

ONEOK INC /NEW/
Form 10-Q
May 04, 2011

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

FORM 10-Q

X Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended March 31, 2011

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 001-13643

ONEOK, Inc.
(Exact name of registrant as specified in its charter)

Oklahoma
(State or other jurisdiction of
incorporation or organization)

73-1520922
(I.R.S. Employer Identification No.)

100 West Fifth Street, Tulsa, OK
(Address of principal executive offices)

74103
(Zip Code)

Registrant's telephone number, including area code (918) 588-7000

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 X No ___

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 (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes X No ___

Indicate by checkmark 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 X Accelerated filer ___ Non-accelerated filer ___ Smaller reporting company ___

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

On April 28, 2011, the Company had 107,120,130 shares of common stock outstanding.

1

Table of Contents

ONEOK, Inc.

TABLE OF CONTENTS

Part I.	Financial Information	Page No.
Item 1.	<u>Financial Statements (Unaudited)</u>	
	<u>Consolidated Statements of Income - Three Months Ended March 31, 2011 and 2010</u>	5
	<u>Consolidated Balance Sheets - March 31, 2011 and December 31, 2010</u>	6-7
	<u>Consolidated Statements of Cash Flows - Three Months Ended March 31, 2011 and 2010</u>	9
	<u>Consolidated Statement of Changes in Equity - Three Months Ended March 31, 2011</u>	10-11
	<u>Consolidated Statements of Comprehensive Income - Three Months Ended March 31, 2011 and 2010</u>	12
	<u>Notes to Consolidated Financial Statements</u>	13-29
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	30-49
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	50
Item 4.	<u>Controls and Procedures</u>	51
Part II.	Other Information	
Item 1.	<u>Legal Proceedings</u>	51
Item 1A.	<u>Risk Factors</u>	51
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	51
Item 3.	<u>Defaults Upon Senior Securities</u>	51
Item 4.	<u>(Removed and Reserved)</u>	52
Item 5.	<u>Other Information</u>	52
Item 6.	<u>Exhibits</u>	52-53
	<u>Signature</u>	54

As used in this Quarterly Report, references to “we,” “our” or “us” refer to ONEOK, Inc., an Oklahoma corporation, and its predecessors and subsidiaries, unless the context indicates otherwise.

The statements in this Quarterly Report that are not historical information, including statements concerning plans and objectives of management for future operations, economic performance or related assumptions, are forward-looking statements. Forward-looking statements may include words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “should,” “goal,” “forecast,” “guidance,” “could,” “may,” “continue,” “might,” “potential,” “scheduled” and other w

of similar meaning. Although we believe that our expectations regarding future events are based on reasonable assumptions, we can give no assurance that such expectations or assumptions will be achieved. Important factors that could cause actual results to differ materially from those in the forward-looking statements are described under Part I, Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations, "Forward-Looking Statements" and Part II, Item 1A, "Risk Factors" in this Quarterly Report and under Part I, Item 1A, "Risk Factors," in our Annual Report.

INFORMATION AVAILABLE ON OUR WEBSITE

We make available on our website copies of our Annual Report, Quarterly Reports, Current Reports on Form 8-K, amendments to those reports filed or furnished to the SEC pursuant to Section 13(a) or 15(d) of the Exchange Act and reports of holdings of our securities filed by our officers and directors under Section 16 of the Exchange Act as soon as reasonably practicable after filing such material electronically or otherwise furnishing it to the SEC. Our website and any contents thereof are not incorporated by reference into this report.

We also make available on our website the Interactive Data Files required to be submitted and posted pursuant to Rule 405 of Regulation S-T. In accordance with Rule 402 of Regulation S-T, the Interactive Data Files shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Table of Contents

GLOSSARY

The abbreviations, acronyms and industry terminology used in this Quarterly Report are defined as follows:

