

EDISON INTERNATIONAL  
Form 10-Q  
May 08, 2008  
Table of Contents

**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, 2008**

**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)

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**California**  
(State or other jurisdiction of

**95-4137452**  
(I.R.S. Employer

incorporation or organization)  
**2244 Walnut Grove Avenue**

Identification No.)

**(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

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   
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 6, 2008
Common Stock, no par value	325,811,206

**Table of Contents**

EDISON INTERNATIONAL

INDEX

	<b>Page No.</b>
<b><u>Part I. Financial Information</u></b>	
Item 1.	1
<u>Financial Statements:</u>	
<u>Consolidated Statements of Income Three Months Ended March 31, 2008 and 2007</u>	1
<u>Consolidated Statements of Comprehensive Income Three Months Ended March 31, 2008 and 2007</u>	2
<u>Consolidated Balance Sheets March 31, 2008 and December 31, 2007</u>	3
<u>Consolidated Statements of Cash Flows Three Months Ended March 31, 2008 and 2007</u>	5
<u>Notes to Consolidated Financial Statements</u>	7
Item 2.	35
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	
Item 3.	83
<u>Quantitative and Qualitative Disclosures About Market Risk</u>	
Item 4.	83
<u>Controls and Procedures</u>	
<b><u>Part II. Other Information</u></b>	
Item 2.	84
<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	
Item 6.	85
<u>Exhibits</u>	
<u>Signature</u>	86

**Table of Contents****GLOSSARY**

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)
Btu	British thermal units
CAA	Clean Air Act
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
CPSD	Consumer Protection and Safety Division
CPUC	California Public Utilities Commission
CRRs	congestion revenue rights
D.C. District Court	U.S. District Court for the District of Columbia
DOE	United States Department of Energy
DOJ	Department of Justice
DPV2	Devers-Palo Verde II
DWP	Los Angeles Department of Water & Power
EITF	Emerging Issues Task Force
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
FTRs	firm transmission rights
GAAP	general accepted accounting principles
GHG	greenhouse gas
GRC	General Rate Case
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
Midway-Sunset	Midway-Sunset Cogeneration Company

**Table of Contents****GLOSSARY (Continued)**

Midwest Generation	Midwest Generation, LLC
MMBtu	million British thermal units
Mohave	Mohave Generating Station
Moody's	Moody's Investors Service
MRTU	Market Redesign Technology Upgrade
MW	megawatts
MWh	megawatt-hours
NOV	notice of violation
NO <sub>x</sub>	nitrogen oxide
NRC	Nuclear Regulatory Commission
NYISO	New York Independent System Operator
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
San Onofre	San Onofre Nuclear Generating Station
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. 159	Statement of Financial Accounting Standards No. 159, The Fair Value Option for Financial Assets and Financial Liabilities
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 <sub>2</sub>	sulfur dioxide
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,	
	2008	2007
	(Unaudited)	
Electric utility	\$ 2,349	\$ 2,222
Nonutility power generation	719	672
Financial services and other	15	18
<b>Total operating revenue</b>	<b>3,083</b>	2,912
Fuel	537	486
Purchased power	491	317
Provisions for regulatory adjustment clauses net	172	289
Other operation and maintenance	974	880
Depreciation, decommissioning and amortization	298	313
Gain on buyout of contract and sale of assets	(17)	
<b>Total operating expenses</b>	<b>2,455</b>	2,285
<b>Operating income</b>	<b>628</b>	627
Interest and dividend income	14	39
Equity in income from partnerships and unconsolidated subsidiaries net	2	17
Other nonoperating income	25	17
Interest expense net of amounts capitalized	(171)	(198)
Other nonoperating deductions	(12)	(11)
<b>Income from continuing operations before tax and minority interest</b>	<b>486</b>	491
Income tax expense	161	129
Dividends on preferred and preference stock of utility not subject to mandatory redemption	13	13
Minority interest	8	19
<b>Income from continuing operations</b>	<b>304</b>	330
Income (loss) from discontinued operations net of tax	(5)	3
<b>Net income</b>	<b>\$ 299</b>	\$ 333
<b>Weighted-average shares of common stock outstanding</b>	<b>326</b>	326
<b>Basic earnings (loss) per common share:</b>		
Continuing operations	\$ 0.92	\$ 1.00
Discontinued operations	(0.01)	0.01
<b>Total</b>	<b>\$ 0.91</b>	\$ 1.01
<b>Weighted-average shares, including effect of dilutive securities</b>	<b>329</b>	330
<b>Diluted earnings (loss) per common share:</b>		
Continuing operations	\$ 0.92	\$ 0.99
Discontinued operations	(0.01)	0.01
<b>Total</b>	<b>\$ 0.91</b>	\$ 1.00
Dividends declared per common share	\$ 0.305	\$ 0.29

