

ORDER NO. 04-289

ENTERED MAY 21 2004

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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UI 195(2)

In the Matter of)	
)	
PORTLAND GENERAL ELECTRIC)	ORDER
COMPANY)	
)	
Application for Approval to Extend the Term)	
of a Secured Loan from Portland General)	
Electric to Portland Energy Solutions)	
Company, LLC.)	

DISPOSITION: APPLICATION APPROVED WITH CONDITIONS

On March 29, 2004, Portland General Electric Company (PGE) filed an application with the Public Utility Commission of Oregon (Commission), requesting approval for a 90-day extension of its loan to Portland Energy Solution, LLC (PES), an affiliated interest. PGE requested the extension because the process of selling the assets of PES was in progress. The transaction was expected to commence within a week of PGE's application filing. The sale of the assets owned by PES occurred on April 2, 2004, to Portland District Cooling Company, LLC, a non-affiliated entity. A description of the filing and its procedural history is contained in the Staff Report, attached as Appendix A, and incorporated by reference.

Based on a review of the application and the Commission's records, the Commission finds that the application satisfies applicable statutes and administrative rules. At its Public Meeting on May 18, 2004, the Commission adopted Staff's recommendation. This written order memorializes the Commission's formal decision made at the May 18 Public Meeting.

ORDER

IT IS ORDERED that Portland General Electric Company's application for a 90-day extension of its loan to Portland Energy Solutions, LLC, is approved, subject to certain conditions, as further stated in Appendix A.

Made, entered, and effective _____.

BY THE COMMISSION:

Becky L. Beier
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561.
A party may appeal this order to a court pursuant to ORS 756.580.

In March 2003, PGE requested an extension to the approval for an additional year at a reduced maximum loan amount of \$1.5 million. The extension was approved through March 31, 2004, (Order No. 03-453). At that time, it was indicated that PES would be seeking a buyer for its assets.

On March 29, 2004, PGE filed another extension because the loan to PES had not been repaid. PGE requested an extension for a 90-day period because the process of selling the assets of PES was in progress. The transaction was expected to commence within a week of PGE's application filing. The sale of the assets owned by PES occurred on April 2, 2004, to Portland District Cooling Company, LLC, a non-affiliated entity.

Because the loan extension request was made prior to the expiration of the initial authority, and in light of the good-faith effort to consummate the transaction, Staff believes that it would be in the interest of the Company to grant approval for the extension. The transaction commenced and the loan was paid in full on April 2, 2004.

The final balance on the loan as of April 2, 2004, was \$1,063,497. The total interest that accrued on the loan was \$293,631, with \$135,487 representing the incremental amount that will be refunded to customers. Staff recommends that this amount be refunded to customers in concert with the next change in PGE's rates. This amount should accrue interest at the company's authorized cost of capital as of April 2, 2004.

PROPOSED COMMISSION MOTION:

PGE's application for the 90-day extension of its loan to PES be approved with Staff's conditions.

cc Judy Johnson