

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UF 4261

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY

Application for Authority to Issue Debt  
pursuant to a Revolving Credit Facility.

ORDER

**DISPOSITION: APPLICATION APPROVED WITH CONDITIONS AND  
REPORTING REQUIREMENTS**

On October 19, 2009,<sup>1</sup> Portland General Electric Company (PGE or Company) filed an application with the Public Utility Commission of Oregon (Commission), pursuant to ORS 757.410(1), ORS 757.415(1) and OAR 860-027-0030, requesting authorization to enter into a revolving credit facility agreement of up to \$200 million with several banks for an initial term not to exceed three years.

PGE represents that the new facility will be unsecured and will replace a \$125 million 364-day facility that expires on December 8, 2009. PGE believes the new credit facility will provide the necessary liquidity required to operate the business and represents the lowest cost of funds currently available for this type of agreement. 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 this application satisfies applicable statutes and administrative rules. At its public meeting on November 24, 2009, the Commission adopted Staff's recommendation and approved PGE's current request, with the conditions and reporting requirements incorporated as Appendix A.

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<sup>1</sup> The Staff memorandum states the filing date is October 16, 2009, however that is the mailing date, not the filing date.

**ORDER**

IT IS ORDERED that the application of Portland General Electric Company to enter into a revolving credit facility agreement of up to \$200 million for an initial term not to exceed three years is approved, subject to the conditions and reporting requirements specified in Appendix A.

Made, entered, and effective DEC 01 2009.

BY THE COMMISSION:



*Becky L. Beier*  
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**Becky L. Beier**  
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.

ITEM NO. CA5

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: November 24, 2009**

REGULAR \_\_\_\_\_ CONSENT  X  EFFECTIVE DATE \_\_\_\_\_ N/A \_\_\_\_\_

DATE: November 17, 2009

TO: Public Utility Commission

FROM: Jorge Ordonez *JDO*

THROUGH: *li* Lee Sparling, *A* Marc Hellman, and *JB* Steve Storm

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UF 4261) Application requesting authorization to enter into a revolving credit facility agreement of up to \$200 million for an initial term not to exceed three years.

**STAFF RECOMMENDATION:**

The Commission should approve Portland General Electric's (PGE or Company) application subject to the following conditions and reporting requirements:

- 1) No later than one month after the credit agreement has been signed, the Company shall file a copy of the executed Credit Agreement and a report demonstrating that any fees, margins over underlying securities, interest rates, and expenses are consistent with competitive market prices for such agreements.
- 2) Rates, fees, and the maximum dollar amount of the Credit Agreement shall be no greater than those identified in the application.
- 3) The Company shall file reports with the Commission no less frequently than quarterly, with each report including the outstanding balances of revolving credit under the new facility, the outstanding letters of credit issued under the Credit Agreement, and total amount of interest accrued and fees paid in the reporting period. Filing of such reports shall continue as long as this credit facility remains in effect.
- 4) The Commission reserves judgment on the reasonableness for ratemaking purposes of the Company's capital costs, capital structure, and the commissions and expenses incurred for security issuances. The Company has the burden of proof to demonstrate that its financing activities; capital costs, including embedded expenses; and capital structure are just and reasonable. Approval of

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this application and the conditions and requirements herein by the Commission does not constitute a precedent or finding as to whether any or all of this revolving Credit Agreement shall be treated as long-term debt for purposes of any minimum capital requirement pursuant to a Commission order.

#### **DISCUSSION:**

On October 16, 2009, PGE filed an application (Initial Application) under Oregon Revised Statutes (ORS) 757.410(1) and Oregon Administrative Rule (OAR) 860-027-0030 requesting authorization to enter into a revolving credit facility agreement of up to \$200 million with several banks for an initial term not to exceed three years.

On November 2, 2009, PGE filed a Supplemental Finance Application (Supplemental Application) indicating that certain expenses and costs have either changed or were not included in the initial application.

On November 11, 2009, PGE filed an Additional Supplemental Finance Application (Additional Supplemental Application) clarifying the components of upfront fees.

PGE represents in the Company's Initial Application that the new facility will be unsecured and will replace a \$125 million 364-day facility that expires on December 8, 2009. PGE believes the new credit facility will provide the necessary liquidity required to operate the business and represents the lowest cost of funds currently available for this type of agreement.<sup>1</sup>

Additionally, PGE represents in its Initial Application that the Credit Agreement of the new facility may contain a bilateral provision allowing the facility to be extended annually for an additional year. PGE may issue notes to each bank participating in the Credit Agreement for amounts equal to their commitment level. The Credit Agreement will allow the Company to borrow at its option a minimum amount of \$1 million up to the total amount of the commitments under the Credit Agreement. The Company can repay loans and re-borrow under the Credit Agreement if the total outstanding amount of all borrowings does not exceed the commitments under the facility at the time of borrowing and all other representations and covenants are met. PGE also expects to have the ability to issue letters of credit under the facility.<sup>2</sup>

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<sup>1</sup> See page 1 of PGE's Initial Application.

