Delek US Holdings, Inc.
Form 10-Q
November 06, 2014
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q
(Mark One)

þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2014

or

o 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 001-32868
DELEK US HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Delaware | 52-2319066 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| 7102 Commerce Way Brentwood, Tennessee | 37027 |
| (Address of principal executive offices) | (Zip Code) |

(615) 771-6701
(Registrant's telephone number, including area code)
Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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 þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No o

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer þ | Accelerated filer o | Non-accelerated filer o (Do not check if a smaller reporting company) | Smaller reporting company o |

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

At October 31, 2014, there were 60,566,373 shares of common stock, $0.01 par value, outstanding.

TABLE OF CONTENTS

Part I.
FINANCIAL INFORMATION
Item 1. Financial Statements

Delek US Holdings, Inc.
Condensed Consolidated Balance Sheets

| | September 30, 2014 | December 31, 2013 |
|---|---|---|
| | (In millions, except share and per share data) | |
| | (Unaudited) | |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | $497.7 | $400.0 |
| Accounts receivable | 324.0 | 250.5 |
| Inventory | 544.0 | 672.3 |
| Other current assets | 76.6 | 94.3 |
| Total current assets | 1,442.3 | 1,417.1 |
| Property, plant and equipment: | | |
| Property, plant and equipment | 1,881.2 | 1,683.7 |
| Less: accumulated depreciation | (480.9) | (405.2) |
| Property, plant and equipment, net | 1,400.3 | 1,278.5 |
| Goodwill | 73.9 | 72.7 |
| Other intangibles, net | 12.4 | 13.3 |
| Other non-current assets | 128.7 | 58.8 |
| Total assets | $3,057.6 | $2,840.4 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | $566.5 | $602.0 |
| Current portion of long-term debt and capital lease obligations | 58.4 | 33.7 |
| Obligation under Supply and Offtake Agreement | 282.5 | 331.0 |
| Accrued expenses and other current liabilities | 111.7 | 113.4 |
| Total current liabilities | 1,019.1 | 1,080.1 |
| Non-current liabilities: | | |
| Long-term debt and capital lease obligations, net of current portion | 535.8 | 376.6 |
| Environmental liabilities, net of current portion | 8.6 | 9.2 |
| Asset retirement obligations | 9.0 | 8.5 |
| Deferred tax liabilities | 240.4 | 220.0 |
| Other non-current liabilities | 15.3 | 25.6 |
| Total non-current liabilities | 809.1 | 639.9 |
| Stockholders' equity: | | |
| Preferred stock, $0.01 par value, 10,000,000 shares authorized, no shares issued and outstanding | — | — |
| Common stock, $0.01 par value, 110,000,000 shares authorized, 60,559,731 shares and 60,229,107 shares issued at September 30, 2014 and December 31, 2013, respectively | 0.6 | 0.6 |
| Additional paid-in capital | 392.3 | 384.5 |
| Accumulated other comprehensive income (loss) | 14.4 | (4.0) |
| Treasury stock, 2,265,901 and 1,000,000 shares, at cost, as of September 30, 2014 and December 31, 2013, respectively. | (79.5) | (37.9) |

| | | |
|---|---|---|
| Retained earnings | 708.2 | 591.8 |
| Non-controlling interest in subsidiaries | 193.4 | 185.4 |
| Total stockholders' equity | 1,229.4 | 1,120.4 |
| Total liabilities and stockholders' equity | $3,057.6 | $2,840.4 |

