

EDISON INTERNATIONAL
Form 10-Q
May 08, 2009

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2009

**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 1-9936

EDISON INTERNATIONAL

(Exact name of registrant as specified in its charter)

California
(State or other jurisdiction of
incorporation or organization)

95-4137452
(I.R.S. Employer
Identification No.)

2244 Walnut Grove Avenue
(P. O. Box 976)
Rosemead, California
(Address of principal executive offices)

91770
(Zip Code)

(626) 302-2222

(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. Yes No

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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 No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer" in Rule 12b-2 of the Exchange Act.

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 the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Outstanding at May 5, 2009
Common Stock, no par value	325,811,206

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When the following terms and abbreviations appear in the text of this report, they have the meanings indicated below.

AB	Assembly Bill
AFUDC	allowance for funds used during construction
APS	Arizona Public Service Company
ARO(s)	asset retirement obligation(s)
Bcf	billion cubic feet
Btu	British thermal units
CAA	Clean Air Act
CAIR	Clean Air Interstate Rule
CAMR	Clean Air Mercury Rule
CARB	California Air Resources Board
Commonwealth Edison	Commonwealth Edison Company
CDWR	California Department of Water Resources
CEC	California Energy Commission
CONE	cost of new entry
CPUC	California Public Utilities Commission
CRRs	congestion revenue rights
DOE	United States Department of Energy
DOJ	United States Department of Justice
DPV2	Devers-Palo Verde II
DRA	Division of Ratepayer Advocates
DWP	Los Angeles Department of Water & Power
EME	Edison Mission Energy
EME Homer City	EME Homer City Generation L.P.
EMG	Edison Mission Group Inc.
EMMT	Edison Mission Marketing & Trading, Inc.
EPS	earnings per share
ERRA	energy resource recovery account
Exelon Generation	Exelon Generation Company LLC
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FGIC	Financial Guarantee Insurance Company
FIN 39-1	Financial Accounting Standards Board Interpretation No. 39-1, Amendment of FASB Interpretation No. 39
FIN 48	Financial Accounting Standards Board Interpretation No. 48, Accounting for Uncertainty in Income Taxes an interpretation of FAS 109
Fitch	Fitch Ratings
FSP SFAS 142-3	FASB Staff Position No. SFAS 142-3, Determination of the Useful Life of Intangible Assets
FTRs	firm transmission rights
GAAP	generally accepted accounting principles
GHG	greenhouse gas

Table of Contents**GLOSSARY (Continued)**

Global Settlement	A settlement between Edison International and the IRS that resolves asserted deficiencies related to Edison International's deferral of income taxes associated with certain of its cross-border, leveraged leases in their entirety and all other outstanding tax disputes for open tax years 1986 through 2002.
GRC	General Rate Case
GWh	gigawatt-hours
Illinois Plants	EME's largest power plants (fossil fuel) located in Illinois
Investor-Owned Utilities	SCE, SDG&E and PG&E
IRS	Internal Revenue Service
ISO	California Independent System Operator
kWh(s)	kilowatt-hour(s)
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
MEHC	Mission Energy Holding Company
Midwest Generation	Midwest Generation, LLC
MMBtu	million British thermal units
Mohave	Mohave Generating Station
Moody's	Moody's Investors Service
MRTU	Market Redesign and Technology Upgrade
MW	megawatts
MWh	megawatt-hours
NAPP	Northern Appalachian
Ninth Circuit	United States Court of Appeals for the Ninth Circuit
NOV	notice of violation
NO _x	nitrogen oxide
NRC	Nuclear Regulatory Commission
NYISO	New York Independent System Operator
PADEP	Pennsylvania Department of Environmental Protection
Palo Verde	Palo Verde Nuclear Generating Station
PBOP(s)	Postretirement benefits other than pension(s)
PBR	performance-based ratemaking
PG&E	Pacific Gas & Electric Company
PJM	PJM Interconnection, LLC
POD	Presiding Officer's Decision
PRB	Powder River Basin
PX	California Power Exchange
QF(s)	qualifying facility(ies)
RICO	Racketeer Influenced and Corrupt Organization
ROE	return on equity
RPM	reliability pricing model
S&P	Standard & Poor's
SAB	Staff Accounting Bulletin
San Onofre	San Onofre Nuclear Generating Station
SCAQMD	South Coast Air Quality Management District

Table of Contents**GLOSSARY (Continued)**

SCE	Southern California Edison Company
SDG&E	San Diego Gas & Electric
SFAS	Statement of Financial Accounting Standards issued by the FASB
SFAS No. 133	Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities
SFAS No. 141(R)	Statement of Financial Accounting Standards No. 141(R), Business Combinations
SFAS No. 157	Statement of Financial Accounting Standards No. 157, Fair Value Measurements
SFAS No. 158	Statement of Financial Accounting Standards No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans
SFAS No. 160	Statement of Financial Accounting Standards No. 160, Noncontrolling Interests in Consolidated Financial Statements
SFAS No. 161	Statement of Financial Accounting Standards No. 161, Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133
SIP(s)	State Implementation Plan(s)
SO ₂	sulfur dioxide
SRP	Salt River Project Agricultural Improvement and Power District
the Tribes	Navajo Nation and Hopi Tribe
TURN	The Utility Reform Network
US EPA	United States Environmental Protection Agency
VIE(s)	variable interest entity(ies)