AFUDC	Allowance for funds used during construction
Annual Report	Annual Report on Form 10-K for the year ended December 31, 2010
ASU	Accounting Standards Update
Bbl	Barrels, 1 barrel is equivalent to 42 United States gallons
Bbl/d	Barrels per day
BBtu/d	Billion British thermal units per day
Bcf	Billion cubic feet
Bcf/d	Billion cubic feet per day
Btu(s)	British thermal units, a measure of the amount of heat required to raise the temperature of one pound of water one degree Fahrenheit
Bushton Plant	Bushton Gas Processing Plant
CFTC	Commodities Futures Trading Commission
Clean Air Act	Federal Clean Air Act, as amended
Clean Water Act	Federal Water Pollution Control Act Amendments of 1972, as amended
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
EBITDA	Earnings before interest expense, income taxes, depreciation and amortization
EPA	United States Environmental Protection Agency
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
GAAP	Accounting principles generally accepted in the United States of America
KCC	Kansas Corporation Commission
KDHE	Kansas Department of Health and Environment
LDCs	Local distribution companies
LIBOR	London Interbank Offered Rate
MBbl	Thousand barrels
MBbl/d	Thousand barrels per day
Mcf	Thousand cubic feet
MDth/d	Thousand dekatherms per day
MMBbl	Million barrels
MMBtu	Million British thermal units
MMBtu/d	Million British thermal units per day
MMcf	Million cubic feet
MMcf/d	Million cubic feet per day
Moody's	Moody's Investors Service, Inc.
Natural Gas Policy Act	Natural Gas Policy Act of 1978, as amended
NGL products	Marketable natural gas liquid purity products, such as ethane, ethane/propane mix, propane, iso-butane, normal butane and natural gasoline
NGL(s)	Natural gas liquid(s)
Northern Border Pipeline	Northern Border Pipeline Company
NYMEX	New York Mercantile Exchange
OCC	Oklahoma Corporation Commission
ONEOK	ONEOK, Inc.
ONEOK 2011 Credit Agreement	ONEOK's five-year, \$1.2 billion revolving credit agreement dated April 5, 2011
ONEOK Credit Agreement	ONEOK's amended and restated \$1.2 billion revolving credit agreement dated July 14, 2006

Edgar Filing: ONEOK INC /NEW/ - Form 10-Q

ONEOK Partners

ONEOK Partners, L.P.

ONEOK Partners Credit Agreement ONEOK Partners' \$1.0 billion amended and restated revolving credit agreement dated March 30, 2007

ONEOK Partners GP ONEOK Partners GP, L.L.C., a wholly owned subsidiary of ONEOK and the sole general partner of ONEOK Partners

OPIS

Oil Price Information Service

Overland Pass Pipeline Company

Overland Pass Pipeline Company LLC

Quarterly Report

Quarterly Report(s) on Form 10-Q

RRC

Railroad Commission of Texas

Table of Contents

S&P	Standard & Poor's Financial Services LLC
SEC	Securities and Exchange Commission
Securities Act	Securities Act of 1933, as amended
XBRL	eXtensible Business Reporting Language

Table of Contents

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ONEOK, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)	Three Months Ended	
	2011	March 31, 2010
(Thousands of dollars, except per share amounts)		
Revenues	\$ 3,866,888	\$ 3,923,967
Cost of sales and fuel	3,233,339	3,304,648
Net margin	633,549	619,319
Operating expenses		
Operations and maintenance	194,606	180,272
Depreciation and amortization	79,391	77,856
General taxes	29,006	23,073
Total operating expenses	303,003	281,201
Loss on sale of assets	(510)	(786)
Operating income	330,036	337,332
Equity earnings from investments (Note J)	32,092	21,116
Allowance for equity funds used during construction	466	247
Other income	3,369	2,909
Other expense	(2,287)	(1,053)
Interest expense	(79,349)	(76,520)
Income before income taxes	284,327	284,031
Income taxes	(84,981)	(97,311)
Net income	199,346	186,720
Less: Net income attributable to noncontrolling interests	69,216	32,181
Net income attributable to ONEOK	\$ 130,130	\$ 154,539
Earnings per share of common stock (Note H)		
Net earnings per share, basic	\$ 1.22	\$ 1.46
Net earnings per share, diluted	\$ 1.19	\$ 1.44
Average shares of common stock (thousands)		
Basic	107,020	106,132
Diluted	109,179	107,410
Dividends declared per share of common stock	\$ 0.52	\$ 0.44