

PORTLAND GENERAL ELECTRIC CO /OR/
Form 10-Q
May 04, 2010
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF**

 THE SECURITIES EXCHANGE ACT OF 1934

 For the quarterly period ended March 31, 2010

 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: 1-5532-99

PORTLAND GENERAL ELECTRIC COMPANY

(Exact name of registrant as specified in its charter)

Oregon
(State or other jurisdiction of
incorporation or organization)

93-0256820
(I.R.S. Employer
Identification No.)

121 SW Salmon Street
Portland, Oregon 97204
(503) 464-8000

(Address of principal executive offices, including zip code
and Registrant's telephone number, including area code)

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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 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.

Large accelerated filer Accelerated filer Non-accelerated filer 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

Number of shares of common stock outstanding as of April 30, 2010 is 75,275,512 shares.

Table of Contents

PORTLAND GENERAL ELECTRIC COMPANY

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2010

TABLE OF CONTENTS

<u>Definitions</u>	3
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PART I FINANCIAL INFORMATION

Item 1. <u>Financial Statements</u>	4
<u>Condensed Consolidated Statements of Income</u>	4
<u>Condensed Consolidated Balance Sheets</u>	5
<u>Condensed Consolidated Statements of Cash Flows</u>	7
<u>Notes to Condensed Consolidated Financial Statements</u>	8
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	27
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	46
Item 4. <u>Controls and Procedures</u>	46

PART II OTHER INFORMATION

Item 1. <u>Legal Proceedings</u>	47
Item 1A. <u>Risk Factors</u>	47
Item 6. <u>Exhibits</u>	47
<u>SIGNATURE</u>	48

Table of Contents

DEFINITIONS

The following abbreviations and acronyms are used throughout this document:

Abbreviation or Acronym	Definition
AFDC	Allowance for funds used during construction
BART	Best Available Retrofit Technology
Biglow Canyon	Biglow Canyon Wind Farm
Boardman	Boardman coal plant
BPA	Bonneville Power Administration
CERS	California Energy Resources Scheduling
Colstrip	Colstrip Units 3 and 4 coal plant
DEQ	Oregon Department of Environmental Quality
EPA	U.S. Environmental Protection Agency
FERC	Federal Energy Regulatory Commission
IRP	Integrated Resource Plan
LLC	Limited Liability Corporation
Moody's	Moody's Investors Service
MW	Megawatts
MWa	Average megawatts
MWh	Megawatt hours
NVPC	Net Variable Power Costs
OEQC	Oregon Environmental Quality Commission
OPUC	Public Utility Commission of Oregon
PCAM	Power Cost Adjustment Mechanism
S&P	Standard & Poor's Ratings Services
SB 408	Oregon Senate Bill 408
SEC	Securities and Exchange Commission
SIP	Oregon Regional Haze State Implementation Plan
Trojan	Trojan Nuclear Plant
URP	Utility Reform Project
VIE	Variable Interest Entity

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements.****PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(Dollars in millions, except per share amounts)

(Unaudited)

	Three Months Ended March 31,	
	2010	2009
Revenues	\$ 449	\$ 485
Operating expenses:		
Purchased power and fuel	224	255
Production and distribution	39	42
Administrative and other	45	45
Depreciation and amortization	57	57
Taxes other than income taxes	23	23
Total operating expenses	388	422
Income from operations	61	63
Other income (expense):		
Allowance for equity funds used during construction	4	2
Miscellaneous income (expense), net	1	(3)
Other income (expense), net	5	(1)
Interest expense	29	25
Income before income taxes	37	37
Income taxes	10	13
Net income	27	24
Less: net losses attributable to the noncontrolling interests	-	(7)
Net income attributable to Portland General Electric Company	\$ 27	\$ 31
Weighted-average shares outstanding (in thousands):		
Basic	75,229	65,521
Diluted	75,246	65,607
Earnings per share:		
Basic	\$ 0.36	\$ 0.47
Diluted	\$ 0.36	\$ 0.47

Dividends declared per common share	\$	0.255	\$	0.245
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See accompanying notes to condensed consolidated financial statements.

