

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UF 4361

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Application for Authority to Issue and Sell
No More Than \$2.0 billion of First
Mortgage Bonds and/or Unsecured Notes.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on August 5, 2025, 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:

Alison Lackey
Chief Administrative Law Judge

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 Circuit Court for Marion County in compliance with ORS 183.484.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: August 5, 2025**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** _____ **N/A**

DATE: July 21, 2025

TO: Public Utility Commission

FROM: Matt Muldoon

THROUGH: Caroline Moore and Scott Gibbens **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UF 4361)
Requests authority to issue and sell up to \$2 billion of debt securities.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Portland General Electric Company's (PGE or Company) application to issue and sell up to \$2 billion of debt securities (hereinafter the "Application"), subject to Staff's recommended twelve conditions and reporting requirements listed below (Conditions):

1. Authorization Limit

Total aggregate bonds and notes issued, sold, or exchanged under this authority shall not exceed \$2 billion and shall have maturities not exceeding 40 years.

Note: If the bonds and notes are issued at an Original Issue Discount (OID) not to exceed one percent, such greater amount shall result in an aggregate offering price of not more than \$2 billion.

2. Withdrawal of Prior Authorization

All prior Commission authorizations for First Mortgage Bonds (FMB) and debt securities issuance that remain unused will expire 60 calendar days after the Commission's Order is entered in this docket, UF 4361, approving PGE's Application to issue FMB and Unsecured Notes up to the limits shown in Condition 1.

3. Cost Requirements

Subsequent to an authorizing Commission order pursuant to this Application, the Company may issue FMB and Unsecured Notes without further Commission

Docket No. UF 4361
July 21, 2025
Page 2

approval provided that proceeds are used for lawful utility purposes, and provided either:

- A. All-in rate spread(s) over yield(s) on like maturity UST do not exceed the limits set forth in Attachment B. Interest rates on the Unsecured Notes may be periodically reset based on a fixed spread over 1-, 3-, or 6-month Adjusted Term Secured Overnight Financing Rate (Term SOFR plus 10 basis points (bps)) rate in effect on the second business day of each month as reported in the money rate section of the Wall Street Journal (WSJ) or on Bloomberg or Reuters if the WSJ ceases that publication. In no case for FMBs will the fixed spread over pertinent Adjusted Term SOFR or a generally accepted replacement benchmark standard exceed **1.75 percent**.
- B. The all-in rate does not exceed an **eight percent** “hard cap.” However, the agreements related to FMBs and Unsecured Notes may contain prevailing fee(s) (Unanticipated Fee Allowance), not to exceed an aggregate 25 basis points of affected principal. Such Unanticipated Fee Allowance is in addition to the hard caps described above. The Company must then include materials in its next report to the Commission demonstrating that this cost was new and market pervasive at issuance.

Both “A” and “B” above incorporate the restriction that all costs of any hedging associated with any issuance under the authority requested must be accomplished within the all-in spreads or rate specified above.

4. Hedging Limitations

Authorization to enter into Interest Rate Hedging Arrangements is predicated upon the Company’s completion of the Company’s own affirmative comprehensive analysis or use of independent third-party analysis. Regardless of any prevailing hedging and accounting policies, and regardless of the presence of associated materials generated by investment banks or hedge counterparties, prior to executing any hedging or financial derivative agreement, other than a delayed issuance arrangement of up to one year under a private placement at *de minimis* incremental cost and at no incremental risk, the Company will perform its own comprehensive analysis¹ regarding hedging costs, benefits and risks, or will obtain expert advice from an entity not associated with investment banks and not offering hedging contracts. The Company will stand ready to present its hedging analysis to the Commission upon request and will maintain its analysis as described in the body of this report.

¹ See “Recommended Hedging Analysis” on page 9 of this report.

Docket No. UF 4361
July 21, 2025
Page 3

5. Cost Competitive

Agent and underwriting commissions for the issuance of FMB will not exceed the fees as shown in Attachment A and will not in any case exceed 0.875 percent of gross proceeds. The Company shall demonstrate for all debt issuances and associated activities that the Company achieved all-in rates that contemporaneously were both competitive and cost effective.

