PORTLAND GENERAL ELECTRIC CO /OR/
Form 10-Q
April 29, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] 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 ____________________

Commission File Number: 001-5532-99

PORTLAND GENERAL ELECTRIC COMPANY
(Exact name of registrant as specified in its charter)

Oregon	93-0256820
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

121 SW Salmon Street
Portland, Oregon 97204
(503) 464-8000
(Address of principal executive offices, including zip code, and 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. [x] 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).
[x] 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 the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer [x] Accelerated filer [ ] Non-accelerated filer [ ] 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 [x] No

Number of shares of common stock outstanding as of April 15, 2016 is 88,900,756 shares.

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PORTLAND GENERAL ELECTRIC COMPANY
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED March 31, 2016

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DEFINITIONS

The following abbreviations and acronyms are used throughout this document:

Abbreviation or Acronym	Definition
AFDC	Allowance for funds used during construction
AUT	Annual Power Cost Update Tariff
Biglow Canyon	Biglow Canyon Wind Farm
Carty	Carty Generating Station natural gas-fired generating plant
Colstrip	Colstrip Units 3 and 4 coal-fired generating plant
CWIP	Construction work-in-progress
EFSA	Equity forward sale agreement
EPA	United States Environmental Protection Agency
ESS	Electricity Service Supplier
FERC	Federal Energy Regulatory Commission
FMBs	First Mortgage Bonds
GRC	General Rate Case
IRP	Integrated Resource Plan
Moody’s	Moody’s Investors Service
MW	Megawatts
MWa	Average megawatts
MWh	Megawatt hours
NVPC	Net Variable Power Costs
OPUC	Public Utility Commission of Oregon
PCAM	Power Cost Adjustment Mechanism
PW1	Port Westward Unit 1 natural gas-fired generating plant
PW2	Port Westward Unit 2 natural gas-fired flexible capacity generating plant
RPS	Renewable Portfolio Standard
S&P	Standard and Poor’s Ratings Services
SEC	United States Securities and Exchange Commission
Tucannon River	Tucannon River Wind Farm
Trojan	Trojan nuclear power plant

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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,	
	2016	2015
Revenues, net	$487	$ 473
Operating expenses:		
Purchased power and fuel	149	161
Generation, transmission and distribution	66	62
Administrative and other	61	60
Depreciation and amortization	82	75
Taxes other than income taxes	30	30
Total operating expenses	388	388
Income from operations	99	85
Interest expense, net	27	30
Other income:		
Allowance for equity funds used during construction	7	4
Miscellaneous income (expense), net	(1)	1
Other income, net	6	5
Income before income tax expense	78	60
Income tax expense	17	10
Net income and Comprehensive income	$61	$ 50
Weighted-average shares outstanding (in thousands):		
Basic	88,833	78,271
Diluted	88,833	81,466
Earnings per share:		
Basic	$0.68	$ 0.64
Diluted	$0.68	$ 0.62
Dividends declared per common share	$0.30	$ 0.28

See accompanying notes to condensed consolidated financial statements.

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PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions)
(Unaudited)

	March 31, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4	$ 4
Accounts receivable, net	130	158
Unbilled revenues	77	95
Inventories	82	83
Regulatory assets—current	131	129
Other current assets	113	88
Total current assets	537	557
Electric utility plant, net	6,160	6,012
Regulatory assets—noncurrent	526	524
Nuclear decommissioning trust	41	40
Non-qualified benefit plan trust	32	33
Other noncurrent assets	48	44
Total assets	$ 7,344	$ 7,210

See accompanying notes to condensed consolidated financial statements.

