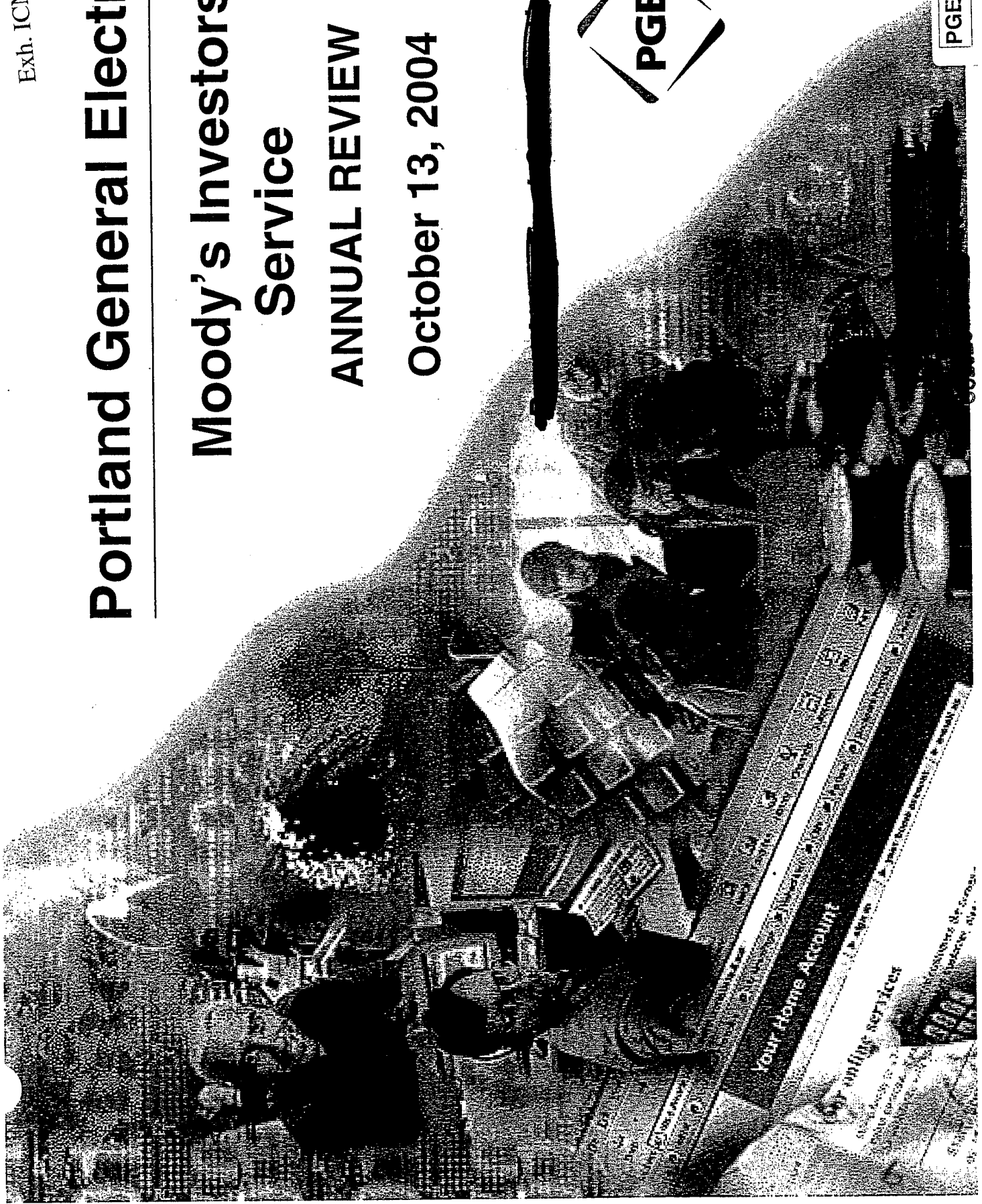


Portland General Electric

Moody's Investors Service

ANNUAL REVIEW

October 13, 2004



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Moody's Investors Service

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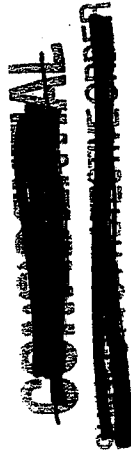
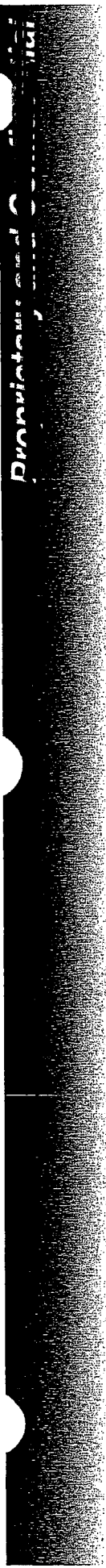


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SUBMITTED TO PUBLIC COMMENT



Section I Ownership Update



PGE 205864

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Ownership Update

- On November 18, 2003 Enron Corp. and Oregon Electric Utility, LLC (OEUC) entered into an agreement under which Enron will sell the common stock of PGE to OEUC for \$1.25 billion plus earnings from 1/1/03 until close, plus the assumption of PGE debt. OEUC is backed by funding from Texas Pacific Group.
- The transaction was approved by the Enron Bankruptcy Court on February 5, 2004.
- On July 21, 2004 the OPUC Staff recommended that the transaction not be approved without greater net benefits for customers.
- Oregon Electric has filed rebuttal testimony to respond to OPUC Staff concerns. In early October, Oregon Electric proposed customer rate reductions over 8 years totaling \$30 million.
- On September 22, 2004 the OPUC Staff recommended approval of the transaction if OEUC can provide benefits to customers of \$75 million plus conditions.
- If PGE is not sold, under the approved Chapter 11 Plan the shares of PGE's common stock will be distributed to Enron creditors over time. Until shares are distributed to creditors, Enron retains the right to sell PGE.



PGE 205865

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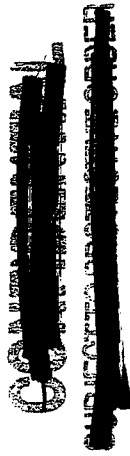


Oregon Electric Key Proposed Conditions:

- PGE will not make a distribution which causes the Company's common equity to fall below 48%.
- PGE shall comply with dividend notification requirements.
- PGE and Oregon Electric to maintain separate books and records in Portland and Staff shall have unrestricted access to those records.
- PGE will continue to perform to certain Service Quality Measures.
- The allowed ROE and cost of capital shall not rise as a result of the acquisition.
- PGE and Oregon Electric will maintain separate debt ratings.
- Customers shall be held harmless if PGE's revenue requirements increase as a result of Oregon Electric's ownership.
- Oregon Electric and PGE will submit a transition plan within one year of closing identifying estimates of savings from efficiencies and cost-cutting efforts.



PG&E 205866



Proprietary and Confidential

Oregon Electric Key Proposed Conditions: (continued)

- Each PGE dividend to Oregon Electric will be used exclusively by Oregon Electric to pay debt service and direct operating until certain levels of de-leveraged has occurred.
- Oregon Electric will not re-leverage if the increased debt would cause the common equity of the consolidated capital structure to fall below 30%.
- Until the total consolidated debt at Oregon Electric is less than 70%, PGE and Oregon Electric will not be permitted to enter into new business lines.
- PGE and Oregon Electric shall provide the OPUC unrestricted access to all written information provided to stock or bond rating analysts.



PGE 205867

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Ownership Update

Latest Timeline:

- October 11 Oregon Electric files sur-sur rebuttal testimony
- October 14 Settlement conference: Oregon Electric, OPUC Staff, CUB, ICNU & City of Portland
- October 19 OPUC Hearings
- December 8 Final oral arguments
- Early 2005 Final decision by OPUC commissioners



Formation of Portland General Term Power

Procurement Company

- Enron Corp. is currently a registered holding company under PUCHA due primarily to PGE's wholesale sales of electricity outside of Oregon.
- Oregon Electric's acquisition of PGE would subject it to becoming a registered holding company.
- PGE has filed applications with FERC, the SEC and the OPUC to form a new subsidiary, Portland General Term Power Procurement Company (PPC).
- PPC will be a wholly-owned subsidiary of PGE whose sole business function will be the purchase and sales of wholesale electric energy on a term basis to meet the needs of PGE.
- The formation of PPC will allow Oregon Electric to acquire PGE without having to become a registered holding company because the term trading will occur at a subsidiary.
- PGE will provide PPC with the credit support necessary to allow PPC to perform term trading in the same way and on essentially the same terms as if PGE were trading directly with the counter parties.
- PGE will also provide accounting, treasury, risk management, analytical, and administrative support necessary at PPC.
- PGE does not expect to incur significant incremental costs as a result of PPC.



PGE 205869

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[Redacted]

Public Ownership Initiatives

- Proponents of People's Utility Districts to acquire PGE's service territory obtained sufficient signatures to place measures on election ballots in Multnomah, Yamhill, Clackamas and Washington counties.
- The initiatives in Multnomah, Yamhill and Clackamas counties were soundly rejected by voters in November 2003, March 2004 and May 2004, respectively. The Washington County measure is on the ballot for the November 2004 election.
- Sufficient signatures were certified to place a measure on the ballot to form a PUD within 8 precincts of Multnomah County. Proponents targeted that portion of Multnomah County because they voted for formation of a PUD in the November 2003 election. A circuit court judge issued a permanent injunction against placing this measure on the ballot.



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Section II Legal Issues Update



PGE 205871

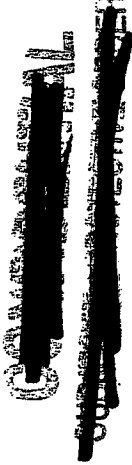
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Legal Issues

- Trojan Litigation:
 - Two class action suits were filed in Marion County Circuit Court in January 2003 on behalf of two classes of electric service customers. The suits seek to recover revenues that were collected from customers for a return on the Company's Trojan investment.
 - One case seeks to represent current PGE customers who were also customers from April 1, 1995 to October 1, 2001.
 - The second case represents PGE customers who were customers during that same period but are no longer PGE customers.
 - The suits seek damages of \$190 million and \$70 million for case one and case two, respectively.
 - Oral arguments on summary judgement and class certification are set for November 29, 2004.

