

EDISON INTERNATIONAL  
Form 10-Q  
August 09, 2007

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-Q**

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(Mark One)

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

For the quarterly period ended **June 30, 2007**

**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**

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**EDISON INTERNATIONAL**

(Exact name of registrant as specified in its charter)

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**California**  
(State or other jurisdiction of  
incorporation or organization)

**2244 Walnut Grove Avenue**

**(P. O. Box 976)**

**Rosemead, California**  
(Address of principal executive offices)

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

**91770**  
(Zip Code)

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(626) 302-2222

(Registrant's telephone number, including area code)

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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 August 3, 2007 |
|----------------------------|-------------------------------|
| Common Stock, no par value | 325,811,206                   |

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**EDISON INTERNATIONAL**

**INDEX**

|  | <b>Page</b> |
|--|-------------|
|  | <b>No.</b>  |
| <b><u>Part I. Financial Information</u></b>  |             |
| Item 1. <u>Financial Statements:</u>   | 1           |
| <u>Consolidated Statements of Income – Three and Six Months Ended June 30, 2007 and 2006</u>               | 1           |
| <u>Consolidated Statements of Comprehensive Income – Three and Six Months Ended June 30, 2007 and 2006</u> | 2           |
| <u>Consolidated Balance Sheets – June 30, 2007 and December 31, 2006</u>                                   | 3           |
| <u>Consolidated Statements of Cash Flows – Six Months Ended June 30, 2007 and 2006</u>                     | 5           |
| <u>Notes to Consolidated Financial Statements</u>  | 7           |
| Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>       | 36          |
| Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>                                  | 87          |
| Item 4. <u>Controls and Procedures</u>   | 88          |
| <b><u>Part II. Other Information</u></b>   |             |
| Item 1. <u>Legal Proceedings</u>   | 89          |
| Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>                                 | 89          |
| Item 4. <u>Submission of Matters to a Vote of Security Holders</u>   | 89          |
| Item 6. <u>Exhibits</u>  | 91          |
| Signature  | 92          |

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**GLOSSARY**

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

|                     |   |
|---------------------|---|
| Btu                 | British Thermal units   |
| Commonwealth Edison | Commonwealth Edison Company   |
| CDWR                | California Department of Water Resources  |
| CPSD                | Consumer Protection and Safety Division   |
| CPUC                | California Public Utilities Commission  |
| District Court      | U.S. District Court for the District of Columbia  |
| DOE                 | United States Department of Energy  |
| DRA                 | CPUC 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  |
| FIN 39-1            | Financial Accounting Standards Board Staff Position No. 39-1, Amendment of FASB Interpretation No. 39                         |
| FIN 48              | Financial Accounting Standards Interpretation No. 48, Accounting for Uncertainty in Income Taxes an interpretation of FAS 109 |
| FTR                 | firm transmission rights  |
| 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  |
| Midland Cogen       | Midland Cogeneration Venture  |
| Midway-Sunset       | Midway-Sunset Cogeneration Company  |
| Midwest Generation  | Midwest Generation, LLC   |
| Moody's             | Moody's Investors Service   |
| MW                  | Megawatts   |

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**GLOSSARY (Continued)**

|                 |   |
|-----------------|---|
| MWh             | megawatt-hours  |
| NAPP            | Northern Appalachian  |
| Ninth Circuit   | United States Court of Appeals for the Ninth Circuit  |
| NO <sub>x</sub> | nitrogen oxide  |
| NRC             | Nuclear Regulatory Commission   |
| NOI             | Notice of Intent  |
| NOV             | Notice of Violation   |
| Palo Verde      | Palo Verde Nuclear Generating Station   |
| PBR             | performance-based ratemaking  |
| PG&E            | Pacific Gas & Electric Company  |
| PJM             | PJM Interconnection, LLC  |
| PRB             | Powder River Basin  |
| PX              | California Power Exchange   |
| QF(s)           | qualifying facility(ies)  |
| RICO            | Racketeer Influenced and Corrupt Organization   |
| 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. 123(R) | Statement of Financial Accounting Standards No. 123(R), Share-Based Payment (revised 2004)  |
| SFAS No. 133    | Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities   |
| SFAS No. 144    | Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets   |
| 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 Liabilities, Including an Amendment of FASB Statement No. 115 |
| SIP(s)          | State Implementation Plan(s)  |
| SO <sub>2</sub> | sulfur dioxide  |
| US EPA          | United States Environmental Protection Agency   |
| VIE(s)          | variable interest entity(ies)   |

