



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

March 13, 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 enter into a three year revolving credit agreement with Barclays Capital for up to \$50 million.

We ask that this Application be placed on the docket for consideration at the Commission's April 21 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.

PGE waives paper service of documents in this proceeding and has E-filed a copy on this date.

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

Sincerely,

Patrick G. Hager
Manager, Regulatory Affairs

encls.

cc: Steve Storm - 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 debt pursuant to a revolving credit |) | |
| agreement |) | UF-_____ |

Pursuant to ORS 757.410(1), and OAR 860-027-0030, Portland General Electric Company ("PGE" or the "Applicant") is submitting this financing application requesting authority to enter into a three-year revolving credit agreement with Barclays Capital for up to \$50 million. PGE believes the transaction set forth in this application will produce the lowest cost of funds for a similar type facility currently available to PGE.

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
Rates & Regulatory Affairs
Portland General Electric Company
121 SW Salmon Street, 1WTC-0702
Portland, OR 97204
(503) 464-7857 (telephone)
(503) 464-7651 (fax)
pge.opuc.filings@pgn.com

Doug Tingey
Assistant General Counsel
Portland General Electric Company
121 SW Salmon Street, 1WTC-1301
Portland, OR 97204
(503) 464-8926 (telephone)
(503) 464-2200 (fax)
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
E-Mail: kristin.stathis@pgn.com,

Patrick G. Hager
E-Mail: patrick.hager@pgn.com

Kimberly Gilman
E-Mail: kimberly.gilman@pgn.com

Launa Harmon
E-Mail: launa.harmon@pgn.com

(d) As of March 1, 2009, the following are the principal officers of PGE with primary business offices located at 121 SW Salmon Street, Portland, Oregon 97204:

| | |
|-----------------------|---|
| James J. Piro | Chief Executive Officer & President |
| Maria M. Pope | Senior Vice President, Finance, Chief Financial Officer & Treasurer |
| Stephen R. Hawke | Senior Vice President |
| Arleen Barnett | Vice President |
| Carol A. Dillin | Vice President |
| Jay J. Dudley | Vice President, General Counsel, Corporate Compliance Officer & Assistant Secretary |
| Campbell A. Henderson | Vice President & Chief Information Officer |
| Pamela G. Lesh | Vice President, Loaned Executive |
| James F. Lobdell | Vice President |

| | |
|----------------------|---|
| Joe A. McArthur | Vice President |
| William O. Nicholson | Vice President |
| Stephen M. Quennoz | Vice President, Nuclear & Power Supply / Generation |
| Marc S. Bocci | Corporate Secretary |
| Kirk M. Stevens | Controller and Assistant Treasurer |
| 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 **December 31, 2008**:

| | <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): | 62,575,257 | \$645,025 |

None of the above capital stock is held in any fund.

- Company Directors hold 28,228 shares.

As of 12-31-08, the following family of funds held PGE stock: Franklin Resources, Inc. (9.6%), Shapiro Capital Management Co., Inc. (7.16%), and American Century Companies (6.08%) – hold PGE common stock.

On March 11, 2009, PGE issued 12,477,500 new shares. PGE does not have enough information to determine the percentage of current ownership percentage of these funds. We provide this information to assist staff in its analysis, if needed.

(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 **December 31, 2008** is as follows:*

| Description | Authorized (\$000s) | Outstanding (\$000s) |
|--------------------------------|------------------------|-------------------------|
| First Mortgage Bonds: | | |
| 5.6675% series due 10-25-2012 | 100,000 | 100,000 |
| 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 |
| 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 | 130,000 | 130,000 |
| 5.80% series due 3-1-2018 | 75,000 | 75,000 |
| 4.45% series due 4-1-2013 | <u>50,000</u> | <u>50,000</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 |

| Description | Authorized (\$000s) | Outstanding (\$000s) |
|--|-------------------------|-------------------------|
| 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 | 35 | 35 |
| Unamortized Debt Discount and Other | <u>(1,672)</u> | <u>(1,672)</u> |
| Total Other Long-Term Debt | 148,363 | 147,613 |
| Total Long-Term Debt | 1,307,263 | 1,306,513 |
| Pollution Control Bonds Classified as Short-Term | <u>(142,400)</u> | <u>(142,400)</u> |
| Total Long-Term Debt (Balance Sheet) | <u>1,164,863</u> | <u>1,164,113</u> |

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 requests authority to enter into a new 3-year revolving credit facility for up to \$50 million with Barclays Capital (Barclays) as the sole lender.

