# Portland General Electric announces third quarter 2019 results

November 1, 2019

**- Maintaining full-year 2019 earnings guidance of $2.35-$2.50 per share, expecting to be in the lower half of the range**

**- Accelerating clean energy efforts with progress on Integrated Resource Plan and filing of Transportation Electrification plan**

**- Increasing capital expenditures with a focus on transmission and distribution upgrades**

PORTLAND, Ore., Nov. 1, 2019 /PRNewswire/ -- Portland General Electric Company (NYSE: POR) today reported net income of $55 million, or 61 cents per diluted share, for the third quarter of 2019. This compares with net income of $53 million, or 59 cents per diluted share, for the third quarter of 2018. PGE reaffirmed its 2019 earnings guidance range of $2.35 to $2.50 per diluted share and expects to be in the lower half of the range.

"Our financial performance this quarter was strong. In a summer with milder temperatures and unfavorable hydro conditions, we effectively managed our power supply and benefited from increased wind and thermal production," said Maria Pope, PGE president and CEO. "I am pleased to announce that we've broken ground on our Integrated Operations Center and are continuing to invest in our hydro facilities and distribution assets for a smarter and more resilient grid."

The increase in third quarter earnings was driven by favorable net variable power costs compared with the third quarter of 2018. Higher operating expenses were driven by wildfire mitigation, vegetation management and other miscellaneous items. A decrease in third quarter earnings was attributable to the absence of the Carty Generation Station cash settlement that occurred in 2018.

## Company Updates

### Integrated Resource Plan (IRP)

In July 2019, PGE filed with the Public Utility Commission of Oregon (OPUC) its 2019 IRP. As part of the OPUC's public review process, PGE is preparing to respond to comments provided by OPUC staff, consumer advocates, environmental groups and other stakeholders. PGE will request approval from the OPUC to issue one or more RFPs to acquire capacity and renewable resources following a final order expected in the first quarter of 2020. PGE is considering submission of a benchmark resource for both RFPs and will communicate its decision to submit a benchmark before doing so.

### Transportation Electrification Plan

In September 2019, PGE filed its Transportation Electrification plan with the OPUC. The plan describes market conditions, PGE's current and planned activities, potential system impacts from transportation electrification, and relation to Oregon's carbon reduction goals. The plan is required and aimed at accelerating transportation electrification in Oregon.

### Capital Updates

PGE increased its capital plan by $145 million for the period 2019-2023. The company is planning to invest in projects to improve the resiliency and safety of transmission and distribution assets, as well as improving infrastructure resiliency and advancing an integrated grid.

## 2019 earnings guidance

PGE is reaffirming its 2019 guidance of $2.35 to $2.50 per diluted share and expects to be in the lower half of this range. This guidance is based on the following assumptions:

- Flat weather-adjusted retail deliveries
- Normal hydro conditions for the remainder of the year based on the current hydro forecast
- Wind generation based on five years of historical levels or forecast studies when historical data is not available
- Normal thermal plant operations
- Depreciation and amortization expense between $400 million and $420 million
- Operating and maintenance costs between $600 million and $620 million

## Third Quarter 2019 earnings call and webcast —November 1, 2019

PGE will host a conference call with financial analysts and investors on Friday, November 1, 2019, at 11 a.m. ET. The conference call will be webcast live on the PGE website at investors.portlandgeneral.com. A replay of the call will be available beginning at 2 p.m. ET on Friday, November 1, 2019,

through 1 p.m. ET on Friday, November 8, 2019.

Maria Pope, president and CEO; Jim Lobdell, senior vice president of Finance, CFO, and treasurer; and Chris Liddle, director, Investor Relations and Treasury, will participate in the call. Management will respond to questions following formal comments.

The attached unaudited condensed consolidated statements of income and comprehensive income, condensed consolidated balance sheets and condensed consolidated statements of cash flows, as well as the supplemental operating statistics, are an integral part of this earnings release.

**About Portland General Electric Company**

Portland General Electric (NYSE: POR) is a fully integrated energy company based in Portland, Oregon, serving 892,000 customers in 51 cities. For 130 years, PGE has been delivering safe, affordable and reliable energy to Oregonians. Together with its customers, PGE has the No. 1 voluntary renewable energy program in the U.S. With approximately 3,000 employees across the state, PGE is committed to helping its customers and the communities it serves build a clean energy future. For more information, visit PortlandGeneral.com/CleanVision.