6. Timely Reporting

- A. The Company will promptly file a written summary notice with the PUC filing center and through email directly to PUC to the then current Accounting and Finance Manager of any issuance or execution of a bond purchase and sale agreement with a delayed issuance feature occurring under an Order pursuant to this application. A summary notice need only show series name, maturity, coupon rate, principal, and agreement date.
- B. The Company will also provide the Commission with the customary Report of Securities Issued and Disposition of Net Proceeds statements (Reports) no later than 30 calendar days after any transaction has been closed and funded. Reporting denominated in U.S. dollars will include, but not be limited to, total value of the issuance; total and per unit fees and expenses (including external legal costs); interest costs; credit ratings; and an explanation of the Company's choice and cost of placement. To the extent that fees, expenses, and invoices are not available within the 30-day period, they will be provided to the Commission in final Reports within 120 days after the transaction has been closed and funded.
- C. For each securities issuance under Condition 3-B, the Company shall report to the Commission within 30 calendar days after any transaction is closed and funded regarding the prevailing market conditions and if applicable, the causes for all-in spreads exceeding the relevant spreads specified in Attachment B over the UST benchmark yields.
- D. PGE will update Staff on at least an annual basis on all material provisions of the Company's financing activities and liquidity.

7. Termination of Authority

The Company's authorization to issue FMB and Unsecured Notes granted by an order issued pursuant to this application is terminated if either S&P's or Moody's credit rating for PGE secured debt falls below Investment Grade.²

² Investment grade long-term debt is rated BBB– or better by S&P, or Baa3 or better by Moody's.

Docket No. UF 4361
July 21, 2025
Page 4

8. Authorization End Date(s)

Provided all conditions and reporting requirements are fulfilled, authorization under an order issued pursuant to this application will remain in effect until superseded or exhausted. Hedging authority ends when securities issuance authority ends.

9. Junior Subordinated Debt

No junior subordinated debt is authorized.

10. PGE Board of Directors (BOD) Authorization

Prior to Debt Issuances in excess of PGE BOD authorization, PGE will obtain sufficient BOD pre-authorization for said issuances and make supplemental filing with the Commission of same under this Docket No. UF 4361.³

11. Notification of Change of PGE's FMB Issuance Ability Status.

"PGE shall notify the Commission by filing a supplemental document under Docket No. UF 4361 each time PGE reaches the \$100 million threshold for bonding capacity under its Indenture of Mortgage and Deed of Trust (including all supplements and additions).

12. Reservation of Judgment Regarding Reasonableness

The Commission will reserve judgment on the reasonableness for ratemaking purposes of the Company's capital costs, capital structure, and the commissions and expenses incurred for security issuance and related activities and may address the same at any subsequent rate case or other Commission proceeding.

DISCUSSION:

Issue

Whether the Commission should approve PGE's request to sell or exchange up to \$2 billion of debt securities with maturities up to 40 years.

Applicable Law

Under ORS 757.405, a utility must obtain Commission approval prior to issuing stocks and bonds, notes and other evidence of indebtedness. The Commission may authorize an issuance if it is for one of the permissible purposes listed in ORS 757.415(1),

³ See Attachment A of Application for PGE BOD resolutions approving the PGE 2025 Finance and Investment Plan.

Docket No. UF 4361
July 21, 2025
Page 5

satisfies the criteria of ORS 757.415(2)(b), and, except as permitted, the purpose of the issuance is not reasonably chargeable to operating expenses or income, ORS 757.415(2)(c). Permissible purposes for an issuance under ORS 757.415(1) include the acquisition of property, the construction, completion, extension or improvement of its facilities, the improvement or maintenance of its service, and the discharge or lawful refunding of its obligations.

OAR 860-027-0030 requires utilities to provide certain information when seeking authority to make an issuance under ORS 757.405-757.415.

PGE's outstanding bond issuance authority is set forth in Order No. 22-031 in Docket No. UF 4348.⁴

Analysis

PGE's Application

PGE seeks authority to issue securities between one and 40 years in length, in one or more series, in amounts not to exceed \$2 billion in the aggregate. PGE proposes to use the proceeds of the issuance(s) to construct, extend, or improve utility facilities, improve or maintain service, or for the discharge or lawful refunding of obligations that were incurred for utility purposes permitted under ORS 757.415.

PGE agrees that if the Commission approves PGE's Application, authorization to issue new bonds or notes under previous Commission orders will no longer be valid, beyond debt which is already issued.

PGE asks that it be authorized to issue fixed rate secured long-term debt in the form of First Mortgage Bonds (FMB) or fixed or floating rate Unsecured Notes, with a term of up to 40 years. The Notes will be subordinated to the Company's FMBs with respect to the Company's First Mortgage lien. In no instance is Junior Subordinated Debt authorized herein.