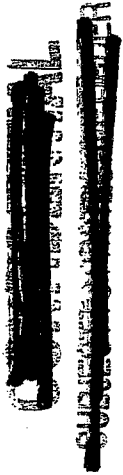


PGE 205872



Legal Issues (continued)

- FERC Investigations:
 - PGE agreed to a settlement in September 2003 related to technical posting violations and certain trades during a 15-day period in April-June 2000 which may have aided Enron.
 - Under the settlement, PGE agreed to pay \$8.5 million. It also agreed to a cost-based rate cap on its wholesale sales for a period of 12 months ending December 18, 2004.
- Oregon Attorney General Case:
 - The Oregon Attorney General is also investigating PGE's trading activity during 2000-2001.
 - On November 26, 2003 PGE filed a complaint in the U.S. District Court seeking to end the Oregon Attorney Generals investigation.
 - On December 16, 2003 the Oregon Attorney General filed a motion in the Multnomah Circuit Court seeking an order to show cause why PGE should not comply with the investigation. The motion was removed to the U.S. District Court.
 - On July 30, 2004 the U.S. District Court Judge dismissed the case without prejudice and remanded the case to State Court on the basis that it had no jurisdiction.



Legal Issues (continued)

- California Refund:
 - As of June 30, 2004, PGE had net receivable balances from the California Independent System Operator and the California Power Exchange of \$60 million.
 - In 2002 FERC ordered refunds for certain non federally-mandated transactions between October 2, 2000 and June 20, 2001.
 - The FERC methodology for calculating refunds was revised in March 2003. PGE has taken reserves of \$40 million.
 - In September 2004, the Court of Appeals for the Ninth Circuit ruled in favor of the State of California and ordered that FERC look at moving the start date of the refund period back to May 1, 2000.



Legal Issues (continued)

- Union Grievances:
 - IBEW Local 125 filed grievances against PGE alleging that losses in their pension/savings plans were caused by Enron's manipulation of its stock.
 - On August 14, 2003 the Multnomah County Circuit Court granted PGE's motion for summary judgment that the grievances are not subject to arbitration.
 - The IBEW is appealing the Circuit Court's decision. Briefs have been filed and a trial date is expected to be set soon.
- Enron Pension Plan:
 - In January 2004 the Bankruptcy Court authorized Enron to contribute \$200 million to the pension plans.
 - The PBGC has reduced its valuation of the unfunded benefit liability of the pension plans from \$424 million to \$321 million.
 - On June 3, 2004 the PBGC filed an action in the District Court of Texas seeking an order terminating the pension plans. PGE's pension plan is not included in the filing.
 - Enron is committed to fully funding its pension plan obligations.



PGE 205875

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Legal Issues (continued)

- PUCHA
 - On March 9, 2004 Enron registered as a holding company under PUCHA.
 - The SEC issued an order which allowed PGE to issue certain short-term debt including revolving credit facilities up to \$350 million without further SEC action.
 - As a subsidiary of a registered holding company, PGE has to comply with certain approval and reporting requirements including:
 - Approval of short-term financing
 - Approval of asset sales
 - Affiliated transactions
 - PGE does not believe that becoming a subsidiary of a registered holding company will have a material adverse affect on the Company.





Section III Regulatory Update

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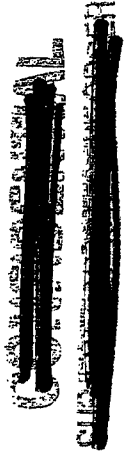
2005 Resource Valuation Mechanism

- Initial RVM for 2005 filed on 4/1/04
- Estimated rate changes as follows (includes other non-power cost issues):
 - Large non-residential rate increase: +2.6%
 - Small non-residential rate increase: -0.3%
 - Residential rate increase: +1.0%
 - Total: +1.5%
- Settlement completed by all parties on power cost issues.
- Final power costs will be determined in November for implementation on 1/1/05.



Addressing Hydro

- In the RVM process, PGE assumes “average water” to determine hydro plant output -- this is one of PGE’s most significant variance exposures
- Hydro conditions have been slightly to significantly poor in 4 out of the last 5 years
 - In 2001 and 2002, the power cost adjustment mechanisms PGE had in place covered part of the cost of replacing less-than-assumed hydro production
 - In 2003, PGE requested a deferral of the additional expense but the OPUC denied it
 - PGE had requested a deferral for 2004 but withdrew it after the OPUC’s denial of the 2003 request
- In May 2004, PGE filed a Hydro Adjustment tariff
 - Will “true-up” for actual hydro conditions, pricing extra or missing production at Mid-C
 - In process now; ruling expected Q1 2005



Trojan

- In 1993 PGE shut down the Trojan Nuclear Plant as part of its lease cost planning process.
- In 1995 the OPUC allowed PGE to collect a return on and a return of 87% of the plant over 17 years.
- The Oregon Court of Appeals ruled in 1998 that PGE is entitled to a return of but not a return on the Trojan investment. A petition for review of the decision was requested of the Oregon Supreme Court. This review was dismissed in 2002.
- In September 2000 PGE, CUB and the OPUC Staff entered into a settlement agreement removing the Trojan asset from PGE's books by off-setting regulation assets against regulatory liabilities.
- The Utility Reform Project (URP) filed a complaint with the OPUC challenging the settlement agreement. In 2002 the OPUC denied the URP challenges.



Trojan (continued)

- The URP appealed the OPUC decision to the Marion County Circuit Court contesting the settlement. In November 2003 Marion County issued an opinion remanding the case to the OPUC for action to reduce rates or order refunds.
- In February 2004 the OPUC and PGE appealed the decision to the Oregon Circuit Court of appeals with a decision expected by mid 2005 or later.
- In March 2004 the OPUC re-opened three dockets which originally had addressed the Trojan return on issue and issued a notice for a consolidated procedure before an ALJ.



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Section IV

Statement of Direction

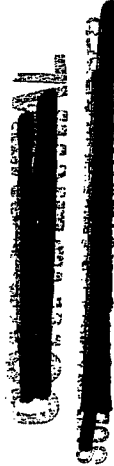


Mission

PGE is a company customers depend on to provide electric service in a safe and reliable manner with excellent customer service at a reasonable price.

Aspirations:

We are proud to be an electric service company that excels at the fundamentals by focusing on customers and delivering an amazing product. We do this every day.



Strategic Goals for 2004-2006

CUSTOMER VALUE

- We will increase customer's experience of the value they receive from PGE.

TRUST

- Everyone at PGE will earn the trust of our co-workers, customers, and the communities we serve.

SUPPLY POSITION

- We will design and maintain an energy resource portfolio with cost effective resources that provide customers a reliable supply of electricity at prices that are reasonable and are as stable and predictable as possible.

SUPPORT LOCAL ECONOMIC GROWTH

- We will exert a positive influence on the long-term economic strength of our service territory.

EMPLOYER/EMPLOYEE RELATIONSHIP

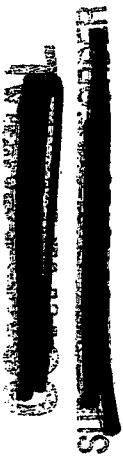
- We will be an employer of choice that fosters its employees' best efforts and talents. We will focus on improving employee unity, work-life satisfaction, performance and accountability.

OPERATIONAL EXCELLENCE

- We will maintain high performance levels in safety, reliability, plant availability, customer service, and regulatory and environmental compliance. Improving performance where cost effective to do so.

POSITIVE FINANCIAL PERFORMANCE

- We will achieve a return on equity that is at or above that achieved by a group of vertically integrated utilities with similar operating characteristics, service territory environment and business risks.



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Supply and Contract

Section V Supply Position (Integrated Resource Plan Update)



PGE 205888

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Integrated Resource Plan:

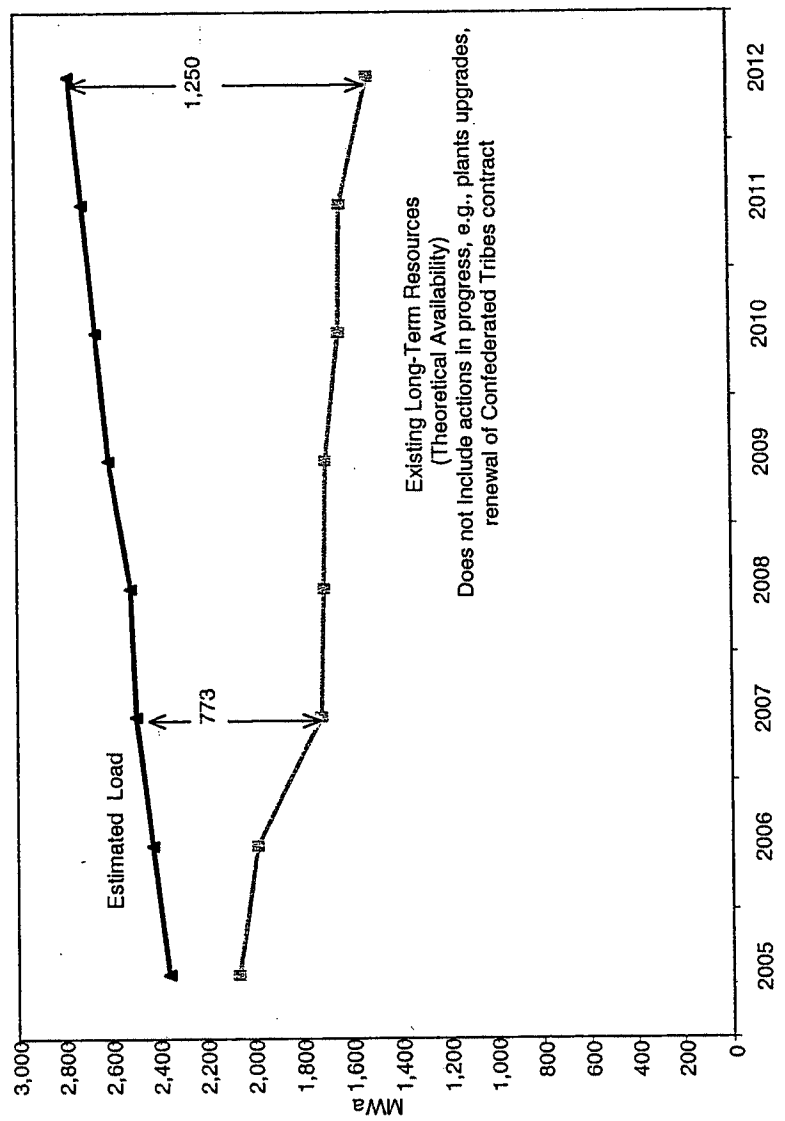
- Under order from the Oregon Public Utility Commission (OPUC), PGE is required to file an "Integrated Resource Plan" (IRP) every two years.
- The IRP and Action Plan set forth "that mix of options which yields, for society over the long run, the best combination of expected costs and variances".
- Public process provides input on PGE's IRP filing and PGE's proposed Action Plan.
- Goal is Commission acknowledgement of the Action Plan. Acknowledgement is not approval for ratemaking purposes but is considered powerful evidence of prudence in a case involving rate effects of decisions made pursuant to the plan.



