



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

February 4, 2009

Email / US Mail

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

Re: UF___ PGE Finance Application

Enclosed please find one original and two copies of Portland General Electric Company's application requesting authority to issue up to \$300 million of First Mortgage Bonds.

We ask that this Application be placed on the docket for consideration at the Commission's March 10, 2008 Public Meeting, or as soon thereafter as possible.

If you should have questions regarding this matter, please contact me at 503-464-7580 or Jim Warberg at 503-464-7085.

Please direct all formal correspondence and requests to the following email address:
pge.opuc.filings@pgn.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick G. Hager".

Patrick G. Hager
Manager, Regulatory Affairs

cc: Bryan Conway - OPUC
Jim Warberg
Kirk Stevens
Doug Tingey

**BEFORE THE PUBLIC UTILITY COMMISSION
OF
OREGON**

In the Matter of the Application of PORTLAND)
GENERAL ELECTRIC COMPANY for authority) APPLICATION
to issue and sell not more than \$300 million of First)
Mortgage Bonds) UF-_____

Pursuant to ORS 757.410(1), and OAR 860-027-0030, Portland General Electric Company (the “PGE” or the “Applicant”) is submitting this financing application requesting authority to issue up to \$300 million of its First Mortgage Bonds described herein (“Bonds”). PGE believes the transaction set forth in this application will produce the lowest cost of funds for a similar maturity currently available to PGE for borrowing. PGE will issue Bonds under PGE’s existing Indenture of Mortgage and Deed of Trust (“First Mortgage Indenture”).

PGE still has \$70 million of remaining authorization to issue First Mortgage Bonds under Order 08-250. PGE agrees to terminate this remaining authorization upon approval of this application.

I. Required Information Under OAR 860-027-0030:

Pursuant to the requirements of OAR 860-027-0030, PGE represents as follows:

(a) *The applicant’s exact name and address of its principal business office:* The name and address of the Applicant is Portland General Electric Company, 121 SW Salmon Street, Portland, Oregon 97204.

(b) *The state in which incorporated, the date of incorporation, and the other states in which authorized to transact utility business:* The Applicant is a corporation organized and existing under and by virtue of the laws of the State of Oregon, and the date of its incorporation is July 25, 1930. The

Applicant is authorized to transact business in the states of Oregon, Idaho, Montana, Utah, and Washington and in Alberta, Canada, but conducts utility business only in the State of Oregon.

(c) *The name and address of persons authorized, on behalf of applicant to receive notices and communications in respect to this application:* The name and address of the persons authorized on behalf of the Applicant to receive notices and communications in respect of this Application are:

PGE-OPUC Filings	Doug Tingey
Rates & Regulatory Affairs	Assistant General Counsel
Portland General Electric Company	Portland General Electric Company
121 SW Salmon Street, 1WTC-0702	121 SW Salmon Street, 1WTC-1301
Portland, OR 97204	Portland, OR 97204
(503) 464-7857 (telephone)	(503) 464-8926 (telephone)
(503) 464-7651 (fax)	(503) 464-2200 (fax)
pge.opuc.filings@pgn.com	doug.tingey@pgn.com

PGE waives paper service in this proceeding. In addition, the names and addresses to receive notices and communications via the e-mail service list are:

Kristin A. Stathis, Assistant Treasurer	Patrick G. Hager
E-Mail: kristin.stathis@pgn.com ,	E-Mail: patrick.hager@pgn.com
Kimberly Gilman	Launa Harmon
E-Mail: kimberly.gilman@pgn.com	E-Mail: launa.harmon@pgn.com

(d) As of January 26, 2009, the following are the principal officers of PGE with primary business offices located at 121 SW Salmon Street, Portland, Oregon 97204:

Peggy Y. Fowler	Co-Chief Executive Officer
James J. Piro	Co-Chief Executive Officer & President
Maria M. Pope	Senior Vice President Finance, CFO & Treasurer
Stephen R. Hawke	Senior Vice President
Arleen N. Barnett	Vice President
Carol A. Dillin	Vice President
Campbell A. Henderson	Vice President & Chief Information Officer
Pamela G. Lesh	Vice President
James F. Lobdell	Vice President
Joe A. McArthur	Vice President

J. Jeffrey Dudley	Vice President & General Counsel
William O. Nicholson	Vice President
Stephen M. Quennoz	Vice President Power Supply/Generation
Kirk M. Stevens	Controller and Assistant Treasurer
Marc S. Bocci	Corporate Secretary
Kristin A. Stathis	Assistant Treasurer
Nora E. Arkonovich	Assistant Secretary
Cheryl A. Chevis	Assistant Secretary
Karen J. Lewis	Assistant Secretary

(e) *A description of the general character of the business done, and a designation of the territories served, by counties and states:* The Applicant is engaged in the generation, purchase, transmission, distribution, and sale of electric energy for public use in Oregon in Clackamas, Columbia, Hood River, Jefferson, Marion, Morrow, Multnomah, Polk, Washington, and Yamhill counties.

(f) *A statement, as of the date of the balance sheet submitted with the application, showing for each class and series of capital stock: brief description; the amount authorized (face value and number of shares); the amount outstanding (exclusive of any amount held in the treasury); amount held as reacquired securities; amount pledged; amount owned by affiliated interests; and amount held in any fund:* The following represents PGE's capital stock as of **September 30, 2008**, the date of PGE's last major SEC filing (10-Q):

	<u>Outstanding</u> <u>Shares</u>	<u>Amount (\$000s)</u>
Cumulative Preferred Stock:	0	0
None authorized		
Common Stock:		
No Par Value (80,000,000 shares authorized):	62,557,928	\$643,734

(g) *A statement, as of the date of the balance sheet submitted with the application, showing for each class and series of long-term debt and notes: brief description (amount, interest rate and*

maturity); amount authorized; amount outstanding (exclusive of any amount held in the treasury); amount held as reacquired securities; amount pledged; amount held by affiliated interests; and amount in sinking and other funds: PGE's long-term debt as of **September 30, 2008** is as follows:

