# Enbridge Inc.

# 2007 Form 40-F

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# U.S. SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 40-F

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

OR

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

For the fiscal year ended December 31, 2007

Commission file number 001-15254

# ENBRIDGE INC.

*(Exact name of Registrant as specified in its charter)*

Not Applicable
*(Translation of Registrant's Name into English (if applicable))*

| Canada | 4923 | None |
|---|---|---|
| *(Province or other jurisdiction of incorporation or organization)* | *(Primary Standard Industrial Classification Code Number (if applicable))* | *(I.R.S. Employer Identification Number (if applicable))* |

**3000 Fifth Avenue Place**
**425 - 1st Street S.W.**
**Calgary, Alberta, Canada T2P 3L8**
**Telephone Number: (403) 231-3900**
*(Address and telephone number of Registrant's principal executive offices)*

**Enbridge (U.S.) Inc.**
**1100 Louisiana, Suite 3200**
**Houston, Texas 77002**
**Telephone Number: (713) 650-8900**
*(Name, address (including zip code)* and telephone number *(including area code) of agent for service in the United States*

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

| Title of each class | Name of each exchange on which registered |
|---|---|
| Common Shares | New York Stock Exchange |

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

**Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:** None

For annual reports, indicate by check mark the information filed with this Form:

☒ Annual Information Form ☒ Audited annual financial statements

Indicate the number of outstanding shares of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

368,512,396 Common shares (as at December 31, 2007)

Indicate by check mark whether the Registrant by filing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934 (the "Exchange Act"). If "Yes" is marked, indicate the filing number assigned to the Registrant in connection with such Rule.

☐ 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 Exchange Act during the preceding 12 months (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

EX-99.4 5 a2182882zex-99_4.htm EXHIBIT 99.4

**Exhibit 99.4**

# ENBRIDGE INC.
# CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

# MANAGEMENT'S REPORT

**TO THE SHAREHOLDERS OF ENBRIDGE INC.**

**Financial Reporting**

Management is responsible for the accompanying consolidated financial statements and all other information in this Annual Report. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and necessarily include amounts that reflect management's judgment and best estimates. Financial information contained elsewhere in this Annual Report is consistent with the consolidated financial statements.

The Board of Directors and its committees are responsible for all aspects related to governance of the Company. The Audit, Finance & Risk Committee of the Board, composed of directors who are unrelated and independent, has a specific responsibility to oversee management's efforts to fulfil its responsibilities for financial reporting and internal controls related thereto. The Committee meets with management, internal auditors and independent auditors to review the consolidated financial statements and the internal controls as they relate to financial reporting. The Audit, Finance & Risk Committee reports its findings to the Board for its consideration in approving the consolidated financial statements for issuance to the shareholders.

**Internal Control over Financial Reporting**

Management is also responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting includes policies and procedures to facilitate the preparation of relevant, reliable and timely information, to prepare consolidated financial statements for external reporting purposes in accordance with generally accepted accounting principles and provide reasonable assurance that assets are safeguarded

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2007, based on the framework established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management concluded that the Company maintained effective internal control over financial reporting as of December 31, 2007.

PricewaterhouseCoopers LLP, independent auditors appointed by the shareholders of the Company, conducts an examination of the consolidated financial statements in accordance with Canadian generally accepted auditing standards.

**Patrick D. Daniel**
President & Chief Executive Officer

**J. Richard Bird**
Executive Vice President &
Chief Financial Officer

February 20, 2008

# INDEPENDENT AUDITORS' REPORT

**TO THE SHAREHOLDERS OF ENBRIDGE INC.**

We have completed integrated audits of the consolidated financial statements and internal control over financial reporting of Enbridge Inc. as at December 31, 2007 and 2006 and an audit of its 2005 consolidated financial statements. Our opinions, based on our audits, are presented below.

