

ONEOK INC /NEW/  
Form 10-Q  
May 01, 2013  
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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 March 31, 2013.

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 001-13643

ONEOK, Inc.  
(Exact name of registrant as specified in its charter)

Oklahoma  
(State or other jurisdiction of  
incorporation or organization)

73-1520922  
(I.R.S. Employer Identification No.)

100 West Fifth Street, Tulsa, OK  
(Address of principal executive offices)

74103  
(Zip Code)

Registrant's telephone number, including area code (918) 588-7000

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 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.

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Large accelerated filer  X  
company\_\_

Accelerated filer \_\_

Non-accelerated filer \_\_

Smaller reporting

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes \_\_ No  X

On April 25, 2013, the Company had 206,107,055 shares of common stock outstanding.

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ONEOK, Inc.

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As used in this Quarterly Report, references to “we,” “our” or “us” refer to ONEOK, Inc., an Oklahoma corporation, and its predecessors, divisions and subsidiaries, unless the context indicates otherwise.

The statements in this Quarterly Report that are not historical information, including statements concerning plans and objectives of management for future operations, economic performance or related assumptions, are forward-looking statements. Forward-looking statements may include words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “should,” “goal,” “forecast,” “guidance,” “could,” “may,” “continue,” “might,” “potential,” “scheduled” and other words of similar meaning. Although we believe that our expectations regarding future events are based on reasonable assumptions, we can give no assurance that such expectations or assumptions will be achieved. Important factors that could cause actual results to differ materially from those in the forward-looking statements are described under Part I, Item 2, Management’s Discussion and Analysis of Financial Condition and Results of Operations “Forward-Looking Statements,” in this Quarterly Report and under Part I, Item IA, “Risk Factors,” in our Annual Report.

## INFORMATION AVAILABLE ON OUR WEBSITE

We make available, free of charge, on our website ([www.oneok.com](http://www.oneok.com)) copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, amendments to those reports filed or furnished to the SEC pursuant to Section 13(a) or 15(d) of the Exchange Act and reports of holdings of our securities filed by our officers and directors under Section 16 of the Exchange Act as soon as reasonably practicable after filing such material electronically or otherwise furnishing it to the SEC. Copies of our Code of Business Conduct, Corporate Governance Guidelines and Director Independence Guidelines are also available on our website, and we will provide

copies of these documents upon request. Our website and any contents thereof are not incorporated by reference into this report.

We also make available on our website the Interactive Data Files required to be submitted and posted pursuant to Rule 405 of Regulation S-T.

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## GLOSSARY

The abbreviations, acronyms and industry terminology used in this Quarterly Report are defined as follows:

AFUDC	Allowance for funds used during construction
Annual Report	Annual Report on Form 10-K for the year ended December 31, 2012
ASU	Accounting Standards Update
Bbl	Barrels, 1 barrel is equivalent to 42 United States gallons
Bbl/d	Barrels per day
BBtu/d	Billion British thermal units per day
Bcf	Billion cubic feet
Bcf/d	Billion cubic feet per day
Bighorn Gas Gathering	Bighorn Gas Gathering, L.L.C.
Btu(s)	British thermal units, a measure of the amount of heat required to raise the temperature of one pound of water one degree Fahrenheit
CFTC	Commodities Futures Trading Commission
Clean Air Act	Federal Clean Air Act, as amended
Clean Water Act	Federal Water Pollution Control Act Amendments of 1972, as amended
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
DOT	United States Department of Transportation
EBITDA	Earnings before interest expense, income taxes, depreciation and amortization
EPA	United States Environmental Protection Agency
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
GAAP	Accounting principles generally accepted in the United States of America
Intermediate Partnership	ONEOK Partners Intermediate Limited Partnership, a wholly owned subsidiary of ONEOK Partners, L.P.
KCC	Kansas Corporation Commission
KDHE	Kansas Department of Health and Environment
LDCs	Local distribution companies
LIBOR	London Interbank Offered Rate
MBbl/d	Thousand barrels per day
Mcf	Thousand cubic feet
MDth/d	Thousand dekatherms per day
Midwestern Gas Transmission	Midwestern Gas Transmission Company
MMBtu	Million British thermal units
MMBtu/d	Million British thermal units per day
MMcf	Million cubic feet
MMcf/d	Million cubic feet per day
Moody's	Moody's Investors Service, Inc.
Natural Gas Act	Natural Gas Act of 1938, as amended
Natural Gas Policy Act	Natural Gas Policy Act of 1978, as amended
NGL products	Marketable natural gas liquid purity products, such as ethane, ethane/propane mix, propane, iso-butane, normal butane and natural gasoline
NGL(s)	Natural gas liquid(s)
Northern Border Pipeline	Northern Border Pipeline Company

