deferred tax assets	24	36
Deferred tax liabilities:		
Property and equipment	18	24
Trademarks and other intangibles	77	72
Investments in affiliates	33	39
Other	—	10
Total deferred tax liabilities	128	145
Net deferred income tax liabilities	$ 104	$ 109

As of December 31, 2020, Sunoco Property Company LLC, a corporate subsidiary of Sunoco LP, had a state net operating loss carryforward of $121 million, which we expect to fully utilize. Sunoco Property Company LLC has no federal net operating loss carryforward.

The following table sets forth the changes in unrecognized tax benefits:

	Year Ended December 31,		
	2020	2019	2018
		(in millions)	
Balance at beginning of year	$ 11	$ —	$ —
Additions attributable to tax positions taken in the current year	—	—	—
Additions attributable to tax positions taken in prior years	—	11	—
Reduction attributable to tax positions taken in prior years	—	—	—
Lapse of statute	—	—	—
Balance at end of year	$ 11	$ 11	$ —

As of December 31, 2020, we had $11 million ($8 million after federal income tax benefits) related to tax positions which, if recognized, would impact our effective tax rate.

Our policy is to accrue interest and penalties on income tax underpayments (overpayments) as a component of income tax expense. During 2020, we recognized interest and penalties of $1 million. At December 31, 2020, we had interest and penalties accrued of $1 million, net of taxes.

The Partnership and its subsidiaries are no longer subject to examination by the Internal Revenue Service and most state jurisdictions for 2015 and prior years.

18. Partners' Capital

As of December 31, 2020, ETO and its subsidiaries owned 28,463,967 common units, which constitute 28.5% of our common units. As of December 31, 2020, our fully consolidating subsidiaries owned 16,410,780 Class C units representing limited partner interests in the Partnership (the "Class C Units") and the public owned 54,869,664 common units.

Series A Preferred Units

On January 25, 2018, the Partnership redeemed its previously outstanding Series A Preferred Units held by ET for an aggregate redemption amount of approximately $313 million. The redemption amount included the original consideration of $300 million and a 1% call premium plus accrued and unpaid quarterly distributions.

Common Units

On October 4, 2016, the Partnership entered into an equity distribution agreement for an at-the-market ("ATM") offering with RBC Capital Markets, LLC, Barclays Capital Inc., Citigroup Global Markets Inc., Credit Agricole Securities (USA) Inc., Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Goldman, Sachs & Co., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Mizuho Securities USA Inc., Morgan Stanley & Co. LLC, MUFG Securities Americas Inc., Natixis Securities Americas LLC, SMBC Nikko Securities America, Inc., TD Securities (USA) LLC, UBS Securities LLC and Wells Fargo Securities, LLC (collectively, the "Managers"). As of December 31, 2020, $295 million of our common units remained available to be issued under the equity distribution agreement.

Common unit activity for the years ended December 31, 2020 and 2019 was as follows:

	Number of Units
Number of common units at December 31, 2018	82,665,057
Phantom unit vesting	320,884
Number of common units at December 31, 2019	82,985,941
Phantom unit vesting	347,690
Number of common units at December 31, 2020	83,333,631

Allocation of Net Income

Our Partnership Agreement contains provisions for the allocation of net income and loss to the unitholders. For purposes of maintaining partner capital accounts, the Partnership Agreement specifies that items of income and loss shall be allocated among the partners in accordance with their respective percentage interest. Normal allocations according to percentage interests are made after giving effect, if any, to priority income allocations in an amount equal to incentive cash distributions allocated 100% to ETO.

The calculation of net income allocated to the partners is as follows (in millions, except per unit amounts):

	Year Ended December 31,		
	2020	2019	2018
Attributable to Common Units			
Distributions (a)	$ 274	$ 273	$ 272
Distributions in excess of net income	(139)	(38)	(557)
Limited partners' interest in net income (loss)	$ 135	$ 235	$ (285)
(a) Distributions declared per unit to unitholders as of record date	$ 3.3020	$ 3.3020	$ 3.3020

Class C Units

The Partnership has outstanding an aggregate of 16,410,780 Class C Units, all of which are held by wholly-owned subsidiaries of the Partnership.

Class C Units (i) are not convertible or exchangeable into Common Units or any other units of the Partnership and are non-redeemable; (ii) are entitled to receive distributions of available cash of the Partnership (other than available cash derived from or attributable to any distribution received by the Partnership from PropCo, the proceeds of any sale of the membership interests of PropCo, or any interest or principal payments received by the Partnership with respect to indebtedness of PropCo or its subsidiaries) at a fixed rate equal to $0.8682 per quarter for each Class C Unit outstanding, (iii) do not have the right to vote on any matter except as otherwise required by any non-waivable provision of law, (iv) are not allocated any items of income, gain, loss, deduction or credit attributable to the Partnership's ownership of, or sale or other disposition of, the membership interests of PropCo, or the Partnership's ownership of any indebtedness of PropCo or any of its subsidiaries ("PropCo Items"), (v) will be allocated gross income (other than from PropCo Items) in an amount equal to the cash distributed to the holders of Class C Units and (vi) will be allocated depreciation, amortization and cost recovery deductions as if the Class C Units were Common Units and 1% of certain allocations of net termination gain (other than from PropCo Items).

Pursuant to the terms described above, these distributions do not have an impact on the Partnership's consolidated cash flows and as such, are excluded from total cash distributions and allocation of limited partners' interest in net income.

Incentive Distribution Rights

The following table illustrates the percentage allocations of available cash from operating surplus between our common unitholders and the holder of our IDRs based on the specified target distribution levels, after the payment of distributions to Class C unitholders. The amounts set forth under "marginal percentage interest in distributions" are the percentage interests of our IDR holder and the common unitholders in any available cash from operating surplus we distribute up to and including the corresponding amount in the column "total quarterly distribution per common unit target amount." The percentage interests shown for our common unitholders and our IDR holder for the minimum quarterly distribution are also applicable to quarterly distribution amounts that are less than the minimum quarterly distribution. ETO currently owns our IDRs.

		Marginal percentage interest in distributions	
	Total quarterly distribution per Common unit target amount	**Common Unitholders**	**Holder of IDRs**
Minimum Quarterly Distribution	$0.4375	100 %	—
First Target Distribution	Above $0.4375 up to $0.503125	100 %	—
Second Target Distribution	Above $0.503125 up to $0.546875	85 %	15 %
Third Target Distribution	Above $0.546875 up to $0.656250	75 %	25 %
Thereafter	Above $0.656250	50 %	50 %

Cash Distributions

Our Partnership Agreement sets forth the calculation used to determine the amount and priority of cash distributions that the common unitholders receive.

Cash distributions paid were as follows:

	Limited Partners		
Payment Date	**Per Unit Distribution**	**Total Cash Distribution**	**Distribution to IDR Holders**
	(in millions, except per unit amounts)		
February 19, 2021	$ 0.8255	$ 69	$ 18
November 19, 2020	$ 0.8255	$ 69	$ 18
August 19, 2020	$ 0.8255	$ 69	$ 18
May 19, 2020	$ 0.8255	$ 69	$ 18
February 19, 2020	$ 0.8255	$ 69	$ 18
November 19, 2019	$ 0.8255	$ 68	$ 18
August 14, 2019	$ 0.8255	$ 68	$ 18
May 15, 2019	$ 0.8255	$ 68	$ 18
February 14, 2019	$ 0.8255	$ 68	$ 18
November 14, 2018	$ 0.8255	$ 68	$ 18
August 15, 2018	$ 0.8255	$ 68	$ 17
May 15, 2018	$ 0.8255	$ 68	$ 18
February 14, 2018	$ 0.8255	$ 82	$ 21

In January 2018, the Partnership paid a $10 million cash distribution on its previously outstanding Series A Preferred Units, which included an $8 million cash distribution for the three months ended December 31, 2017 and a $2 million cash distribution for the period from January 1, 2018 through January 25, 2018.