**Consolidated Financial Statements**

We have audited the accompanying consolidated balance sheets of Enbridge Inc. as at December 31, 2007 and December 31, 2006, and the related consolidated statements of earnings, comprehensive income, shareholders' equity, and cash flows for each of the years in the three year period ended December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits of the Company's financial statements as at December 31, 2007 and for each of the years in the two year period then ended in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). We conducted our audit of the Company's financial statements for the year ended December 31, 2005 in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. A financial statement audit also includes assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and December 31, 2006 and the results of its operations and its cash flows for each of the years in the three year period ended December 31, 2007 in accordance with Canadian generally accepted accounting principles.

**Internal Control over Financial Reporting**

We have also audited Enbridge Inc.'s internal control over financial reporting as at December 31, 2007, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company'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 effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exits, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) 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 (iii) 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.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as at December 31, 2007 based on criteria established in Internal Control — Integrated Framework issued by the COSO.

PricewaterhouseCoopers LLP

Chartered Accountants
Calgary, Alberta, Canada

February 20, 2008

**Comments by Auditors for U.S. Readers on Canada – U.S. Reporting Differences**

In the United States, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when there is a change in accounting principles that has a material effect on the comparability of the Company's financial statements, such as the changes described in note 2 to the consolidated financial statements. Our report to the shareholders dated February 20, 2008 is expressed in accordance with Canadian reporting standards, which do not require a reference to such a change in accounting principles in the Independent Auditors' Report when the change is properly accounted for and adequately disclosed in the financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants
Calgary, Alberta, Canada

February 20, 2008

# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| *(millions of dollars)* Year ended December 31, | 2007 | 2006 |
|---|---|---|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | **166.7** | 139.7 |
| Accounts receivable and other | **2,388.7** | 2,045.6 |
| Inventory | **709.4** | 868.9 |
| | **3,264.8** | 3,054.2 |
| Property, Plant and Equipment, net *(Note 6)* | **12,597.6** | 11,264.7 |
| Long-Term Investments *(Note 8)* | **2,076.3** | 2,299.4 |
| Deferred Amounts and Other Assets *(Note 9)* | **1,182.0** | 924.5 |
| Intangible Assets *(Note 10)* | **212.0** | 241.5 |
| Goodwill *(Note 11)* | **388.0** | 394.9 |
| Future Income Taxes *(Note 19)* | **186.7** | 200.1 |
| | **19,907.4** | 18,379.3 |
| Liabilities and Shareholders' Equity | | |
| Current Liabilities | | |
| Short-term borrowings | **545.6** | 807.9 |
| Accounts payable and other | **2,213.8** | 1,723.8 |
| Interest payable | **89.1** | 95.1 |
| Current maturities of long-term debt *(Note 12)* | **605.2** | 537.0 |
| Current maturities of non-recourse debt *(Note 13)* | **61.1** | 60.1 |
| | **3,514.8** | 3,223.9 |
| Long-Term Debt *(Note 12)* | **7,729.0** | 7,054.0 |
| Non-Recourse Long-Term Debt *(Note 13)* | **1,508.4** | 1,622.0 |
| Other Long-Term Liabilities | **253.9** | 91.1 |
| Future Income Taxes *(Note 19)* | **975.6** | 1,062.5 |
| Non-Controlling Interests *(Note 14)* | **650.5** | 715.2 |
| | **14,632.2** | 13,768.7 |
| Shareholders' Equity | | |
| Share capital | | |
| Preferred shares *(Note 15)* | **125.0** | 125.0 |
| Common shares *(Note 15)* | **3,026.5** | 2,416.1 |
| Contributed surplus | **25.7** | 18.3 |
| Retained earnings | **2,537.3** | 2,322.7 |
| Accumulated other comprehensive loss *(Note 17)* | **(285.0)** | (135.8) |
| Reciprocal shareholding *(Note 8)* | **(154.3)** | (135.7) |
| | **5,275.2** | 4,610.6 |
| Commitments and Contingencies *(Note 24)* | **19,907.4** | 18,379.3 |