Description	Authorized (\$000s)	Outstanding (\$000s)
First Mortgage Bonds:		
5.6675% series due 10-25-2012	100,000	100,000
4.45% series due 4/1/2013	50,000	50,000
6.26% series due 5-1-2031	100,000	100,000
6.31% series due 5-1-2036	175,000	175,000
5.625% series VI due 8-1-2013	50,000	50,000
5.80% series due 3-1-2018	75,000	75,000
MTN series due 8-11-2021 9.31%	20,000	20,000
6.75% series VI due 8-1-2023	50,000	50,000
6.875% series VI due 8-1-2033	50,000	50,000
5.80% series due 6-1-2039	170,000	170,000
5.81% series due 10-1-2037	<u>130,000</u>	<u>130,000</u>
Total First Mortgage Bonds	970,000	970,000
Pollution Control Bonds:		
City of Forsyth, MT		
5.45% series B 5-1-2033	21,000	21,000
5.20% series A 5-1-2033	97,800	97,800
Port of Morrow, OR		
5.20% series A 5-1-2033	23,600	23,600
Port of St Helens, OR		
4.80% series due 4-01-2010	20,200	20,200
4.80% series due 6-01-2010	16,700	16,700
5.25% series due 8-1-2014	<u>9,600</u>	<u>9,600</u>
Total Pollution Control Bonds	188,900	188,900
Other Long-Term Debt:		
7.875% notes due March 15, 2010	150,000	149,250
Capital lease obligations	0	0
Long-Term Contracts	40	40
Unamortized Debt Discount and Other	<u>(1,752)</u>	<u>(1,752)</u>
Total Other Long-Term Debt	148,288	147,538
Less long-term debt due within one year	142,400	142,400
Total Long-Term Debt ¹	1,164,788	1,164,038

¹ PGE issued \$130 million in bonds in January 2009. This number is not reflected in the September 30, 2008 figures.

None of the long-term debt is pledged or held as reacquired securities, by affiliated corporations, or in any fund, except as may be noted above.

(h) *Full description of securities proposed to be issued showing: kind and nature of securities or liabilities; amount (face value and number of shares); interest or dividend rate, if any; date of issue and date of maturity; and voting privileges, if any:* PGE proposes to enter into the following transactions:

1) *Type and nature of securities*

The Bonds would be issued in one or more transactions as conditions permit. The Bonds would have a maturity of up to 35 years and would be issued under PGE's First Mortgage Indenture. The Bonds may have a sinking fund provision and may have a feature that allows for early redemption.

(2) *Amount of securities*

PGE expects to issue Bonds in amounts of not more than \$300,000,000 aggregate principal amount or, if the Bonds are issued at an original issue discount of up to one percent, such greater amount as will result in an aggregate offering price of not more than \$300,000,000.

(3) *Interest rate*

The interest rate on the Bonds would be fixed and would be payable semi-annually in arrears. The proposed maximum spread over the respective Treasury security is set forth later in this application.

(4) *Date of issuance and maturity*

PGE expects to issue the Bonds in one or more series from time to time in amounts not to exceed \$300,000,000 in the aggregate. The Bonds may be issued as public offerings or on a private placement basis. The maturities of the various series are expected to be up to 35 years. The Bonds may be priced with a delayed settlement feature which allows PGE to execute a binding purchase and sale agreement establishing the interest rate and other terms of the sale, but postpone the actual sale of the Bonds and receipt of funds to a date of PGE's choice up to one year later. The delayed settlement feature would allow PGE to lock-in interest rates but defer the sale of the Bonds to correspond with the

Applicant's cash needs.

(5) Institutional rating or, if not rated, an explanation

PGE's outstanding First Mortgage Bonds are currently rated:

Moody's	Baa1
Standard & Poor's	A

PGE may apply for a rating on the Bonds issued if it is required by the market.

A brief description of the First Mortgage Bonds is as follows:

The Bonds would be issued under PGE's First Mortgage Indenture. The Bonds will be secured equally with all other First Mortgage Bonds of PGE as part of a lien against substantially all of PGE's utility property. The Bonds will be equal in right of payment to all other First Mortgage Bonds. The Trustee under the First Mortgage Indenture is HSBC Bank USA. The Bonds may be issued in one or more separate series pursuant to supplements to the First Mortgage Indenture or as a single series. The Bonds or any series thereof, if there is more than one series, will most likely be without coupons. The Bonds may or may not be registered and could be in any amount in excess of \$25 per bond. First Mortgage Bonds currently represent the least expensive long-term debt financing available to PGE.

Fixed Rate Bonds

The interest rate on the Bonds will be determined at the time of issuance unless the Bonds have the delayed settlement feature (discussed above), in which case the interest rate will be determined on the date PGE and Bond purchasers enter into a binding agreement for the purchase and sale of the Bonds. The maximum spread over the applicable Treasury securities for various maturities is listed below for the Bonds. PGE requests that if the applicable spread should exceed the maximum levels listed, it be granted authority to issue the bonds anyway so long as the coupon does not exceed 9.0%. The Bonds may have a feature which allows them to be redeemed prior to maturity at specified prices.

Greater Than or Equal To	Equal to or Less Than	Maximum Spread Over Benchmark Treasury Yield
1 year	9 years	+ 450 basis points
10 years	14 years	+ 500 basis points
15 years	19 years	+ 525 basis points
20 years	24 years	+ 550 basis points
25 years	35 years	+ 550 basis points

(i) *A reasonably detailed and precise description of proposed transaction, including a statement of the reasons why it is desired to consummate the transaction and the anticipated effect thereof:*

(A) *Description of proposed method of issuance and selling the securities:* See paragraph (h) above.

(B) *Statement of whether securities are to be issued pro rate to existing holders of the applicant's securities or issued pursuant to any preemptive right or in connection with any liquidation or reorganization:* The Bonds will not be issued pro rata to existing holders of the Applicant's securities and will not be issued pursuant to any preemptive right or in connection with any liquidation or reorganization.

