

ALLIANCE RESOURCE PARTNERS LP

Form 10-Q

August 08, 2013

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2013

OR

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

For the transition period from _____ to _____

Commission File No.: 0-26823

ALLIANCE RESOURCE PARTNERS, L.P.

(Exact name of registrant as specified in its charter)

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Delaware

73-1564280

(State or other jurisdiction of
incorporation or organization)

(IRS Employer Identification No.)

1717 South Boulder Avenue, Suite 400, Tulsa, Oklahoma 74119

(Address of principal executive offices and zip code)

(918) 295-7600

(Registrant's telephone number, including area code)

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 (§232.405 of this chapter) 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 definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (check one)

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

Smaller Reporting Company

(Do not check if 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 August 8, 2013, 36,963,054 common units are outstanding.

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(In thousands, except unit data)

(Unaudited)

	June 30, 2013	December 31, 2012
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 8,794	\$ 28,283
Trade receivables	164,190	172,724
Other receivables	1,077	1,019
Due from affiliates	642	658
Inventories	63,886	46,660
Advance royalties	11,872	11,492
Prepaid expenses and other assets	9,837	20,476
Total current assets	260,298	281,312
PROPERTY, PLANT AND EQUIPMENT:		
Property, plant and equipment, at cost	2,511,748	2,361,863
Less accumulated depreciation, depletion and amortization	(938,097)	(832,293)
Total property, plant and equipment, net	1,573,651	1,529,570
OTHER ASSETS:		
Advance royalties	21,944	23,267
Equity investments in affiliates	128,884	88,513
Due from affiliate	5,927	3,084
Other long-term assets	29,359	30,226
Total other assets	186,114	145,090
TOTAL ASSETS	\$ 2,020,063	\$ 1,955,972
LIABILITIES AND PARTNERS' CAPITAL		
CURRENT LIABILITIES:		
Accounts payable	\$ 95,509	\$ 100,174
Due to affiliates	386	327
Accrued taxes other than income taxes	23,848	19,998
Accrued payroll and related expenses	44,000	38,501
Accrued interest	1,455	1,435
Workers' compensation and pneumoconiosis benefits	9,478	9,320
Current capital lease obligations	1,141	1,000
Other current liabilities	25,441	19,572
Current maturities, long-term debt	24,250	18,000

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Total current liabilities	225,508	208,327
LONG-TERM LIABILITIES:		
Long-term debt, excluding current maturities	753,750	773,000
Pneumoconiosis benefits	62,625	59,931
Accrued pension benefit	31,329	31,078
Workers' compensation	72,213	68,786
Asset retirement obligations	75,029	81,644
Long-term capital lease obligations	17,888	18,613
Other liabilities	7,345	9,147
Total long-term liabilities	1,020,179	1,042,199
Total liabilities	1,245,687	1,250,526
COMMITMENTS AND CONTINGENCIES		
PARTNERS' CAPITAL:		
Limited Partners - Common Unitholders 36,963,054 and 36,874,949 units outstanding, respectively	1,085,185	1,020,823
General Partners' deficit	(269,998)	(273,113)
Accumulated other comprehensive loss	(40,811)	(42,264)
Total Partners' Capital	774,376	705,446
TOTAL LIABILITIES AND PARTNERS' CAPITAL	\$ 2,020,063	\$ 1,955,972

See notes to condensed consolidated financial statements.

Table of Contents**ALLIANCE RESOURCE PARTNERS, L.P. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF INCOME****(In thousands, except unit and per unit data)****(Unaudited)**

