



Portland General Electric Company
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July 11, 2008

US Mail

Filing Center
Oregon Public Utility Commission
550 Capitol Street, N.E., Ste 215
Salem, OR 97301-2551

RE: July 11, 2008 MONET Update for 2009 (Docket UE 198)

Enclosed is PGE's July 11th MONET update in Docket No. UE 197/198. This update includes contracts and electric and gas forward curves as of June 19, 2008. Attachment 1 provides a hard copy of the Step Change Log, Summary of Changes to MONET, Assumptions Summary, and Monet Output. Attachment 2 is a CD with several electronic files, including the MONET runs. The electronic files are password protected using the same password as that used for other protected files in these dockets. Attachments 1 and 2 are confidential and subject to the Protective Order issued in UE 197 (Order No. 08-133).

Net Variable Power Costs totaled \$919.3 million, an increase of approximately \$92 million from the April 1st Update, primarily due to significant increases in the wholesale price curves for gas and electricity. This Monet output also reflects a higher cost of service load forecast from the April 1st Update, which increased from 2,279 aMW to 2,321 aMW, or approximately \$11 million. With these updated power costs, PGE's overall retail rate increase for the 2009 test year is about 14% to 15%.

On April 16, 2008, the Western Electricity Coordinating Council Board of Directors approved the new standard on contingency reserves to 3% of control area load and 3% of generation. This new standard replaces the current requirement for total operating reserves equal to 7% of thermal generation and 5% of hydro and wind generation. The overall effect of the change is a material increase in operating reserve requirements. The next steps are approval by NERC and FERC, which we expect by October. Once approved, the new standard will be implemented within 90 days. The current logic in Monet does not anticipate the increased reserve requirements resulting from the new regulation and will not provide an accurate estimate of net variable power cost. We expect to have the costs in time for the September Update. Attachment 3 provides the WECC's timeline for approval and documentation of proposed changes.

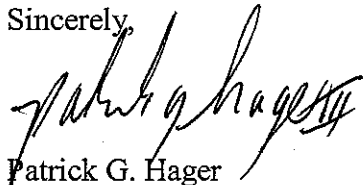
Finally, as noted in PGE's SEC Form 10-Q for 2008 First Quarter, Western Energy Company

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(WECO) has indicated to the owners of Colstrip that if WECO is unsuccessful in their appeal process regarding underpayment of royalties and taxes related to transportation of coal from the mine to Colstrip, it will seek reimbursement of any royalty payments by passing these costs on to the owners. If WECO prevails in seeking reimbursement from the Colstrip owners for royalties, taxes and interest, these costs will impact 2009 net variable power costs. Attachment 4 is page 19 of the Regulatory Matters section of PGE's Form 10-Q dated May 2, 2008.

If you have any questions, please contact me at (503) 464-7580 or Steve Schue at (503) 464-2624.

Sincerely,



Patrick G. Hager
Manager, Regulatory Affairs

encls.

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