See accompanying notes to condensed consolidated financial statements

Delek US Holdings, Inc.
Condensed Consolidated Statements of Income (Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | (In millions, except share and per share data) | | | |
| Net sales | $2,322.2 | $2,321.8 | $6,562.6 | $6,769.1 |
| Operating costs and expenses: | | | | |
| Cost of goods sold | 2,035.2 | 2,167.3 | 5,786.8 | 6,110.6 |
| Operating expenses | 100.9 | 97.1 | 301.6 | 291.1 |
| General and administrative expenses | 36.0 | 24.0 | 97.6 | 79.7 |
| Depreciation and amortization | 29.2 | 20.6 | 82.0 | 64.2 |
| Other operating income, net | — | (0.1) | — | (1.6) |
| Total operating costs and expenses | 2,201.3 | 2,308.9 | 6,268.0 | 6,544.0 |
| Operating income | 120.9 | 12.9 | 294.6 | 225.1 |
| Interest expense | 10.0 | 9.6 | 29.7 | 28.0 |
| Interest income | — | (0.1) | (0.4) | (0.3) |
| Other income, net | (0.1) | (0.1) | (0.1) | (6.8) |
| Total non-operating expenses, net | 9.9 | 9.4 | 29.2 | 20.9 |
| Income from continuing operations before income taxes | 111.0 | 3.5 | 265.4 | 204.2 |
| Income tax expense | 32.8 | 0.5 | 84.7 | 68.1 |
| Net income | 78.2 | 3.0 | 180.7 | 136.1 |
| Net income attributed to non-controlling interest | 5.7 | 4.7 | 19.6 | 13.7 |
| Net income (loss) attributable to Delek | $72.5 | $(1.7) | $161.1 | $122.4 |
| Basic earnings per share | $1.23 | $(0.03) | $2.73 | $2.07 |
| Diluted earnings per share | $1.22 | $(0.03) | $2.70 | $2.04 |
| Weighted average common shares outstanding: | | | | |
| Basic | 58,744,099 | 59,093,721 | 59,090,291 | 59,195,337 |
| Diluted | 59,302,788 | 59,727,244 | 59,673,599 | 60,097,637 |
| Dividends declared per common share outstanding | $0.25 | $0.25 | $0.75 | $0.70 |

See accompanying notes to condensed consolidated financial statements

Delek US Holdings, Inc.
Condensed Consolidated Statements of Comprehensive Income (Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | (In millions) | | | |
| Net income (loss) attributable to Delek | $72.5 | $(1.7) | $161.1 | $122.4 |
| Other comprehensive income: | | | | |
| Net gain on derivative instruments, net of tax expense of $0.8 million and $10.4 million for the three and nine months ended September 30, 2014, respectively, and $1.9 million and $1.7 million for the three and nine months ended September 30, 2013, respectively, and net of ineffectiveness gain (loss) of $8.9 million and $(5.4) million for the three and nine months ended September 30, 2014, respectively, and $(1.2) million for both the three and nine months ended September 30, 2013. | 1.6 | 4.0 | 18.4 | 3.6 |
| Comprehensive income attributable to Delek | $74.1 | $2.3 | $179.5 | $126.0 |

See accompanying notes to condensed consolidated financial statements

Delek US Holdings, Inc.
Condensed Consolidated Statements of Cash Flows (Unaudited)