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

	March 31, 2016	December 31, 2015
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 98	$ 98
Liabilities from price risk management activities—current	142	130
Short-term debt	—	6
Current portion of long-term debt	—	133
Accrued expenses and other current liabilities	268	259
Total current liabilities	508	626
Long-term debt, net of current portion	2,199	2,060
Regulatory liabilities—noncurrent	938	928
Deferred income taxes	646	632
Unfunded status of pension and postretirement plans	261	259
Liabilities from price risk management activities—noncurrent	161	161
Asset retirement obligations	152	151
Non-qualified benefit plan liabilities	106	106
Other noncurrent liabilities	82	29
Total liabilities	5,053	4,952
Commitments and contingencies (see notes)		
Equity:		
Preferred stock, no par value, 30,000,000 shares authorized; none issued and outstanding as of March 31, 2016 and December 31, 2015	—	—
Common stock, no par value, 160,000,000 shares authorized; 88,899,359 and 88,792,751 shares issued and outstanding as of March 31, 2016 and December 31, 2015, respectively	1,195	1,196
Accumulated other comprehensive loss	(8)	(8)
Retained earnings	1,104	1,070
Total equity	2,291	2,258
Total liabilities and equity	$ 7,344	$ 7,210

See accompanying notes to condensed consolidated financial statements.

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PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Three Months Ended March 31,					
	2016			2015		
Cash flows from operating activities:						
Net income	$	61		$	50	
Adjustments to reconcile net income to net cash provided by operating activities:						
Depreciation and amortization	82			75		
Increase in net liabilities from price risk management activities	2			53		
Regulatory deferrals—price risk management activities	(2		)	(53		)
Deferred income taxes	14			10		
Pension and other postretirement benefits	7			9		
Allowance for equity funds used during construction	(7		)	(4		)
Other non-cash income and expenses, net	4			5		
Changes in working capital:						
Decrease in accounts receivable and unbilled revenues	46			37		
Decrease (increase) in inventories	1			(13		)
Increase in margin deposits, net	(7		)	(9		)
Decrease in accounts payable and accrued liabilities	(11		)	(1		)
Other working capital items, net	(16		)	(20		)
Other, net	(13		)	(5		)
Net cash provided by operating activities	161			134		
Cash flows from investing activities:						

Capital expenditures	(131)	(178)
Sales tax refund received related to Tucannon River Wind Farm	—	12
Sales of Nuclear decommissioning trust securities	6	4
Purchases of Nuclear decommissioning trust securities	(6)	(5)
Other, net	(2)	—
Net cash used in investing activities	(133)	(167)

See accompanying notes to condensed consolidated financial statements.

Cash flows from financing activities:		
Proceeds from issuance of long-term debt	140	75
Payments on long-term debt	(133)	(120)
Change in short-term debt	(6)	—
Dividends paid	(27)	(22)
Payments on capital leases	(1)	—
Debt issuance costs	(1)	—
Net cash used in financing activities	(28)	(67)
Decrease in cash and cash equivalents	—	(100)
Cash and cash equivalents, beginning of period	4	127
Cash and cash equivalents, end of period	$ 4	$ 27
Supplemental cash flow information is as follows:		
Cash paid for interest, net of amounts capitalized	$ 10	$ 14
Non-cash investing and financing activities:		
Accrued capital additions	49	62
Accrued dividends payable	28	22
Assets obtained under capital lease	54	—

See accompanying notes to condensed consolidated financial statements.

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PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS, continued
(In millions)
(Unaudited)

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PORTLAND GENERAL ELECTRIC COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1: BASIS OF PRESENTATION

Nature of Business

Portland General Electric Company (PGE or the Company) is a single, vertically integrated electric utility engaged in the generation, transmission, distribution, and retail sale of electricity in the state of Oregon. The Company also participates in the wholesale market by purchasing and selling electricity and natural gas in an effort to obtain reasonably-priced power for its retail customers. PGE operates as a single segment, with revenues and costs related to its business activities maintained and analyzed on a total electric operations basis. PGE’s corporate headquarters is located in Portland, Oregon and its approximately 4,000 square mile, state-approved service area allocation is located entirely within the state of Oregon, encompassing 52 incorporated cities, of which Portland and Salem are the largest. As of March 31, 2016, PGE served 855,573 retail customers with a service area population of approximately 1.8 million, comprising approximately 46% of the state’s population.

Condensed Consolidated Financial Statements

These condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the United States Securities and Exchange Commission (SEC). Certain information and note disclosures normally included in financial statements prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) have been condensed or omitted pursuant to such regulations, although PGE believes that the disclosures provided are adequate to make the interim information presented not misleading.