19. Unit-Based Compensation

The Partnership has issued phantom units to its employees and non-employee directors, which vest 60% after three years and 40% after five years. Phantom units have the right to receive distributions prior to vesting. The fair value of these units is the market price of our common units on the grant date, and is amortized over the five-year vesting period using the straight-line method. Unit-based compensation expense related to the Partnership included in our Consolidated Statements of Operations and Comprehensive Income (Loss) was $14 million, $13 million and $12 million for the years ended December 31, 2020, 2019 and 2018, respectively. The total fair value of phantom units vested for the years ended December 31, 2020, 2019 and 2018, was $14 million, $14 million and $12 million, respectively, based on the market price of SUN's common units as of the vesting date. Unrecognized compensation expenses related to our nonvested phantom units totaled $19 million as of December 31, 2020, which are expected to be recognized over a weighted average period of 4.08 years. The fair value of nonvested phantom units outstanding as of December 31, 2020 and December 31, 2019, totaled $62 million and $62 million, respectively.

Phantom unit award activity for the years ended December 31, 2020 and 2019 consisted of the following:

	Number of Phantom Common Units	Weighted-Average Grant Date Fair Value
Outstanding at December 31, 2018	2,124,012	$ 29.15
Granted	655,630	30.70
Vested	(477,256)	30.04
Forfeited	(189,064)	28.16
Outstanding at December 31, 2019	2,113,322	29.21
Granted	687,511	28.63
Vested	(508,143)	30.47
Forfeited	(152,198)	29.11
Outstanding at December 31, 2020	2,140,492	$ 28.63

20. Segment Reporting

Our financial statements reflect two reportable segments, Fuel Distribution and Marketing and All Other. After the Retail Divestment and the conversion of 207 retail sites to commission agent sites, the Partnership renamed the former Wholesale segment to Fuel Distribution and Marketing and the former Retail segment to All Other.

We report Adjusted EBITDA by segment as a measure of segment performance. We define Adjusted EBITDA as net income before net interest expense, income tax expense, depreciation, amortization and accretion expense, non-cash compensation expense, gains and losses on disposal of assets and impairment charges, unrealized gains and losses on commodity derivatives, inventory adjustments, and certain other operating expenses reflected in net income that we do not believe are indicative of ongoing core operations.

Fuel Distribution and Marketing Segment

Our Fuel Distribution and Marketing segment purchases motor fuel primarily from independent refiners and major oil companies and supplies it to independently-operated dealer stations under long-term supply agreements, distributors and other consumers of motor fuel, and Partnership-operated stations included in our All Other segment. Also included in the Fuel Distribution and Marketing segment are motor fuel sales to commission agent locations and sales and costs related to processing transmix. We distribute motor fuels across more than 30 states throughout the East Coast, Midwest, South Central and Southeast regions of the United States from Maine to Florida and from Florida to New Mexico, as well as Hawaii. Sales of fuel from our Fuel Distribution and Marketing segment to Partnership-operated stations included in our All Other segment are delivered at cost plus a profit margin. These amounts are included in intercompany eliminations of motor fuel revenue and motor fuel cost of sales. Also included in our Fuel Distribution and Marketing segment is lease income from properties that we lease or sublease.

All Other Segment

The operations related to assets associated with the 7-Eleven Transaction are included in discontinued operations in the following segment information. Subsequent to the completion of the 7-Eleven Transaction, the remaining All Other segment includes the Partnership's credit card services, franchise royalties, and retail operations in Hawaii and New Jersey.

The following tables present financial information by segment for the years ended December 31, 2020, 2019 and 2018.

Segment Financial Data for the Year Ended December 31, 2020

	Fuel Distribution and Marketing	All Other	Intercompany Eliminations	Totals
		(in millions)		
Revenue				
Motor fuel sales	$ 9,930	$ 402		$ 10,332
Non motor fuel sales	54	186		240
Lease income	127	11		138
Intersegment sales	1,106	—	(1,106)	—
Total revenue	11,217	599	(1,106)	10,710
Gross profit (1)				
Motor fuel	691	73		764
Non motor fuel	48	106		154
Lease	127	11		138
Total gross profit	866	190		1,056
Total operating expenses	497	142		639
Operating income	369	48		417
Interest expense, net	(144)	(31)		(175)
Other income (expense), net	2	—		2
Equity in earnings of unconsolidated affiliate	5	—		5
Loss on extinguishment of debt and other, net	(13)	—		(13)
Income (loss) from operations before income taxes	219	17		236
Income tax expense (benefit)	11	13		24
Net income (loss) and comprehensive income (loss)	$ 208	$ 4		$ 212
Depreciation, amortization and accretion	156	33		189
Interest expense, net	144	31		175
Income tax expense (benefit)	11	13		24
Non-cash unit-based compensation expense	14	—		14
(Gain) loss on disposal of assets and impairment charges	(2)	4		2
Unrealized loss on commodity derivatives	6	—		6
Loss on extinguishment of debt and other, net	13	—		13
Inventory adjustments	82	—		82
Equity in earnings of unconsolidated affiliate	(5)	—		(5)
Adjusted EBITDA related to unconsolidated affiliate	10	—		10
Other non-cash adjustments	17	—		17
Adjusted EBITDA	$ 654	$ 85		$ 739
Capital expenditures	$ 94	$ 30		$ 124
Total assets, end of period	$ 3,417	$ 1,850		$ 5,267

(1) Excludes depreciation, amortization and accretion.

Segment Financial Data for the Year Ended December 31, 2019

	Fuel Distribution and Marketing	All Other	Intercompany Eliminations	Totals
		(in millions)		
Revenue				
Motor fuel sales	$ 15,522	$ 654		$ 16,176
Non motor fuel sales	62	216		278
Lease income	131	11		142
Intersegment sales	1,645	48	(1,693)	—
Total revenue	17,360	929	(1,693)	16,596
Gross profit (1)				
Motor fuel	817	89		906
Non motor fuel	53	115		168
Lease	131	11		142
Total gross profit	1,001	215		1,216
Total operating expenses	550	202		752
Operating income	451	13		464
Interest expense, net	(146)	(27)		(173)
Other income (expense), net	3	—		3
Equity in earnings of unconsolidated affiliate	2	—		2
Income (loss) from operations before income taxes	310	(14)		296
Income tax expense (benefit)	20	(37)		(17)
Net income and comprehensive income	$ 290	$ 23		$ 313
Depreciation, amortization and accretion	144	39		183
Interest expense, net	146	27		173
Income tax expense (benefit)	20	(37)		(17)
Non-cash unit-based compensation expense	13	—		13
Loss on disposal of assets and impairment charges	—	68		68
Unrealized gain on commodity derivatives	(5)	—		(5)
Inventory adjustments	(79)	—		(79)
Equity in earnings of unconsolidated affiliate	(2)	—		(2)
Adjusted EBITDA related to unconsolidated affiliate	4	—		4
Other non-cash adjustments	14	—		14
Adjusted EBITDA	$ 545	$ 120		$ 665
Capital expenditures	$ 111	$ 37		$ 148
Total assets, end of period	$ 4,189	$ 1,249		$ 5,438

(1) Excludes depreciation, amortization and accretion.

Segment Financial Data for the Year Ended December 31, 2018

	Fuel Distribution and Marketing	All Other	Intercompany Eliminations	Totals
		(in millions)		
Revenue				
Motor fuel sales	$ 15,466	$ 1,038		$ 16,504
Non motor fuel sales	48	312		360
Lease income	118	12		130
Intersegment sales	1,649	120	(1,769)	—
Total revenue	17,281	1,482	(1,769)	16,994
Gross profit (1)				
Motor fuel	673	123		796
Non motor fuel	40	156		196
Lease	118	12		130
Total gross profit	831	291		1,122
Total operating expenses	538	239		777
Operating income	293	52		345
Interest expense, net	(103)	(41)		(144)
Loss on extinguishment of debt and other, net	(109)	—		(109)
Income from continuing operations before income taxes	81	11		92
Income tax expense	1	33		34
Income (loss) from continuing operations	80	(22)		58
Loss from discontinued operations, net of income taxes	—	(265)		(265)
Net income (loss) and comprehensive income (loss)	$ 80	$ (287)		$ (207)
Depreciation, amortization and accretion	128	54		182
Interest expense, net (2)	103	43		146
Income tax expense (2)	1	191		192
Non-cash unit-based compensation expense (2)	2	10		12
Loss on disposal of assets and impairment charges (2)	27	53		80
Loss on extinguishment of debt and other, net (2)	109	20		129
Unrealized loss on commodity derivatives (2)	6	—		6
Inventory adjustments (2)	84	—		84
Other non-cash adjustments	$ 14	$ —		14
Adjusted EBITDA	$ 554	$ 84		$ 638
Capital expenditures (2)	$ 77	$ 26		$ 103
Total assets, end of period (2)	$ 3,878	$ 1,001		$ 4,879

(1) Excludes depreciation, amortization and accretion.