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

Approved by the Board of Directors:

**David A. Arledge**
Chair

**David A. Leslie**
Director

12. DEBT

| *(millions of dollars)* December 31, | Weighted Average Interest Rate | Maturity | 2007 | 2006 |
|---|---|---|---|---|
| Liquids Pipelines | | | | |
| Debentures | 8.20% | 2024 | **200.0** | 200.0 |
| Medium-term notes | 5.62% | 2009 - 2036 | **824.6** | 824.6 |
| Other (US$365.0 million; 2006 – nil)[1] | | | **516.5** | 131.0 |
| Gas Distribution and Services | | | | |
| Debentures | 11.06% | 2009 - 2024 | **485.0** | 585.0 |
| Medium-term notes | 5.69% | 2008 - 2036 | **1,865.0** | 1,665.0 |
| Other | | | **9.4** | 8.2 |
| Corporate | | | | |
| U.S.dollar term notes (US$1,354.3 million; 2006 – US$417.0 million) | 5.69% | 2014 - 2022 | **1,341.2** | 485.9 |
| Medium-term notes | 5.72% | 2008 - 2035 | **1,900.0** | 2,094.9 |
| Preferred securities | | | **–** | 200.0 |
| Other (US$317.0 million; 2006 – US$348.4 million)[2] | | | **1,252.2** | 1,396.4 |
| Deferred debt issue costs *(Note 2)* | | | **(59.7)** | – |
| Total Debt | | | **8,334.2** | 7,591.0 |
| Current Maturities | | | **(605.2)** | (537.0) |
| Long-Term Debt | | | **7,729.0** | 7,054.0 |

1 *Primarily credit facility draws.*

2 *Primarily commercial paper borrowings.*

Short-term debt of $1,764.8 million (2006 – $1,519.1 million) is supported by the availability of long-term committed credit facilities and has been classified as long-term debt.

Long-term debt maturities for the years ending December 31, 2008 through 2012 are $605.2 million, $455.0 million, $600.9 million, $151.1 million and $251.1 million, respectively. The Company's debentures and medium-term notes bear interest at fixed rates.

On February 15, 2007, the Company redeemed $200.0 million of 7.8% Preferred Securities for $25.00 per security plus accrued and unpaid interest.

**FAIR VALUE OF DEBT**

| December 31, | 2007 | | 2006 | |
|---|---|---|---|---|
| *(millions of dollars)* | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Liquids Pipelines | **1,541.1** | **1,642.5** | 1,155.6 | 1,301.6 |
| Gas Distribution and Services | **2,359.4** | **2,571.0** | 2,258.2 | 2,613.8 |
| Corporate | **4,493.4** | **4,640.7** | 4,177.2 | 4,294.0 |

The fair value of debt does not include the effects of hedging.

## INTEREST EXPENSE

| *(millions of dollars)* Year ended December 31, | **2007** | 2006 | 2005 |
|---|---|---|---|
| Long-term debt | **439.5** | 403.4 | 382.8 |
| Non-recourse long-term debt | **102.0** | 104.9 | 112.1 |
| Commercial paper and other short-term debt | **54.5** | 60.3 | 40.6 |
| Short-term borrowings | **15.2** | 19.1 | 12.7 |
| Capitalized | **(61.2)** | (20.6) | (9.0) |
| | **550.0** | 567.1 | 539.2 |

In 2007, total interest paid was $607.3 million (2006 – $563.3 million; 2005 – $537.1 million).