To conform with the 2016 presentation, PGE has reclassified Regulatory deferral of settled derivative instruments of $2 million and Decoupling mechanism deferrals, net amortization of $(3) million to Other non-cash income and expenses, net within the operating activities section of the condensed consolidated statement of cash flows for the three months ended March 31, 2015. In addition, Cash received pursuant to the Residential Exchange Program of $1 million has been reclassified to Other, net in the operating activities section of the condensed consolidated statement of cash flows, for the three months ended March 31, 2015.

The financial information included herein for the three months ended March 31, 2016 and 2015 is unaudited; however, such information reflects all adjustments, consisting of normal recurring adjustments, that are, in the opinion of management, necessary for a fair presentation of the condensed consolidated financial position, condensed consolidated income and comprehensive income, and condensed consolidated cash flows of the Company for these interim periods. The financial information as of December 31, 2015 is derived from the Company’s audited consolidated financial statements and notes thereto for the year ended December 31, 2015, included in Item 8 of PGE’s Annual Report on Form 10-K, filed with the SEC on February 12, 2016, which should be read in conjunction with such condensed consolidated financial statements.

Comprehensive Income

PGE had no material components of other comprehensive income to report for the three months ended March 31, 2016 and 2015.

Use of Estimates

The preparation of condensed consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of gain or loss contingencies, as of the date of the financial statements and the reported amounts of revenues and expenses

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PORTLAND GENERAL ELECTRIC COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued
(Unaudited)

during the reporting period. Actual results experienced by the Company could differ materially from those estimates.

Certain costs are estimated for the full year and allocated to interim periods based on estimates of operating time expired, benefit received, or activity associated with the interim period; accordingly, such costs may not be reflective of amounts to be recognized for a full year. Due to seasonal fluctuations in electricity sales, as well as the price of wholesale energy and natural gas, interim financial results do not necessarily represent those to be expected for the year.

Recent Accounting Pronouncements

Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606) (ASU 2014-09), creates a new Topic 606 and supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance throughout the Industry Topics of the Codification. ASU 2014-09 provides a five-step analysis of transactions to determine when and how revenue is recognized that consists of: i) identify the contract with the customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations; and v) recognize revenue when or as each performance obligation is satisfied. Companies can transition to the requirements of this ASU either retrospectively or as a cumulative-effect adjustment as of the date of adoption, which was originally January 1, 2017 for the Company. In August 2015, the Financial Accounting Standards Board (FASB) issued ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date (ASU 2014-14) that defers the effective date by one year, although it permits early adoption as of the original effective date. The Company is in the process of evaluating the impact to its consolidated financial position, consolidated results of operations, and consolidated cash flows of the adoption of ASU 2014-09.

In July 2015, the FASB issued ASU 2015-11, Inventory (Topic 330), Simplifying the Measurement of Inventory (ASU 2015-11), which changes the measurement principle for inventory from the lower of cost or market to lower of cost and net realizable value. Net realizable value is defined as the “estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation.” ASU 2015-11 eliminates the guidance that entities consider replacement cost or net realizable value less an approximately normal profit margin in the subsequent measurement of inventory when cost is determined on a first-in, first-out or average cost basis. The provisions of ASU 2015-11 are effective for public entities with fiscal years beginning after December 15, 2016, or January 1, 2017 for PGE, and interim periods within those fiscal years. Early adoption is permitted. The Company does not expect the adoption of this guidance to have a material impact to its consolidated financial position, consolidated results of operations, and consolidated cash flows.