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2013	2012	2013	2012
SALES AND OPERATING REVENUES:				
Coal sales	\$ 541,574	\$ 512,505	\$ 1,076,083	\$ 942,104
Transportation revenues	4,971	5,441	11,905	12,026
Other sales and operating revenues	7,026	11,918	13,638	19,320
Total revenues	553,571	529,864	1,101,626	973,450
EXPENSES:				
Operating expenses (excluding depreciation, depletion and amortization)	347,437	334,647	696,012	608,162
Transportation expenses	4,971	5,441	11,905	12,026
Outside coal purchases	790	16,154	1,392	30,335
General and administrative	16,597	16,052	31,843	30,341
Depreciation, depletion and amortization	68,207	52,109	132,589	95,142
Total operating expenses	438,002	424,403	873,741	776,006
INCOME FROM OPERATIONS	115,569	105,461	227,885	197,444
Interest expense (net of interest capitalized for the three and six months ended June 30, 2013 and 2012 of \$2,873, \$1,778, \$5,404 and \$4,732, respectively)	(6,218)	(8,268)	(12,836)	(14,180)
Interest income	178	51	312	144
Equity in loss of affiliates, net	(5,699)	(4,430)	(9,566)	(8,208)
Other income	353	2,384	627	2,599
INCOME BEFORE INCOME TAXES	104,183	95,198	206,422	177,799
INCOME TAX EXPENSE (BENEFIT)	109	(257)	(589)	(624)
NET INCOME	\$ 104,074	\$ 95,455	\$ 207,011	\$ 178,423
GENERAL PARTNERS INTEREST IN NET INCOME	\$ 30,592	\$ 27,165	\$ 60,362	\$ 52,752
LIMITED PARTNERS INTEREST IN NET INCOME	\$ 73,482	\$ 68,290	\$ 146,649	\$ 125,671
BASIC AND DILUTED NET INCOME PER LIMITED PARTNER UNIT (Note 8)	\$ 1.96	\$ 1.83	\$ 3.92	\$ 3.36
DISTRIBUTIONS PAID PER LIMITED PARTNER UNIT	\$ 1.13	\$ 1.025	\$ 2.2375	\$ 2.015
WEIGHTED AVERAGE NUMBER OF UNITS OUTSTANDING BASIC AND DILUTED	36,963,054	36,874,949	36,941,149	36,850,965

See notes to condensed consolidated financial statements.

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ALLIANCE RESOURCE PARTNERS, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
NET INCOME	\$ 104,074	\$ 95,455	\$ 207,011	\$ 178,423
OTHER COMPREHENSIVE INCOME:				
Defined benefit pension plan:				
Amortization of actuarial loss (1)	559	485	1,118	915
Total defined benefit pension plan adjustments	559	485	1,118	915
Pneumoconiosis benefits:				
Amortization of actuarial loss (1)	167	194	335	388
Total pneumoconiosis benefits adjustments	167	194	335	388
OTHER COMPREHENSIVE INCOME	726	679	1,453	1,303
TOTAL COMPREHENSIVE INCOME	\$ 104,800	\$ 96,134	\$ 208,464	\$ 179,726

(1) Amortization of actuarial loss is included in the computation of net periodic benefit cost (see Notes 9 and 11 for additional details).

See notes to condensed consolidated financial statements.

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	Six Months Ended June 30,	
	2013	2012
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	\$ 373,823	\$ 255,471
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property, plant and equipment:		
Capital expenditures	(163,030)	(238,330)
Changes in accounts payable and accrued liabilities	(4,055)	10,759
Proceeds from sale of property, plant and equipment	9	19
Purchases of equity investments in affiliate	(47,500)	(30,600)
Payment for acquisition of business	-	(100,000)
Payments to affiliate for acquisition and development of coal reserves	(18,860)	(34,601)
Advances/loans to affiliate	(2,531)	(2,229)
Payments from affiliate	-	4,229
Other	-	429
Net cash used in investing activities	(235,967)	(390,324)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings under term loan	-	250,000
Borrowings under revolving credit facility	77,000	55,000
Payments under revolving credit facility	(90,000)	-
Payments on capital lease obligations	(584)	(405)
Payment on term loan	-	(300,000)
Payment of debt issuance costs	-	(4,272)
Net settlement of employee withholding taxes on vesting of Long-Term Incentive Plan	(3,015)	(3,734)
Cash contributions by General Partners	114	150
Distributions paid to Partners	(140,860)	(124,050)
Net cash used in financing activities	(157,345)	(127,311)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(19,489)	(262,164)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	28,283	273,528
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 8,794	\$ 11,364
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	\$ 17,660	\$ 17,680
NON-CASH INVESTING AND FINANCING ACTIVITY:		
Accounts payable for purchase of property, plant and equipment	\$ 16,917	\$ 35,738
Market value of common units issued under Long-Term Incentive and Directors Deferred Compensation Plans before minimum statutory tax withholding requirements	\$	