ORDER NO. 26-421

ENTERED Nov 04 2026

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 2385

In the Matter of PORTLAND GENERAL ELECTRIC COMPANY, Application of Corporate Reorganization to Create a Holding Company.	ORDER

DISPOSITION: APPLICATION FOR REHEARING GRANTED

I. INTRODUCTION

On October 8, 2026, Portland General Electric Company (PGE) filed an application for clarification, rehearing or reconsideration of Order No. 26-354. On October 23, 2026, Staff of the Public Utility Commission of Oregon, the Oregon Citizens' Utility Board (CUB), and the Alliance of Western Energy Consumers (AWEC) each filed responses to PGE's application. On October 30, 2026, PGE filed a motion for leave to file a reply in support of its application along with the reply in support of its application.[1]

II. APPLICATION

PGE requests the Commission clarify Conditions 25 and 26 in Appendix A to Order No. 26-354. PGE asserts Condition 25 and 26 are ambiguous and "can be read to restrict dividends if [PGE's] credit rating drops one notch for any reason and to require Commission approval for all dividends that are five percent or more of retained earnings over an indefinite period of time."[2] PGE maintains that such a reading of these conditions would restrict the company's business operations unnecessarily and be unworkable. PGE contends that credit rating agencies can drop credit ratings for a variety of reasons outside of the company's control, including changes in rating agency methodologies and general economic conditions. PGE argues that such a requirement would impede its ability to

[1] PGE's motion for leave to file is granted and its reply in support of its application is accepted.
[2] Portland General Electric Company's Petition for Clarification, Rehearing or Reconsideration, and Stay of Order Pending Resolution of Petition at 5 (Oct. 8, 2026).

attract capital because of concerns that PGE's return will "depend on regulatory discretion at a moment of stress."[3]

Regarding Condition 25, PGE requests the Commission clarify that the condition requires a two-notch drop in the company's credit rating over seven years. PGE maintains this is consistent with the order's requirement for PGE to maintain healthy credit ratings. PGE asserts that uncertainty regarding the company's ability to service debt could result in higher borrowing costs or an inability to obtain debt. Regarding Condition 26, PGE contends the condition could be interpreted to include ordinary quarterly dividends and similarly results in higher borrowing costs or an inability to obtain debt. PGE asserts Condition 26 has an approval process tied to retained earnings and an approval process tied to ten-year trends. PGE maintains these two approval processes may be read together to exclude ordinary quarterly dividends, and PGE requests the Commission clarify that this is how Condition 26 should be read.

PGE asserts that as an alternative to clarification, the Commission could grant reconsideration or hearing to modify the conditions. PGE argues that reconsideration or rehearing is appropriate under OAR 860-001-0720(3)(c) for an error of law or fact essential to the decision or 3(d) for good cause for further examination of an essential issue. Regarding error of law or fact, PGE asserts that "the Order appears premised on a novel and potentially impossible approval of the Application under ORS 757.511, and a reliance on Staff's obsolete litigated (not stipulated) proposed conditions from Staff/801* * *."[4] PGE maintains that reconsideration of Conditions 25 and 26 is appropriate because it is not feasible for the company to comply with these conditions. PGE proposes the following modifications to Conditions 25 and 26:

> 25. No dividends or like payments or distribution (special, one-time, or otherwise) may be drawn from Portland General Electric without OPUC approval if any of the following conditions are present:
>
> a. Portland General Electric common equity would fall below 45 percent of Portland General Electric capital structure determined on a preceding or projected thirteen-month average; or
>
> b. <u>For seven years following the Corporate Structure Update</u>, any Portland General Electric rating by Moody's or Standard and Poor's drops <u>two (2)</u> ~~one (1)~~ notch<u>es</u>, or

[3] *Id.*
[4] *Id.* at 8 n 7.

> long-term secured ratings drop below BBB- for S&P or Baa3 for Moody's.

