

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**
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EQUITABLE RESOURCES INC /PA/

CIK: **33213** | IRS No.: **250464690** | State of Incorporation: **PA** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-03551** | Film No.: **94527991**
SIC: **4923** Natural gas transmission & distribution

Mailing Address
420 BOULEVARD OF THE
ALLIES
PITTSBURGH PA 15219

Business Address
420 BLVD OF THE ALLIES
PITTSBURGH PA 15219
4122613000

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1994

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 1-3551

EQUITABLE RESOURCES, INC.
(Exact name of registrant as specified in its charter)

PENNSYLVANIA 25-0464690
(State of incorporation or organization) (IRS Employer Identification No.)

420 Boulevard of the Allies, Pittsburgh, Pennsylvania 15219
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (412) 261-3000

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 X No

Indicate the number of shares outstanding of each of issuer's classes of common stock, as of the close of the period covered by this report.

Class	Outstanding at March 31, 1994
Common stock, no par value	34,494,728 shares

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EQUITABLE RESOURCES, INC. AND SUBSIDIARIES

Statements of Consolidated Income
(Thousands Except Per Share Amounts)

	Three Months Ended		Twelve Months Ended	
	March 31,		March 31,	
	1994	1993	1994	1993
<S>	<C>	<C>	<C>	<C>
Operating Revenues	\$439,538	\$269,819	\$1,264,513	\$836,985

Cost of Gas Purchased	281,646	137,366	788,437	425,638
	-----	-----	-----	-----
Net operating revenues	157,892	132,453	476,076	411,347
	-----	-----	-----	-----
Operating Expenses:				
Operation	50,888	40,157	185,151	161,698
Maintenance	7,128	6,025	30,127	26,300
Depreciation and depletion	22,894	17,649	82,139	66,487
Taxes other than income	16,003	13,273	42,532	37,438
	-----	-----	-----	-----
Total operating expenses	96,913	77,104	339,949	291,923
	-----	-----	-----	-----
Operating Income	60,979	55,349	136,127	119,424
Other Income	332	283	1,755	1,635
Interest Charges	9,998	9,064	39,662	35,092
	-----	-----	-----	-----
Income Before Income Taxes	51,313	46,568	98,220	85,967
Income Taxes	14,954	15,773	19,201	21,251
	-----	-----	-----	-----
Net Income	\$ 36,359	\$ 30,795	\$ 79,019	\$ 64,716
	=====	=====	=====	=====
Average Common Shares Outstanding	34,479	31,409	33,070	31,365
	=====	=====	=====	=====
Earnings Per Share of Common Stock	\$1.05	\$.98	\$2.39	\$2.06
	=====	=====	=====	=====
Dividends Per Share of Common Stock	\$.57	\$.54	\$1.13	\$1.07
	=====	=====	=====	=====

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EQUITABLE RESOURCES, INC. AND SUBSIDIARIES

Statements of Consolidated Cash Flows
(Thousands)

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	1994	1993	1994	1993
<S>	<C>	<C>	<C>	<C>
Cash Flows from Operating Activities:				
Net Income	\$ 36,359	\$ 30,795	\$ 79,019	\$ 64,716
	-----	-----	-----	-----
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:				