## INTEREST RATE MANAGEMENT

The impact on effective interest rates of derivative instruments used to manage interest rate risk and the debt related to these instruments are as follows:

| *(millions of dollars)* **December 31, 2007** | Maturity | Effective Interest Rate[1] | Notional Amounts |
|---|---|---|---|
| Liquids Pipelines | | | |
| Floating to fixed interest swap (commercial paper) | 2029 | 6.0% | 25.4 |
| Corporate | | | |
| Floating to fixed interest swap (commercial paper) | 2008 - 2009 | 4.5% | 750.0 |
| Floating to fixed interest swap (commercial paper) | 2008 - 2009 | 4.3% | US$186.6 |

1 *After giving effect to the derivative financial instruments.*

## CREDIT FACILITIES

| *(millions of dollars)* **December 31, 2007** | Expiry Dates | Total Facility | Available | Drawdowns |
|---|---|---|---|---|
| Liquids Pipelines | 2008 - 2009 | 794.1 | 433.4 | 360.7 |
| Gas Distribution and Services | 2008 - 2009 | 1,006.9 | 1,000.0 | 6.9 |
| Corporate | 2009 - 2012 | 3,842.9 | 3,842.9 | – |
| | | 5,643.9 | 5,276.3 | 367.6 |

Credit facilities carry a weighted average standby fee of 0.062% per annum on the unused portion and drawdowns bear interest at market rates. Certain credit facilities serve as a backstop to the commercial paper programs and the Company has the option to extend the facilities, which are currently set to mature from 2009 to 2012.

## 13. NON-RECOURSE DEBT

| *(millions of dollars)* December 31, | Weighted Average Interest Rate | Maturity | **2007** | 2006 |
|---|---|---|---|---|
| Gas Pipelines | | | | |
| Long-term credit facilities (US$1.9 million; 2006 – US$6.0 million) | 5.26% | 2012 | **1.9** | 6.9 |
| Senior notes (US$441.8 million; 2006 – US$469.5 million) | 6.74% | 2015 - 2025 | **436.5** | 547.1 |
| Capital lease obligations | 11.24% | 2013 - 2020 | **39.9** | 49.6 |
| Sponsored Investments | | | | |
| Credit facilities | 5.12% | 2010 - 2012 | **141.5** | 94.4 |
| Medium-term notes | 4.69% | 2009 - 2014 | **190.0** | 190.0 |
| Senior notes | 6.85% | 2015 - 2025 | **707.7** | 733.7 |
| Fair value increment on senior notes acquired | | | **43.3** | 48.2 |
| Gas Distribution and Services | | | | |
| Term debt (US$15.7 million; 2006 – US$5.8 million) | 6.3% | 2008 - 2010 | **15.5** | 6.8 |
| Capital lease obligations | 12.0% | 2016 - 2021 | **4.9** | 5.4 |
| Deferred debt issue costs *(Note 2)* | | | **(11.7)** | – |
| Total Non-Recourse Debt | | | **1,569.5** | 1,682.1 |
| Current Maturities | | | **(61.1)** | (60.1) |
| Non-Recourse Long-Term Debt | | | **1,508.4** | 1,622.0 |

Long-term debt maturities on non-recourse borrowings for the years ending December 31, 2008 through 2012 are $61.1 million, $168.3 million, $176.8 million, $68.6 million and $118.4 million, respectively. The medium-term notes and senior notes bear interest at fixed rates.

Certain assets of Alliance Pipeline Canada are pledged as collateral to Alliance Pipeline Canada's lenders and to the lenders to Alliance Pipeline US. As well, certain assets of Alliance Pipeline US are pledged as collateral to Alliance Pipeline US's lenders and to the lenders to Alliance Pipeline Canada.

Not including the effects of hedging, non-recourse debt has a fair value of $1,634.8 million (2006 – $1,786.6 million).

## 14. NON-CONTROLLING INTERESTS

| *(millions of dollars)* December 31, | **2007** | 2006 |
|---|---|---|
| EEM | **335.1** | 398.5 |
| EGD Preferred Shares | **100.0** | 100.0 |
| EIF | **155.9** | 167.3 |
| EGNB | **48.8** | 39.8 |
| Other | **10.7** | 9.6 |
| | **650.5** | 715.2 |

Non-controlling interest in EEM represents the 82.8% of the listed shares of EEM not held by the Company.