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2014 | 2013 |
| Cash flows from operating activities: | (In millions, except per share data) | |
| Net income | $180.7 | $136.1 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 82.0 | 64.2 |
| Amortization of deferred financing costs | 3.6 | 4.1 |
| Accretion of asset retirement obligations | 0.5 | 0.4 |
| Amortization of unfavorable contract liability | (2.0) | (2.0) |
| Deferred income taxes | 10.8 | (9.8) |
| Equity-based compensation expense | 10.0 | 7.9 |
| Income tax benefit of equity-based compensation | (2.3) | (5.6) |
| Changes in assets and liabilities, net of acquisitions: | | |
| Accounts receivable | (73.5) | (72.4) |
| Inventories and other current assets | 174.9 | (136.9) |
| Market value of derivatives | (34.1) | (9.2) |
| Accounts payable and other current liabilities | (31.8) | 34.2 |
| Obligation under Supply and Offtake Agreement | (48.5) | 47.1 |
| Non-current assets and liabilities, net | (46.4) | (25.0) |
| Net cash provided by operating activities | 223.9 | 33.1 |
| Cash flows from investing activities: | | |
| Business combinations | (11.1) | (10.8) |
| Purchases of property, plant and equipment | (193.3) | (117.3) |
| Proceeds from sales of assets | 0.2 | — |
| Net cash used in investing activities | (204.2) | (128.1) |
| Cash flows from financing activities: | | |
| Proceeds from long-term revolvers | 888.0 | 387.0 |
| Payments on long-term revolvers | (791.3) | (326.0) |
| Proceeds from term debt | 104.1 | 11.6 |
| Payments on term debt and capital lease obligations | (16.6) | (65.8) |
| Proceeds from exercise of stock options | 1.0 | 1.1 |
| Taxes paid due to the net settlement of equity-based compensation | (4.8) | (2.6) |
| Income tax benefit of equity-based compensation | 2.3 | 5.6 |
| Repurchase of common stock | (41.6) | (37.9) |
| Distribution to non-controlling interest | (12.3) | (9.2) |
| Dividends paid | (44.7) | (41.8) |
| Deferred financing costs paid | (6.1) | (0.5) |
| Net cash provided by (used in) financing activities | 78.0 | (78.5) |
| Net increase (decrease) in cash and cash equivalents | 97.7 | (173.5) |
| Cash and cash equivalents at the beginning of the period | 400.0 | 601.7 |
| Cash and cash equivalents at the end of the period | $497.7 | $428.2 |
| Supplemental disclosures of cash flow information: | | |
| Cash paid during the period for: | | |
| Interest, net of capitalized interest of $1.6 million and $0.5 million in the 2014 and 2013 periods, respectively. | $26.9 | $23.5 |
| Income taxes | $73.4 | $44.7 |

See accompanying notes to condensed consolidated financial statements

Delek US Holdings, Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
1. Organization and Basis of Presentation
Delek US Holdings, Inc. is the sole shareholder or owner of membership interests of Delek Refining, Inc. ("Refining"), Delek Finance, Inc., Delek Marketing & Supply, LLC, Lion Oil Company ("Lion Oil"), Delek Renewables, LLC, Delek Rail Logistics, Inc., Delek Logistics Services Company, MAPCO Express, Inc. ("MAPCO Express"), MAPCO Fleet, Inc., NTI Investments, LLC, GDK Bearpaw, LLC, Delek Helena, LLC, Commerce Way Insurance Company, Inc. and Delek Land Holdings, LLC. Unless otherwise indicated or the context requires otherwise, the terms "we," "our," "us," "Delek" and the "Company" are used in this report to refer to Delek US Holdings, Inc. and its consolidated subsidiaries. Delek is listed on the New York Stock Exchange under the symbol "DK."
Our condensed consolidated financial statements include Delek Logistics Partners, LP ("Delek Logistics"), a variable interest entity. Because our consolidated subsidiary, Delek Logistics GP, LLC ("Logistics GP"), is the general partner of Delek Logistics, we have the ability to direct the activities of Delek Logistics that most significantly impact its economic performance. We are also considered to be the primary beneficiary for accounting purposes and are Delek Logistics' primary customer. Delek Logistics does not derive an amount of gross margin material to us from third parties. However, in the event that Delek Logistics incurs a loss, our operating results will reflect Delek Logistics' loss, net of intercompany eliminations, to the extent of our ownership interest in Delek Logistics.
The condensed consolidated financial statements include the accounts of Delek and its consolidated subsidiaries. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed or omitted, although management believes that the disclosures herein are adequate to make the financial information presented not misleading. Our unaudited condensed consolidated financial statements have been prepared in conformity with GAAP applied on a consistent basis with those of the annual audited financial statements included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 3, 2014, as amended by Amendment No. 1 on Form 10-K/A that was filed with the SEC on June 26, 2014 (collectively, the "Annual Report on Form 10-K") and in accordance with the rules and regulations of the SEC. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto for the year ended December 31, 2013 included in our Annual Report on Form 10-K.
In the opinion of management, all adjustments necessary for a fair presentation of the financial position and the results of operations for the interim periods have been included. All significant intercompany transactions and account balances have been eliminated in consolidation. All adjustments are of a normal, recurring nature. Operating results for the interim period should not be viewed as representative of results that may be expected for any future interim period or for the full year.
Certain prior period amounts have been reclassified in order to conform to the current year presentation. These reclassifications had no effect on net income or shareholders' equity as previously reported.
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
New Accounting Pronouncements
On January 1, 2014 we adopted guidance issued by the Financial Accounting Standards Board regarding "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists" to eliminate diversity in practice. This guidance requires that companies net their unrecognized tax benefits against all same-jurisdiction net operating losses or tax credit carryforwards that would be used to settle the position with a tax authority. The adoption of this guidance did not materially affect our business, financial position or results of operations.