In January 2016, the FASB issued ASU 2016-01, Financial Instrument-Overall (Subtopic 825-10), Recognition and Measurement of Financial Assets and Financial Liabilities (ASU 2016-01), which enhances the reporting model for certain financial instruments and related disclosures. The main provisions of this ASU affect the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. This guidance is effective for public entities with fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted, in certain circumstances. The Company does not expect the adoption of this guidance to have a material impact to its consolidated financial position, consolidated results of operations, and consolidated cash flows.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) which supersedes the current lease accounting requirements for lessees and lessors within Topic 840, Leases. Pursuant to the new standard, lessees will be required to recognize all leases, including operating leases, on the balance sheet and record corresponding right-of-use assets and lease liabilities. Accounting for lessors is substantially unchanged from current accounting principles. Lessees will be required to classify leases as either finance (formerly referred to as capital) leases or operating leases. Initial balance sheet measurement is similar for both types of leases; however, expense recognition and amortization of right-of-use assets will differ. Operating leases will reflect lease expense on a straight-line basis, while finance leases will result in the separate presentation of interest expense on the lease liability (as calculated using the effective interest method) and amortization expense of the right-of-use asset. Quantitative and qualitative disclosures will also be required surrounding significant judgments made by management. The provisions of this pronouncement are effective for calendar year-end, public entities on January 1, 2019 and must be applied on a modified retrospective basis as of the beginning of the earliest comparative period presented. The new standard also provides reporting entities the option to elect a package of practical expedients for existing leases that commenced before the effective date. Early adoption is permitted. The Company is in the process of evaluating the impact to its consolidated financial position, consolidated results of operations, and consolidated cash flows of the adoption of ASU 2016-02.

In March 2016, the FASB issued ASU 2016-09, Compensation-Stock Compensation (Topic 718), Improvements to Employee Share-Based Payment Accounting (ASU 2016-09), which is designed to simplify the presentation and accounting for certain income tax effects, employer tax withholding requirements, forfeiture assumptions, and statement of cash flows presentation related to share-based payment awards. Under this standard, all excess tax benefits and tax deficiencies should be recognized within the income statement, and excess tax benefits should be recognized regardless of whether the benefit reduces taxes payable in the current period. The update also allows reporting entities to make a policy election regarding its accounting for forfeitures either by estimating the number of awards that are expected to vest or account for forfeitures when they occur. Within the statement of cash flows, this update will now require tax windfalls to be classified along with other income tax cash flows as an operating activity and cash payments made on behalf of employees when directly withholding shares for tax-withholding purposes should be classified as a financing activity. Most of the provisions of this update require transition on a modified retrospective basis by means of a cumulative-effect adjustment to equity as of the beginning of the period in which the guidance is adopted. For calendar year-end public entities, the update will be effective for annual periods beginning January 1, 2017, and interim periods within those annual periods. Early adoption is permitted. The Company is in the process of evaluating the impact to its consolidated financial position, consolidated results of operations, and consolidated cash flows of the adoption of ASU 2016-09.

Newly Adopted Accounting Standards

In April 2015, the FASB issued ASU 2015-03, Interest-Imputation of Interest (Subtopic 835-30) (ASU 2015-03), which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The Company has retrospectively adopted the provisions of ASU 2015-03 as of January 1, 2016, which was the original effective date for calendar year-end, public entities. As a result, unamortized debt expense of $12 million and $11 million at March 31, 2016 and December 31, 2015, respectively, have been reclassified from Other noncurrent assets to a deduction of Long-term debt, net of current portion on the condensed consolidated balance sheets. Adoption of this guidance had no impact on the Company’s consolidated results of operations or consolidated cash flows. In August 2015, the FASB issued ASU 2015-15, Interest-Imputation of Interest (Subtopic 835-30): Presentation of Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements-Amendments to SEC Paragraphs Pursuant to Staff Announcement at June 18, 2015 EITF Meeting (SEC Update) (ASU 2015-15), which clarifies that the SEC staff would “not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement” given the lack of guidance on this topic in ASU 2015-03. Therefore, as allowed under this update, the Company records debt issuance costs associated with its line-of-credit arrangements as an asset within Other current assets, and amortizes the costs over the term of the agreement.

