



**Portland General Electric Company**  
121 SW Salmon Street • Portland, Oregon 97204  
PortlandGeneral.com

January 20, 2009

**Via E-Filing and US Mail**

Commission Filing Center  
Public Utility Commission of Oregon  
550 Capital Street, N.E.  
Salem, OR 97310-1380

Re: PGE Amended Finance Application and Order (UF 4245, Order No. 08-106)

OPUC Order No. 08-106 requires PGE to file a post-issuance report if the interest rate achieved for any new bonds issued exceeds the maximum allowed credit spread listed in Attachment A to the order but falls below the all-in interest rate of 8%.

On January 15, 2009, PGE completed the issuance of two new series of first mortgage bonds that were priced in December. One series is for \$63 million principal amount with a coupon of 6.50% and a maturity of January 15, 2014. The other series is for \$67 million with a coupon of 6.80% and a maturity of January 15, 2016. In both cases, the credit spread exceeded the maximum allowed amount but the all-in cost was below the 8% requirement. The estimated expenses (including underwriting fees) are \$450,000 for the 6.50% series and \$475,000 for the 6.80% series. The results are all-in costs of approximately 6.65% and 6.90%, respectively.

The debt capital markets have been challenging since the Lehman bankruptcy last fall and the crisis in the banking industry with corporate credit spreads at all time highs driven largely by a flight to quality. Conversely, Treasury yields have been at historical lows. Coupons remain very attractive on an historical basis. Many investors remained on the sidelines during the fourth quarter with only high quality names able to access the market.

PGE expects that it will need to issue \$300 million of new debt in 2009 to help fund its capital expenditure program. In addition, PGE will need to remarket \$142 million of pollution control bonds on May 1, 2009 due to a mandatory put. PGE also expects to issue \$230 of new common stock in 2009. This exposure to the capital markets combined with a tough market for credit and an economy that is expected to struggle in 2009, made it prudent for PGE to issue some of the debt now at rates that look very favorable on an historic basis. PGE's banks advised that there may be more downside (negative) risk to the capital markets in 2009 than upside given the

**PGE Amended Finance Application and Order (UF 4245, Order 08-106)**

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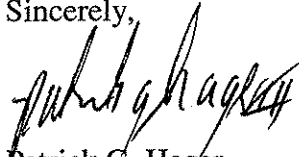
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current economic outlook and agreed that it was prudent to issue some of the 2009 debt requirement now. They also have indicated that PGE achieved a very good coupon rate given other similar deals that came to market in December.

Attached is a list of utility bond deals done in late 2008 and a graph of 5 and 10 year BBB credit spreads along with the corresponding Treasuries that give further support of the coupon levels PGE achieved for the two new series of bonds issued. PGE will also be supplying the customary letter from its placement agent that states that the placement agent believes PGE achieved a market competitive rate of interest on the new bonds.

If you have any questions regarding this matter, please call Jim Warberg at 503-464-7085.