(C) *Statement showing why it is in applicant's interest to issue securities in the manner proposed and the reason(s) why it selected the proposed method of sale:* The proposed method of issuance and sale and the reasons that the Applicant has proposed the types of debt are described above in Paragraph (h).

(D) *Statement that exemption from the competitive bidding requirements of any federal or other state regulatory body has or has not been requested or obtained, and a copy of the action taken thereon when available:* In the opinion of Applicant's legal counsel, the Applicant is not subject to the competitive bidding requirements of federal or state regulatory bodies in connection with the issuance of the Bonds.

(j) *The name and address of any person receiving or entitled to a fee for service:* If Bonds are issued, PGE may name as possible managing underwriters/agents Deutsche Bank, JP Morgan, Wells Fargo or others. The

Bonds may be sold on a negotiated or competitive bid basis. The Bonds may be sold directly to a limited number of purchasers or to a single purchaser. The underwriters/agents will receive as compensation (assuming a public offering) the difference between the price at which they purchase the Bonds from the Applicant and the price at which the Bonds are sold by the underwriters/agents to the public. If the Bonds are sold on a private basis, the underwriters/agents will receive the usual and customary amount prevailing for such sales and will not exceed .875 percent of the aggregate principal amount of the Bonds, the final amount to be negotiated by PGE.

(k) *A statement showing both in total amount and per unit the price to the public, underwriting commission and net proceeds to the applicant:* Total amount of the Bonds to the ultimate purchaser(s) and expenses and net proceeds to the Applicant resulting from the sale are estimated to be as follows:

Item	Debt	
	Amount	Per \$100
1. Face value or principal amount	\$300,000,000	\$100.00
2. Plus premium or less discount		
3. Gross proceeds	\$300,000,000	\$100.00
4. Underwriters' spread or commission (.875%)	2,625,000	
5. Securities and Exchange Commission registration fee	-	
6. Printing and engraving expenses	30,000	
7. Trustee's charges	15,000	
8. Fees and expenses of independent public accountants	15,000	
9. Rating agency fees	70,000	
10. Legal fees	100,000	
12. Total deductions	\$2,855,000	0.95
13. Estimated net amount to be realized	\$297,145,000	\$99.05

(l) *Purposes for which the securities are to be issued:* The above-described issuance expenses will be paid out of the general funds of the Applicant. The Applicant will defer the issuance expenses and amortize them equitably over the life of the Bonds.

The purposes for which securities are proposed to be issued in this matter are the acquisition of utility property, the construction, extension or improvement of utility facilities, the improvement or maintenance of service, the discharge or lawful refunding of obligations which were incurred for utility purposes permitted under ORS 757.415 (l)(a), (l)(b), (l)(c), (l)(d), or (l)(e) or the reimbursement of PGE treasury for funds used for the foregoing

purposes, except the maintenance of service and replacements. To the extent proceeds are used to discharge or lawfully refund obligations, they or their precedents were originally incurred for purposes described in ORS 757.415 (l)(a), (l)(b) or (l)(e). To the extent proceeds are used to reimburse the treasury for funds used to discharge or lawfully refund obligations, such obligations were incurred for purposes described in ORS 757.415 (l)(a), (l)(b) or (l)(e), or for the purposes described in ORS 757.415 (l)(a), (l)(b) or (l)(e) directly. The Applicant requests that it not be required to file a supplemental application provided the terms of the Bonds are within the parameters set forth in this Application.

(m) *A statement as to whether or not any application, registration statement, etc., with respect to the transaction or any part thereof, is required to be filed with any federal or state regulatory body:* No other application is required to be filed with any federal or other state regulatory body.

(n) *The facts relied upon by the application to show that the issue: is for a lawful object within the corporate purposes; is compatible with public interest; is necessary or appropriate for proper performance by application of service as a utility; will not impair its ability to perform the service; is reasonably necessary and appropriate for such purposes; and if filed under ORS 757.495, is fair and reasonable and not contrary to public interest:* As a public utility, Applicant is obligated to secure sufficient generating, transmission, and distribution capacity to serve its customers reliably at the lowest reasonable cost. Applicant believes the loans made in the manner proposed, will minimize the overall capital costs associated with such public utility obligations for the reasons stated above. Therefore, the transaction proposed is for a lawful object within the corporate purposes of the Applicant; is compatible with the public interest; is necessary and appropriate for and consistent with the proper performance by the Applicant of service as a public utility; will not impair its ability to perform such service; is reasonably appropriate for such purposes; and in accordance with ORS 757.495, is fair and reasonable and not contrary to public interest. This Application is not filed under ORS 757.495.

(o) A brief statement of all rights to be a corporation, franchises, permits and contracts for

consolidation, merger or lease included as assets of the applicant or any predecessor there, the amounts actually paid as consideration therefore, respectively, and the facts relied upon to show the issuance of securities for which approval is requested: The requirements of OAR 860-027-030 (o) are not applicable.

(p) If filed under ORS 757.490, 757.495, 759.385, or 759.390 a statement describing relationship between utility and the affiliated interest:. The requirements of OAR 860-027-030 (p) are not applicable.

II. Required Exhibits Under OAR 860-027-0030(2)

The following exhibits are submitted and by reference made a part of this application:

EXHIBIT A. *Articles of Incorporation, as Amended and Restated*, effective on April 3, 2006

(Amended and Restated Articles previously filed in Docket **UP 234** and by reference made a part of this application).

EXHIBIT B. *A copy of the bylaws with amendments to date:* (Fifth Amended and Restated Bylaws adopted August 2, 2007, and previously filed in Docket **UF-4245**, and by reference made a part of this application).

EXHIBIT C. *Copies of all resolutions of directors authorizing the proposed disposition, merger, or consolidation of facilities, mortgage or encumbrance of property, acquisition of stock, bonds, or property of another utility, in respect to which the application is made and, if approval of stockholders has been obtained, copies of the resolutions of the stockholders should also be furnished:* Directors' Resolution to be filed when available.

