

STAR GAS PARTNERS LP  
Form 10-Q/A  
March 17, 2006  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, DC 20549

\_\_\_\_\_  
**FORM 10-Q /A**

\_\_\_\_\_  
**Amendment No. 1**

(Mark One)

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

For the quarterly period ended December 31, 2005

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: 001-14129

Commission File Number: 333-103873

\_\_\_\_\_  
**STAR GAS PARTNERS, L.P.**  
**STAR GAS FINANCE COMPANY**

(Exact name of registrants as specified in its charters)

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**Delaware**  
**Delaware**  
(State or other jurisdiction  
of incorporation or organization)

**06-1437793**  
**75-3094991**  
(I.R.S. Employer  
Identification No.)

**2187 Atlantic Street, Stamford, Connecticut**  
(Address of principal executive office)

**06902**

**(203) 328-7310**

(Registrants telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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Indicate by check mark whether the registrants (1) have 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) have been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrants are large accelerated filers, accelerated filers, or non-accelerated filers. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Act). Yes  No

At February 2, 2006, the registrants had units and shares of each issuer's classes of common stock outstanding as follows:

Star Gas Partners, L.P.	Common Units	32,165,528
Star Gas Partners, L.P.	Senior Subordinated Units	3,391,982
Star Gas Partners, L.P.	Junior Subordinated Units	345,364
Star Gas Partners, L.P.	General Partner Units	325,729
Star Gas Finance Company	Common Shares	100

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**EXPLANATORY NOTE REGARDING THIS FORM 10-Q/A**

Star Gas Partners, L.P. ( the Partnership ) is filing this Amendment No. 1 to its quarterly report on Form 10-Q for the three months ending December 31, 2005, to correct the following disclosure items in our originally filed quarterly report on Form 10-Q for the first fiscal quarter of 2005, filed February 6, 2006. This Amendment No.1 does not change the Condensed Consolidated Balance Sheets or Consolidated Statements of Operations as originally filed.

We revised our Condensed Consolidated Statements of Cash Flows to separately disclose the operating, investing and financing activities of cash flows attributable to discontinued operations for the three month period ending December 31, 2004, which was previously reported on a combined basis as a single amount. In addition, this revision is disclosed in Note 2 to the Condensed Consolidated Financial Statements, Summary of Significant Accounting Policies .

We included disclosure of our revenue (loss) recognition policy for equipment maintenance contracts in Note 2 to the Condensed Consolidated Financial Statements, Summary of Significant Accounting Policies .

We included disclosure in Note 2 to the Condensed Consolidated Financial Statements, Summary of Significant Accounting Policies Basic and Diluted Net Income (Loss) per Limited Partner Unit , as follows: Each Unit in each of the Partnership s ownership classes participates in net income (loss) equally.

Part I; Item 4 Controls and Procedures, sub paragraph (a) Evaluation of disclosure controls and procedures revised to include language per Rules 13a-15(e) and 15d-15(e).

We refiled Exhibit 10.18 Accountants preferability letter . Our original filing on February 6, 2006 inadvertently excluded the logo and signature of our accounting firm KPMG due to a printing mistake.

Pursuant to Rule 12b-15 under the Securities Exchange act of 1934, as a result of this Amendment No. 1, the certifications pursuant to Section 302 and Section 906 of the Sarbanes-Oxley Act of 2002 have been re-executed and refiled as of the date of this Amendment No. 1. As a result, the Exhibit Index in Part II; Item 6 of the Quarterly Report is also being amended to reflect the inclusion of the aforementioned updates.

Except as described above, this Form 10Q/A continues to speak as of February 12, 2006 and no other changes have been made to the Quarterly Report. This Amendment No. 1 does not amend or update any other information set forth in the Quarterly Report and we have not updated disclosures contained therein to reflect any events that occurred at a date subsequent to the filing of the Quarterly Report.

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**STAR GAS PARTNERS, L.P. AND SUBSIDIARIES**

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**STAR GAS PARTNERS, L.P. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

	Sept. 30, 2005	Dec. 31, 2005
	(in thousands)	
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 99,148	\$ 9,217
Receivables, net of allowance of \$8,433 and \$9,665, respectively	89,703	182,252
Inventories	52,461	66,122
Prepaid expenses and other current assets	70,120	62,806
Current assets held for sale		1,629
Total current assets	311,432	322,026
Property and equipment, net	50,022	47,152
Long-term portion of accounts receivables	3,788	2,643
Goodwill	166,522	166,522
Intangibles, net	82,345	73,233
Deferred charges and other assets, net	15,152	14,832
Assets held for sale		7,770
Total assets	\$ 629,261	\$ 634,178
<b>LIABILITIES AND PARTNERS' CAPITAL</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 19,780	\$ 22,275
Working capital facility borrowings	6,562	33,251
Current maturities of long-term debt	796	754
Accrued expenses	56,580	67,334
Unearned service contract revenue	36,602	40,739
Customer credit balances	65,287	47,837
Current liabilities associated with assets held for sale		6,126
Total current liabilities	185,607	218,316
Long-term debt	267,417	267,339
Other long-term liabilities	31,129	31,756
<b>Partners' capital (deficit)</b>		
Common unitholders	144,312	155,437
Subordinated unitholders	(8,930)	(7,638)
General partner	(3,936)	(3,823)
Accumulated other comprehensive income (loss)	13,662	(27,209)
Total partners' capital	145,108	116,767
Total liabilities and partners' capital	\$ 629,261	\$ 634,178

See accompanying notes to condensed consolidated financial statements.