**Safe Harbor Statement**

Statements in this news release that relate to future plans, objectives, expectations, performance, events and the like may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements regarding earnings guidance; statements regarding future load, hydro conditions and operating and maintenance costs; statements concerning implementation of the company's integrated resource plan; statements concerning future compliance with regulations limiting emissions from generation facilities and the costs to achieve such compliance; as well as other statements containing words such as "anticipates," "believes," "intends," "estimates," "promises," "expects," "should," "conditioned upon," and similar expressions. Investors are cautioned that any such forward-looking statements are subject to risks and uncertainties, including reductions in demand for electricity; the sale of excess energy during periods of low demand or low wholesale market prices; operational risks relating to the company's generation facilities, including hydro conditions, wind conditions, disruption of fuel supply, and unscheduled plant outages, which may result in unanticipated operating, maintenance and repair costs, as well as replacement power costs; failure to complete capital projects on schedule or within budget, or the abandonment of capital projects, which could result in the company's inability to recover project costs; the costs of compliance with environmental laws and regulations, including those that govern emissions from thermal power plants; changes in weather, hydroelectric and energy markets conditions, which could affect the availability and cost of purchased power and fuel; changes in capital market conditions, which could affect the availability and cost of capital and result in delay or cancellation of capital projects; the outcome of various legal and regulatory proceedings; general economic and financial market conditions; severe weather conditions, wildfires, and other natural phenomena and natural disasters that could result in operational disruptions, unanticipated restoration costs, or liability for third party property damage; and cyber security breaches of the company's customer information system or operating systems, which may affect customer bills or other aspects of our operations. As a result, actual results may differ materially from those projected in the forward-looking statements. All forward-looking statements included in this news release are based on information available to the company on the date hereof and such statements speak only as of the date hereof. The company expressly disclaims any current intention to update publicly any forward-looking statement after the distribution of this release, whether as a result of new information, future events, changes in assumptions or otherwise. Prospective investors should also review the risks, assumptions and uncertainties listed in the company's most recent annual report on form 10-K and in other documents that we file with the United States Securities and Exchange Commission, including management's discussion and analysis of financial condition and results of operations and the risks described therein from time to time.

POR

Source: Portland General Company


**Media Contact:**
Andrea Platt
Corporate Communications
Phone: 503-464-7980

**Investor Contact:**
Chris Liddle
Investor Relations
Phone: 503-464-7458


**PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**
**AND COMPREHENSIVE INCOME**
(Dollars in millions, except per share amounts)
(Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| **Revenues:** | | | | |
| Revenues, net | $ 538 | $ 525 | $ 1,570 | $ 1,469 |
| Alternative revenue programs, net of amortization | 4 | — | 5 | (2) |
| Total revenues | 542 | 525 | 1,575 | 1,467 |
| **Operating expenses:** | | | | |
| Purchased power and fuel | 165 | 186 | 449 | 420 |
| Generation, transmission and distribution | 78 | 72 | 241 | 212 |
| Administrative and other | 74 | 49 | 223 | 188 |
| Depreciation and amortization | 103 | 96 | 305 | 281 |
| Taxes other than income taxes | 34 | 31 | 101 | 95 |
| Total operating expenses | 454 | 434 | 1,319 | 1,196 |

| | | | | |
|---|---|---|---|---|
| **Income from operations** | **88** | **91** | **256** | **271** |
| **Interest expense, net** | 32 | 31 | 95 | 93 |
| **Other income:** | | | | |
| Allowance for equity funds used during construction | 2 | 2 | 7 | 8 |
| Miscellaneous income, net | 3 | — | 5 | — |
| Other income, net | 5 | 2 | 12 | 8 |
| **Income before income tax expense** | **61** | **62** | **173** | **186** |
| Income tax expense | 6 | 9 | 20 | 23 |
| **Net income** | **55** | **53** | **153** | **163** |
| Other comprehensive income | — | — | 2 | — |
| **Comprehensive income** | **$ 55** | **$ 53** | **$ 155** | **$ 163** |
| | | | | |
| Weighted-average common shares outstanding (in thousands): | | | | |
| Basic | 89,372 | 89,239 | 89,346 | 89,205 |
| Diluted | 89,594 | 89,239 | 89,555 | 89,205 |
| | | | | |
| **Earnings per share:** | | | | |
| Basic | $ 0.61 | $ 0.59 | $ 1.71 | $ 1.82 |
| Diluted | $ 0.61 | $ 0.59 | $ 1.70 | $ 1.82 |

