

PORTLAND GENERAL ELECTRIC CO /OR/
Form 10-Q
November 03, 2011
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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 September 30, 2011

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

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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 October 28, 2011 is 75,345,583 shares.

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PORTLAND GENERAL ELECTRIC COMPANY
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2011

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DEFINITIONS

The following abbreviations and acronyms are used throughout this document:

Abbreviation or Acronym	Definition
AFDC	Allowance for funds used during construction
AUT	Annual Power Cost Update Tariff
Biglow Canyon	Biglow Canyon Wind Farm
Boardman	Boardman coal-fired generating plant
Cascade Crossing	Cascade Crossing Transmission Project
CERS	California Energy Resources Scheduling
Colstrip	Colstrip Units 3 and 4 coal-fired generating plant
Coyote Springs	Coyote Springs Unit 1 natural gas-fired generating plant
EPA	U.S. Environmental Protection Agency
FERC	Federal Energy Regulatory Commission
IRP	Integrated Resource Plan
ISFSI	Independent Spent Fuel Storage Installation
kV	Kilovolt = one thousand volts of electricity
LLC	Limited Liability Company
Moody's	Moody's Investors Service
MW	Megawatts
MWa	Average megawatts
MWh	Megawatt hours
NVPC	Net Variable Power Costs
OPUC	Public Utility Commission of Oregon
PCAM	Power Cost Adjustment Mechanism
S&P	Standard & Poor's Ratings Services
SB 408	Oregon Senate Bill 408 (Oregon Revised Statutes 757.268)
SB 967	Oregon Senate Bill 967
SEC	Securities and Exchange Commission
Trojan	Trojan Nuclear Plant
URP	Utility Reform Project
VIE	Variable Interest Entity

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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		Nine Months Ended		
	September 30,		September 30,		
	2011	2010	2011	2010	
Revenues, net	\$439	\$464	\$1,334	\$1,328	
Operating expenses:					
Purchased power and fuel	182	203	545	613	
Production and distribution	50	42	147	127	
Administrative and other	55	47	158	140	
Depreciation and amortization	59	59	170	173	
Taxes other than income taxes	25	23	74	67	
Total operating expenses	371	374	1,094	1,120	
Income from operations	68	90	240	208	
Other income (expense):					
Allowance for equity funds used during construction	1	4	3	12	
Miscellaneous income (expense), net	(4	) 3	(1	) 1
Other income (expense), net	(3	) 7	2	13
Interest expense	27	27	82	82	
Income before income taxes	38	70	160	139	
Income taxes	11	22	42	40	
Net income	27	48	118	99	
Less: net loss attributable to noncontrolling interests	—	(1) —	(1)
Net income attributable to Portland General Electric Company	\$27	\$49	\$118	\$100	
Weighted-average shares outstanding (in thousands):					
Basic	75,342	75,295	75,329	75,267	
Diluted	75,358	75,311	75,345	75,282	
Earnings per share:					
Basic	\$0.36	\$0.65	\$1.57	\$1.32	
Diluted	\$0.36	\$0.65	\$1.57	\$1.32	
Dividends declared per common share	\$0.265	\$0.260	\$0.790	\$0.775	

See accompanying notes to condensed consolidated financial statements.

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PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions)

(Unaudited)

	September 30, 2011	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$97	\$4
Accounts receivable, net	136	137
Unbilled revenues	72	93
Inventories	69	56
Margin deposits	83	83
Regulatory assets - current	208	221
Other current assets	75	67
Total current assets	740	661
Electric utility plant, net	4,255	4,133
Regulatory assets - noncurrent	481	544
Non-qualified benefit plan trust	36	44
Nuclear decommissioning trust	37	34
Other noncurrent assets	62	75
Total assets	\$5,611	\$5,491

See accompanying notes to condensed consolidated financial statements.

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PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEETS, continued
 (Dollars in millions)
 (Unaudited)

	September 30, 2011	December 31, 2010
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$172	\$169
Liabilities from price risk management activities - current	196	188
Short-term debt	—	19
Current portion of long-term debt	—	10
Regulatory liabilities - current	12	25
Other current liabilities	131	78
Total current liabilities	511	489
Long-term debt, net of current portion	1,798	1,798
Regulatory liabilities - noncurrent	712	657
Deferred income taxes	480	445
Liabilities from price risk management activities - noncurrent	147	188
Unfunded status of pension and postretirement plans	102	140
Non-qualified benefit plan liabilities	99	97
Other noncurrent liabilities	106	78
Total liabilities	3,955	3,892
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 September 30, 2011 and December 31, 2010	—	—
Common stock, no par value, 160,000,000 shares authorized; 75,345,351 and 75,316,419 shares issued and outstanding as of September 30, 2011 and December 31, 2010, respectively	833	831
Accumulated other comprehensive loss	(5	) (5
Retained earnings	825	766
Total Portland General Electric Company shareholders' equity	1,653	1,592
Noncontrolling interests' equity	3	7
Total equity	1,656	1,599
Total liabilities and equity	\$5,611	\$5,491

See accompanying notes to condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

(Unaudited)

	Nine Months Ended September 30,	
	2011	2010
Cash flows from operating activities:		
Net income	\$118	\$99
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	170	173
(Decrease) increase in net liabilities from price risk management activities	(26	) 202
Regulatory deferral - price risk management activities	26	(202
Deferred income taxes	40	48
Power cost deferrals, net	17	(1
Renewable adjustment clause deferrals	16	1
Regulatory deferral of settled derivative instruments	15	37
Senate Bill 408 deferrals, net	(5	) (30
Allowance for equity funds used during construction	(3	) (12
Decoupling mechanism deferrals, net	—	(9
Other non-cash income and expenses, net	29	21
Changes in working capital:		
Decrease in receivables	22	54
Increase in margin deposits, net	—	(61
Income tax refund received	8	53
Increase (decrease) in payables and accrued liabilities	3	(16
Other working capital items, net	13	5
Contribution to pension plan	(26	) (30
Contribution to the voluntary employees' beneficiary association trust	(14) —
Other, net	(4	) (15
Net cash provided by operating activities	399	317
Cash flows from investing activities:		
Capital expenditures	(215	) (384
Sales of Nuclear decommissioning trust securities	39	27
Purchases of Nuclear decommissioning trust securities	(41	) (25
Distribution from Nuclear decommissioning trust	—	19
Other, net	3	