

ALLIANCE RESOURCE PARTNERS LP
Form 10-Q
August 08, 2014
Table of Contents

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 June 30, 2014

OR

o 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.: 0-26823

ALLIANCE RESOURCE PARTNERS, L.P.

(Exact name of registrant as specified in its charter)

Delaware

73-1564280

(State or other jurisdiction of
incorporation or organization)

(IRS Employer Identification No.)

1717 South Boulder Avenue, Suite 400, Tulsa, Oklahoma 74119

(Address of principal executive offices and zip code)

(918) 295-7600

(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 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 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 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

As of August 8, 2014, 74,060,634 common units are outstanding.

Table of Contents

TABLE OF CONTENTS

PART I

FINANCIAL INFORMATION

	<u>Page</u>
<u>ITEM 1.</u>	
<u>Financial Statements (Unaudited)</u>	
<u>ALLIANCE RESOURCE PARTNERS, L.P. AND SUBSIDIARIES</u>	
<u>Condensed Consolidated Balance Sheets as of June 30, 2014 and December 31, 2013</u>	1
<u>Condensed Consolidated Statements of Income for the three and six months ended June 30, 2014 and 2013</u>	2
<u>Condensed Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2014 and 2013</u>	3
<u>Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2014 and 2013</u>	4
<u>Notes to Condensed Consolidated Financial Statements</u>	5
<u>ITEM 2.</u>	
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	17
<u>ITEM 3.</u>	
<u>Quantitative and Qualitative Disclosures about Market Risk</u>	33
<u>ITEM 4.</u>	
<u>Controls and Procedures</u>	34
<u>Forward-Looking Statements</u>	35

PART II

OTHER INFORMATION

<u>ITEM 1.</u>	<u>Legal Proceedings</u>	37
<u>ITEM 1A.</u>	<u>Risk Factors</u>	37
<u>ITEM 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	37
<u>ITEM 3.</u>	<u>Defaults Upon Senior Securities</u>	37
<u>ITEM 4.</u>	<u>Mine Safety Disclosures</u>	37
<u>ITEM 5.</u>	<u>Other Information</u>	37
<u>ITEM 6.</u>	<u>Exhibits</u>	38

Table of Contents**PART I****FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****ALLIANCE RESOURCE PARTNERS, L.P. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

(In thousands, except unit data)

(Unaudited)

ASSETS	June 30, 2014	December 31, 2013
CURRENT ASSETS:		
Cash and cash equivalents	\$ 19,435	\$ 93,654
Trade receivables	174,753	153,662
Other receivables	1,104	776
Due from affiliates	3,134	1,964
Inventories	54,491	44,214
Advance royalties	11,072	11,454
Prepaid expenses and other assets	5,544	16,186
Total current assets	269,533	321,910
PROPERTY, PLANT AND EQUIPMENT:		
Property, plant and equipment, at cost	2,703,121	2,645,872
Less accumulated depreciation, depletion and amortization	(1,067,836)	(1,031,493)
Total property, plant and equipment, net	1,635,285	1,614,379
OTHER ASSETS:		
Advance royalties	19,021	18,813
Due from affiliate	11,361	11,560
Equity investments in affiliates	176,506	130,410
Other long-term assets	24,287	24,826
Total other assets	231,175	185,609
TOTAL ASSETS	\$ 2,135,993	\$ 2,121,898
LIABILITIES AND PARTNERS CAPITAL		
CURRENT LIABILITIES:		
Accounts payable	\$ 89,871	\$ 79,371
Due to affiliates	161	290
Accrued taxes other than income taxes	23,318	19,061
Accrued payroll and related expenses	43,307	47,105
Accrued interest	906	996
Workers compensation and pneumoconiosis benefits	9,287	9,065
Current capital lease obligations	1,306	1,288

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Other current liabilities	13,622	18,625
Current maturities, long-term debt	248,000	36,750
Total current liabilities	429,778	212,551

