# Portland General Electric announces second quarter 2020 results

July 31, 2020

**- Strong second quarter results driven by favorable regional power conditions and lower operating expense**

**- Capital plan for 2020, including major capital projects, remains on track**

**- Maintaining earnings guidance of $2.20 to $2.50 per diluted share**

PORTLAND, Ore., July 31, 2020 /PRNewswire/ -- Portland General Electric Company (NYSE: POR) today reported net income of $39 million, or 43 cents per diluted share, for the second quarter of 2020. This compares with net income of $25 million, or 28 cents per diluted share, for the second quarter of 2019.

"We achieved solid second quarter financial results, driven by a combination of favorable hydro and wind conditions and lower operating expenses," said Maria Pope, PGE president and CEO. "As an essential service provider, we will continue working to keep costs low to support economic recovery and the communities we serve in this unprecedented time."

**Second quarter 2020 earnings compared to second quarter 2019 earnings**

Total revenues increased as a result of higher residential, industrial and wholesale demand, which was partially offset by lower commercial demand. Power costs increased due to higher overall system deliveries, which more than offset a decline in the average cost per MWh due to lower gas prices and surplus hydro in the region. Operating expense declined due to continuous efforts to reduce the company's overall cost structure as well as lower plant maintenance expense. Tax expense was favorable due to higher Production Tax Credit generation at PGE's wind facilities.

**Company Update**

**Major Capital Projects**

PGE's Integrated Operations Center and the Wheatridge Renewable Energy Facility remain on schedule and on budget. There have been no significant supply chain or operational disruptions as a result of COVID-19.

**Integrated Resource Plan (IRP)**

The Public Utility Commission of Oregon acknowledged the Action Plan in PGE's 2019 IRP in a written Order on May 6, 2020. PGE plans to begin procurement activities for renewables and capacity later this year and will consider the potential impacts of economic conditions on resource needs.

**2020 Earnings Guidance**

PGE is reaffirming its 2020 earnings guidance of $2.20 to $2.50 per diluted share. This guidance is based on the following assumptions:

- Revised annual retail deliveries from a decrease of 1% to 2%, weather adjusted, to flat energy deliveries, weather adjusted, year over year. This upward revision reflects stronger residential and industrial demand offset by a decline in commercial deliveries;
- Net variable power costs for the year ending December 31, 2020 to be below the power cost adjustment mechanism baseline, but within the established deadband range;
- Average hydro conditions for the year;
- Wind generation based on five years of historical levels or forecast studies when historical data is not available;
- Normal thermal plant operations;
- Operating and maintenance expense between $570 million and $590 million, which includes a full-year forecasted bad debt expense of $15 million due to moratoriums on collection activities and customer disconnects; and
- Depreciation and amortization expense between $410 million and $430 million.

**Second Quarter 2020 earnings call and webcast —July 31, 2020**

PGE will host a conference call with financial analysts and investors on Friday, July 31, 2020, 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, July 31, 2020, through 1 p.m.

ET on Friday, August 7, 2020.

Maria Pope, president and CEO; Jim Lobdell, senior vice president of Finance, CFO, and treasurer; and Jardon Jaramillo, senior director, Investor Relations, Treasury, and Finance Operations, 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, with operations across the state. The company serves 901,000 customers with a service area population of 1.9 million Oregonians in 51 cities. PGE has 16 generation plants in five Oregon counties, and maintains and operates 13 public parks and recreation areas. For over 130 years, PGE has delivered safe, affordable and reliable energy to Oregonians. Together with its customers, PGE has the No. 1 voluntary renewable energy program in the U.S. PGE and its 3,000 employees are working with customers to build a clean energy future. In 2019, PGE, employees, retirees and the PGE Foundation donated $4.7 million and volunteered 32,900 hours with more than 700 nonprofits across Oregon. For more information visit portlandgeneral.com/news.

**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; and widespread health emergencies or outbreaks of infectious diseases such as the novel coronavirus disease (COVID-19), which may affect our financial position, results of operations and cash flows. 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.

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Source: Portland General Company

**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 June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| **Revenues:** | | | | |
| Revenues, net | $ 469 | $ 462 | $ 1,033 | $ 1,032 |
| Alternative revenue programs, net of amortization | — | (2) | 9 | 1 |
| Total revenues | 469 | 460 | 1,042 | 1,033 |
| **Operating expenses:** | | | | |
| Purchased power and fuel | 109 | 105 | 262 | 284 |
| Generation, transmission and distribution | 77 | 86 | 150 | 163 |
| Administrative and other | 74 | 78 | 145 | 149 |
| Depreciation and amortization | 104 | 101 | 212 | 202 |
| Taxes other than income taxes | 34 | 33 | 69 | 67 |
| Total operating expenses | 398 | 403 | 838 | 865 |
| **Income from operations** | **71** | **57** | **204** | **168** |
| **Interest expense, net** | 34 | 31 | 67 | 63 |
| **Other income:** | | | | |