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**STAR GAS PARTNERS, L.P. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

	<b>Three Months Ended December 31, 2004                  2005 (in thousands,</b>	
	<b>except</b>	
	<b>per unit data)</b>	
<b>Sales:</b>		
Product	\$ 297,119	\$ 358,869
Installations and service	53,575	55,512
 Total sales	 350,694	 414,381
<b>Cost and expenses:</b>		
Cost of product	222,903	261,972
Cost of installations and service	58,375	57,695
Delivery and branch expenses	65,480	59,426
Depreciation and amortization expenses	9,122	8,485
General and administrative expenses	15,842	6,366
 Operating income (loss)	 (21,028)	 20,437
Interest expense	(10,875)	(7,540)
Interest income	383	858
Amortization of debt issuance costs	(715)	(631)
Loss on redemption of debt	(42,082)	
 Income (loss) from continuing operations before income taxes	 (74,317)	 13,124
Income tax expense	331	250
 Income (loss) from continuing operations	 (74,648)	 12,874
Loss from discontinued operations, net of income taxes	(4,552)	
Gain on sale of discontinued operations, net of income taxes	153,644	
 Income before cumulative effect of changes in accounting principles	 74,444	 12,874
Cumulative effect of changes in accounting principles change in inventory pricing method		(344)
 Net income	 \$ 74,444	 \$ 12,530
 General Partner's interest in net income	 \$ 672	 \$ 113
 Limited Partners' interest in net income	 \$ 73,772	 \$ 12,417
 Basic and Diluted Income (Loss) per Limited Partner Unit:		
Continuing operations	\$ (2.07)	\$ 0.36
Discontinued operations	(0.13)	
Gain on sale of discontinued operations	4.26	
 Income before cumulative effect of changes in accounting principles	 2.06	 0.36

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Cumulative effect of changes in accounting principles			(0.01)
Net income		\$ 2.06	\$ 0.35
Weighted average number of Limited Partner units outstanding:			
Basic		35,756	35,903
Diluted		35,756	35,903

See accompanying notes to condensed consolidated financial statements.



**Table of Contents****STAR GAS PARTNERS, L.P. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Three Months Ended December 31,</b>	
	<b>2004</b>	<b>2005</b>
	<b>(in thousands)</b>	
Net income	\$ 74,444	\$ 12,530
Other comprehensive income (loss):		
Unrealized loss on derivative instruments	(23,429)	(40,871)
Other comprehensive loss from discontinued operations	(1,637)	
<b>Other comprehensive loss</b>	<b>(25,066)</b>	<b>(40,871)</b>
Comprehensive income (loss)	\$ 49,378	\$ (28,341)
Reconciliation of Accumulated Other Comprehensive Income (Loss)		

	<b>Pension Plan Obligations</b>	<b>Derivative Instruments (in thousands)</b>	<b>Total</b>
Balance as of September 30, 2004	\$ (16,055)	\$ 28,929	\$ 12,874
Reclassification to earnings		(15,845)	(15,845)
Unrealized loss on derivative instruments		(7,584)	(7,584)
Other comprehensive loss from discontinued operations		(1,637)	(1,637)
<b>Other comprehensive loss</b>		<b>(25,066)</b>	<b>(25,066)</b>
Balance as of December 31, 2004	\$ (16,055)	\$ 3,863	\$ (12,192)
Balance as of September 30, 2005	\$ (19,758)	\$ 33,420	\$ 13,662
Reclassification to earnings		(21,555)	(21,555)
Unrealized loss on derivative instruments		(19,316)	(19,316)
<b>Other comprehensive loss</b>		<b>(40,871)</b>	<b>(40,871)</b>
Balance as of December 31, 2005	\$ (19,758)	\$ (7,451)	\$ (27,209)

See accompanying notes to condensed consolidated financial statements.

**Table of Contents****STAR GAS PARTNERS, L.P. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENT OF PARTNERS CAPITAL**

	<b>Common</b>	<b>Sr. Sub.</b>	<b>Jr. Sub</b>	<b>General Partner</b>	<b>Common</b>	<b>Senior Sub.</b>	<b>Junior Sub.</b>	<b>General Partner</b>	<b>Accum. Other Comprehensive Income (Loss)</b>	<b>Partners Capital</b>
Balance as of September 30, 2005	32,166	3,392	345	326	\$ 144,312	\$ (6,403)	\$ (2,527)	\$ (3,936)	\$ 13,662	\$ 145,108
Net income					11,125	1,173	119	113		12,530
Other comprehensive loss, net										