

NORTHWEST NATURAL GAS CO
Form 10-Q
August 04, 2015

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

Form 10-Q

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

For the quarterly period ended June 30, 2015

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 1-15973

NORTHWEST NATURAL GAS COMPANY
(Exact name of registrant as specified in its charter)

Oregon	93-0256722
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

220 N.W. Second Avenue, Portland, Oregon 97209
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code: (503) 226-4211

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 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 No

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

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reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer [X]

Accelerated Filer []

Non-accelerated Filer []

Smaller Reporting Company []

(Do not check if a Smaller Reporting Company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [] No [X]

At July 24, 2015, 27,362,842 shares of the registrant's Common Stock (the only class of Common Stock) were outstanding.

NORTHWEST NATURAL GAS COMPANY
 For the Quarterly Period Ended June 30, 2015

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FORWARD-LOOKING STATEMENTS

This report contains “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as “anticipates,” “intends,” “plans,” “seeks,” “believes,” “estimates,” “expects” and similar references to future periods. Examples of forward-looking statements include, but are not limited to, statements regarding the following:

plans, objectives, goals, and strategies;

- assumptions and estimates;

future events or performance;

trends, timing and cyclicalities;

risks;

earnings and dividends;

capital structure;

growth;

customer rates;

commodity costs;

gas reserves;

operational performance and costs;

energy policy and preferences;

efficacy of derivatives and hedges;

liquidity and financial positions;

project and program development, expansion, or investment;

competition;

procurement and development of gas supplies;

estimated expenditures;

costs of compliance;

credit exposures;

potential efficiencies;

rate or regulatory recovery or refunds;

impacts of laws, rules and regulations;

tax liabilities or refunds;

levels and pricing of gas storage contracts;

local or national disasters, pandemic illness, terrorist activities, including cyber-attacks, and other extreme events;

outcomes and effects of potential claims, litigation, regulatory actions, and other administrative matters;

projected obligations under retirement plans;

availability, adequacy, and shift in mix, of gas supplies;

approval and adequacy of regulatory deferrals;

potential regulatory disallowances;

effects of regulatory mechanisms; and

environmental, regulatory, litigation and insurance costs and recoveries, and the timing thereof.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements. We therefore caution you against relying on any of these forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. Important factors that could cause actual results to differ materially from those in the forward-looking statements are discussed in our 2014 Annual Report on Form 10-K, Part I, Item 1A “Risk Factors” and

Part II, Item 7 and Item 7A, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Quantitative and Qualitative Disclosures about Market Risk,” and in Part I, Items 2 and 3, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Quantitative and Qualitative Disclosures About Market Risk,” and Part II, Item 1A, “Risk Factors,” herein.

Any forward-looking statement made by us in this report speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments, or otherwise, except as may be required by law.

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ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

NORTHWEST NATURAL GAS COMPANY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

In thousands, except per share data	Three Months Ended		Six Months Ended	
	June 30, 2015	2014	June 30, 2015	2014
Operating revenues	\$ 138,280	\$ 133,169	\$ 399,945	\$ 426,555
Operating expenses:				
Cost of gas	62,176	58,280	187,881	213,481
Operations and maintenance	35,311	34,731	89,427	70,117
General taxes	7,649	7,183	16,381	15,365
Depreciation and amortization	20,230	19,709	40,341	39,298
Total operating expenses	125,366	119,903	334,030	338,261
Income from operations	12,914	13,266	65,915	88,294
Other income and expense, net	1,135	262	6,184	1,645
Interest expense, net	10,438	11,677	20,919	23,219
Income before income taxes	3,611	1,851	51,180	66,720
Income tax expense	1,414	780	20,497	27,765
Net income	2,197	1,071	30,683	38,955
Other comprehensive income:				
Amortization of non-qualified employee benefit plan liability, net of taxes of \$217 and \$108 for the three months ended and \$433 and \$216 for the six months ended June 30, 2015 and 2014, respectively	331	166	663	331
Comprehensive income	\$ 2,528	\$ 1,237	\$ 31,346	\$ 39,286
Average common shares outstanding:				
Basic	27,343	27,139	27,322	27,116
Diluted	27,388			