UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 10-Q

(Mark one)

[X] Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended January 31, 2001

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 0-6050

POWELL INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

NEVADA	88-0106100
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
8550 Mosley Drive, Houston, Texas	77075-1180
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (713) 944-6900

Indicate by "X" 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 X No

Common Stock, par value $.01 per share; 10,329,909 shares outstanding on January 31, 2001.

Powell Industries, Inc. and Subsidiaries

POWELL INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	JANUARY 31, 2001 (UNAUDITED)	OCTOBER 31, 2000
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 1,516	$ 2,114
Accounts receivable, less allowance for doubtful accounts of $553 and $505, respectively	44,181	54,205
Costs and estimated earnings in excess of billings	29,396	24,292
Inventories	20,161	17,523
Deferred income taxes and income taxes receivable	36	1,012
Prepaid expenses and other current assets	2,334	827
Total Current Assets	97,624	99,973
Property, plant and equipment, net	31,559	31,383
Deferred income taxes	1,498	1,419
Other assets	5,097	5,151
Total Assets	$ 135,778	$ 137,926
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts and income taxes payable	$ 15,152	$ 16,373
Accrued salaries, bonuses and commissions	5,688	6,736
Accrued product warranty	1,523	1,316
Other accrued expenses	4,618	5,296
Billings in excess of costs and estimated earnings	4,320	5,315
Current maturities of long-term debt	1,429	1,429
Total Current Liabilities	32,730	36,465
Long-term debt, net of current maturities	5,357	5,714
Deferred compensation expense	1,264	1,241
Postretirement benefits liability	412	419
Commitments and contingencies		
Stockholders' Equity:		
Preferred stock, par value $.01; 5,000 shares authorized; none issued		
Common stock, par value $.01; 30,000 shares authorized; 10,860 and 10,821 shares issued	108	108
Additional paid-in capital	7,063	6,830
Accumulated other comprehensive income	16	--
Retained earnings	96,307	94,425
Treasury stock, 530 shares and 505 shares respectively, at cost	(4,936)	(4,669)
Deferred compensation-ESOP	(2,543)	(2,607)
Total Stockholders' Equity	96,015	94,087
Total Liabilities and Stockholders' Equity	$ 135,778	$ 137,926

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

POWELL INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	THREE MONTHS ENDED JANUARY 31, 2001	2000
Revenues	$ 55,151	$ 49,490
Cost of goods sold	43,937	40,449
Gross profit	11,214	9,041
Selling, general and administrative expenses	8,353	7,126
Earnings from operations before interest and income taxes	2,861	1,915
Interest expense (income), net	(13)	(57)
Earnings from operations before income taxes	2,874	1,972
Income tax provision	990	668
Net earnings	$ 1,884	$ 1,304
Net earnings per common share:		
Basic	$ 0.18	$ .12
Diluted	0.18	.12
Weighted average number of common shares outstanding	10,317	10,657
Weighted average number of common and common equivalent shares outstanding	10,431	10,715

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

POWELL INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(IN THOUSANDS)

	THREE MONTHS ENDED JANUARY 31, 2001	2000
Operating Activities:		
Net earnings	$ 1,884	$ 1,304
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,121	1,212
Deferred income tax provision	(79)	396
Postretirement benefits liability	(7)	(42)
Changes in operating assets and liabilities:		
Accounts receivable, net	10,023	3,042
Costs and estimated earnings in excess of billings	(5,104)	(5,299)
Inventories	(2,637)	(3,599)
Prepaid expenses and other current assets	(1,507)	(537)
Other assets	30	(228)
Accounts payable and income taxes payable or receivable	(245)	3,790
Accrued liabilities	(1,518)	(816)
Billings in excess of costs and estimated earnings	(996)	216
Deferred compensation expense	87	59
Net cash provided by (used in) operating activities	1,052	(502)
Investing Activities:		
Purchases of property, plant and equipment	(1,258)	(643)
Net cash used in investing activities	(1,258)	(643)
Financing Activities:		
Repayment of long-term debt	(357)	(1,357)
Payments to reacquire common stock	(267)	(574)
Exercise of stock options	232	30
Net cash used in financing activities	(392)	(1,901)
Net decrease in cash and cash equivalents	(598)	(3,046)
Cash and cash equivalents at beginning of period	2,114	10,646
Cash and cash equivalents at end of period	$ 1,516	$ 7,600

Supplemental disclosure of cash flow information (in thousands):

Cash paid during the quarter for:		
Interest	$ 122	$ 157
Income taxes	--	--

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

Part I
Item 1

POWELL INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

A. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and, in the opinion of management, reflect all adjustments which are of a normal recurring nature necessary for a fair presentation of financial position, results of operations, and cash flows. These financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's October 31, 2000 annual report on Form 10-K.

In June 1998 the Financial Accounting Standards Board (FASB) issued SFAS No. 133 - "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133). In June 1999, the FASB issued SFAS No. 137, which amended the effective adoption date of SFAS 133. This statement establishes accounting and reporting standards for derivative instruments, including derivative instruments embedded in other contracts, and for hedging activities. The statement, as amended and which is to be applied prospectively, is effective for the Company's quarter ending January 31, 2001.

In December 1999, the Securities and Exchange Commission staff issued Staff Accounting Bulletin No. 101 (SAB101). The Staff has deferred the implementation date of SAB101 until no later than the fourth quarter of fiscal years beginning after December 15, 1999. SAB101 reflects the basic principles of revenue recognition in existing accounting principles generally accepted in the United States. SAB101 does not supersede any existing authoritative literature. The Company expects to implement SAB101 in the quarter beginning August 1, 2001. Management has reviewed the staff's views presented in SAB101 and does not believe the adoption of SAB101 will have a material impact on the financial position or results of operations of the Company.

B. INVENTORY

	January 31, 2001 (unaudited)	October 31, 2000
The components of inventory are summarized below (in thousands):		
Raw materials, parts and subassemblies	$ 12,746	$ 11,162
Work-in-process	7,415	6,361
Total inventories	$ 20,161	$ 17,523

C. PROPERTY, PLANT AND EQUIPMENT

	January 31, 2001 (unaudited)	October 31, 2000
Property, plant and equipment is summarized below (in thousands):		
Land	$ 3,193	$ 3,193
Buildings and improvements	30,681	30,640
Machinery and equipment	30,098	29,001
Furniture & fixtures	3,814	3,690
Construction in process	1,093	1,141
	68,879	67,665
Less-accumulated depreciation	(37,320)	(36,282)
Total property, plant and equipment, net	$ 31,559	$ 31,383

D. PRODUCTION CONTRACTS

For contracts for which the percentage-of-completion method is used, costs and estimated earnings in excess of billings are shown as a current asset and billings in excess of costs and estimated earnings are shown as a current liability. The components of these contracts are as follows (in thousands):

	January 31, 2001 (unaudited)	October 31, 2000
Costs and estimated earnings	$ 153,126	$ 120,641
Progress billing	(123,730)	(96,349)
Total costs and estimated earnings in excess of billings	$ 29,396	$ 24,292
Progress billings	$ 67,900	$ 91,766
Costs and estimated earnings	(63,580)	(86,451)
Total billings in excess of costs and estimated earnings	$ 4,320	$ 5,315

E. EARNINGS PER SHARE (unaudited)

The following table sets forth the computation of basic and diluted earnings per share (in thousands, except per share data):

	Three Months Ended January 31, 2001	2000
Numerator:		
Numerator for basic and diluted earnings per share-earnings from continuing operations available to common stockholders	$ 1,884	$ 1,304
Denominator:		
Denominator for basic earnings per share-weighted average shares	10,317	10,657
Effect of dilutive securities-employee stock options	114	103
Denominator for diluted earnings per share-adjusted weighted-average shares with assumed conversions	10,431	10,715
Basic earning per share	$ 0.18	$ 0.12
Diluted earnings per share	$ 0.18	$ 0.12

F. COMPREHENSIVE INCOME (unaudited)

The Company adopted SFAS 133 as amended on November 1, 2000. Accordingly, the Company recorded an asset of $192,000 representing the fair value of its interest rate swap agreement which is used by the Company in the management of interest rate exposure. The Company also realized this amount as a component of comprehensive income. The Company's comprehensive income, which encompasses net income and the change in fair value of hedge instruments, is as follows (in thousands):

	Three Months Ended January 31, 2001
Net income	$ 1,884
Initial adoption of SFAS 133	192
Change in fair value of hedge instrument	(176)
Comprehensive income	$ 1,900

G. BUSINESS SEGMENTS (unaudited)

The Company has three reportable segments: 1. Switchgear and related equipment and service (Switchgear) for distribution, control and management of electrical energy, 2. Bus duct products (Bus Duct) for distribution of electric power, and 3. Process Control Systems which consists principally of instrumentation, computer control, communications and data management systems for the control of dynamic processes.

The tables below reflect certain information relating to the Company's operations by segment. Substantially all revenues represent sales to unaffiliated customers. The accounting policies of the segments are the same as those described in the summary of significant accounting policies as discussed in the Company's annual report on Form 10-K for the year ended October 31, 2000. For purposes of this presentation, all general corporate expenses have been allocated among operating segments based primarily on revenues. In addition, the corporate assets are mainly cash and cash equivalents transferred to the corporate office from the segments. Interest charges and credits to the segments from the corporate office are based on use of funds.

The required disclosures for the business segments are set forth below (in thousands):

	Three Months Ended January 31, 2001	2000
Revenues		
Switchgear	$ 39,523	$ 35,383
Bus Duct	9,162	6,828
Process Control Systems	6,466	7,279
Total Revenues	$ 55,151	$ 49,490
Earnings from operations before income taxes		
Switchgear	1,144	812
Bus Duct	1,634	999
Process Control Systems	96	161
Total earnings from operations before income taxes	$ 2,874	$ 1,972

	January 31, 2001	October 31, 2000
Assets		
Switchgear	$ 98,772	$ 100,071
Bus Duct	15,765	15,608
Process Control Systems	14,914	14,331
Corporate and other	6,327	7,916
Total Assets	$ 135,778	$ 137,926

Part I
Item 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND QUARTERLY RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

The following table sets forth, as a percentage of revenues, certain items from the Condensed Consolidated Statements of Operations.

Quarters ended January 31	2001	2000
Revenues	100.0%	100.0%
Gross Profit	20.3	18.3
Selling, general and administrative expenses	15.1	14.4
Interest expense (income), net	--	(0.1)
Earnings from operations before income taxes	5.2	4.0
Income tax provision	1.8	1.4
Net earnings	3.4	2.6

Revenues for the quarter ended January 31, 2001 were up 11.4 percent to $55,151,000 from $49,490,000 in the first quarter of last year. The increase in revenues was in the Switchgear products and Bus duct segments due to increasing demand for our packaged control systems from the utility markets. This is partially offset by decreases in the process control segments.

Gross profit, as a percentage of revenues, was 20.3 percent and 18.3 percent for the quarter ended January 31, 2001 and 2000, respectively. The higher percentages in 2001 were mainly due to the increased volume of the Switchgear products and Bus duct segments and higher prices from the domestic markets.

Selling, general and administrative expenses as a percentage of revenues were 15.1 percent and 14.4 percent for the quarter ended January 31, 2001 and 2000, respectively. The higher percentages related to the quarter were due to increases in wages, insurance and payroll related expenses.

Interest expense (income), net. The following schedule shows the amounts for interest expense and income:

Quarters ended January 31	2001	2000
Expense	$ 106,000	$ 157,000
Income	(119,000)	(214,000)
Net	$ (13,000)	$ (57,000)

Interest expense in fiscal year 2001 and 2000 was primarily related to bank notes payable at rates between 5.2 and 7.6%. Sources of the interest income were related to notes receivable and short-term investment of available funds at various rates between 4.0 and 7.0%.

Income tax provision. The effective tax rate on earnings was 34.4 percent and 33.9 percent for the quarters ended January 31, 2001 and 2000, respectively. The increase was primarily due to lower estimated foreign sales corporation credits compared to the prior year.

Net Earnings were $1,884,000 or $.18 per diluted share for the first quarter of fiscal 2001, an increase from $1,304,000 or $.12 per diluted share for the same period last year. The increase was mainly due to higher volume and gross margins in the Switchgear products and Bus duct segments.

Backlog at January 31, 2001 was $182,247,000, compared to $155,850,000 at October 31, 2000. The increase in backlog was primarily in the Switchgear products segment. The increase in bookings is from the domestic utility, independent power providers and cogeneration markets.

	January 31, 2001	October 31, 2000
Switchgear	$125,928,000	$ 98,472,000
Bus Duct	28,064,000	27,986,000
Process Control	28,255,000	29,392,000
Total	$182,247,000	$155,850,000

LIQUIDITY AND CAPITAL RESOURCES

In September 1998, the Company amended a revolving line of credit agreement with a major domestic bank. The amendment provided for a $10,000,000 term loan and a revolving line of credit of $20,000,000. In December 1999 the revolving line of credit was amended to reduce the line to $15,000,000 and to extend the maturity date to February 2002. The term of the loan was five years with nineteen equal quarterly payments of $357,143 and a final payment of the remaining principal balance on September 30, 2003. The effective interest rate, after including an interest rate swap negotiated with the trust company of the same domestic bank, is 5.2 percent per annum plus a .75 to 1.25 percent fee based on financial covenants. As of January 31, 2001, the Company had no borrowings outstanding under the revolving line of credit.

The Company's ability to satisfy its cash requirements is evaluated by analyzing key measures of liquidity applicable to the Company. The following table is a summary of the measures which are significant to management:

	January 31, 2001	October 31, 2000
Working Capital	$ 64,894,000	$ 63,508,000
Current Ratio	2.98 to 1	2.75 to 1
Long-term Debt to Capitalization	.1 to 1	.1 to 1

Management believes that the Company continues to maintain a strong liquidity position. The increase in working capital at January 31, 2001, as compared to October 31, 2000, is due to an increase in cost in excess of billings and lower accrued salaries, bonuses and commissions which exceeded a decline in accounts receivable.

Cash and cash equivalents decreased by $598,000 during the three months ended January 31, 2001. The primary use of cash during this period was to fund working capital increases and capital expenditures. The decrease in net borrowings for the quarter was the result of a quarterly payment on the bank note.

The Company has a stock repurchase plan under which the Company is authorized to spend up to $5,000,000 for purchases of its common stock. Pursuant to this plan, the Company repurchased 530,100 shares of its common stock at an aggregate cost of approximately $4,936,000 through January 31, 2001, and concurrently the plan was completed. Repurchased shares are added to treasury stock and are available for general corporate purposes including issuance under the Company's employee stock option plan.

The Company's fiscal 2001 asset management program will continue to focus on the collection of receivables and reduction in inventories. The Company believes it will be able to satisfy its capital requirements and operating needs over the next twelve months primarily with funds available in cash and cash equivalents of $1,516,000, funds generated from operating activities and funds available under its existing revolving credit line.

The previous discussion should be read in conjunction with the consolidated financial statements.