EXHIBIT D. *Copies of all mortgages, trust, deeds, or indentures, securing any obligation of each party to the transaction:* To be filed when available.

EXHIBIT E. *Balance sheets showing booked amounts, adjustments to record the proposed transaction*

and pro forma, with supporting fixed capital or plant schedules in conformity with the forms in the annual report, which applicant(s) is required, or will be required, to file with the Commission: Balance sheets showing booked amounts, adjustments to record the proposed transactions and pro forma Balance sheets as of September 30, 2008 are attached. [Attached in electronic format]

EXHIBIT F. *A statement of all known contingent liabilities, except minor items such as damage claims and similar items involving relatively small amounts, as of the date of the application, as of September 30, 2008: See Attached. [electronic format]*

EXHIBIT G. *Comparative income statements showing recorded results of operations, adjustments to record the proposed transaction and pro forma, in conformity with the form in the annual report which applicant(s) is required, or will be required, to file with the Commission, as of September 30, 2008: See Attached Income Statement for the 12-month period ended September 30, 2008 and pro forma. [electronic format]*

EXHIBIT H. *An analysis of surplus for the period covered by the income statements referred to in Exhibit G, as of September 30, 2008 and pro forma: See Attached Analysis of retained earnings for the 12-month period ended September 30, 2008 and pro forma. [electronic format]*

EXHIBIT I. *A copy of registration statement proper, if any, and financial exhibits made a part thereof, filed with the Securities and Exchange Commission: Not Applicable*

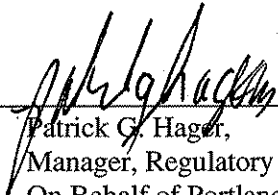
EXHIBIT J. *A copy of each proposed and of the published invitation of proposals for the purchase of underwriting of the securities to be issued; of each proposal received; and of each contract, underwriting, and other arrangement entered into for the sale or marketing of securities: Not Applicable.*

EXHIBIT K. *Copies of the stock certificates, notes, or other evidences of indebtedness proposed to be issued:* To be filed when available.

WHEREFORE, the Applicant respectfully requests an Order authorizing PGE to issue and sell not more than \$300 million of First Mortgage Bonds.

Dated this 4th day of February, 2009.

PORTLAND GENERAL ELECTRIC COMPANY

By  _____
Patrick G. Hager,
Manager, Regulatory Affairs
On Behalf of Portland General Electric Company
121 SW Salmon Street, 1WTC-0702
Portland, Oregon 97204
Phone: (503) 464-7580
E-Mail: patrick.hager@pgn.com

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Exhibit "E"
UF

Portland General Electric Company and Subsidiaries
Consolidated Balance Sheet
September 30, 2008
(In Millions, Except Share Amounts)

	<u>September 30, 2008</u>	<u>Adjustments (1)</u>	<u>Adjusted Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5	\$ 297	\$ 302
Accounts and notes receivable, net	142		142
Unbilled revenues	62		62
Assets from price risk management activities	70		70
Inventories, at average cost	69		69
Margin deposits	145		145
Deferred income taxes	68		68
Other current assets	66		66
Total current assets	<u>627</u>	<u>297</u>	<u>924</u>
Electric utility plant, net	3,236		3,236
Non-qualified benefit plan trust	56		56
Nuclear decommissioning trust, at market value	45		45
Regulatory assets	427		427
Other noncurrent assets	84	3	87
Total assets	<u>\$ 4,475</u>	<u>\$ 300</u>	<u>\$ 4,775</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	\$ 194		\$ 194
Long-term debt due within one year	142		142
Short-term borrowings	38		38
Liabilities from price risk management activities	246		246
Other current liabilities	47		47
Accrued interest	-	19	19
Accrued taxes	54	(7)	47
Total current liabilities	<u>721</u>	<u>12</u>	<u>733</u>
Long-term debt	1,164	300	1,464
Regulatory liabilities	666		666
Deferred income taxes	342		342
Non-qualified benefit plan liabilities	89		89
Accumulated asset retirement obligation	80		80
Miscellaneous	59		59
Total liabilities	<u>\$ 3,121</u>	<u>\$ 312</u>	<u>\$ 3,433</u>
Commitments and contingencies (see notes)			
Shareholders' equity:			
Common stock	662		662
Accumulated other comprehensive loss	(4)		(4)
Retained earnings	696	(12)	684
Total shareholders' equity	<u>1,354</u>	<u>(12)</u>	<u>1,342</u>
Total liabilities and shareholders' equity	<u>\$ 4,475</u>	<u>\$ 300</u>	<u>\$ 4,775</u>

(1) Reflects journal entries in Exhibit "J"

Exhibit "F"
Statement of Contingent Liabilities
As of September 30, 2008

Legal Matters

Trojan Investment Recovery

Background. In 1993, PGE closed the Trojan Nuclear Plant as part of the Company's least cost planning process. PGE sought full recovery of, and a rate of return on, its Trojan plant costs, including decommissioning, in a general rate case filing with the Public Utility Commission of Oregon (OPUC). In 1995, the OPUC issued a general rate order which granted the Company recovery of, and a rate of return on, 87% of its remaining investment in Trojan plant costs, and full recovery of its estimated decommissioning costs through 2011.

Court Proceedings on OPUC Authority to Grant Recovery of Return on Trojan Investment. Numerous challenges, appeals and reviews were subsequently filed in the Marion County Circuit Court (Circuit Court), the Oregon Court of Appeals, and the Oregon Supreme Court on the issue of the OPUC's authority under Oregon law to grant recovery of, and a return on, the Trojan investment. The primary plaintiffs in the litigation were the Citizens' Utility Board (CUB) and the Utility Reform Project (URP). The Oregon Court of Appeals issued an opinion in 1998, stating that the OPUC does not have the authority to allow PGE to recover a return on the Trojan investment, but upholding the OPUC's authorization of PGE's recovery of the Trojan investment and ordering remand of the case to the OPUC. PGE, the OPUC, and URP each requested the Oregon Supreme Court to conduct a review of the Court of Appeals decision. On November 19, 2002, the Oregon Supreme Court dismissed the petitions for review. As a result, the 1998 Oregon Court of Appeals opinion stands and the case was remanded to the OPUC (1998 Remand).