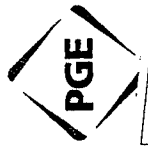
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Resource Needs Continue to Grow

Energy Load Resource Balance - MWa
Load Forecast of March 2004



- Needed for annual energy load-resource balance:
 - 773 MWa for 2007
- Assumes:
 - 2.7% annual load growth through 2010; 2.2% longer-term.
 - About 125 MWa leave COS.
 - No energy from BPA after 2006.



PG&E 205890

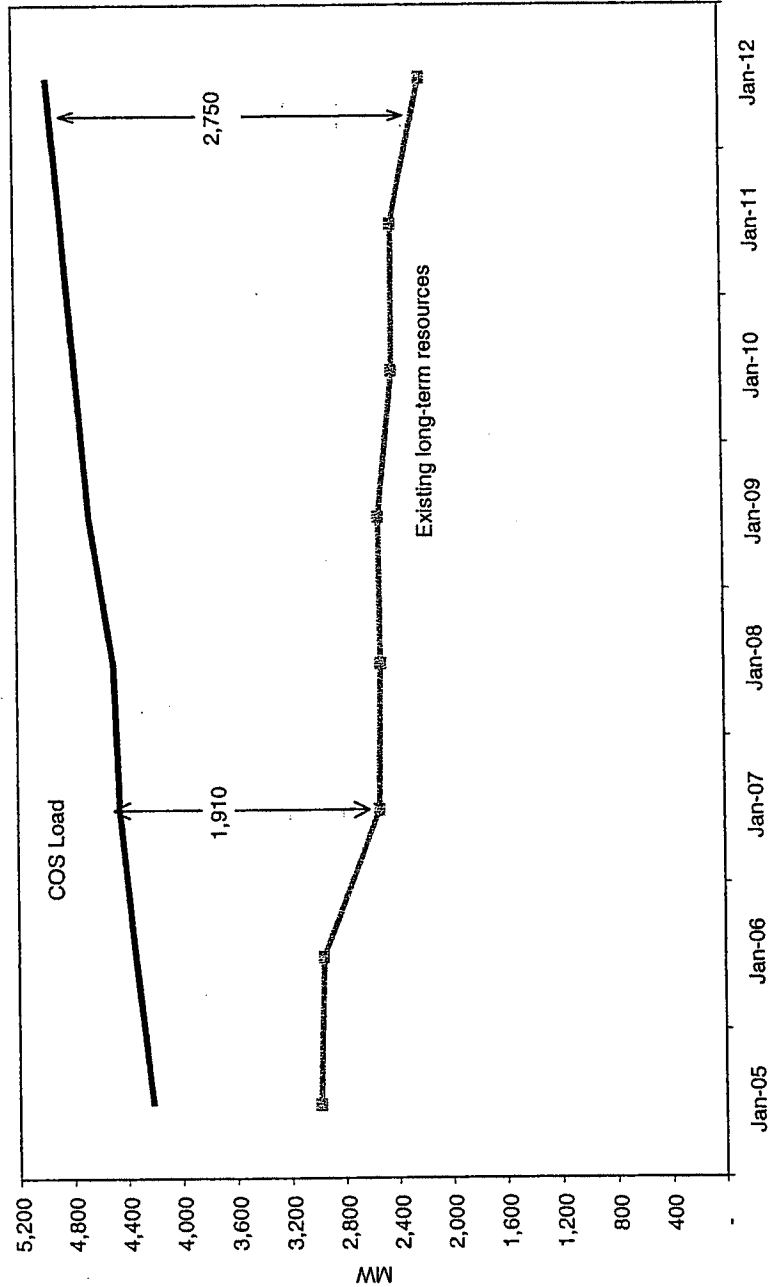
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PGE 205891

Resource Needs Continue to Grow

Capacity Gaps – MW's



Planning Assumptions

- 1-in-2 January peak load
- 125 MWa leave COS
- No capacity from BPA after 2006
- 6% operating reserve
- 6% planning reserve

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Three-Year Process Ensures Strong Plan

- Public input meetings and customer workshops were held in 2001-2002.
- PGE filed the initial Integrated Resource Plan in August 2002 which was supplemented in February 2003.
- A two-month public review of Power Supply RFP occurred in June-July 2003.
 - Received 105 bids from 42 counterparties
 - More than 14,000 MWh of bids
- PGE filed its final action plan with the OPUC in March of 2004.
- In July 2004 the OPUC acknowledged PGE's IRP in docket LC33.
- PGE also received an order in July 2004 permitting Port Westward to be treated as a cost-based asset for ratemaking.



Resource Actions Diverse, Flexible

OPUC Acknowledged Plan

<i>Energy Portfolio</i>	<i>2007 Mwa</i>	<i>2007 MW</i>
Short-term Acquisitions	125	125
Plant Upgrades	41	50
Other Operating Changes	5	-
Hydro Contract Extension	14	116
EE per the Energy Trust of Oregon	55	79
Fixed Price PPAs	135	150
Wind (assumes capacity value = energy)	65	65
Port Westward "G"	350	375
Total Energy Actions	790	960
<i>Additional Capacity Actions</i>		
Dispatchable Standby Generation		30
Port Westward Duct Firing		25
Peak Tolling from Bids		400
Fill in Short-term from the market		500
Total Additional Capacity Actions		955

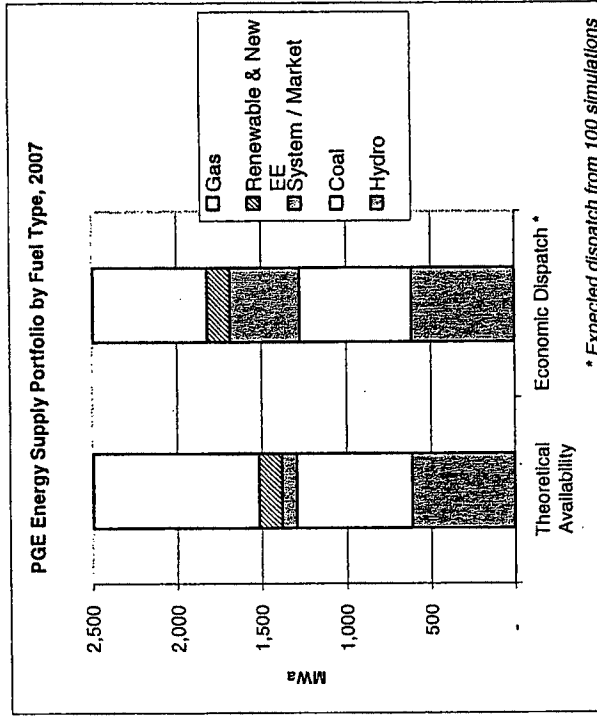
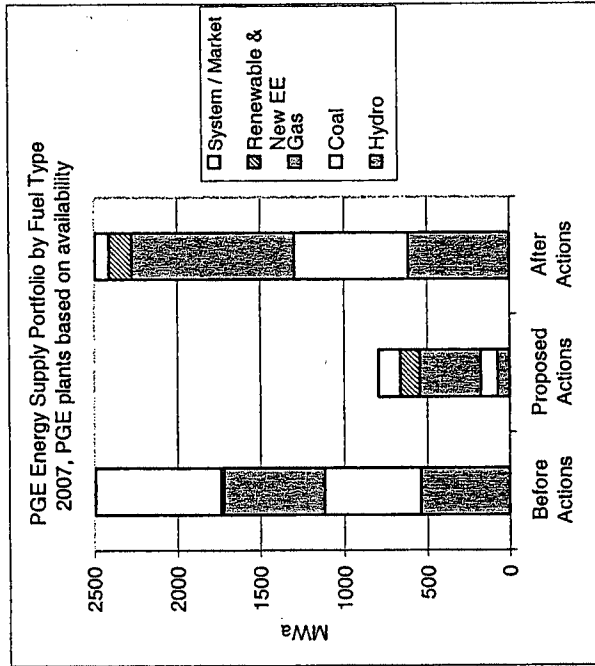
- Completed 2003 RFP for energy, capacity, gas. Actions more diverse than universe of bids received. Selections cost-effective, as shown by RFP process and results.
- Actions of 5 and 10 year energy contracts, along with load growth, provide room to consider other resource types in future plans.
- Acquiring 790 MWa \pm 25 MWa energy for 2007 leaves the need for an additional 955 MW of capacity.
- Wind target will be reserved until federal PTC, Energy Trust funding, and transmission and integration issues are resolved.
- May add five-year gas tolling if required to fill other targets.
- Counting Energy Trust efficiency gains among energy resources, but uncertain as to timing.



PGIE 205893



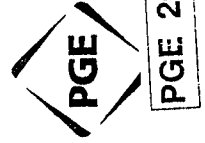
Overall Portfolio Enhanced by New Resources



Fuel Portfolio in 2007	Mw		%		Mw %	
	Theoretical Availability	After Actions	Theoretical Availability	Economic Dispatch *	Theoretical Availability	Economic Dispatch *
Hydro	612	612	24.6%	612	24.6%	24.6%
Coal	681	661	27.3%	661	26.5%	26.5%
System / Market	87	414	3.5%	414	16.6%	16.6%
Renewable & New EE	137	137	5.5%	137	5.5%	5.5%
Gas	975	668	39.1%	668	26.8%	26.8%
Total	2,492	2,492	100%	2,492	100%	100%

* Expected dispatch from 100 simulations

- Assuming normal hydro, and theoretical availability:
- Renewables and EE comprise 6% of our total portfolio.
- System and market purchases are reduced from 30% to 3%.
- Coal and hydro increase slightly.



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Port Westward for Cost, Stability, Reliability

Advantages for Customers and Investors

- Long-term commitment to a low, fixed heat rate helps dampen rate volatility, especially as gas prices fluctuate.
- PGE controls O&M for high reliability and flexibility of operation.
- Connected to PGE's transmission system, avoiding congestion cost risks.
- Uses infrastructure at our Beaver plant, including K-B lateral to Williams pipeline. Compared with RFP options, Port Westward has the lowest real levelized cost for a 30-year commitment among remaining bids.
- Helps stabilize power costs relative to market.