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

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

<b>In millions</b>	<b>Three Months Ended</b>	
	<b>2008</b>	<b>2007</b>
	<b>March 31,</b>	
	<b>(Unaudited)</b>	
Net income	<b>\$ 299</b>	<b>\$ 333</b>
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments net	<b>(3)</b>	<b>(2)</b>
Pension and postretirement benefits other than pensions:		
Amortization of net gain (loss) included in expense net		<b>1</b>
Unrealized gains (losses) on cash flow hedges:		
Other unrealized losses arising during the period net of income tax benefit of \$(92) and \$(115) for 2008 and 2007, respectively	<b>(138)</b>	<b>(169)</b>
Reclassification adjustment for gain (loss) included in net income net of income tax expense (benefit) of \$(6) and \$12 for 2008 and 2007, respectively	<b>(9)</b>	<b>16</b>
Other comprehensive loss	<b>(150)</b>	<b>(154)</b>
<b>Comprehensive income</b>	<b>\$ 149</b>	<b>\$ 179</b>

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

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

<b>In millions</b>	<b>March 31, 2008 (Unaudited)</b>	<b>December 31, 2007</b>
<b>ASSETS</b>		
Cash and equivalents	\$ 1,545	\$ 1,441
Short-term investments	35	81
Receivables, less allowance of \$34 for uncollectible accounts at each date	1,038	1,033
Accrued unbilled revenue	342	370
Fuel inventory	120	116
Materials and supplies	311	316
Derivative assets	192	109
Restricted cash	3	3
Margin and collateral deposits	147	121
Regulatory assets	128	197
Accumulated deferred income taxes net	218	167
Other current assets	339	290
<b>Total current assets</b>	<b>4,418</b>	<b>4,244</b>
Nonutility property less accumulated provision for depreciation of \$1,822 and \$1,765 at respective dates	4,951	4,906
Nuclear decommissioning trusts	3,195	3,378
Investments in partnerships and unconsolidated subsidiaries	260	272
Investments in leveraged leases	2,486	2,473
Other investments	108	96
<b>Total investments and other assets</b>	<b>11,000</b>	<b>11,125</b>
Utility plant, at original cost:		
Transmission and distribution	19,158	18,940
Generation	1,795	1,767
Accumulated provision for depreciation	(5,306)	(5,174)
Construction work in progress	1,820	1,693
Nuclear fuel, at amortized cost	231	177
<b>Total utility plant</b>	<b>17,698</b>	<b>17,403</b>
Derivative assets	135	122
Restricted cash	45	48
Rent payments in excess of levelized rent expense under plant operating leases	765	716
Regulatory assets	2,726	2,721
Other long-term assets	1,164	1,144
<b>Total long-term assets</b>	<b>4,835</b>	<b>4,751</b>
<b>Total assets</b>	<b>\$ 37,951</b>	<b>\$ 37,523</b>

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



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

<b>In millions, except share amounts</b>	<b>March 31, 2008 (Unaudited)</b>	<b>December 31, 2007</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
Short-term debt	\$ 400	\$ 500
Long-term debt due within one year	164	18
Accounts payable	807	979
Accrued taxes	119	49
Accrued interest	223	160
Counterparty collateral	48	42
Customer deposits	221	219
Book overdrafts	192	212