

DYNEGY INC.
Form 10-Q
August 07, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2014

o 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: 001-33443

DYNEGY INC.

(Exact name of registrant as specified in its charter)

State of

Incorporation

Delaware

I.R.S. Employer

Identification No.

20-5653152

601 Travis, Suite 1400

Houston, Texas

(Address of principal executive offices)

(713) 507-6400

(Registrant's telephone number, including area code)

77002

(Zip 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 x 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). Yes x 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.

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Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate by check mark whether the registrant filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

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Indicate the number of shares outstanding of our class of common stock, as of the latest practicable date: Common stock, \$0.01 par value per share, 100,365,160 shares outstanding as of August 1, 2014.

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DEFINITIONS

As used in this Form 10-Q, the abbreviations contained herein have the meanings set forth below.

AER	New Ameren Energy Resources, LLC
Ameren	Ameren Corporation
ARO	Asset Retirement Obligation
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
BACT	Best Available Control Technology
CAA	Clean Air Act
CAIR	Clean Air Interstate Rule
CAISO	The California Independent System Operator
CARB	California Air Resources Board
CCA	California Carbon Allowances
CCR	Coal Combustion Residuals
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CO ₂	Carbon Dioxide
CPUC	California Public Utility Commission
CSAPR	Cross-State Air Pollution Rule
DH	Dynegy Holdings, LLC (formerly known as Dynegy Holdings Inc.)
DMG	Dynegy Midwest Generation, LLC
DNE	Dynegy Northeast Generation, Inc.
DPC	Dynegy Power, LLC
DYPM	Dynegy Power Marketing, LLC
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EEL	Electric Energy, Inc.
EGU	Electric Generating Units
EPA	Environmental Protection Agency
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FTR	Financial Transmission Rights
GAAP	Generally Accepted Accounting Principles of the United States of America
GHG	Greenhouse Gas
GW	Gigawatts
HAPs	Hazardous Air Pollutants, as defined by the Clean Air Act
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IGC	Illinova Generating Company
IGCC	Integrated Gasification Combined Cycle
IMA	In-market Asset Availability
IPCB	Illinois Pollution Control Board
IPGC or Genco	Illinois Power Generating Company (formerly known as Ameren Energy Generating Company)
IPH	Illinois Power Holdings, LLC

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IPM	Illinois Power Marketing Company (formerly known as Ameren Energy Marketing Company)
IPR	Illinois Power Resources, LLC (formerly known as New Ameren Energy Resources, LLC)
IPRG	Illinois Power Resources Generating, LLC (formerly known as New AERG, LLC)
IRS	Internal Revenue Service
ISO	Independent System Operator
ISO-NE	Independent System Operator New England
kW	Kilowatt
LC	Letter of Credit
LGE	Louisville Gas and Electric Company
LIBOR	London Interbank Offered Rate
LMP	Locational Marginal Pricing
LPG	Liquefied Petroleum Gas
LSE	Load Serving Entity
MATS	Mercury and Air Toxic Standards
MISO	Midcontinent Independent System Operator, Inc.
MMBtu	One Million British Thermal Units
MPS	Multi-Pollutant Standards
Moody's	Moody's Investors Service Inc.
MW	Megawatts
MWh	Megawatt Hour
NOL	Net Operating Loss
NO _x	Nitrogen Oxide
NPDES	National Pollutant Discharge Elimination System
NSPS	New Source Performance Standards
NSR	New Source Review
NYISO	New York Independent System Operator
PG&E	Pacific Gas and Electric Company
PJM	PJM Interconnection, LLC
PPE	Ponderosa Pine Energy, LLC
PRIDE	Producing Results through Innovation by Dynegy Employees
PSD	Prevention of Significant Deterioration
RGGI	Regional Greenhouse Gas Initiative
RMR	Reliability Must Run
RPM	Reliability Pricing Model
S&P	Standard & Poor's Ratings Services
SCE	Southern California Edison
SEC	U.S. Securities and Exchange Commission
SO ₂	Sulfur Dioxide
TVA	Tennessee Valley Authority
VaR	Value at Risk

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PART I. FINANCIAL INFORMATION

Item 1—FINANCIAL STATEMENTS

DYNEGY INC.