Depreciation and depletion.	22,894	17,649	82,139	66,487
Deferred income taxes	824	(1,691)	3,271	373
Other - net	3,080	2,270	2,129	591
Changes in other assets and liabilities:				
Accounts receivable and unbilled revenues	(62,813)	(11,493)	(73,672)	(17,364)
Gas stored underground	16,648	6,084	5,488	(13,866)
Material and supplies	(238)	1,589	(2,536)	1,068
Deferred purchased gas cost	7,931	11,594	(17,687)	(2,722)
Prepaid expenses and other	(4,223)	(1,162)	(4,738)	1,916
Regulatory assets	(1,254)	(707)	(19,204)	(3,577)
Accounts payable	21,219	(3,190)	43,156	28,983
Accrued taxes	17,203	15,788	2,439	4,274
Refunds due customers	1,909	(437)	4,883	3,431
Customer credit balances	(7,560)	(6,963)	(919)	(374)
Other - net	2,515	(6,033)	5,959	7,897
	-----	-----	-----	-----
Total adjustments	18,135	23,298	30,708	77,117
	-----	-----	-----	-----
Net cash provided by operating activities	54,494	54,093	109,727	141,833
	-----	-----	-----	-----
Cash Flows from Investing Activities:				
Capital expenditures:				
Energy resources	(14,889)	(18,385)	(292,749)	(59,078)
Utility services	(9,647)	(8,205)	(44,608)	(45,684)
Proceeds from sale of property	231	424	1,077	7,158
	-----	-----	-----	-----
Net cash used in investing activities	(24,305)	(26,166)	(336,280)	(97,604)
	-----	-----	-----	-----
Cash Flows from Financing Activities:				
Issuance of common stock	479	190	112,701	1,487
Purchase of treasury stock	-	(18)	(10)	(191)
Dividends paid	(9,827)	(8,481)	(36,625)	(33,038)
Proceeds from issuance of long-term debt	43,185	31,775	43,112	56,134
Repayments and retirements of long-term debt	(1,971)	(16,445)	(1,971)	(25,545)
Increase (decrease) in short-term loans	(68,700)	(43,500)	114,700	(41,500)
	-----	-----	-----	-----
Net cash provided (used) by financing activities	(36,834)	(36,479)	231,907	(42,653)
	-----	-----	-----	-----
Increase (decrease) in cash and cash equivalents	(6,645)	(8,552)	5,354	1,576
Cash and cash equivalents at beginning of period	15,037	11,590	3,038	1,462
	-----	-----	-----	-----
Cash and cash equivalents at end of period	\$ 8,392	\$ 3,038	\$ 8,392	\$ 3,038
	=====	=====	=====	=====
Cash paid during the period for:				
Interest (net of amount capitalized)	\$ 11,786	\$ 10,682	\$ 35,696	\$ 32,370
Income taxes	\$ (2,281)	\$ 1,214	\$ 24,052	\$ 17,646

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EQUITABLE RESOURCES, INC. AND SUBSIDIARIES

Consolidated Balance Sheets
(Thousands)

	March 31,		December 31,
ASSETS	1994	1993	1993
<S>	<C>	<C>	<C>
Property, Plant and Equipment (Successful Efforts Method):			
Energy resources	\$1,216,567	\$ 832,079	\$1,203,599
Less accumulated depreciation and depletion	315,822	261,092	298,370
Net energy resources	----- 900,745	----- 570,987	----- 905,229
Utility services	910,736	858,696	903,238
Less accumulated depreciation and depletion	264,812	246,543	260,043
Net utility services	----- 645,924	----- 612,153	----- 643,195
Net property, plant and equipment	----- 1,546,669	----- 1,183,140	-----
Current Assets:			
Cash and cash equivalents	8,392	3,038	15,037
Accounts receivable (less accumulated provision for doubtful accounts: March 31, 1994, \$12,995; 1993, \$11,598; December 31, 1993, \$10,106)	240,383	136,746	171,626
Unbilled revenues	19,020	13,857	27,853
Gas stored underground - current inventory	1,411	6,899	18,059
Material and supplies	12,499	8,722	12,261
Deferred purchased gas cost	9,217	(8,470)	17,148
Prepaid expenses and other	28,200	22,866	23,977
Total current assets	----- 319,122	----- 183,658	----- 285,961
Other Assets:			
Regulatory assets	88,278	69,074	87,024
Other	26,940	25,960	25,498
Total other assets	----- 115,218	----- 95,034	----- 112,522
Total	----- \$1,981,009	----- \$1,461,832	----- \$1,946,907
	=====	=====	=====

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EQUITABLE RESOURCES, INC. AND SUBSIDIARIES

Consolidated Balance Sheets
(Thousands)