- OPUC acknowledged "building or acquiring a generic, high-efficiency combined cycle combustion turbine," while also confirming that PGE plans to build at Port Westward.
- We are currently in discussions with OPUC staff and other stakeholders regarding sharing of cost risks, and the ability of large customers to opt out of this resource.





PGE 205897

Section VI

Historical and Projected

Financial Performance



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Capital Structure Analysis

	Moody's Median for "Baa2" Rating ⁽¹⁾	Actual 12/31/02	Actual 12/31/03	Actual 6/30/04
Common Equity	41.09%	52.8%	55.4%	56.7%
Preferred Stocks/ Quids		2.4%	1.2%	1.0%
Total Common & Preferred		55.2%	56.6%	57.7%
Long-term and short-term debt	51.65%	44.8%	43.4%	42.3%
Total Capital Structure		100.0%	100.0%	100.0%
Common Equity: OPUC method ⁽²⁾		57.7%	56.5%	57.9%
Cash		\$50.6MM	109.0MM	\$206.4MM

(1) Represents median ratios for vertically integrated utilities for 2002 (senior secured debt). Source Moody's Investors Service.

(2) OPUC methodology excludes short-term debt and current maturities of LTD from the capital structure



PGE 205899

Financial Performance

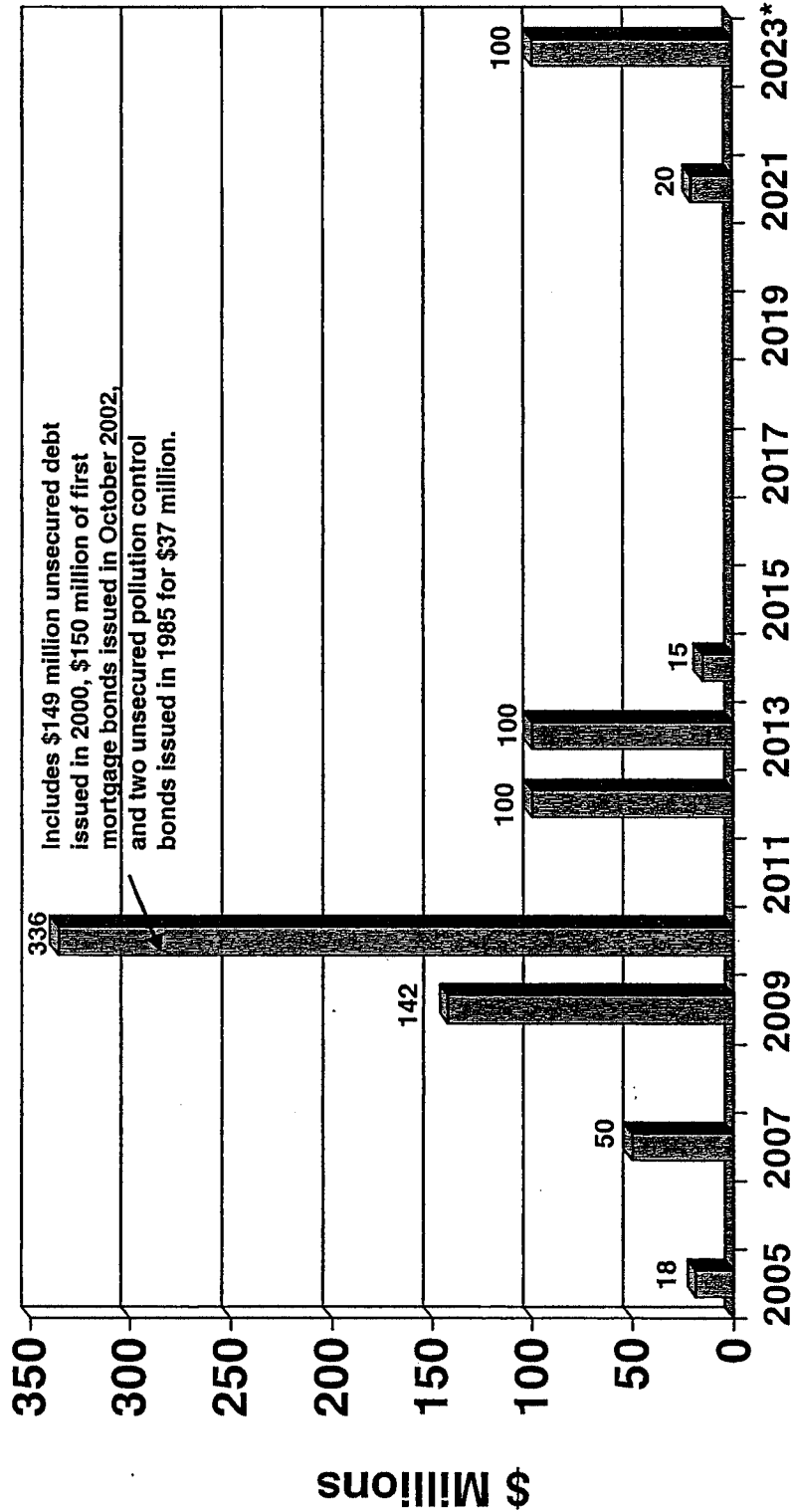
	Moody's Median for "Baa2" Rating" ⁽¹⁾	
	2002	2003
Common Equity to Total Capital	41.09%	55.4%
Pretax Interest Coverage	2.35x	2.2x
FFO/Interest Coverage	3.58x	4.5x
FFO % Capex	146.1%	171.9%

(1) Represents median ratios for vertically integrated utilities for 2002 (Senior Secured Debt). Source: Moody's Investors Service.



PGE 205900

Debt Maturity Graph: 9/30/04

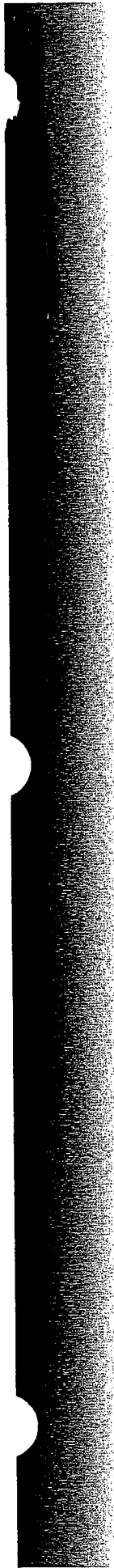


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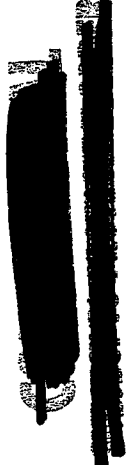
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Financial Projections 2004 - 2007



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PGE Service Area & Oregon's Economy

- Oregon has rebounded since the recession's trough in June 2003, adding almost 45,000 payroll jobs (or 3%), posting the second-best jobs growth among the 50 states.
- The Oregon high-tech industry, retrenched since the 2000 peak, remaining Oregon's largest manufacturing industry and has rebounded as global demand for technology and capital goods has risen.
- The strength in trade and particularly services helped bolster the economy as Oregon's livability attracts newcomers.
- Oregon's economy has turned around and is expected to remain on track to surpass the previous employment peak by early next year.

Proposed expansion:

- Freightliner – 700 full-time jobs due to truck demand
- Siltronic – possible \$300MM capacity expansion
- Sun Microsystems – 100 new employees at its expanded Hillsboro plant
- Intel – continues to add jobs and capacity



Oregon Employment Forecast

	2003	2004	2005	2006	2007	Annual Change %
--	------	------	------	------	------	-----------------

(Thousand's)

OEA March 2004

Manufacturing	196.4	200.5	202.8	204.8	204.6	1.0%
Total Nonfarm	1,563.0	1,587.6	1,622.7	1,654.0	1,682.1	1.9%

OEA September 2004

Manufacturing	196.0	200.6	203.7	204.6	204.7	1.1%
Total Nonfarm	1,562.0	1,593.4	1,630.6	1,661.1	1,690.0	2.0%

Oregon's economic turnaround trend has been revised slightly upwards by the Office of Economic Analysis relative to its earlier projection in March 2004.

Source: State of Oregon, Department of Administrative Services, Office of Economic Analysis



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New Union Contract

- In early April 2004 PGE's bargaining union employees (Local Union 125 of the International Brotherhood of Electrical Workers) voted to ratify a new five-year contract with the Company.
- The new agreement, which provides for wage increases as well as improved retirement and medical benefits, provides predictability and stability for union employees and the Company.
- Negotiated wage increases are as follows:

	<u>Percentage</u>	<u>Effective</u>
Year 1	1%	3/1/04
Year 2	3%	3/1/05
Year 3	3%	3/1/06
Year 4	3%	3/1/07
Year 5	2% + 2%	3/1/08 and 9/1/08



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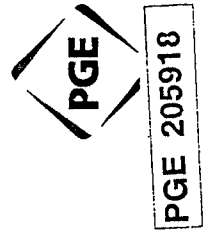
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Section VII Summary



Summary

- Strategic plan focusing on PGE's core utility business.
- Diversified power supply portfolio with state of the art risk management controls.
- Balanced and fair regulatory environment.
- Solid ring-fencing around the Company from both a regulatory and legal perspective.
- Conservative management of liquidity.
- Strong balance sheet and stable cash flow.