(2) Includes amounts from discontinued operations.

21. Net Income per Unit

Net income per unit applicable to limited partners is computed by dividing limited partners' interest in net income by the weighted-average number of outstanding common units. Our net income is allocated to limited partners in accordance with their respective partnership percentages, after giving effect to any priority income allocations for incentive distributions and distributions on employee unit awards. Earnings in excess of distributions are allocated to limited partners based on their respective ownership interests. Payments made to our unitholders are determined in relation to actual distributions declared and are not based on the net income allocations used in the calculation of net income per unit.

In addition to the common units, we identify the IDRs as participating securities and use the two-class method when calculating net income per unit applicable to limited partners, which is based on the weighted-average number of common units outstanding during the period. Diluted net income per unit includes the effects of potentially dilutive units on our common units, consisting of unvested phantom units.

A reconciliation of the numerators and denominators of the basic and diluted per unit computations is as follows:

	Year Ended December 31,		
	2020	2019	2018
	(in millions, except units and per unit amounts)		
Income from continuing operations	$ 212	$ 313	$ 58
Less:			
Series A Preferred units	—	—	2
Incentive distribution rights	71	72	70
Distributions on nonvested phantom unit awards	6	6	6
Limited partners’ interest in net income (loss) from continuing operations	$ 135	$ 235	$ (20)
Loss from discontinued operations, net of taxes	$ —	$ —	$ (265)
Weighted average limited partner units outstanding:			
Common - basic	83,062,159	82,755,520	84,299,893
Common - equivalents	654,305	796,442	520,677
Common - diluted	83,716,464	83,551,962	84,820,570
Income (loss) from continuing operations per limited partner unit:			
Common - basic	$ 1.63	$ 2.84	$ (0.25)
Common - diluted	$ 1.61	$ 2.82	$ (0.25)
Loss from discontinued operations per limited partner unit:			
Common - basic	$ —	$ —	$ (3.14)
Common - diluted	$ —	$ —	$ (3.14)

22. Selected Quarterly Financial Data (unaudited)

The following table sets forth certain unaudited financial and operating data for each quarter during 2020 and 2019. The unaudited quarterly information includes all normal recurring adjustments that we consider necessary for a fair presentation of the information shown.

	2020				2019			
	4th QTR	3rd QTR	2nd QTR	1st QTR	4th QTR	3rd QTR	2nd QTR	1st QTR
	(in millions, except per unit amounts)							
Total revenues	$ 2,553	$ 2,805	$ 2,080	$ 3,272	$ 4,098	$ 4,331	$ 4,475	$ 3,692
Operating income (loss)	$ 144	$ 147	$ 208	$ (82)	$ 98	$ 117	$ 97	$ 152
Net income (loss)	$ 83	$ 100	$ 157	$ (128)	$ 83	$ 66	$ 55	$ 109
Income (loss) from operations per limited partner unit:								
Common - basic	$ 0.78	$ 0.97	$ 1.65	$ (1.78)	$ 0.76	$ 0.57	$ 0.44	$ 1.08
Common - diluted	$ 0.77	$ 0.96	$ 1.64	$ (1.78)	$ 0.75	$ 0.57	$ 0.43	$ 1.07

GUARANTEE OF COLLECTION

THIS GUARANTEE OF COLLECTION (this "***Guarantee***") is made as of May 1, 2020, by ENERGY TRANSFER OPERATING, L.P., a Delaware limited partnership (the "***Guarantor***"), to SUNOCO LP, a Delaware limited partnership ("***Sunoco LP***"), and SUNOCO FINANCE CORP., a Delaware corporation ("***Finance Corp***" and, together with Sunoco LP, the "***Sunoco Issuers***"), to provide a guarantee of collection, on the terms set forth herein, for the benefit of the holders (the "***Holders***") of the Supported Debt (as hereinafter defined) and the trustee (the "***Trustee***") under the Indenture dated January 23, 2018 (the "***Senior Notes Indenture***") with respect to the (i) $1 billion aggregate principal amount of the Sunoco Issuers' 4.875% senior notes due 2023, (ii) $800 million aggregate principal amount of the Sunoco Issuers' 5.500% senior notes due 2026 and (iii) $400 million aggregate principal amount of the Sunoco Issuers' 5.875% senior notes due 2028 (together with any senior notes of the Sunoco Issuers with substantially identical terms that are issued to the Holders pursuant to a registration statement under the Securities Act of 1933, as amended, the "***Supported Debt***"). The Guarantor and Sunoco Issuers may hereinafter be referred to individually as a "***Party***" or collectively as the "***Parties***."

RECITALS

WHEREAS, ETC M-A Acquisition LLC, a Delaware limited liability company (the "***Existing Guarantor***"), and the Sunoco Issuers previously entered into that certain Guarantee of Collection, dated as of January 23, 2018 (the "***Existing Guarantee***"), pursuant to which, among other things, the Existing Guarantor agreed to provide a guarantee of collection, on the terms set forth therein, for the benefit of the holders of the Supported Debt;

WHEREAS, pursuant to paragraph 12 of the Existing Guarantee, no subsequent guarantee by the Existing Guarantor or any other person of the Liabilities (as defined in the Existing Guarantee) shall be deemed to be in lieu of or to supersede the Existing Guarantee, unless otherwise expressly provided therein;

WHEREAS, pursuant to that certain Contribution, Assignment and Assumption Agreement, dated as of the date hereof, the Existing Guarantor assigned its rights and obligations under the Existing Guarantee to the Guarantor, among other things;

WHEREAS, in furtherance of the foregoing, the Parties desire to enter into this Guarantee and be bound by the terms and conditions set forth herein; and

WHEREAS, the Parties intend for this Guarantee to be deemed to be in lieu of and to supersede the Existing Guarantee in accordance with paragraph 12 of the Existing Guarantee.

AGREEMENTS

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties agree as follows:

1. <u>Guarantee and Consent</u>. Subject to the terms herein, the Guarantor guarantees to the Holders and the Trustee the full and prompt collection of the principal amount due under the Supported Debt, but not any accrued and unpaid interest thereon or any fees or other amounts of any kind whatsoever that shall be due to the Holders by the Sunoco Issuers (the "***Liabilities***"). Notwithstanding anything herein to the contrary, the obligations of the Guarantor under this Guarantee are obligations solely of the Guarantor and do not constitute a debt or obligation of (and no recourse shall be made with respect to) Energy Transfer LP, a Delaware limited partnership ("***ET***"), any of its affiliates (other than the Guarantor), or any shareholder, partner, member, officer, director or employee of ET or such affiliates (collectively, the "***Non-Recourse Parties***"). No action under or in connection with this Guarantee shall be brought against any Non-Recourse Party, and no judgment for any deficiency upon the obligations hereunder shall be obtainable against any Non-Recourse Party. The Parties hereby agree that this Guarantee shall be deemed to be in lieu of and to supersede the Existing Guarantee in accordance with paragraph 12 of the Existing Guarantee.

2. <u>Guarantee of Collection</u>. This is a guarantee of collection only and not a guarantee of payment. Notwithstanding any other term or condition of this Guarantee to the contrary, the Guarantor shall not be obligated to make any payment pursuant to this Guarantee unless and until each of the following has occurred: (i) the Trustee or other Holder must use commercially reasonable efforts to obtain judgment against Sunoco LP and any of its subsidiaries with obligations with respect to the Supported Debt (the "***Guarantor Subsidiaries***"), (ii) the Trustee or other Holder must use commercially reasonable efforts to execute on any judgment obtained against Sunoco LP and any of its Guarantor Subsidiaries, (iii) following execution of any such judgment, a portion of the sums due under the Supported Debt constituting Liabilities must remain unpaid, (iv) if no bankruptcy proceeding has been commenced with respect to Sunoco LP, the Trustee or other Holder shall have brought an action in a court of law having proper subject matter jurisdiction against Sunoco LP and any applicable Guarantor Subsidiaries to collect such Liabilities, obtained a final and non-appealable judgment by such court against Sunoco LP and any applicable Guarantor Subsidiaries in respect of such Liabilities and levied execution of such judgment against the property of Sunoco LP and any applicable Guarantor Subsidiaries, and as a result of such execution received less than payment in full in cash or property of such Liabilities, and (v) if a bankruptcy proceeding has been commenced with respect to Sunoco LP and any of its applicable Guarantor Subsidiaries, the closing of the bankruptcy proceeding after its administration under 11 U.S.C. Section 350(a) shall have occurred and the Trustee or other Holder shall have received, after all distributions contemplated by such bankruptcy proceeding or otherwise, less than payment in full in cash or property in respect of such Liabilities. For these purposes, the value of any payment made in property shall be equal to the fair market value of such property at the time of such payment.