Settlement of Court Proceedings on OPUC Authority. In 2000, while the petitions for review of the 1998 Oregon Court of Appeals decision were pending at the Oregon Supreme Court, PGE, CUB, and the staff of the OPUC entered into agreements to settle the litigation related to PGE's recovery of, and return on, its investment in the Trojan plant. The URP did not participate in the settlement. The settlement, which was approved by the OPUC in September 2000, allowed PGE to remove from its balance sheet the remaining before-tax investment in Trojan of approximately \$180 million at September 30, 2000, along with several largely offsetting regulatory liabilities. The largest of such amounts consisted of before-tax credits of approximately \$79 million in customer benefits related to the previous settlement of power contracts with two other utilities and the approximately \$80 million remaining credit due customers under terms of the 1997 merger of the Company's parent corporation at the time (Portland General Corporation) with Enron Corp. The settlement also allowed PGE recovery of approximately \$47 million in income tax benefits related to the Trojan investment which had flowed through to customers in prior years; such amount was recovered from PGE customers by the end of 2006. After offsetting the investment in Trojan with these credits and prior tax benefits, the remaining Trojan regulatory asset balance of approximately \$5 million (after tax) was expensed. As a result of the settlement, PGE's investment in Trojan is no longer included in prices charged to customers, either through a return of or a return on that investment. Authorized collection of Trojan decommissioning costs is unaffected by the settlement agreements or the OPUC orders.

Challenge to Settlement of Court Proceeding. URP filed a complaint with the OPUC challenging the settlement agreements and the OPUC's September 2000 order. In March 2002, the OPUC issued an order (2002 Order) denying all of URP's challenges, and approving the accounting and ratemaking elements of the 2000 settlement. URP appealed the 2002 Order to the Circuit Court. On November 7, 2003, the Circuit Court issued an opinion remanding the case to the OPUC for action to reduce prices or order refunds (2003

Remand). The opinion did not specify the amount or timeframe of any reductions or refunds. PGE and the OPUC appealed the 2003 Remand to the Oregon Court of Appeals. On October 10, 2007, the Oregon Court of Appeals issued an opinion that remanded the 2002 Order to the OPUC for reconsideration because the 2002 Order was based, in part, on an incorrect understanding of Section 757.225 of the Oregon Revised Statutes. The Oregon Court of Appeals also vacated the 2003 Remand finding error in the Circuit Court's specific instructions to the OPUC to revise the rate structure.

Remand of 2002 Order. As a result of the Oregon Court of Appeals remand of the 2002 Order, the OPUC considered the following issues:

- What prices would have been if, in 1995, the OPUC had interpreted the law to prohibit a return on the Trojan investment; and
- Whether the OPUC has authority to engage in retroactive ratemaking.

On September 30, 2008, the OPUC issued an order that requires PGE to refund \$33.1 million to certain customers. The refund relates to the unamortized Trojan balance on September 30, 2000, as discussed below.

In the order, the OPUC also made the following findings:

- The OPUC has authority to order a utility to issue refunds under certain limited circumstances; and
- PGE's rates that were in effect for the period April 1, 1995 through September 30, 2000 were just and reasonable.

The OPUC examined the rates in effect for the period April 1, 1995 through September 30, 2000 and determined what rates during this period would have been if, in 1995, the OPUC had interpreted the law to prohibit a return on the Trojan investment. The OPUC removed the previously allowed return on the Company's Trojan investment during the period, reduced the recovery period from 17 to 10 years, and revised certain other assumptions, all of which reduced the recoverable balance as of September 30, 2000 from \$180.5 million to \$165.1 million. The OPUC ruled that the difference of \$15.4 million, plus interest at 9.6% from September 30, 2000, should be refunded to customers who received service from PGE during the period October 1, 2000 to September 30, 2001. The \$15.4 million amount, plus accrued interest, results in a total refund of \$33.1 million as of September 30, 2008. The order also provides that the total refund amount will accrue interest at 9.6% from October 1, 2008 until all refunds are issued to customers. The Company expects the refunds to customers to occur by mid-2009.

As a result of this order, PGE recorded, as a regulatory liability, the total refund due to customers of \$33.1 million, which reduced 2008 revenues. The URP and the plaintiffs in the class actions described below have separately appealed the order to the Oregon Court of Appeals. PGE is continuing to review and evaluate the order along with the subsequent appeals. The full text of OPUC Order No. 08-487 is available on its Internet website at www.puc.state.or.us.

Class Actions. In a separate legal proceeding, two class action suits were filed in Circuit Court against PGE on January 17, 2003 on behalf of two classes of electric service customers. One case seeks to represent current PGE customers that were customers during the period from April 1, 1995 to October 1, 2000 (Current Class) and the other case seeks to represent PGE customers that were customers during the period from April 1, 1995 to October 1, 2000, but who are no longer customers (Former Class, together with the Current Class, the Class Action Plaintiffs). The suits seek damages of \$190 million plus interest for the Current Class and \$70 million plus interest for the Former Class, as a result of the inclusion of a return on investment of Trojan in the prices PGE charges its customers. On December 14, 2004, the judge

granted the Class Action Plaintiffs' motion for Class Certification and Partial Summary Judgment and denied PGE's motion for Summary Judgment. On March 3, 2005 and March 29, 2005, PGE filed two Petitions for an Alternative Writ of Mandamus with the Oregon Supreme Court, asking the Court to take jurisdiction and command the trial judge to dismiss the complaints or to show cause why they should not be dismissed, and seeking to overturn the Class Certification. On August 31, 2006, the Oregon Supreme Court issued a ruling on PGE's Petitions for Alternative Writ of Mandamus, abating the class action proceedings until the OPUC responds to the 2003 Remand (described above). The Oregon Supreme Court concluded that the OPUC has primary jurisdiction to determine what, if any, remedy it can offer to PGE customers, through price reductions or refunds, for any amount of return on the Trojan investment PGE collected in prices for the period from April 1995 through October 2000. The Oregon Supreme Court further stated that if the OPUC determines that it can provide a remedy to PGE's customers, then the class action proceedings may become moot in whole or in part, but if the OPUC determines that it cannot provide a remedy, and that decision becomes final, the court system may have a role to play. The Oregon Supreme Court also ruled that the plaintiffs retain the right to return to the Circuit Court for disposition of whatever issues remain unresolved from the remanded OPUC proceedings.