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PORTLAND GENERAL ELECTRIC COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued
(Unaudited)

In May 2015, the FASB issued ASU 2015-07, Fair Value Measurement (Topic 820), Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) (ASU 2015-07), which removes the requirement to categorize within the fair value hierarchy investments for which fair value is measured using the net asset value per share as a practical expedient. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share as a practical expedient. Instead, such disclosures are restricted only to investments that the entity has decided to measure using the practical expedient. The Company has retrospectively adopted the provisions of this update as of January 1, 2016, which was the original effective date for calendar year-end, public entities. As a result, certain investments have been retrospectively reclassified within the Company's fair value disclosures of its Nuclear decommissioning trust and Non-qualified benefit plan trust. See Note 3, Fair Value of Financial Instruments for more information. The Company also anticipates that adoption of this standard will require certain benefit plan assets to be reclassified in disclosures made in the Company's Annual Report on Form 10-K. The adoption of this guidance had no impact on the Company's consolidated financial position, consolidated results of operations, or consolidated cash flows.

NOTE 2: BALANCE SHEET COMPONENTS

Inventories

PGE's inventories, which are recorded at average cost, consist primarily of materials and supplies for use in operations, maintenance, and capital activities, as well as fuel for use in generating plants. Fuel inventories include natural gas, coal, and oil. Periodically, the Company assesses the realizability of inventory for purposes of determining that inventory is recorded at the lower of average cost or market.

Other Current Assets

Other current assets consist of the following (in millions):

	March 31, 2016	December 31, 2015
Prepaid expenses	$ 55	$ 43
Margin deposits	40	33
Assets from price risk management activities	18	10
Other	—	2
Other current assets	$ 113	$ 88

Electric Utility Plant, Net

Electric utility plant, net consists of the following (in millions):

	March 31, 2016	December 31, 2015
Electric utility plant	$ 8,663	$ 8,560
Construction work-in-progress	647	545
Total cost	9,310	9,105
Less: accumulated depreciation and amortization	(3,150)	(3,093)
Electric utility plant, net	$ 6,160	$ 6,012

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PORTLAND GENERAL ELECTRIC COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued
(Unaudited)

Accumulated depreciation and amortization in the table above includes accumulated amortization related to intangible assets of $238 million and $227 million as of March 31, 2016 and December 31, 2015, respectively. Amortization expense related to intangible assets was $11 million and $9 million for the three months ended March 31, 2016 and 2015, respectively. The Company’s intangible assets primarily consist of computer software development and hydro licensing costs.

Capital Lease—PGE has entered into agreements to purchase natural gas transportation capacity to serve the Carty Generating Station (Carty), a 440 MW natural gas-fired baseload resource under construction in eastern Oregon, located adjacent to the Boardman coal-fired generating plant. A new natural gas pipeline, Carty Lateral, was recently completed and is a 24 mile, 20-inch diameter steel pipe, which extends from Ione, Oregon, and terminates at a connection within the Carty facility. The Company has entered into a 30-year agreement to purchase the entire capacity of Carty Lateral, which is approximately 175,000 decatherms per day. At the end of the initial contract term, the Company has the option to renew the agreement in continuous three-year increments with at least 24-months prior written notice. For accounting purposes, this transportation capacity agreement is treated as a capital lease.

As of March 31, 2016, a capital lease asset of $54 million was reflected within Electric utility plant, and accumulated amortization of such assets of $1 million reflected within Accumulated depreciation and amortization in the table above. The present value of the future minimum lease payments due under the agreement included $2 million within Accrued expenses and other current liabilities and $51 million in Other noncurrent liabilities on the condensed consolidated balance sheets, respectively. For ratemaking purposes capital leases are treated as operating leases; therefore, in accordance with the accounting rules for regulated operations, the amortization of the leased asset is based on the rental payments recovered from customers. Also for ratemaking purposes, such rental payments are capitalized to the project during the construction period. Amortization of the leased asset of $1 million and interest expense of $2 million has been capitalized to Construction work-in-progress (CWIP) during the construction period of Carty.