The Applicant currently has a \$125 million 364-day revolving credit facility that expires on December 4, 2009. In addition, PGE has a multi-year \$400 million facility that expires in May 2013. The new facility will supply additional multi-year credit needed to support PGE's operations and add an additional bank to help diversify PGE's bank group. The borrowings under the new facility will be unsecured. The Applicant may issue a note to Barclays in the amount of commitment under the new facility.

The new facility will allow the Applicant to borrow, at its option, amounts from a minimum of \$1 million up to the total amount of the facility. The Applicant will be able to repay loans and re-borrow from under the new facility so long as the total outstanding amount of all borrowings at any one time does not exceed the total amount of the new facility.

The Applicant expects to have the option to borrow under the new facility at either a Eurodollar based rate option or a floating rate option. The Eurodollar based rate will be the existing applicable Eurodollar rate at the time of any loan plus the applicable margin. The floating rate would be a daily floating rate at the higher of the prime rate, federal funds, or the Eurodollar based rate, plus the applicable margin. The applicable margins for floating rate and Eurodollar based loans are predicated upon the Applicant's credit ratings at the time of the loan. The rating levels are based upon the applicant's unsecured debt ratings by Moody's and Standard & Poor's. In the event that the Applicant's ratings are split, the higher rating would apply unless there is more than a one-notch difference in the two rating in which case the rating immediately below the higher rating would apply. In addition to the above, the Applicant will also pay an annual facility fee for the new facility based on its unsecured ratings. In the event of a split rating, the higher rating would apply unless there is more than a one-notch difference in the two in which case the rating immediately below the higher rating would apply. Listed below is the matrix which sets forth the proposed maximum margins and facility fees anticipated under the new facility.

New 3-Year Facility (proposed maximum spread)

| APPLICABLE MARGIN | LEVEL I STATUS A-/A3 | LEVEL II STATUS BBB+/BAA1 | LEVEL III STATUS BBB/BAA2 | LEVEL IV STATUS BBB-/BAA3 |
|------------------------------|-------------------------------------|--|--|--------------------------------------|
| <i>Euro Margin</i> | <i>1.55%</i> | <i>2.00%</i> | <i>2.375%</i> | <i>2.75%</i> |
| <i>Base Rate Margin</i> | <i>0.30%</i> | <i>0.75%</i> | <i>1.125%</i> | <i>1.50%</i> |

| APPLICABLE FEE RATE | LEVEL I STATUS | LEVEL II STATUS | LEVEL III STATUS | LEVEL IV STATUS |
|------------------------|-------------------|--------------------|---------------------|--------------------|
| Facility Fee | 0.20% | 0.25% | 0.375% | .50% |

Institutional rating or, if not rated, an explanation

PGE's unsecured debt ratings are currently :

| | |
|-------------------|------|
| Moody's | Baa2 |
| Standard & Poor's | BBB+ |

The proposed facility is typical of the type of credit facility that most utilities utilize for maintaining daily liquidity. PGE expects minimal borrowings under the agreements and anticipates using the facility primarily as a backstop for its commercial paper program.

(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 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:* Borrowings under the facility 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 borrowings under the facility.

(j) *The name and address of any person receiving or entitled to a fee for service in connection with the negotiation or consummation of the issuance or sale of securities:* All fees have been discussed under (g) above and are payable to Barclays Capital.

(k) *A statement showing both in total and per unit the price to the public, underwriting commissions and net proceeds to the applicant:* Not applicable

(l) *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:* Not Applicable

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 December 31, 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 December 31, 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 December 31, 2008: See Attached Income Statement for the 12-month period ended December 31, 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 December 31, 2008 and pro forma: See Attached analysis of retained earnings for the 12-month period ended December 31, 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 as there is no registration statement required for the credit facility.*

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 as this is a negotiated transaction with a single bank.

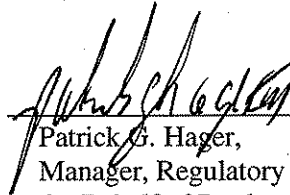
EXHIBIT K. *Copies of the stock certificates, notes, or other evidences of indebtedness proposed to be issued:* To be filed when available.

WHEREFORE, the Applicant respectfully requests an Order for authority to issue debt pursuant to a revolving credit agreement.

Dated this 13th day of March, 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
December 31, 2008
(In Millions, Except Share Amounts)

| | December 31, 2008 | Adjustments (1) | Adjusted Total |
|--|-------------------|-----------------|-------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 10 | | \$ 10 |
| Accounts and notes receivable, net | 168 | | 168 |
| Unbilled revenues | 96 | | 96 |
| Assets from price risk management activities | 39 | | 39 |
| Inventories, at average cost | 71 | | 71 |
| Margin deposits | 189 | | 189 |
| Deferred income taxes | 151 | | 151 |
| Other current assets | 44 | | 44 |
| Total current assets | <u>768</u> | <u>-</u> | <u>768</u> |
| Electric utility plant, net | 3,301 | | 3,301 |
| Non-qualified benefit plan trust | 46 | | 46 |
| Nuclear decommissioning trust, at market value | 46 | | 46 |
| Regulatory assets | 825 | | 825 |
| Other noncurrent assets | 37 | | 37 |
| Total assets | <u>\$ 5,023</u> | <u>\$ -</u> | <u>\$ 5,023</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | \$ 217 | | \$ 217 |
| Long-term debt due within one year | 142 | | 142 |
| Short-term borrowings | 203 | | 203 |
| Liabilities from price risk management activities | 426 | | 426 |
| Other current liabilities | 41 | | 41 |
| Accrued taxes | 18 | | 18 |
| Total current liabilities | <u>1,047</u> | <u>-</u> | <u>1,047</u> |
| Long-term debt | 1,164 | | 1,164 |
| Regulatory liabilities | 683 | | 683 |
| Deferred income taxes | 438 | | 438 |
| Unfunded status of pension and postretirement benefits | 174 | | 174 |
| Non-qualified benefit plan liabilities | 91 | | 91 |
| Accumulated asset retirement obligation | 58 | | 58 |
| Miscellaneous | 14 | | 14 |
| Total liabilities | <u>\$ 3,669</u> | <u>\$ -</u> | <u>\$ 3,669</u> |
| Commitments and contingencies (see notes) | | | |
| Shareholders' equity: | | | |
| Common stock | 659 | | 659 |
| Accumulated other comprehensive loss | (5) | | (5) |
| Retained earnings | 700 | | 700 |
| Total shareholders' equity | <u>1,354</u> | <u>-</u> | <u>1,354</u> |
| Total liabilities and shareholders' equity | <u>\$ 5,023</u> | <u>\$ -</u> | <u>\$ 5,023</u> |

(1) Reflects journal entries in Exhibit "J"

Exhibit "F"
Statement of Contingent Liabilities
As of December 31, 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 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 the URP each requested the Oregon Supreme Court 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.

Challenge to Settlement of Court Proceeding. The 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 the URP's challenges, and approving the accounting and ratemaking elements of the 2000 settlement. On October 10, 2007, following several appeals by various parties, the Oregon Court of Appeals issued an opinion that remanded the 2002 Order to the OPUC for reconsideration.

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

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

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.

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. The full text of OPUC Order No. 08-487 is available on its Internet website at www.puc.state.or.us. On December 1, 2008, the OPUC issued an order that suspended the requirements imposed on PGE by the refund methodology outlined in the September 30, 2008 order for 60 days. On January 24, 2009, counsel for the URP and the Class Action Plaintiffs filed a motion with the Oregon Court of Appeals requesting a stay of the refund pending final disposition of their appeal. On February 2, 2009, the OPUC issued Order No. 09-039, which suspended the requirements imposed on PGE by the refund methodology pending the Court of Appeals decision on the Motion for Stay filed by the URP and Class Action Plaintiffs. Based on the OPUC orders and subsequent request for stay, the timing of refunds to customers is uncertain, but could occur during 2009.

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 charged 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 responded with respect to certain issues on remand 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 determined that it can provide a remedy to PGE's customers, then the class action proceedings may become moot in whole or in part. The Oregon Supreme Court further stated that, if the OPUC determined that it cannot provide a remedy, 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 decision on the motion to lift the abatement is pending.

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 operation 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, 2003, and 2006, WECO received orders from the Office of Minerals Revenue Management of the U.S. Department of the Interior (USDI) that asserted underpayment of royalties and taxes by WECO related to transportation of coal from the mine to Colstrip. 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 December 31, 2008 would be approximately \$2.5 million and during 2008 accrued a reserve of that amount. As of December 31, 2008, the Company had paid \$0.4 million to WECO related to the MDOR settlement.

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 has applied to the OPUC for authorization to recover \$2.2 million in future prices, relating to years prior to 2007. Amounts related to 2007 and 2008 were included as qualifying power costs in the calculation of the Company's PCAM for those years. The PCAM adjustment approved by the OPUC for 2007 costs, included these costs. The 2008 costs will be considered by the OPUC during 2009. The OPUC has informed PGE that it will withhold any decision on PGE's request for recovery of costs prior to 2007 until WECO settles the USDI claims and all costs to PGE are determinable. PGE believes it is probable that the OPUC will allow recovery of the \$2.2 million of incremental costs for the 2006 and prior time period. Accordingly, the Company recorded a

\$2.2 million regulatory asset and reduced Purchased power and fuel expense, in the fourth quarter of 2008.

