

ORDER NO. 00-335

ENTERED JUN 23 2000

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**BEFORE THE PUBLIC UTILITY COMMISSION**

**OF OREGON**

UF 4170

In the Matter of the Application of PORTLAND )  
GENERAL ELECTRIC for Authority to Enter ) ORDER  
into \$150,000,000 Revolving Credit Agreement. )  
)

**DISPOSITION: APPLICATION APPROVED WITH REPORTING  
REQUIREMENT**

On May 1, 2000, the Commission received an application from Portland General Electric (Company), filed pursuant to ORS 757.415 and OAR 860-027-0030, requesting authority to enter into a three-year \$150 million revolving credit agreement.

Based on a review of the application and the Commission's records, the Commission finds that the application satisfies applicable statutes and administrative rules. At its Public Meeting on June 6, 2000, the Commission adopted Staff's recommendation to approve the application with conditions and subject to reporting requirements. Staff's recommendation is attached as Appendix A and is incorporated by reference.

**OPINION**

**Jurisdiction**

ORS 757.005 defines a "public utility" as anyone providing heat, light, water, or power service to the public in Oregon. The Company is a public utility subject to the Commission's jurisdiction.

**Applicable Law**

ORS 757.415(1) provides that:

A public utility may issue [stocks and bonds, notes, and other evidences of indebtedness] for the following purposes and no others. . .:

- (a) The acquisition of property, or the construction, completion, extension or improvements of its facilities.
- (b) The improvement or maintenance of its service.
- (c) The discharge or lawful refunding of its obligations.
- (d) The reimbursement of money actually expended from income or from any other money in the treasury of the public utility not secured by or obtained from the issue of stocks or bonds, notes or other evidences of indebtedness, or securities of such public utility, for any of the purposes listed in paragraphs (a) to (c) of this subsection . . .
- (e) \*\*\*\*\*

When an application involves refunding of obligations, the applicant must show that the original borrowings were made for a permissible purpose. *Avion Water Company, Inc.*, UF 3903, Order No. 83-244 at 3; *Pacific Power & Light Co.*, UF 3749, Order No. 81-745 at 5.

ORS 757.415(2) provides that:

[The applicant] shall secure from the commission . . .an order . . .stating:

- (a) The amount of the issue and the purposes to which the proceeds are to be applied; and
- (b) In the opinion of the commission, the [proceeds] reasonably [are] required for the purposes specified in the order and compatible with the public interest, which is necessary or appropriate for or consistent with the proper performance by the applicant of service as a public utility, and will not impair its ability to perform that service; and
- (c) Except as otherwise permitted in the order in the case of bonds, notes, or other evidences of indebtedness, such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

The Commission believes that the proposed transaction is reasonably required for the purposes stated, is compatible with the public interest, and is consistent with the proper performance of the Company's public utility service. The proposed transaction will not impair the Company's ability to

perform that service. The purposes of the proposed issuance are not, in whole or part, reasonably chargeable to operating expenses or to income.

For ratemaking purposes, the Commission reserves judgment on the reasonableness of the Company's capital costs and capital structure. In its next rate proceeding, the Company will be required to show that its capital costs and structure are just and reasonable. *See* ORS 757.210.

### CONCLUSIONS

1. The Company is a public utility subject to the Commission's jurisdiction.
2. The Company's application meets the requirements of ORS 757.415.
3. The application should be granted.

### ORDER

IT IS ORDERED that the application of Portland General Electric for authority to issue up to \$150,000,000 of short-term debt pursuant to a revolving credit agreement, is granted, subject to the conditions stated in Appendix A.

Made, entered, and effective \_\_\_\_\_.

BY THE COMMISSION:

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**Vikie Bailey-Goggins**  
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to 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 of OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070. A party may appeal this order pursuant to ORS 756.580.