	March 31,		December 31,
	1994	1993	1993
<S>	<C>	<C>	<C>
CAPITALIZATION AND LIABILITIES			
Capitalization:			
Common stockholders' equity:			
Common stock, no par value, authorized 80,000 shares; shares issued March 31, 1994, 35,113; March 31, 1993, 32,048; December 31, 1993, 35,087	\$ 223,443	\$ 110,431	\$ 222,801
Retained earnings	537,137	496,086	520,433
Treasury stock, shares at cost March 31, 1994, 618; March 31, 1993, 621; December 31, 1993, 622	(14,538)	(14,613)	(14,623)
Foreign Currency Translation	(1,290)	-	(581)
Total common stockholders' equity	744,752	591,904	728,030
Long-term debt	422,401	378,520	378,845
Total capitalization	1,167,153	970,424	1,106,875
Current Liabilities:			
Long-term debt payable within one year	-	-	1,971
Short-term loans	185,200	70,500	253,900
Accounts payable	165,027	88,937	143,808
Accrued taxes	32,561	27,914	15,358
Accrued interest	9,832	8,716	12,338
Refunds due customers	16,115	11,232	14,206
Deferred income taxes	3,012	13,368	733
Dividends payable	9,828	8,485	-
Customer credit balances	18	937	7,578
Other	14,071	4,855	14,061
Total current liabilities	435,664	234,944	463,953
Deferred and Other Credits:			
Deferred income taxes	331,129	221,869	331,140
Deferred investment tax credits	22,907	24,339	23,178
Other	24,156	10,256	21,761
Total deferred and other credits	378,192	256,464	376,079

Total

\$1,981,009 \$1,461,832 \$1,946,907
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EQUITABLE RESOURCES, INC. AND SUBSIDIARIES

Long-Term Debt
(Thousands)

	Annual Debt Maturities		Maturities After One Year	
	March 31, 1994	March 31, 1993	March 31, 1994	March 31, 1993
<S>	<C>	<C>	<C>	<C>
8 1/4% Debentures, due July 1, 1996 (a)	\$	\$	\$ 75,000	\$ 75,000
7 1/2% Debentures, due July 1, 1999 (\$75,000 principal amount net of unamortized original issue discount) (a)			69,875	69,143
9 1/2% Convertible subordinated debentures, due January 15, 2006			2,526	2,877
9.9% Debentures, due April 15, 2013 (b)			75,000	75,000
Medium-Term Notes:				
7.2% to 9.0% Series A, due 1998 thru 2021			100,000	100,000
5.1% to 7.6% Series B, due 1995 thru 2023			100,000	56,500
	-----	-----	-----	-----
Total	\$ 0	\$ 0	\$422,401	\$378,520
	=====	=====	=====	=====

<F/N>

- (a) Not redeemable prior to maturity.
- (b) Annual sinking fund payments of \$3,750,000 are required beginning in 1999.

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- A. The accompanying financial statements should be read in conjunction with the Company's 1993 Annual Report on Form 10-K.
- B. In the opinion of the Company, the accompanying unaudited consolidated financial statements contain all adjustments necessary to present fairly the financial position as of March 31, 1994 and 1993 and the results of operations for the three and twelve months then ended and cash flows for the three and twelve months then ended. All of the adjustments are of a normal recurring nature.
- C. The results of operations for the three-month periods ended March 31, 1994 and 1993 are not indicative of results for a full year because of the seasonal nature of the Company's operations.
- D. At March 31, 1994, 1,127,000 shares of Common Stock were reserved as follows: 229,000 shares for conversion of the 9 1/2% Convertible Subordinated Debentures, 666,000 shares for issuance under the Key Employee Restricted Stock Option and Stock Appreciation Rights Incentive Compensation Plan and 232,000 shares for issuance under the Company's Dividend Reinvestment and Stock Purchase Plan.
- E. The Company filed a shelf registration in March 1992 to issue \$100 million of Medium-Term Notes--Series B to be used primarily to retire short-term loans incurred to temporarily finance a portion of 1991 acquisitions. Through December 31, 1993, the Company issued \$56.5 million of Medium-Term Notes. The remaining \$43.5 million of Medium-Term Notes were issued during the first quarter of 1994. These notes have maturity dates ranging from three to thirty years and a weighted average interest rate of 6.60%.

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	Three Months Ended March 31, 1994			
	Utility	Energy		
	Services	Resources	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>
Gas Produced, Purchased and Sold (MMcf):				
Produced	423	15,283		15,706
Purchased:				
Other producers	15,283	80,634		95,917
Inter-segment purchases	4,762	966	(5,728)	
Total purchases	20,045	81,600	(5,728)	95,917
Total produced and purchased	20,468	96,883	(5,728)	111,623
Net decrease in gas in storage	(5,961)			(5,961)
Extracted natural gas liquids (equivalent gas volumes)		1,493		1,493
System use and unaccounted for	1,408	466		1,874
Total	25,021	94,924	(5,728)	114,217
Gas Sales (MMcf):				

