

RGC RESOURCES INC  
Form 10-Q  
February 06, 2015

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 Quarterly Period Ended December 31, 2014  
Commission File Number 000-26591

RGC Resources, Inc.(Exact name of Registrant as  
Specified in its Charter)

VIRGINIA 54-1909697  
(State or Other Jurisdiction of (I.R.S. Employer  
Incorporation or Organization) Identification No.)

519 Kimball Ave., N.E., Roanoke, VA 24016  
(Address of Principal Executive Offices) (Zip Code)

(540) 777-4427  
(Registrant's Telephone Number, Including Area Code)

None  
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) 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

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

Class Outstanding at January 31, 2015  
Common Stock, \$5 Par Value 4,722,352



RGC RESOURCES, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

	Unaudited December 31, 2014	September 30, 2014
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$699,939	\$849,757
Accounts receivable (less allowance for uncollectibles of \$203,942 and \$70,747, respectively)	10,957,568	3,730,173
Materials and supplies	892,152	893,672
Gas in storage	9,255,754	11,402,990
Prepaid income taxes	1,942,827	1,144,214
Deferred income taxes	1,660,011	1,704,320
Under-recovery of gas costs	—	180,831
Other	1,774,869	1,104,660
Total current assets	27,183,120	21,010,617
<b>UTILITY PROPERTY:</b>		
In service	161,273,321	155,360,200
Accumulated depreciation and amortization	(51,258,655)	(50,645,642)
In service, net	110,014,666	104,714,558
Construction work in progress	1,904,941	4,029,019
Utility plant, net	111,919,607	108,743,577
<b>OTHER ASSETS:</b>		
Regulatory assets	9,279,994	9,273,389
Other	322,402	293,139
Total other assets	9,602,396	9,566,528
<b>TOTAL ASSETS</b>	<b>\$148,705,123</b>	<b>\$139,320,722</b>
See notes to condensed consolidated financial statements.		

RGC RESOURCES, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

	Unaudited December 31, 2014	September 30, 2014
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Borrowings under line-of-credit	\$ 15,523,936	\$ 9,045,050
Dividends payable	909,053	873,326
Accounts payable	5,511,277	5,367,299
Customer credit balances	1,513,076	1,373,927
Customer deposits	1,642,049	1,492,150
Accrued expenses	1,664,641	2,200,882
Over-recovery of gas costs	190,870	—
Total current liabilities	26,954,902	20,352,634
<b>LONG-TERM DEBT</b>	<b>30,500,000</b>	<b>30,500,000</b>
<b>DEFERRED CREDITS AND OTHER LIABILITIES:</b>		
Asset retirement obligations	4,843,961	4,802,015
Regulatory cost of retirement obligations	8,739,005	8,575,147
Benefit plan liabilities	7,932,154	8,459,436
Deferred income taxes and investment tax credits	16,641,118	14,610,643
Total deferred credits and other liabilities	38,156,238	36,447,241
<b>STOCKHOLDERS' EQUITY:</b>		
Common stock, \$5 par value; authorized 10,000,000 shares; issued and outstanding 4,722,076 and 4,720,378, respectively	23,610,380	23,601,890
Preferred stock, no par, authorized 5,000,000 shares; no shares issued and outstanding	—	—
Capital in excess of par value	8,277,211	8,237,228
Retained earnings	22,336,378	21,321,055
Accumulated other comprehensive loss	(1,129,986	) (1,139,326 )
Total stockholders' equity	53,093,983	52,020,847
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 148,705,123</b>	<b>\$ 139,320,722</b>

RGC RESOURCES, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
FOR THE THREE-MONTH PERIODS ENDED DECEMBER 31, 2014 AND 2013  
UNAUDITED

	Three Months Ended December	
	31,	
	2014	2013
<b>OPERATING REVENUES:</b>		
Gas utilities	\$20,998,278	\$19,760,987
Other	251,787	250,207
Total operating revenues	21,250,065	20,011,194
<b>COST OF SALES:</b>		
Gas utilities	12,514,594	11,671,994
Other	113,328	136,208
Total cost of sales	12,627,922	11,808,202
<b>GROSS MARGIN</b>	<b>8,622,143</b>	<b>8,202,992</b>
<b>OTHER OPERATING EXPENSES:</b>		
Operations and maintenance	3,424,652	3,343,350
General taxes	405,510	388,197
Depreciation and amortization	1,277,629	1,198,799
Total other operating expenses	5,107,791	4,930,346
<b>OPERATING INCOME</b>	<b>3,514,352</b>	<b>3,272,646</b>
<b>OTHER EXPENSE, Net</b>	<b>(5,879)</b>	<b>) (25,135 )</b>
<b>INTEREST EXPENSE</b>	<b>397,067</b>	<b>464,453</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>3,111,406</b>	<b>2,783,058</b>
<b>INCOME TAX EXPENSE</b>	<b>1,187,030</b>	<b>1,060,270</b>
<b>NET INCOME</b>	<b>\$1,924,376</b>	<b>\$1,722,788</b>
<b>BASIC EARNINGS PER COMMON SHARE</b>	<b>\$0.41</b>	<b>\$0.37</b>
<b>DILUTED EARNINGS PER COMMON SHARE</b>	<b>\$0.41</b>	<b>\$0.37</b>
<b>DIVIDENDS DECLARED PER COMMON SHARE</b>	<b>\$0.1925</b>	<b>\$0.1850</b>