The Company owns 100% of the common shares of EGD; however, the 4,000,000 4.82% Cumulative Redeemable EGD Preferred Shares held by a third party are entitled to a claim on the assets of EGD prior to the common shareholder. Subsequent to July 1, 2009, EGD may, at its option, redeem all or a portion of the outstanding preferred shares for $25.00 plus all accrued and unpaid dividends to the redemption date. The preferred shares have no fixed maturity date.

Non-controlling interest in EIF represents 58.1% of voting units which are held by public unitholders. Non-controlling interest in EGNB represents 29.2% held by third parties.

## 15. SHARE CAPITAL

The authorized share capital of the Company consists of an unlimited number of common shares with no par value and an unlimited number of preferred shares.

### COMMON SHARES

December 31,

| *(millions of dollars; number of common shares in millions)* | **2007** Number of Shares | **2007** Amount | 2006 Number of Shares | 2006 Amount | 2005 Number of Shares | 2005 Amount |
|---|---|---|---|---|---|---|
| Balance at beginning of year | **351.8** | **2,416.1** | 348.9 | 2,343.8 | 346.2 | 2,282.4 |
| Common shares issued | **15.0** | **566.4** | – | – | – | – |
| Exercise of stock options | **1.2** | **26.3** | 2.4 | 53.9 | 2.1 | 40.0 |
| Dividend Reinvestment and Share Purchase Plan | **0.5** | **17.7** | 0.5 | 18.4 | 0.4 | 14.6 |
| Issued for business acquisition | – | – | – | – | 0.2 | 6.8 |
| Balance at end of year | **368.5** | **3,026.5** | 351.8 | 2,416.1 | 348.9 | 2,343.8 |

### PREFERRED SHARES

The 5.0 million 5.5% Cumulative Redeemable Preferred Shares, Series A are entitled to fixed, cumulative, quarterly preferential dividends of $1.375 per share per year. The Company may, at its option, redeem all or a portion of the outstanding preferred shares for $25.00 per share plus all accrued and unpaid dividends.

### EARNINGS PER COMMON SHARE

Earnings per common share is calculated by dividing earnings applicable to common shareholders by the weighted average number of common shares outstanding. The weighted average number of shares outstanding has been reduced by the Company's pro-rata weighted average interest in its own common shares of 11.1 million shares (2006 – 10.6 million shares), resulting from the Company's reciprocal investment in Noverco.

The treasury stock method is used to determine the dilutive impact of stock options. This method assumes that any proceeds from the exercise of stock options would be used to purchase common shares at the average market price during the period.

| *(number of common shares in millions)* December 31, | **2007** | 2006 | 2005 |
|---|---|---|---|
| Weighted average shares outstanding | **355.3** | 340.0 | 337.4 |
| Effect of dilutive options | **3.0** | 3.3 | 3.8 |
| Diluted weighted average shares outstanding | **358.3** | 343.3 | 341.2 |

For the year ended December 31, 2007, 1,158,200 anti-dilutive stock options (2006 – 1,548,900; 2005 – nil) with a weighted average exercise price of $38.26 (2006 – $36.47) were excluded from the diluted earnings per share calculation.

### DIVIDEND REINVESTMENT AND SHARE PURCHASE PLAN

Under the Dividend Reinvestment and Share Purchase Plan, registered shareholders may reinvest dividends in common shares of the Company and make additional optional cash payments to purchase common shares, free of brokerage or other charges.