NYMEX

New York Mercantile Exchange

NYSE

New York Stock Exchange

OCC

Oklahoma Corporation Commission

ONEOK

ONEOK, Inc.

ONEOK Credit Agreement

ONEOK's \$1.2 billion revolving credit agreement dated April 5, 2011,  
as amended

ONEOK Partners

ONEOK Partners, L.P.

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ONEOK Partners Credit Agreement	ONEOK Partners' \$1.2 billion revolving credit agreement dated August 1, 2011, as amended
ONEOK Partners GP	ONEOK Partners GP, L.L.C., a wholly owned subsidiary of ONEOK and the sole general partner of ONEOK Partners
OPIS	Oil Price Information Service
Overland Pass Pipeline Company	Overland Pass Pipeline Company LLC
PHMSA	United States Department of Transportation Pipeline and Hazardous Materials Safety Administration
POP	Percent of Proceeds
Quarterly Report(s)	Quarterly Report(s) on Form 10-Q
S&P	Standard & Poor's Rating Services
SEC	Securities and Exchange Commission
Securities Act	Securities Act of 1933, as amended
VAR	Value-at-Risk
Viking Gas Transmission	Viking Gas Transmission Company
XBRL	eXtensible Business Reporting Language

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## PART I - FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

ONEOK, Inc. and Subsidiaries

## CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)	Three Months Ended	
	March 31, 2013	2012
	(Thousands of dollars, except per share amounts)	
Revenues	\$3,541,445	\$3,414,600
Cost of sales and fuel	2,917,993	2,771,013
Net margin	623,452	643,587
Operating expenses		
Operations and maintenance	223,603	192,881
Depreciation and amortization	90,221	83,409
Goodwill impairment	—	10,255
General taxes	35,820	31,177
Total operating expenses	349,644	317,722
Gain on sale of assets	41	57
Operating income	273,849	325,922
Equity earnings from investments (Note K)	25,855	34,620
Allowance for equity funds used during construction	9,087	975
Other income	7,364	9,861
Other expense	(2,596)	(2,274)
Interest expense (net of capitalized interest of \$12,868 and \$8,977, respectively)	(80,437)	(75,815)
Income before income taxes	233,122	293,289
Income taxes	(67,417)	(73,839)
Income from continuing operations	165,705	219,450
Income from discontinued operations, net of tax (Note B)	—	762
Gain on sale of discontinued operations, net of tax (Note B)	—	13,250
Net income	165,705	233,462
Less: Net income attributable to noncontrolling interests	53,184	110,597
Net income attributable to ONEOK	\$112,521	\$122,865
Amounts attributable to ONEOK:		
Income from continuing operations	\$112,521	\$108,853
Income from discontinued operations	—	14,012
Net income	\$112,521	\$122,865
Basic earnings per share:		
Income from continuing operations (Note I)	\$0.55	\$0.52
Income from discontinued operations	—	0.07
Net income	\$0.55	\$0.59
Diluted earnings per share:		
Income from continuing operations (Note I)	\$0.54	\$0.51
Income from discontinued operations	—	0.07
Net Income	\$0.54	\$0.58
Average shares (thousands)		
Basic	205,479	207,617
Diluted	209,458	211,852
Dividends declared per share of common stock	\$0.36	\$0.305

See accompanying Notes to Consolidated Financial Statements.