PGE 205920



Appendix

- A. Company Overview
- B. Regulatory Background
- C. Power Supply
- D. Portland General Term Power Procurement Company
- E. Other Company Information



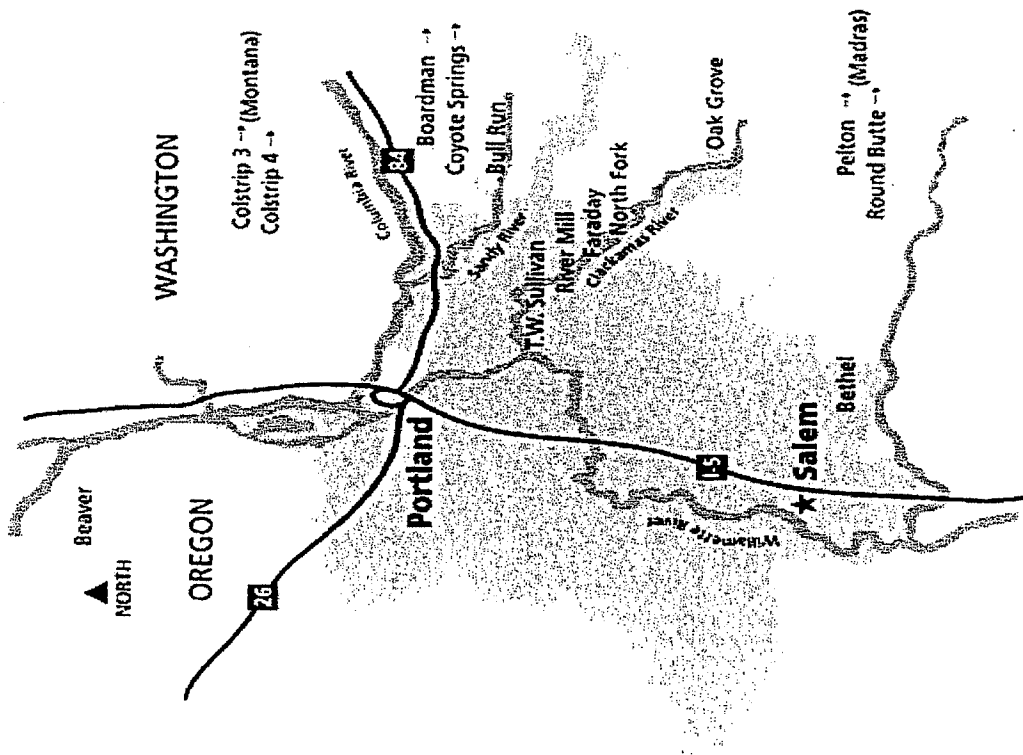
PGE 205921

Appendix A. Company Overview



PGE at a Glance

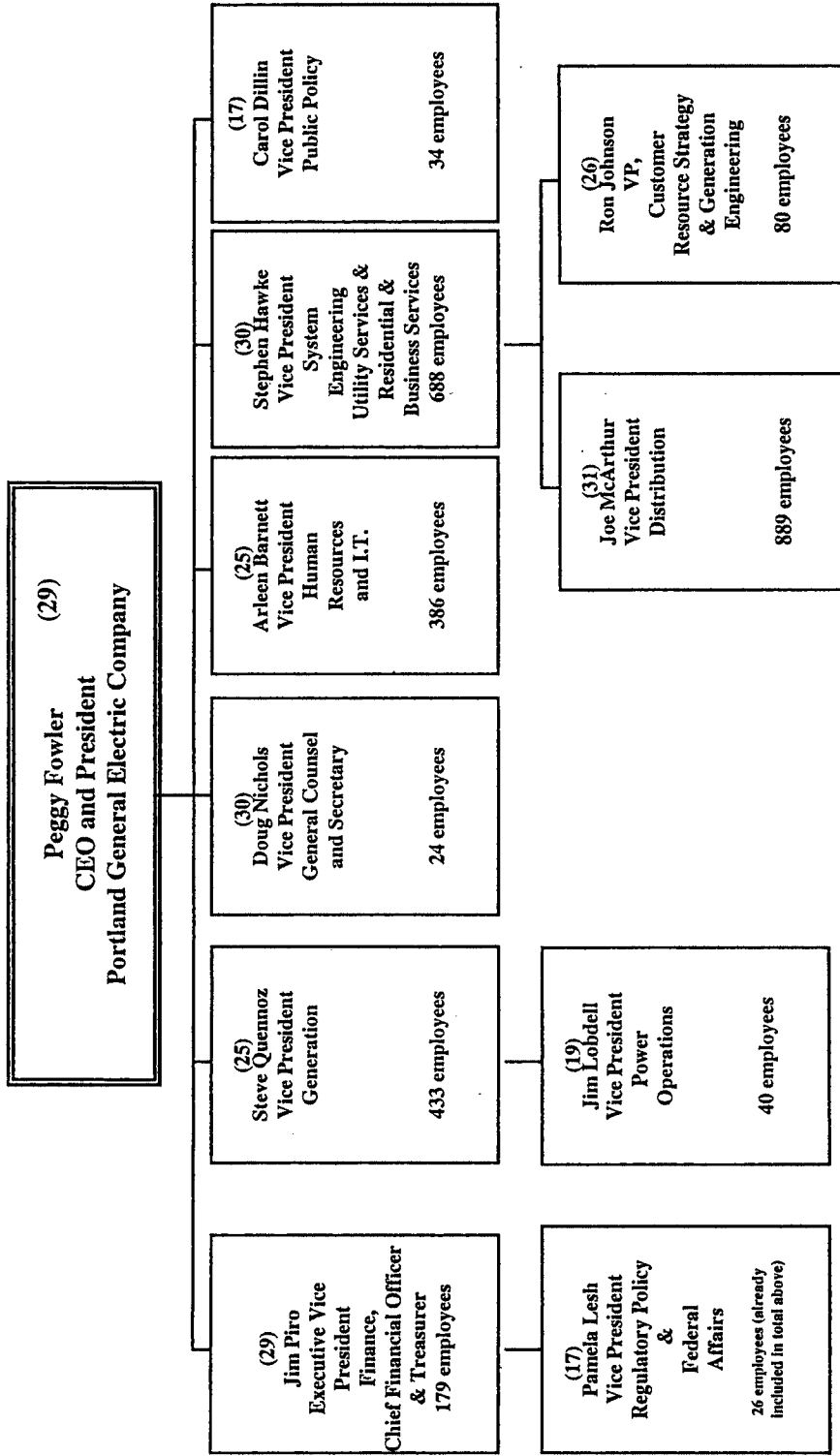
- 756,109 retail accounts
- Service territory population 1.5 million, 44% of state's population
- 51 cities served – Portland and Salem are the largest
- Net Plant-in-Service – \$1.91 billion:
 - Generation \$585 million
 - Distribution \$931 million
 - Transmission \$156 million
 - General \$147 million
 - CWIP \$89 million
- 4,105 square-mile service area
- 26,000 miles of T&D lines
- 1,979 MW of generation
- Average annual demand of 2,270 MW
- 3,700 1 in 2 expected peak load (2004-05 winter)
- 2,680 employees





PGE 205923

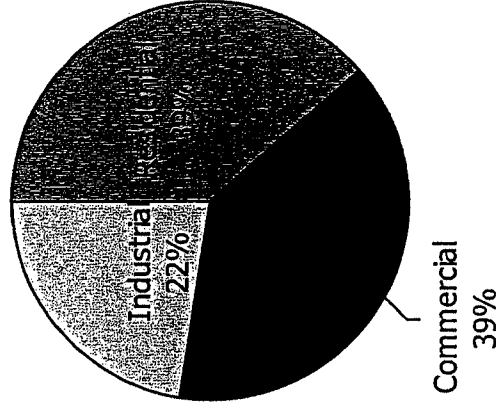
PGE's Organization



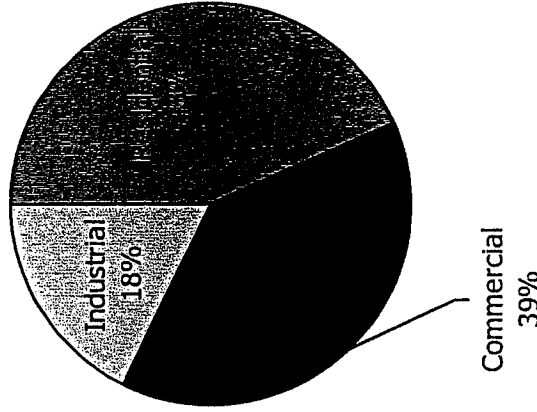
Employee counts are as of 2/04.
() Number of utility years experience

PGE Market Sectors (2003)

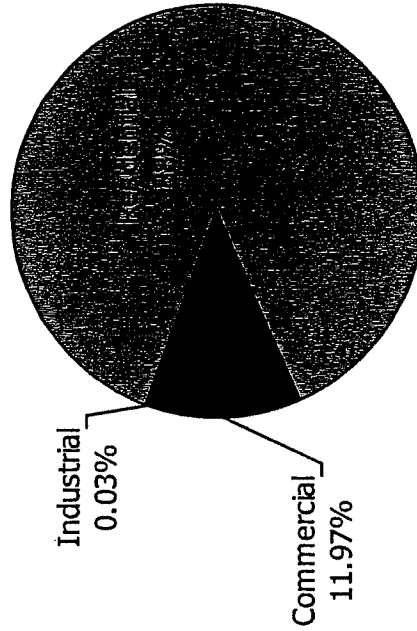
Customers



Revenue



Energy Consumption

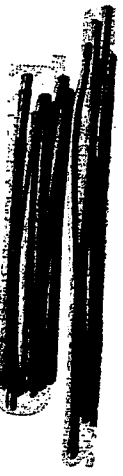


	Residential	Commercial	Industrial	Total
Customers	658,232	92,009	255	750,496
Revenue	\$555,317,747	\$500,326,546	\$227,492,152	\$1,283,136,445
Energy (MWh)	7,098,730	7,190,240	4,136,884	18,425,854

Source: 2003 FERC Form 1



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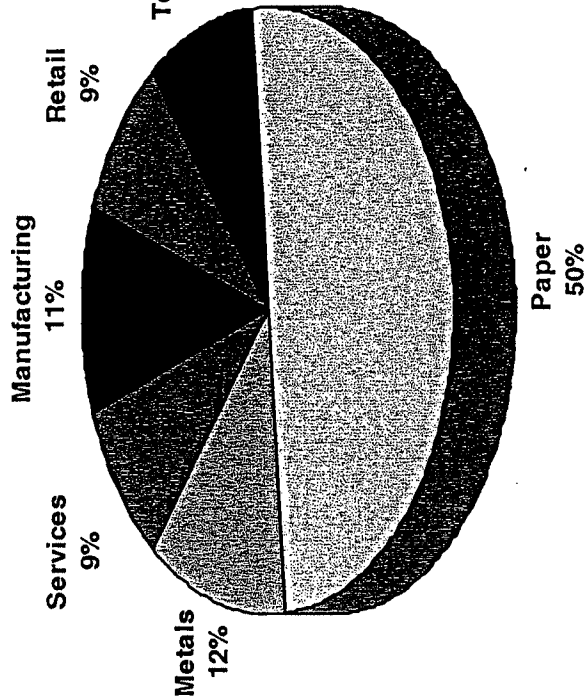
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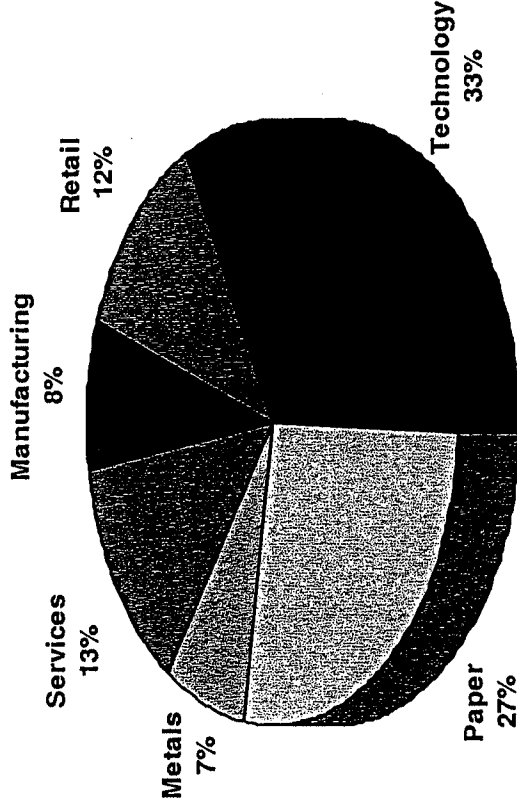
PGE's Industrial Customer Base