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 did not rule on 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, *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.

Management cannot predict the outcome of 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 operation and cash flows in future reporting periods.

Complaint and Application for Deferral – Income Taxes

On October 5, 2005, the URP and another party (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 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.

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 operation 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 operation and cash flows in future reporting periods.

Environmental Matters

Portland Harbor

Since 1973, PGE has operated a 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 segment of the river known as the Portland Harbor revealed significant contamination of river sediments. The EPA subsequently included this segment on the federal National Priority List pursuant to the federal Comprehensive Environmental Response, Compensation, and Liability Act as a federal Superfund site and listed sixty-nine Potentially Responsible Parties (PRPs), including PGE.

The Portland Harbor 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 PRPs, not including PGE. In the AOC, the EPA determined that the RI/FS would focus on a segment of the river approximately 5.7 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 segment of the river being examined in the RI/FS, as well as several miles beyond that 5.7 mile segment. PGE has requested, and the EPA granted, an extension until August 2009 for the Company to respond.

The EPA will determine the boundaries of the site at the conclusion of the RI/FS in a Record of Decision, expected in 2010. The EPA will document its findings in the Record of Decision and select 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 site 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 operation and cash flows in future reporting periods.

PGE filed an application with the OPUC in March 2008 requesting deferred accounting, for later ratemaking treatment, of incremental costs related to investigation and remediation costs incurred in relation to the Portland Harbor site. In February 2009, the OPUC approved PGE's application, effective March 31, 2008. Ratemaking treatment will be reserved for a future regulatory proceeding that provides for both a prudency review with respect to the costs incurred and a regulated earnings test. As a result, there can be no assurance that recovery of all 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 continues to be 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. Elevated levels of contaminants, including metals, pesticides, and polychlorinated biphenyls, have been detected at the site. On September 29, 2003, the Harbor Oil facility 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 Consent 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 commenced in 2008 and has yet to be completed.

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. Management believes that the outcome of this matter 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 operation and cash flows in future reporting periods.

PGE filed an application with the OPUC in March 2008 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. In February 2009, the OPUC approved PGE's application,

effective March 31, 2008. Ratemaking treatment will be reserved for a future regulatory proceeding that provides for both a prudency review with respect to the costs incurred and a regulated earnings test. As a result, there can be no assurance that recovery of all 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 operation, or cash flows, these matters are subject to inherent uncertainties and management's view of these matters may change in the future.

Exhibit "G"
UF__

Portland General Electric Company and Subsidiaries
Consolidated Statement of Income

Twelve Months Ended

December 31, 2008

(Dollars In Millions, Except per Share Amounts)

| | Twelve Months Ended | | |
|---|------------------------|-------------|----------------|
| | December 31, 2008 | Adjustments | Adjusted Total |
| Revenues | \$1,745 | | \$1,745 |
| Operating Expenses | | | |
| Purchased power and fuel | 878 | | 878 |
| Production and distribution | 169 | | 169 |
| Administrative and other | 190 | | 190 |
| Depreciation and amortization | 208 | | 208 |
| Taxes other than income taxes | 83 | | 83 |
| | <u>1,528</u> | | <u>1,528</u> |
| Income from Operations | 217 | - | 217 |
| Other Income (Deductions) | | | |
| Allowance for equity funds used during construction | 9 | | 9 |
| Miscellaneous | (14) | | (14) |
| Other Income | (5) | - | (5) |
| Interest Charges | 90 | | 90 |
| Income before income taxes | 122 | - | 122 |
| Income Taxes | 35 | | 35 |
| Net Income | <u>\$ 87</u> | <u>\$ -</u> | <u>\$ 87</u> |

Exhibit "H"
UF_____

Portland General Electric Company and Subsidiaries
Consolidated Statement of Retained Earnings
Twelve Months Ended
December 31, 2008

(In Millions)

| | <u>December 31, 2008</u> | <u>Adjustments ⁽¹⁾</u> | <u>Adjusted Total</u> |
|---------------------------------------|--------------------------|-----------------------------------|-----------------------|
| Balance at Beginning of Period | \$674 | | \$674 |
| Net Income | <u>87</u> | | <u>87</u> |
| | \$761 | | \$761 |
| Dividends Declared | | | |
| Common stock | <u>61</u> | | <u>61</u> |
| Balance at End of Period | <u><u>\$700</u></u> | | <u><u>\$700</u></u> |

(1) No preliminary adjusting entries to the Statement of Retained Earnings.