

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

**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 March 31,	
	2017	2016
Revenues, net	\$ 530	\$ 487
Operating expenses:		
Purchased power and fuel	141	149
Generation, transmission and distribution	81	66
Administrative and other	68	61
Depreciation and amortization	84	82
Taxes other than income taxes	33	30
Total operating expenses	<u>407</u>	<u>388</u>
Income from operations	<u>123</u>	<u>99</u>
Interest expense, net	30	27
Other income:		
Allowance for equity funds used during construction	2	7
Miscellaneous income (expense), net	1	(1)
Other income, net	<u>3</u>	<u>6</u>
Income before income tax expense	96	78
Income tax expense	23	17
Net income	<u>\$ 73</u>	<u>\$ 61</u>
Other comprehensive loss	(1)	—
Comprehensive income	<u><u>\$ 72</u></u>	<u><u>\$ 61</u></u>
Weighted-average shares outstanding—basic and diluted (in thousands)	<u>89,003</u>	<u>88,833</u>
Earnings per share—basic and diluted	<u>\$ 0.82</u>	<u>\$ 0.68</u>
Dividends declared per common share	<u>\$ 0.32</u>	<u>\$ 0.30</u>

See accompanying notes to condensed consolidated financial statements.

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in millions)
(Unaudited)

	<u>March 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 31	\$ 6
Accounts receivable, net	162	155
Unbilled revenues	71	107
Inventories	77	82
Regulatory assets—current	57	36
Other current assets	87	77
Total current assets	<u>485</u>	<u>463</u>
Electric utility plant, net	6,466	6,434
Regulatory assets—noncurrent	532	498
Nuclear decommissioning trust	41	41
Non-qualified benefit plan trust	34	34
Other noncurrent assets	54	57
Total assets	<u>\$ 7,612</u>	<u>\$ 7,527</u>

See accompanying notes to condensed consolidated financial statements.

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS, continued

(Dollars in millions)
(Unaudited)

	March 31, 2017	December 31, 2016
<u>LIABILITIES AND EQUITY</u>		
Current liabilities:		
Accounts payable	\$ 92	\$ 129
Liabilities from price risk management activities—current	59	44
Current portion of long-term debt	150	150
Accrued expenses and other current liabilities	247	254
Total current liabilities	548	577
Long-term debt, net of current portion	2,200	2,200
Regulatory liabilities—noncurrent	973	958
Deferred income taxes	682	669
Unfunded status of pension and postretirement plans	283	281
Liabilities from price risk management activities—noncurrent	156	125
Asset retirement obligations	164	161
Non-qualified benefit plan liabilities	106	105
Other noncurrent liabilities	113	107
Total liabilities	5,225	5,183
Commitments and contingencies (see notes)		
Equity:		
Portland General Electric Company shareholders' equity:		
Preferred stock, no par value, 30,000,000 shares authorized; none issued and outstanding as of March 31, 2017 and December 31, 2016	—	—
Common stock, no par value, 160,000,000 shares authorized; 89,067,858 and 88,946,704 shares issued and outstanding as of March 31, 2017 and December 31, 2016, respectively	1,200	1,201
Accumulated other comprehensive loss	(8)	(7)
Retained earnings	1,195	1,150
Total equity	2,387	2,344
Total liabilities and equity	\$ 7,612	\$ 7,527

See accompanying notes to condensed consolidated financial statements.

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)
(Unaudited)

	Three Months Ended March 31,	
	2017	2016
Cash flows from operating activities:		
Net income	\$ 73	\$ 61
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	84	82
Deferred income taxes	17	14
Pension and other postretirement benefits	6	7
Allowance for equity funds used during construction	(2)	(7)
Decoupling mechanism deferrals, net of amortization	(9)	(4)
Other non-cash income and expenses, net	7	8
Changes in working capital:		
Decrease in accounts receivable and unbilled revenues	29	46
Decrease in inventories	5	1
(Increase) in margin deposits, net	(12)	(7)
(Decrease) in accounts payable and accrued liabilities	(10)	(11)
Other working capital items, net	(13)	(16)
Other, net	(5)	(13)
Net cash provided by operating activities	170	161
Cash flows from investing activities:		
Capital expenditures	(114)	(131)
Sales of Nuclear decommissioning trust securities	7	6
Purchases of Nuclear decommissioning trust securities	(5)	(6)
Other, net	(1)	(2)
Net cash used in investing activities	(113)	(133)

See accompanying notes to condensed consolidated financial statements.

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS, continued

(In millions)

(Unaudited)

	Three Months Ended March 31,	
	2017	2016
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	—	140
Payments on long-term debt	—	(133)
Change in short-term debt	—	(6)
Dividends paid	(28)	(27)
Other	(4)	(2)
Net cash used in financing activities	(32)	(28)
Increase in cash and cash equivalents	25	—
Cash and cash equivalents, beginning of period	6	4
Cash and cash equivalents, end of period	\$ 31	\$ 4
Supplemental cash flow information is as follows:		
Cash paid for interest, net of amounts capitalized	\$ 13	\$ 10
Cash paid for income taxes	—	—

See accompanying notes to condensed consolidated financial statements.