

USA Compression Partners, LP
Form 10-Q
August 05, 2015
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UNITED STATES
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, 2015

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. 001-35779

USA Compression Partners, LP

(Exact name of registrant as specified in its charter)

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Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

75-2771546
(I.R.S. Employer
Identification No.)

100 Congress Avenue, Suite 450
Austin, Texas
(Address of principal executive offices)

78701
(Zip Code)

(512) 473-2662

(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 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

As of August 3, 2015, there were 32,768,844 common units and 14,048,588 subordinated units outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

USA COMPRESSION PARTNERS, LP AND SUBSIDIARIES

Unaudited Condensed Consolidated Balance Sheets

(Dollars in thousands, except for unit amounts)

	June 30, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 7	\$ 6
Accounts receivable, net:		
Trade, net	23,056	25,159
Other	2,874	2,926
Inventory	20,705	8,923
Prepaid expenses	2,294	1,020
Total current assets	48,936	38,034
Property and equipment, net	1,264,877	1,162,637
Installment receivable	18,786	20,241
Identifiable intangible assets, net	80,565	82,357
Goodwill	208,055	208,055
Other assets	7,671	5,158
Total assets	\$ 1,628,890	\$ 1,516,482
Liabilities and Partners' Capital		
Current liabilities:		
Accounts payable	\$ 20,144	\$ 44,535
Accrued liabilities	22,281	21,708
Deferred revenue	16,880	15,855
Total current liabilities	59,305	82,098
Long-term debt	753,011	594,864
Partners' capital:		
Limited partner interest:		
Common units, 32,768,844 and 31,307,116 units issued and outstanding, respectively	594,212	600,401

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Subordinated units, 14,048,588 issued and outstanding each period	209,236	225,221
General partner interest	13,126	13,898
Total partners' capital	816,574	839,520
Total liabilities and partners' capital	\$ 1,628,890	\$ 1,516,482

See accompanying notes to unaudited condensed consolidated financial statements.

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USA COMPRESSION PARTNERS, LP AND SUBSIDIARIES

Unaudited Condensed Consolidated Statements of Operations

(Dollars in thousands, except unit amounts)

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Revenues:				
Contract operations	\$ 65,552	\$ 52,678	\$ 129,587	\$ 102,022
Parts and service	838	588	1,803	1,446
Total revenues	66,390	53,266	131,390	103,468
Costs and expenses:				
Cost of operations, exclusive of depreciation and amortization	19,079	17,997	38,290	35,714
Selling, general and administrative	10,350	10,186	20,079	18,655
Depreciation and amortization	21,507	17,044	42,238	33,264
Loss (gain) on sale of assets	(23)	(2,520)	(218)	(2,291)
Impairment of compression equipment (Note 3)	26,829	—	26,829	—
Total costs and expenses	77,742	42,707	127,218	85,342
Operating income (loss)	(11,352)	10,559	4,172	18,126
Other income (expense):				
Interest expense, net	(4,415)	(3,043)	(8,409)	(6,592)
Other	5	2	10	2
Total other expense	(4,410)	(3,041)	(8,399)	(6,590)
Net income (loss) before income tax expense	(15,762)	7,518	(4,227)	11,536
Income tax expense	142	—	221	103
Net income (loss)	\$ (15,904)	\$ 7,518	\$ (4,448)	\$ 11,433
Net income (loss) allocated to:				
General partner's interest in net income (loss)	\$ (7)	\$ 188	\$ 362	\$ 274
Limited partners' interest in net income (loss):				
Common units	\$ (11,043)	\$ 5,332	\$ (3,225)	\$ 7,769
Subordinated units	\$ (4,854)	\$ 1,998	\$ (1,585)	\$ 3,390
Weighted average common units outstanding:				
Basic	32,449,180	27,290,699	32,072,282	25,557,737
Diluted	32,449,180	27,327,545	32,072,282	25,626,850
Weighted average subordinated units outstanding:				