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ONEOK, Inc. and Subsidiaries

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)	Three Months Ended	
	March 31, 2013	2012
	(Thousands of dollars)	
Net income	\$ 165,705	\$ 233,462
Other comprehensive income (loss), net of tax		
Unrealized gains (losses) on energy marketing and risk-management assets/liabilities, net of tax of \$3,958 and \$(19,094), respectively	(13,652	) 47,573
Realized (gains) losses in net income, net of tax of \$(4,695) and \$(1,615), respectively	7,295	(1,180
Unrealized holding gains (losses) on available-for-sale securities, net of tax of \$38 and \$(141), respectively	(62	) 224
Change in pension and postretirement benefit plan liability, net of tax of \$4,708 and \$3,644, respectively	(7,462	) (5,777
Total other comprehensive income (loss), net of tax	(13,881	) 40,840
Comprehensive income	151,824	274,302
Less: Comprehensive income attributable to noncontrolling interests	45,658	124,161
Comprehensive income attributable to ONEOK	\$ 106,166	\$ 150,141
See accompanying Notes to Consolidated Financial Statements.		

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## ONEOK, Inc. and Subsidiaries

## CONSOLIDATED BALANCE SHEETS

(Unaudited)	March 31, 2013	December 31, 2012
Assets	(Thousands of dollars)	
Current assets		
Cash and cash equivalents	\$ 143,947	\$ 583,618
Accounts receivable, net	1,261,804	1,349,371
Gas and natural gas liquids in storage	302,473	517,014
Commodity imbalances	75,629	90,211
Energy marketing and risk management assets (Notes C and D)	11,656	48,577
Other current assets	154,154	175,869
Total current assets	1,949,663	2,764,660
Property, plant and equipment		
Property, plant and equipment	13,560,483	13,088,991
Accumulated depreciation and amortization	3,039,265	2,974,651
Net property, plant and equipment	10,521,218	10,114,340
Investments and other assets		
Investments in unconsolidated affiliates (Note K)	1,220,129	1,221,405
Goodwill and intangible assets	994,289	996,206
Other assets	760,920	758,664
Total investments and other assets	2,975,338	2,976,275
Total assets	\$ 15,446,219	\$ 15,855,275
See accompanying Notes to Consolidated Financial Statements.		

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CONSOLIDATED BALANCE SHEETS  
(Continued)

(Unaudited)	March 31, 2013	December 31, 2012
Liabilities and equity	(Thousands of dollars)	
Current liabilities		
Current maturities of long-term debt	\$ 10,771	\$ 10,855
Notes payable (Note E)	551,250	817,170
Accounts payable	1,205,248	1,333,489
Commodity imbalances	201,553	272,436
Energy marketing and risk management liabilities (Notes C and D)	10,323	9,990
Other current liabilities	357,880	369,054
Total current liabilities	2,337,025	2,812,994
Long-term debt, excluding current maturities (Note F)	6,513,327	6,515,372
Deferred credits and other liabilities		
Deferred income taxes	1,678,887	1,592,802
Other deferred credits	712,847	701,657
Total deferred credits and other liabilities	2,391,734	2,294,459
Commitments and contingencies (Note M)		
Equity (Note G)		
ONEOK shareholders' equity:		
Common stock, \$0.01 par value:		
authorized 600,000,000 shares; issued 245,811,180 shares and outstanding 206,088,765 shares at March 31, 2013; issued 245,811,180 shares and outstanding 204,935,043 shares at December 31, 2012	2,458	2,458
Paid-in capital	1,267,735	1,324,698
Accumulated other comprehensive loss (Note H)	(223,153 )	(216,798 )
Retained earnings	2,097,764	2,059,024
Treasury stock, at cost: 39,722,415 shares at March 31, 2013, and 40,876,137 shares at December 31, 2012	(1,010,450 )	(1,039,773 )
Total ONEOK shareholders' equity	2,134,354	2,129,609
Noncontrolling interests in consolidated subsidiaries	2,069,779	2,102,841
Total equity	4,204,133	4,232,450
Total liabilities and equity	\$ 15,446,219	\$ 15,855,275

See accompanying Notes to Consolidated Financial Statements.

