

EDISON INTERNATIONAL
Form 10-Q
May 09, 2007
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2007

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 1-9936

EDISON INTERNATIONAL

(Exact name of registrant as specified in its charter)

California
(State or other jurisdiction of
incorporation or organization)

2244 Walnut Grove Avenue
(P. O. Box 976)

95-4137452
(I.R.S. Employer
Identification No.)

91770

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Rosemead, California
(Address of principal executive offices)

(Zip Code)

(626) 302-2222

(Registrant's telephone number, including area code)

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class
Common Stock, no par value

Outstanding at April 30, 2007
325,811,206

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When the following terms and abbreviations appear in the text of this report, they have the meanings indicated below.

Btu	British Thermal units
Commonwealth Edison	Commonwealth Edison Company
CDWR	California Department of Water Resources
CPSD	Consumer Protection and Safety Division
CPUC	California Public Utilities Commission
District Court	U.S. District Court for the District of Columbia
DOE	United States Department of Energy
DWP	Los Angeles Department of Water & Power
EME	Edison Mission Energy
EME Homer City	EME Homer City Generation L.P.
EMG	Edison Mission Group Inc.
EMMT	Edison Mission Marketing & Trading, Inc.
EPS	earnings per share
ERRA	energy resource recovery account
Exelon Generation	Exelon Generation Company LLC
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FIN 48	Financial Accounting Standards Interpretation No. 48, Accounting for Uncertainty in Income Taxes an interpretation of FAS 109
FTR	firm transmission rights
GRC	General Rate Case
IRS	Internal Revenue Service
ISO	California Independent System Operator
kWh(s)	kilowatt-hour(s)
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
MEHC	Mission Energy Holding Company
Midland Cogen	Midland Cogeneration Venture
Midway-Sunset	Midway-Sunset Cogeneration Company
Midwest Generation	Midwest Generation, LLC
Moody's	Moody's Investors Service
MW	megawatts
MWh	megawatt-hours
NAPP	Northern Appalachian

Table of Contents**GLOSSARY (Continued)**

Ninth Circuit	United States Court of Appeals for the Ninth Circuit
NO _x	nitrogen oxide
NRC	Nuclear Regulatory Commission
Palo Verde	Palo Verde Nuclear Generating Station
PBR	performance-based ratemaking
PG&E	Pacific Gas & Electric Company
PJM	PJM Interconnection, LLC
PRB	Powder River Basin
PX	California Power Exchange
QF(s)	qualifying facility(ies)
RICO	Racketeer Influenced and Corrupt Organization
S&P	Standard & Poor's
San Onofre	San Onofre Nuclear Generating Station
SCE	Southern California Edison Company
SDG&E	San Diego Gas & Electric
SFAS	Statement of Financial Accounting Standards issued by the FASB
SFAS No. 123(R)	Statement of Financial Accounting Standards No. 123(R), Share-Based Payment (revised 2004)
SFAS No. 133	Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities
SFAS No. 144	Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets
SFAS No. 157	Statement of Financial Accounting Standards No. 157, Fair Value Measurements
SFAS No. 158	Statement of Financial Accounting Standards No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans
SFAS No. 159	Statement of Financial Accounting Standards No. 159, The Fair Value Option for Financial Assets and Liabilities, Including an Amendment of FASB Statement No. 115
SIP(s)	State Implementation Plan(s)
SO ₂	sulfur dioxide
US EPA	United States Environmental Protection Agency
VIE(s)	variable interest entity(ies)

Table of Contents**EDISON INTERNATIONAL****PART I FINANCIAL INFORMATION****Item 1. Financial Statements****CONSOLIDATED STATEMENTS OF INCOME**

