

ORDER NO. 11 1105

ENTERED APR 06 2011

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UF 4268

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY

Application Requesting Authorization to  
Enter into a Revolving Credit Agreement  
for a Term of up to Five Years in an  
Amount up to \$300 Million.

ORDER

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

On February 17, 2011, Portland General Electric Company (PGE or Company) filed an application with the Public Utility Commission of Oregon (Commission), under ORS 757.400 *et seq.* and OAR 860-027-0030, requesting authorization to enter into a new revolving credit agreement having a term of up to five years in an amount up to \$300 million (Credit Agreement).

PGE represents that the Credit Agreement will replace a \$200 million facility that expires in December 2012 (Existing Credit Facility). PGE also represents that the Existing Credit Facility will terminate upon closing of the Credit 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 April 5, 2011, the Commission adopted Staff's recommendation and approved PGE's request, with the conditions and reporting requirements incorporated as Appendix A.

**ORDER**

IT IS ORDERED that the application of Portland General Electric Company to enter into a revolving credit facility agreement of up to \$300 million for an term not to exceed five years is approved, subject to the conditions and reporting requirements specified in Appendix A.

Made, entered, and effective APR 06 2011.

BY THE COMMISSION:



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

A party may request rehearing or reconsideration of this order under 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 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT

PUBLIC MEETING DATE: April 5, 2011

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

DATE: March 28, 2011

TO: Public Utility Commission

FROM: Jorge Ordonez JDO

THROUGH: Lee Sparling, Marc Hellman, and Steve Storm

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UF 4268) Application requesting authorization to enter into a revolving credit agreement for a term of up to five years in an amount up to \$300 million.

**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 revolving 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

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proof to demonstrate that its financing activities; capital costs, including embedded expenses; and capital structure are just and reasonable. Approval of 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 February 17, 2011, PGE filed an application (Application) under Oregon Revised Statutes (ORS) 757.400 *et seq.*, and Oregon Administrative Rule (OAR) 860-027-0030 requesting authorization to enter into a new revolving credit agreement having a term of up to five years in an amount up to \$300 million (Credit Agreement).

PGE represents in the Company's Application that the Credit Agreement will replace a \$200 million facility that expires in December 2012 (Existing Credit Facility). PGE also represents that the Existing Credit Facility will terminate upon closing of the Credit Agreement.<sup>1</sup>

PGE further represents in its Application that the Credit Agreement may contain a bilateral provision allowing the facility to be extended annually for an additional year at no cost (other than legal costs associated with documentation). PGE may issue individual 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.

## Use of Proceeds

The Company represents that borrowing under the Credit Agreement will be used for the acquisition of utility property, construction, 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

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

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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>2</sup>

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

### Expenses

PGE represents in its 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 as shown in Table 1 (following). The floating rate will allow PGE to borrow at a rate reset daily that will be equal to the higher of 1) federal funds rate plus up to 0.50 percent, 2) the Prime Rate, or 3) the one-month Eurodollar rate plus up to 1.50 percent.<sup>3</sup>

PGE also represents that in addition to the borrowing rates, PGE will be required to pay a onetime upfront fee to each bank participating in the Credit Agreement not to exceed 0.60 percent of their initial commitment amount and an annual facility fee not to exceed 0.75 percent of their average commitment amount based on PGE's unsecured debt rating in effect during the period as shown in Table 1. These fees are represented in the Company's application to be the standard fees currently required by banks for this type of facility. Table 1 lists the maximum Eurodollar margin and facility fee rates that PGE would be required to pay under the new facility based on different unsecured PGE debt ratings in effect at the time. In the event PGE is split rated, the higher rating will apply.

<sup>2</sup> See pages 8 and 9 of PGE's Application.

<sup>3</sup> See pages 5 and 6 of PGE's Application.

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Table 1

PRICING	LEVEL I STATUS A-/A3	LEVEL II STATUS BBB+/BAA1	LEVEL III STATUS BBB/BAA2	LEVEL IV STATUS < BBB/BAA2
<i>Applicable Eurodollar Margin</i>	1.500%	1.750%	2.000%	2.500%
<i>Facility Fee Rate</i>	0.350%	0.400%	0.500%	0.750%

PGE represents that the Company will select a bank to act as syndication agent for the facility and will pay the agent a onetime fee not to exceed \$300,000 and an annual fee of \$30,000 to act in that capacity.<sup>4</sup>

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 agreement for a term of up to five years in an amount up to \$300 million be approved with Staff's conditions and reporting requirements.

PGE UF 4268 PM Memo

<sup>4</sup> See page 8 of PGE's Application.