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ONEOK, Inc. and Subsidiaries

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)	Three Months Ended	
	March 31, 2013	2012
	(Thousands of dollars)	
Operating activities		
Net income	\$ 165,705	\$ 233,462
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	90,221	83,417
Impairment of goodwill	—	10,255
Gain on sale of discontinued operations	—	(13,250 )
Equity earnings from investments	(25,855 )	(34,620 )
Distributions received from unconsolidated affiliates	23,495	36,879
Deferred income taxes	68,107	51,411
Share-based compensation expense	16,756	5,008
Allowance for equity funds used during construction	(9,087 )	(975 )
Gain on sale of assets	(41 )	(57 )
Other	(2,227 )	28,501
Changes in assets and liabilities:		
Accounts receivable	90,953	180,413
Gas and natural gas liquids in storage	214,541	251,227
Accounts payable	(103,690 )	(176,674 )
Commodity imbalances, net	(56,301 )	(101,604 )
Energy marketing and risk management assets and liabilities	21,346	(122,900 )
Other assets and liabilities, net	(22,425 )	(4,408 )
Cash provided by operating activities	471,498	426,085
Investing activities		
Capital expenditures (less allowance for equity funds used during construction)	(501,065 )	(348,437 )
Proceeds from sale of discontinued operations, net of cash sold	—	32,008
Contributions to unconsolidated affiliates	(3,036 )	(2,577 )
Distributions received from unconsolidated affiliates	6,698	4,062
Proceeds from sale of assets	2,596	521
Other	—	24
Cash used in investing activities	(494,807 )	(314,399 )
Financing activities		
Repayment of notes payable, net	(265,920 )	(422,225 )
Issuance of debt, net of discounts	—	699,657
Long-term debt financing costs	—	(5,392 )
Repayment of debt	(1,975 )	(3,082 )
Issuance of common stock	2,831	2,228
Issuance of common units, net of issuance costs	12,819	459,735
Dividends paid	(73,781 )	(63,375 )
Distributions to noncontrolling interests	(90,336 )	(72,852 )
Cash provided by (used in) financing activities	(416,362 )	594,694
Change in cash and cash equivalents	(439,671 )	706,380
Change in cash and cash equivalents included in discontinued operations	—	8,859
Change in cash and cash equivalents from continuing operations	(439,671 )	715,239
Cash and cash equivalents at beginning of period	583,618	65,953

Cash and cash equivalents at end of period	\$ 143,947	\$ 781,192
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See accompanying Notes to Consolidated Financial Statements.

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ONEOK, Inc. and Subsidiaries

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited)	ONEOK Shareholders' Equity			Accumulated Other Comprehensive Income (Loss)
	Common Stock Issued	Common Stock	Paid-in Capital	
	(Shares)	(Thousands of dollars)		
January 1, 2013	245,811,180	\$2,458	\$1,324,698	\$(216,798 )
Net income	—	—	—	—
Other comprehensive income (loss)	—	—	—	(6,355 )
Common stock issued	—	—	(26,492 )	—
Common stock dividends - \$0.36 per share	—	—	—	—
Issuance of common units of ONEOK Partners	—	—	2,956	—
Distributions to noncontrolling interests	—	—	—	—
Other	—	—	(33,427 )	—
March 31, 2013	245,811,180	\$2,458	\$1,267,735	\$(223,153 )

See accompanying Notes to Consolidated Financial Statements.

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ONEOK, Inc. and Subsidiaries

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Continued)

(Unaudited)	ONEOK Shareholders' Equity			Noncontrolling Interests in Consolidated Subsidiaries	Total Equity
	Retained Earnings	Treasury Stock			
	(Thousands of dollars)				
January 1, 2013	\$2,059,024	\$(1,039,773 )	\$2,102,841	\$4,232,450	
Net income	112,521	—	53,184	165,705	
Other comprehensive income (loss)	—	—	(7,526 )	(13,881 )	
Common stock issued	—	29,323	—	2,831	
Common stock dividends - \$0.36 per share	(73,781 )	—	—	(73,781 )	
Issuance of common units of ONEOK Partners	—	—	11,616	14,572	
Distributions to noncontrolling interests	—	—	(90,336 )	(90,336 )	
Other	—	—	—	(33,427 )	
March 31, 2013	\$2,097,764	\$(1,010,450 )	\$2,069,779	\$4,204,133	