Residential	15,457			15,457
Commercial	5,183			5,183
Industrial	1,223			1,223
Utilities	177			177
Production		15,283	(307)	14,976
Marketing	2,981	79,641	(5,421)	77,201
Total gas sales	25,021	94,924	(5,728)	114,217
Processed gas extracted				
Total	25,021	94,924	(5,728)	114,217
Natural Gas Transported (MMcf)	11,092	21,731	(7,428)	25,395
Oil Produced and Sold (thousands of bls)		510		510
Natural Gas Liquids Sold (thousands of gallons)		51,896		51,896
Average Selling Price				
Gas - Utility Sales (per Mcf)	\$7.746			
- Energy Resource Production		\$2.576		
- Energy Resource Marketing		\$2.444		
Oil (per barrel)		\$12.171		
Natural Gas Liquids (per gallon)		\$.251		

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Three Months Ended March 31, 1993

Utility Energy
Services Resources Eliminations Consolidated

<S>	<C>	<C>	<C>	<C>
Gas Produced, Purchased and Sold (MMcf):				
Produced	647	13,095		13,742
Purchased:				
Other producers	15,761	34,911		50,672
Inter-segment purchases	3,765	657	(4,422)	
Total purchases	19,526	35,568	(4,422)	50,672
Total produced and purchased	20,173	48,663	(4,422)	64,414
Deduct:				
Net decrease in gas in storage	(4,183)			(4,183)
Extracted natural gas liquids (equivalent gas volumes)		506		506
System use and unaccounted for	4,715	151		4,866
Total	19,641	48,006	(4,422)	63,225

Gas Sales (MMcf):				
Residential	14,027			14,027
Commercial	3,734			3,734
Industrial	1,363		(151)	1,212
Utilities	11			11
Production		13,095	(2,933)	10,162
Marketing		34,911	(832)	34,079
Total gas sales	19,135	48,006	(3,916)	63,225
Processed gas extracted	506		(506)	
Total	19,641	48,006	(4,422)	63,225
Natural Gas Transported (MMcf)	10,329		(8,047)	2,282
Oil Produced and Sold (thousands of bls)		549		549
Natural Gas Liquids Sold (thousands of gallons)		15,748		15,748
Average Selling Price				
Gas - Utility Sales (per Mcf)	\$7.254			
- Energy Resource Production		\$2.276		
- Energy Resource Marketing		\$2.154		
Oil (per barrel)		\$17.040		
Natural Gas Liquids (per gallon)		\$.342		

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Twelve Months Ended March 31, 1994
Utility Energy
Services Resources Eliminations Consolidated

<S>	<C>	<C>	<C>	<C>
Gas Produced, Purchased and Sold (MMcf):				
Produced	1,748	55,738		57,486
Purchased:				
Other producers	51,392	263,708		315,100
Inter-segment purchases	8,465	3,654	(12,119)	
Total purchases	59,857	267,362	(12,119)	315,100
Total produced and purchased	61,605	323,100	(12,119)	372,586
Deduct:				
Net increase in gas in storage	4,426			4,426
Extracted natural gas liquids (equivalent gas volumes)		3,992		3,992
System use and unaccounted for	4,952	609		5,561
Total	52,227	318,499	(12,119)	358,607
Gas Sales (MMcf):				

Residential	31,410			31,410
Commercial	9,684			9,684
Industrial	3,450		(189)	3,261
Utilities	198			198
Production		55,738	(1,093)	54,645
Marketing	7,033	262,761	(10,385)	259,409
Total gas sales	51,775	318,499	(11,667)	358,607
Processed gas extracted	452		(452)	
Total	52,227	318,499	(12,119)	358,607
Natural Gas Transported (MMcf)	67,035	72,390	(34,009)	105,416
Oil Produced and Sold (thousands of bls)		2,073		2,073
Natural Gas Liquids Sold (thousands of gallons)		198,339		198,339
Average Selling Price				
Gas - Utility Sales (per Mcf)	\$7.849			
- Energy Resource Production		\$2.349		
- Energy Resource Marketing		\$2.380		
Oil (per barrel)		\$14.968		
Natural Gas Liquids (per gallon)		\$.276		

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Twelve Months Ended March 31, 1993