| | | | | |
|---|---|---|---|---|
| Allowance for equity funds used during construction | 4 | 2 | 7 | 5 |
| Miscellaneous income (loss), net | 3 | — | (1) | 2 |
| Other income, net | 7 | 2 | 6 | 7 |
| **Income before income tax expense** | **44** | **28** | **143** | **112** |
| Income tax expense | 5 | 3 | 23 | 14 |
| **Net income** | **39** | **25** | **120** | **98** |
| Other comprehensive income | — | 1 | 1 | 2 |
| **Comprehensive income** | **$ 39** | **$ 26** | **$ 121** | **$ 100** |
| | | | | |
| Weighted-average common shares outstanding (in thousands): | | | | |
| Basic | 89,489 | 89,357 | 89,459 | 89,333 |
| Diluted | 89,625 | 89,561 | 89,602 | 89,537 |
| | | | | |
| **Earnings per share:** | | | | |
| Basic | $ 0.44 | $ 0.28 | $ 1.34 | $ 1.10 |
| Diluted | $ 0.43 | $ 0.28 | $ 1.34 | $ 1.09 |

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

| | June 30, 2020 | December 31, 2019 |
|---|---|---|
| **ASSETS** | | |
| **Current assets:** | | |
| Cash and cash equivalents | $ 303 | $ 30 |
| Accounts receivable, net | 204 | 253 |
| Inventories | 109 | 96 |
| Regulatory assets—current | 12 | 17 |
| Other current assets | 108 | 104 |
| **Total current assets** | **736** | **500** |
| Electric utility plant, net | 7,301 | 7,161 |
| Regulatory assets—noncurrent | 526 | 483 |
| Nuclear decommissioning trust | 47 | 46 |
| Non-qualified benefit plan trust | 37 | 38 |
| Other noncurrent assets | 158 | 166 |
| **Total assets** | **$ 8,805** | **$ 8,394** |

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

| | June 30, 2020 | December 31, 2019 |
|---|---|---|
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| **Current liabilities:** | | |
| Accounts payable | $ 134 | $ 165 |
| Liabilities from price risk management activities—current | 40 | 23 |
| Short-term debt | 150 | — |
| Current portion of long-term debt | 140 | — |
| Current portion of finance lease obligation | 16 | 16 |
| Accrued expenses and other current liabilities | 289 | 315 |
| **Total current liabilities** | **769** | **519** |
| Long-term debt, net of current portion | 2,676 | 2,597 |
| Regulatory liabilities—noncurrent | 1,362 | 1,377 |
| Deferred income taxes | 385 | 378 |
| Unfunded status of pension and postretirement plans | 249 | 247 |
| Liabilities from price risk management activities—noncurrent | 145 | 108 |
| Asset retirement obligations | 265 | 263 |
| Non-qualified benefit plan liabilities | 101 | 103 |
| Finance lease obligations, net of current portion | 132 | 135 |
| Other noncurrent liabilities | 75 | 76 |
| **Total liabilities** | **6,159** | **5,803** |
| **Shareholders' Equity:** | | |

| | | |
|---|---|---|
| Preferred stock, no par value, 30,000,000 shares authorized; none issued and outstanding as of June 30, 2020 and December 31, 2019 | — | — |
| Common stock, no par value, 160,000,000 shares authorized; 89,506,951 and 89,387,124 shares issued and outstanding as of June 30, 2020 and December 31, 2019, respectively | 1,224 | 1,220 |
| Accumulated other comprehensive loss | (9) | (10) |
| Retained earnings | 1,431 | 1,381 |
| **Total shareholders' equity** | 2,646 | 2,591 |
| **Total liabilities and shareholders' equity** | **$ 8,805** | **$ 8,394** |

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

| | Six Months Ended June 30, | |
|---|---|---|
| | **2020** | **2019** |
| **Cash flows from operating activities:** | | |
| Net income | $ 120 | $ 98 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 212 | 202 |
| Deferred income taxes | 4 | 6 |
| Pension and other postretirement benefits | 12 | 12 |
| Allowance for equity funds used during construction | (7) | (5) |
| Decoupling mechanism deferrals, net of amortization | (8) | (1) |
| (Amortization) of net benefits due to Tax Reform | (11) | (11) |
| Other non-cash income and expenses, net | 46 | 21 |
| Changes in working capital: | | |
| Decrease in accounts receivable, net | 40 | 63 |
| (Increase) in inventories | (13) | (17) |
| (Increase)/decrease in margin deposits | (9) | 11 |
| (Decrease) in accounts payable and accrued liabilities | (27) | (65) |
| Other working capital items, net | 18 | 16 |
| Other, net | (21) | (16) |
| **Net cash provided by operating activities** | **356** | **314** |
| **Cash flows from investing activities:** | | |
| Capital expenditures | (370) | (271) |
| Sales of Nuclear decommissioning trust securities | 4 | 7 |
| Purchases of Nuclear decommissioning trust securities | (3) | (5) |
| Other, net | (1) | (2) |
| **Net cash used in investing activities** | **(370)** | **(271)** |
| **Cash flows from financing activities:** | | |
| Proceeds from issuance of long-term debt | 319 | 200 |
| Payments on long-term debt | (98) | (300) |
| Borrowings on short-term debt | 200 | — |
| Repayments of short-term debt | (50) | — |
| Issuance of commercial paper, net | — | 17 |
| Dividends paid | (69) | (65) |
| Other | (15) | (3) |
| **Net cash provided by (used in) financing activities** | **287** | **(151)** |
| **Increase (Decrease) in cash and cash equivalents** | **273** | **(108)** |
| **Cash and cash equivalents, beginning of period** | **30** | **119** |
| **Cash and cash equivalents, end of period** | **$ 303** | **$ 11** |
| **Supplemental cash flow information is as follows:** | | |
| Cash paid for interest, net of amounts capitalized | $ 56 | $ 60 |
| Cash paid for income taxes | 5 | 20 |

