

PORTLAND GENERAL ELECTRIC CO /OR/  
Form 10-Q  
May 03, 2007

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 March 31, 2007

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934  
For the Transition period from \_\_\_\_\_ v \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-5532-99

PORTLAND GENERAL ELECTRIC COMPANY  
(Exact name of registrant as specified in its charter)

Oregon

93-0256820

(I.R.S. Employer)

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(State or other jurisdiction  
of

incorporation or  
organization)

Identification No.)

121 SW Salmon Street, Portland, Oregon 97204

(Address of principal executive offices) (zip  
code)

Registrant's telephone number, including area code: **(503) 464-8000**

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 by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Accelerated filer  Non-accelerated filer   
 Large accelerated filer

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

Number of shares of Common Stock outstanding as of April 30, 2007: 62,507,396 shares of common stock, no par value.

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Definitions

Bankruptcy Court	United States Bankruptcy Court for the Southern District of New York
Boardman	Boardman Coal Plant
Chapter 11 Plan	Enron Creditors Recovery Corp.'s Fifth Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code, dated January 9, 2004 and as thereafter amended and supplemented from time to time
Colstrip	Colstrip Units 3 and 4 Coal Plant
Debtors	Enron Creditors Recovery Corp. and its reorganized debtor subsidiaries under the Chapter 11 Plan
DEQ	Oregon Department of Environmental Quality
EITF	Emerging Issues Task Force of the Financial Accounting Standards Board
Enron	Enron Creditors Recovery Corp., as reorganized debtor pursuant to its Supplemental Modified Fifth Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the Bankruptcy Code, confirmed by the United States Bankruptcy Court For The Southern District of New York (Case No. 01-16034) on July 15, 2004 and effective November 17, 2004
EPA	Environmental Protection Agency
ESS	Energy Service Supplier
FERC	Federal Energy Regulatory Commission
Financial Statements	Condensed Consolidated Financial Statements of Portland General Electric Company included in Part I, Item 1 of this report
kWh	Kilowatt-Hour
Mill	One tenth of one cent
MW	Megawatt

MWh	Megawatt-hour
OPUC	Public Utility Commission of Oregon
PCAM	Power Cost Adjustment Mechanism
PGE or the Company	Portland General Electric Company
Port Westward	Port Westward Power Plant
SEC	Securities and Exchange Commission
SFAS	Statement of Financial Accounting Standards issued by the Financial Accounting Standards Board
Trojan	Trojan Nuclear Plant

PART I

Financial Information

Item 1. Financial Statements

<u>Portland General Electric Company and Subsidiaries</u> <u>Condensed Consolidated Statements of Income</u>						
<b>(Unaudited)</b>						
	Three Months Ended March 31,					
	2007			2006		
	(In Millions, Except per Share Amounts)					
Operating Revenues	\$	436		\$	381	
Operating Expenses						
Purchased power and fuel		203			232	
Production and distribution		32			36	

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Administrative and other		45				34
Depreciation and amortization		45				57
Taxes other than income taxes		21				20
Income taxes		26				(4)
		372				375
Net Operating Income		64				6
Other Income (Deductions)						
Allowance for equity funds used during construction		5				3
Miscellaneous		4				-
Income taxes		(1)				1
		8				4
Interest Charges						
Interest on long-term debt and other		17				16
Net Income (Loss)	\$	55			\$	(6)
Common Stock:						
Weighted-average shares outstanding (thousands), Basic		62,505				62,500
Weighted-average shares outstanding (thousands), Diluted		62,525				62,500
Earnings (loss) per share, Basic and Diluted	\$	0.88			\$	(0.09)
Dividends declared per share	\$	0.225			\$	*
* Not meaningful as the Company was a wholly-owned subsidiary of Enron.						
The accompanying notes are an integral part of these condensed consolidated financial statements.						

<u>Portland General Electric Company and Subsidiaries</u> <u>Condensed Consolidated Statements of Retained Earnings</u>						
<b>(Unaudited)</b>						
	Three Months Ended March 31,					
	2007		2006			
	(In Millions)					
Balance at Beginning of Period	\$	587		\$	558	
Net Income (Loss)		55			(6)	
		642			552	
Dividends Declared - Common Stock		14			-	
Balance at End of Period	\$	628		\$	552	
The accompanying notes are an integral part of these condensed consolidated financial statements.						