Utility Energy
Services Resources Eliminations Consolidated

<S>	<C>	<C>	<C>	<C>
Gas Produced, Purchased and Sold (MMcf):				
Produced	2,820	49,008		51,828
Purchased:				
Pipeline suppliers	3,226			3,226
Other producers	44,779	136,495		181,274
Sub-total	48,005	136,495		184,500
Inter-segment purchases	8,538	2,574	(11,112)	
Total purchases	56,543	139,069	(11,112)	184,500
Total produced and purchased	59,363	188,077	(11,112)	236,328
Deduct:				
Net decrease in gas in storage	(27)			(27)

Extracted natural gas liquids (equivalent gas volumes)		1,989		1,989
System use and unaccounted for	14,435	585		15,020
Total	44,955	185,503	(11,112)	219,346
Gas Sales (MMcf):				
Residential	30,156			30,156
Commercial	7,827			7,827
Industrial	4,920		(585)	4,335
Utilities	63			63
Production		49,008	(4,609)	44,399
Marketing		136,495	(3,929)	132,566
Total gas sales	42,966	185,503	(9,123)	219,346
Processed gas extracted	1,989		(1,989)	
Total	44,955	185,503	(11,112)	219,346
Natural Gas Transported (MMcf)	63,272		(35,032)	28,240
Oil Produced and Sold (thousands of bls)		2,302		2,302
Natural Gas Liquids Sold (thousands of gallons)		62,184		62,184
Average Selling Price				
Gas - Utility Sales (per Mcf)	\$7.314			
- Energy Resource Production		\$2.077		
- Energy Resource Marketing		\$2.153		
Oil (per barrel)		\$18.352		
Natural Gas Liquids (per gallon)		\$.337		

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EQUITABLE RESOURCES, INC. AND SUBSIDIARIES

Information by Business Segment
(Thousands)

	Three Months Ended		Twelve Months Ended	
	March 31, 1994	March 31, 1993	March 31, 1994	March 31, 1993
<S>	<C>	<C>	<C>	<C>
Operating Revenues:				
Energy resources	\$259,886	\$124,453	\$ 878,497	\$491,425
Utility services	197,586	159,345	435,538	390,345
Sales between segments	(17,934)	(13,979)	(49,522)	(44,785)
	-----	-----	-----	-----

Total	\$439,538	\$269,819	\$1,264,513	\$836,985
	=====	=====	=====	=====
Operating Income:				
Energy resources	\$ 12,811	\$ 12,158	\$ 54,806	\$ 45,765
Utility services	48,168	43,191	81,321	73,659
	-----	-----	-----	-----
Total	\$ 60,979	\$ 55,349	\$ 136,127	\$119,424
	=====	=====	=====	=====
Net Income:				
Energy resources	\$ 7,971	\$ 8,100	\$ 37,871	\$ 32,558
Utility services	28,388	22,695	41,148	32,158
	-----	-----	-----	-----
Total	\$ 36,359	\$ 30,795	\$ 79,019	\$ 64,716
	=====	=====	=====	=====

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Management's Discussion and Analysis of Financial Condition and Results of Operations

OVERVIEW

Consolidated net income for the quarter ended March 31, 1994 was \$36.4 million, or \$1.05 per share, compared with \$30.8 million, or \$.98 per share, for the quarter ended March 31, 1993. The 18 percent increase in income is due primarily to higher margins realized from utility service operations reflecting colder weather.

Consolidated net income for the twelve months ended March 31, 1994 was \$79.0 million, or \$2.39 per share, compared with \$64.7 million, or \$2.06 per share, for the twelve months ended March 31, 1993. The 22 percent increase in income is due primarily to increased margins from utility service operations and increases in production and average wellhead prices for natural gas.

RESULTS OF OPERATIONS

ENERGY RESOURCES

Operating revenues were \$259.9 million for the quarter ended March 31, 1994 compared with \$124.5 million for the quarter ended March 31, 1993. Operating revenues for the twelve months ended March 31, 1994 were \$878.5 million compared with \$491.4 million for the twelve months ended March 31, 1993. The increase in revenues for the current periods is due primarily to increases in gas marketing activity, production and average wellhead prices for natural gas and increased production of natural gas liquids which were partially offset by lower prices for oil and natural gas liquids. The increase in marketed natural gas and production of natural gas liquids is due primarily to the acquisition of Louisiana Intrastate Gas Company (LIG) on June 30, 1993.

