

PG&E Corp
Form 10-Q
May 04, 2016

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 31,2016

OR

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

For the transition period from _____ to _____

Exact Name of Commissioner File Number	Registrant as Specified in its Charter	State or IRS Employer Other Identification Jurisdiction Number of Incorporation
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1-12609 1-2348	PG&E Corporation Pacific Gas and Electric Company	0413234914 0410742640
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PG&E Corporation 77 Beale Street P.O. Box 770000 San Francisco, California 94177	Pacific Gas and Electric Company 77 Beale Street P.O. Box 770000 San Francisco, California 94177
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Address of principal executive offices, including zip code

PG&E Corporation (415) 973-1000	Pacific Gas and Electric Company (415) 973-7000
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Registrant's telephone number, including area code

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Indicate by check mark whether each 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) have been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

PG&E Corporation: Yes No

Pacific Gas and Electric Company: Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

PG&E Corporation: Large accelerated filer Accelerated filer

Non-accelerated Smaller reporting company filer

Pacific Gas and Electric Company: Large accelerated filer Accelerated filer

Non-accelerated Smaller reporting company filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

PG&E Corporation: Yes No

Pacific Gas and Electric Company: Yes No

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

Common stock outstanding as of

April 19, 2016:

PG&E Corporation: 496,042,305

Pacific Gas and Electric Company: 264,374,809

PG&E CORPORATION AND
PACIFIC GAS AND ELECTRIC COMPANY
FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2016

TABLE OF CONTENTS

GLOSSARY

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

PG&E CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

CONDENSED CONSOLIDATED BALANCE SHEETS

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

PACIFIC GAS AND ELECTRIC COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

CONDENSED CONSOLIDATED BALANCE SHEETS

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

NOTE 1: ORGANIZATION AND BASIS OF PRESENTATION

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

NOTE 3: REGULATORY ASSETS, LIABILITIES, AND BALANCING ACCOUNTS

NOTE 4: DEBT

NOTE 5: EQUITY

NOTE 6: EARNINGS PER SHARE

NOTE 7: DERIVATIVES

NOTE 8: FAIR VALUE MEASUREMENTS

NOTE 9: CONTINGENCIES AND COMMITMENTS

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

RESULTS OF OPERATIONS

OVERVIEW

RESULTS OF OPERATIONS

LIQUIDITY AND FINANCIAL RESOURCES

ENFORCEMENT AND LITIGATION MATTERS

REGULATORY MATTERS

OTHER MATTERS

LEGISLATIVE AND REGULATORY INITIATIVES

ENVIRONMENTAL MATTERS

CONTRACTUAL COMMITMENTS

RISK MANAGEMENT ACTIVITIES

CRITICAL ACCOUNTING POLICIES

ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

CAUTIONARY LANGUAGE REGARDING FORWARD-LOOKING STATEMENTS

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

ITEM 4. CONTROLS AND PROCEDURES

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

ITEM 1A. RISK FACTORS

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

ITEM 5. OTHER INFORMATION

ITEM 6. EXHIBITS

SIGNATURES

2

GLOSSARY

The following terms and abbreviations appearing in the text of this report have the meanings indicated below.

2015 Form 10-K	PG&E Corporation's and Pacific Gas and Electric Company's combined Annual Report on Form 10-K for the year ended December 31, 2015
AFUDC	allowance for funds used during construction
ALJ	Administrative Law Judge
ARO(s)	asset retirement obligation(s)
ASU	Accounting Standards Update issued by the FASB (see below)
Cal Fire	California Department of Forestry and Fire Protection
CAISO	California Independent System Operator Corporation
CPUC	California Public Utilities Commission
CRRs	congestion revenue rights
DOI	U.S. Department of the Interior
DTSC	California Department of Toxic Substances Control
EMANI	European Mutual Association for Nuclear Insurance
EPS	earnings per common share
EV	electric vehicle
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
GAAP	U.S. Generally Accepted Accounting Principles
GRC	general rate case
GT&S	gas transmission and storage
IOU(s)	investor-owned utility(ies)
IRS	Internal Revenue Service
NAV	net asset value
NDCTP	Nuclear Decommissioning Cost Triennial Proceedings
NEIL	Nuclear Electric Insurance Limited
NEM	Net Energy Metering
NRC	Nuclear Regulatory Commission
NTSB	National Transportation Safety Board
OII	order instituting investigation
ORA	Office of Ratepayer Advocates
PSEP	pipeline safety enhancement plan
Regional Board	California Regional Water Control Board, Lahontan Region
SEC	U.S. Securities and Exchange Commission
SED	Safety and Enforcement Division of the CPUC, formerly known as the Consumer Protection and Safety Division or the CPSD
TO	transmission owner
TURN	The Utility Reform Network

