

SOUTHWEST GAS CORP  
Form 10-Q  
May 09, 2012

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 March 31, 2012

Commission File Number 1-7850

## SOUTHWEST GAS CORPORATION

(Exact name of registrant as specified in its charter)

California  
(State or other jurisdiction of  
incorporation or organization)

88-0085720  
(I.R.S. Employer  
Identification No.)

5241 Spring Mountain Road  
Post Office Box 98510

Las Vegas, Nevada  
(Address of principal executive offices)

89193-8510  
(Zip Code)

**Registrant's telephone number, including area code: (702) 876-7237**

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, non-accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

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Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Common Stock, \$1 Par Value, 46,112,072 shares as of April 27, 2012.

**PART I FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****SOUTHWEST GAS CORPORATION AND SUBSIDIARIES**

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Thousands of dollars, except par value)

(Unaudited)

	MARCH 31, 2012	DECEMBER 31, 2011
<b>ASSETS</b>		
Utility plant:		
Gas plant	\$ 4,842,972	\$ 4,811,050
Less: accumulated depreciation	(1,667,904)	(1,638,091)
Acquisition adjustments, net	1,045	1,091
Construction work in progress	58,817	44,894
Net utility plant	3,234,930	3,218,944
Other property and investments	220,847	192,004
Restricted cash	-	12,785
Current assets:		
Cash and cash equivalents	218,060	21,937
Accounts receivable, net of allowances	210,735	209,246
Accrued utility revenue	43,700	70,300
Income taxes receivable, net	2,299	7,793
Deferred income taxes	33,815	53,435
Deferred purchased gas costs	-	2,323
Prepays and other current assets	77,330	96,598
Total current assets	585,939	461,632
Deferred charges and other assets	395,381	390,642
Total assets	\$ 4,437,097	\$ 4,276,007
<b>CAPITALIZATION AND LIABILITIES</b>		
Capitalization:		
Common stock, \$1 par (authorized - 60,000,000 shares; issued and outstanding - 46,110,072 and 45,956,088 shares)	\$ 47,740	\$ 47,586
Additional paid-in capital	823,460	821,640
Accumulated other comprehensive income (loss), net	(46,840)	(49,331)
Retained earnings	471,265	406,125
Total Southwest Gas Corporation equity	1,295,625	1,226,020
Noncontrolling interest	(1,073)	(989)

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Total equity	1,294,552	1,225,031
Long-term debt, less current maturities	1,188,076	930,858
<b>Total capitalization</b>	<b>2,482,628</b>	<b>2,155,889</b>
Current liabilities:		
Current maturities of long-term debt	205,055	322,618
Accounts payable	132,544	186,755
Customer deposits	83,138	83,839
Accrued general taxes	58,565	42,102
Accrued interest	19,305	16,699
Deferred purchased gas costs	75,715	72,426
Other current liabilities	115,012	123,129
<b>Total current liabilities</b>	<b>689,334</b>	<b>847,568</b>
Deferred income taxes and other credits:		
Deferred income taxes and investment tax credits	578,563	557,118
Taxes payable	759	828
Accumulated removal costs	239,000	233,000
Other deferred credits	446,813	481,604
<b>Total deferred income taxes and other credits</b>	<b>1,265,135</b>	<b>1,272,550</b>
<b>Total capitalization and liabilities</b>	<b>\$ 4,437,097</b>	<b>\$ 4,276,007</b>

The accompanying notes are an integral part of these statements.

## SOUTHWEST GAS CORPORATION AND SUBSIDIARIES

### CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share amounts)

(Unaudited)

	THREE MONTHS ENDED		TWELVE MONTHS ENDED	
	MARCH 31,		MARCH 31,	
	2012	2011	2012	2011
<b>Operating revenues:</b>				
Gas operating revenues	\$ 530,713	\$ 553,853	\$ 1,380,226	\$ 1,451,251
Construction revenues	126,932	74,587	536,167	338,809
<b>Total operating revenues</b>	<b>657,645</b>	<b>628,440</b>	<b>1,916,393</b>	<b>1,790,060</b>
<b>Operating expenses:</b>				
Net cost of gas sold	242,747	283,806	572,430	667,726
Operations and maintenance	95,850	90,950	363,398	359,188
Depreciation and amortization	54,163	48,862	205,770	191,629
Taxes other than income taxes	10,731	9,869	41,811	38,972
Construction expenses	119,531	68,618	474,616	295,825
<b>Total operating expenses</b>	<b>523,022</b>	<b>502,105</b>	<b>1,658,025</b>	<b>1,553,340</b>
<b>Operating income</b>	<b>134,623</b>	<b>126,335</b>	<b>258,368</b>	<b>236,720</b>
<b>Other income and (expenses):</b>				
Net interest deductions	(17,159)	(17,959)	(68,802)	(75,461)
Other income (deductions)	5,428	(278)	294	4,095
<b>Total other income and (expenses)</b>	<b>(11,731)</b>	<b>(18,237)</b>	<b>(68,508)</b>	<b>(71,366)</b>
<b>Income before income taxes</b>	<b>122,892</b>	<b>108,098</b>	<b>189,860</b>	<b>165,354</b>
Income tax expense	44,057	39,744	67,616	58,007
<b>Net income</b>	<b>78,835</b>	<b>68,354</b>	<b>122,244</b>	<b>107,347</b>
Net income (loss) attributable to noncontrolling interest	(84)	(195)	(413)	(431)
<b>Net income attributable to Southwest Gas Corporation</b>	<b>\$ 78,919</b>	<b>\$ 68,549</b>	<b>\$ 122,657</b>	<b>\$ 107,778</b>
<b>Basic earnings per share</b>	<b>\$ 1.71</b>	<b>\$ 1.50</b>	<b>\$ 2.67</b>	<b>\$ 2.37</b>
<b>Diluted earnings per share</b>	<b>\$ 1.70</b>	<b>\$ 1.48</b>	<b>\$ 2.65</b>	<b>\$ 2.34</b>
<b>Dividends declared per share</b>	<b>\$ 0.295</b>	<b>\$ 0.265</b>	<b>\$ 1.090</b>	<b>\$ 1.015</b>
<b>Average number of common shares outstanding</b>	<b>46,068</b>	<b>45,763</b>	<b>45,934</b>	<b>45,538</b>
<b>Average shares outstanding (assuming dilution)</b>	<b>46,467</b>	<b>46,178</b>	<b>46,363</b>	<b>45,966</b>

The accompanying notes are an integral part of these statements.



## SOUTHWEST GAS CORPORATION AND SUBSIDIARIES

### CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Thousands of dollars)

(Unaudited)

	THREE MONTHS ENDED		TWELVE MONTHS ENDED	
	MARCH 31,		MARCH 31,	
	2012	2011	2012	2011
Net Income	\$ 78,835	\$ 68,354	\$ 122,244	\$ 107,347
Other comprehensive income (loss), net of tax				
Defined benefit pension plans:				
Net actuarial gain (loss)	-	-	(84,005)	(5,616)
Amortization of transition obligation	134	134	537	537
Amortization of net loss	3,968	2,412	11,209	8,048
Regulatory adjustment	(3,626)	(2,226)	64,277	(148)
Net defined benefit pension plans	476	320	(7,982)	2,821
Forward-starting interest rate swaps:				
Unrealized/realized gain (loss)	1,834	416	(9,716)	(10,408)
Amounts reclassified into net income				