26. Except for ordinary quarterly dividends, Portland General Holdings and Portland General Electric must first obtain approval from the OPUC before Portland General Electric dividends or otherwise transfers five (5) percent or more of its retained earnings. In no case will the amount or rate of increase of Dividends exceed the 10-year trends prior to reorganization without specific filing and approval before and by the OPUC. Under no circumstances are 'Special' or one-time dividends authorized without specific OPUC prior approval.[5]

PGE asserts that if the Commission is disinclined to clarify or reconsider Conditions 25 and 26, the Commission should grant rehearing under OAR 860-001-0720(3)(a). PGE maintains the Commission could determine that the record would benefit from additional limited testimony regarding these conditions because the stipulation was finalized after full litigation of the issues.

In the company's reply, PGE argues that Staff's proposed clarification of Condition 26 would still unreasonably constrain the PGE's business operations and would not address the company's concerns. PGE maintains its proposed clarification is the best option to resolve its concerns.

III. LEGAL STANDARD

Pursuant to ORS 756.561, any party may file for rehearing or reconsideration within 60 days of an order. Under the Commission's rules, promulgated under that section:

> The Commission may grant an application for rehearing or reconsideration if the applicant shows that there is:
>
> > (a) New evidence that is essential to the decision and that was unavailable and not reasonably discoverable before issuance of the order;
> > (b) A change in the law or policy since the date the order was issued relating to an issue essential to the decision;
> > (c) An error of law or fact in the order that is essential to the decision; or

[5] *Id*. at 8-9.

> (d) Good cause for further examination of an issue essential to the decision.

Additionally, the Commission has stated that to support a request for clarification, a party must cite to provisions in an order that are fatally vague or ambiguous and propose changes that correct those deficiencies.[6] A request for clarification may not seek to change the result of the order.

IV. POSITIONS OF THE PARTIES

A. Staff

Regarding Condition 26, Staff states it supports PGE's proposed clarification. Staff maintains that in its proposed condition, it had intended the term "retained earnings" to mean "a firm's cumulative net earnings or profit after accounting for dividend payments."[7] Staff states that at the time it filed testimony, it assumed that quarterly dividends would not be dividends of retained earnings and would therefore not be affected by the threshold in the condition. Staff states it later learned that PGE's dividends are funded by retained earnings and ordinary quarterly dividends would be subject to the threshold in Condition 26.

Staff asserts it is appropriate for the Commission to clarify whether it intended to "exclude quarterly dividends funded by PGE's quarterly net income" or whether it intended to impose an approval requirement for all dividends.[8] Staff proposes the following language that the Commission could adopt that would be consistent with Staff's intentions for the proposal:

> Portland General Holdings and Portland General Electric must obtain approval from the OPUC before Portland General Electric dividends or otherwise transfers (5) percent or more of its prior quarter's ending accumulated retained earnings balance. In no case will the amount or rate of increase of Dividends exceed the 10- year trends prior to reorganization without specific filing and approval before and by the OPUC. Under no

[6] *In the Matters of Judy Bedsole and Fish Mill Lodges Water System, Application for Abandonment of Utility and Other Above-Referenced Dockets Relating to the Operation and Maintenance of the Fish Mill Lodges Water System*, Docket Nos. UM 1489, UM 1528, UCR 121, UCR 122, UCR 123, UCR 133, UCR 135, Order No. 16-075 (Feb. 29, 2016).
[7] Staff Response to Petition for Clarification, Rehearing, or Reconsideration and Stay at 2 (Oct. 23, 2026) (internal quotation marks omitted).
[8] *Id*. at 3.