3. **Termination of Guarantee**. This Guarantee shall remain in effect and will not terminate until the Liabilities have been paid in full.

4. **Waivers**. The Guarantor waives (i) notice of acceptance of this Guarantee, (ii) all presentments and protests, and (iii) notice of dishonor.

5. **Obligations Absolute**. Except as set forth in this Guarantee, the Guarantor's obligations are in all respects absolute and unconditional and will not be impaired, modified, released or limited by any occurrence or condition whatsoever, including, without limitation, (i) any modification, discharge, renewal or extension of the Liabilities or the Supported Debt, or any amendment, modification or stay of the Trustee's or other Holders' rights under the Supported Debt which may occur in any bankruptcy or reorganization case or proceeding concerning the Sunoco Issuers, whether permanent or temporary and whether or not assented to by the Trustee or other Holder, (ii) any notice of withdrawal of this Guarantee, at any time and from time to time before, at or after maturity of the Supported Debt, (iii) any determination that any signatures on behalf of the Sunoco Issuers on the Supported Debt are not genuine or that the Supported Debt is not the legal, valid and binding obligation of the Sunoco Issuers, or (iv) any defenses that the Sunoco Issuers may have as to any sums due under the Supported Debt.

6. **Waiver of Subrogation**. The Guarantor irrevocably waives, relinquishes and renounces any right of subrogation, contribution, indemnity, reimbursement or any claim whatsoever which the Guarantor may have against the Sunoco Issuers or any other persons liable on the Supported Debt. The Guarantor will not assert any such claim against the Sunoco Issuers or any other persons liable on the Supported Debt, in any proceeding, legal or equitable, including any bankruptcy, insolvency or reorganization proceeding. This provision will inure to the benefit of and will be enforceable by the Trustee, the Holders, the Sunoco Issuers and any such persons liable on the Supported Debt, and their successors and assigns, including any trustee in bankruptcy or debtor-in-possession.

7. **Reinstatement of Guaranteed Liabilities**. The Guarantor acknowledges and agrees that the Guarantor's obligations hereunder shall apply to and continue with respect to any amount paid to the Trustee and the Holders on the Liabilities which is subsequently recovered from the Trustee and the Holders for any reason whatsoever (including, without limitation, as a result of any bankruptcy, insolvency or fraudulent conveyance proceeding), notwithstanding the fact that the Liabilities may have been previously paid in full or this Guarantee terminated, or both.

8. **Assignment**. The Trustee and the Holders may, from time to time, whether before or after any withdrawal of this Guarantee, without notice to the Guarantor, assign or transfer any or all of the Liabilities or any interest therein; and, notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, such Liabilities shall be and remain Liabilities for purposes of this Guarantee, and each and every immediate and successive assignee or transferee of any of the Liabilities or of any interest therein shall, to the extent of the interest of such assignee or transferee in the Liabilities, be entitled to the benefits of this Guarantee to the same extent as if such assignee or transferee were the Trustee or other Holder; *provided, however*, that, unless the Trustee or Holders shall otherwise consent in writing, the Trustee and the Holders shall have an unimpaired right, prior and superior to that of any such assignee or transferee, to enforce this Guarantee, for the benefit of the Trustee and the Holders, as to that portion of the Liabilities which the Trustee and the Holders have not assigned or transferred.

9. **Cumulative Rights; No Waiver**. Each and every right granted to the Trustee and the Holders hereunder or under any other document delivered hereunder or in connection herewith, or allowed it by law or equity, shall be cumulative and may be exercised from time to time subject only to the limitations set forth in this Guarantee. No failure on the part of the Trustee and the Holders to exercise, and no delay in exercising, any right shall operate as a waiver thereof, nor shall any single or partial exercise by the Trustee or other Holder of any right preclude any other or future exercise thereof or the exercise of any other right.

10. **Interpretation and Construction**. Each reference herein to the Trustee and the Holders shall be deemed to include their respective successors and assigns, and each reference to the Sunoco Issuers and the Guarantor and any pronouns referring thereto as used herein shall be construed in the singular or plural as the context may require and shall be deemed to include the successors and assigns of the Sunoco Issuers and the Guarantor, all of whom shall be bound by the provisions hereof.

11. **Continuing Guarantee**. Subject to the limitations herein, this instrument is intended to be a full, complete and continuing guarantee to the Trustee and the Holders to the extent of and for the Liabilities owing by the Sunoco Issuers to the Trustee and the Holders from time to time and to be valid and continuous without other or further notice to the Guarantor, notwithstanding the dissolution of the Sunoco Issuers or any other guarantor, until notice in writing of withdrawal of this Guarantee, signed by the Parties hereto or any of them, has actually been given to the Trustee and the Holders, and then only as to the Party or Parties signing such notice and to transactions subsequent to the time of such notice; *provided, however*, that no such notice of withdrawal shall affect or impair (a) any of the agreements and obligations of the Guarantor hereunder with respect to any and all Liabilities existing at the time of actual receipt of such notice by the Trustee and the Holders until paid in full; or (b) the Trustee's or other Holder's right to recover all expenses paid or incurred by the Trustee or other Holder endeavoring to enforce this Guarantee against the Guarantor. All of the agreements and obligations of the Guarantor under this Guarantee shall, notwithstanding any such notice of withdrawal, remain in effect until all such Liabilities and all such expenses shall have been paid in full.

12. **Subsequent Guaranties**. No subsequent guarantee by the Guarantor or any other person of the Liabilities shall be deemed to be in lieu of or to supersede this Guarantee, unless otherwise expressly provided therein.

13. **Covenants of Sunoco LP**.

(a) **Repayment or Refinancing of Supported Debt**. Without the prior written consent of the Guarantor, Sunoco LP shall not be entitled to (i) repay any principal amount of the Supported Debt or (ii) refinance though an exchange offer or otherwise all or any portion of the Supported Debt, unless, in the case of (ii) above, Sunoco LP (x) simultaneously replaces the Supported Debt with at least an equivalent amount of new indebtedness (such new indebtedness, the "***Refinancing Supported Debt***") with substantially similar covenants providing for no earlier amortization of principal than the amortization contemplated by the applicable maturity date of the Supported Debt (any such date, a "***Maturity Date***") and (y) permits the Guarantor, at its sole discretion, to provide a guarantee of collection of the Refinancing Supported Debt, on the terms and subject to the conditions set forth herein.

(b) **Extinguishment of Supported Debt**. Sunoco LP shall use commercially reasonable efforts to extinguish any applicable outstanding Supported Debt on the Maturity Date. Sunoco LP shall release the Guarantor from any liability or obligation under this Guarantee related to the Supported Debt on the applicable Maturity Date for such Supported Debt and shall enter into and execute such documents and instruments as the Guarantor may reasonably request in order to evidence such release.

(c) **Finance Corp**. Prior to the Maturity Date of the Supported Debt, Finance Corp shall continue to have no material assets or any liabilities, other than as a co-issuer of debt securities of Sunoco LP.

14. **Covenants of Guarantor**.

(a) **Net Worth**. The Guarantor hereby represents to Sunoco LP that it will maintain net assets (excluding any interest in Sunoco LP held by the Guarantor) with a fair market value equal to or greater than the aggregate principal amount of the Supported Debt and in the event the Guarantor disposes of, transfers, or conveys any of its assets, except with respect to distributions permitted in clause (b) below, it shall promptly replace such assets with assets having a net fair market value (after taking into account any indebtedness to be assumed by the Guarantor in connection with any such transaction) substantially equivalent to or greater than the net fair market value (after taking into account any indebtedness to be assumed by the Guarantor in connection with any such transaction) of the disposed assets. Guarantor shall provide a certificate to Sunoco LP and the Trustee on an annual basis (beginning on the first anniversary of this Guarantee and until the Liabilities have been paid in full) providing that it is in full compliance with this Section 14(a).

(b) **Distributions**. The Guarantor shall be entitled to make distributions of available cash with respect to its equity interests provided the Guarantor shall not make a distribution of cash or property to the extent such distribution would constitute a Fraudulent Conveyance (as defined in Section 16) in light of the Guarantor's obligations under this Guarantee or otherwise impair the Guarantor's ability to satisfy its obligations under this Guarantee.

