

SOUTH JERSEY INDUSTRIES INC

Form 10-Q

November 08, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 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 September 30, 2012

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 Number 1-6364

SOUTH JERSEY INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

New Jersey

(State of incorporation)

1 South Jersey Plaza, Folsom, NJ 08037

(Address of principal executive offices, including zip code)

(609) 561-9000

(Registrant's telephone number, including area code)

22-1901645

(IRS employer identification no.)

Common Stock

(\$1.25 par value per share)

(Title of each class)

New York Stock Exchange

(Name of exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: None

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.

Large accelerated filer

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

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).

Yes No

As of November 1, 2012 there were 31,262,570 shares of the registrant's common stock outstanding.

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Item 1. Unaudited Condensed Consolidated Financial Statements

SOUTH JERSEY INDUSTRIES, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
 (In Thousands Except for Per Share Data)

	Three Months Ended September 30,	
	2012	2011
Operating Revenues:		
Utility	\$53,999	\$58,208
Nonutility	57,978	79,413
Total Operating Revenues	111,977	137,621
Operating Expenses:		
Cost of Sales - (Excluding depreciation)		
- Utility	20,801	27,242
- Nonutility	49,748	79,413
Operations	25,817	24,002
Maintenance	3,570	3,414
Depreciation	10,602	9,023
Energy and Other Taxes	1,494	1,673
Total Operating Expenses	112,032	144,767
Operating Loss	(55) (7,146
Other Income and Expense	4,359	2,586
Interest Charges	(5,981) (6,242
Loss Before Income Taxes	(1,677) (10,802
Income Taxes	2,576	6,034
Equity in Earnings (Loss) of Affiliated Companies	1,265	(435
Income (Loss) from Continuing Operations	2,164	(5,203
(Loss) Income from Discontinued Operations - (Net of tax benefit or expense)	(151) 65
Net Income (Loss)	\$2,013	\$(5,138
Basic Earnings Per Common Share:		
Continuing Operations	\$0.070	\$(0.173
Discontinued Operations	(0.005) 0.002
Basic Earnings Per Common Share	\$0.065	\$(0.171
Average Shares of Common Stock Outstanding - Basic	30,861	30,029
Diluted Earnings Per Common Share:		
Continuing Operations	\$0.070	\$(0.173
Discontinued Operations	(0.005) 0.002
Diluted Earnings Per Common Share	\$0.065	\$(0.171
Average Shares of Common Stock Outstanding - Diluted	30,945	30,029
Dividends Declared per Common Share	\$0.403	\$0.365

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

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SOUTH JERSEY INDUSTRIES, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
 (In Thousands Except for Per Share Data)

	Nine Months Ended September 30,	
	2012	2011
Operating Revenues:		
Utility	\$292,257	\$297,567
Nonutility	216,465	332,453
Total Operating Revenues	508,722	630,020
Operating Expenses:		
Cost of Sales - (Excluding depreciation)		
- Utility	127,352	137,924
- Nonutility	169,584	294,309
Operations	80,015	74,187
Maintenance	10,133	9,638
Depreciation	30,691	26,528
Energy and Other Taxes	7,237	9,094
Total Operating Expenses	425,012	551,680
Operating Income	83,710	78,340
Other Income and Expense	9,890	12,963
Interest Charges	(16,669)	(18,457)
Income Before Income Taxes	76,931	72,846
Income Taxes	(12,236)	(19,480)
Equity in Earnings (Loss) of Affiliated Companies	2,512	(493)
Income from Continuing Operations	67,207	52,873
Loss from Discontinued Operations - (Net of tax benefit)	(785)	(484)
Net Income	\$66,422	\$52,389
Basic Earnings Per Common Share:		
Continuing Operations	\$2.203	\$1.765
Discontinued Operations	(0.025)	(0.016)
Basic Earnings Per Common Share	\$2.178	\$1.749
Average Shares of Common Stock Outstanding - Basic	30,502	29,961
Diluted Earnings Per Common Share:		
Continuing Operations	\$2.197	\$1.760
Discontinued Operations	(0.026)	(0.016)
Diluted Earnings Per Common Share	\$2.171	\$1.744
Average Shares of Common Stock Outstanding - Diluted	30,591	30,045
Dividends Declared per Common Share	\$1.209	\$1.095