> circumstances are "Special" or one-time dividends authorized without specific OPUC prior approval.[9]

Regarding Condition 25, Staff asserts part b of the condition is not ambiguous and no clarification is warranted. Staff takes no position on PGE's application to reconsider Condition 25(b). Staff notes that for secured debt ratings, PGE is three notched above the lowest investment-grade rating and for unsecured debt PGE is two notches above the lowest investment-grade rating. Staff asserts that concerns around the risks of falling below investment grade usually focus on unsecured issuer ratings rather than secured. Staff recommends that if the Commission reconsiders Condition 25(b) that it adopt benchmark credit ratings. Staff asserts it would be appropriate to use PGE's July 7, 2026 credit ratings as the benchmark.

B. CUB

CUB opposes PGE's application for clarification or rehearing or reconsideration. CUB asserts PGE's petition does not present new evidence, identify a change in law or policy since the order was issued, identify an error of law or fact, or otherwise establish good cause to examine Conditions 25 and 26 further.

CUB asserts PGE's request for clarification seeks to change the result of the order, which the Commission has previously stated a request for clarification may not do. CUB maintains that Condition 25(b) is not ambiguous and that there is no basis in the record to adopt PGE's proposed modifications. CUB maintains PGE's proposal introduces ambiguity. Regarding Condition 26, CUB asserts the Commission should not interpret the condition to exclude quarterly dividends as requested by PGE. CUB contends that the language itself is clear that the Commission did not intend to exempt quarterly dividends. CUB maintains the condition uses "dividend" as a verb rather than a noun and thus is focused on the act of moving the percentage of retained earnings. CUB argues that the final sentence of the condition supports the interpretation that quarterly dividends were not intended to be exempt. CUB maintains there was no discussion in testimony regarding exemption of quarterly dividends for Condition 26 and notes that PGE and Staff both used "dividending or otherwise transferring" in their versions of the condition.[10] CUB asserts that if the condition is read as applying to individual quarterly dividends rather than the annual total dividend, then PGE has room to provided dividends. CUB contends it is concerning if PGE requires more than this interpretation.

[9] *Id*. at 4.
[10] CUB Response to PGE petition for Clarification, Rehearing, or Reconsideration at 11 (Oct. 23, 2026).

CUB asserts PGE has not met the requirements of ORS 756.561(1) and OAR 860-001-0720(3) for reconsideration or rehearing. CUB argues that PGE has not made an argument of error of law or fact. CUB asserts that PGE has not established good cause to reconsider either condition. CUB argues that the Commission is responsible for determining whether the proposed restructure provides a net benefit and no harm to Oregonians as a whole and does not require the Commission consider whether the structure is "workable."[11] CUB contends that while PGE argues debt holders would likely be more cautious if PGE cannot provide dividends, this risk comes from the use of double leverage and dividends are not guaranteed. CUB maintains that the regulatory oversight that PGE refers to is not new for PGE as a regulated utility and the Commission has broad discretion in the exercise of its powers. CUB asserts that PGE's borrowing costs may be higher with the dividend restrictions, but that PGE had failed to explain how the lower cost of debt from the reorganization flows to customers. CUB maintains that the dividend restrictions are powerful customer protections to mitigate the risk of the reorganization. CUB argues that PGE's amendments to Conditions 25 and 26 would ensure there is no failsafe or check on dividend payments, which would lower the risk of equity while customers still pay over 9 percent return on risk.

CUB contends PGE has not presented new evidence on the issues it raises regarding Conditions 25 and 26 and that PGE did not raise these issues during the proceedings. CUB argues that it seems clear PGE intends to submit evidence that was available to it during litigation. CUB asserts that parties do not get a second chance to argue their case when they had a full opportunity to litigate the issue and did not for tactical reasons. CUB maintains that PGE submitted four rounds of testimony over the course of the proceeding and allowing the company to relitigate these issues would be contrary to Oregon Court of Appeals precedent.

CUB asserts that with respect to the stipulation, the Commission has previously stated that "a request for a clarification related to a stipulation should be submitted on behalf of all signatories to the stipulation or settlement."[12] CUB maintains Staff, the other party to the stipulation, did not join the application. CUB contends that the Commission found that there was no showing that the stipulation provided a net benefit to customers and modifying the order to be similar to the stipulation would reduce the protections the Commission found were necessary to find a net benefit for the transaction.

