

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UF 4362

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY,

Application for Authority to Issue Stocks,  
Bonds, Notes or Other Securities.

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:

A handwritten signature in blue ink, appearing to read "Alison Lackey".

**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.

ITEM NO. CA3

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

**REGULAR** \_\_\_\_\_ **CONSENT**   X   **EFFECTIVE DATE** \_\_\_\_\_ **Upon Commission Approval**

**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 4362)  
Requests authority to issue and sell shares of common stock.

**STAFF RECOMMENDATION:**

Staff recommends the Commission authorize the issuance of an incremental **[BEGIN CONFIDENTIAL]** [REDACTED] **[END CONFIDENTIAL]** Portland General Electric Company (PGE or Company) common shares, subject to the following Staff recommended conditions and requirements (Conditions):

1. Authorization Limit: The Company may sell common stock through underwriters or dealers (Underwritten Transactions), agents, Periodic Offering Program (POP) or At-the-Market (ATM) Program, or direct to a limited number of purchasers (Direct Sales),<sup>1</sup> provided aggregate sales do not exceed **[BEGIN CONFIDENTIAL]** [REDACTED] **[END CONFIDENTIAL]**. This authority will remain in effect until depleted or withdrawn by a subsequent Commission order.
2. Prior Authorization of Common Shares: Upon issuance of an order approving the request in Docket No. UF 4362, all like prior common Stock Flotation authorization is withdrawn. Separate authorizations to issue stock under other methods, such as pursuant to the Company's Employee Stock Purchase Plan and Long-Term Incentive Plan, are unchanged.
3. Compensation to any Underwriter, Bank, or Agent for their services in conjunction with both Direct Sales and Periodic Offering Programs may not exceed 2.0 percent, and with Underwritten Transactions may not exceed 6.5 percent, of gross

<sup>1</sup> Staff will collectively refer to these issuance methods as "Stock Flotation."

proceeds. However, PGE in its reporting must demonstrate that negotiated underwriting fees higher than 3.5 percent were market normal at time of issuance.

4. Equity Forward(s) are authorized. PGE may negotiate the price for a future issuance of shares while deferring the actual issuance of those shares and receipt of cash until the cash is needed. Note the additional recording and reporting in Condition 8 for equity forwards.
5. Mandatory Convertible Securities are authorized, allowing PGE to issue “Convert” securities and raise proceeds at one time, with said securities to mandatorily convert into Common Stock at a predetermined date in the future, with the number of shares subject to limits in Condition 1.
6. Augmented Authorization Limit: Total aggregate authorization inclusive of any incremental over-allotment or “Greenshoe” option<sup>2</sup> is limited to the quantity of common shares shown in Condition 1.
7. Detailed Records: The Company will obtain and retain itemized invoices for underwriting agent discounts and commissions, counsel’s fees, accountant’s fees, miscellaneous expenses and other shelf registration, and allocated expenses, equity flotation costs, and separate interest/carrying cost for any equity forwards, and reporting associated with Condition 3 there applicable, making this information available to Staff **upon request**. For each itemized fee, the Company will capture the specific role of the entity and the specific service provided in accordance with industry custom.<sup>3</sup>
8. Customary Report of Securities Issued and Disposition of Net Proceeds: The Company shall file the usual Report of Securities Issued and Disposition of Net Proceeds statements within 60 days after each issuance is completed. This reporting shall include component issuance costs,<sup>4</sup> total amount, per unit price, total expenses, and net proceeds of the issuance.
9. Reservation of Judgement: The Commission reserves the right to review for reasonableness all financial aspects of Stock Flotation in any rate proceeding, audit, or earnings review under an alternate form of regulation.

<sup>2</sup> Greenshoe refers to Green Shoe Manufacturing’s first special arrangement that allowed increased quantities of shares to be offered into a demanding market.

<sup>3</sup> Costs for financial entities having primary roles should be broken out from other costs. Similarly itemized legal costs should be sufficiently detailed to conform to common industry practices.

<sup>4</sup> The Company’s reporting will update Figure 1 with actual costs, by type such as counsel’s fees. See Condition 8 regarding capture and retention of more granular costs.

## DISCUSSION:

### Issue

Whether the Commission should authorize PGE to issue and sell (float) **[BEGIN CONFIDENTIAL]** [REDACTED] **[END CONFIDENTIAL]** of common stock, with no par value, inclusive of all over-allotment options, in one or more stock flotation offerings.

### 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), 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) includes the acquisition of property, the construction, completion, extension or improvement of its facilities, the improvement or maintenance of its services, and the discharge or lawful refunding of its obligations.

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

### Analysis

#### *Background*

On June 30, 2025, the Company filed an application for authorization to issue and sell **[BEGIN CONFIDENTIAL]** [REDACTED] **[END CONFIDENTIAL]** shares of unissued Common Stock (Application). Approval of this application would terminate all prior like authorizations.

At issue is whether this authorization is in public interest, and whether these Stock Flotations can be accomplished cost effectively to the benefit of ratepayers.

#### *Staff Considerations*

The common stock would have the same voting privileges as the existing PGE common stock, and it would not be issued pro rata to existing holders of PGE's securities.<sup>5</sup> Stock issuance is consistent with PGE maintaining a balanced capital structure.

<sup>5</sup> See Page 8 of Application.