2. Delek Logistics Partners, LP

Delek Logistics is a publicly traded limited partnership that was formed by Delek to own, operate, acquire and construct crude oil and refined products logistics and marketing assets. A substantial majority of Delek Logistics' assets are currently integral to Delek’s refining and marketing operations. As of September 30, 2014, we owned a 60.0% limited partner interest in Delek Logistics, and a 96.1% interest in Logistics GP, which owns the entire 2.0% general partner interest in Delek Logistics and all of the incentive distribution rights. Delek's partnership interest in Delek Logistics includes 2,799,258 common units, 11,999,258 subordinated units and 493,533 general partner units.

In July 2013, Delek Logistics completed the acquisition of a terminal, storage tanks and related assets adjacent to our refinery in Tyler, Texas (the "Tyler refinery") from one of our subsidiaries (the "Tyler Acquisition"). The cash paid for the assets acquired was approximately $94.8 million, financed with a combination of proceeds from the amended and restated Delek Logistics revolving credit agreement and cash on hand.

In February 2014, a subsidiary of Delek Logistics completed the acquisition of certain storage tanks and the products terminal located at our refinery in El Dorado, Arkansas (the "El Dorado refinery") from Lion Oil (the "El Dorado Acquisition"). The cash paid for the assets acquired was approximately $95.9 million, financed with borrowings under the amended and restated Delek Logistics revolving credit agreement. The storage tanks have approximately 2.5 million barrels of aggregate shell capacity and consist of 158 tanks and ancillary assets, including piping and pumps.

The Tyler Acquisition and the El Dorado Acquisition are each considered a transfer of a business between entities under common control. As such, the assets acquired and liabilities assumed were transferred to Delek Logistics at historical basis instead of fair value.

We have agreements with Delek Logistics that, among other things, establish fees for certain administrative and operational services provided by us and our subsidiaries to Delek Logistics, provide certain indemnification obligations and establish terms for fee-based commercial logistics and marketing services provided by Delek Logistics and its subsidiaries to us.

With the exception of affiliate balances which are eliminated in consolidation, the Delek Logistics condensed consolidated balance sheets as of September 30, 2014 and December 31, 2013, as presented below, are included in the consolidated balance sheets of Delek.

| | September 30, 2014 (In millions) (Unaudited) | December 31, 2013[1] |
|---|---|---|
| ASSETS | | |
| Cash and cash equivalents | $0.7 | $0.9 |
| Accounts receivable | 39.6 | 29.0 |
| Inventory | 9.8 | 17.5 |
| Other current assets | 0.7 | 0.3 |
| Net property, plant and equipment | 218.1 | 225.8 |
| Goodwill | 11.7 | 10.5 |
| Intangible assets, net | 11.6 | 12.3 |
| Other non-current assets | 4.0 | 5.0 |
| Total assets | $296.2 | $301.3 |
| LIABILITIES AND EQUITY | | |
| Accounts payable | $23.7 | $26.0 |
| Accounts payable to related parties | 9.5 | 1.5 |
| Accrued expenses and other current liabilities | 12.7 | 12.2 |
| Revolving credit facility | 230.0 | 164.8 |
| Asset retirement obligations | 3.2 | 3.1 |
| Deferred tax liabilities | 0.4 | 0.3 |
| Other non-current liabilities | 5.4 | 6.2 |