Table of Contents**PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

(Dollars in millions)

(Unaudited)

	March 31, 2010	December 31, 2009
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 52	\$ 31
Accounts receivable, net	150	159
Unbilled revenues	71	95
Inventories	53	58
Margin deposits	89	56
Regulatory assets - current	202	197
Current deferred income taxes	48	-
Other current assets	129	94
Total current assets	794	690
Electric utility plant, net	3,964	3,858
Regulatory assets - noncurrent	532	465
Non-qualified benefit plan trust	47	47
Nuclear decommissioning trust	32	50
Other noncurrent assets	67	62
Total assets	\$ 5,436	\$ 5,172

See accompanying notes to condensed consolidated financial statements.

Table of Contents**PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS, continued**

(Dollars in millions)

(Unaudited)

	March 31, 2010	December 31, 2009
<u>LIABILITIES AND EQUITY</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 209	\$ 187
Liabilities from price risk management activities - current	180	128
Current portion of long-term debt	37	186
Regulatory liabilities - current	18	27
Other current liabilities	91	92
Total current liabilities	535	620
Long-term debt, net of current portion	1,750	1,558
Regulatory liabilities - noncurrent	651	654
Deferred income taxes	426	356
Liabilities from price risk management activities - noncurrent	202	127
Unfunded status of pension and postretirement plans	144	143
Non-qualified benefit plan liabilities	96	96
Other noncurrent liabilities	80	75
Total liabilities	3,884	3,629
Commitments and contingencies (see notes)		
Equity:		
Portland General Electric Company shareholders' equity:		
Preferred stock, no par value, 30,000,000 shares authorized; none issued and outstanding as of March 31, 2010 and December 31, 2009	-	-
Common stock, no par value, 160,000,000 shares authorized; 75,275,512 and 75,210,580 shares issued and outstanding as of March 31, 2010 and December 31, 2009, respectively	829	829
Accumulated other comprehensive loss	(5)	(6)
Retained earnings	727	719
Total Portland General Electric Company shareholders' equity	1,551	1,542
Noncontrolling interests' equity	1	1
Total equity	1,552	1,543
Total liabilities and equity	\$ 5,436	\$ 5,172

See accompanying notes to condensed consolidated financial statements.

Table of Contents**PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In millions)

(Unaudited)

	Three Months Ended March 31,	
	2010	2009
Cash flows from operating activities:		
Net income	\$ 27	\$ 24
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	57	57
Increase in net liabilities from price risk management activities	106	87
Regulatory deferral - price risk management activities	(106)	(87)
Deferred income taxes	12	11
Senate Bill 408 deferrals	(1)	(6)
Allowance for equity funds used during construction	(4)	(2)
Power cost deferrals, net	-	(5)
Other non-cash income and expenses, net	9	9
Changes in working capital:		
Increase in margin deposits	(33)	(16)
Decrease in receivables	33	19
Decrease in payables	(11)	(35)
Other working capital items, net	(13)	(21)
Other, net	(8)	5
Net cash provided by operating activities	68	40
Cash flows from investing activities:		
Capital expenditures	(92)	(91)
Distribution from Nuclear decommissioning trust	19	-
Sales of Nuclear decommissioning trust securities	13	7
Purchases of Nuclear decommissioning trust securities	(12)	(7)
Other, net	(1)	-
Net cash used in investing activities	(73)	(91)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	191	130
Payments on long-term debt	(149)	-
Proceeds from issuance of common stock, net of issuance costs	-	170
Borrowings on revolving lines of credit	-	82
Payments on revolving lines of credit	-	(213)
Borrowings (payments) on short-term debt, net	4	(72)
Dividends paid	(19)	(15)
Debt issuance costs	(1)	(1)