PGE states that if its Application is approved, the coupon or interest rate for FMB or fixed-rate Notes issued under the Commission's order will be established at the time of issuance, unless the FMBs or Notes have the delayed settlement feature, in which case the fixed interest rate will be determined on the date PGE and purchaser enter into a binding purchase and sale agreement.

⁴ *In the Matter of Portland General Electric Company*, Docket No. UF 4348, Order No. 23-450, (November 28, 2023).

Docket No. UF 4361
July 21, 2025
Page 6

PGE proposes a matrix for the maximum interest and coupon rates for issuances under any order approving PGE's Application, but asks for authority to issue FMBs or Notes so long as the interest rate or coupon does not exceed **eight percent** per annum. PGE asks that floating rate Notes issued under the Commission's order be authorized to have interest rates that would be reset monthly, quarterly, or every six months (established at time of sale), based on a fixed spread over SOFR.

PGE asks that the securities may have a sinking fund provision and may have a feature that allows for early redemption and may require PGE to indemnify the holders of the securities from any loss or costs incurred as a result of the redemption. The agreement with purchasers of securities may contain a provision requiring PGE to pay a breakage fee in the event the securities are redeemed prior to maturity. The agreement with purchasers of securities may contain other market-required conditions including yield protection, capital adequacy requirements and tax and funding indemnification.

Staff Analysis and Recommendations

In the following analysis, Staff addresses whether the proposed issuance complies with ORS 757.415(1) and satisfies the Commission's no harm standard, specifically addressing PGE's proposal with respect to the \$2 billion amount, up to 40-year maturities, use of FMB and Unsecured Notes, fixed and floating rates for Unsecured Notes, interest rate hedges, the maximum spread over U.S. Treasuries Yields and alternate **eight percent** hard cap within which PGE is authorized to do issuances, PGE's credit ratings, and recovery of fees and commissions associated with the issuance. In making its recommendations, Staff incorporates Federal Reserve's (FED) current projections and Bloomberg US Treasury Forward Curves and spreads for A and B rated utilities there-over as show in the Attachment D hereto.

Use of Proceeds

This \$2 Billion debt would support usual utility purposes as described above, consistent with statutory requirements.⁵ In general, ratepayers benefit to the extent that the Company can optimize timing and cost of financing cash flows to meet the utility needs described above. In addition, the requested authority provides certainty that PGE can meet its trading and contractual obligations and that the Company has adequate resources to require counterparties to meet theirs.

\$2 Billion Debt

Staff supplemented the information provided by the Company with its filings with the U.S. Securities and Exchange Commission (SEC), Wall Street Journal (WSJ) articles, investor presentations, compiled data, Moody's Analytics and Market Risk Projections,

⁵ The Company's intended uses are those authorized in ORS 757.415(1).

Docket No. UF 4361
July 21, 2025
Page 7

Value Line market snapshots, Bloomberg analysis, forward data, and trend curves. Staff also reviewed recent bond issuance spreads and costs by credit rating, of issuing energy utilities for each bank that also participated in a Commission authorized securities issuance in the last five years. Staff does not publish that aggregated confidential information herein. In this way Staff independently benchmarks issuance costs against the costs of other Commission-jurisdictional and other like situated U.S. peer energy utilities.

FMB and Fixed and Floating Rate Unsecured Debt

The Company's FMB place a lien on Company property under its Mortgage and Deed of Trust as amended and supplemented by various supplemental indentures since inception. The lien acts as collateral for bondholders, which in current market conditions results in a higher credit rating than the Company's unsecured rating, and decrease of the coupon rate at issuance, as compared with otherwise similar unsecured debt. Covenants for some FMBs may require that corporate cash flows be adequate to serve interest obligations before dividends may be paid to shareholders. Excepting pollution control revenue bonds (PCRB), all of PGE's long-term debt outstanding is FMBs. That reflects PGE's careful and considered financial management to date.

Authority to issue unsecured debt provides PGE with additional flexibility but imposes a burden on the Company to establish in a subsequent general rate case that the cost of issuing unsecured debt was prudent and cost effective compared to the cost of issuing FMBs, given market conditions and any restrictions PGE operated under at time of issuance. Unsecured debt backed only by the full faith and credit of the issuing company typically requires higher interest rates than would collateral-backed FMBs. As shown in Attachment A, unsecured debt can bear higher cost than secured debt, and utilizing this flexibility bears greater scrutiny. Conversely, issuing FMBs requires both adequate interest coverage cash flows, and an adequate pool of qualified assets. FMBs generally are senior in rights to receive corporate proceeds than unsecured debt.

Authority to issue floating or variable rate debt also provides PGE with additional flexibility, but potentially higher cost in the form of spreads over U.S. Treasuries in comparison to FMB.⁶ Interest rates on the Unsecured Notes may be periodically reset based on a fixed spread over 1-, 3-, or 6-month Adjusted Term Secured Overnight Financing Rate (Term SOFR plus 10 basis points (bps)) rate in effect on the second business day of each month as reported in the money rate section of the Wall Street Journal (WSJ) or on Bloomberg or Reuters if the WSJ ceases that publication. In no

⁶ See Attachment B for the general expectation that unsecured debt tends to be about 30 basis points or potentially more over like maturity FMB. For this reason most of PGE's outstanding long-term debt shown on Application page 5 is in the form of FMBs.

Docket No. UF 4361
July 21, 2025
Page 8

case for FMBs will the fixed spread over pertinent Adjusted Term SOFR or a generally accepted replacement benchmark standard exceed **1.75 percent**.⁷ Should SOFR not be reported or unavailable, PGE and pertinent parties may use a replacement benchmark for SOFR.

Under Staff's proposed Condition 6, the Company's choice to issue floating rate Unsecured Notes would have to be explained within 30 days after the close of the transaction and at the next general rate case, the Company will have to establish that the variable rate debt was prudent and cost effective compared to alternatives the Company examined. Therein PGE will need to also establish that a variable rate was the best match to the nature and longevity of any capital spending on facilities supported by said issuance. This control helps to mitigate overreliance on unsecured debt.

In general, in the event PGE was not able to pass the 'times interest earned' test under the indenture so as to issue FMBs, PGE could lean on its revolving credit facility as well as the short-term debt market. PGE could also look at unsecured debt in reviewing its options.⁸

In reviewing debt carrying capacity, Staff considers carefully the covenants and provisions of each utility's indenture. For PGE, Section 1.13, Part 1 of the indenture states:

The amount of the net earnings of the Company available for interest, computed as hereinafter provided, for a period of 12 consecutive calendar months within the 15 calendar months immediately preceding the calendar month in which the application for the authentication and delivery of the Bonds is made.

A Commission jurisdictional energy utility may face unexpected contingencies, such as forced outages that cause the utility to make replacement market purchases, temporarily impairing cash flows available for interest coverage. Staff recommends PGE be authorized these flexibilities provided there is pressing need; that would not otherwise permit issuance of FMBs and remedies, such as delayed draw in private

⁷ PGE Estimates spread over SOFR likely to be no more than 1.60 percent, to which Staff adds a safety margin. See Application at 9

⁸ Times interest earned (TIE), also called interest coverage ratio, is a measure of a company's ability to honor its debt payments. Depending on the conditions for a given mortgage TIE may be calculated for example as Earnings before Interest and Income Taxes (EBIT) divided by the total interest payable.

Docket No. UF 4361
July 21, 2025
Page 9

placement. It is important that the review of PGE finance applications consider the ways in which FMB are overseen and restricted by the Company’s trustee. When PGE invests in qualified valuable and saleable assets, these can form a pool of qualified assets against which PGE can issue FMB at reduced carrying cost compared to unsecured debt. Controls herein help to ensure that PGE leadership manages the Company prudently from a financial perspective. Both investment trustees and Staff controls work in harmony to control costs for the utility’s Oregon customers.

These flexibilities assure credit rating agencies and investors that PGE will consistently be able to provide gradually growing dividends without interruption into the future, ensuring PGE securities are competitive with like situated alternative investments and more attractive than securities unable to provide such assurance to markets and analysts. However, PGE must justify deviation from reliance on FMBs, which under most circumstances offer lowest all-in issuance cost of long-term debt for ratepayers.

Credit Ratings

<u>PGE’s Current Credit Ratings</u>	S & P⁹	Moody’s
Secured Long-Term Debt (FMB)	A	A1
Senior Unsecured Long-Term Debt	BBB+	A3
Rating outlook	Stable	Negative

In general, the interest rate or coupon is higher for unsecured debt because the debt is not backed by any PGE assets and therefore bond-rating agencies set the unsecured ratings below secured ratings.

Debt issued in the private placement market may be advantageous versus a public offering because it may provide flexibility of timing and size, and lower issuance costs. Private placements generally do not require rating by rating agencies,¹⁰ but they can have implied ratings based on the Company’s current ratings.