| | | |
|---|---|---|
| Equity | 11.3 | 87.2 |
| Total liabilities and equity | $296.2 | $301.3 |

(1)These amounts have been restated to reflect the assets and liabilities acquired in the El Dorado Acquisition.

3. Acquisitions

Crossett Biodiesel Facility Acquisition

On January 2, 2014, we purchased a biodiesel plant in Crossett, Arkansas (the "Crossett Facility") from Pinnacle Biofuels, Inc. for approximately $11.1 million, which has been allocated to property, plant and equipment. The Crossett Facility has a production capacity of approximately 10.0 million gallons per year and produced biodiesel exclusively for Delek under a tolling agreement prior to this acquisition.

4. Inventory

Refinery inventory consists of crude oil, in-process, refined products and blendstocks which are stated at the lower of cost or market. Cost of inventory for the Tyler refinery is determined under the last-in, first-out ("LIFO") valuation method. Cost of inventory for the El Dorado refinery is determined on a first-in, first-out ("FIFO") basis. Cost of crude oil, in-process, refined product and feedstock inventories in excess of market value is charged to cost of goods sold. Logistics inventory consists of refined products which are stated at the lower of cost or market on a FIFO basis. Retail inventory consists of gasoline, diesel fuel, other petroleum products, cigarettes, beer, convenience merchandise and food service merchandise. Fuel inventories are stated at the lower of cost or market on a FIFO basis. Non-fuel inventories are stated at estimated cost as determined by the retail inventory method.

Carrying value of inventories consisted of the following (in millions):

| | September 30, 2014 | December 31, 2013 |
|---|---|---|
| Refinery raw materials and supplies | $179.5 | $250.9 |
| Refinery work in process | 70.2 | 58.6 |
| Refinery finished goods | 239.1 | 299.2 |
| Retail fuel | 17.8 | 19.2 |
| Retail merchandise | 27.6 | 26.9 |
| Logistics refined products | 9.8 | 17.5 |
| Total inventories | $544.0 | $672.3 |

At September 30, 2014 and December 31, 2013, the excess of replacement cost (FIFO) over the carrying value (LIFO) of the Tyler refinery inventories was $32.3 million and $51.5 million, respectively.

Permanent Liquidations

During the three and nine months ended September 30, 2014, we incurred a permanent reduction in a LIFO layer resulting in a liquidation loss in our refinery inventory of $10.2 million and $7.9 million, respectively. These liquidations were recognized as a component of cost of goods sold in the three and nine months ended September 30, 2014.

During the three and nine months ended September 30, 2013, we incurred a permanent reduction in a LIFO layer resulting in a liquidation gain in our refinery inventory of $1.2 million and $0.5 million, respectively. These liquidations were recognized as a component of cost of goods sold in the three and nine months ended September 30, 2013.

