

SOUTHWEST GAS CORP
Form 10-Q
May 08, 2013

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 March 31, 2013

Commission File Number 1-7850

SOUTHWEST GAS CORPORATION

(Exact name of registrant as specified in its charter)

California	88-0085720
(State or other jurisdiction of	(I.R.S. Employer
incorporation or organization)	Identification No.)
5241 Spring Mountain Road	
Post Office Box 98510	
Las Vegas, Nevada	89193-8510
(Address of principal executive offices)	(Zip Code)
Registrant's telephone number, including area code: (702) 876-7237	

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ 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 ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

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Common Stock, \$1 Par Value, 46,328,592 shares as of May 1, 2013.

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March 31, 2013

PART I - FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****SOUTHWEST GAS CORPORATION AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

(Thousands of dollars, except par value)

(Unaudited)

	MARCH 31, 2013	DECEMBER 31, 2012
ASSETS		
Utility plant:		
Gas plant	\$ 5,043,710	\$ 5,019,500
Less: accumulated depreciation	(1,780,415)	(1,750,795)
Acquisition adjustments, net	866	911
Construction work in progress	84,483	74,178
Net utility plant	3,348,644	3,343,794
Other property and investments	243,866	242,096
Current assets:		
Cash and cash equivalents	33,081	25,530
Accounts receivable, net of allowances	208,317	196,913
Accrued utility revenue	43,600	72,000
Income taxes receivable, net	-	2,945
Deferred income taxes	12,303	47,088
Deferred purchased gas costs	1,501	6,031
Prepays and other current assets	71,423	107,910
Total current assets	370,225	458,417
Deferred charges and other assets	441,779	443,750
Total assets	\$ 4,404,514	\$ 4,488,057
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock, \$1 par (authorized - 60,000,000 shares; issued and outstanding - 46,325,592 and 46,147,788 shares)	\$ 47,956	\$ 47,778
Additional paid-in capital	832,588	828,777
Accumulated other comprehensive income (loss), net	(49,576)	(50,745)
Retained earnings	549,656	484,369
Total Southwest Gas Corporation equity	1,380,624	1,310,179
Noncontrolling interest	(1,780)	(1,681)

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Total equity	1,378,844	1,308,498
Long-term debt, less current maturities	1,250,829	1,268,373
Total capitalization	2,629,673	2,576,871
Current liabilities:		
Current maturities of long-term debt	5,165	50,137
Accounts payable	120,266	155,667
Customer deposits	78,642	77,858
Income taxes payable	1,731	-
Accrued general taxes	53,767	37,644
Accrued interest	17,534	16,080
Deferred purchased gas costs	42,983	98,957
Other current liabilities	95,819	98,786
Total current liabilities	415,907	535,129
Deferred income taxes and other credits:		
Deferred income taxes and investment tax credits	622,357	616,184
Taxes payable	485	551
Accumulated removal costs	262,000	256,000
Other deferred credits	474,092	503,322
Total deferred income taxes and other credits	1,358,934	1,376,057
Total capitalization and liabilities	\$ 4,404,514	\$ 4,488,057

The accompanying notes are an integral part of these statements.

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SOUTHWEST GAS CORPORATION AND SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(In thousands, except per share amounts)

(Unaudited)

	THREE MONTHS ENDED MARCH 31,		TWELVE MONTHS ENDED MARCH 31,	
	2013	2012	2013	2012
Operating revenues:				
Gas operating revenues	\$ 493,600	\$ 530,713	\$ 1,284,615	\$ 1,380,226
Construction revenues	119,905	126,932	599,023	536,167
Total operating revenues	613,505	657,645	1,883,638	1,916,393
Operating expenses:				
Net cost of gas sold	200,608	242,747	437,463	572,430
Operations and maintenance	97,087	95,850	371,216	363,398
Depreciation and amortization	58,933	54,163	228,192	205,770
Taxes other than income taxes	11,795	10,731	42,792	41,811
Construction expenses	106,688	119,531	528,680	474,616
Total operating expenses	475,111	523,022	1,608,343	1,658,025
Operating income	138,394	134,623	275,295	258,368
Other income and (expenses):				
Net interest deductions	(15,878)	(17,159)	(66,739)	(68,802)
Other income (deductions)	4,069	5,428	3,052	294
Total other income and (expenses)	(11,809)	(11,731)	(63,687)	(68,508)
Income before income taxes	126,585	122,892	211,608	189,860
Income tax expense	45,911	44,057	77,130	67,616
Net income	80,674	78,835	134,478	122,244
Net income (loss) attributable to noncontrolling interest	(99)	(84)	(707)	(413)
Net income attributable to Southwest Gas Corporation	\$ 80,773	\$ 78,919	\$ 135,185	\$ 122,657
Basic earnings per share	\$ 1.75	\$ 1.71	\$ 2.93	\$ 2.67
Diluted earnings per share	\$ 1.73	\$ 1.70	\$ 2.90	\$ 2.65
Dividends declared per share	\$ 0.330	\$ 0.295	\$ 1.215	\$ 1.090

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Average number of common shares outstanding	46,251	46,068	46,160	45,934
Average shares outstanding (assuming dilution)	46,650	46,467	46,600	46,363

The accompanying notes are an integral part of these statements.

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March 31, 2013**SOUTHWEST GAS CORPORATION AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(Thousands of dollars)

(Unaudited)

	THREE MONTHS ENDED MARCH 31,		TWELVE MONTHS ENDED MARCH 31,	
	2013	2012	2013	2012
Net Income	\$ 80,674	\$ 78,835	\$ 134,478	\$ 122,244
Other comprehensive income (loss), net of tax				
Defined benefit pension plans:				
Net actuarial gain (loss)	-	-	(46,409)	(84,005)
Amortization of transition obligation	-	134	404	537
Amortization of net actuarial loss	5,298	3,968	17,200	11,209
Prior service				