

ENVIRONMENTAL POWER CORP
Form 10-Q/A
November 17, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q/A

(Mark one)

QUARTERLY REPORT UNDER SECTION 13 OR 15 (D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2004

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 0-15472

Environmental Power Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

75-3117389
(IRS Employer
Identification No.)

One Cate Street 4th Floor, Portsmouth, New Hampshire 03801

(Address of principal executive offices)

(Zip code)

(603) 431-1780

Registrant's telephone number, including area code

(Former name, former address and former fiscal year,

if changed since last report)

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 an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

Number of shares of Common Stock outstanding at September 30, 2004 34,107,949 shares

EXPLANATORY NOTE

This Quarterly Report on Form 10-Q/A relates to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 (the 10-Q) and is being filed to correct the Registrant's Condensed Consolidated Statements of Operations (unaudited) for the Three Months and Nine Months Ended September 30, 2004 and September 30, 2003 included in Part I, Item 1 and appearing on page 4 of the 10-Q (the Statement of Operations), as follows:

The line item Operating Income (Loss) for the three months ended September 30, 2004 should be \$2,241,839 instead of \$2,017,966.

The line item Total Costs and Expenses for the nine months ended September 30, 2004 should be \$45,188,905 instead of \$45,412,778.

The line item Operating Income (Loss) for the nine months ended September 30, 2004 should be \$(2,475,497) instead of \$(2,699,370).

The components of each of these line items as set forth in the Statement of Operations as originally filed were correct; the foregoing changes reflect mathematical errors in adding these components. Therefore, the Registrant does not believe any of these corrections to be material.

PART I. FINANCIAL INFORMATION**ITEM I. FINANCIAL STATEMENTS**

The Condensed Consolidated Statements of Operations (unaudited) for the Three and Nine Months Ended September 30, 2004 and September 30, 2003 is amended and restated in its entirety as follows:

ENVIRONMENTAL POWER CORPORATION AND SUBSIDIARIES**Condensed Consolidated Statements of Operations (unaudited) for the Three and Nine Months Ended September 30, 2004 and September 30, 2003**

| | 3 Months Ended | | 9 Months Ended | |
|----------------------------|--------------------|--------------------|--------------------|--------------------|
| | September 30, 2004 | September 30, 2003 | September 30, 2004 | September 30, 2003 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| Revenues | | | | |
| Power Generation Revenues | \$ 15,101,828 | \$ 11,923,173 | \$ 41,043,102 | \$ 39,012,266 |
| Product Sales | 1,670,306 | | 1,670,306 | |
| Total Revenues | 16,772,134 | 11,923,173 | 42,713,408 | 39,012,266 |
| Costs And Expenses: | | | | |
| Buzzard | | | | |

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| | | | | |
|---|-------------------|--------------------|--------------------|-------------------|
| Operating Expenses (1) | 7,042,739 | 6,020,393 | 22,527,867 | 19,669,118 |
| Lease Expenses (2) | 4,759,717 | 4,755,927 | 14,373,121 | 14,439,348 |
| Microgy | | | | |
| Cost Of Goods Sold | 1,670,306 | | 1,670,306 | |
| General And Administrative (3) | 1,396,605 | 2,220,126 | 4,273,030 | 4,437,517 |
| Non-Cash Compensation | (450,572) | | 1,987,737 | 515,410 |
| Depreciation And Amortization | 111,499 | 123,857 | 356,844 | 371,337 |
| Total Costs And Expenses | 14,530,295 | 13,120,303 | 45,188,905 | 39,432,730 |
| Operating Income (Loss) | 2,241,839 | (1,197,130) | (2,475,497) | (420,464) |
| Other Income (Expense): | | | | |
| Interest Income | 13,763 | 14,263 | 30,436 | 21,465 |
| Interest Expense | (180,805) | (89,043) | (567,869) | (136,467) |
| Amortization Of Deferred Gain | 77,103 | 77,102 | 231,308 | 231,308 |
| Other (Expense) Income | (223,873) | (6,265) | (223,873) | 1,620 |
| Total Other Income (Expense) | (313,812) | (3,943) | (529,998) | 117,926 |
| Income (Loss) Before Income Taxes | 1,928,027 | (1,201,073) | (3,005,495) | (302,538) |
| Income Tax Expense (Benefit) | (305,195) | (452,681) | (537,584) | 98,345 |
| Net Income (Loss) | 2,233,221 | (748,392) | (2,467,911) | (400,883) |
| Preferred Securities Dividend Requirements Of Subsidiary | | | | |
| | \$ (1,250) | \$ (1,250) | \$ (3,750) | \$ (3,750) |
| Income (Loss) Available To Common Shareholders | 2,231,971 | (749,642) | (2,471,661) | (404,633) |
| Weighted Average Common Shares Outstanding: | | | | |
| Basic | 34,100,340 | 24,373,575 | 30,571,543 | 22,669,147 |
| Diluted | 37,012,530 | 24,373,575 | 30,571,543 | 22,669,147 |
| Earnings Per Common Share | | | | |
| Basic | \$ 0.07 | \$ (0.03) | \$ (0.08) | \$ (0.02) |
| Diluted | \$ 0.06 | \$ (0.03) | \$ (0.08) | \$ (0.02) |

See Notes to Consolidated Financial Statements.

(1) Operating expenses include fuel costs, maintenance costs, plant labor costs, operator costs, and other costs.

- (2) Lease expenses include principal, interest payments, equity rents, additional rents, and accrued lease expenses.
- (3) General and administrative expenses include labor expenses, travel & entertainment expenses, insurance costs, and professional service fees.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS

(a) Exhibits

31.1 Certification of Chief Executive Officer

31.2 Certification of Chief Financial Officer

32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. §1350

32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. §1350

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ENVIRONMENTAL POWER CORPORATION

November 17, 2004

/s/ R. Jeffrey Macartney

R. Jeffrey Macartney
Treasurer and Chief Financial Officer
(principal accounting officer and authorized officer)