Has Become More Diverse

1987 Industrial Revenues
\$128.2 million



Industrial Revenues
(12 months ending August 31, 2004)
\$194.0 million

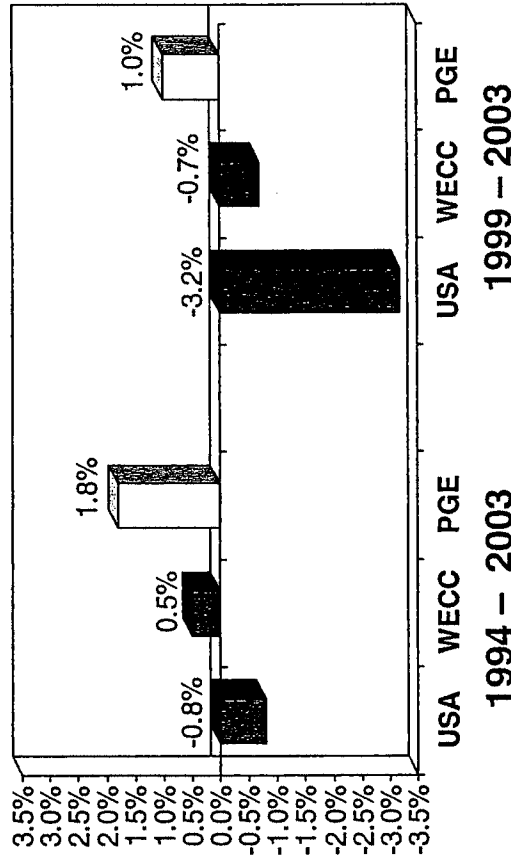


*Industrial revenues increased at a 3.6% annual compounded rate from 1987 to 2003.
Industrial KWh sold increased at a 1.8% annual compounded rate from 1987 to 2003.*

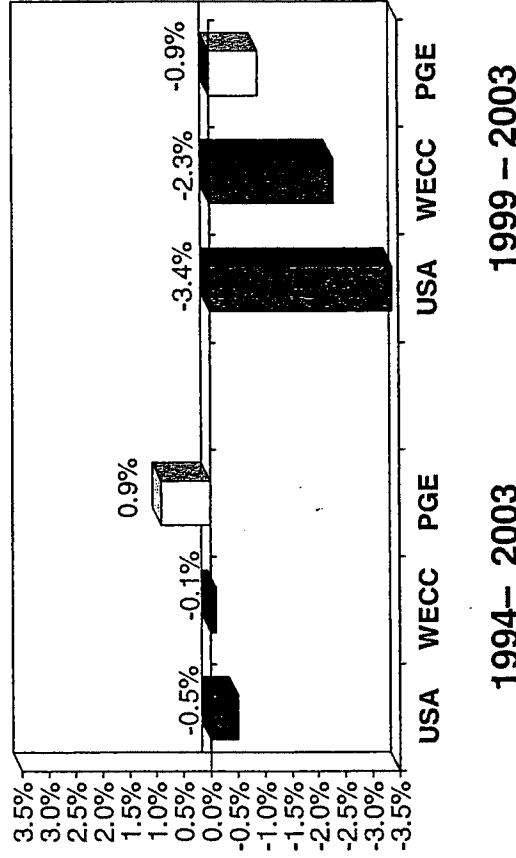


PGE's Growth Is Above Average

Customer Growth
(Annualized)



Retail Load Growth
(Annualized)



In the past 10 years, two-thirds of new Oregon residents have located within the PGE service territory

PGE's normalized load growth for 2003 was + 0.8%*

Source: RDI PowerDat. all data actual, unadjusted for weather.

*adjusted for SP Newsprint withdrawal.

USA data is limited to investor - owned utilities only.



Operational Excellence

	2001	2002	2003	Q2 2004	2004 Goal
At Fault Complaints	17	26	30	15	≤50
SAIDI (outages minutes)	67	73	86	61	≤90
SAIFI (outage frequency)	0.75	0.65	0.84	0.42	≤1.2
MAIFI (momentaries)	2.2	2.2	2.2	0.92	≤5
Hydro Plant Availability	99.4%	99.5%	91.3%	97.3%	97.5%
Thermal Plant Availability	95.7%	84.6%	82.7%	79.3%	86.9%
OSHA Recordable Accidents	164	141	154	85	≤149

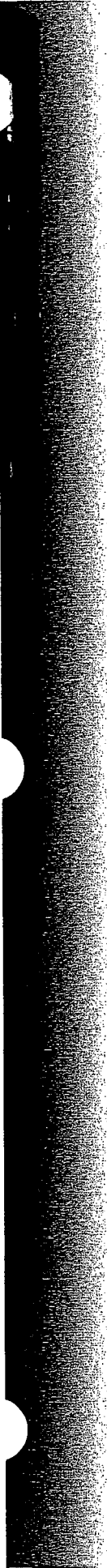


PGE 205928



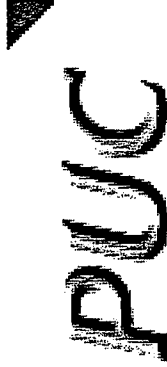
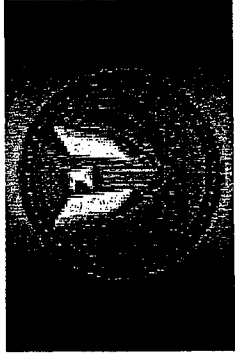
PGE 205929

Appendix B. Regulatory Background



PGE Regulatory Environment

- Federal Energy Regulatory Commission (FERC)
 - Transmission rates
 - Wholesale power rates
 - Hydro licenses
 - Short-term financing
- Oregon Public Utility Commission (OPUC)
 - Retail rates
 - Long term financing
 - Asset sales
 - Safety
 - Integrated Resource Planning
 - Ownership changes
- Securities and Exchange Commission (SEC)
 - Short-term borrowing
 - Asset sales
 - Affiliated transactions



PGE 205930



Oregon Public Utility Commission

- 3 member governor-appointed Commission with four-year terms.
- ◆ Lee Beyer (Chair)

	<u>Party</u>	<u>End of Term</u>
– Oregon State Senator 1999-2001, Oregon State Representative 1991-1999	Democrat	March 2008
– OPUC Commissioner 2001-present		
– Appointed OPUC Chair starting September 1, 2003		
- ◆ Ray Baum

	<u>Party</u>	<u>End of Term</u>
– Eastern Oregon attorney and State Legislator from 1989-1996, including House Majority Leader in 1995	Republican	August 2007
– 20 years legal career		
– Confirmed by the Oregon Senate starting September 1, 2003		
- ◆ John Savage

	<u>Party</u>	<u>End of Term</u>
– OPUC Utility Program Director starting in 2002, Oregon Department of Energy 1984-2002, the last 8 years as Director (Top job)	Democrat	March 2005
– Confirmed by the Oregon Senate starting September 1, 2002		
- PGE has a strong, effective relationship with commissioners and staff.



PGE's Approach To Regulation

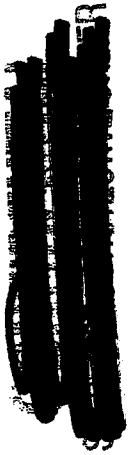
- Communicate constantly
 - No surprises
 - Understand our issues; participate in crafting solutions
- Seek agreement on goals or end state
 - Probe for “what it will look like when we get there”
 - Push for “why”
- Propose paths
 - Internally consistent alternatives
 - Alignment of interests always preferable
- Keep an eye on total result: must be reasonable, in context