LONG-TERM LIABILITIES:

Long-term debt, excluding current maturities	533,750	831,250
Pneumoconiosis benefits	50,924	48,455
Accrued pension benefit	16,933	18,182
Workers compensation	53,334	54,949
Asset retirement obligations	76,404	80,807
Long-term capital lease obligations	16,383	17,135
Other liabilities	6,326	7,332
Total long-term liabilities	754,054	1,058,110
Total liabilities	1,183,832	1,270,661

COMMITMENTS AND CONTINGENCIES

PARTNERS CAPITAL:

Limited Partners - Common Unitholders 74,060,634 and 73,926,108 units outstanding, respectively	1,225,554	1,128,519
General Partners deficit	(263,535)	(267,563)
Accumulated other comprehensive loss	(9,858)	(9,719)
Total Partners Capital	952,161	851,237
TOTAL LIABILITIES AND PARTNERS CAPITAL	\$ 2,135,993	\$ 2,121,898

See notes to condensed consolidated financial statements.

Table of Contents**ALLIANCE RESOURCE PARTNERS, L.P. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF INCOME****(In thousands, except unit and per unit data)****(Unaudited)**

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2014	2013	2014	2013
SALES AND OPERATING REVENUES:				
Coal sales	\$ 575,191	\$ 541,574	\$ 1,100,736	\$ 1,076,083
Transportation revenues	5,810	4,971	11,815	11,905
Other sales and operating revenues	17,561	7,026	28,049	13,638
Total revenues	598,562	553,571	1,140,600	1,101,626
EXPENSES:				
Operating expenses (excluding depreciation, depletion and amortization)	352,893	347,437	675,135	696,012
Transportation expenses	5,810	4,971	11,815	11,905
Outside coal purchases	2	790	4	1,392
General and administrative	19,771	16,597	37,206	31,843
Depreciation, depletion and amortization	67,052	68,207	133,893	132,589
Total operating expenses	445,528	438,002	858,053	873,741
INCOME FROM OPERATIONS	153,034	115,569	282,547	227,885
Interest expense (net of interest capitalized for the three and six months ended June 30, 2014 and 2013 of \$61, \$2,873, \$833 and \$5,404, respectively)	(8,748)	(6,218)	(16,811)	(12,836)
Interest income	417	178	806	312
Equity in loss of affiliates, net	(7,373)	(5,699)	(13,614)	(9,566)
Other income	323	353	629	627
INCOME BEFORE INCOME TAXES	137,653	104,183	253,557	206,422
INCOME TAX EXPENSE (BENEFIT)	-	109	-	(589)
NET INCOME	\$ 137,653	\$ 104,074	\$ 253,557	\$ 207,011
GENERAL PARTNERS INTEREST IN NET INCOME	\$ 34,781	\$ 30,592	\$ 68,149	\$ 60,362
LIMITED PARTNERS INTEREST IN NET INCOME	\$ 102,872	\$ 73,482	\$ 185,408	\$ 146,649
BASIC AND DILUTED NET INCOME PER LIMITED PARTNER UNIT (Note 7)	\$ 1.37	\$ 0.98	\$ 2.47	\$ 1.96
DISTRIBUTIONS PAID PER LIMITED PARTNER UNIT	\$ 0.61125	\$ 0.565	\$ 1.21	\$ 1.11875
WEIGHTED AVERAGE NUMBER OF UNITS OUTSTANDING BASIC AND DILUTED	74,060,634	73,926,108	74,027,932	73,882,298

See notes to condensed consolidated financial statements.

[Table of Contents](#)

ALLIANCE RESOURCE PARTNERS, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

(Unaudited)

	Three Months Ended		Six Months Ended	
	2014	June 30, 2013	2014	June 30, 2013
NET INCOME	\$ 137,653	\$ 104,074	\$ 253,557	\$ 207,011

OTHER COMPREHENSIVE (LOSS)/INCOME:

Defined benefit pension plan: