

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)