	Three Months Ended		Twelve Months Ended	
	March 31,		March 31,	
Energy Resources	1994	1993	1994	1993
Operating Revenues (thousands):				
Natural Gas:				
Production	\$ 39,364	\$ 29,799	\$130,924	\$101,774

Marketing	194,611	75,200	625,241	293,884
Oil	6,207	9,359	31,024	42,242
Natural Gas Liquids	13,040	5,392	54,769	20,943
Direct Billing Settlements	-	-	7,815	7,815
Other	6,664	4,703	28,724	24,767
	-----	-----	-----	-----
Total Revenues	\$259,886	\$124,453	\$878,497	\$491,425
	=====	=====	=====	=====

Sales Quantities:

Natural Gas (MMcf):				
Production	15,283	13,095	55,738	49,008
Marketing	79,641	34,911	262,761	136,495
Oil (MBIs)	510	549	2,073	2,302
Natural Gas Liquids (thousands of gallons)	51,896	15,748	198,339	62,184

Cost of gas purchased amounted to \$201.9 million for the quarter ended March 31, 1994 compared with \$77.6 million for the quarter ended March 31, 1993. Gas purchases for the twelve months ended March 31, 1994 amounted to \$658.1 million compared with \$302.5 million for the twelve months ended March 31, 1993. The increased cost for the current periods reflects the increase in volume of marketed natural gas and requirements for the higher production level of natural gas liquids.

Other operating expenses were \$45.2 million for the quarter ended March 31, 1994 compared with \$34.7 million for the quarter ended March 31, 1993. Other operating expenses for the twelve months ended March 31, 1994 were \$165.6 million compared with \$143.1 million for the twelve months ended March 31, 1993. Increases for the current periods are attributed to increased production expenses and depreciation and depletion related to the acquisition of LIG on June 30, 1993, as well as the higher level of natural gas production.

Operating income was \$12.8 million for the quarter ended March 31, 1994 compared with \$12.2 million for the quarter ended March 31, 1993. Operating income for the twelve months ended March 31, 1994 was \$54.8 million compared with \$45.8 million for the twelve months ended March 31, 1993. The increases for the current periods are attributed to increases in production and average wellhead prices for natural gas.

The Company expects 1994 gas and oil production to be 15 to 20 percent greater than 1993 levels. Average wellhead gas prices for the first quarter of 1994 were \$.30/Mcf higher than the first quarter of 1993 due in part to the high winter demand resulting from extremely cold weather experienced throughout most of the eastern United States. The Company believes that the need to refill storage pools depleted to meet the high winter demand, plus a growing interest in security of supply following the recent cold weather, should sustain the strength in wellhead gas prices.

UTILITY SERVICES

Operating revenues, which are derived principally from the sale and transportation of natural gas, were \$197.6 million for the quarter ended March 31, 1994 compared with \$159.3 million for the quarter ended March 31, 1993. The increase in revenues is the result of increased retail gas sales due primarily to colder weather and increased retail rates to pass-through higher gas costs to customers. Operating revenues were \$435.6 million for the twelve months ended March 31, 1994 compared with \$390.3 million for the twelve months ended March 31, 1993. The increase

in revenues is the result of increased retail gas sales reflecting colder weather, the return to gas sales of some commercial and industrial customers previously using transportation service, and the full-year impact of a retail rate increase for Pennsylvania customers that went into effect in July of 1992. The implementation of Order 636 has resulted in a shift of utility revenues from pipeline sales to marketed gas sales.

Utility Services	Three Months Ended		Twelve Months Ended	
	March 31,		March 31,	
	1994	1993	1994	1993
Operating Revenues (thousands):				
Retail Gas Sales	\$170,648	\$136,392	\$348,568	\$301,759
Pipeline Gas Sales	62	6,035	6,284	25,294
Transportation Service	14,251	13,270	45,741	48,327
Storage Service	2,157	1,477	7,607	5,602
Marketed Gas Sales	8,401	-	18,601	-
Other	2,067	2,171	8,737	9,363
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Total Revenues	\$197,586	\$159,345	\$435,538	\$390,345
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Sales Quantities (MMcf):

Retail Gas Sales	22,024	18,283	43,723	37,817
Pipeline Gas Sales	16	1,358	1,472	6,067
Transportation	11,092	10,329	67,035	63,272
Marketed Gas	2,981	-	7,033	-

