

Hydroelectric Power Bond Redemption Fund

Managing Bureau: Portland Water Bureau

Statement of Purpose: The Hydroelectric Power Bond Redemption Fund pays the debt service due on revenue bonds that were issued to finance the construction of the Portland Hydroelectric Project (PHP) or that were subsequently issued to refund the original bonds. This fund is required by the PHP Power Sales Agreement (PSA) between the City of Portland and Portland General Electric (PGE). It is funded by the sale of power generated at the PHP. The Trustee for the City's Hydroelectric Power Revenue Refunding Bonds, Series 2006 holds this fund's assets in trust accounts as directed by the Trust Indenture for those bonds and also serves as paying agent for those bonds.

Sources of Revenue: The assets in this fund are restricted to paying debt service on the outstanding Hydroelectric Power Revenue Refunding Bonds.

Contingency Requirements: Oregon Administrative Rule 150-294.388(7) does not permit contingencies in a debt service fund.

Reserve Requirements: For the Hydropower Debt Service Reserve Account, on every October 2nd, the Trustee for the Hydroelectric Power Revenue Refunding Bonds, Series 2006 is required to determine what the "Series 2006 Reserve Requirement" is in dollars. That "Requirement" is defined as the maximum annual debt service on the Series 2006 Hydropower Revenue Refunding Bonds during any single future calendar year in which any of the Series 2006 Bonds are outstanding. Once they have made that determination, if there is more money than the "Requirement" in the DSR Account, the Trustee transfers the excess to the Series 2006 Debt Service Account to reduce the debt service payments being made to the City by PGE. If the amount in the DSR Account is less than the "Requirement" amount, then PGE is required to make additional payments to the City via the Bond Trustee to bring it up to the prescribed amount.

Disposition of Funds: Once the final reconciliation of the finances for the PHP have been prepared and agreed to by both the City and PGE, all remaining resources shall revert to the Hydroelectric Power Operating Fund.