# MarkWest Energy Partners, L.P.

# 2007 Form 10-K

Use these links to rapidly review the document
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ITEM 8. Financial Statements and Supplementary Data
Starfish Pipeline Company, LLC Index December 31, 2007 and 2006

# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 10-K

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

**For the fiscal year ended December 31, 2007.**

**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 001-31239**

# MARKWEST ENERGY PARTNERS, L.P.

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Delaware** | **27-0005456** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

**1515 Arapahoe Street, Tower 2, Suite 700, Denver, CO 80202-2126**
(Address of principal executive offices)

Registrant's telephone number, including area code: **303-925-9200**

Securities registered pursuant to Section 12(b) of the Act: **Common units representing limited partner interests, New York Stock Exchange**

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

Indicate by check mark whether 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 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

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

The aggregate market value of common units held by non-affiliates of the registrant on June 29, 2007 was approximately $1.1 billion.

As of February 28, 2008, the number of the registrant's common units were 50,876,295.

**DOCUMENTS INCORPORATED BY REFERENCE:**

The information required by Part III of this Report, to the extent not set forth herein, is incorporated herein by reference from the registrant's definitive proxy statement relating to the Annual Meeting of Shareholders to be held in 2008, which definitive proxy statement shall be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year to which this Report relates.

# MARKWEST ENERGY PARTNERS, L.P.

## CONSOLIDATED BALANCE SHEETS

**(in thousands)**

| | December 31, 2007 | December 31, 2006 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 26,505 | $ 34,402 |
| Receivables, net of allowances of $160 and $118, respectively | 110,154 | 86,126 |
| Receivables from affiliate | 8,582 | 4,654 |
| Inventories | 3,118 | 3,593 |
| Fair value of derivative instruments | 99 | 4,211 |
| Other assets | 20,893 | 3,047 |
| Total current assets | 169,351 | 136,033 |
| Property, plant and equipment | 965,234 | 655,749 |
| Less: Accumulated depreciation | (141,497) | (104,863) |
| Total property, plant and equipment, net | 823,737 | 550,886 |
| Other assets: | | |
| Investment in Starfish | 58,709 | 64,240 |
| Intangibles and other assets, net of accumulated amortization of $45,753 and $29,080, respectively | 326,722 | 344,066 |
| Deferred financing costs, net of accumulated amortization of $7,804 and $5,326, respectively | 13,190 | 15,753 |
| Fair value of derivative instruments | 82 | 2,759 |
| Other long-term assets | 1,043 | 1,043 |
| Total other assets | 399,746 | 427,861 |
| Total assets | $ 1,392,834 | $ 1,114,780 |
| **LIABILITIES AND CAPITAL** | | |
| Current liabilities: | | |
| Accounts payable | $ 103,160 | $ 86,479 |
| Payables to affiliate | 4,229 | 1,950 |
| Accrued liabilities | 60,038 | 43,255 |
| Fair value of derivative instruments | 21,658 | 91 |
| Total current liabilities | 189,085 | 131,775 |
| Long-term debt, net of original issue discount of $2,805 and $3,135, respectively | 552,695 | 526,865 |
| Deferred taxes | 1,220 | 769 |
| Fair value of derivative instruments | 35,381 | 1,362 |
| Other long-term liabilities | 3,130 | 1,360 |
| Commitments and contingencies (see Note 17) | | |
| Capital: | | |
| General partner | 12,241 | 9,631 |
| Limited partners: | | |
| Common unitholders (39,358 and 31,166 units issued and outstanding at December 31, 2007 and 2006, respectively) | 599,082 | 442,447 |
| Subordinated unitholders (0 and 1,200 units issued and outstanding at December 31, 2007 and 2006, respectively) | — | 571 |
| Total capital | 611,323 | 452,649 |

| | | | | |
|---|---|---|---|---|
| Total liabilities and capital | $ | 1,392,834 | $ | 1,114,780 |

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

## 10. Impairment of Long-Lived Assets (Continued)

based on management's opinion that the idle assets had no economic value. Therefore, an impairment of long-lived assets of $0.4 million was recognized during the year ended December 31, 2007.

