

NEW JERSEY RESOURCES CORP
Form 10-Q
May 03, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

**x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2007

OR

**o 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 1-8359**

NEW JERSEY RESOURCES CORPORATION
(Exact name of registrant as specified in its charter)

New Jersey
(State or other jurisdiction of
incorporation or organization)

22-2376465
(I.R.S. Employer
Identification Number)

**1415 Wyckoff Road, Wall, New Jersey -
07719**
(Address of principal
executive offices)

732-938-1489
(Registrant's telephone number,
including area code)

Securities registered pursuant to Section 12 (b) of the Act:

Common Stock - \$2.50 Par Value
(Title of each class)

New York Stock Exchange
(Name of each 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: x No: o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12-b-2 of the Exchange Act. (Check one):

Large accelerated filer: **Accelerated filer:** **Non-accelerated filer:**

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

YES: **No:**

The number of shares outstanding of \$2.50 par value Common Stock as of May 1, 2007 was 27,993,844

FORWARD-LOOKING STATEMENTS

Certain statements contained in this report, including, without limitation, statements as to management expectations and beliefs presented in Part I, Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations," Part I, Item 3. "Quantitative and Qualitative Disclosures about Market Risk," Part II, Item I. "Legal Proceedings" and in the notes to the financial statements are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can also be identified by the use of forward-looking terminology such as "may," "intend," "expect," "believe" or "continue" or comparable terminology and made based upon management's expectations and beliefs concerning future developments and their potential effect upon New Jersey Resources Corporation (NJR or the Company). There can be no assurance that future developments will be in accordance with management's expectations or that the effect of future developments on the Company will be those anticipated by management.

The Company cautions readers that the assumptions that form the basis for forward-looking statements regarding customer growth, customer usage, financial condition, results of operations, cash flows, capital requirements, market risk and other matters for fiscal 2007 and thereafter include many factors that are beyond the Company's ability to control or estimate precisely, such as estimates of future market conditions, the behavior of other market participants and changes in the debt and equity capital markets. The factors that could cause actual results to differ materially from NJR's expectations include, but are not limited to the following:

- weather and economic conditions;
- demographic changes in the New Jersey Natural Gas (NJNG) service territory;
 - the rate of NJNG customer growth;
- volatility of natural gas commodity prices and its impact on customer usage, NJR Energy Services' (NJRES) operations and on the Company's risk management efforts;
- changes in rating agency requirements and/or credit ratings and their effect on availability and cost of capital to the Company;
 - commercial and wholesale credit risks, including creditworthiness of customers and counterparties;
- the ability to obtain governmental approvals and/or financing for the construction, development and operation of certain non-regulated energy investments;
 - risks associated with the management of the Company's joint ventures and partnerships;
 - the impact of governmental regulation (including the regulation of rates);
 - fluctuations in energy-related commodity prices;
 - conversion activity and other marketing efforts;
 - actual energy usage of NJNG's customers;
 - the pace of deregulation of retail gas markets;
 - access to adequate supplies of natural gas;

- the regulatory and pricing policies of federal and state regulatory agencies;
 - changes due to legislation at the federal and state level;
- the availability of an adequate number of appropriate counterparties in the wholesale energy trading market;
 - sufficient liquidity in the wholesale energy trading market and continued access to the capital markets;
 - the disallowance of recovery of environmental-related expenditures and other regulatory changes;
 - environmental-related and other litigation and other uncertainties;
 - the effects and impacts of inflation on NJR and its subsidiaries operations;
 - change in accounting pronouncements issued by the appropriate standard setting bodies; and
 - terrorist attacks or threatened attacks on energy facilities or unrelated energy companies.

While the Company periodically reassesses material trends and uncertainties affecting the Company's results of operations and financial condition in connection with its preparation of management's discussion and analysis of results of operations and financial condition contained in its Quarterly and Annual Reports, the Company does not, by including this statement, assume any obligation to review or revise any particular forward-looking statement referenced herein in light of future events.

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Limited Liability Company Agreement of Steckman Ridge GP, LLC

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Certification

Certification

Certification

Certification

PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

NEW JERSEY RESOURCES CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

<i>(Thousands, except per share data)</i>	Three Months Ended		Six Months Ended	
	March 31,		March 31,	
	2007	2006	2007	2006
OPERATING REVENUES	\$ 1,024,636	\$ 1,064,422	\$ 1,766,101	\$ 2,228,998
OPERATING EXPENSES				
Gas purchases	795,469	882,688	1,424,154	1,921,163
Operation and maintenance	32,337	31,026	60,653	58,757
Regulatory rider expenses	18,135	12,405	27,601	21,863
Depreciation and amortization	8,986	8,612	17,888	17,188
Energy and other taxes	30,268	26,003	44,220	44,670
Total operating expenses	885,195	960,734	1,574,516	2,063,641
OPERATING INCOME	139,441	103,688	191,585	165,357
Other income and expense	1,650	1,874	3,639	3,516
Interest charges, net	7,091	6,173	14,966	12,656
INCOME BEFORE INCOME TAXES	134,000	99,389	180,258	156,217
Income tax provision	53,473	39,188	71,607	61,752
NET INCOME	\$ 80,527	\$ 60,201	\$ 108,651	\$ 94,465
EARNINGS PER COMMON SHARE				
BASIC	\$2.89	\$2.16	\$3.91	\$3.41
DILUTED	\$2.87	\$2.14	\$3.89	\$3.37
DIVIDENDS PER COMMON SHARE	\$0.38	\$0.36	\$0.76	\$0.72
WEIGHTED AVERAGE SHARES				
OUTSTANDING				
BASIC	27,893	27,822	27,803	27,686
DILUTED	28,047	28,145	27,959	28,000

See Notes to Condensed Unaudited Consolidated Financial Statements

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NEW JERSEY RESOURCES CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

<i>(Thousands)</i>	Six Months Ended March 31,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$108,651	\$94,465
ADJUSTMENTS TO RECONCILE NET INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES		
Depreciation and amortization	17,888	17,188
Unrealized gain on derivatives	(192)	(5,206)