

NORTHWEST NATURAL GAS CO
Form 10-Q
November 05, 2010

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 September 30, 2010

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
incorporation or organization)

93-0256722
(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 reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer 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

At October 29, 2010, 26,640,453 shares of the registrant's Common Stock (the only class of Common Stock) were outstanding.

NORTHWEST NATURAL GAS COMPANY

For the Quarterly Period Ended September 30, 2010

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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,” “predicts,” “projects,” “will continue” and similar references to future periods. Examples of forward-looking statements include, but are not limited to statements regarding the following:

- plans;
- objectives;
- goals;
- strategies;
- future events or performance;
 - trends;
 - cyclicalities;
- earnings and dividends;
 - growth;
 - customer rates;
 - commodity costs;
 - financial condition;
- development of projects;
 - competition;
- exploration of new gas supplies;
 - estimated expenditures;
 - costs of compliance;
 - credit exposures;
 - potential efficiencies;
- impacts of new laws and regulations;
- outcomes of litigation, regulatory actions, and other administrative matters;
 - projected obligations under retirement plans;
 - adequacy of, and shift in, mix of gas supplies;
 - adequacy of regulatory deferrals; and
- environmental, regulatory and insurance costs and recovery.

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 caution you therefore 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 2009 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,” respectively.

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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NORTHWEST NATURAL GAS COMPANY
PART I. FINANCIAL INFORMATION

Consolidated Statements of Income
(Unaudited)

Thousands, except per share amounts	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Operating revenues:				
Gross operating revenues	\$ 95,067	\$ 116,854	\$ 543,961	\$ 703,269
Less: Cost of sales	46,359	65,302	281,221	428,864
Revenue taxes	2,497	2,926	13,410	17,221
Net operating revenues	46,211	48,626	249,330	257,184
Operating expenses:				
Operations and maintenance	26,913	27,122	85,985	91,248
General taxes	6,659	6,417	17,451	21,480
Depreciation and amortization	16,003	15,817	47,930	46,704
Total operating expenses	49,575	49,356	151,366	159,432
Income (loss) from operations	(3,364)	(730)	97,964	97,752
Other income and expense - net	1,333	1,238	5,969	2,860
Interest expense - net	10,632	10,672	31,738	30,048
Income (loss) before income taxes	(12,663)	(10,164)	72,195	70,564
Income tax expense (benefit)	(5,243)	(3,431)	29,119	26,848
Net income (loss)	\$ (7,420)	\$ (6,733)	\$ 43,076	\$ 43,716
Average common shares outstanding:				
Basic	26,606	26,515	26,571	26,508
Diluted	26,606	26,515	26,641	26,608
Earnings (loss) per share of common stock:				
Basic	\$ (0.28)	\$ (0.25)	\$ 1.62	\$ 1.65
Diluted	\$ (0.28)	\$ (0.25)	\$ 1.62	\$ 1.64
Dividends per share of common stock	\$ 0.415	\$ 0.395	\$ 1.245	\$ 1.185

See Notes to Consolidated Financial Statements

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NORTHWEST NATURAL GAS COMPANY
PART I. FINANCIAL INFORMATION

Consolidated Balance Sheets
(Unaudited)

Thousands	September 30,	September 30,	December 31,
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