<u>Portland General Electric Company and Subsidiaries</u> <u>Condensed Consolidated Statements of Comprehensive Income</u>						
<b>(Unaudited)</b>						
	Three Months Ended March 31,					
	(In Millions)					
	2007		2006			
Accumulated other comprehensive income (loss) - Beginning of Period						

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Unrealized gain (loss) on derivatives classified as cash flow hedges	\$	-		\$	-
Minimum pension liability adjustment		*			(3)
Pension and other post-retirement plan's funded position		(6)			*
Total	\$	(6)		\$	(3)
Net Income (Loss)	\$	55		\$	(6)
Other comprehensive income, net of tax:					
Unrealized gains (losses) on derivatives classified as cash flow hedges:					
Other unrealized holding net gains (losses) arising during the period, net of related taxes of \$(2) and \$17		3			(27)
Reclassification adjustment for contract settlements included in net income, net of related taxes of \$3 and \$5		(4)			(7)
Reclassification of unrealized gains (losses) to SFAS No. 71 regulatory (liability) asset, net of related taxes of \$(1) and \$(21)		1			32
Total - Unrealized gains (losses) on derivatives classified as cash flow hedges		-			(2)
Minimum pension liability adjustment		*			-
Pension and other post-retirement plan's funded position, net of related taxes of \$1		(1)			-
Reclassification of defined benefit pension plan and other benefits to		1			-



SFAS No. 71 regulatory asset, net of related taxes of \$(1)							
Total Other comprehensive income (loss)			-			(2)	
Comprehensive income (loss)	\$	55		\$	(8)		
Accumulated other comprehensive income (loss) - End of Period							
Unrealized gain (loss) on derivatives classified as cash flow hedges	\$	-		\$	(2)		
Minimum pension liability adjustment			*		(3)		
Pension and other post-retirement plan's funded position			(6)			*	
Total	\$	(6)		\$	(5)		
* With the adoption of SFAS No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, at December 31, 2006, certain information is no longer applicable. Similarly, certain information for 2007 was not previously applicable.							
The accompanying notes are an integral part of these condensed consolidated financial statements.							

<u>Portland General Electric Company and Subsidiaries</u>							
<u>Condensed Consolidated Balance Sheets</u>							
<b>(Unaudited)</b>							
	March 31,			December 31,			
	2007			2006			
	(In Millions)						
<u>Assets</u>							
Electric Utility Plant - Original Cost							
Utility plant (includes construction work in progress of \$421 and \$412)	\$	4,650		\$	4,582		

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Accumulated depreciation		(1,887 )			(1,864 )	
		2,763			2,718	
Other Property and Investments						
Nuclear decommissioning trust, at market value		43			42	
Non-qualified benefit plan trust		70			70	
Miscellaneous		27			26	
		140			138	
Current Assets						
Cash and cash equivalents		5			12	
Accounts and notes receivable (less allowance for uncollectible accounts of \$39 and \$45)		206			177	
Unbilled revenues		60			88	
Assets from price risk management activities		92			93	
Inventories, at average cost		62			64	
Margin deposits		8			46	
Prepayments and other		41			25	
Deferred income taxes		7			22	
		481			527	
Deferred Charges						
Regulatory assets		342			351	
Miscellaneous		33			33	
		375			384	
	\$	3,759		\$	3,767	
<u>Capitalization and Liabilities</u>						

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Capitalization							
Common stock equity:							
Common stock, no par value, 80,000,000 shares authorized; 62,507,396 and 62,504,767 shares outstanding at March 31, 2007 and December 31, 2006, respectively	\$	643			\$	643	
Retained earnings		628				587	
Accumulated other comprehensive income (loss):							
Pension and other post-retirement plans		(6)				(6)	
Long-term debt		943				937	
		2,208				2,161	
Commitments and Contingencies (see Notes)							
Current Liabilities							
Long-term debt due within one year		66				66	
Short-term borrowings		29				81	
Accounts payable and other accruals		208				212	
Liabilities from price risk management activities		116				155	
Customer deposits		5				5	
Accrued interest		19				15	
Accrued taxes		40				14	
Dividends payable		14				14	
		497				562	
Other							
Deferred income taxes		247				251	
Deferred investment tax credits		6				7	

Trojan asset retirement obligation		111			108	
Accumulated asset retirement obligation		26			26	
Regulatory liabilities:						
Accumulated asset retirement removal costs		423			411	
Other		107			112	
Non-qualified benefit plan liabilities		86			84	
Miscellaneous		48			45	
		1,054			1,044	
	\$	3,759		\$	3,767	
The accompanying notes are an integral part of these condensed consolidated financial statements						

<u>Portland General Electric Company and Subsidiaries</u> <u>Condensed Consolidated Statements of Cash Flows</u>						
<b>(Unaudited)</b>						
		Three Months Ended				
		March 31,				
		2007		2006		
		(In Millions)				
<b>Cash Flows From Operating Activities:</b>						
Reconciliation of net income (loss) to net cash provided by (used in) operating activities						
Net income (loss)	\$	55		\$	(6)	
Non-cash items included in net income:						
Depreciation and amortization		45			57	

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Deferred income taxes					5				(21)
Net assets from price risk management activities					(41)				79
Power cost deferral					(23)				-
Regulatory deferrals - price risk management activities					41				(58)
Other non-cash income and expenses (net)									