For the remainder of 2016, PGE expects $5 million in minimum lease payments, with $3 million imputed interest and present value of net minimum lease payments of $2 million. As of March 31, 2016, PGE’s estimated future minimum lease payments for the following five years and thereafter are as follows (in millions):

	Payments Due						
	2017	2018	2019	2020	2021	Thereafter	Total
Total minimum lease payments	$6	$ 6	$ 6	$ 6	$ 5	$ 73	$102
Less imputed interest							49
Present value of net minimum lease payments							$53

PORTLAND GENERAL ELECTRIC COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued
(Unaudited)

Regulatory Assets and Liabilities

Regulatory assets and liabilities consist of the following (in millions):

	March 31, 2016		December 31, 2015	
	Current	Noncurrent	Current	Noncurrent
Regulatory assets:				
Price risk management	$124	$ 159	$120	$ 161
Pension and other postretirement plans	—	235	—	239
Deferred income taxes	—	86	—	86
Debt issuance costs	—	24	—	16
Other	7	22	9	22
Total regulatory assets	$131	$ 526	$129	$ 524
Regulatory liabilities:				
Asset retirement removal costs	$—	$ 850	$—	$ 837
Trojan decommissioning activities	21	11	17	15
Asset retirement obligations	—	46	—	45
Other	36	31	38	31
Total regulatory liabilities	$57 *	$ 938	$55 *	$ 928

*Included in Accrued expenses and other current liabilities in the condensed consolidated balance sheets.

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following (in millions):

	March 31, 2016	December 31, 2015
Regulatory liabilities—current	$ 57	$ 55
Accrued employee compensation and benefits	42	51
Accrued interest payable	40	25
Accrued dividends payable	28	28
Accrued taxes payable	30	25
Other	71	75
Total accrued expenses and other current liabilities	$ 268	$ 259

Credit Facilities

As of March 31, 2016, PGE had a $500 million revolving credit facility scheduled to expire in November 2019.

Pursuant to the terms of the agreement, the revolving credit facility may be used for general corporate purposes, as backup for commercial paper borrowings, and to permit the issuance of standby letters of credit. PGE may borrow for one, two, three, or six months at a fixed interest rate established at the time of the borrowing, or at a variable interest rate for any period up to the then remaining term of the applicable credit facility. The revolving credit facility contains provisions for two one-year extensions subject to approval by the banks, requires annual fees based on PGE's unsecured credit ratings, and contains customary covenants and default provisions, including a

PORTLAND GENERAL ELECTRIC COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued
(Unaudited)

requirement that limits consolidated indebtedness, as defined in the agreement, to 65% of total capitalization. As of March 31, 2016, PGE was in compliance with this covenant with a 49.9% debt-to-total capital ratio.

The Company has a commercial paper program under which it may issue commercial paper for terms of up to 270 days, limited to the unused amount of credit under the revolving credit facility.

PGE classifies any borrowings under the revolving credit facility and outstanding commercial paper as Short-term debt on the condensed consolidated balance sheets.

Under the revolving credit facility, as of March 31, 2016, PGE had no borrowings, commercial paper, or letters of credit issued. As of March 31, 2016, the aggregate unused available credit capacity under the revolving credit facility was $500 million.

In addition, PGE has four letter of credit facilities that provide a total of $160 million capacity under which the Company can request letters of credit for original terms not to exceed one year. The issuance of such letters of credit is subject to the approval of the issuing institution. Under these four facilities, $111 million of letters of credit were outstanding, as of March 31, 2016.

Pursuant to an order issued by the Federal Energy Regulatory Commission (FERC), the Company is authorized to issue short-term debt in an aggregate amount of up to $900 million through February 6, 2018.

Long-term Debt

During the three months ended March 31, 2016, PGE had the following long-term debt transactions, all of which occurred in early January:

- Issued $140 million of 2.51% Series First Mortgage Bonds (FMBs) due 2021;

- Repaid $75 million of 5.80% Series FMBs, due in 2018; and

- Repaid $58 million of 3.81% Series FMBs, due in 2017.

Due to the anticipated repayment of the $133 million in early January 2016, this amount of long-term debt was classified as current on the Company's condensed consolidated balance sheets as of December 31, 2015.

Defined Benefit Pension Plan Costs

Components of net periodic benefit cost under the defined benefit pension plan are as follows (in millions):

	Three Months Ended March 31,	
	2016	2015
Service cost	$	