Utility Pacific Gas and Electric Company
VIE(s) variable interest entity(ies)

3

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

PG&E CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share amounts)	(Unaudited)	
	Three Months Ended March 31,	
	2016	2015
Operating Revenues		
Electric	\$3,131	\$3,013
Natural gas	843	886
Total operating revenues	3,974	3,899
Operating Expenses		
Cost of electricity	950	1,000
Cost of natural gas	222	274
Operating and maintenance	2,010	1,923
Depreciation, amortization, and decommissioning	697	631
Total operating expenses	3,879	3,828
Operating Income	95	71
Interest income	4	1
Interest expense	(203)	(189)
Other income, net	27	58
Loss Before Income Taxes	(77)	(59)
Income tax benefit	(187)	(93)
Net Income	110	34
Preferred stock dividend requirement of subsidiary	3	3
Income Available for Common Shareholders	\$107	\$31
Weighted Average Common Shares Outstanding, Basic	493	477
Weighted Average Common Shares Outstanding, Diluted	495	481
Net Earnings Per Common Share, Basic	\$0.22	\$0.06
Net Earnings Per Common Share, Diluted	\$0.22	\$0.06
Dividends Declared Per Common Share	\$0.46	\$0.46

See accompanying Notes to the Condensed Consolidated Financial Statements.

PG&E CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions)	(Unaudited) Three Months Ended March 31,	
	2016	2015
Net Income	\$110	34
Other Comprehensive Income		
Pension and other postretirement benefit plans obligations (net of taxes of \$0 and \$0, at respective dates)	-	-
Net change in investments (net of taxes of \$0 and \$12, at respective dates)	-	(17)
Total other comprehensive income (loss)	-	(17)
Comprehensive Income	110	17
Preferred stock dividend requirement of subsidiary	3	3
Comprehensive Income Attributable to Common Shareholders	\$107	14

See accompanying Notes to the Condensed Consolidated Financial Statements.

PG&E CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions)	(Unaudited)	
	Balance At	
	March	December
	31,	31,
	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 142	\$ 123
Restricted cash	234	234
Accounts receivable:		
Customers (net of allowance for doubtful accounts of \$55 and \$54 at respective dates)	1,010	1,106
Accrued unbilled revenue	685	855
Regulatory balancing accounts	1,721	1,760
Other	328	286
Regulatory assets	504	517
Inventories:		
Gas stored underground and fuel oil	109	126
Materials and supplies	344	313
Income taxes receivable	230	155
Other	327	338
Total current assets	5,634	5,813
Property, Plant, and Equipment		
Electric	49,974	48,532
Gas	16,982	16,749
Construction work in progress	2,148	2,059
Other	2	2
Total property, plant, and equipment	69,106	67,342
Accumulated depreciation	(21,062)	(20,619)
Net property, plant, and equipment	48,044	46,723
Other Noncurrent Assets		
Regulatory assets	7,130	7,029
Nuclear decommissioning trusts	2,516	2,470
Income taxes receivable	153	135
Other	1,173	1,064
Total other noncurrent assets	10,972	10,698
TOTAL ASSETS	\$64,650	\$63,234

See accompanying Notes to the Condensed Consolidated Financial Statements.

PG&E CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

	(Unaudited)	
	Balance At	
	March	December
	31,	31,
	2016	2015
(in millions, except share amounts)		
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term borrowings	\$693	\$1,019
Long-term debt, classified as current	160	160
Accounts payable:		
Trade creditors	1,062	1,414
Regulatory balancing accounts	704	715
Other	598	398
Disputed claims and customer refunds	457	454
Interest payable	145	206
Other	2,155	1,997
Total current liabilities	5,974	6,363
Noncurrent Liabilities		
Long-term debt	16,522	15,925
Regulatory liabilities	6,486	6,321
Pension and other postretirement benefits	2,629	2,622
Asset retirement obligations	4,480	3,643
Deferred income taxes	9,323	9,206
Other	2,372	2,326
Total noncurrent liabilities	41,812	40,043
Commitments and Contingencies (Note 9)		
Equity		
Shareholders' Equity		
Common stock, no par value, authorized 800,000,000 shares; 495,606,702 and 492,025,443 shares outstanding at respective dates	11,440	11,282
Reinvested earnings	5,179	5,301
Accumulated other comprehensive loss	(7)	(7)
Total shareholders' equity	16,612	16,576
Noncontrolling Interest - Preferred Stock of Subsidiary	252	252
Total equity	16,864	16,828
TOTAL LIABILITIES AND EQUITY	\$64,650	\$63,234

See accompanying Notes to the Condensed Consolidated Financial Statements.