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

| | Six Months Ended June 30, | |
|---|---|---|
| | **2020** | **2019** |

| **Revenues (dollars in millions):** | | | | |
|---|---|---|---|---|
| Retail: | | | | |
| Residential | $ 502 | 48% | $ 495 | 48% |
| Commercial | 299 | 29 | 312 | 30 |
| Industrial | 104 | 10 | 94 | 9 |
| Direct Access | 23 | 2 | 21 | 2 |
| Subtotal | 928 | 89 | 922 | 89 |
| Alternative revenue programs, net of amortization | 9 | 1 | 1 | — |
| Other accrued revenues, net | 6 | 1 | 13 | 1 |
| Total retail revenues | 943 | 91 | 936 | 90 |
| Wholesale revenues | 74 | 7 | 53 | 5 |
| Other operating revenues | 25 | 2 | 44 | 5 |
| Total revenues | $ 1,042 | 100% | $ 1,033 | 100% |
| **Energy deliveries (MWhs in thousands):** | | | | |
| Retail: | | | | |
| Residential | 3,789 | 30% | 3,782 | 34% |
| Commercial | 3,000 | 24 | 3,261 | 29 |
| Industrial | 1,638 | 13 | 1,510 | 14 |
| Subtotal | 8,427 | 67 | 8,553 | 77 |
| Direct access: | | | | |
| Commercial | 311 | 3 | 341 | 3 |
| Industrial | 725 | 6 | 720 | 7 |
| Subtotal | 1,036 | 9 | 1,061 | 10 |
| Total retail energy deliveries | 9,463 | 76 | 9,614 | 87 |
| Wholesale energy deliveries | 2,980 | 24 | 1,459 | 13 |
| Total energy deliveries | 12,443 | 100% | 11,073 | 100% |
| **Average number of retail customers:** | | | | |
| Residential | 788,511 | 88% | 776,816 | 88% |
| Commercial | 110,116 | 12 | 109,470 | 12 |
| Industrial | 194 | — | 195 | — |
| Direct access | 631 | — | 633 | — |
| Total | 899,452 | 100% | 887,114 | 100% |

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

| | **Six Months Ended June 30,** | | | |
|---|---|---|---|---|
| | **2020** | | **2019** | |
| **Sources of energy (MWhs in thousands):** | | | | |
| Generation: | | | | |
| Thermal: | | | | |
| Natural gas | 3,477 | 29% | 3,318 | 31% |
| Coal | 1,504 | 13 | 1,713 | 16 |
| Total thermal | 4,981 | 42 | 5,031 | 47 |
| Hydro | 686 | 6 | 837 | 8 |
| Wind | 1,193 | 10 | 820 | 8 |
| Total generation | 6,860 | 58 | 6,688 | 63 |
| Purchased power: | | | | |
| Term | 4,108 | 34 | 3,177 | 30 |
| Hydro | 804 | 7 | 566 | 6 |
| Wind | 178 | 1 | 123 | 1 |
| Total purchased power | 5,090 | 42 | 3,866 | 37 |
| Total system load | 11,950 | 100% | 10,554 | 100% |
| Less: wholesale sales | (2,980) | | (1,459) | |
| Retail load requirement | 8,970 | | 9,095 | |

The following table indicates the number of heating and cooling degree-days for the three months ended June 30, 2020 and 2019, 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** | | |
|---|---|---|---|---|---|---|
| | **2020** | **2019** | **Avg.** | **2020** | **2019** | **Avg.** |
| First Quarter | 1,761 | 1,992 | 1,849 | — | — | — |
| April | 305 | 312 | 375 | — | — | 3 |
| May | 174 | 109 | 185 | 39 | 28 | 24 |
| June | 75 | 46 | 76 | 60 | 74 | 62 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Second Quarter | 554 | 467 | 636 | 99 | 102 | 89 |
| Year-to-date | 2,315 | 2,459 | 2,485 | 99 | 102 | 89 |
| (Decrease)/increase from the 15-year average | (7)% | (1)% | | 11% | 15% | |


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