How Rates Are Set

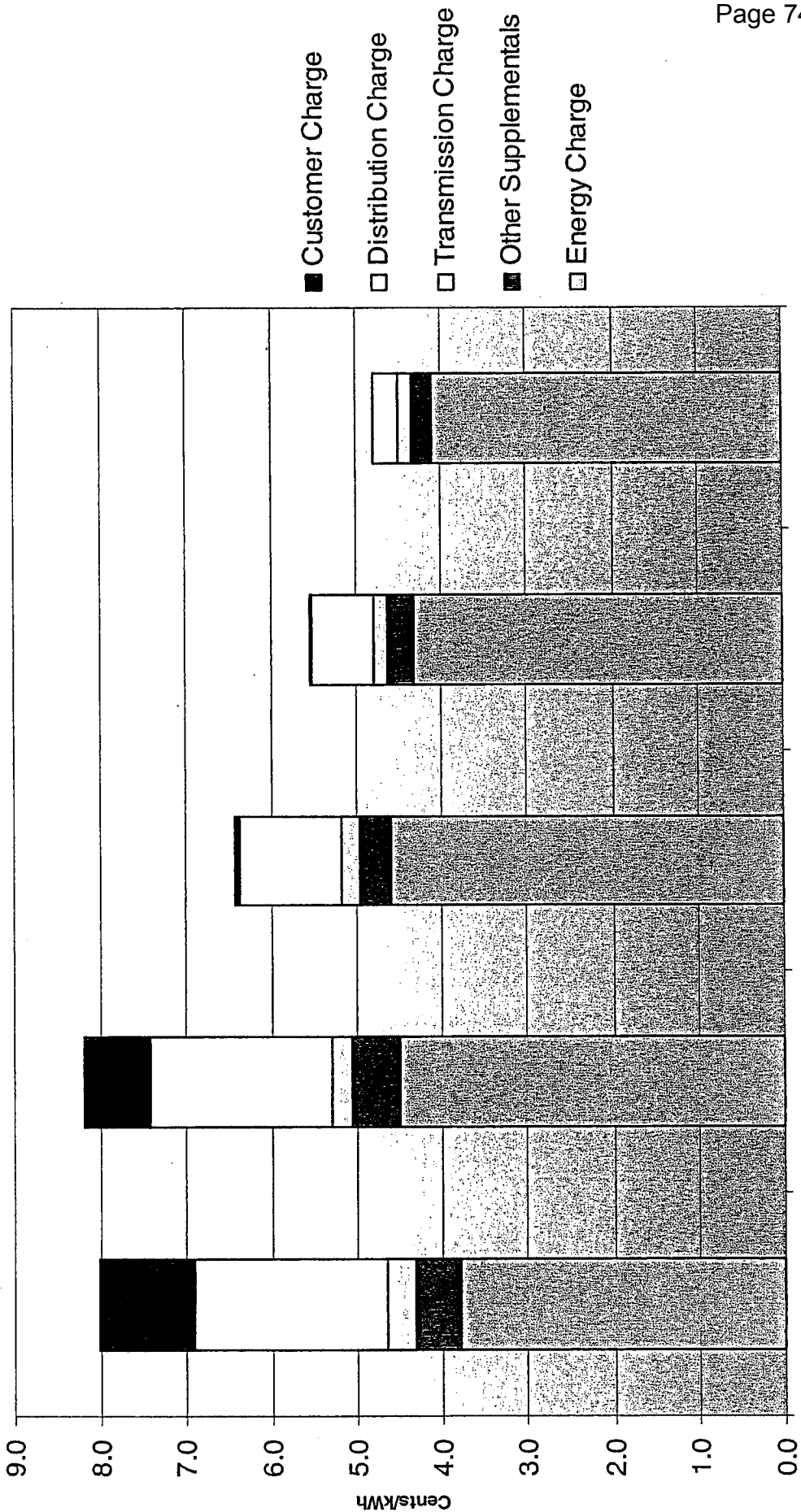
- PGE has unbundled rates with the major categories as follows:

Rate Component	How Recovered	How Updated
Customer Service	Fixed monthly customer charges	General rate case
Distribution	Usage for residential and small commercial; demand for all others	General rate case
Transmission	Usage for residential and small commercial; demand for all others	FERC rate case; general rate case
Power	Usage, generally flat for smaller-usage customers, on- and off-peak for larger	Annual RVM
Ancillary Services •Wholesale •Retail	FERC tariff rates (varied) Usage for residential and small commercial; demand for all others	FERC rate case General rate case



PGE Average Rate by Unbundled Service Cost

2004 Annual Cost of Service Rates



Residential Sch 7 Small Non-Res. Sch 32 Secondary Sch 83 Primary Sch 83 Subtrans Sch 83

Customer Class ⁷⁴

*Includes Sch 125 Parts A and B, Sch 102 and all other supplemental adjustments, except LIA and PPC



PGE 205934



Oregon Restructuring Description

- Applies only to PGE and PacificCorp; Idaho Power exempted and consumer-owned utilities allowed to make own decisions.
- Direct access began on March 1, 2002 for all customers except residential. Residential and small commercial customers receive "cost of service" and other pricing options.
- Enacted a charge of 3% of energy service revenues for specified public purposes such as conservation and renewable resources.
- Enacted a low income bill paying assistance charge.
- Required cost unbundling.
- Instructed Commission to develop policies to eliminate barriers to competition.
- Authorized OPUC to set rates that include stranded costs and stranded benefits.
- PGE is economically neutral to customers choosing direct access to an Energy Service Supplier.



Current Status on Customer Choice

- Commercial & Industrial accounts choosing offers other than annual
 - 70 accounts (54.4 MWa) on Daily, Monthly or Quarterly
 - 121 accounts (93.3 MWa) on Direct Access
- Of the above numbers, 4 accounts (2 customers) are on a 5 year transition option
- Number of residential and small non-residential customers choosing portfolio options:
 - Renewable options: 29,919 (4% of eligible customers)
 - Time of use option: 2,141 (.29% of eligible customers)
- Energy Service Supplier (ESS) status
 - 7 ESS's certified with OPUC
 - 3 ESS's are currently registered to do business with PGE
 - 2 ESS's currently serving any PGE customers



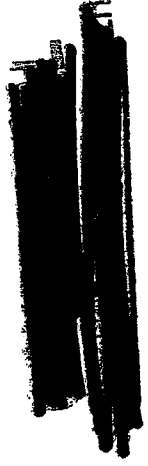
PGE 205936



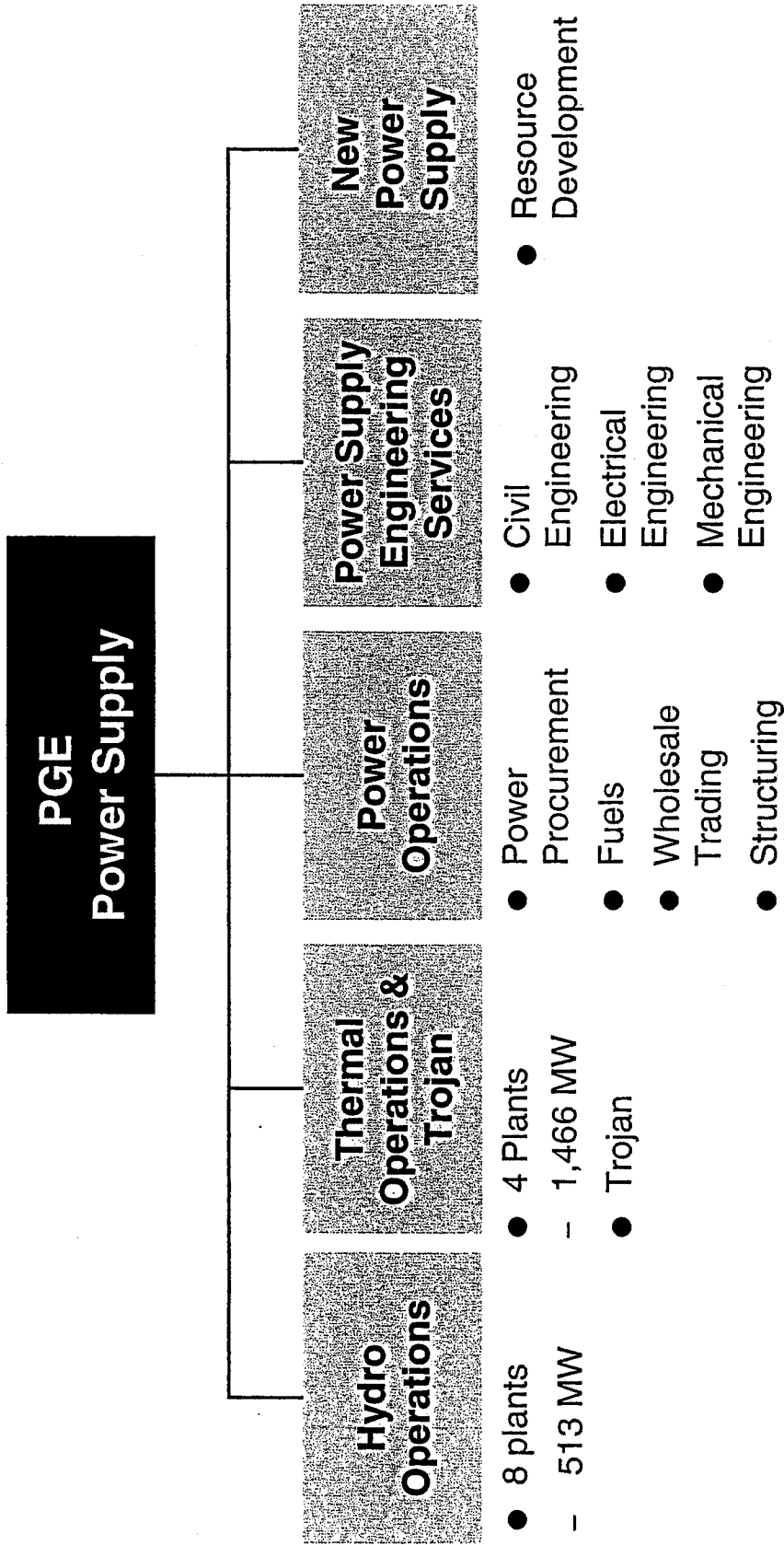


PGE 205937

Appendix C. Power Supply



Overview of Power Supply Organization



PGE 205938



PGE's Power Supply Strategy

- Manage power supply operations to:
 - Capitalize on PGE's assets and position in the marketplace.
 - Meet load in most economical fashion and contribute to earnings.
- Capture the benefits of the unique optionality of PGE's assets and their positioning in real-time markets.
- Manage all components of power supply operations to optimize financial results and provide clear organizational accountability and feedback.
- Manage and monitor risks and report performance with appropriate systems & processes to assure this strategy is prudently implemented.
- Power supply operations works to lower net variable power costs to provide benefits to customers.