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

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SOUTH JERSEY INDUSTRIES, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
 (In Thousands)

	Three Months Ended September 30,		
	2012	2011	
Net Income (Loss)	\$2,013	\$(5,138))
Other Comprehensive Income (Loss), Net of Tax:*			
Unrealized Gain (Loss) on Available-for-Sale Securities	205	(478))
Unrealized Gain (Loss) on Derivatives - Other	67	(814))
Other Comprehensive Income of Affiliated Companies	364	666)
Other Comprehensive Income (Loss) - Net of Tax*	636	(626))
Comprehensive Income (Loss)	\$2,649	\$(5,764))

	Nine Months Ended September 30,		
	2012	2011	
Net Income	\$66,422	\$52,389	
Other Comprehensive Income (Loss), Net of Tax:*			
Unrealized Gain (Loss) on Available-for-Sale Securities	420	(581))
Unrealized Loss on Derivatives - Other	(158)	(757))
Other Comprehensive Loss of Affiliated Companies	(1,598)	(167))
Other Comprehensive Loss - Net of Tax*	(1,336)	(1,505))
Comprehensive Income	\$65,086	\$50,884	

* Determined using a combined statutory tax rate of 41%.

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

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SOUTH JERSEY INDUSTRIES, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
 (In Thousands)

	Nine Months Ended September 30,	
	2012	2011
Net Cash Provided by Operating Activities	\$62,290	\$135,569
Cash Flows from Investing Activities:		
Capital Expenditures	(147,759)	(113,993)
Proceeds from Sale of Property, Plant and Equipment	29	3,500
Net Proceeds from Sale of Restricted Investments in Margin Account	9,532	743
Investment in Long-Term Receivables	(4,178)	(3,780)
Proceeds from Long-Term Receivables	5,217	4,297
Purchase of Company Owned Life Insurance	(4,547)	(4,352)
Investment in Affiliate	(35,899)	(23,034)
Return of Investment in Affiliate	—	1,902
Advances on Notes Receivable - Affiliate	(66,755)	(28,827)
Repayment of Notes Receivable - Affiliate	11,523	39,977
Other	(6,388)	(5,847)
Net Cash Used in Investing Activities	(239,225)	(129,414)
Cash Flows from Financing Activities:		
Net (Repayments of) Borrowings from Short-Term Credit Facilities	(6,000)	12,150
Proceeds from Issuance of Long-Term Debt	200,000	—
Principal Repayments of Long-Term Debt	(35,000)	(25,000)
Payments for Issuance of Long-Term Debt	(1,820)	(32)
Premium for Early Retirement of Debt	(700)	—
Dividends on Common Stock	(24,452)	(21,866)
Proceeds from Sale of Common Stock	41,543	5,359
Proceeds from Finance Obligation	—	23,482
Net Cash Provided by (Used in) Financing Activities	173,571	(5,907)
Net (Decrease) Increase in Cash and Cash Equivalents	(3,364)	248
Cash and Cash Equivalents at Beginning of Period	7,538	2,363
Cash and Cash Equivalents at End of Period	\$4,174	\$2,611

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

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SOUTH JERSEY INDUSTRIES, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
 (In Thousands)

	September 30, 2012	December 31, 2011
Assets		
Property, Plant and Equipment:		
Utility Plant, at original cost	\$1,625,431	\$1,515,274
Accumulated Depreciation	(373,064) (357,245)
Nonutility Property and Equipment, at cost	244,834	221,051
Accumulated Depreciation	(34,251) (26,687)