CONSOLIDATED BALANCE SHEETS

(unaudited) (in millions, except share data)

	June 30, 2014	December 31, 2013
ASSETS		
Current Assets		
Cash and cash equivalents	\$948	\$843
Accounts receivable, net of allowance for doubtful accounts of \$2 and zero, respectively	367	420
Inventory	206	181
Assets from risk management activities	10	25
Intangible assets	60	108
Prepayments and other current assets	108	108
Total Current Assets	1,699	1,685
Property, Plant and Equipment	3,586	3,527
Accumulated depreciation	(326	) (212
Property, Plant and Equipment, Net	3,260	3,315
Other Assets		
Assets from risk management activities	11	11
Intangible assets	50	68
Deferred income taxes	65	100
Other long-term assets	103	112
Total Assets	\$5,188	\$5,291

See the notes to consolidated financial statements.

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DYNEGY INC.
 CONSOLIDATED BALANCE SHEETS
 (unaudited) (in millions, except share data)

	June 30, 2014	December 31, 2013
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$305	\$329
Accrued interest	13	13
Deferred income taxes	65	100
Intangible liabilities	57	62
Accrued liabilities and other current liabilities	166	139
Liabilities from risk management activities	110	65
Debt, current portion	37	13
Total Current Liabilities	753	721
Debt, long-term portion	1,971	1,979
Other Liabilities		
Liabilities from risk management activities	40	33
Asset retirement obligations	160	173
Other long-term liabilities	212	178
Total Liabilities	3,136	3,084
Commitments and Contingencies (Note 10)		
Stockholders' Equity		
Common stock, \$0.01 par value, 420,000,000 shares authorized at June 30, 2014 and December 31, 2013; 100,363,958 shares and 100,202,036 shares issued and outstanding at June 30, 2014 and December 31, 2013, respectively	1	1
Additional paid-in capital	2,623	2,614
Accumulated other comprehensive income, net of tax	54	58
Accumulated deficit	(627	) (463
Total Dynegy Stockholders' Equity	2,051	2,210
Noncontrolling interest	1	(3
Total Equity	2,052	2,207
Total Liabilities and Equity	\$5,188	\$5,291

See the notes to consolidated financial statements.

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DYNEGY INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited) (in millions, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Revenues	\$521	\$301	\$1,283	\$619
Cost of sales, excluding depreciation expense	(365	) (253	) (917	) (537
Gross margin	156	48	366	82
Operating and maintenance expense	(136	) (85	) (246	) (156
Depreciation expense	(57	) (49	) (124	) (103
Gain on sale of assets, net	14	1	14	2
General and administrative expense	(29	) (25	) (55	) (47
Acquisition and integration costs	(2	) (1	) (8	) (4
Operating loss	(54	) (111	) (53	) (226
Earnings from unconsolidated investments	10	—	10	—
Interest expense	(42	) (16	) (72	) (45
Loss on extinguishment of debt	—	(12	) —	(11
Other income and expense, net	(39	) (11	) (45	) (10
Loss from continuing operations before income taxes	(125	) (150	) (160	) (292
Income tax benefit	3	—	1	—
Loss from continuing operations	(122	) (150	) (159	) (292
Income from discontinued operations, net of tax (Note 3)	—	5	—	5
Net loss	(122	) (145	) (159	) (287
Less: Net income attributable to noncontrolling interest	1	—	5	—
Net loss attributable to Dynegy Inc.	\$(123	) \$(145	) \$(164	) \$(287
Loss Per Share (Note 14):				
Basic loss per share attributable to Dynegy Inc.:				
Loss from continuing operations	\$(1.23	) \$(1.50	) \$(1.64	) \$(2.92
Income from discontinued operations	—			