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ONEOK, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Our accompanying unaudited consolidated financial statements have been prepared pursuant to the rules and regulations of the SEC. These statements have been prepared in accordance with GAAP and reflect all adjustments that, in our opinion, are necessary for a fair presentation of the results for the interim periods presented. All such adjustments are of a normal recurring nature. The 2012 year-end consolidated balance sheet data was derived from our audited financial statements but does not include all disclosures required by GAAP. These unaudited consolidated financial statements should be read in conjunction with our audited consolidated financial statements in our Annual Report. Due to the seasonal nature of our business, the results of operations for the three months ended March 31, 2013, are not necessarily indicative of the results that may be expected for a 12-month period.

Our significant accounting policies are consistent with those disclosed in Note A of the Notes to Consolidated Financial Statements in our Annual Report.

Stock Split - In June 2012, we completed a two-for-one split of our common stock. We have adjusted all share and per-share amounts contained herein to be presented on a post-split basis.

Recently Issued Accounting Standards Update - In February 2013, the FASB issued ASU 2013-02, "Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income," which requires presentation in a single location, either in a single note or parenthetically on the face of the financial statements, of the effect of significant amounts reclassified from each component of accumulated other comprehensive income based on its source. This guidance is effective for our interim and annual periods beginning on January 1, 2013, and is applied prospectively. We adopted this guidance with this Quarterly Report, and it did not impact our financial position or results of operations. See Note H for additional disclosures.

In December 2011, the FASB issued ASU 2011-11, "Disclosures about Offsetting Assets and Liabilities," which increases disclosures about offsetting assets and liabilities. In January 2013, the FASB issued ASU 2013-01, "Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities," which clarifies that the scope of ASU 2011-11 applies to derivatives accounted for in accordance with Topic 815, Derivatives and Hedging. New disclosures are required to enable users of financial statements to understand significant quantitative differences in balance sheets prepared under GAAP and International Financial Reporting Standards related to the offsetting of financial instruments, including derivatives. The existing GAAP guidance allowing balance sheet offsetting remains unchanged. This guidance is effective for interim and annual periods beginning on January 1, 2013, and is applied retrospectively for all comparative periods presented. We adopted this guidance beginning with this Quarterly Report, and it did not impact our financial position or results of operations. See Note C for additional disclosures.

In July 2012, the FASB issued ASU 2012-02, "Testing Indefinite-lived Intangible Assets for Impairment," which allows companies to perform a "qualitative" assessment to determine whether further impairment testing of indefinite-lived intangible assets is necessary. Under the revised standard, an entity is not required to calculate the fair value of an indefinite-lived intangible asset and perform the quantitative impairment test unless the entity determines that it is more likely than not that the asset is impaired. An entity has the option to bypass the qualitative assessment and perform the quantitative impairment test for any indefinite-lived intangible assets in any period. We expect the impact of this guidance to be immaterial when we adopt it for our annual assessments in July 2013.

B. DISCONTINUED OPERATIONS

On February 1, 2012, we sold ONEOK Energy Marketing Company, our retail natural gas marketing business, to Constellation Energy Group, Inc. for \$22.5 million plus working capital. We received net proceeds of approximately \$32.9 million and recognized a gain on the sale of approximately \$13.5 million, net of taxes of \$8.3 million. The financial information of ONEOK Energy Marketing Company is reflected as discontinued operations in this Quarterly Report. For the month ended January 31, 2012, ONEOK Energy Marketing Company had revenues of \$27.6 million and pre-tax income of \$1.2 million.

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## C. FAIR VALUE MEASUREMENTS

Determining Fair Value - We define fair value as the price that would be received from the sale of an asset or the transfer of a liability in an orderly transaction between market participants at the measurement date. We use the market and income approaches to determine the fair value of our assets and liabilities and consider the markets in which the transactions are executed. We measure the fair value of financial assets and liabilities consistent with how a market participant would price the net risk exposure at the measurement date.

