

RGC RESOURCES INC
Form 10-Q
May 06, 2016

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 March 31, 2016
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 April 30, 2016
Common Stock, \$5 Par Value 4,767,653

RGC RESOURCES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	Unaudited March 31, 2016	September 30, 2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 699,304	\$ 985,234
Accounts receivable (less allowance for uncollectibles of \$239,555 and \$52,721, respectively)	8,355,839	3,196,573
Materials and supplies	987,537	968,108
Gas in storage	2,896,652	8,160,498
Prepaid income taxes	426,991	1,657,066
Other	1,661,312	1,182,343
Total current assets	15,027,635	16,149,822
UTILITY PROPERTY:		
In service	175,322,405	168,033,032
Accumulated depreciation and amortization	(54,823,732)	(53,307,079)
In service, net	120,498,673	114,725,953
Construction work in progress	3,915,908	3,903,599
Utility plant, net	124,414,581	118,629,552
OTHER ASSETS:		
Regulatory assets	11,019,100	10,923,243
Investment in unconsolidated affiliate	1,685,481	—
Other	126,360	144,577
Total other assets	12,830,941	11,067,820
TOTAL ASSETS	\$ 152,273,157	\$ 145,847,194

RGC RESOURCES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	Unaudited March 31, 2016	September 30, 2015
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Borrowings under line-of-credit	\$7,453,433	\$9,340,997
Dividends payable	965,450	912,995
Accounts payable	3,888,265	5,141,677
Customer credit balances	682,257	1,560,351
Income taxes payable	239,129	—
Customer deposits	1,788,444	1,579,441
Accrued expenses	2,446,658	2,766,097
Over-recovery of gas costs	4,763,260	1,901,426
Total current liabilities	22,226,896	23,202,984
LONG-TERM DEBT:		
Principal amount	32,432,200	30,500,000
Less unamortized debt issuance costs	(275,138)	(183,427)
Long-term debt net of unamortized debt issuance costs	32,157,062	30,316,573
DEFERRED CREDITS AND OTHER LIABILITIES:		
Asset retirement obligations	5,390,748	5,295,868
Regulatory cost of retirement obligations	9,208,266	8,885,486
Benefit plan liabilities	10,485,087	10,685,261
Deferred income taxes	16,218,692	14,620,031
Total deferred credits and other liabilities	41,302,793	39,486,646
STOCKHOLDERS' EQUITY:		
Common stock, \$5 par value; authorized 10,000,000 shares; issued and outstanding 4,766,451 and 4,741,498, respectively	23,832,255	23,707,490
Preferred stock, no par, authorized 5,000,000 shares; no shares issued and outstanding	—	—
Capital in excess of par value	9,093,406	8,647,669
Retained earnings	25,878,712	22,772,377
Accumulated other comprehensive loss	(2,217,967)	(2,286,545)
Total stockholders' equity	56,586,406	52,840,991
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$152,273,157	\$145,847,194
See notes to condensed consolidated financial statements.		

RGC RESOURCES, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME
 FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED MARCH 31, 2016 AND 2015
 UNAUDITED

	Three Months Ended March 31,		Six Months Ended March 31,	
	2016	2015	2016	2015
OPERATING REVENUES:				
Gas utilities	\$21,569,485	\$26,069,150	\$37,355,334	\$47,067,428
Other	208,288	362,579	432,495	614,366
Total operating revenues	21,777,773	26,431,729	37,787,829	47,681,794
COST OF SALES:				
Gas utilities	11,024,458	16,016,661	18,204,292	28,531,255
Other	104,046	201,298	196,152	314,626
Total cost of sales	11,128,504	16,217,959	18,400,444	28,845,881
GROSS MARGIN	10,649,269	10,213,770	19,387,385	18,835,913
OTHER OPERATING EXPENSES:				
Operations and maintenance	3,376,496	3,623,627	6,807,729	7,048,279
General taxes	443,614	429,045	867,601	834,555
Depreciation and amortization	1,384,845			