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Portland General Electric Company Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question will come from the line of Maurice May with Power Insights.

Maurice May - Power Insights

Good afternoon folks. Congratulations on a good quarter.

Peggy Fowler

Thank you, Maury.

Jim Piro

Thanks, Maury.

Maurice May - Power Insights

First question has to do with the profit you book from the sale of fuels. Why are those profits flowing to shareholders and not to rate payers?

Peggy Fowler

Jim, I will let you talk about how the accounting works on that.

Jim Piro

Yes. We had a certain amount of your oil inventory at the end of the year and the decision was made based on new requirements to meet our restrictions that we could sell some of that oil. That is considered part of our PCAM and it goes to the PCAM mechanism. So, that would go through the mechanism and to the extent we are in the deadband that is 90% with customers and 10% with the shareholders, so that is the way the sharing mechanism is.

Maurice May - Power Insights

Okay. So, the \$0.10 pickup is a combination of 10% to shareholder plus recovery of previously under recovered fuel?

Jim Piro

Yes. I think that plus the ongoing good operations remember the deadband has a \$14 million deadband on the upside. So, essentially we will work through that deadband.

Maurice May - Power Insights

Okay.

Jim Piro

Now we are in a sharing mechanism and that is primarily due to good hydro conditions. The plants have been operating well and that adds to that the sale of the oil inventory.

Maurice May - Power Insights

Okay. So, you work on the positives. You can flow it through because you are in the positive side of the deadband.

Jim Piro

That is correct. Then that is also due to an earnings test as you recall that we would not start refunding the customers until we achieve a ROV of 11.1%, and we will look at that closely in the third and the fourth quarter, as we get the full year results.

Maurice May - Power Insights

Okay great. Second question has to do with the Trojan Remand is there any update their please?

Peggy Fowler

We are still working through the process on the Trojan Remand. You are probably aware of the schedule that is out there and we still are confident that the Commission wants to resolve it as quickly as possible. The utility reform project has recently requested oral arguments so it is possible that there could be a slight push out in the schedule after OPUC. I think it is important to remember that we still have not taken any reserve. We want to work through the final process and continue to attract what is going on here, but really not a significant change at this point.

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