On October 5, 2006, the Circuit Court issued an Order of Abatement in response to the ruling of the Oregon Supreme Court, abating the class actions, but inviting motions to lift the abatement after one year. On October 17, 2007, the plaintiffs filed a motion to lift the abatement. A hearing on this motion was held on April 10, 2008. At the hearing, the Circuit Court declined to lift the abatement. The Circuit Court has encouraged the parties to attempt to agree on steps that might be taken in preparation for a trial in the event the Circuit Court lifts the abatement following the OPUC order issued on September 30, 2008. On June 3, 2008, the Circuit Court scheduled a status conference for October 15, 2008 and set a tentative trial date for April 2009. At the October 15, 2008 status conference, the Circuit Court set a schedule for the filing of briefs on the plaintiffs' motion to lift the abatement. The schedule calls for the completion of briefing by November 25, 2008 and oral argument on January 12, 2009.

Management cannot predict the ultimate outcome of the above matters. However, it believes that these matters will not have a material adverse impact on the financial condition of the Company, but may have a material adverse impact on the results of operations and cash flows for a future reporting period.

Regulatory Matters

Colstrip Royalty Claim

Western Energy Company (WECO) supplies coal from the Rosebud Mine in Montana under a Coal Supply Agreement and a Transportation Agreement with owners of Colstrip Units 3 and 4 coal plant (Colstrip), in which PGE has a 20% ownership interest. In 2002 and 2003, WECO received two orders from the Office of Minerals Revenue Management of the U.S. Department of the Interior (USDI) which asserted underpayment of royalties and taxes by WECO related to transportation of coal from the mine to Colstrip during the period October 1991 through December 2001. In late September 2006, WECO received an additional order from the Office of Minerals Revenue Management to report and pay additional royalties for the period January 2002 through December 2004. WECO has appealed the 2002 and 2003 orders and filed a Complaint for Declaratory and Injunctive Relief with the U.S. District Court for the District of Columbia challenging the decision of the Interior Board of Land Appeals to deny the appeal. In May 2005, WECO received a "Preliminary Assessment Notice" from the Montana Department of Revenue (MDOR), asserting claims similar to those of the USDI.

In October 2008, PGE and the other owners of Colstrip agreed with WECO to pay a portion of the taxes and royalties that WECO is required to pay to the MDOR and the USDI for both past and future periods. On October 23, 2008, WECO entered into an agreement with MDOR that settles all claims for years

prior to 2008 and establishes a method for calculating taxes and royalties for subsequent periods. Management believes that PGE's share of WECO's obligation to pay royalties, taxes and interest to the USDI and MDOR for periods through September 30, 2008 would range from \$2 million to \$3 million. As of September 30, 2008, PGE has accrued \$2.2 million related to this matter. The October 2008 agreements have not changed the Company's assessment of its exposure for past periods.

PGE estimates that the Company's share of royalties, taxes and interest for future periods will be approximately \$0.2 million per year. The Company anticipates that amounts relating to future periods would be recovered through the ratemaking process. The Company will evaluate the likelihood of recovery through the ratemaking process of amounts relating to past periods. However, there can be no assurance that recovery of any amounts relating to past periods, if pursued, would be granted.

Refunds on Wholesale Market Transactions

Pacific Northwest Refund Proceeding. On July 25, 2001, the FERC called for a preliminary evidentiary hearing to explore whether there may have been unjust and unreasonable charges for spot market sales of electricity in the Pacific Northwest from December 25, 2000 through June 20, 2001 (Pacific Northwest Refund proceeding). During that period, PGE both sold and purchased electricity in the Pacific Northwest. In September 2001, upon completion of hearings, the appointed administrative law judge issued a recommended order that the claims for refunds be dismissed. In December 2002, the FERC re-opened the case to allow parties to conduct further discovery. In June 2003, the FERC issued an order terminating the proceeding and denying the claims for refunds. In November 2003 and February 2004, the FERC denied all requests for rehearing of its June 2003 decision. Parties appealed various aspects of these FERC orders to the U.S. Ninth Circuit Court of Appeals (Ninth Circuit).

On August 24, 2007, the Ninth Circuit issued its decision, concluding that the FERC failed to adequately explain how it considered or examined new evidence showing intentional market manipulation in California and its potential ties to the Pacific Northwest and that the FERC should not have excluded from the Pacific Northwest Refund proceeding purchases of energy made by the California Energy Resources Scheduling (CERS) division in the Pacific Northwest spot market. The Ninth Circuit remanded the case to the FERC to (i) address the new market manipulation evidence in detail and account for it in any future orders regarding the award or denial of refunds in the proceedings, (ii) include sales to CERS in its analysis, and (iii) further consider its refund decision in light of related, intervening opinions of the court. The Ninth Circuit offered no opinion on the FERC's findings based on the record established by the administrative law judge and declined to rule on the merits of the FERC's ultimate decision to deny refunds. Two requests for rehearing have been filed with the court, with a decision now pending.

The settlement between PGE and certain other parties in the California refund case in Docket No. EL00-95, (California Refund case) *et seq.*, approved by the FERC on May 17, 2007, resolves all claims as between PGE and the California parties named in the settlement as to transactions in the Pacific Northwest during the settlement period, January 1, 2000 through June 21, 2001, but does not settle potential claims from other market participants relating to transactions in the Pacific Northwest.