In millions, except per-share amounts	Three Months Ended	
	March 31,	
	2007	2006
	(Unaudited)	
Electric utility	\$ 2,222	\$ 2,217
Nonutility power generation	672	510
Financial services and other	18	24
Total operating revenue	2,912	2,751
Fuel	486	461
Purchased power	317	1,013
Provisions for regulatory adjustment clauses net	289	(363)
Other operation and maintenance	880	886
Depreciation, decommissioning and amortization	313	292
Total operating expenses	2,285	2,289
Operating income	627	462
Interest income	39	36
Equity in income from partnerships and unconsolidated subsidiaries net	17	4
Other nonoperating income	17	42
Interest expense net of amounts capitalized	(198)	(200)
Other nonoperating deductions	(11)	(12)
Income from continuing operations before tax and minority interest	491	332
Income tax expense	129	111
Dividends on preferred and preference stock of utility not subject to mandatory redemption	13	12
Minority interest	19	25
Income from continuing operations	330	184
Income from discontinued operations net of tax	3	73
Income before accounting change	333	257
Cumulative effect of accounting change net of tax		1
Net income	\$ 333	\$ 258
Weighted-average shares of common stock outstanding	326	326
Basic earnings per common share:		
Continuing operations	\$ 1.00	\$ 0.56
Discontinued operations	0.01	0.22
Total	\$ 1.01	\$ 0.78
Weighted-average shares, including effect of dilutive securities	330	331
Diluted earnings per common share:		
Continuing operations	\$ 1.00	\$ 0.56
Discontinued operations	0.01	0.22
Total	\$ 1.01	\$ 0.78
Dividends declared per common share	\$ 0.29	\$ 0.27

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**EDISON INTERNATIONAL****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

In millions	Three Months Ended	
	2007	March 31, 2006 (Unaudited)
Net income	\$ 333	\$ 258
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments:		
Other foreign currency translation adjustments net	(2)	
Pension and postretirement benefits other than pensions:		
Amortization of actuarial loss net	1	
Unrealized gain (loss) on cash flow hedges:		
Other unrealized gain (loss) on cash flow hedges net	(169)	187
Reclassification adjustment for gain (loss) included in net income	16	(30)
Other comprehensive income (loss)	(154)	157
Comprehensive income	\$ 179	\$ 415

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**EDISON INTERNATIONAL****CONSOLIDATED BALANCE SHEETS**

In millions	March 31,	December 31,
	2007	2006
	(Unaudited)	
ASSETS		
Cash and equivalents	\$ 1,701	\$ 1,795
Restricted cash	57	59
Margin and collateral deposits	207	124
Receivables, less allowances of \$26 and \$29 for uncollectible accounts at respective dates	944	1,014
Accrued unbilled revenue	296	303
Fuel inventory	123	122
Materials and supplies	272	270
Accumulated deferred income taxes net	299	203
Derivative assets	205	328
Regulatory assets	443	554
Short-term investments	475	558
Other current assets	255	152
Total current assets	5,277	5,482
Nonutility property less accumulated provision for depreciation of \$1,678 and \$1,627 at respective dates	4,446	4,356
Nuclear decommissioning trusts	3,220	3,184
Investments in partnerships and unconsolidated subsidiaries	299	308
Investments in leveraged leases	2,510	2,495
Other investments	106	91
Total investments and other assets	10,581	10,434
Utility plant, at original cost:		
Transmission and distribution	17,905	17,606
Generation	1,480	1,465
Accumulated provision for depreciation	(4,937)	(4,821)
Construction work in progress	1,578	1,486
Nuclear fuel, at amortized cost	176	177
Total utility plant	16,202	15,913
Regulatory assets	2,874	2,818
Restricted cash	55	91
Margin and collateral deposits	47	4
Derivative assets	100	131
Rent payments in excess of levelized rent expense under plant operating leases	604	556
Other long-term assets	899	832
Total long-term assets	4,579	4,432
Total assets	\$ 36,639	\$ 36,261

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**EDISON INTERNATIONAL****CONSOLIDATED BALANCE SHEETS**

In millions, except share amounts	March 31, 2007 (Unaudited)	December 31, 2006
LIABILITIES AND SHAREHOLDERS EQUITY		
Short-term debt	\$ 120	\$
Long-term debt due within one year	372	488
Accounts payable	662	926
Accrued taxes	179	155
Accrued interest	222	