While many of the contracts in our portfolio are executed in liquid markets where price transparency exists, some contracts are executed in markets for which market prices may exist, but the market may be relatively inactive. This results in limited price transparency that requires management's judgment and assumptions to estimate fair values. Inputs into our fair value estimates include commodity-exchange prices, over-the-counter quotes, volatility, historical correlations of pricing data and LIBOR and other liquid money-market instrument rates. We also utilize internally developed basis curves that incorporate observable and unobservable market data. We validate our valuation inputs with third-party information and settlement prices from other sources, where available.

In addition, as prescribed by the income approach, we compute the fair value of our derivative portfolio by discounting the projected future cash flows from our derivative assets and liabilities to present value using interest-rate yields to calculate present-value discount factors derived from LIBOR, Eurodollar futures and interest-rate swaps. We also take into consideration the potential impact on market prices of liquidating positions in an orderly manner over a reasonable period of time under current market conditions. We consider current market data in evaluating counterparties', as well as our own, nonperformance risk, net of collateral, by using specific and sector bond yields and also monitor the credit default swap markets. Although we use our best estimates to determine the fair value of the derivative contracts we have executed, the ultimate market prices realized could differ from our estimates, and the differences could be material.

Recurring Fair Value Measurements - The following tables set forth our recurring fair value measurements for our continuing and discontinued operations for the periods indicated:

	March 31, 2013					
	Level 1	Level 2	Level 3	Total - Gross	Netting	Total - Net
	(Thousands of dollars)					
Assets						
Derivatives (a)						
Commodity contracts						
Financial contracts	\$36,414	\$5,147	\$8,351	\$49,912	\$(40,680 )	\$9,232
Physical contracts	—	907	2,452	3,359	(92 )	3,267
Interest-rate contracts	—	17,711	—	17,711	—	17,711
Total derivatives	36,414	23,765	10,803	70,982	(40,772 )	30,210
Trading securities (b)	7,859	—	—	7,859	—	7,859
Available-for-sale investment securities (c)	1,842	—	—	1,842	—	1,842
Total assets	\$46,115	\$23,765	\$10,803	\$80,683	\$(40,772 )	\$39,911
Liabilities						
Derivatives (a)						
Commodity contracts						
Financial contracts	\$(40,357 )	\$(578 )	\$(8,681 )	\$(49,616 )	\$45,734	\$(3,882 )
Physical contracts	—	(2,505 )	(4,467 )	(6,972 )	92	(6,880 )
Total derivatives	(40,357 )	(3,083 )	(13,148 )	(56,588 )	45,826	(10,762 )

Fair value of firm commitments (d)	—	—	(535	)	(535	)	—	(535	)
Total liabilities	\$ (40,357	)	\$ (3,083	)	\$ (13,683	)	\$ (57,123	)	\$ 45,826
									\$ (11,297

(a) - Our derivative assets and liabilities are presented in our Consolidated Balance Sheets as energy marketing and risk-management assets and liabilities, other assets and other deferred credits on a net basis. We net derivative assets and liabilities, including cash collateral, when a legally enforceable master-netting arrangement exists between the counterparty to a derivative contract and us. At March 31, 2013, we held \$1.3 million of cash collateral and had posted \$27.7 million of cash collateral with various counterparties.

(b) - Included in our Consolidated Balance Sheets as other current assets.

(c) - Included in our Consolidated Balance Sheets as other assets.

(d) - Included in our Consolidated Balance Sheets as other current liabilities and other deferred credits.



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	December 31, 2012			Total - Gross	Netting	Total - Net
	Level 1 (Thousands of dollars)	Level 2	Level 3			
Assets						
Derivatives (a)						
Commodity contracts						
Financial contracts	\$69,957	\$10,780	\$7,107	\$87,844	\$(51,602 )	\$36,242
Physical contracts	—	2,083	2,032	4,115	(151 )	3,964
Interest-rate contracts	—	10,923	—	10,923	—	10,923
Total derivatives	69,957	23,786	9,139	102,882		