

ORDER NO. 13 354

ENTERED OCT 01 2013

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UF 4277(1)

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY,

Request to Supplement Order No. 13-099 to  
Increase Authorization Limit to \$30 million.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on October 1, 2013, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

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.

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ITEM NO. CA4

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: October 1, 2013

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

DATE: September 13, 2013

TO: Public Utility Commission

FROM: Matt Muldoon *mg*

THROUGH: Jason Eisdorfer, Maury Galbraith, and Marc Hellman *MG* *AA*

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UF 4277(1)) Requests a supplemental order to Order No. 13-099 to increase the authorization limit from \$25 million to \$30 million

**STAFF RECOMMENDATION:**

Staff recommends the Commission approve Portland General Electric Company's (PGE or Company) application to increase the authorization limit ordered in Order No. 13-099 from \$25 million to \$30 million, subject to the conditions and reporting requirements provided in Order No. 13-099, (except the authorization limit in condition 1 would be increased to \$30 million):<sup>1</sup>

1. Sum of the amount of Letters of Credit (LC) issued under the Application and Agreement for Irrevocable Standby Letters of Credit (LC Agreement) and referenced under the Reimbursement Agreement with the Bank of Nova Scotia (Bank) shall not exceed \$30 million at any one time.

**DISCUSSION:**

On February 22, 2013, PGE filed an application (Application) under ORS 757.410(1) and OAR 860-027-0030 requesting authorization to enter into a Reimbursement Agreement with the Bank of Nova Scotia (Bank). The Reimbursement Agreement is associated with PGE's Application and Agreement for Standby Letters of Credit, also entered into by PGE and Bank (LC Agreement). As authorized by Order No. 13-099, PGE currently can ask the Bank to issue up to \$25 million of LC on PGE's behalf under

<sup>1</sup> The Company has told Staff that it agrees to Staff's proposed conditions and reporting requirements.

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the terms of the LC Agreement. Under the Reimbursement Agreement, PGE is obligated to reimburse the Bank for any draw on the LCs and for related Bank expenses.<sup>2</sup>

After internal review and update of anticipated environmental restoration requirements, PGE determined that the Company needs an additional five million dollars of unsecured LCs authorized by Order Nos. 12-099 and 13-224. On September 5, 2013, PGE requested that its authority limit be increased by \$5 million.

PGE utilizes the LCs to provide financial assurance for site restoration to Northwest facility siting authorities. The Company represents that unsecured LCs provide adequate guarantee of energy facility environmental restoration after end of useful life. Unsecured LCs are less costly than posting bonds or secured letters of credit.<sup>3</sup>

#### **Outstanding Authorization:**

This new authority requested would supplement PGE's existing authority shown below:

Order No. 11-105	\$300 million (Docket No. UF 4268)
<u>Order No. 12-395</u>	<u>\$400 million (Docket No. UF 4272)</u>
	\$700 million <i>comprehensive revolving credit</i>
Order No. 12-099	\$25 million (Docket No. UF 4277)
Pending	\$ 5 Million (Docket No. UF 4277(1))
<u>Order No. 13-224</u>	<u>\$30 million (Docket No. UF 4279)</u>
	\$60 million <i>restricted to LCs</i>

#### **Use of Proceeds:**

PGE use of Scotia Bank to issue LCs and enter into a Reimbursement Agreement under which PGE is obligated to pay for the LCs is consistent with lawful utility purposes authorized by ORS 757.415; in this case namely:

1. Construction, and retirement of energy facilities;
2. Posting and replacement of LCs and like financial guarantees; and
3. Other purposes, as may be permitted by law.

<sup>2</sup> PGE asks for authority to enter into a \$5 million larger Reimbursement Agreement under which PGE is obligated to repay the Bank of Nova Scotia up to \$30 million plus expenses.

<sup>3</sup> See PGE applications in UF 4277 and UF 4279 for additional background.

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**Extensions of the Agreement:**

The LC Agreement and Reimbursement Agreement may be extended until site restorations are complete (subject to the Bank's approval), provided LCs: 1) are deployed for the specific lawful purposes described in the Company's application, 2) remain acceptable to Northwest siting and environmental authorities, and 3) cost no more than LC's issued under PGE's most expensive outstanding credit facility for like maturities or proportionally for different maturities.

**Least Cost and Risk:**

PGE represents that the Company believes increasing the current "Scotia facility" authorization limit to \$30 million will allow PGE to continue to use unsecured LCs as the least cost guarantee satisfactory to Northwest siting entities.

**Conclusion:**

Staff's review of PGE's Application finds the requested incremental authority reasonable and likely to be beneficial to ratepayers. In its most recent general rate case, PGE provided confidential work papers, indicating expected costs and benefits as PGE complies with energy facility siting requirements, without incremental harm or risk for ratepayers. The Company provided additional information by phone and by email on Thursday, September 5, 2013. The Company represents that funds obtained under the LC Agreement and Reimbursement Agreement will be used solely for lawful utility purposes as described herein. The Company has reviewed and agrees with this memo.

**PROPOSED COMMISSION MOTION:**

PGE's requested increase of the authorization limit in Order No. 13-099 to \$30 million be approved, without other changes to conditions therein.

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