The Lockyer Case. In a separate but potentially related action, in 2002, the California Attorney General filed a complaint (the Lockyer case) with the FERC against various sellers in the wholesale power market, alleging that the FERC's authorization of market-based rates violated the Federal Power Act (FPA), and, even if market-based rates were valid under the FPA, that the quarterly transaction reports required to be filed by sellers, including PGE, did not contain the transaction-specific information mandated by the FPA and the FERC. Upon appeal of the FERC's refusal to order refunds pursuant to the complaint, the Ninth Circuit remanded the case for further proceedings at the FERC to determine whether refunds should be ordered due to failure of parties to file correct and timely quarterly reports. PGE settled the Lockyer case

with the California Attorney General and other California parties as part of its previously reported comprehensive settlement of the California Refund and related cases, which settlement became effective on May 17, 2007.

On December 10, 2007, the California Attorney General and others filed with the FERC a motion to suspend any Lockyer remand proceedings until the court issues mandates in the California Refund case and Pacific Northwest Refund proceeding on the basis that all three cases include similar parties and similar issues. They indicated their intent to file a motion to consolidate all three cases upon remand of the two that remain pending rehearing before the Ninth Circuit.

On March 21, 2008, the FERC issued an order on remand (Remand Order) that denied the California parties' motion to suspend the Lockyer remand proceedings and set the case for further proceedings. On April 15, 2008, pursuant to a request for clarification filed by parties, including PGE, who had previously settled the Lockyer case with the California Attorney General and other California parties, the FERC issued an order that dismissed PGE from the Lockyer remand proceeding, which relates solely to California markets.

On October 6, 2008, the FERC denied a request for rehearing of the Remand Order, insofar as certain California Parties had requested that the remand proceedings be expanded to include issues beyond those raised by the inaccurate or untimely filing of quarterly transaction reports. On October 14, 2008, the California Attorney General and other California parties appealed the Remand Order and the order on rehearing to the Ninth Circuit Court of Appeals. PGE's dismissal from the remand proceedings was not appealed and has become final.

Although PGE is no longer a party to the Lockyer remand proceedings, future consolidation of the Lockyer case with the Pacific Northwest Refund proceeding, on remand, could increase the Company's potential liability in the Pacific Northwest proceeding by extending the period for which other parties are requesting refunds back to May 1, 2000, or earlier.

Management cannot predict the outcome of the Pacific Northwest Refund proceeding or Lockyer remand, if it is ever consolidated with the Pacific Northwest Refund proceeding, or whether the FERC will order refunds in the Pacific Northwest, and if so, how such refunds would be calculated. Management believes that the outcome will not have a material adverse impact on the financial condition of the Company, but may have a material adverse impact on PGE's results of operations and cash flows in future reporting periods.

Complaint and Application for Deferral – Income Taxes

On October 5, 2005, the URP and Ken Lewis (together, the Complainants) filed a Complaint and an Application for Deferred Accounting with the OPUC alleging that, since the September 2, 2005 effective date of Oregon Senate Bill 408 (SB 408), PGE's rates were not just and reasonable and were in violation of SB 408 because they contained approximately \$92.6 million in annual charges for state and federal income taxes that are not being paid to any governmental entity. The Complaint and Application for Deferred Accounting requested that the OPUC order the creation of a deferred account for all amounts charged to customers since September 2, 2005 for state and federal income taxes, less amounts actually paid by or on behalf of PGE to the federal and state governments for income taxes. PGE contended that no adjustment for taxes may be made prior to the January 1, 2006 effective date of the automatic adjustment clause included in SB 408.

On August 14, 2007, the OPUC issued an order granting the Application for Deferred Accounting for the period from October 5, 2005 through December 31, 2005 (Deferral Period). The OPUC's order also dismissed the Complaint, without prejudice, on grounds that it was superfluous to the Complainants' request for deferred accounting. The order required that PGE calculate the amounts applicable to the Deferral Period, along with calculations of PGE's earnings and the effect of the deferral on the Company's return on equity. The order also provided that the OPUC would review PGE's earnings at the time it considers amortization of the deferral. PGE understands that the OPUC will consider the potential impact of the deferral on PGE's earnings over a relevant 12-month period, which will include the Deferral Period.

On December 1, 2007, PGE filed its report as required by the OPUC. In the report, PGE determined that (i) the amount of any deferral would be between zero and \$26.6 million; (ii) a relevant 12-month period would be the 12-month period ended September 30, 2006; and (iii) PGE's earnings over such period would preclude any refund. The OPUC has indicated that it will determine whether any necessary rate adjustment should be made to amortize the deferral granted in its August 14, 2007 order.

On October 15, 2007, PGE filed a petition for judicial review with the Oregon Court of Appeals, seeking review of the OPUC's August 14, 2007 order. The Court of Appeals has granted PGE's request to stay the proceedings pending an OPUC order in the matter.

Management cannot predict the ultimate outcome of this matter. However, based on the information currently known to management, it believes this matter will not have a material adverse effect on PGE's financial condition, results of operations or cash flows.

FERC Investigation

In May 2008, PGE received a notice of a preliminary non-public investigation from the FERC Division of Investigations concerning PGE's compliance with its Open Access Transmission Tariff. The investigation involves certain issues identified during an audit by FERC staff.

Management cannot predict the final outcome of the investigation or what actions, if any, the FERC will take or require the Company to take. Management believes that the outcome will not have a material adverse impact on the financial condition of the Company, but may have a material adverse impact on PGE's results of operations and cash flows in future reporting periods.

Environmental Matters

Portland Harbor

Since 1973, PGE has operated the Harborton Substation on land owned by the Company located near the Willamette River. A 1997 investigation by the U.S. Environmental Protection Agency (EPA) of a 5.5 mile segment of the river, known as the Portland Harbor Superfund Site, revealed significant contamination of sediments within the harbor. The EPA subsequently included the Portland Harbor on the federal National Priority List pursuant to the federal Comprehensive Environmental Response, Compensation, and Liability Act.