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

| | September 30, 2019 | December 31, 2018 |
|---|---|---|
| **ASSETS** | | |
| **Current assets:** | | |
| Cash and cash equivalents | $ 11 | $ 119 |
| Accounts receivable, net | 161 | 193 |
| Unbilled revenues | 73 | 96 |
| Inventories | 91 | 84 |
| Regulatory assets—current | 26 | 61 |
| Other current assets | 54 | 90 |
| **Total current assets** | **416** | **643** |
| Electric utility plant, net | 7,014 | 6,887 |
| Regulatory assets—noncurrent | 483 | 401 |
| Nuclear decommissioning trust | 46 | 42 |
| Non-qualified benefit plan trust | 37 | 36 |
| Other noncurrent assets | 158 | 101 |
| **Total assets** | **$ 8,154** | **$ 8,110** |

| | September 30, 2019 | December 31, 2018 |
|---|---|---|
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| **Current liabilities:** | | |
| Accounts payable | $ 128 | $ 168 |
| Liabilities from price risk management activities—current | 26 | 55 |
| Short-term debt | — | — |
| Current portion of long-term debt | 50 | 300 |
| Current portion of finance lease obligation | 17 | — |
| Accrued expenses and other current liabilities | 293 | 268 |
| **Total current liabilities** | **514** | **791** |
| Long-term debt, net of current portion | 2,328 | 2,178 |
| Regulatory liabilities—noncurrent | 1,380 | 1,355 |
| Deferred income taxes | 378 | 369 |
| Unfunded status of pension and postretirement plans | 307 | 307 |
| Liabilities from price risk management activities—noncurrent | 100 | 101 |
| Asset retirement obligations | 268 | 197 |
| Non-qualified benefit plan liabilities | 100 | 103 |
| Finance lease obligations, net of current portion | 136 | — |
| Other noncurrent liabilities | 79 | 203 |

| | | |
|---|---|---|
| **Total liabilities** | **5,590** | **5,604** |
| **Commitments and contingencies** | | |
| **Shareholders' Equity:** | | |
| Preferred stock, no par value, 30,000,000 shares authorized; none issued and outstanding as of September 30, 2019 and December 31, 2018 | — | — |
| Common stock, no par value, 160,000,000 shares authorized; 89,371,974 and 89,267,959 shares issued and outstanding as of September 30, 2019 and December 31, 2018, respectively | 1,217 | 1,212 |
| Accumulated other comprehensive loss | (7) | (7) |
| Retained earnings | 1,354 | 1,301 |
| **Total shareholders' equity** | **2,564** | **2,506** |
| **Total liabilities and shareholders' equity** | **$ 8,154** | **$ 8,110** |

**PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
(In millions)
(Unaudited)

| | Nine Months Ended September 30, | |
|---|---|---|
| | **2019** | **2018** |
| **Cash flows from operating activities:** | | |
| Net income | $ 153 | $ 163 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 305 | 281 |
| Deferred income taxes | 3 | 2 |
| Pension and other postretirement benefits | 16 | 19 |
| Allowance for equity funds used during construction | (7) | (8) |
| Decoupling mechanism deferrals, net of amortization | (6) | 2 |
| (Amortization) Deferral of net benefits due to Tax Reform | (16) | 37 |
| Other non-cash income and expenses, net | 38 | 8 |
| Changes in working capital: | | |
| Decrease in accounts receivable and unbilled revenues | 50 | 12 |
| (Increase)/decrease in inventories | (7) | 2 |
| Decrease in margin deposits, net | 4 | 6 |
| (Decrease)/increase in accounts payable and accrued liabilities | (25) | 17 |
| Other working capital items, net | 25 | 19 |
| Other, net | (31) | (24) |
| **Net cash provided by operating activities** | **502** | **536** |
| **Cash flows from investing activities:** | | |
| Capital expenditures | (407) | (401) |
| Sales of Nuclear decommissioning trust securities | 11 | 11 |
| Purchases of Nuclear decommissioning trust securities | (8) | (9) |
| Proceeds from Carty settlement | — | 120 |
| Other, net | (2) | 1 |
| **Net cash used in investing activities** | **(406)** | **(278)** |
| **Cash flows from financing activities:** | | |
| Proceeds from issuance of long-term debt | 200 | — |
| Payments on long-term debt | (300) | — |
| Dividends paid | (99) | (93) |
| Other | (5) | (4) |
| **Net cash used in financing activities** | **(204)** | **(97)** |
| **(Decrease) increase in cash and cash equivalents** | **(108)** | **161** |
| **Cash and cash equivalents, beginning of period** | **119** | **39** |
| **Cash and cash equivalents, end of period** | **$ 11** | **$ 200** |
| | | |
| **Supplemental cash flow information is as follows:** | | |
| Cash paid for interest, net of amounts capitalized | $ 73 | $ 72 |
| Cash paid for income taxes | 21 | 20 |

**PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES**
**SUPPLEMENTAL OPERATING STATISTICS**
(Unaudited)

**Three Months Ended**
**September 30,**

| | 2019 | | 2018 | |
|---|---|---|---|---|
| **Revenues (dollars in millions):** | | | | |
| Retail: | | | | |
| Residential | $ 218 | 40% | $ 224 | 43% |
| Commercial | 167 | 31 | 171 | 32 |
| Industrial | 50 | 9 | 55 | 10 |
| Direct access | 13 | 2 | 9 | 2 |
| Subtotal | 448 | 82 | 459 | 87 |
| Alternative revenue programs, net of amortization | 4 | 1 | — | — |
| Other accrued (deferred) revenues, net | 4 | 1 | (11) | (2) |
| Total retail revenues | 456 | 84 | 448 | 85 |
| Wholesale revenues | 72 | 13 | 67 | 13 |
| Other operating revenues | 14 | 3 | 10 | 2 |
| Total revenues | $ 542 | 100% | $ 525 | 100% |
| **Energy deliveries (MWh in thousands):** | | | | |
| Retail: | | | | |
| Residential | 1,646 | 24% | 1,712 | 27% |
| Commercial | 1,738 | 26 | 1,837 | 28 |
| Industrial | 822 | 12 | 844 | 13 |
| Subtotal | 4,206 | 62 | 4,393 | 68 |
| Direct access: | | | | |
| Commercial | 195 | 3 | 170 | 2 |
| Industrial | 373 | 5 | 368 | 6 |
| Subtotal | 568 | 8 | 538 | 8 |
| Total retail energy deliveries | 4,774 | 70 | 4,931 | 76 |
| Wholesale energy deliveries | 2,015 | 30 | 1,529 | 24 |
| Total energy deliveries | 6,789 | 100% | 6,460 | 100% |
| **Average number of retail customers:** | | | | |
| Residential | 781,223 | 88% | 773,514 | 88% |
| Commercial | 109,589 | 12 | 110,028 | 12 |
| Industrial | 193 | — | 200 | — |
| Direct access | 632 | — | 604 | — |
| Total | 891,637 | 100% | 884,346 | 100% |

**PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES**
**SUPPLEMENTAL OPERATING STATISTICS, continued**
(Unaudited)

| | Three Months Ended September 30, | | | |
|---|---|---|---|---|
| | 2019 | | 2018 | |
| **Sources of energy (MWhs in thousands):** | | | | |
| Generation: | | | | |
| Thermal: | | | | |
| Natural gas | 2,881 | 44% | 2,777 | 45% |
| Coal | 1,450 | 22 | 1,054 | 17 |
| Total thermal | 4,331 | 66 | 3,831 | 62 |
| Hydro | 261 | 4 | 258 | 4 |
| Wind | 598 | 9 | 475 | 8 |
| Total generation | 5,190 | 79 | 4,564 | 74 |
| Purchased power: | | | | |
| Term | 1,000 | 15 | 1,208 | 20 |
| Hydro | 241 | 4 | 325 | 5 |
| Wind | 100 | 2 | 85 | 1 |
| Total purchased power | 1,341 | 21 | 1,618 | 26 |
| Total system load | 6,531 | 100% | 6,182 | 100% |
| Less: wholesale sales | (2,015) | | (1,529) | |
| Retail load requirement | 4,516 | | 4,653 | |

The following table indicates the number of heating and cooling degree-days for the three months ended September 30, 2019 and 2018, along with 15-year averages based on weather data provided by the National Weather Service, as measured at Portland International Airport:

| | Heating Degree-days | | | Cooling Degree-days | | |
|---|---|---|---|---|---|---|
| | 2019 | 2018 | Avg. | 2019 | 2018 | Avg. |
| July | 3 | 2 | 6 | 176 | 289 | 179 |
| August | — | 6 | 6 | 216 | 238 | 190 |

| | | | | | | |
|---|---|---|---|---|---|---|
| September | 80 | 61 | 63 | 70 | 48 | 71 |
| Totals for the quarter | 83 | 69 | 75 | 462 | 575 | 440 |
| Increase/(decrease) from the 15-year average | 11% | (8)% | | 5% | 31% | |

View original content:http://www.prnewswire.com/news-releases/portland-general-electric-announces-third-quarter-2019-results-300949660.html

SOURCE Portland General Company