5. Crude Oil Supply and Inventory Purchase Agreement

Delek has a Master Supply and Offtake Agreement (the "Supply and Offtake Agreement") with J. Aron & Company ("J. Aron"). Throughout the term of the Supply and Offtake Agreement, which was amended on December 23, 2013 to expire on April 30, 2017, Lion Oil and J. Aron will identify mutually acceptable contracts for the purchase of crude oil from third parties and J. Aron will supply up to 100,000 barrels per day ("bpd") of crude to the El Dorado refinery. Crude oil supplied to the El Dorado refinery by J. Aron will be purchased daily at an estimated average monthly market price by Lion Oil. J. Aron will also purchase all refined products from the El Dorado refinery at an estimated market price daily, as they are produced. These daily purchases and sales are trued-up on a monthly basis in order to reflect actual average monthly prices. We have recorded a receivable related to this settlement of $10.2 million and $18.2 million as of September 30, 2014 and December 31, 2013, respectively, which is included in accounts receivable on the condensed consolidated balance sheet. Also pursuant to the Supply and Offtake Agreement and other related agreements, Lion Oil will endeavor to arrange potential sales by either Lion Oil or J. Aron to third parties of the products produced at the El Dorado refinery or purchased from third parties. In instances where Lion Oil is the seller to such third parties, J. Aron will first transfer the applicable products to Lion Oil.

While title to the inventories will reside with J. Aron, this arrangement will be accounted for as a product financing arrangement. Delek incurred fees payable to J. Aron of $2.6 million and $7.6 million during the three and nine months ended September 30, 2014, respectively, and $2.1 million and $6.3 million during the three and nine months ended September 30, 2013, respectively. These amounts are included as a component of interest expense in the condensed consolidated statements of income. Upon any termination of the Supply and Offtake Agreement, including in connection with a force majeure event, the parties are required to negotiate with third parties for the assignment to us of certain contracts, commitments and arrangements, including procurement contracts, commitments for the sale of product, and pipeline, terminalling, storage and shipping arrangements.

Upon the expiration of the Supply and Offtake Agreement on April 30, 2017 or upon any earlier termination, Delek will be required to repurchase the consigned crude oil and refined products from J. Aron at then prevailing market prices. At September 30, 2014, Delek had 3.1 million barrels of inventory consigned for J. Aron and we have recorded liabilities associated with this consigned inventory of $282.5 million in the condensed consolidated balance sheet.

6. Long-Term Obligations and Notes Payable

Outstanding borrowings under Delek's existing debt instruments and capital lease obligations are as follows (in millions):

| | September 30, 2014 | December 31, 2013 |
|---|---|---|
| MAPCO Revolver | $92.0 | $67.5 |
| DKL Revolver | 230.0 | 164.8 |
| Wells Term Loan | 70.0 | — |
| Reliant Bank Revolver | 17.0 | 10.0 |
| Promissory notes | 75.0 | 77.4 |
| Lion Term Loan, net of $0.3 million debt discount at September 30, 2014 | 109.7 | 90.0 |
| Capital lease obligations | 0.5 | 0.6 |
| | 594.2 | 410.3 |
| Less: Current portion of long-term debt, notes payable and capital lease obligations | 58.4 | 33.7 |
| | $535.8 | $376.6 |

MAPCO Revolver

Our subsidiary, MAPCO Express, has a revolving credit facility with Fifth Third Bank, as administrative agent, and a syndicate of lenders that was amended and restated on May 6, 2014 (the "MAPCO Revolver"). The MAPCO Revolver consists of a $160.0 million revolving credit limit which includes (i) a $10.0 million swing line loan sub-limit; (ii) a $40.0 million letter of credit sub-limit; and (iii) an accordion feature which permits an increase in borrowings by up to $50.0 million, subject to additional lender commitments. As of September 30, 2014, we had $92.0 million outstanding under the MAPCO Revolver, as well as letters of credit issued of $2.6 million, with approximately $65.4 million availability remaining. Borrowings under the MAPCO Revolver are secured by (i) substantially all the assets of

MAPCO Express and its subsidiaries, subject to certain exceptions and limitations, (ii) all of Delek's shares in MAPCO Express, and (iii) a limited guaranty provided by Delek of up to $50.0 million in obligations. The MAPCO Revolver will mature on May 6, 2019. The MAPCO Revolver bears interest based on predetermined pricing grids which allow us to choose between base rate loans or London Interbank Offered Rate ("LIBOR") rate loans. At

September 30, 2014, the weighted average borrowing rate under the MAPCO Revolver was approximately 3.46%. Additionally, the MAPCO Revolver requires us to pay a leverage ratio dependent quarterly fee on the average unused revolving commitment. As of September 30, 2014, this fee was 0.35% per year.