The Portland Harbor Superfund Site is currently undergoing a remedial investigation and feasibility study (RI/FS) pursuant to an Administrative Order on Consent (AOC) between the EPA and several Potentially Responsible Parties (PRPs), not including PGE. In the AOC, the EPA determined the site for purposes of the RI/FS to be a segment of the river approximately 10 miles in length.

On January 22, 2008, PGE received a Section 104(e) Information Request from the EPA requiring the Company to provide information concerning its properties in or near the Portland Harbor Superfund Site being examined in the RI/FS, as well as several miles beyond that segment. PGE's response is now due by the end of January 2009.

The boundaries of the site for remediation purposes will be determined at the conclusion of the RI/FS in a Record of Decision, in which the EPA documents its findings and selects a preferred cleanup alternative.

Sufficient information is currently not available to determine the total cost of any required investigation or remediation of the Portland Harbor or the liability of PRPs, including PGE. Management cannot predict the ultimate outcome of this matter. Management believes that the outcome will not have a material adverse impact on the financial condition of the Company, but may have a material adverse impact on PGE's results of operations and cash flows in future reporting periods.

PGE has filed an application with the OPUC requesting deferred accounting, for later ratemaking treatment, of incremental costs related to RI/FS work and any resulting remediation costs incurred in relation to the Portland Harbor site. However, there can be no assurance that any recovery of these costs will be granted.

Harbor Oil

Harbor Oil, Inc. (Harbor Oil), located in north Portland, was utilized by PGE to process used oil from the Company's power plants and electrical distribution system from at least 1990 until 2003. Harbor Oil is also utilized by other entities for the processing of used oil and other lubricants.

In 1974 and 1979, major oil spills occurred at the Harbor Oil site that impacted an approximate two acre area. Elevated levels of contaminants, including metals, pesticides, and polychlorinated biphenyls, have been detected at the site. On September 29, 2003, Harbor Oil was included on the federal National Priority List as a federal Superfund site.

PGE received a Special Notice Letter for RI/FS from the EPA, dated June 27, 2005, in which the Company was named as one of fourteen PRPs with respect to the Harbor Oil site. The letter started a period for the PRPs to participate in negotiations with the EPA to reach a settlement to conduct or finance an RI/FS of the Harbor Oil site. On May 31, 2007, an Administrative Order on Compliance was signed by the EPA and six other parties, including PGE, to implement an RI/FS at the Harbor Oil site. The EPA has approved an RI/FS work plan. On-site sampling was completed during the second quarter of 2008.

Sufficient information is currently not available to determine the total cost of investigation and remediation of the Harbor Oil site or the liability of the PRPs, including PGE. Management cannot predict the ultimate outcome of this matter. However, it believes this matter will not have a material adverse impact on the Company's financial condition, results of operations or cash flows.

PGE has filed an application with the OPUC requesting deferred accounting, for later ratemaking treatment, of incremental costs related to RI/FS work and any resulting remediation costs incurred in relation to the Harbor Oil site. However, there can be no assurance that any recovery of these costs will be granted.

Other Matters

PGE is subject to other regulatory and legal proceedings that arise from time to time in the ordinary course of its business, which may result in adverse judgments against the Company. Although management currently believes that resolving such matters will not have a material adverse effect on its financial position, results of operations, or cash flows, these matters are subject to inherent uncertainties and management's view of these matters may change in the future.

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Exhibit "G"
UF

Portland General Electric Company and Subsidiaries
Consolidated Statement of Income

Nine Months Ended

September 30, 2008

(Dollars In Millions, Except per Share Amounts)

	Nine Months Ended 09/30/2008	Adjustments	Adjusted Total
Revenues	\$1,296		\$1,296
Operating Expenses			
Purchased power and fuel	652		652
Production and distribution	125		125
Administrative and other	142		142
Depreciation and amortization	154		154
Taxes other than income taxes	63		63
	<u>1,136</u>		<u>1,136</u>
Income from Operations	160	-	160
Other Income (Deductions)			
Allowance for equity funds used during construction	7		7
Miscellaneous	(6)		(6)
Other Income	1	-	1
Interest Charges	67	19	86
Income before income taxes	94	(19)	75
Income Taxes	27	-7	20
Net Income	<u>\$ 67</u>	<u>\$ (12)</u>	<u>\$ 55</u>

Exhibit "H"
UP__

Portland General Electric Company and Subsidiaries
Consolidated Statement of Retained Earnings
Nine Months Ended
September 30, 2008
(In Millions)

	<u>September 30, 2008</u>	<u>Adjustments</u>	<u>Adjusted Total</u>
Balance at Beginning of Period	\$674		\$674
Net Income	67	-12	55
	<u>\$741</u>	<u>-12</u>	<u>\$729</u>
Dividends Declared			
Common stock	45		45
Balance at End of Period	<u>\$696</u>	<u>-\$12</u>	<u>\$684</u>

Exhibit "J"
UF-_____

PORTLAND GENERAL ELECTRIC COMPANY
PRO FORMA JOURNAL ENTRIES

The following journal entries record the issuance of long-term debt and related interest expense.

Description	Debit	Credit
(a)		
Cash	\$ 297,145,000	
Unamortized debt expense	2,855,000	
Other long-term debt		\$ 300,000,000

To record the issuance of long-term debt and related issuance expense (to be amortized over the life of the debt).

(b)		
Interest on long-term debt	\$19,500,000	
Interest accrued		\$19,500,000

To record interest expense at 6.50%

(c)		
Amortization of debt discount and expense	\$95,167	
Unamortized debt expense		\$95,167

To amortize debt issuance expense over the life of the debt (1st year)

(d)		
Taxes accrued	\$7,642,115	
Income taxes, utility operating income		\$7,642,115

To record the tax effect of interest expense on long-term debt.