Under Staff’s proposed Condition 8, the Company’s authorization to issue FMB and Unsecured Notes granted by an order issued pursuant to the Application is terminated if either S&P’s or Moody’s credit rating for PGE secured debt falls below Investment Grade.¹¹

⁹ S&P refers to Standard & Poor’s Rating Service, a division of The McGraw-Hill Companies, Inc., while Moody’s refers to Moody’s Investors Service, Inc.

¹⁰ Debt in private placement may not be rated and registered.

¹¹ Investment grade long-term debt is rated BBB– or better by S&P, or Baa3 or better by Moody’s.

Docket No. UF 4361
July 21, 2025
Page 10

Maturities up to 40 years

The Company requests authority to issue FMB and Unsecured Notes with maturities of up to 40 years. Confidential benchmarking by Staff indicates that up to 40-year issuances at reasonable costs may be available to PGE. Such longer maturities may lock in historically low coupon rates while reducing pressure on the Company's debt maturity profile. Staff finds such arrangements can help reduce debt maturity concentration while lowering aggregate cost of long-term debt to ratepayer benefit.

Hedging Authority

To the extent PGE wishes to engage in interest rate hedging arrangements other than delayed start in private placement with *de minimis* incremental cost and risk with respect to issuances authorized under this order, Staff recommends that the Commission adopt Staff's Condition 4 requiring the Company to either conduct its own analysis or obtain an independent third-party analysis of any hedging transactions prior to execution of the transactions.¹² Staff controls herein help ensure that PGE balances considerations of affordability and risk control for Oregon utility customers against recommendations from investment banks that can in some instances prioritize aggregate cash flows to banks in the form of greater financial activity or risks than necessary.

PGE agrees with Staff's recommended Condition 4, as memorialized here that before entering into a financial hedging arrangement for the FMB or Unsecured Notes, the Company will perform "its own" in-depth analysis of incremental risks and costs represented by hedging, or rely on independent third-party analysis directly paid for by PGE.

Recommended Hedging Analysis

Staff believes that a robust hedging analysis should:

- Be informed by, but should not solely rely on, investment bank provided materials;
- Place minimal weight on unverified indicative data and select range of years "snapshot" trend analysis;

¹² Such hedging transactions could include treasury interest rate locks, treasury interest rate caps, treasury interest rate collars, treasury options, forward starting interest rate swaps, and swap option combinations (swaptions).

Docket No. UF 4361
July 21, 2025
Page 11

- Clearly identify material assumptions and answer the question, “Who wins and who loses and how much, if assumptions and correlations do not hold true?”;
- Capture contemporaneous cost quotes for hedging products, customized to allow the Company to avoid taking on incremental cost and risk in excess of the underlying volatility the Company strives to manage, inclusive of swaps with asymmetric distribution of outcome tails that trade some likelihood of surplus upside potential gain for elimination of downside risk should hedging assumptions and expected correlations not hold true;
- Disaggregate any vanilla swaps¹³ and standardized hedging product from bond and debt securities issuances, and compare the cost of those products sourced via investment banks against the cost of alternatives; and
- Be benchmarked against alternatives inclusive of no hedge and delayed start in private placement, addressing a range of potential outcomes.

To the extent PGE obtains third-party quantitative cost and risk analysis, such analysis should be provided by a directly retained independent third-party expert firm not associated with investment banks and not in the business of finding or acting as hedging counterparties.

The Company has told Staff that it will draw upon experience gained from previous hedging transactions to control the cost of like future hedging activity, in part to reduce the costs of customized hedging arrangements, including investment bank fees and legal costs of delayed starts in private placements.

PGE also represents that its hedging policy is a general outline and not an analytic evaluation tool, which can be relied upon in lieu of the Company’s own case-by-case analysis of whether to enter into a hedge. In addition, the Company hedging policy allows for multiple accounting methods, and the Company represents that the hedging policy is not an after-the-fact evaluative tool that measures the cost vs. benefit of the hedge and determines the extent to which it managed underlying volatility. Thus the Company represents here that it will: 1) Perform its own analysis prior to entering into any hedging; 2) Monitor active hedges for unfavorable developments; and 3) Carry out after-the-fact hedging evaluations from a rigorous and practical financial operations perspective, understanding that this perspective will not be the same as accounting tests of effectiveness.

¹³ In this context, “plain vanilla swap” generally refers to an interest rate swap in which a floating interest rate is exchanged for a fixed rate or vice versa.

