

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(Dollars in millions, except per share amounts)

	Years Ended December 31,		
	2017	2016	2015
Revenues, net	\$ 2,009	\$ 1,923	\$ 1,898
Operating expenses:			
Purchased power and fuel	592	617	661
Generation, transmission and distribution	309	286	266
Administrative and other	264	247	241
Depreciation and amortization	345	321	305
Taxes other than income taxes	123	119	116
Total operating expenses	<u>1,633</u>	<u>1,590</u>	<u>1,589</u>
Income from operations	376	333	309
Interest expense, net	120	112	114
Other income:			
Allowance for equity funds used during construction	12	21	21
Miscellaneous income, net	5	1	1
Other income, net	<u>17</u>	<u>22</u>	<u>22</u>
Income before income taxes	273	243	217
Income tax expense	86	50	45
Net income	<u>\$ 187</u>	<u>\$ 193</u>	<u>\$ 172</u>
Weighted-average shares outstanding (in thousands):			
Basic	<u>89,056</u>	<u>88,896</u>	<u>84,180</u>
Diluted	<u>89,176</u>	<u>89,054</u>	<u>84,341</u>
Earnings per share:			
Basic	<u>\$ 2.10</u>	<u>\$ 2.17</u>	<u>\$ 2.05</u>
Diluted	<u>\$ 2.10</u>	<u>\$ 2.16</u>	<u>\$ 2.04</u>

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions)

	As of December 31,	
	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 39	\$ 6
Accounts receivable, net	168	155
Unbilled revenues	106	107
Inventories, at average cost:		
Materials and supplies	52	50
Fuel	26	32
Regulatory assets—current	62	36
Other current assets	73	77
Total current assets	526	463
Electric utility plant:		
Generation	4,667	4,597
Transmission	547	521
Distribution	3,543	3,343
General	550	501
Intangible	607	572
Construction work-in-progress	391	213
Total electric utility plant	10,305	9,747
Accumulated depreciation and amortization	(3,564)	(3,313)
Electric utility plant, net	6,741	6,434
Regulatory assets—noncurrent	438	498
Nuclear decommissioning trust	42	41
Non-qualified benefit plan trust	37	34
Other noncurrent assets	54	57
Total assets	\$ 7,838	\$ 7,527

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS, continued

(In millions, except share amounts)

	As of December 31,	
	2017	2016
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 132	\$ 129
Liabilities from price risk management activities—current	59	44
Current portion of long-term debt	—	150
Accrued expenses and other current liabilities	241	254
Total current liabilities	432	577
Long-term debt, net of current portion	2,426	2,200
Regulatory liabilities—noncurrent	1,288	958
Deferred income taxes	376	669
Unfunded status of pension and postretirement plans	284	281
Liabilities from price risk management activities—noncurrent	151	125
Asset retirement obligations	167	161
Non-qualified benefit plan liabilities	106	105
Other noncurrent liabilities	192	107
Total liabilities	5,422	5,183
Commitments and contingencies (see notes)		
Equity:		
Preferred stock, no par value, 30,000,000 shares authorized; none issued and outstanding	—	—
Common stock, no par value, 160,000,000 shares authorized; 89,114,265 and 88,946,704 shares issued and outstanding as of December 31, 2017 and 2016, respectively	1,207	1,201
Accumulated other comprehensive loss	(8)	(7)
Retained earnings	1,217	1,150
Total equity	2,416	2,344
Total liabilities and equity	\$ 7,838	\$ 7,527

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

	Years Ended December 31,		
	2017	2016	2015
Cash flows from operating activities:			
Net income	\$ 187	\$ 193	\$ 172
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	345	321	305
Deferred income taxes	70	37	40
Allowance for equity funds used during construction	(12)	(21)	(21)
Pension and other postretirement benefits	24	28	34
Unrealized losses on non-qualified benefit plan trust assets	2	5	6
Decoupling mechanism deferrals, net of amortization	(22)	(6)	14
Other non-cash income and expenses, net	29	7	22
Changes in working capital:			
(Increase) in receivables and unbilled revenues	(3)	(9)	(11)
(Increase) decrease in margin deposits	(3)	25	(22)
Increase in payables and accrued liabilities	5	15	6
Other working capital items, net	1	(4)	(4)
Contribution to non-qualified employee benefit trust	(8)	(10)	(9)
Other, net	(18)	(28)	(12)
Net cash provided by operating activities	597	553	520
Cash flows from investing activities:			
Capital expenditures	(514)	(584)	(598)
Purchases of nuclear decommissioning trust securities	(18)	(25)	(19)
Sales of nuclear decommissioning trust securities	21	27	22
Distribution from nuclear decommissioning trust	—	—	50
Sales tax refund received - Tucannon River Wind Farm	—	—	23
Other, net	(3)	(3)	—
Net cash used in investing activities	(514)	(585)	(522)

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS, continued

(In millions)

	Years Ended December 31,		
	2017	2016	2015
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	\$ 225	\$ 290	\$ 145
Payments on long-term debt	(150)	(133)	(442)
Proceeds from issuances of common stock, net of issuance costs	—	—	271
(Maturities) issuances of commercial paper, net	—	(6)	6
Dividends paid	(118)	(110)	(97)
Other	(7)	(7)	(4)
Net cash (used in) provided by financing activities	(50)	34	(121)
Increase (decrease) in cash and cash equivalents	33	2	(123)
Cash and cash equivalents, beginning of year	6	4	127
Cash and cash equivalents, end of year	\$ 39	\$ 6	\$ 4
Supplemental disclosures of cash flow information:			
Cash paid for:			
Interest, net of amounts capitalized	\$ 110	\$ 104	\$ 108
Income taxes	18	16	3
Non-cash investing and financing activities:			
Accrued capital additions	53	50	32
Accrued dividends payable	31	30	28
Assets obtained under leasing arrangements	87	78	—