<sup>2</sup> See page 5 of PGE's Initial Application.

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### Use of Proceeds

Company represents that borrowing under this three-year credit agreement will be solely used for the acquisition of utility property, extension or improvement of utility facilities, the improvement or maintenance of service, the discharge or lawful refunding of obligations which were incurred for utility purposes permitted under ORS 757.415 (1)(a), (1)(b), (1)(c), (1)(d), and (1)(e), or the reimbursement of PGE's treasury for funds used for the foregoing purposes, except the maintenance of service and replacements. To the extent borrowings under this Credit Agreement are used to discharge or lawfully refund obligations, the obligations or their precedents were originally incurred for purposes described in ORS 757.415 (1)(a), (1)(b), or (1)(e). To the extent borrowings under this Credit Agreement are used to reimburse PGE's treasury for funds used to discharge or lawfully refund obligations, such obligations were incurred for purposes described in ORS 757.415(1)(a), (1)(b) or (1)(e), or for the purposes described in ORS 757.415(1)(a), (1)(b) or (1)(e) directly.<sup>3</sup>

These purposes are consistent with statutory requirements and are permitted under ORS 757.415(1).

### Expenses

PGE represents in its Supplemental Application that the Company has the option to borrow under the Credit Agreement at either a Eurodollar based option or a floating rate option. The Eurodollar based option will allow PGE to borrow for a fixed period of one, two, three or six months at a rate based on the applicable Eurodollar rate for such maturity on the date of borrowing plus a margin based on PGE's unsecured debt rating.<sup>4</sup> The floating rate will allow PGE to borrow under at a rate reset daily that will be equal to the higher of 1) federal funds plus 1.5 percent, 2) the Prime Rate, or 3) the one-month Eurodollar rate plus the applicable margin.<sup>5</sup>

PGE also represents in its Initial Application that the Company will be required to pay a onetime upfront fee to each bank not to exceed 1.00 percent of their initial commitment amount and an annual facility fee not to exceed 1.00 percent of their average commitment amount based on PGE's unsecured debt rating in effect during the period; additionally, the Company represents that these fees are the standard fees currently required by banks for this type of facility.<sup>6</sup>

<sup>3</sup> See pages 8 and 9 of PGE's Initial Application.

<sup>4</sup> See pages 5 of PGE's Initial Application.

<sup>5</sup> See page 1 of PGE's Supplemental application.

<sup>6</sup> See page 6 of PGE's Initial Application.

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In PGE's Additional Supplemental Application, the Company indicates that the agent's upfront fee for its portion of the facility will be payable in two parts, with one part called an upfront fee based on its individual final commitment amount and the other part called a structuring fee. PGE also represents in the Additional Supplemental Application that the total amount of these two fees payable to the agent will not exceed one percent of its individual commitment amount.<sup>7</sup>

PGE represents in its Supplemental Application that the Company expects to pay Bank of America a onetime syndication fee not to exceed 12.5 basis points times the initial size of the facility at closing and an annual agent fee not to exceed \$30,000. The Supplemental Application includes a matrix, replicated below, setting forth Company's proposed maximum margins and facility fees anticipated under the new facility:<sup>8</sup>

Pricing	Level I Status A-/A3	Level II Status BBB+/Baa1	Level III Status BBB/Baa2	Level IV Status <BBB-/Baa3
<i>Applicable Eurodollar Margin</i>	2.000%	2.250%	2.500%	3.000%
<i>Facility Fee Rate</i>	0.650%	0.750%	0.850%	1.000%

The Company represents that in the event PGE is split rated, the higher rating will apply.

Staff has reviewed the PGE application. The terms appear reasonable and the Company represents that any funds obtained under this agreement will be used solely for lawful purposes.

#### **PROPOSED COMMISSION MOTION:**

The application of Portland General Electric to enter into a revolving credit facility agreement of up to \$200 million for an initial term not to exceed three years be approved with Staff's conditions and reporting requirements.

PGE UF 4261 PM Memo

<sup>7</sup> See page 1 of PGE's Additional Supplemental Application.

<sup>8</sup> See page 1 of PGE's Supplemental Application.