Wells ABL

Our subsidiary, Delek Refining, Ltd., has an asset-based loan credit facility with Wells Fargo Bank, National Association, as administrative agent, and a syndicate of lenders (the "Wells ABL") that consists of (i) a $600 million revolving loan (the "Wells Revolving Loan"), which includes a $55.0 million swing line loan sub-limit and a $550.0 million letter of credit sub-limit, (ii) a $70.0 million delayed single draw term loan (the "Wells Term Loan"), and (iii) an accordion feature which permits an increase in revolving credit commitments of up to $875.0 million subject to additional lender commitments and the satisfaction of certain other conditions precedent. The Wells Revolving Loan matures on January 16, 2019 and the Wells Term Loan matures on December 31, 2016. The Wells Term Loan is subject to repayment in level principal installments of approximately $5.8 million per quarter, beginning December 31, 2014, with a final balloon payment due on December 31, 2016. As of September 30, 2014, under the Wells ABL we had letters of credit issued totaling approximately $105.5 million and a nominal amount outstanding under the Wells Revolving Loan; under the Wells Term Loan we had $70.0 million outstanding. Borrowings under the Wells ABL are secured by substantially all the assets of Refining and its subsidiaries, with certain limitations. Under the facility, revolving loans and letters of credit are provided subject to availability requirements which are determined pursuant to a borrowing base calculation as defined in the credit agreement. The borrowing base as calculated is primarily supported by cash, certain accounts receivable and certain inventory. Borrowings under the Wells Revolving Loan and Wells Term Loan bear interest based on separate predetermined pricing grids which allow us to choose between base rate loans or LIBOR rate loans. At September 30, 2014, the weighted average borrowing rate under the Wells Term Loan was approximately 3.90%. Additionally, the Wells ABL requires us to pay a quarterly credit utilization fee. As of September 30, 2014, this fee was approximately 0.38% per year. Borrowing capacity, as calculated and reported under the terms of the Wells ABL credit facility, as of September 30, 2014, was $374.3 million.

DKL Revolver

Delek Logistics has a $400.0 million Senior Secured Revolving Credit Agreement with Fifth Third Bank, as administrative agent, and a syndicate of lenders (the "DKL Revolver"). Delek Logistics and each of its existing subsidiaries are borrowers under the DKL Revolver. The DKL Revolver contains a dual currency borrowing tranche that permits draw downs in U.S. or Canadian dollars and an accordion feature whereby Delek Logistics can increase the size of the credit facility to an aggregate of $450.0 million, subject to receiving increased or new commitments from lenders and the satisfaction of certain other conditions precedent.

The obligations under the DKL Revolver are secured by a first priority lien on substantially all of Delek Logistics' tangible and intangible assets. Additionally, a subsidiary of Delek provides a limited guaranty of Delek Logistics' obligations under the DKL Revolver. The guaranty is (i) limited to an amount equal to the principal amount, plus unpaid and accrued interest, of a promissory note made by Delek in favor of the subsidiary guarantor (the "Holdings Note") and (ii) secured by the subsidiary guarantor's pledge of the Holdings Note to the DKL Revolver lenders. As of September 30, 2014, the principal amount of the Holdings Note was $102.0 million.

The DKL Revolver will mature on November 7, 2017. Borrowings under the DKL Revolver bear interest at either a U.S. base rate, Canadian prime rate, LIBOR rate, or a Canadian Dealer Offered Rate rate plus applicable margins, at the election of the borrowers and as a function of draw down currency. The applicable margin varies based upon Delek Logistics' Leverage Ratio, which is defined as the ratio of total funded debt to EBITDA for the most recently ended four fiscal quarters. At Septembe