## 11. Debt

Debt is summarized below (in thousands):

| | December 31, 2007 | December 31, 2006 |
|---|---|---|
| **Credit facility** | | |
| Revolver facility, 7.09% and 8.75% interest, respectively, due December 2010 | $ 55,500 | $ 30,000 |
| **Senior Notes** | | |
| Senior Notes, 6.875% interest, due November 2014 | 225,000 | 225,000 |
| Senior Notes, 8.5% interest, net of original issue discount of $2,805 and $3,135, respectively, due July 2016 | 272,195 | 271,865 |
| Total long-term debt | $ 552,695 | $ 526,865 |

*Partnership Credit Facility*

On December 29, 2005, the Operating Company, a wholly owned subsidiary of MarkWest Energy Partners L.P., entered into the fifth amended and restated credit agreement ("Partnership Credit Facility"), which provides for a maximum lending limit of $615.0 million for a five-year term. The credit facility includes a revolving facility of $250.0 million and a $365.0 million term loan. In July 2006, using proceeds from debt and equity offerings, the Partnership permanently reduced the borrowing capacity of the term loan to $45.9 million. In October 2006 the Partnership retired the remaining $45.9 million outstanding on the term loan using a portion of the proceeds from the 2016 senior notes (see Note 16). The credit facility is guaranteed by the Partnership and all of the Partnership's subsidiaries and is collateralized by substantially all of the Partnership's assets and those of its subsidiaries. The borrowings under the credit facility bear interest at a variable interest rate, plus basis points. The basis points vary based on the ratio of the Partnership's Consolidated Debt (as defined in the Partnership Credit Facility) to Consolidated EBITDA (as defined in the Partnership Credit Facility), ranging from 0.50% to 1.50% for Base Rate loans, and 1.50% to 2.50% for Eurodollar Rate loans. The basis points will increase by 0.50% during any period (not to exceed 270 days) where the Partnership makes an acquisition for a purchase price in excess of $50.0 million ("Acquisition Adjustment Period"). For the year ended December 31, 2007, the weighted average interest rate on the outstanding borrowing under the Partnership Credit Facility was 7.09% and had no unused letters of credit.

Under the provisions of the Partnership Credit Facility, the Partnership is subject to a number of restrictions on its business, including restrictions on its ability to grant liens on assets; make or own certain investments; enter into any swap contracts other than in the ordinary course of business; merge, consolidate or sell assets; incur indebtedness (other than subordinated indebtedness); make distributions on equity investments; and declare or make, directly or indirectly, any restricted payments.

# Cost of Long-Term Debt

| Enbridge Inc. (Information from 2007 Form 40-F, Exhibit 99.4, page 39) (In Millions of US Dollars) | Amount | Rate | Interest |
|---|---|---|---|
| Liquids Pipelines | | | |
| Debentures | 200.0 | 8.20% | 16.4 |
| Medium Term Notes | 824.6 | 5.62% | 46.3 |
| Gas Distribution & Services | | | |
| Debentures | 485.0 | 11.06% | 53.6 |
| Medium Term Notes | 1865.0 | 5.69% | 106.1 |
| Corporate | | | |
| US Dollar Term Notes | 1341.2 | 5.69% | 76.3 |
| Medium Term Notes | 1900.0 | 5.72% | 108.7 |
| Total | 6615.8 | | 407.50 |
| Average Interest Cost | | | 6.16% |

| MarkWest Energy (Information from 2007 Form 10-K, page 101) (In thousands of US Dollars) | Amount | Rate | Interest |
|---|---|---|---|
| Credit Revolver Facility | 55,500 | 7.09% | 3,934.95 |
| Senior Notes | 225,000 | 6.875% | 15,468.75 |
| Senior Notes | 272,195 | 8.50% | 23,136.58 |
| Total | 552,695 | | 42,540.28 |
| Average Interest Cost | | | 7.70% |

**Average Cost of Debt = 6.93%**