15. **Covenants of Sunoco LP and Guarantor to Maintain Tax Treatment**. For so long as this Guarantee is outstanding, Sunoco LP and the Guarantor hereby agree that:

(a) Unless otherwise required by law, it is the intent of the Parties to treat (i) the Guarantor as the sole partner bearing the economic risk of loss with respect to the Supported Debt pursuant to Treasury Regulation § 1.752-2 and (ii) the Supported Debt as a "refinancing debt" pursuant to Treasury Regulation § 1.707-5(c), the proceeds of which are allocable to payments discharging a portion of the Existing Supported Debt; *provided* that, notwithstanding the foregoing, Sunoco LP shall not be required to take any such position in any taxable year to the extent Sunoco LP determines in good faith after consulting with tax counsel that such position is not supported by current law or actual facts and circumstances.

(b) Neither Sunoco LP nor the Guarantor shall (i) modify this Guarantee so as to eliminate or limit the ultimate recourse liability of the Guarantor with respect to the Supported Debt, or (ii) except as required by the Senior Notes Indenture, cause or permit any other corporation, partnership, person or entity to assume, guarantee, indemnify against or otherwise incur any liability with respect to any Supported Debt.

(c) In the event a subsidiary of Sunoco LP that is regarded as separate and apart from Sunoco LP for U.S. federal income tax purposes becomes a Subsidiary Guarantor (as such term is defined in the Senior Notes Indenture) of the Supported Debt or otherwise guarantees the Supported Debt, the Guarantor agrees to indemnify such subsidiary for any amounts that the subsidiary is required to pay pursuant to its guarantee of the Supported Debt.

(d) In the event a partner of Sunoco LP guarantees or otherwise incurs any liability with respect to the Supported Debt, the Guarantor agrees to indemnify such partner for any amounts that the partner is required to pay pursuant to its guarantee or liability with respect to the Supported Debt.

16. **Fraudulent Conveyance**. Notwithstanding any provision of this Guarantee to the contrary, it is intended that this Guarantee not constitute a Fraudulent Conveyance (as defined below). Consequently, the Guarantor agrees that if this Guarantee would, but for the application of this sentence, constitute a Fraudulent Conveyance, this Guarantee shall be valid and enforceable only to the maximum extent that would not cause this Guarantee to constitute a Fraudulent Conveyance, and this Guarantee shall automatically be deemed to have been amended accordingly at all relevant times. For purposes of this Section 16, the term "***Fraudulent Conveyance***" means a fraudulent conveyance under Section 548 of the United States Bankruptcy Code or a fraudulent conveyance or fraudulent transfer under the provisions of any applicable fraudulent conveyance or fraudulent transfer law or similar law of any state, nation or other governmental unit, as in effect from time to time.

17. **Third-Party Beneficiaries**. This Guarantee is for the benefit only of the Guarantor, the Sunoco Issuers, the Trustee, the Holders and the subsidiaries and partners of Sunoco LP described in Sections 15(c) and 15(d), and is not intended to confer upon any other third party any rights or remedies hereunder, and shall not be construed as for the benefit of any other third party.

18. **Notices**. Any and all notices, requests or other communications hereunder shall be given in writing and delivered by: 1) regular, overnight, registered or certified mail (return receipt requested), with first class postage prepaid; 2) hand delivery; 3) facsimile transmission; or 4) overnight courier service, if to the Guarantor, at the following address or facsimile number for the Guarantor:

Energy Transfer Operating, L.P.
8111 Westchester Drive, Suite 600
Dallas, Texas 75225
Attention: Chief Financial Officer
Facsimile Number: (214) 981-0701

If to the Sunoco Issuers, at the following address or facsimile number:

Sunoco LP
c/o Sunoco GP LLC
8111 Westchester Drive, Suite 400
Dallas, Texas 75225
Attention: Associate General Counsel
Facsimile Number: (214) 981-0701

or at such other address or number as shall be designated by the Guarantor or Sunoco LP in a notice to the other Party to this Guarantee. All such communications shall be deemed to have been duly given: (A) in the case of a notice sent by regular mail, on the date actually received by the addressee; (B) in the case of a notice sent by registered or certified mail, on the date receipted for (or refused) on the return receipt; (C) in the case of a notice delivered by hand, when personally delivered; (D) in the case of a notice sent by facsimile, upon transmission subject to telephone confirmation of receipt; and (E) in the case of a notice sent by overnight mail or overnight courier service, the date delivered at the designated address, in each case given or addressed as aforesaid.

19. **Separability**. Should any clause, sentence, paragraph, subsection or section of this Guarantee be judicially declared to be invalid, illegal or unenforceable in any respect, such decision will not have the effect of invalidating or voiding the remainder of this Guarantee, and the part or parts of this Guarantee so held to be invalid, illegal or unenforceable will be deemed to have been stricken herefrom, and the remainder will have the same force and effectiveness as if such stricken part or parts had never been included herein.

20. **Counterparts**. This Guarantee may be executed in any number of counterparts and by different Parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signatures are physically attached to the same counterpart. Delivery of an executed signature page by facsimile or electronic transmission shall be as effective as delivery of a manually executed counterpart.

21. **Governing Law**. THIS GUARANTEE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAWS TO THE EXTENT THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

22. **Consent to Jurisdiction; Waiver of Jury Trial**. The Guarantor irrevocably submits to the exclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York County, and any appellate court from any thereof, for the purposes of any proceeding arising out of this Guarantee or the transactions contemplated hereby (and agrees that no such proceeding relating to this Guarantee or the transactions contemplated hereby shall be brought by it except in such courts). The Guarantor irrevocably and unconditionally waives (and agrees not to plead or claim) any objection to the laying of venue of any proceeding arising out of this Guarantee or the transactions contemplated hereby in any New York State court or federal court of the United States of America sitting in New York County, and any appellate court from any thereof, or that any such proceeding brought in any such court has been brought in an inconvenient forum. The Guarantor also agrees that any final and non-appealable judgment against it in connection with any proceeding shall be conclusive and binding on it and that such award or judgment may be enforced in any court of competent jurisdiction, either within or outside of the United States. A certified or exemplified copy of such award or judgment shall be conclusive evidence of the fact and amount of such award or judgment. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY ACTION OR PROCEEDING TO ENFORCE OR TO DEFEND ANY RIGHTS UNDER THIS GUARANTEE SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

23. **Entire Agreement**. This Guarantee constitutes the entire agreement with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, between the Parties related thereto.

[*Remainder of page intentionally left blank; signature page follows*]

IN WITNESS WHEREOF, the undersigned have executed this Guarantee as of the date and year first written above.

ENERGY TRANSFER OPERATING, L.P.

By: Energy Transfer Partners GP, L.P., its general partner

By: Energy Transfer Partners, L.L.C., its general partner

By: /s/ Thomas E. Long
Name: Thomas E. Long
Title: Chief Financial Officer

SUNOCO LP

By: Sunoco GP LLC,
its general partner

By: /s/ Arnold D. Dodderer
Name: Arnold D. Dodderer
Title: General Counsel & Assistant Secretary

SUNOCO FINANCE CORP.

By: /s/ Arnold D. Dodderer
Name: Arnold D. Dodderer
Title: General Counsel & Assistant Secretary

AMENDED AND RESTATED SUPPORT AGREEMENT

This AMENDED AND RESTATED SUPPORT AGREEMENT (this "***Agreement***") is made as of May 1, 2020 (the "***Effective Date***"), by and among ETC Sunoco Holdings LLC (f/k/a Sunoco Inc.), a Pennsylvania limited liability company (the "***Support Provider***"), Sunoco LP, a Delaware limited partnership ("***Sunoco LP***"), Sunoco Finance Corp., a Delaware corporation ("***Sunoco LP Finance***" and, together with Sunoco LP, the "***Sunoco Issuers***"), and Energy Transfer Operating, L.P., a Delaware partnership ("***Guarantor***"). The Support Provider, the Sunoco Issuers and Guarantor may hereinafter be referred to individually as a "***Party***" or collectively as the "***Parties***."

