

INERGY L P
Form 10-Q
August 09, 2011
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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 June 30, 2011

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: 0-32453

Inergy, L.P.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

43-1918951
(IRS Employer
Identification No.)

Two Brush Creek Blvd., Suite 200

Kansas City, Missouri

64112

(Address of principal executive offices)

(Zip code)

(816) 842-8181

(Registrant's telephone number, including area code)

(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 website, 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 registrant was required to submit and post such files). Yes No

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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 definitions 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

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements of Inergy, L.P.****INERGY, L.P. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS***(in millions, except unit information)*

	June 30, 2011 <i>(unaudited)</i>	September 30, 2010
Assets		
Current assets:		
Cash and cash equivalents	\$ 158.6	\$ 144.4
Restricted cash		588.0
Accounts receivable, less allowance for doubtful accounts of \$3.7 million and \$3.2 million at June 30, 2011 and September 30, 2010, respectively	140.5	108.0
Inventories <i>(Note 3)</i>	145.8	137.1
Assets from price risk management activities	13.6	22.5
Prepaid expenses and other current assets	23.1	15.5
Total current assets	481.6	1,015.5
Property, plant and equipment <i>(Note 3)</i>	2,504.7	1,695.2
Less: accumulated depreciation	552.6	445.1
Property, plant and equipment, net	1,952.1	1,250.1
Intangible assets <i>(Note 3)</i> :		
Customer accounts	413.6	408.0
Other intangible assets	160.0	160.5
	573.6	568.5
Less: accumulated amortization	184.6	162.1
Intangible assets, net	389.0	406.4
Goodwill	496.6	444.3
Other assets	6.6	1.5
Total assets	\$ 3,325.9	\$ 3,117.8
Liabilities and partners' capital		
Current liabilities:		
Accounts payable	\$ 110.7	\$ 88.4
Accrued expenses	72.1	62.5
Customer deposits	19.9	56.8
Liabilities from price risk management activities	16.5	24.3
Current portion of long-term debt <i>(Note 7)</i>	4.5	29.6
Total current liabilities	223.7	261.6

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Long-term debt, less current portion (<i>Note 7</i>)	1,781.7	1,661.1
Other long-term liabilities	16.3	14.3
Deferred income taxes	20.5	20.7
Partners' capital (<i>Note 8</i>):		
Limited partner unitholders (119,087,258 and 36,303,699 common units issued and outstanding as of June 30, 2011 and September 30, 2010, respectively, and 11,963,173 and 11,568,560 Class B units issued and outstanding at June 30, 2011 and September 30, 2010, respectively)	1,283.7	53.3
Total Inergy, L.P. partners' capital	1,283.7	53.3
Interest of non-controlling partners in subsidiaries		1,106.8
Total partners' capital	1,283.7	1,160.1
Total liabilities and partners' capital	\$ 3,325.9	\$ 3,117.8

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**INERGY, L.P. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS***(in millions, except unit and per unit data)**(unaudited)*

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2011	2010	2011	2010
Revenue:				
Propane	\$ 220.4	\$ 167.8	\$ 1,187.9	\$ 1,091.6
Other	168.3	123.8	517.3	392.8
	388.7	291.6	1,705.2	1,484.4
Cost of product sold (excluding depreciation and amortization as shown below):				
Propane	164.0	113.3	819.1	733.8
Other	107.7	73.8	321.4	231.2
	271.7	187.1	1,140.5	965.0
Gross profit	117.0	104.5	564.7	519.4
Expenses:				
Operating and administrative	77.4	75.3	243.6	231.2
Depreciation and amortization	48.0	40.5	141.8	117.7
Loss on disposal of assets	0.5	2.1	3.1	5.8
Operating income (loss)	(8.9)	(13.4)	176.2	164.7
Other income (expense):				
Interest expense, net	(27.2)	(23.1)	(87.5)	(67.4)
Early extinguishment of debt (Note 7)	(0.2)		(49.6)	
Other income	1.1	0.8	1.2	0.9
Income (loss) before income taxes	(35.2)	(35.7)	40.3	98.2
Benefit (provision) for income taxes	(0.3)	0.6	(0.7)	(0.3)
Net income (loss)	(35.5)	(35.1)	39.6	97.9
Net (income) loss attributable to non-controlling partners		47.5	28.2	(47.7)
Net income (loss) attributable to partners	\$ (35.5)	\$ 12.4	\$ 67.8	\$ 50.2
Total limited partners interest in net income (loss)	\$ (35.5)	\$ 12.4	\$ 67.8	\$ 50.2
Net income (loss) per limited partner unit:				
Basic	\$ (0.32)	\$ 0.34	\$ 0.67	\$ 1.41
Diluted	\$ (0.32)	\$ 0.26	\$ 0.60	\$ 1.05

Weighted-average limited partners units outstanding *(in thousands)*:

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Basic	112,538	35,837	101,215	35,597
Dilutive units		12,371	11,862	12,305
Diluted	112,538	48,208	113,077	47,902

The accompanying notes are an integral part of these consolidated financial statements.

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INERGY, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF PARTNERS CAPITAL

(in millions)

(unaudited)

	Common Unit Capital	Non- Controlling Partners	Total Partners Capital
Balance at September 30, 2010	\$ 53.3	\$ 1,106.8	\$ 1,160.1
Net proceeds from issuance of common units	311.4		311.4
Net proceeds from common unit options exercised	2.1		