## EDISON INTERNATIONAL

## PART I FINANCIAL INFORMATION

## Item 1. Financial Statements

## CONSOLIDATED STATEMENTS OF INCOME

| In millions, except per-share amounts  | Three Months Ended |                | Six Months Ended |                |
|--|--------------------|----------------|------------------|----------------|
|  | June 30,           |                | June 30,         |                |
|  | 2007               | 2006           | 2007             | 2006           |
|  |                    |                | (Unaudited)      |                |
| Electric utility   | \$ 2,459           | \$ 2,521       | \$ 4,681         | \$ 4,739       |
| Nonutility power generation  | 569                | 460            | 1,241            | 970            |
| Financial services and other   | 19                 | 20             | 37               | 44             |
| <b>Total operating revenue</b>   | <b>3,047</b>       | <b>3,001</b>   | <b>5,959</b>     | <b>5,753</b>   |
| Fuel   | 438                | 380            | 924              | 840            |
| Purchased power  | 829                | 769            | 1,146            | 1,783          |
| Provisions for regulatory adjustment clauses net   | (33)               | (10)           | 255              | (371)          |
| Other operation and maintenance  | 999                | 933            | 1,879            | 1,818          |
| Depreciation, decommissioning and amortization   | 313                | 339            | 627              | 631            |
| Net gain on sale of utility property and plant   |                    | (1)            | (1)              | (1)            |
| <b>Total operating expenses</b>  | <b>2,546</b>       | <b>2,410</b>   | <b>4,830</b>     | <b>4,700</b>   |
| <b>Operating income</b>  | <b>501</b>         | <b>591</b>     | <b>1,129</b>     | <b>1,053</b>   |
| Interest and dividend income   | 45                 | 43             | 85               | 80             |
| Equity in income from partnerships and unconsolidated subsidiaries net                     | 20                 | 10             | 37               | 14             |
| Other nonoperating income  | 22                 | 33             | 39               | 74             |
| Interest expense net of amounts capitalized  | (188)              | (209)          | (386)            | (409)          |
| Loss on early extinguishment of debt   | (241)              | (143)          | (241)            | (143)          |
| Other nonoperating deductions  | (9)                | (10)           | (22)             | (22)           |
| <b>Income from continuing operations before tax and minority interest</b>                  | <b>150</b>         | <b>315</b>     | <b>641</b>       | <b>647</b>     |
| Income tax expense   |                    | 95             | 129              | 206            |
| Dividends on preferred and preference stock of utility not subject to mandatory redemption | 13                 | 13             | 26               | 25             |
| Minority interest  | 46                 | 34             | 65               | 59             |
| <b>Income from continuing operations</b>   | <b>91</b>          | <b>173</b>     | <b>421</b>       | <b>357</b>     |
| Income from discontinued operations net of tax   | 2                  | 4              | 5                | 77             |
| <b>Income before accounting change</b>   | <b>93</b>          | <b>177</b>     | <b>426</b>       | <b>434</b>     |
| Cumulative effect of accounting change net of tax  |                    |                |                  | 1              |
| <b>Net income</b>  | <b>\$ 93</b>       | <b>\$ 177</b>  | <b>\$ 426</b>    | <b>\$ 435</b>  |
| <b>Weighted-average shares of common stock outstanding</b>                                 | <b>326</b>         | <b>326</b>     | <b>326</b>       | <b>326</b>     |
| <b>Basic earnings per common share:</b>  |                    |                |                  |                |
| Continuing operations  | \$ 0.28            | \$ 0.53        | \$ 1.28          | \$ 1.08        |
| Discontinued operations  | 0.01               | 0.01           | 0.01             | 0.24           |
| <b>Total</b>   | <b>\$ 0.29</b>     | <b>\$ 0.54</b> | <b>\$ 1.29</b>   | <b>\$ 1.32</b> |
| <b>Weighted-average shares, including effect of dilutive securities</b>                    | <b>330</b>         | <b>330</b>     | <b>331</b>       | <b>331</b>     |
| <b>Diluted earnings per common share:</b>  |                    |                |                  |                |
| Continuing operations  | \$ 0.28            | \$ 0.53        | \$ 1.28          | \$ 1.09        |
| Discontinued operations  |                    | 0.01           | 0.01             | 0.23           |
| <b>Total</b>   | <b>\$ 0.28</b>     | <b>\$ 0.54</b> | <b>\$ 1.29</b>   | <b>\$ 1.32</b> |
| Dividends declared per common share  | \$ 0.29            | \$ 0.27        | \$ 0.58          | \$ 0.54        |

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

## EDISON INTERNATIONAL

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| In millions  | Three Months Ended |                  | Six Months Ended |                  |
|--|--------------------|------------------|------------------|------------------|
|  | 2007               | June 30,<br>2006 | 2007             | June 30,<br>2006 |
| Net income   | \$ 93              | \$ 177           | \$ 426           | \$ 435           |
| Other comprehensive income (loss), net of tax:                     |                    |                  |                  |                  |
| Foreign currency translation adjustments:                          |                    |                  |                  |                  |
| Other foreign currency translation adjustments-net                 |                    | 2                | (2)              | 2                |
| Pension and postretirement benefits other than pensions:           |                    |                  |                  |                  |
| Minimum pension liability adjustment                               |                    | (2)              |                  | (2)              |
| Amortization of loss and prior service cost-net                    |                    |                  | 1                |                  |
| Unrealized gain (loss) on cash flow hedges:                        |                    |                  |                  |                  |
| Other unrealized gain (loss) on cash flow hedges net               | 48                 | 72               | (121)            | 259              |
| Reclassification adjustment for gain (loss) included in net income | 10                 | 17               | 26               | (13)             |
| Other comprehensive income (loss)                                  | 58                 | 89               | (96)             | 246              |