PRELIMINARY STATEMENTS:

A. Support Provider previously entered into that certain Contribution, Assignment and Assumption Agreement, dated as of December 31, 2016 (the "***Contribution Agreement***"), pursuant to which, among other things, Support Provider agreed (as assignee of the Atlantic R&M Support Agreements and the Sunoco R&M Support Agreements (as such terms are defined in the Contribution Agreement (together, the "***Existing Support Agreements***")) to provide support to Guarantor (as assignee of the Guarantees (as defined in the Contribution Agreement)) in support of the $800 million aggregate principal amount of the Sunoco Issuers' 6.25% senior notes due 2021 and the $800 million aggregate principal amount of the Sunoco Issuers' 6.375% Senior Notes due 2023 (together, the "***Existing Supported Debt***").

B. Under the Existing Support Agreements, without the prior written consent of the Support Provider, Sunoco LP shall not be entitled to refinance all or any portion of the Existing Supported Debt, unless, in the case of refinancing, Sunoco LP (x) simultaneously replaces the Existing Supported Debt with at least an equivalent amount of new indebtedness with substantially similar covenants providing for no earlier amortization of principal than the amortization contemplated by the applicable maturity date of the Existing Supported Debt, (y) permits Guarantor to guarantee the new refinanced indebtedness on the terms and subject to the conditions set forth in the applicable guarantee and (z) permits Support Provider to provide support to Guarantor in furtherance of the applicable guarantee of the new refinanced indebtedness.

C. The Sunoco Issuers issued (i) $1 billion aggregate principal amount of 4.875% senior notes due 2023, (ii) $800 million aggregate principal amount of 5.500% senior notes due 2026 and (iii) $400 million aggregate principal amount of 5.875% senior notes due 2028 (together with any senior notes of the Sunoco Issuers with substantially identical terms that are issued to the holders (the "***Holders***") pursuant to a registration statement under the Securities Act of 1933, as amended, the "***Supported Debt***"), the proceeds of which were used to, among other things, repay in full the Existing Supported Debt.

D. ETC M-A Acquisition LLC ("***ETC M-A***") previously entered into that certain Guarantee of Collection to Sunoco LP (as amended and restated to date, the "***Guarantee***"), pursuant to which, among other things, ETC M-A agreed to provide a guarantee of collection, on the terms set forth therein, for the benefit of the Holders of the Supported Debt.

E. On the date hereof, ETC M-A enter into that certain Contribution, Assignment and Assumption Agreement with the Guarantor, pursuant to which, among other things, ETC M-A assigned its rights and obligations under the Guarantee and this Agreement to the Guarantor.

F. Section 12(a) of the original Support Agreement, by and among the Sunoco Issuers, Support Provider and ETC M-A (the "***Original Support Agreement***") provides that the Original Support Agreement may be amended only in writing signed by each party thereto.

G. Section 12(b) provides that Section 1 of the Original Support Agreement may not be amended without the prior written consent of a majority of the Holders if such modification would materially and adversely reduce the benefits to such Holders.

H. The Parties desire to amend and restate the Original Support Agreement in its entirety, on the terms and subject to the conditions set forth herein, to among other things, assign this Agreement to the Guarantor and the Parties have determined that such amendment and restatement would not materially and adversely reduce the benefits to the Holders as provided in the Original Support Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties hereby amend and restate the Original Support Agreement in its entirety and agree as follows:

1. Support and Consent. Subject to the terms and conditions of this Agreement, including but not limited to Sections 2 and 3 below, the Support Provider hereby provides support to Guarantor and agrees to contribute cash to Guarantor in such amounts as necessary to guarantee collection of the aggregate principal amount of the Supported Debt pursuant to the Guarantee. Notwithstanding anything herein to the contrary, the obligations of the Parties under this Agreement are obligations solely of the

Parties and do not constitute a debt or obligation of (and no recourse shall be made with respect to) Energy Transfer LP, a Delaware limited partnership ("***ET***"), any of its affiliates (other than the Parties hereto), or any shareholder, partner, member, officer, director or employee of ET or such affiliates (collectively, the "***Non-Recourse Parties***"). No action under or in connection with this Agreement shall be brought against any Non-Recourse Party, and no judgment for any deficiency upon the obligations hereunder shall be obtainable against any Non- Recourse Party.

2. ***Support Payment Conditions***. Notwithstanding any other term or condition of this Agreement to the contrary, the Support Provider shall be obligated to make contributions of cash to Guarantor pursuant to this Agreement to enable Guarantor to pay any and all amounts of the Supported Debt due and payable pursuant to the terms and conditions of the Guarantee.

3. ***Cap***. Notwithstanding any other term or condition of this Agreement to the contrary, it is agreed that the Support Provider's maximum liability under this Agreement with respect to the Supported Debt shall not exceed the positive difference (if any) between (i) the principal amount of Supported Debt, minus (ii) the sum of (A) all payments of principal made by or on behalf of the Sunoco Issuers in respect of such Supported Debt, plus (B) the fair market value of any property received or cash proceeds collected or any consideration otherwise realized (including by way of set off) from or for the account of the Sunoco Issuers pursuant to, or in connection with, the principal amount of Supported Debt, including, but not limited to, any property or cash proceeds collected or realized from the exercise of any rights and remedies at law or in equity that the Holders may have against the Sunoco Issuers or any collateral securing such Supported Debt, plus (C) any principal amount of such Supported Debt which is forgiven or otherwise voluntarily compromised by the Holders (such amount, the "***Support Cap***").

The Support Provider shall have no obligation to make a payment hereunder with respect to any accrued and unpaid interest or any other costs, fees, expenses, penalties, charges or other amounts of any kind whatsoever that may be owed by Guarantor or the Sunoco Issuers, whether on or related to the Supported Debt or otherwise.

4. ***Termination of Agreement***. This Agreement shall remain in effect and will not terminate until the earlier to occur of (a) termination or expiration of the Guarantee and (b) payment by the Support Provider of the maximum amount due by the Support Provider under Section 3 hereof, as such amount may be limited by Section 10 hereof.

5. ***Notices; Defenses; Etc.*** The Sunoco Issuers and Guarantor hereby agree to provide the Support Provider with notice promptly following any alleged default by any Sunoco Issuer under the documents evidencing the Supported Debt or by Guarantor under the documents evidencing the Guarantee, and the Support Provider shall be entitled to receive information regarding, and make reasonable requests for information with respect to, the actions the Holders have taken against the Sunoco Issuers with respect to the Supported Debt or Guarantor with respect to the Guarantee. By entering into this Agreement, the Support Provider is not waiving any defense, set-off or counterclaim available to Guarantor or the Sunoco Issuers with respect to the Supported Debt nor is the Support Provider waiving its rights with respect to diligence, presentment, demand for performance, notice of protest, notice of dishonor, default or non-payment, or notice of acceptance of this Agreement.

6. ***Covenants of Sunoco LP and Guarantor***.

(a) Repayment or Refinancing of Supported Debt. Without the prior written consent of the Support Provider, Sunoco LP shall not be entitled to (i) repay any principal amount of the Supported Debt or (ii) refinance all or any portion of the Supported Debt, unless, in the case of (ii) above, Sunoco LP (x) simultaneously replaces the Supported Debt with at least an equivalent amount of new indebtedness (such new indebtedness, the "***Refinanced Supported Debt***") with substantially similar covenants providing for no earlier amortization of principal than the amortization contemplated by the applicable maturity date of any Supported Debt (any such date, a "***Maturity Date***"), (y) permits Guarantor at its sole discretion to guarantee the Refinanced Supported Debt on the terms and subject to the conditions set forth in the Guarantee and (z) permits Support Provider at its sole discretion to provide support to Guarantor in furtherance of the Guarantee of the Refinanced Supported Debt, on the terms and subject to the conditions set forth herein.

(b) Actions Upon Maturity Date. Upon a Maturity Date for any of the Supported Debt, and payment in full of the aggregate principal amount of such Supported Debt, no additional Guarantee shall be permitted to be made by Guarantor with respect to such Supported Debt. Any Supported Debt subject to the Guarantee may be retired or refinanced with debt that is not subject to the Guarantee commencing at any time on or after the scheduled Maturity Date for such Supported Debt.

(c) Extinguishment of Supported Debt. Sunoco LP shall use commercially reasonable efforts to extinguish any applicable outstanding Supported Debt on the applicable Maturity Date. Guarantor shall release the Support Provider from any liability or obligation under this Agreement related to the Supported Debt on the applicable Maturity Date for such Supported Debt and shall enter into and execute such documents and instruments as the Support Provider may reasonably request in order to evidence such release.

