

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
AND COMPREHENSIVE INCOME

(Dollars in millions, except per share amounts)

(Unaudited)

	<u>Three Months Ended</u> <u>June 30,</u>		<u>Six Months Ended</u> <u>June 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues, net	\$ 449	\$ 428	\$ 979	\$ 915
Operating expenses:				
Purchased power and fuel	118	126	259	275
Generation, transmission and distribution	81	64	162	130
Administrative and other	65	61	133	122
Depreciation and amortization	86	83	170	165
Taxes other than income taxes	31	30	64	60
Total operating expenses	<u>381</u>	<u>364</u>	<u>788</u>	<u>752</u>
Income from operations	68	64	191	163
Interest expense, net	30	27	60	54
Other income:				
Allowance for equity funds used during construction	3	8	5	15
Miscellaneous income, net	1	1	2	—
Other income, net	4	9	7	15
Income before income tax expense	42	46	138	124
Income tax expense	10	9	33	26
Net income	\$ 32	\$ 37	\$ 105	\$ 98
Other comprehensive income	1	—	—	—
Comprehensive income	\$ 33	\$ 37	\$ 105	\$ 98
Weighted-average shares outstanding—basic and diluted (in thousands)	<u>89,063</u>	<u>88,902</u>	<u>89,033</u>	<u>88,867</u>
Earnings per share—basic and diluted	<u>\$ 0.36</u>	<u>\$ 0.42</u>	<u>\$ 1.18</u>	<u>\$ 1.10</u>
Dividends declared per common share	<u>\$ 0.34</u>	<u>\$ 0.32</u>	<u>\$ 0.66</u>	<u>\$ 0.62</u>

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in millions)

(Unaudited)

	June 30, 2017	December 31, 2016
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 33	\$ 6
Accounts receivable, net	139	155
Unbilled revenues	68	107
Inventories	82	82
Regulatory assets—current	47	36
Other current assets	43	77
Total current assets	<u>412</u>	<u>463</u>
Electric utility plant, net	6,573	6,434
Regulatory assets—noncurrent	536	498
Nuclear decommissioning trust	41	41
Non-qualified benefit plan trust	36	34
Other noncurrent assets	55	57
Total assets	<u>\$ 7,653</u>	<u>\$ 7,527</u>

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

	June 30, 2017	December 31, 2016
<u>LIABILITIES AND EQUITY</u>		
Current liabilities:		
Accounts payable	\$ 90	\$ 129
Liabilities from price risk management activities—current	46	44
Current portion of long-term debt	150	150
Accrued expenses and other current liabilities	226	254
Total current liabilities	<u>512</u>	<u>577</u>
Long-term debt, net of current portion	2,200	2,200
Regulatory liabilities—noncurrent	989	958
Deferred income taxes	685	669
Unfunded status of pension and postretirement plans	286	281
Liabilities from price risk management activities—noncurrent	158	125
Asset retirement obligations	165	161
Non-qualified benefit plan liabilities	106	105
Other noncurrent liabilities	160	107
Total liabilities	<u>5,261</u>	<u>5,183</u>
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 June 30, 2017 and December 31, 2016	—	—
Common stock, no par value, 160,000,000 shares authorized; 89,062,560 and 88,946,704 shares issued and outstanding as of June 30, 2017 and December 31, 2016, respectively	1,203	1,201
Accumulated other comprehensive loss	(7)	(7)
Retained earnings	1,196	1,150
Total equity	<u>2,392</u>	<u>2,344</u>
Total liabilities and equity	<u>\$ 7,653</u>	<u>\$ 7,527</u>

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

(In millions)

(Unaudited)

Six Months Ended June 30,

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Net income	\$ 105	\$ 98
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	170	165
Deferred income taxes	20	20
Pension and other postretirement benefits	13	14
Allowance for equity funds used during construction	(5)	(15)
Decoupling mechanism deferrals, net of amortization	(15)	(3)
Other non-cash income and expenses, net	16	12
Changes in working capital:		
Decrease in accounts receivable and unbilled revenues	55	59
Increase in inventories	—	(4)
Decrease in margin deposits, net	7	18
Decrease in accounts payable and accrued liabilities	(29)	(13)
Other working capital items, net	11	6
Other, net	(15)	(19)
Net cash provided by operating activities	<u>333</u>	<u>338</u>
Cash flows from investing activities:		
Capital expenditures	(245)	(319)
Sales of Nuclear decommissioning trust securities	11	11
Purchases of Nuclear decommissioning trust securities	(9)	(11)
Other, net	(2)	—
Net cash used in investing activities	<u>(245)</u>	<u>(319)</u>
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	—	265
Payments on long-term debt	—	(133)
Change in short-term debt	—	(6)
Dividends paid	(57)	(53)
Other	(4)	(3)
Net cash (used in) provided by financing activities	<u>(61)</u>	<u>70</u>
Increase (Decrease) in cash and cash equivalents	<u>27</u>	<u>89</u>
Cash and cash equivalents, beginning of period	<u>6</u>	<u>4</u>
Cash and cash equivalents, end of period	<u>\$ 33</u>	<u>\$ 93</u>
Supplemental cash flow information is as follows:		
Cash paid for interest, net of amounts capitalized	\$ 55	\$ 49
Cash paid for income taxes	13	7
Non-cash investing and financing activities:		
Assets obtained under capital lease	55	57