

NORTHWEST NATURAL GAS CO
Form 10-Q
November 08, 2007
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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 September 30, 2007

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 No. 1-15973

NORTHWEST NATURAL GAS COMPANY

(Exact name of registrant as specified in its charter)

Oregon
(State or other jurisdiction of

93-0256722
(I.R.S. Employer

incorporation or organization)

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 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

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

At October 31, 2007, 26,452,275 shares of the registrant's Common Stock (the only class of Common Stock) were outstanding.

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NORTHWEST NATURAL GAS COMPANY

For the Quarterly Period Ended September 30, 2007

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NORTHWEST NATURAL GAS COMPANY

PART I. FINANCIAL INFORMATION

Consolidated Statements of Income

(Unaudited)

Thousands, except per share amounts	Three Months Ended		Nine Months Ended	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
Operating revenues:				
Gross operating revenues	\$ 124,245	\$ 114,914	\$ 701,585	\$ 676,284
Less: Cost of sales	71,570	70,634	431,783	431,069
Revenue taxes	3,012	2,939	17,013	16,663
Net operating revenues	49,663	41,341	252,789	228,552
Operating expenses:				
Operations and maintenance	27,111	25,640	84,370	81,796
General taxes	6,389	5,595	19,557	19,234
Depreciation and amortization	17,173	16,196	50,930	47,988
Total operating expenses	50,673	47,431	154,857	149,018
Income (loss) from operations	(1,010)	(6,090)	97,932	79,534
Other income and expense - net	736	314	793	1,242
Interest charges - net of amounts capitalized	9,395	9,781	27,763	28,820
Income (loss) before income taxes	(9,669)	(15,557)	70,962	51,956
Income tax expense (benefit)	(3,761)	(5,833)	26,178	18,653
Net income (loss)	\$ (5,908)	\$ (9,724)	\$ 44,784	\$ 33,303
Average common shares outstanding:				
Basic	26,609	27,556	26,945	27,568
Diluted	26,609	27,556	27,109	27,686
Earnings (loss) per share of common stock:				
Basic	\$ (0.22)	\$ (0.35)	\$ 1.66	\$ 1.21
Diluted	\$ (0.22)	\$ (0.35)	\$ 1.65	\$ 1.20

See Notes to Consolidated Financial Statements.

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NORTHWEST NATURAL GAS COMPANY

PART I. FINANCIAL INFORMATION

Consolidated Balance Sheets

	Sept. 30, 2007	Sept. 30, 2006	Dec. 31, 2006
Thousands	(Unaudited)	(Unaudited)	2006
Assets:			
Plant and property:			
Utility plant	\$ 2,025,106	\$ 1,939,673	\$ 1,963,498
Less accumulated depreciation	604,957	566,972	574,093
Utility plant - net	1,420,149	1,372,701	1,389,405
Non-utility property			
Less accumulated depreciation and amortization	61,025	41,662	42,652
Non-utility property - net	7,637	6,684	6,916
Non-utility property - net	53,388	34,978	35,736
Total plant and property	1,473,537	1,407,679	1,425,141
Current assets:			
Cash and cash equivalents	4,642	5,685	5,767
Accounts receivable	33,328	31,791	82,070
Accrued unbilled revenue	20,886	19,316	87,548
Allowance for uncollectible accounts	(1,726)	(2,060)	(3,033)
Regulatory assets	27,979	37,519	31,509
Fair value of non-trading derivatives	1,423	10,205	5,109
Inventories:			
Gas	79,607	94,808	68,576
Materials and supplies	9,264	9,723	9,552
Income taxes receivable	15,111	12,052	
Prepayments and other current assets	14,449	44,125	21,695
Total current assets	204,963	263,164	308,793
Investments, deferred charges and other assets:			
Regulatory assets	197,333	106,286	164,771
Fair value of non-trading derivatives	950	1,955	1,448
Other investments	51,014	55,695	47,985
Other	8,304	8,781	8,718
Total investments, deferred charges and other assets	257,601	172,717	222,922
Total assets	\$ 1,936,101	\$ 1,843,560	\$ 1,956,856

See Notes to Consolidated Financial Statements.

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NORTHWEST NATURAL GAS COMPANY

PART I. FINANCIAL INFORMATION

Consolidated Balance Sheets

	Sept. 30, 2007	Sept. 30, 2006	Dec. 31, 2006
Thousands	(Unaudited)	(Unaudited)	2006
Capitalization and liabilities:			
Capitalization:			
Common stock	\$ 340,352	\$ 383,897	\$ 371,127
Earnings invested in the business	246,865	210,457	230,774
Accumulated other comprehensive income (loss)	(2,261)	(1,911)	(2,356)
Total common stock equity	584,956	592,443	599,545
Long-term debt	512,000	492,000	517,000
Total capitalization	1,096,956	1,084,443	1,116,545
Current liabilities:			
Notes payable	112,100	103,300	100,100
Long-term debt due within one year	5,000	29,500	29,500
Accounts payable	57,669	64,511	113,579
Taxes accrued	11,898	12,071	21,230
Interest accrued	11,247	11,454	2,924
Regulatory liabilities	51,481	19,005	11,919
Fair value of non-trading derivatives	27,350	32,098	38,772
Other current and accrued liabilities	22,381	16,017	21,455
Total current liabilities	299,126	287,956	339,479
Deferred credits and other liabilities:			
Deferred income taxes and investment tax credits	215,981	225,792	210,084
Regulatory liabilities	206,642	187,167	202,982
Pension and other postretirement benefit liabilities	57,099	18,329	52,690
Fair value of non-trading derivatives	9,969	10,367	11,031
Other	50,328	29,506	24,045
Total deferred credits and other liabilities	540,019	471,161	500,832
Commitments and contingencies (see Note 11)			
Total capitalization and liabilities	\$ 1,936,101	\$ 1,843,560	\$ 1,956,856

See Notes to Consolidated Financial Statements.

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NORTHWEST NATURAL GAS COMPANY

PART I. FINANCIAL INFORMATION

Consolidated Statements of Cash Flows

(Unaudited)

Thousands	Nine Months Ended September 30,	
	2007	2006
Operating activities:		
Net income	\$ 44,784	\$ 33,303
Adjustments to reconcile net income to cash provided by operations:		
Depreciation and amortization	50,930	47,988
Deferred income taxes and investment tax credits	4,952	(2,522)
Undistributed earnings from equity investments		