(d) Sunoco LP Finance. Prior to the Maturity Date for any of the Supported Debt, Sunoco LP Finance shall continue to have no material assets or any liabilities, other than as a co- issuer of debt securities of Sunoco LP.

(e) Guarantor Limited Activities. Without the prior written consent of Support Provider, Guarantor shall not (i) create, incur, assume or permit to exist any Indebtedness (as defined below) other than the Guarantee or (ii) consummate any transactions other than the Guarantee of the Supported Debt. As used in this Section 6(e), "Indebtedness" shall mean (A) all obligations for borrowed money, (B) all obligations evidenced by bonds, debentures, notes or similar instruments, (C) all obligations under conditional sale or other title retention agreements relating to property or assets, (D) all obligations issued or assumed as the deferred purchase price of property or services, (E) all guarantees of Indebtedness of others, (F) all capital lease obligations, (G) all obligations with respect to hedging and swap agreements, (H) the principal component of all obligations, contingent or otherwise, as an account party in respect of letters of credit and (I) the principal component of all obligations in respect of bankers' acceptances.

***7. Covenants of Support Provider*.**

(a) Net Worth. Support Provider hereby represents to Guarantor and Sunoco LP that it will maintain net assets (excluding any interest in Guarantor and Sunoco LP held by Support Provider) with a fair market value equal to or greater than the amount of the Support Cap and in the event Support Provider disposes of, transfers, or conveys any of its assets, except with respect to distributions permitted in clause (b) below, it shall, if necessary, promptly replace such assets so as to have net assets (excluding any interest in Guarantor and Sunoco LP held by Support Provider) with a fair market value equal to or greater than the amount of the Support Cap. Support Provider shall provide a certificate to Guarantor and the trustee (the "***Trustee***") under the Indenture, dated as of the date hereof (the "***Indenture***"), with respect to the Supported Debt on an annual basis (beginning on the first anniversary of this Agreement and until the Supported Debt has been paid in full) providing that it is in full compliance with this Section 7(a).

(b) Distributions. Support Provider shall be entitled to make distributions of available cash with respect to its equity interests provided Support Provider shall not make a distribution of cash or property to the extent such distribution would constitute a Fraudulent Conveyance (as defined in Section 10) in light of Support Provider's obligations under this Agreement or otherwise impair Support Provider's ability to satisfy its obligations under this Agreement.

8. Covenants of the Parties to Maintain Tax Treatment. For so long as the Guarantee is outstanding, the Parties hereto hereby agree that:

(a) At the Sunoco LP level, unless otherwise required by law, it is the intent of the Parties to treat (i) Guarantor as the sole partner bearing the economic risk of loss with respect to the Supported Debt pursuant to Treasury Regulation § 1.752-2 and (ii) the Supported Debt as a "refinancing debt" pursuant to Treasury Regulation § 1.707-5(c), the proceeds of which are allocable to payments discharging a portion of the Existing Supported Debt; *provided* that, notwithstanding the foregoing, Sunoco LP shall not be required to take any such position in any taxable year to the extent Sunoco LP determines in good faith after consulting with tax counsel that such position is not supported by current law or actual facts and circumstances.

(b) At the Guarantor level, unless otherwise required by law, it is the intent of the Parties to treat (i) the Support Provider as bearing the economic risk of loss with respect to the Supported Debt in an amount equal to the amount of the Supported Debt in accordance with Treasury Regulation § 1.752-2 and (ii) the Supported Debt as a "refinancing debt" pursuant to Treasury Regulation § 1.707-5(c), the proceeds of which are allocable to payments discharging a portion of the Existing Supported Debt; *provided* that, notwithstanding the foregoing, Guarantor shall not be required to take any such position in any taxable year to the extent Guarantor determines in good faith after consulting with tax counsel that such position is not supported by current law or actual facts and circumstances.

(c) Neither Sunoco LP nor Guarantor shall (i) modify the Guarantee so as to eliminate or limit the ultimate recourse liability of the Support Provider with respect to the Supported Debt, (ii) merge or consolidate with, or take any action that would cause, Guarantor to become a corporation for U.S. federal income tax purposes or (iii) except as required by the Indenture, cause or permit any other corporation, partnership, person or entity to assume, guarantee, indemnify against or otherwise incur any liability with respect to any Supported Debt.

(d) In the event a subsidiary of Sunoco LP that is regarded as separate and apart from Sunoco LP for U.S. federal income tax purposes becomes a Subsidiary Guarantor (as such term is defined in the Indenture) of the Supported Debt or otherwise guarantees the Supported Debt, the Support Provider agrees to indemnify such subsidiary for any amounts that the subsidiary is required to pay pursuant to its guarantee of the Supported Debt, on the same basis and subject to the same limits as with respect to the Guarantee.

(e) In the event a partner of Sunoco LP guarantees or otherwise incurs any liability with respect to the Supported Debt, Support Provider agrees to indemnify such partner for any amounts that the partner is required to pay pursuant to its guarantee or liability of the Supported Debt, on the same basis and subject to the same limits as with respect to the Guarantee.

9. Waiver of Subrogation. The Support Provider irrevocably waives, relinquishes and renounces any right of subrogation, contribution, indemnity, reimbursement or any claim whatsoever which the Support Provider may have against the Sunoco Issuers or any other persons liable on the Guarantee or the Supported Debt. The Support Provider will not assert any such claim against the Sunoco Issuers or any other persons liable on the Guarantee or the Supported Debt, in any proceeding, legal or equitable, including any bankruptcy, insolvency or reorganization proceeding. This provision will inure to the benefit of and will be enforceable by the Trustee, the Holders, the Sunoco Issuers and any such persons liable on the or the Supported Debt, and their successors and assigns, including any trustee in bankruptcy or debtor-in-possession.

10. Fraudulent Conveyance. Notwithstanding any provision of this Agreement to the contrary, it is intended that this Agreement not constitute a Fraudulent Conveyance (as defined below). Consequently, the Support Provider agrees that if this Agreement would, but for the application of this sentence, constitute a Fraudulent Conveyance, this Agreement shall be valid and enforceable only to the maximum extent that would not cause this Agreement to constitute a Fraudulent Conveyance, and this Agreement shall automatically be deemed to have been amended accordingly at all relevant times. For purposes of this Section 10, the term "Fraudulent Conveyance" means a fraudulent conveyance under Section 548 of the United States Bankruptcy Code or a fraudulent conveyance or fraudulent transfer under the provisions of any applicable fraudulent conveyance or fraudulent transfer law or similar law of any state, nation or other governmental unit, as in effect from time to time.

11. Cumulative Rights; No Waiver. Each and every right granted to Support Provider hereunder or under any other document delivered hereunder or in connection herewith, or allowed it by law or equity, shall be cumulative and may be exercised from time to time subject only to the limitations set forth in this Agreement. No failure on the part of Support Provider to exercise, and no delay in exercising, any right shall operate as a waiver thereof, nor shall any single or partial exercise by Support Provider of any right preclude any other or future exercise thereof or the exercise of any other right.

12. Amendments; Waivers.

(a) Except as otherwise expressly set forth herein, this Agreement may not be modified, amended or waived except by an instrument or instruments in writing signed by each of the Parties hereto.

(b) The Parties hereby agree that no provision of Section 1 hereof may be modified, amended or waived without the prior written consent of a majority of the Holders if such modification, amendment or waiver would materially and adversely reduce the benefits to such Holders or lenders of the support contemplated by Section 1 hereof with respect to such Supported Debt.

13. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns. Nothing in this Agreement shall prevent the Support Provider from merging or consolidating with or into any other person so long as the surviving person agrees to be bound by the terms of this Agreement.

14. Third-Party Beneficiaries. This Agreement is for the benefit only of the Support Provider, the Sunoco Issuers and Guarantor, the Trustee, the Holders, and the subsidiaries of Sunoco LP described in Section 8(d) and is not intended to confer upon any other third party any rights or remedies hereunder, and shall not be construed as for the benefit of any other third party.