PG&E CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)	(Unaudited) Three Months Ended March 31, 2016	2015
Cash Flows from Operating Activities		
Net income	\$ 110	\$ 34
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization, and decommissioning	697	631
Allowance for equity funds used during construction	(27)	(28)
Deferred income taxes and tax credits, net	117	113
Disallowed capital expenditures	87	53
Other	73	52
Effect of changes in operating assets and liabilities:		
Accounts receivable	210	236
Inventories	(14)	58
Accounts payable	(65)	(46)
Income taxes receivable/payable	(75)	3
Other current assets and liabilities	146	(114)
Regulatory assets, liabilities, and balancing accounts, net	(87)	195
Other noncurrent assets and liabilities	(117)	(107)
Net cash provided by operating activities	1,055	1,080
Cash Flows from Investing Activities		
Capital expenditures	(1,229)	(1,191)
Proceeds from sales and maturities of nuclear decommissioning trust investments	439	417

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Purchases of nuclear decommissioning trust investments	(463)	(505)
Other	3	7
Net cash used in investing activities	(1,250)	(1,272)
Cash Flows from Financing Activities		
Net issuances (repayments) of commercial paper, net of discount of \$1 in 2016	(577)	223
Short-term debt financing	250	-
Proceeds from issuance of long-term debt, net of discount and issuance costs of \$6 in 2016	594	-
Common stock issued	146	151
Common stock dividends paid	(219)	(211)
Other	20	23
Net cash provided by financing activities	214	186
Net change in cash and cash equivalents	19	(6)
Cash and cash equivalents at January 1	123	151
Cash and cash equivalents at March 31	142	\$ 145

Supplemental disclosures of cash flow information

Cash received (paid) for:

Interest, net of amounts capitalized	\$(242)	\$(216)
Supplemental disclosures of noncash investing and financing activities		
Common stock dividends declared but not yet paid	\$226	\$218
Capital expenditures financed through accounts payable	373	217
Noncash common stock issuances	6	5

See accompanying Notes to the Condensed Consolidated Financial Statements.

PACIFIC GAS AND ELECTRIC COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in millions)	(Unaudited)	
	Three Months Ended	
	March 31,	
	2016	2015
Operating Revenues		
Electric	\$3,132	\$3,014
Natural gas	843	886
Total operating revenues	3,975	3,900
Operating Expenses		
Cost of electricity	950	1,000
Cost of natural gas	222	274
Operating and maintenance	2,011	1,923
Depreciation, amortization, and decommissioning	696	631
Total operating expenses	3,879	3,828
Operating Income	96	72
Interest income	4	1
Interest expense	(201)	(187)
Other income, net	24	26
Loss Before Income Taxes	(77)	(88)
Income tax benefit	(185)	(92)
Net Income	108	4
Preferred stock dividend requirement	3	3
Income Available for Common Stock	\$105	\$1

See accompanying Notes to the Condensed Consolidated Financial Statements.

PACIFIC GAS AND ELECTRIC COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	(Unaudited)	
	Three	
	Months	
	Ended March	
	31,	
(in millions)	2016	2015
Net Income	\$ 108	4
Other Comprehensive Income		
Pension and other postretirement benefit plans obligations (net of taxes of \$0 and \$0, at respective dates)	-	-
Total other comprehensive income (loss)	-	-
Comprehensive Income	\$ 108	4

See accompanying Notes to the Condensed Consolidated Financial Statements.