Sincerely,



Patrick G. Hager

Manager, Regulatory Affairs

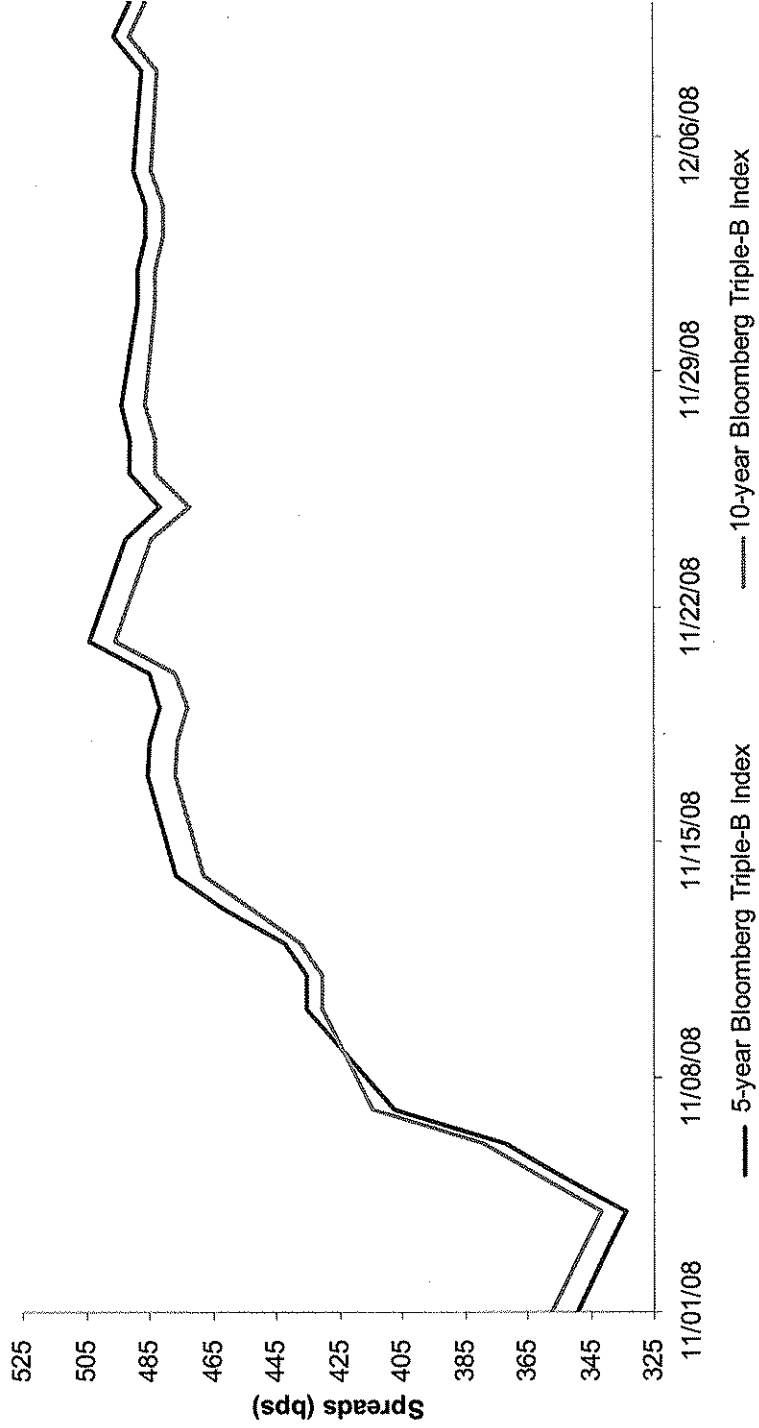
C: Steve Storm, OPUC  
Jim Warberg  
Kristin Stathis  
Cheryl Chevis