15. Notices. Any and all notices, requests or other communications hereunder shall be given in writing and delivered by: (a) regular, overnight, registered or certified mail (return receipt requested), with first class postage prepaid; (b) hand delivery; (c) facsimile transmission; or (d) overnight courier service, if to the Support Provider, at the following address or facsimile number for the Support Provider:

ETC Sunoco Holdings LLC
8111 Westchester Drive, Suite 600
Dallas, Texas 75225
Attention: Chief Financial Officer
Facsimile Number: (214) 981-0701

if to the Sunoco Issuers, at the following address or facsimile number for Sunoco LP:

Sunoco LP
8111 Westchester Drive, Suite 300

Dallas, Texas 75225
Attention: Associate General Counsel
Facsimile Number: (214) 981-0701

if to Guarantor, at the following address or facsimile number for Guarantor:

Energy Transfer Operating, L.P.
8111 Westchester Drive, Suite 600
Dallas, Texas 75225
Attention: Chief Financial Officer
Facsimile Number: (214) 981-0701

or at such other address or number as shall be designated by the Support Provider, any Sunoco Issuer or Guarantor in a notice to the other Parties to this Agreement. All such communications shall be deemed to have been duly given: (i) in the case of a notice sent by regular mail, on the date actually received by the addressee; (ii) in the case of a notice sent by registered or certified mail, on the date receipted for (or refused) on the return receipt; (iii) in the case of a notice delivered by hand, when personally delivered; (iv) in the case of a notice sent by facsimile, upon transmission subject to telephone confirmation of receipt; and (v) in the case of a notice sent by overnight mail or overnight courier service, the date delivered at the designated address, in each case given or addressed as aforesaid.

16. ***Separability***. Should any clause, sentence, paragraph, subsection or section of this Agreement be judicially declared to be invalid, illegal or unenforceable in any respect, such decision will not have the effect of invalidating or voiding the remainder of this Agreement, and the part or parts of this Agreement so held to be invalid, illegal or unenforceable will be deemed to have been stricken herefrom, and the remainder will have the same force and effectiveness as if such stricken part or parts had never been included herein.

17. ***Counterparts***. This Agreement may be executed in any number of counterparts and by different Parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signatures are physically attached to the same counterpart. Delivery of an executed signature page by facsimile or electronic transmission shall be as effective as delivery of a manually executed counterpart.

18. ***Section Headings***. Section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

19. ***Entire Agreement***. This Agreement constitutes the entire agreement of the Parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, between the Parties related thereto.

20. ***Governing Law***. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAWS TO THE EXTENT THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

21. ***Consent to Jurisdiction; Waiver of Jury Trial***. The Parties irrevocably submit to the exclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York County, and any appellate court from any thereof, for the purposes of any proceeding arising out of this Agreement or the transactions contemplated hereby (and each agrees that no such proceeding relating to this Agreement or the transactions contemplated hereby shall be brought by it except in such courts). The Parties irrevocably and unconditionally waive (and agree not to plead or claim) any objection to the laying of venue of any proceeding arising out of this Agreement or the transactions contemplated hereby in any New York State court or federal court of the United States of America sitting in New York County, and any appellate court from any thereof, or that any such proceeding brought in any such court has been brought in an inconvenient forum. Each of the Parties also agrees that any final and non appealable judgment against a Party in connection with any proceeding shall be conclusive and binding on such Party and that such award or judgment may be enforced in any court of competent jurisdiction, either within or outside of the United States. A certified or exemplified copy of such award or judgment shall be conclusive evidence of the fact and amount of such award or judgment. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY ACTION OR PROCEEDING TO ENFORCE OR TO DEFEND ANY RIGHTS UNDER THIS AGREEMENT SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

[*Signature Page Follows*]

IN WITNESS WHEREOF, this Agreement is duly executed and delivered by the authorized signatories set forth below, to be effective as of the Effective Date

ETC SUNOCO HOLDINGS LLC

By: /s/ Arnold D. Dodderer
Name: Arnold D. Dodderer
Title: General Counsel & Assistant Secretary

SUNOCO LP

By: Sunoco GP LLC,
its general partner

By· /s/ Arnold D. Dodderer
Name: Arnold D. Dodderer
Title: General Counsel & Assistant Secretary

ENERGY TRANSFER OPERATING, L.P.

By: Energy Transfer Partners GP, L.P., its general partner

By: Energy Transfer Partners, L.L.C., its general partner

By: /s/ Thomas E. Long
Name: Thomas E. Long
Title: Chief Financial Officer

SUNOCO FINANCE CORP.

By: /s/ Arnold D. Dodderer
Name: Arnold D. Dodderer
Title: General Counsel & Assistant Secretary

List of Subsidiaries

1. Aloha Petroleum LLC, a Delaware limited liability company
2. Aloha Petroleum, Ltd., a Hawaii corporation
3. Quick Stuff of Texas, Inc., a Texas corporation
4. SSP BevCo I, LLC, a Texas limited liability company
5. SSP BevCo II, LLC, a Texas limited liability company
6. SSP Beverage, LLC, a Texas limited liability company
7. Stripes Acquisition LLC, a Texas limited liability company
8. Sunmarks LLC, a Delaware limited liability company
9. Sunoco Caddo LLC, a Delaware limited liability company
10. Sunoco Finance Corp., a Delaware corporation
11. Sunoco, LLC, a Delaware limited liability company
12. Sunoco NLR LLC, a Delaware limited liability company
13. Sunoco Refined Products LLC, a Delaware limited liability company
14. Sunoco Retail LLC, a Pennsylvania limited liability company
15. Sunoco Property Company LLC, a Delaware limited liability company
16. TCFS Holdings, Inc., a Texas corporation
17. Town & Country Food Stores, Inc., a Texas corporation
18. TND Beverage, LLC, a Texas limited liability company
19. Fathom Global Energy FT LLC, a Delaware limited liability company
20. Fathom Global Energy LLC, a Delaware limited liability company
21. Sunoco Overseas, Inc., a Delaware corporation
22. SUN Lubricants and Specialty Products Inc., a Canadian corporation
23. Sunoco Energy Solutions LLC, a Texas limited liability company
24. SUN LP Pipeline LLC, a Delaware limited liability company
25. SUN LP Terminals LLC, a Delaware limited liability company
26. J.C. Nolan Pipeline Co., LLC, a Delaware limited liability company
27. J.C. Nolan Terminal Co., LLC, a Delaware limited liability company

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated February 19, 2021, with respect to the consolidated financial statements and internal control over financial reporting included in the Annual Report of Sunoco LP on Form 10-K for the year ended December 31, 2020. We consent to the incorporation by reference of said reports in the Registration Statements of Sunoco LP on Forms S-3 (File No. 333-227604 and File No. 333-233409) and on Forms S-8 (File No. 333-228708 and File No. 333-184035).

/s/ GRANT THORNTON LLP

Dallas, Texas
February 19, 2021

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated February 19, 2021, with respect to the consolidated financial statements of Energy Transfer Operating, L.P. incorporated by reference in the Annual Report of Sunoco LP on Form 10-K for the year ended December 31, 2020. We consent to the incorporation by reference of said report in the Registration Statements of Sunoco LP on Forms S-3 (File No. 333-227604 and File No. 333-233409) and on Forms S-8 (File No. 333-228708 and File No. 333-184035).

/s/ GRANT THORNTON LLP

Dallas, Texas
February 19, 2021

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Joseph Kim, certify that:

1. I have reviewed this annual report on Form 10-K of Sunoco LP (the "registrant");

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 directors (or persons performing the equivalent functions):

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

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

9, 2021

/s/ Joseph Kim
Joseph Kim
President and Chief Executive Officer of Sunoco GP LLC, the general partner of Sunoco LP

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Dylan Bramhall, certify that:

1. I have reviewed this annual report on Form 10-K of Sunoco LP (the "registrant");

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 directors (or persons performing the equivalent functions):

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

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

9, 2021

/s/ Dylan Bramhall
Dylan Bramhall
Chief Financial Officer of Sunoco GP LLC, the general partner of Sunoco LP

Exhibit 32.1

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

In connection with the annual report of Sunoco LP (the “Partnership”) on Form 10-K for the year ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Joseph Kim, as President and Chief Executive Officer of Sunoco GP LLC, the general partner 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, as amended; and

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

Date: February 19, 2021

/s/ *Joseph Kim*
Joseph Kim
President and Chief Executive Officer of Sunoco GP LLC, the general partner of Sunoco LP

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Partnership for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

Exhibit 32.2

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

In connection with the annual report of Sunoco LP (the "Partnership") on Form 10-K for the year ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dylan Bramhall, as Chief Financial Officer of Sunoco GP LLC, the general partner 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, as amended; and

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

Date: February 19, 2021

/s/ Dylan Bramhall

Dylan Bramhall
Chief Financial Officer of Sunoco GP LLC, the general partner of Sunoco LP

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Partnership for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.