

Clean Energy Fuels Corp.
Form 10-Q
November 14, 2008
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 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 September 30, 2008

Commission File Number: 001-33480

CLEAN ENERGY FUELS CORP.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

33-0968580
(IRS Employer Identification No.)

3020 Old Ranch Parkway, Suite 200, Seal Beach CA 90740

(Address of principal executive offices, including zip code)

(562) 493-2804

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(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.

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
(Do not check if a smaller reporting company)

Smaller reporting company

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

As of November 12, 2008, there were 50,195,471 shares of the registrant's common stock, par value \$0.0001 per share, issued and outstanding.

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CLEAN ENERGY FUELS CORP. AND SUBSIDIARIES

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements (Unaudited)****Clean Energy Fuels Corp. and Subsidiaries****Condensed Consolidated Balance Sheets****December 31, 2007 and September 30, 2008 (Unaudited)**

	December 31, 2007	September 30, 2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 67,937,602	\$ 30,392,856
Restricted cash		2,502,032
Short-term investments	12,479,684	
Accounts receivable, net of allowance for doubtful accounts of \$501,751 and \$878,358 as of December 31, 2007 and September 30, 2008, respectively	11,026,890	12,943,373
Other receivables	23,153,904	11,793,587
Inventory, net	2,403,890	2,460,328
Deposits on LNG trucks	15,515,927	10,160,721
Prepaid expenses and other current assets	3,633,318	4,946,082
Total current assets	136,151,215	75,198,979
Land, property and equipment, net	88,676,318	142,169,616
Capital lease receivables	763,500	464,250
Notes receivable and other long-term assets	2,126,007	5,266,654
Investments in other entities	385,806	3,549,723
Goodwill and other intangible assets	20,922,098	42,042,604
Total assets	\$ 249,024,944	\$ 268,691,826
Liabilities and Stockholders Equity		
Current liabilities:		
Current portion of long-term debt and capital lease obligation	\$ 63,520	\$ 3,737,052
Accounts payable	10,547,451	9,291,037
Accrued liabilities	5,381,541	7,251,794
Deferred revenue	677,826	717,169
Total current liabilities	16,670,338	20,997,052
Long-term debt and capital lease obligation, less current portion	161,377	18,536,733
Other long-term liabilities	1,260,755	1,240,665
Total liabilities	18,092,470	40,774,450
Commitments and contingencies		
Minority interest in subsidiary		3,744,671

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Stockholders' equity:

Preferred stock, \$0.0001 par value. Authorized 1,000,000 shares; issued and outstanding no shares

Common stock, \$0.0001 par value. Authorized 99,000,000 shares; issued and outstanding 44,274,375 shares and 44,641,520 shares at December 31, 2007 and September 30, 2008, respectively

	4,428	4,463
Additional paid-in capital	297,866,745	310,899,518
Accumulated deficit	(69,086,583)	(87,565,158)
Accumulated other comprehensive income	2,147,884	833,882
Total stockholders' equity	230,932,474	224,172,705
Total liabilities and stockholders' equity	\$ 249,024,944	\$ 268,691,826

See accompanying notes to condensed consolidated financial statements.

Table of Contents**Clean Energy Fuels Corp. and Subsidiaries****Condensed Consolidated Statements of Operations****For the Three Months and Nine Months Ended****September 30, 2007 and 2008****(Unaudited)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2008	2007	2008
Revenue	\$ 29,210,164	\$ 35,273,687	\$ 88,040,804	\$ 99,823,025
Operating expenses:				
Cost of sales	20,252,744	26,111,054	64,100,466	77,138,760
Derivative losses		6,047,727		340,746
Selling, general and administrative	9,528,605	11,397,913	26,269,201	35,124,764
Depreciation and amortization	1,814,176	2,310,527	5,090,396	6,557,967
Total operating expenses	31,595,525	45,867,221	95,460,063	119,162,237
Operating loss	(2,385,361)	(10,593,534)	(7,419,259)	(19,339,212)
Interest income, net	1,414,120	78,399	2,253,083	1,182,962
Other income (expense), net	(50,000)	(28,801)	(229,177)	11,177
Equity in gains (losses) of equity method investee		19,881		(120,441)
Loss before income taxes	(1,021,241)	(10,524,055)	(5,395,353)	(18,265,514)
Income tax expense	(523,729)	(99,171)	(582,698)	(199,141)
Minority interest in net income		(13,920)		(13,920)
Net loss	\$ (1,544,970)	\$ (10,637,146)	\$ (5,978,051)	\$ (18,478,575)
Loss per share				
Basic	\$ (0.03)	\$ (0.24)	\$ (0.15)	\$ (0.42)
Diluted	\$ (0.03)	\$ (0.24)	\$ (0.15)	\$ (0.42)
Weighted average common shares outstanding				
Basic	44,195,339	44,330,818	38,919,129	44,304,636
Diluted	44,195,339	44,330,818	38,919,129	44,304,636

See accompanying notes to condensed consolidated financial statements.

Table of Contents**Clean Energy Fuels Corp.****Condensed Consolidated Statements of Cash Flows****For the Nine Months Ended September 30, 2007 and 2008****(Unaudited)**

	Nine Months Ended September 30,	
	2007	2008
Cash flows from operating activities:		
Net loss	\$ (5,978,051)	\$ (18,478,575)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,090,396	6,557,967
Provision for doubtful accounts	1,179,600	410,906
Gain (loss) on disposal of assets	178,674	(9,555)
Stock option expense	5,425,443	7,782,538
Common stock issued in exchange for services		22,500
Minority interest in net income		13,920
Changes in operating assets and liabilities, net of assets and liabilities acquired:		
Accounts and other receivables	9,099,031	9,989,396
Inventory	(1,221,776)	(56,438)
Deposits on LNG trucks	(7,928,016)	5,355,206
Margin deposits on futures contracts		(754,256)
Capital lease receivables	549,250	299,250
Prepaid expenses and other assets	(1,508,219)	(3,559,283)
Accounts payable	1,269,128	(561,936)
Accrued expenses and other	2,479,123	823,710
Net cash provided by operating activities	8,634,583	7,835,350
Cash flows from investing activities:		
Purchases of property and equipment	(29,874,682)	(59,828,850)
Proceeds from sale of property and equipment		48,432
Purchases of short-term investments	(14,809,636)	(45,230,061)
Maturity or sales of short-term investments		57,709,745
Acquisition, net of cash acquired		(19,615,122)
Investments in other entities	(377,855)	(3,238,866)
Restricted cash		(2,502,032)
Net cash used in investing activities	(45,062,173)	(72,656,754)
Cash flows from financing activities:		
Proceeds from issuance of common stock and exercise of stock options	110,301,745	5,227,770
Proceeds from long-term debt		22,124,120
Repayment of capital lease obligations and long-term debt	(42,583)	(75,232)
Net cash provided by financing activities	110,259,162	27,276,658
Net increase (decrease) in cash	73,831,572	(37,544,746)
Cash, beginning of period	937,445	67,937,602
Cash, end of period	\$ 74,769,017	\$ 30,392,856
Supplemental disclosure of cash flow information		
Income taxes paid	\$ 250	\$ 164,779

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Interest paid	80,749	129,646
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See accompanying notes to condensed consolidated financial statements.

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**CLEAN ENERGY FUELS CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited)

Note 1 General

Nature of Business: Clean Energy Fuels Corp. (the Company) is engaged in the business of selling natural gas fueling solutions to its customers primarily in the United States and Canada. The Company has a broad customer base in a variety of markets including public transit, refuse, airports and regional trucking. Clean Energy operates or supplies approximately 175 natural gas fueling locations in