PACIFIC GAS AND ELECTRIC COMPANY

CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions)	(Unaudited)	
	Balance At	
	March	December
	31,	31,
	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents	\$44	\$59
Restricted cash	234	234
Accounts receivable:		
Customers (net of allowance for doubtful accounts of \$55 and \$54 at respective dates)	1,010	1,106
Accrued unbilled revenue	685	855
Regulatory balancing accounts	1,721	1,760
Other	353	284
Regulatory assets	504	517
Inventories:		
Gas stored underground and fuel oil	109	126
Materials and supplies	344	313
Income taxes receivable	204	130
Other	327	338
Total current assets	5,535	5,722
Property, Plant, and Equipment		
Electric	49,974	48,532
Gas	16,982	16,749
Construction work in progress	2,148	2,059
Total property, plant, and equipment	69,104	67,340
Accumulated depreciation	(21,060)	(20,617)
Net property, plant, and equipment	48,044	46,723
Other Noncurrent Assets		
Regulatory assets	7,130	7,029
Nuclear decommissioning trusts	2,516	2,470
Income taxes receivable	153	135
Other	1,061	958
Total other noncurrent assets	10,860	10,592
TOTAL ASSETS	\$64,439	\$63,037

See accompanying Notes to the Condensed Consolidated Financial Statements.

PACIFIC GAS AND ELECTRIC COMPANY

CONDENSED CONSOLIDATED BALANCE SHEETS

	(Unaudited)	
	Balance At	
	March	December
	31,	31,
	2016	2015
(in millions, except share amounts)		
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	\$693	\$1,019
Long-term debt, classified as current	160	160
Accounts payable:		
Trade creditors	1,062	1,414
Regulatory balancing accounts	704	715
Other	646	418
Disputed claims and customer refunds	457	454
Interest payable	144	203
Other	1,906	1,750
Total current liabilities	5,772	6,133
Noncurrent Liabilities		
Long-term debt	16,174	15,577
Regulatory liabilities	6,486	6,321
Pension and other postretirement benefits	2,540	2,534
Asset retirement obligations	4,480	3,643
Deferred income taxes	9,605	9,487
Other	2,331	2,282
Total noncurrent liabilities	41,616	39,844
Commitments and Contingencies (Note 9)		
Shareholders' Equity		
Preferred stock	258	258
Common stock, \$5 par value, authorized 800,000,000 shares; 264,374,809 shares outstanding at respective dates	1,322	1,322
Additional paid-in capital	7,280	7,215
Reinvested earnings	8,188	8,262
Accumulated other comprehensive income	3	3
Total shareholders' equity	17,051	17,060
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$64,439	\$63,037

See accompanying Notes to the Condensed Consolidated Financial Statements.

PACIFIC GAS AND ELECTRIC COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)	(Unaudited) Three Months Ended March 31, 2016	2015
Cash Flows from Operating Activities		
Net income	\$ 108	\$ 4
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization, and decommissioning	696	631
Allowance for equity funds used during construction	(27)	(28)
Deferred income taxes and tax credits, net	118	112
Disallowed capital expenditures	87	53
Other	68	45
Effect of changes in operating assets and liabilities:		
Accounts receivable	183	215
Inventories	(14)	58
Accounts payable	(37)	26
Income taxes receivable/payable	(74)	2
Other current assets and liabilities	151	(123)
Regulatory assets, liabilities, and balancing accounts, net	(87)	195
Other noncurrent assets and liabilities	(109)	(89)
Net cash provided by operating activities	1,063	1,101
Cash Flows from Investing Activities		
Capital expenditures	(1,229)	(1,191)
Proceeds from sales and maturities of nuclear decommissioning trust investments	439	417
	(463)	(505)

Purchases of nuclear decommissioning trust investments		
Other	3	7
Net cash used in investing activities	(1,250)	(1,272)
Cash Flows from Financing Activities		
Net issuances (repayments) of commercial paper, net of discount of \$1 in 2016	(577)	223
Short-term debt financing	250	-
Proceeds from issuance of long-term debt, net of discount and issuance costs of \$6 in 2016	594	-
Preferred stock dividends paid	(3)	(3)
Common stock dividends paid	(179)	(179)
Equity contribution from PG&E Corporation	65	100
Other	22	25
Net cash provided by financing activities	172	166
Net change in cash and cash equivalents	(15)	(5)
Cash and cash equivalents at January 1	59	55
Cash and cash equivalents at March 31	\$ 44	\$ 50

Supplemental disclosures of cash flow information

Cash received (paid) for:

Interest, net of amounts capitalized \$(237) \$(211)

Supplemental disclosures of noncash investing and financing activities

Capital expenditures financed through accounts payable