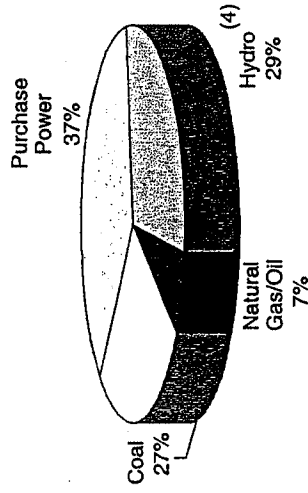


Power Supply Portfolio

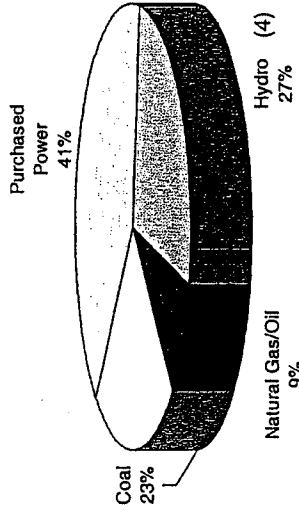
Power Sources as a Percent of Retail MWh Load

	Physical Capacity	% of Total Capacity
Hydro		
Deschutes River ⁽¹⁾	300 MW	8%
Clackamas River ⁽²⁾	213	6
Hydro Contracts ⁽³⁾	<u>832</u>	<u>23</u>
	1,345	37
Natural Gas/Oil		
Beaver Units 1-8	545 MW	15%
Coyote Springs #1	<u>242</u>	<u>7</u>
	787	22
Coal		
Boardman + 2004 HPIP Upgrade	383 MW	11%
Colstrip	<u>296</u>	<u>8</u>
	679	19
Net Purchased Power (Short/Long-term)	822	22%
Expected 2004 System Peak Load	<u>3,633MW</u> ⁽⁵⁾	<u>100%</u>

2003 Actual Sources



2002



- (1) Effective 1/1/02 PGE sold one-third of it's share of Pelton/Round Butte Dams to the Confederated Tribes of Warm Springs
- (2) Includes Sullivan (16MW) and Bull Run (22MW). Includes Oak Grove #2 (25.5 MW) but it will be out of service Jan-July 2004.
- (3) Includes Portland Hydro (36MW), Pelton/Round Butte (150 MW) and mid-Columbia (646 MW) contracts
- (4) Includes PGE hydro facilities plus purchases from Portland Hydro, Pelton/Round Butte and the mid-Columbia contracts
- (5) Includes opt-out customers



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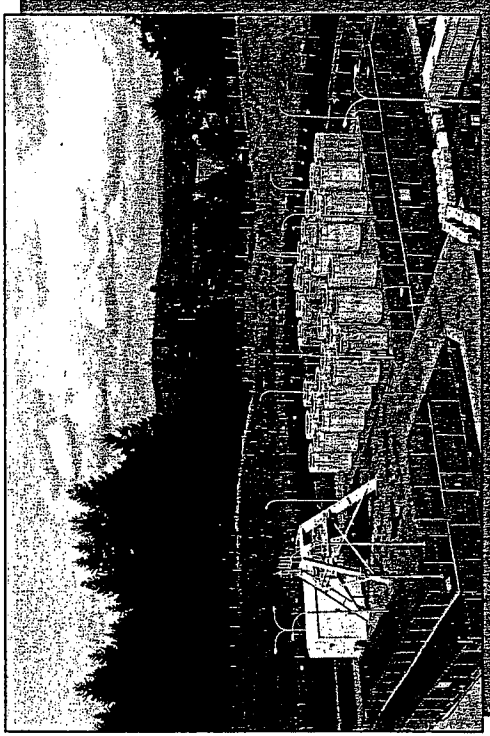
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Trojan Decommissioning Overview

- Project Status
 - Spent fuel pool decommissioning to be completed by end of September 2004.
 - Final radiological survey to be completed by end of October 2004.
 - Part 50 license termination anticipated Q2 2005.
 - Evaluating early demolition of some of the structures at the Plant.



- Financial Status
 - On budget of \$345 million (PGE share)
 - Increased contingency funds available based on project under runs
 - Nuclear and financial risk substantially reduced
 - As of August 31, 2004, PGE has deposited \$4 million in the Trust as additional collateral, as required by the NRC.

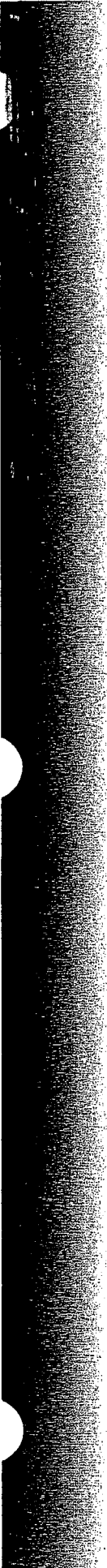


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Appendix D. Portland General Term Power Procurement Company

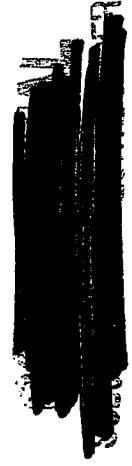


PGE 205944

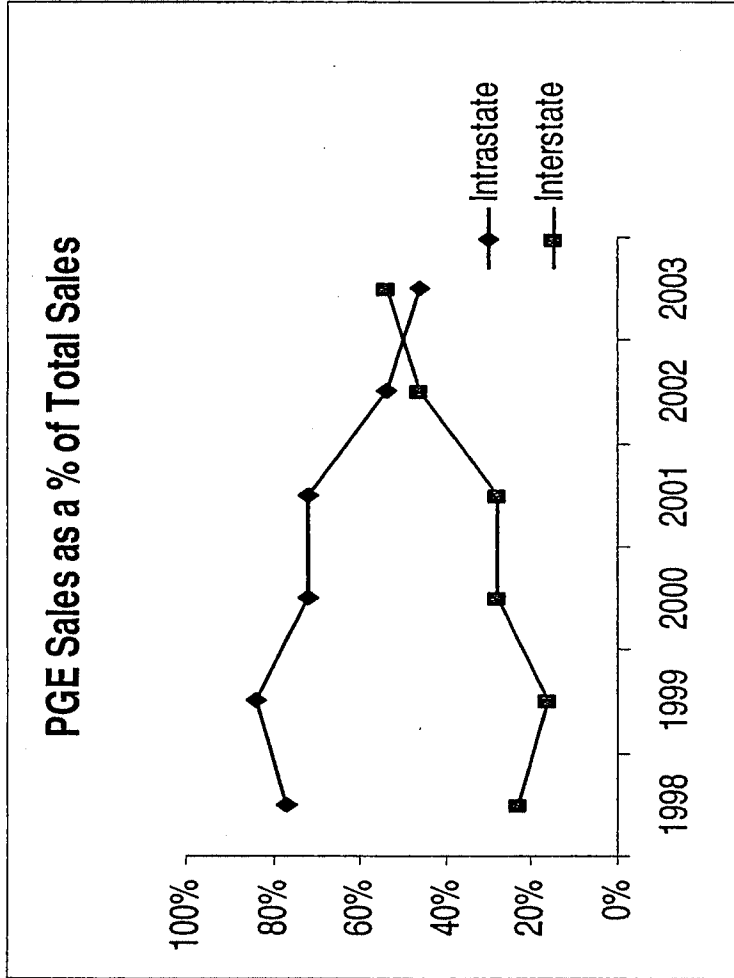


Why is OEUC Exploring This Structure?

- PGE proposes to establish a subsidiary, the Portland General Term Power Procurement Company (PPC) to conduct term trades and deliver the net position to PGE on a monthly basis.
- This will remove the need for OEUC to register as an interstate utility holding company , focusing regulatory oversight with the OPUC and removing redundant SEC .
- The work performed by PPC will involve PGE's current activities, with no change in PGE's approach to the market. PGE will conduct the trading on behalf of PPC.
- Customers will be held harmless from any incremental costs incurred to implement this new trading structure.



What are PGE's Gross Out-of-State Sales?



What Is the Proposed Process?

- PPC will execute term wholesale sales or purchases at fixed or index prices, for varying time periods and delivery points, inside and outside of Oregon.
- PPC will sell to PGE before the beginning of the prompt month PPC net power portfolio at the net cost of all PPC prompt month transactions.
- PGE will do all balance-of-the-month, day-ahead and real-time trading and may engage in some term sales.
- PGE will assign no transmission rights or other contractual rights to PPC. Transmission provider standards of conduct between PGE's marketing function and PGE transmission remain.



What Will Be the PGE-PPC Relationship?

- PPC will be a subsidiary of PGE
- PPC will sell its net power portfolio to PGE each month.
- PGE will act as agent for PPC, arranging and executing all trades on PPC's behalf.
- PGE Power Supply employees will continue to conduct power portfolio trading and risk management as they do today, except they will do it as agent for PPC for forward sales and purchases.
- During the delivery month, PGE will conduct within its own portfolio all balance-of-the-month, pre-schedule and real time trading at all delivery points in and outside of Oregon.



PGE 205948



Who Retains the Risks and Benefits

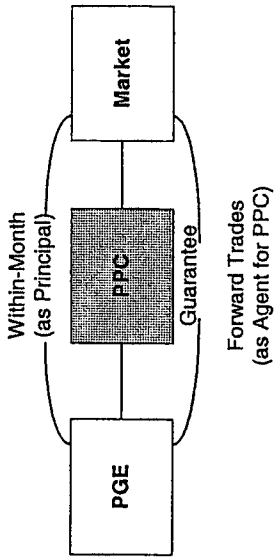
of the Trades?

- All the benefits and risks of having PPC manage PGE's forward power position are transferred to PGE
- All other PGE operations will remain a part of PGE.
- All PPC transactional costs will pass-through to PGE.
- PGE will fully guarantee all of PPC financial obligations.

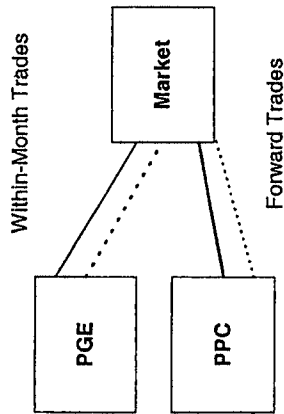


What is the Overview of the Restructuring Plan?

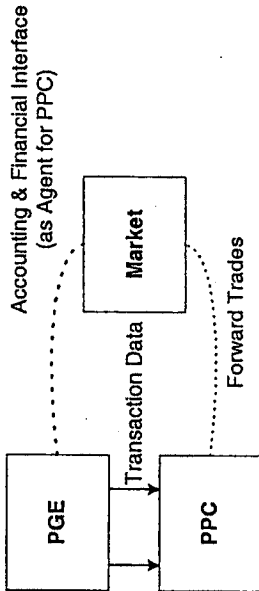
- All transactions performed as presently done...
- Forward trading nominally done through different entity.



- PPC will only participate in forward trades.
- Net result of all PPC transactions to PGE.



- PPC transactions performed by current PGE employees.
- PGE performs all financial tracking, accounting and treasury services for PPC.
- Ratepayers held harmless.



PGE 205950



What Agencies Need to Approve These Filings?

- PGE has filed applications with:
 - OPUC
 - FERC
 - SEC
- Implementation process will commence upon receipt the of approvals and close of sale of PGE to Oregon Electric.



Appendix E. Other Company Information



PG&E 205952



SOX Section 404 Implementation

- PGE is a Non-Accelerated Filer; first certification & attestation year-end 2005
- D&T to attest for 2005 reporting period (succeeded PwC in early 2004)
- Section 404 Implementation Project
 - D&T in advisory capacity
 - Identify & Document Controls complete 3Q04
 - Test Plans, Testing & Remediation 4Q04-2Q05
 - Dry-Run summer 2005
 - Monitor, Certify and Assert for year-end 2005
 - D&T Test and Attest Report for year-end 2005



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