

June 25, 2004

BY E-MAIL AND FIRST CLASS MAIL

Cheryl Walker
Oregon Public Utility Commission
PO Box 2148
Salem, OR 97308-2148

Re: UM 1121 –Oregon Electric Utility Company, et al., to Acquire Portland
General Electric Company

Dear Ms. Walker:

Enclosed for filing in the above-referenced case are an original and five copies of a letter to Chair Lee Beyer, Commissioners Ray Baum and John Savage signed by Portland City Mayor Vera Katz and City Commissioners Randy Leonard, Dan Saltzman and Erik Sten.

Please let me know if you have any questions regarding this filing.

Very truly yours,

/s/ Benjamin Walters

Benjamin Walters
Senior Deputy City Attorney

BEW:lw

Attachments

cc: UM 1121 Service List

CERTIFICATE OF SERVICE

I hereby certify that an original and five copies of the attached letter to Chair Lee Beyer, Commissioners Ray Baum and John Savage were sent to:

KATHRYN LOGAN, ADMINISTRATIVE LAW JUDGE
PUBLIC UTILITY COMMISSION OF OREGON
550 CAPITOL STREET, NE
SALEM OR 97310

on June 25, 2004, contained in a sealed envelope, with postage paid, and deposited in the post office at Portland, Oregon. In addition, on June 25, 2004, copies were electronically mailed to the individuals shown to have an e-mail address on the Service List maintained by the Public Utility Commission, or if not by e-mail, then by mailing a correct copy thereof, contained in a sealed envelope, with postage paid, and deposited in the Post Office at Portland, Oregon.

/s/ Benjamin Walters

Benjamin Walters, OSB #85354
Senior Deputy City Attorney
Of Attorneys for City of Portland

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CITY OF
PORTLAND, OREGON

Vera Katz, Mayor
Jim Francesconi, Commissioner
Randy Leonard, Commissioner
Dan Saltzman, Commissioner
Erik Sten, Commissioner

23 June, 2004

Lee Beyer, Chair
Ray Baum, Commissioner
John Savage, Commissioner
Oregon Public Utility Commission
550 Capitol St NE #215
PO Box 2148
Salem OR 97308-2148

Re: *In re Application of Oregon Electric Utility Company, LLC
to Acquire Portland General Electric, UM 1121*

Dear Chair Beyer and Commissioners Baum and Savage:

As you are aware, the City of Portland continues to be very interested in the future of Portland General Electric (PGE). We would like you to be aware that should the Texas Pacific Group's bid to acquire PGE fail for any reason, the City of Portland is interested in pursuing a purchase of the utility on behalf of the region. We have studied a potential purchase. We know it is viable.

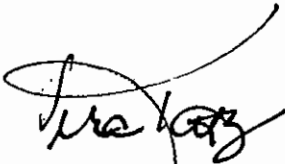
The City has the financial ability to purchase PGE. The City of Portland has a triple-A bond rating and could issue revenue bonds to purchase the assets of PGE. Prior to Enron's decision to sell PGE to the Texas Pacific Group, the City of Portland had a highly regarded team of experts analyzing the potential of a public purchase. The team included Goldman Sachs, RW Beck, and the Ater Wynne law firm. All these companies agreed that a purchase transaction was feasible and would result in benefits to the region and to ratepayers.

Conservatively, a publicly owned utility would provide local businesses and residents with a 10% rate advantage. This 10% advantage assumes all operational costs stay the same. The City's cost analysis also assumes that payment of all state and local taxes would continue at current levels as set in rates. The rate advantage derives from the fact of the City's lower costs for debt and financing. Also, publicly owned utilities do not pay federal taxes, so these amounts would not be included in rates.

Public ownership and operation of PGE would also provide long-term stability. The region would not have to continue to ride an unstable cycle of temporary ownership, facing the uncertainty of who might be the utility's owner in five or ten years. Public ownership would provide local accountability. Local leadership would respond to the concerns of consumers. These are true and unquestionable public benefits.

We believe it is important for the Commission to know that the City of Portland remains willing and able to pursue public ownership of PGE. The request by Texas Pacific Group should be considered in this light.

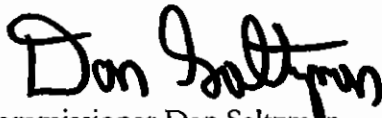
Sincerely,



Mayor Vera Katz



Commissioner Randy Leonard



Commissioner Dan Saltzman



Commissioner Erik Sten

- c. UM 1121 Service List
Tim Grewe, Chief Administration Officer, City of Portland
Linda Meng, City Attorney
Benjamin Walters, Deputy City Attorney