

SHENANDOAH TELECOMMUNICATIONS CO/VA/
Form 10-Q
August 08, 2007

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2007

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

For the transition period from _____ to _____

Commission File No.: 000-09881

SHENANDOAH TELECOMMUNICATIONS COMPANY
(Exact name of registrant as specified in its charter)

VIRGINIA
(State or other jurisdiction of
incorporation or organization)

54-1162807
(I.R.S. Employer Identification No.)

500 Shentel Way, Edinburg, Virginia 22824
(Address of principal executive offices) (Zip Code)

(540) 984-4141
(Registrant's telephone number, including area code)

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

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

The number of shares of the registrant's common stock outstanding on July 27, 2007 was 23,376,858, adjusted for the previously announced, 3 for 1 stock split effective August 2, 2007.

SHENANDOAH TELECOMMUNICATIONS COMPANY
INDEX

	Page Numbers
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements	
<u>Unaudited Condensed Consolidated Balance Sheets</u> <u>June 30, 2007 and December 31, 2006</u>	3-4
<u>Unaudited Condensed Consolidated Statements of Income for the</u> <u>Three Months and Six Months Ended June 30, 2007 and 2006</u>	5
<u>Unaudited Condensed Consolidated Statements of</u> <u>Shareholders' Equity and Comprehensive Income</u> <u>for the Six Months Ended June 30, 2007 and the</u> <u>Year Ended December 31, 2006</u>	6
<u>Unaudited Condensed Consolidated Statements of Cash Flows for the</u> <u>Six Months Ended June 30, 2007 and 2006</u>	7-8
<u>Notes to Unaudited Condensed Consolidated</u> <u>Financial Statements</u>	9-17
Item 2. <u>Management's Discussion and Analysis of</u> <u>Financial Condition and Results of Operations</u>	18-28
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	28
Item 4. <u>Controls and Procedures</u>	29
PART II. OTHER INFORMATION	
Item 1. <u>Legal Proceedings</u>	30
Item 1A. <u>Risk Factors</u>	30
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	30
Item 6. <u>Exhibits</u>	31
<u>Signatures</u>	32
<u>Exhibit Index</u>	33

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

ASSETS	June 30, 2007	December 31, 2006
Current Assets		
Cash and cash equivalents	\$ 23,256	\$ 13,440
Accounts receivable, net	11,655	11,611
Materials and supplies	3,706	2,499
Prepaid expenses and other	2,487	2,016
Deferred income taxes	2,023	1,297
Total current assets	43,127	30,863
Investments	9,666	7,075
Property, Plant and Equipment		
Plant in service	276,165	267,622
Plant under construction	5,236	6,439
	281,401	274,061
Less accumulated amortization and depreciation	131,470	118,417
Net property, plant and equipment	149,931	155,644
Other Assets		
Intangible assets, net	2,565	2,799
Cost in excess of net assets of businesses acquired	9,852	9,852
Deferred charges and other assets, net	1,521	1,487
Net other assets	13,938	14,138
Total assets	\$ 216,662	\$ 207,720

See accompanying notes to unaudited condensed consolidated financial statements.

(Continued)

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

LIABILITIES AND SHAREHOLDERS EQUITY	June 30, 2007	December 31, 2006
Current Liabilities		
Current maturities of long-term debt	\$ 4,177	\$ 4,109
Accounts payable	4,942	7,364
Advanced billings and customer deposits	5,149	4,975
Accrued compensation	2,208	1,974
Income taxes payable	1,156	23
Accrued liabilities and other	4,048	2,835
Total current liabilities	21,680	21,280
Long-term debt, less current maturities	19,801	21,907
Other Long-Term Liabilities		
Deferred income taxes	21,632	22,515
Pension and other	4,776	4,303
Deferred lease payable	2,641	2,526
Total other liabilities	29,049	29,344
Commitments and Contingencies		
Shareholders Equity		
Common stock	12,215	11,322
Retained earnings	135,708	125,690
Accumulated other comprehensive loss, net of tax	(1,791)	(1,823)
Total shareholders equity	146,132	135,189
Total liabilities and shareholders equity	\$ 216,662	\$ 207,720

See accompanying notes to unaudited condensed consolidated financial statements.

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Operating revenues	\$ 35,101	\$ 41,426	\$ 68,149	\$ 81,226
Operating expenses:				
Cost of goods and services, exclusive of depreciation and amortization shown separately below	11,068	17,563	22,470	34,447
Selling, general and administrative, exclusive of depreciation and amortization shown separately below	7,070	11,977	14,544	24,204
Depreciation and amortization	7,225	7,114	14,313	13,653
Total operating expenses	25,363	36,654	51,327	72,304
Operating income	9,738	4,772	16,822	8,922
Other income (expense):				
Interest expense, net	(472)	(610)	(979)	(1,258)
Gain on investments, net	348	211	408	10,728
Non-operating income, net	403	309	659	432
Income before income taxes and cumulative effect of a change in accounting	10,017	4,682	16,910	18,824
Income tax expense	4,070	1,899	6,892	7,421
Net income before cumulative effect of a change in accounting	5,947	2,783	10,018	11,403
Cumulative effect of a change in accounting, net of income taxes				(77)
Net income	\$ 5,947	\$ 2,783	\$ 10,018	\$ 11,326
Income per share:				
Basic net income per share:				
Net income before cumulative effect of a change in accounting	\$ 0.25	\$ 0.12	\$ 0.43	\$ 0.49
Cumulative effect of a change in accounting, net of income taxes				
	\$ 0.25	\$ 0.12	\$ 0.43	\$ 0.49
Weighted average shares outstanding, basic	23,350	23,127	23,327	23,106
Diluted net income per share:	\$ 0.25	\$ 0.12	\$ 0.43	\$ 0.49

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Net income before cumulative effect of a change in
accounting

Cumulative effect of a change in accounting, net of income
taxes

\$	0.25	\$	0.12	\$	0.43	\$	0.49
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Weighted average shares, diluted

23,477	23,310	23,461	23,301
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See accompanying notes to unaudited condensed consolidated financial statements.

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
AND COMPREHENSIVE INCOME

(in thousands, except per share amounts)

	Shares	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2005	23,061	\$ 8,128	\$ 113,576	\$ (104)	\$ 121,600
Comprehensive income:					
Net income			17,922		17,922
SERP additional minimum pension liability				104	104
Net unrealized loss from pension plans, net of tax				(1,823)	(1,823)
Total comprehensive income					16,203
Dividends declared (\$0.25 per share)			(5,808)		(5,808)
Dividends reinvested in common stock	30	474			474
Common stock repurchased		(6)			(6)
Stock-based compensation		94			94
Conversion of liability classified awards to equity classified awards		1,037			1,037
Common stock issued through exercise of incentive stock options	193	1,368			1,368
Net excess tax benefit from stock options exercised		227			227