ORDER NO. 00-332

UF 4170DOC

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: June 6, 2000**

**REGULAR AGENDA** \_\_\_\_ **CONSENT AGENDA** **X** **EFFECTIVE DATE**

**DATE:** May 30, 2000

**TO:** Bill Warren through Marc Hellman and Bryan Conway

**FROM:** Ming Peng

**SUBJECT:** UF 4170 – Portland General Electric Co.'s Application for Authority to Enter into \$150,000,000 Revolving Credit Agreement

**SUMMARY RECOMMENDATION:**

I recommend approving the application, with a reporting requirement.

**DISCUSSION:**

On May 1, 2000, Portland General Electric Co. (PGE or Applicant) filed an application pursuant to Oregon Revised Statute (ORS) 757.415, and Oregon Administrative Rule 860-027-0030 for authority to issue up to \$150,000,000 of short-term debt pursuant to a revolving credit agreement.

**Short-Term Debt Description**

PGE proposes to enter into a three year, \$150 million revolving credit agreement with a group of commercial banks. Under the agreement, the Applicant would be permitted to borrow, repay, and re-borrow up to \$150 million at any one time. Borrowings under the facility could have a maturity range from one day up to the final maturity date of the facility. The Applicant would issue one or more notes to each bank under the facility. The facility would initially have a termination date of three years but it could be extended for one additional year on an anniversary date by mutual consent of the Applicant and the banks.

At the Applicant's selection, the borrowings will be at a rate not to exceed one of the following rates so long as the Applicant's senior unsecured debt is rated A- or A3 by Standard & Poor's and Moody's Investors Service, respectively:

The higher of the Prime Rate or the Federal Funds Rate, plus ½ of one percent  
The London Inter Bank Offering Rate (LIBOR) plus a margin of 0.30 %

Bid Rate Option – Applicant may solicit competitive bids from facility banks for any maturity up to the expiration date of the facility

The banks under the facility are required to lend under the first two interest rate options but are not required to quote rates under the Bid Rate Option. The interest rate for the LIBOR option will change if the Applicant's unsecured debt ratings change (see Schedule A). PGE will have the right to reduce the size of the facility or to terminate it completely. PGE will terminate its two existing facilities upon successful closing of this transaction.

The Applicant will select a commercial bank to act as Agent for the transaction. In addition, PGE will pay the Agent a one-time arrangement fee at closing not to exceed \$70,000. PGE will also pay agent an annual agent fee not to exceed \$25,000 per annum. PGE will pay participant banks a one-time inducement fee not to exceed 0.10% of their respective commitments. Applicant will also pay the banks an annual facility fee not to exceed 0.15% of their respective commitments so long as Applicant's unsecured debt is rated A- or A3 by Standard & Poor's and Moody's Investors Service, respectively. In the event the ratings change, the commitment fee will be no greater than the fees set forth in Schedule A. These fees are usual and customary for a transaction of this type.

### **Use of Proceeds**

The revolving credit facility will be used primarily as liquidity support for the Applicant's commercial paper program and will not normally be used for day-to-day borrowings.

Unutilized committed credit is often used as a backstop for commercial paper borrowings. However, if funds are drawn under the facility, then PGE indicates that the purposes for which securities will be issued are the acquisition of utility property, the 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), (b), (c), (d), or (e), or the reimbursement of the company treasury for funds used for the foregoing purposes, except the maintenance of service and replacements. To the extent proceeds are used to discharge or lawfully refund obligations, they or their precedents were originally incurred for purposes described in ORS 757.415 (1)(a), (b), or (e). To the extent, securities proceeds are used to reimburse the treasury for funds used to discharge or lawfully refund obligations, such obligations were incurred for purposes described in ORS 757.415 (1)(a), (b), or (e).

### **STAFF RECOMMENDATION:**

I recommend the Commission approve PGE's application to issue up to \$150 million of short-term debt pursuant to a revolving credit agreement, subject to following reporting requirement:  
PGE should file the usual Report of Securities Issued and Disposition of Net Proceeds Statements if any funds are drawn under the revolving credit agreement.

Bill Warren  
May 30, 2000  
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CC: John Thornton