# Historical Yields & Spreads

Bloomberg utility index spreads

Bloomberg Utility Index: Triple-B 5- and 10-year Spreads



Source: Bloomberg



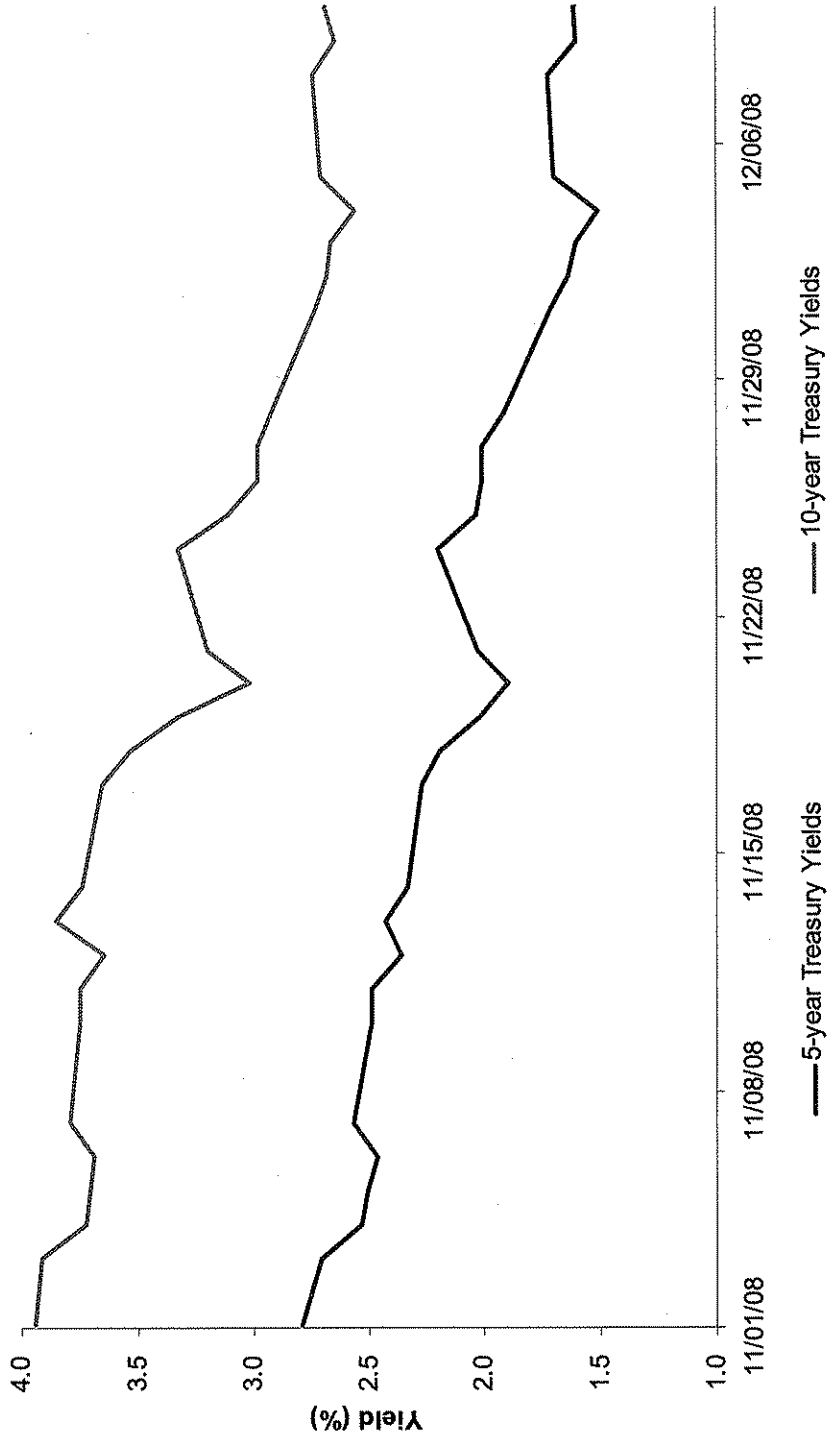
Deutsche Bank



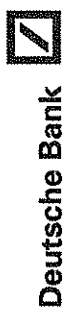
# Historical Yields & Spreads

## 5- and 10-year Treasury Yields: November & December 2008

5- & 10-year US Treasury Yields



Source: Bloomberg



Deutsche Bank



# Historical Yields & Spreads

## December 2008 Power & Utility transactions

### December 2008 Power & Utility Transactions

Issue Date	Issuer	Size (mm)	Ratings	Coupon	Maturity	Reoffer Spread (bps)
12/22/08	FPL Group Capital (reopening)	\$50	A2/A-	7.875%	12/15/15	T+515
12/19/08	Rochester Gas & Electric*	\$150	A2/A	8.000%	12/15/33	T+545
12/19/08	Southern Connecticut Gas Co*	\$50	A3/A	7.500%	12/15/18	T+539.8
12/10/08	Monongahela Power**	\$300	Baa2/BBB+	7.950%	12/15/13	T+639
12/09/08	FPL Group Capital	\$450	A2/A-	7.875%	12/15/15	T+596.7
12/08/08	Oklahoma Gas & Electric	\$250	A2/BBB	8.250%	01/15/19	T+549.2
12/08/08	Wisconsin Electric Power Co	\$250	A1/A-	6.250%	12/01/15	T+425
12/04/08	Central Illinois Light Co*	\$150	Baa2/BBB+	8.875%	12/15/13	T+734.9
12/03/08	Potomac Electric Power*	\$250	Baa1/BBB+	7.900%	12/15/38	T+463
12/02/08	Consolidated Edison	\$600	A1/A-	7.125%	12/01/18	T+450
12/01/08	Wisconsin Public Service**	\$125	Aa3/A+	6.375%	12/01/15	T+434.5

\*Indicates first mortgage bond

\*\*Indicates fall-away first mortgage bond

Source: IFR and Bloomberg



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