Docket No. UF 4361
July 21, 2025
Page 12

For all hedging activity, other than delayed start in private placement with *de minimis* incremental cost and risk, PGE will maintain its analysis in an MS Excel spreadsheet or Portable Document Format (PDF) form that can be provided to Staff on request. PGE will maintain this analysis at least through the conclusion of its next general rate case in Oregon after each financial hedge is completed or unwound.

Spreads Over UST Yields

Staff recommends replacing PGE's requested "Maximum Spreads over Benchmark Treasury Yields" with the values shown in Attachment B to this memorandum. Staff's recommended values in Attachment B are based in part on Bloomberg data summarized by the graphs in Attachment D. Limits shown in Attachment B allow adequate headroom for the Company to issue FMB and debt securities under financial market conditions anticipated by the Board of Governors of the Federal Reserve System over the next several years.

In Attachment C, Staff's recommended spread over UST provides adequate headroom for the Company's likely issuances over the next several years.

Hard Cap Alternative

Staff recommends that the Commission impose Staff's recommended condition that in the event all-in spreads exceed the relevant maximum spread over UST set forth in Attachment A, the Company may still issue FMB or Unsecured Notes without further Commission approval if the all-in rate does not exceed a "hard cap" of **eight percent**, subject to additional reporting requirements outlined in Condition 6.¹⁴ An **eight percent** all-in rate "hard cap" allows adequate headroom to assure Company access to debt markets, while providing reasonable cost controls to protect ratepayers. Staff notes that this level differs from that asked by the Company. The level is based on Staff's news feeds and both Staff and U.S. Federal Reserve analysis. This level is neither overly permissive nor excessively constricting. It represents analysis that is current, comprehensive, and reflective of the best available information at this time.

Provision for New Bank Fees

Additionally, the Company may incur a new prevailing fee(s), not to exceed an aggregate 10 basis points of affected principal. If relying on this provision, PGE's next reporting to the Commission should include materials to demonstrate that this cost was new and market-pervasive at time of issuance. This flexibility addresses the potential for an additional fee(s) or charge(s) by investment banks, agents, organizers, or other

¹⁴ See the definition for "All-in Cost" by browsing to the lower right corner of the Commission's home webpage at: <http://www.puc.state.or.us/Pages/index.aspx>. Then, click the Quick Link: "Standard Data Requests for Energy Rate Cases" and scroll to page 32, "Terms."

Docket No. UF 4361
July 21, 2025
Page 13

parties that is not part of itemized bond issuance costs routinely encountered in Q3 2025 bond markets.

Underwriter and Agent Fees

Attachment A shows Staff's recommendation regarding the maximum range of allowed agent and underwriting commissions for issuances. Underwriters' commissions represent the maximum commission to be paid by the Company and vary depending on the maturity of the Debt Securities issued (e.g., 0.875 percent is estimated to be the fees for issuances with maturity dates of approximately 30 years). Shorter maturities typically require lower commissions than do longer maturities.

Staff's recommended limits on underwriting commissions are stated in basis points (bps) or percentages of aggregate issuance amounts. Under Staff's recommendations, underwriting commissions will not in any case exceed 0.875 percent of gross proceeds (approximately \$17.5 million in aggregate across the requested authorization).

Other Technical Expenses

After netting-out issuance fees as illustrated in Attachment B,¹⁵ the Company expects to achieve approximately \$1.98 billion in aggregate net proceeds, not including any Original Issue Discount (OID) determined at the time of issuance. Representative aggregate fees and charges in Attachment B are higher than for recent benchmark issuances.¹⁶ The Company may issue multiple separate sets of FMB or Unsecured Notes spread out over time rather than a single set of coordinated issuances within the same quarter. However, PGE stands ready to show that issuance costs were consistent with component costs for like stand-alone issuances in future audits or general rate cases.

Early Redemption Features

PGE's request for authority includes the option to utilize an early redemption feature to provide financial flexibility. Staff agrees that the requested flexibility is reasonable. The Company will stand ready to demonstrate how any early redemption executed was cost effective based on prevailing market conditions at the time of execution.

¹⁵ Attachment B sets out PGE's Estimated Representative Issuance Expenses for the FMB and Unsecured Notes issuances.

¹⁶ Staff Monitors debt issuance detail reported by the Wall Street Journal, Bloomberg, and SNL Financial LC, for electric, gas, and water utilities that Value Line covers, including PGE.