Docket No. UF 4362  
July 21, 2025  
Page 4

*Estimated Proceeds*

PGE expects that the requested authority would be used in one or more stock flotations to generate gross proceeds of about **[BEGIN CONFIDENTIAL]** [REDACTED]

[REDACTED]

[REDACTED]

**[END CONFIDENTIAL]**

In compliance with Condition 7, PGE will obtain and maintain more granular cost detail than shown in Figure 1. To minimize the reporting burden, the Company's reporting will update Figure 1 with actual costs but will not replicate or attach subordinate itemized costs. However, the subordinate costs will be available for Staff review upon request.

---

<sup>6</sup> See page 9-10 of Application.

*Benefits of Capturing Market Flotation Cost Detail*

Commission jurisdictional utilities differ in size and geography from textbook examples of flotation costs. Commission jurisdictional utilities have benefited in recent rate cases from recognition of flotation costs specific to the Northwestern U.S. for similarly situated and sized utilities within required return on equity modeling.

PGE customers, and arguably the Company, benefit from granular capture of Stock Flotation costs. This approach helps to ensure ratepayers costs are well controlled, while recognizing actual experienced costs that reflect size, geography, credit ratings, and other factors that go beyond finance textbook estimations or indicative information.

*Stock Flotations are Necessary*

The costs and coordination required for public offerings tend to make Stock Flotation infrequent. Some costs are incurred regardless of the amount of stock issued, so there is incentive to issue more stock less frequently in Underwritten Transactions. A relatively small capitalization utility like PGE is likely to go to markets more often to issue and sell bonds than to sell common stock. As of June 30, 2025, PGE had 109,561,888 common shares outstanding with an equity book value of about \$3.9 billion as compared to about \$4.7 billion of consolidated long-term debt.<sup>7</sup>

*Flexibility in Timing of Issuing Stock*

While no one can time or project markets perfectly, one can plot market statistics against long-run historical trends. The authority requested would provide the Company with necessary flexibility to issue stock in conditions consistent with metrics favorable to ratepayers. This would give the Company the discretion to issue stocks when there is an investor flight to relatively safer utility stocks.

*Target Capital Structure*

The Company's approach is strongly supportive of the Company's long-term credit ratings. Ratepayers benefit from lower interest costs and minimal counterparty trading requirements diminishing ongoing operational costs of service. Then in the future, as the Company issues new debt, its capital structure will move toward a 50 percent equity long-run target.

*Flexibility to Work Directly with Purchasers*

As described on page seven of the Company's application, the requested authority would allow PGE to work through underwriters, agents, or directly with purchasers. This permits the Company the flexibility to select a method that, in the Company's estimation, best controls cost and risk. Where appropriate opportunity arises, this

<sup>7</sup> See Application Exhibit E.

flexibility may allow the Company to negotiate with more options and from a stronger position than were the Commission to authorize a single approach.

*PGE Board Common Stock Financing Support*

The PGE Board, as shown on page six of Application, has authorized the requested issuance of shares.

*Use of Proceeds*

PGE intends to use projected proceeds for a variety of purposes, including funding improvement, maintenance of its facilities, processes to continue to meet the Company's ongoing utility obligations, retiring long-term debt, and other purposes as permitted by law. This purpose is consistent with the permissible purposes listed in ORS 757.415(a), (b), and (c). For clarity, the Company will address any needed refreshment of other stock programs such as the Company Plans in a separate future application.

Conclusion

*Flotation Results in No Harm*

Staff finds that the authority requested is timely, usual, and necessary. The Company's purpose in issuing and selling common stock is to cost effectively support ongoing utility operations similar to prior authorizations.

This stock issuance provides both flexibility and consolidation of outstanding Commission Stock Flotation authorization.<sup>8</sup> Authorization requested helps to maintain the Company's target capital structure, restore credit ratings, and ensure access to markets at favorable rates for the Company, its investors, and ratepayers. Staff also believes that now is the correct time to explore issuing new stocks based on current utility stock prices relative to earnings.

Controls are beneficial to both PGE and its ratepayers; they help to ensure costs are reasonable, while recognizing actual Market Flotation costs appropriate for services rendered. While compensation to any underwriter, bank, or agent for their services in conjunction with both Direct Sales and Periodic Offering Programs typically do not exceed one percent—and with Underwritten Transactions typically do not exceed five percent—of gross proceeds, there may be more work than usual coordinating the

<sup>8</sup> As a practical matter, one large authorization is preferable to myriad smaller authorizations. Given a choice, banks will continue to draw upon the largest authorization. This approach also avoids the need to track multiple smaller fragmentary authorizations over time.

proposed offerings.<sup>9</sup> For this reason, Staff's third recommendation allows for incremental headroom if that proves necessary. However, if this flexibility is relied upon, it is the responsibility of PGE to show that costs were commensurate with prevailing conditions at the times of Stock Flotations for the methods selected.

The Company has reviewed this memo and agrees with Staff's recommendations.

**PROPOSED COMMISSION MOTION:**

Authorize the issuance and sale of shares of PGE Common Stock, subject to Staff's nine recommended Conditions.

CA3 - PGE UF 4362 Common Stock Issuance

<sup>9</sup> Page nine of the Company's Initial Application confirms that the Company does not expect its fees to exceed these values.