[11] *Id*. at 14.
[12] *Id*. at 4 citing Order No. 16-075 at 6.

C. AWEC

AWEC states that it does not take a position on whether PGE's petition meets the legal standard but that it does not oppose clarifications or modifications to Conditions 25 and 26 consistent with PGE's proposals.

V. DISCUSSION

We find that there is good cause for further examination of Conditions 25 and 26 and grant PGE's request for rehearing. PGE identified narrow issues with these conditions. Staff, in response, states that for Condition 26, Staff had not intended to restrict quarterly dividends as PGE appears to understand the condition to do. Given this point of confusion in the record following close of testimony and briefs, we find that there is good cause to rehear Conditions 26.

PGE and Staff presented different versions of Condition 25[13] in testimony and briefs filed prior to the stipulation.[14] The record, however, is limited regarding the benefits for customers of one formulation of the condition versus the other, with most of the arguments regarding the implications of the condition presented in the stipulating parties' brief. The lack of discussion of an issue in testimony that PGE now argues is material is consistent with the issues regarding the sufficiency of the record discussed in our underlying order. This proceeding involved a number of complex issues and competing proposed conditions that were often difficult to differentiate, particularly given the lack of record developed for some issues. However, in light of the implications of the concerns PGE raises, we find good cause for further examination of Condition 25.

To summarize, given the lack of information in the record for the specific issues raised in PGE's application, we determine that the existing record is inadequate and rehearing is necessary. We direct the Administrative Hearings Division establish a procedural schedule for addressing rehearing of the issues raised regarding Conditions 25 and 26. Because we grant the application for rehearing, we do not address the requests for clarification and reconsideration.

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[13] Condition 25 in Order No. 26-354 was identified as Condition 27 in Exhibit Staff/801, Chipabera/5 and was subsequently referred to as Condition 27 in the stipulation. Stipulation, Attachment A at 11 (Aug. 12, 2026); Initial Brief in Support of the Stipulation, Exhibit A at 19 (Aug. 18, 2026).

[14] Condition 25 in Exhibit Staff/502 Chipanera/5; Commitment 31 in PGE/901, Pagedar/8; Condition 27 in Staff/801 Chipanera/5; Stipulation, Attachment A at 11; Initial Brief in Support of Stipulation, Exhibit A at 19.

To aid the Commission's rehearing of Conditions 25 and 26, we direct the parties to address the following questions in testimony:

1. In its application, PGE raised concerns that compliance with Conditions 25 and 26 in Order No. 26-354 was infeasible and that these conditions would impede the company's ability to attract capital. Please provide detailed examples of how Conditions 25 and 26 in Order No. 26-354 would limit financial flexibility in a way that is detrimental to customers and the company and how it is not feasible for the company to comply with the requirements of these conditions.

2. Conditions 25 and 26 address the potential risk to PGE customers of HoldCo extracting dividends during a period of financial stress. Address how PGE's proposed Conditions 25 and 26 in its application for reconsideration protect customer interests effectively with respect to this risk.

3. For the versions of Conditions 25 and 26 in Order No. 26-354 and the modifications proposed by PGE in its application for reconsideration, explain how each version supports a finding that the overall transaction provides net benefits to customers and avoids harming Oregonians broadly, both during times of capital expansion as the company forecast in its application and if the company found itself under financial stress.

4. Are there alternative modifications to Conditions 25 and 26 in Order No. 26-354 that would address the concerns raised by PGE while also ensuring the potential risk to customers addressed in question two is mitigated, thus maintaining the overall balance of the decision in Order No. 26-354?

VI. ORDER

For the reasons set forth above, Portland General Electric Company's application for rehearing is granted.

Made, entered, and effective Nov 04 2026.

Letha Tawney
Chair

Les Perkins
Commissioner

Karin Power
Commissioner