Docket No. UF 4361
July 21, 2025
Page 14

Allowing the early redemption feature is reasonable because shorter maturity debt may be more cost effective in the near term until PGE financial metrics allow for the issuance of additional FMB.¹⁷

A make-whole redemption feature allows an issuer to call bonds at any time at a cost equal to the future debt service discounted back to the redemption date. Such provisions are usual and generally to ratepayers benefit. The discount rate for a make-whole provision within a call feature is likely be a rate based on the prevailing treasury yield to current maturity plus 50 basis points. This type of redemption does not typically require the issuer to pay a higher coupon or fee since the bond holder is effectively made whole.

The Company may also choose to implement other redemption features that would allow PGE an option to call FMB or Unsecured Notes in the future at a rate determined at the time of issue. The redemption rate can be set at par or at some premium and is dictated by market conditions at the time of sale. These types of call provisions usually require that the issuer pay a higher coupon or interest rate to compensate the bondholder for the risk that their bonds may be called prior to maturity. Such provisions may also require a breakage fee or indemnification for any loss or costs.

Capital Structure

PGE targets a 50/50 Debt/Equity capital structure over time. An order authorizing the Company to issue FMB and Unsecured Debt in the form and quantity requested would refresh PGE's authorization to issue long-term debt consistent with the Company's current utility obligations. However, in general the Commission looks for a return to a balanced 50 percent equity capital structure after some lumpiness in issuances to minimize costs and ensure efficiency is addressed.

Selection of Agents and Legal Counsel

Selection of agents, underwriters, and external counsel may include entities associated with the Company's outstanding debt based in part on knowledge of the Company's business, and proven ability to place debt, and to provide cost effective services, such as Bank of America, J.P. Morgan, U.S. Bank, Barclays, and Wells Fargo. The Company may select additional service providers for the issuance of the FMB and/or Unsecured Notes as it deems appropriate.

¹⁷ Multiple 2013 forced outages temporarily impaired PGE's interest coverage in the first half of 2014. Granting PGE the ability to issue Unsecured Notes is supportive of future upgrades to the Company's credit ratings. Other filings by PGE before the Commission may further discuss issuance of unsecured debt for certain purposes.

Docket No. UF 4361
July 21, 2025
Page 15

Legal counsel to represent and advise PGE in connection with any issuance may be legal firms already familiar with PGE and its utility business such as: Tonkon Torp. LLP, and Latham & Watkins LLP. Selecting proven agents, underwriters, and legal counsel knowledgeable about PGE business and regulatory environment can save ratepayers money as compared to establishing new business relationships.

Conclusion

Staff concludes that, subject to Staff's recommended conditions, the proposed issuance satisfies the Commission's and the statutory criteria, and Staff recommends that the Commission approve the Application. Thereafter, FMB and Unsecured Notes may be issued under this new authority (subject to Staff recommended conditions listed below) in any proportion and in any combination of differently sized public offerings, which may be issued pursuant to a shelf registration filed with the SEC, or private placements, provided that the combined aggregate total of these offerings does not exceed \$2 billion, inclusive of any OID.

Staff review of this application indicates that the FMB issuance with maturities equal to or less than 40 years as requested will do no harm and can be expected to benefit ratepayers. The Company wants the flexibility to engage in other activities that may not be demonstrated to be necessary or cost effective at this time, but that may be cost effective in the future. PGE agrees that the Company will perform its own case-by-case in-house analysis or retain its own independent third-party experts to ensure that ratepayers bear no unnecessary incremental cost or risk from activities beyond vanilla FMB or Unsecured Note issuance with delayed start in private placement. Based on that representation, not on Company hedging or accounting policies, Staff recommends approval of PGE's application as modified by this report.

The Company has reviewed and agrees with this memo, including the Staff-proposed conditions and reporting requirements.

PROPOSED COMMISSION MOTION:

Approve the Company's application for authority to issue and sell up to \$2 billion of first mortgage bonds and debt securities subject to the 12 Conditions set forth in Staff's Recommendation.

See Attachments A to D.

CAX - PGE UF 4361 2B Debt

Docket No. UF 4361
 July 21, 2025
 Page 16

Attachment A

Maximum Allowable
 Agent and Underwriter Commissions
 for FMB and Unsecured Notes
 in Normal Market Conditions

Maturity		Maximum Underwriter Commission
At Least	But Less Than	
Years		Basis Points (bps)
1	1.5	15
1.5	2	20
2	3	25
3	4	35
4	5	45
5	7	60
7	10	62.5
10	12	65
12	15	67.5
15	20	70
20	25	75
25	41	87.5

Docket No. UF 4361
 July 21, 2025
 Page 17

Attachment B

Staff Proposed Spreads over UST

Maturity in Years		Maximum Annual All-In Spread Over Benchmark U.S. Treasury (UST) Yields	
At Least	Not More Than	Basis Points (bps)	
		FMB	Unsecured Debt
1	9	140	170
10	14	150	180
15	19	160	190
20	30	170	200
31	40	180	210

Note: Comparing Bloomberg data¹⁸ for like rated utility bonds, Staff finds that the above limitations provide access to capital with reasonable headroom for likely combinations of issuances in public, and private placement with delayed start at no or minimal incremental cost that could be beneficial to ratepayers.