Heating Degree Days (Normal:

Quarter-2,995; Annual-5,968)

	3,182	2,798	6,012	5,679
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Cost of gas purchased amounted to \$97.0 million for the quarter ended March 31, 1994 compared with \$73.3 million for the quarter ended March 31, 1993. The increase in the cost of gas purchased is the result of the increase in retail sales volumes and the pass-through of higher costs in rates to retail customers. Gas purchases amounted to \$177.3 million for the twelve months ended March 31, 1994 compared with \$165.8 million for the twelve months ended March 31, 1993. The increase is the result of higher retail sales volumes.

Other operating expenses amounted to \$52.4 million for the quarter ended March 31, 1994 compared with \$42.8 million for the quarter ended March 31, 1993. The increase is attributed primarily to provisions for estimated interstate rate refunds and higher taxes other than income related to increased sales. Other operating expenses were \$177.0 million for the twelve months ended March 31, 1994 compared with \$150.8 million for the twelve months ended March 31, 1993. The increase reflects the recording of the provision for estimated interstate rate refunds, higher taxes other than income related to increased sales, and increased depreciation.

Operating income was \$48.2 million for the quarter ended March 31, 1994 compared with \$43.2 million for the quarter ended March 31, 1993. The increase in operating income is due primarily to increased retail sales reflecting colder weather. Operating income for the twelve months ended March 31, 1994 was \$81.3 million compared with \$73.7 million for the twelve months ended March 31, 1993. The increase in operating income is due to increased retail gas sales reflecting colder weather and the full-year impact of a retail rate increase for Pennsylvania customers that went into effect in July of 1992.

CAPITAL RESOURCES AND LIQUIDITY

Operating Activities

Cash required for operations is impacted primarily by the seasonal nature of the Company's utility operations. Gas purchased for storage during the nonheating season is financed with short-term loans which are repaid as gas is withdrawn from storage and sold during the heating season. Short-term loans are also used to provide other working capital requirements during the nonheating season.

Investing Activities

The Company's business requires major ongoing expenditures for replacements, improvements and additions to utility plant and continuing development and expansion of its energy resources. A total of \$151.2 million has been authorized for the 1994 capital expenditure program, of which 60 percent is allocated to Energy Resources. Capital expenditures for the three months ended March 31, 1994 were \$24.5 million.

Short-term loans are used as interim financing for a portion of capital expenditures. The Company expects to finance its 1994 capital expenditures with cash generated from operations and temporarily with short-term loans.

Financing Activities

The Company believes it has adequate borrowing capacity to meet its financing requirements. Bank loans and commercial paper, supported by available credit, are used to meet short-term financing requirements. At March 31, 1994, \$167.1 million of commercial paper and \$18.1 million of bank loans were outstanding at an average interest rate of 3.49 percent. Lines of credit currently available to the Company total \$325 million which require commitment fees averaging one-tenth of one percent. Adequate lines of credit are expected to continue to be available in the future.

The Company intends to file a shelf registration by May 31, 1994 for the issuance of \$100 million of Medium-Term Notes -- Series C. Proceeds from issuance of the Medium-Term Notes will be used to repay short-term loans incurred to finance a portion of capital expenditures and acquisitions.

Balance Sheet Changes

The changes in deferred purchased gas cost are due to the timing of pass-through of gas costs to rate payers. Changes in deferred purchased gas cost do not affect results of operations due to regulatory procedures for recovery of purchased gas cost in rates. Gas stored underground--current inventory decreased reflecting higher withdrawals to meet the demand caused by colder weather. The increase in Energy Resource property, plant and equipment and accumulated depreciation, accounts receivable, accounts payable, prepaid expenses and other current assets, deferred income taxes, other current liabilities and other deferred credits compared to March 31, 1993 are due primarily to the acquisition of LIG. The increase in regulatory assets since March 31, 1993 is due to accounting for income taxes applicable to rate regulated operations.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

None

(b) Reports on Form 8-K during the quarter ended March 31, 1994:

None

Signature

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Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EQUITABLE RESOURCES, INC.

(Registrant)

s/ Joseph L. Giebel

Joseph L. Giebel
Vice President - Accounting
and Administration
Chief Accounting Officer

Date: May 13, 1994