FORWARD-LOOKING STATEMENT

Any forward-looking statements in the preceding paragraphs of the Form 10-Q are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such forward-looking statements involve risks and uncertainty in that actual results may differ materially from those projected in the forward-looking statements. These risks and uncertainties include, without limitation, difficulties which could arise in obtaining materials or components in sufficient quantities as needed for the Company's manufacturing and assembly operations, unforeseen political or economic problems in countries to which the Company exports its products in relation to the Company's principal competitors, any significant decrease in the Company's backlog of orders, any material employee relations problems, or any material litigation or claims made against the Company, as well as general market conditions, competition and pricing.

Part 1
Item 3

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Company's financial instruments include cash and equivalents, accounts receivable, accounts payable, debt obligations and interest rate swaps. The book value of cash and cash equivalents, accounts receivable and accounts payable are considered to be representative of fair value because of the short maturity of these instruments. The Company believes that the carrying value of its borrowings under the credit agreement approximate their fair value as they bear interest at rates indexed to the Bank's IBOR. The Company's accounts receivable are not concentrated in one customer or one industry and are not viewed as an unusual credit risk. The Company had recorded an allowance for doubtful accounts of $553,000 at January 31, 2001 and $505,000 at October 31, 2000, respectively.

The interest rate swap agreement, which is used by the Company in the management of interest rate exposure is accounted for on the accrual basis. Income and expense resulting from this agreement is recorded in the same category as interest expense accrued on the related term note. Amounts to be paid or received under the interest rate swap agreement are recognized as adjustments to interest expense in the periods in which they occur.

At January 31, 2001 the Company had $6,786,000 in borrowings subject to the interest rate swap at a rate of 5.20% through September 30, 2003. The 5.20% rate is currently approximately 1.22% below market and should represent approximately $80,000 of reduced interest expense for fiscal year 2001 assuming the current market interest rates do not change. The approximate fair value of the swap agreement at January 31, 2001 is $16,000. The fair value is the estimated amount the Company would receive to terminate the contract. The agreements require that the Company pay the counterparty at the above fixed swap rate and require the counterparty to pay the Company interest at the 90 day LIBOR rate. The closing 90 day LIBOR rate on January 31, 2001 was 5.42%.

In June 1998 the FASB issued SFAS No. 133 - "Accounting for Derivative Instruments and Hedging Actives". In June 1999, the FASB issued SFAS 137, which amended the effective adoption date of SFAS 133. This statement establishes accounting and reporting standards for derivative instruments, including derivative instruments embedded in other contracts, and for hedging activities. The statement, as amended and which is to be applied prospectively, is effective for the Company's quarter ending January 31, 2001. The Company adopted SFAS No. 133, as amended, on November 1, 2000. Accordingly, the Company recorded an asset of $192,000 on November 1, 2000, representing the fair value of its interest rate swap agreement which is used by the Company in the management of interest rate exposure. The Company also realized this amount as a component of comprehensive income.

Part II

OTHER INFORMATION

ITEM 1. Legal Proceedings

The Company is a party to disputes arising in the ordinary course of business. Management does not believe that the ultimate outcome of these disputes will materially affect the financial position or results of operations of the Company.

ITEM 2. Changes in Securities and Use of Proceeds

None

ITEM 3. Defaults Upon Senior Securities

Not applicable

ITEM 4. Submission of Matters to a Vote of Security Holders

None

ITEM 5. Other Information

None

ITEM 6. Exhibits and Reports on Form 8-K

a. Exhibits

None

b. Reports on Form 8-K

The Company filed a report on Form 8-K, dated December 21, 2000 announcing the resignation of J. F. Ahart effective December 15, 2000 as the Company's Vice President, Secretary, Treasurer and Chief Financial Officer.

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.

POWELL INDUSTRIES, INC.
Registrant

March 16, 2001 Date	/s/ THOMAS W. POWELL --------------------- Thomas W. Powell President and Chief Executive Officer (Principal Executive and Financial Officer)
March 16, 2001 Date	/s/ ROBERT B. GREGORY --------------------- Robert B. Gregory Corporate Controller (Principal Accounting Officer)