¹⁸ Staff referenced Bloomberg FMB and Unsecured USD indexed data on July 17, 2025. One Basis Point (bp) is defined as one-one hundredth of a percentage point, i.e., 100 bps equals one percent.

Docket No. UF 4361
 July 21, 2025
 Page 18

Attachment C

PGE Estimated Representative Issuance Expenses*

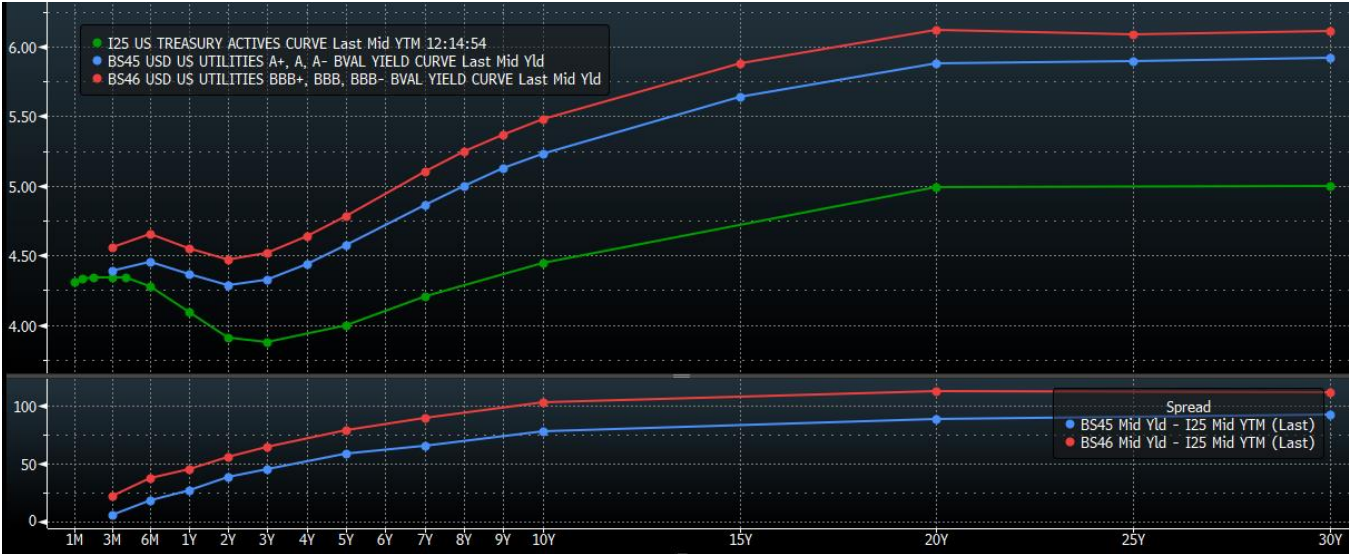
Item	Debt Securities	
	\$	Per \$100
Principal Amount (Face Value)	\$2,000,000,000	\$100
Plus Premium or Less Discount	(Not Applicable)	
Gross Proceeds	\$2,000,000,000	\$100
Underwriter Spread & Commissions	17,500,000	\$ 0.875
SEC Fees	50,000	
Printing & Engraving	50,000	
Trustee / Indenture Fees	100,000	
Accounting	120,000	
Rating Agency Fees	350,000	
Company Counsel Fees	350,000	
Total Deductions	18,520,000	\$ 0.926
Estimated Realized Net Amount	\$1,981,480,000	\$ 99.074

* Assumes the issuance of 30-year FMB.

Docket No. UF 4361
July 21, 2025
Page 19

Attachment D

Bloomberg Current Investment Grade Utility Spreads Over UST
Bloomberg CRVF Function Plot
Accessed by Staff on July 17, 2025



Referent Points of Interest:

10 Year Maturity Range from **A rated 78 bps** to B rated 103 bps,
30 Year Maturity Range from **A rated 92 bps** to B rated 112 bps.