Table of Contents**EDISON INTERNATIONAL****PART I FINANCIAL INFORMATION****Item 1. Financial Statements****CONSOLIDATED STATEMENTS OF INCOME**

In millions, except per-share amounts	Three Months Ended March 31,	
	2009	2008
	(Unaudited)	
Electric utility	\$ 2,188	\$ 2,379
Competitive power generation	611	719
Financial services and other	13	15
Total operating revenue	2,812	3,113
Fuel	387	537
Purchased power	540	693
Other operation and maintenance	969	961
Depreciation, decommissioning and amortization	342	311
Contract buyout/termination and other	21	(17)
Total operating expenses	2,259	2,485
Operating income	553	628
Interest and dividend income	10	14
Equity in income (loss) from partnerships and unconsolidated subsidiaries net	(8)	2
Other nonoperating income	26	25
Interest expense net of amounts capitalized	(187)	(171)
Other nonoperating deductions	(6)	(12)
Income from continuing operations before income taxes	388	486
Income tax expense	122	161
Income from continuing operations	266	325
Income (loss) from discontinued operations net of tax	3	(5)
Net income	269	320
Less: Net income attributable to noncontrolling interests	19	21
Net income attributable to Edison International	\$ 250	\$ 299
Amounts attributable to Edison International common shareholders:		
Income from continuing operations, net of tax	\$ 247	\$ 304
Income (loss) from discontinued operations, net of tax	3	(5)
Net income	\$ 250	\$ 299

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Weighted-average shares of common stock outstanding	326	326
Basic earnings (loss) per common share attributable to Edison International common shareholders:		
Continuing operations	\$ 0.75	\$ 0.92
Discontinued operations	0.01	(0.01)
Total	\$ 0.76	\$ 0.91
Weighted-average shares, including effect of dilutive securities	327	329
Diluted earnings (loss) per common share attributable to Edison International common shareholders:		
Continuing operations	\$ 0.75	\$ 0.92
Discontinued operations	0.01	(0.01)
Total	\$ 0.76	\$ 0.91
Dividends declared per common share	\$ 0.310	\$ 0.305

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**EDISON INTERNATIONAL****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

In millions	Three Months Ended March 31,	
	2009	2008
	(Unaudited)	
Net income	\$ 269	\$ 320
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments net		(3)
Pension and postretirement benefits other than pensions:		
Amortization of net loss included in net income net	2	
Unrealized gains (losses) on cash flow hedges:		
Unrealized gains (losses) arising during the period net of income tax expense (benefit) of \$98 and \$(92) for 2009 and 2008, respectively	151	(138)
Reclassification adjustment for losses included in net income net of income tax benefit of \$32 and \$6 for 2009 and 2008, respectively	(49)	(9)
Other comprehensive income (loss)	104	(150)
Comprehensive income	373	170
Less: Comprehensive income attributable to noncontrolling interests	19	21
Comprehensive income attributable to Edison International	\$ 354	\$ 149

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**EDISON INTERNATIONAL****CONSOLIDATED BALANCE SHEETS**

In millions	March 31, 2009	December 31, 2008
	(Unaudited)	
ASSETS		
Cash and equivalents	\$ 3,543	\$ 3,916
Short-term investments	7	7
Receivables, less allowances of \$37 and \$39 for uncollectible accounts at respective dates	921	1,006
Accrued unbilled revenue	335	328
Fuel inventory	196	163
Materials and supplies	353	390
Derivative assets	346	327
Restricted cash	3	3
Margin and collateral deposits	146	105
Regulatory assets	571	605
Deferred income taxes net		104
Other current assets	354	399
Total current assets	6,775	7,353
Nonutility property less accumulated depreciation of \$2,088 and \$2,019 at respective dates	5,395	5,374
Nuclear decommissioning trusts	2,399	2,524
Investments in partnerships and unconsolidated subsidiaries	210	229
Investments in leveraged leases	2,339	2,467
Other investments	92	89
Total investments and other assets	10,435	10,683
Utility plant, at original cost:		
Transmission and distribution	20,188	20,006
Generation	1,833	1,819
Accumulated depreciation	(5,606)	(5,570)
Construction work in progress	2,649	2,454
Nuclear fuel, at amortized cost	257	260
Total utility plant	19,321	18,969
Derivative assets	604	244
Restricted cash	43	43
Rent payments in excess of levelized rent expense under plant operating leases	926	878
Regulatory assets	5,273	5,414
Other long-term assets	1,052	1,031
Total long-term assets	7,898	7,610
Total assets	\$ 44,429	\$