



October 20, 2005

VIA E-FILING AND US POST

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

Re: PGE Finance Application

Enclosed please find one original and three copies of Portland General Electric Company's application requesting authority to pay principal and interest on bonds to be issued by the City of Portland to refund the currently outstanding bonds issued by the City of Portland to finance the City of Portland's Bull Run Hydro Project.

If you should have questions regarding this matter, please contact me at 503-464-7580 or Steve McCarrel at 503-464-2626.

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

Sincerely,

/s/ Patrick G. Hager

Manager, Regulatory Affairs

Enclosure(s)

cc: Bryan Conway, OPUC
Kristin Stathis
Jim Warberg
Steve McCarrel

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

In the Matter of the Application of)	
PORTLAND GENERAL ELECTRIC)	
COMPANY for authority to pay principal and)	UF-
interest on and other costs of securities issued)	APPLICATION
by the City of Portland)	

Portland General Electric Company (“PGE” or “Applicant”) submits this application for authority to pay principal and interest on bonds to be issued by the City of Portland (“the City”) to refund the currently outstanding bonds issued by the City to finance the City’s Bull Run Hydro Project. The Application is in relation to the Power Sales Agreement between PGE and the City for the total output of the Bull Run Hydro Project, the contract for which expires August 31, 2017. Under the terms of the Power Sales Agreement, PGE is required to make certain payments for debt service and other costs associated with the bonds issued for the Bull Run Hydro Project. PGE believes the refinancing of the current bonds will result in savings in debt service costs and will reduce expenditures under the Power Sales Agreement.

(1) In accordance ORS 757.440 and OAR 860-27-0035 of the Oregon Administrative Rules of the Public Utility Commission (“Commission”), PGE respectfully represents:

Pursuant to 860-27-0035 (a), information required by 860-27-0030(1) (a) to (g):

(a) The name and address of the Applicant is Portland General Electric Company, 121 SW Salmon Street, Portland, Oregon 97204.

(b) 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, California, 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 the persons authorized on behalf of the Applicant to receive notices and communications in respect of this Application are:

Kristin Stathis,
Assistant Treasurer
Portland General Electric Company
121 SW Salmon Street, 1WTC0702
Portland, OR 97204

PGE-OPUC Filings
Rates & Regulatory Affairs
Portland General Electric Company
121 SW Salmon Street, 1WTC0702
Portland, OR 97204
(503) 464-7857 (telephone)
(503) 464-7651 (telecopier)
pge.opuc.filings@pgn.com

The names and addresses to receive notices and communications via the e-mail service list are:

Kristin Stathis
E-Mail: Kristin.Stathis@pgn.com

Patrick G. Hager, Manager Regulatory Affairs
E-Mail: Patrick.Hager@pgn.com, and

(d) The names and titles of the principal officers of the Applicant as of October 05, 2005 are as follows:

<u>NAME</u>	<u>TITLE</u>
Peggy Y. Fowler	Chief Executive Officer & President
James J. Piro	Executive Vice President, Finance, Chief Financial Officer & Treasurer
Arleen Barnett	Vice President, Administration
Carol A. Dillin	Vice President, Public Policy
Stephen R. Hawke	Vice President, Customer Service & Delivery
Ronald W. Johnson	Vice President, Customers and Economic Development

Pamela G. Lesh	Vice President, Regulatory Affairs & Strategic Planning
James F. Lobdell	Vice President, Power Operations & Resource Planning
Joe A. McArthur	Vice President, Distribution
Douglas R. Nichols	Vice President, General Counsel & Secretary
Stephen M. Quennoz	Vice President, Nuclear & Power Supply/Generation
Kirk M. Stevens	Controller and Assistant Treasurer
Kristin A. Stathis	Assistant Treasurer
Cheryl A. Chevis	Assistant Secretary
Steven F. McCarrel	Assistant Secretary
Campbell A. Henderson	Chief Information Officer

(e) 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) The capital stock as of June 30, 2005 is as follows:

	Shares	Outstanding Amount (\$000s)
Cumulative Preferred Stock:		
No Par Value (30,000,000 shares authorized):		
7.75% Series	189,727	\$18,973
	<hr/>	<hr/>
Common Stock *:		
\$3.75 Par Value (100,000,000 shares authorized):	42,758,877	\$160,346
	<hr/>	<hr/>

*All of the common stock is held by Enron Corporation, Parent Corporation of the Applicant.

(g) The long-term debt as of June 30, 2005 is as follows:

Description	Authorized (\$000s)	Outstanding (\$000s)
First Mortgage Bonds:		
MTN Series due August 15, 2005 9.07%	18,000	18,000
MTN Series due June 15, 2007 7.15%	50,000	50,000
8-1/8% Series due February 1, 2010	150,000	150,000
5.6675% Series due October 25, 2012	100,000	100,000
5.279% Series due April 1, 2013	50,000	50,000
MTN Series due August 1, 2013 5.625%	50,000	50,000
MTN Series due August 11, 2021 9.31%	20,000	20,000
MTN Series due August 1, 2023 6.75%	50,000	50,000
MTN Series due August 1, 2033 6.875%	<u>50,000</u>	<u>50,000</u>
Total First Mortgage Bonds	<u>538,000</u>	<u>538,000</u>
Pollution Control Bonds:		
City of Forsythe, Montana		
5.45% Series due May 1, 2033	21,000	21,000
5.20% Series due May 1, 2033	97,800	97,800
Port of Morrow		
5.20 % Series May 1, 2033	23,600	23,600
Variable % due December 1, 2031	5,800	-
Port of St. Helens, Oregon		
4.80% Series due April 1, 2010	20,200	20,200
4.80% Series due June 1, 2010	16,700	16,700
5.25% Series due August 1, 2014	9,600	9,600
7.125% Series due December 15, 2014	5,100	5,100
Total Pollution Control Bonds	<u>199,800</u>	<u>194,000</u>
Other Long-Term Debt:		
6.91% Conservation Bonds	75,000	14,231
7-7/8% Notes due March 15, 2010	150,000	149,250
Long-term Contracts	251	251
Unamortized Debt Discount and Other	<u>(1,304)</u>	<u>(1,304)</u>
Total Other Long-Term Debt	<u>223,947</u>	<u>162,428</u>
Less Maturities and Sinking Funds		
Included in Current Liabilities	<u>(28,549)</u>	<u>(28,549)</u>
Total Long-Term Debt	<u>933,198</u>	<u>865,879</u>

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

Pursuant to 860-27-0035 (b) and (c):

This application is for authority to pay, pursuant to the Power Purchase Agreement between Applicant and the City, the principal and interest on bonds to be issued by the City to refund all of the outstanding hydro electric revenue bonds issued by the City in 1979 and 1993 (“Existing Bonds”). Specifically, the City will issue new taxable bonds (“New Bonds”) for a similar term as the Existing Bonds at competitive interest rates, the proceeds of which will be sufficient to redeem all of the Existing Bonds.

History

Order No. 79-354, entered May 15, 1979, authorized PGE to enter into a Power Sales Agreement with the City under which PGE pays the principal and interest obligation and other costs associated with \$38,000,000 principal amount of tax-exempt revenue bonds (“1979 Bonds”). The 1979 Bonds were issued by the City to fund the construction of two powerhouses (the “Project”) at the City’s Bull Run Reservoirs. The Order required PGE to file a supplemental application for authority to make a commitment to pay debt service and other costs associated with the issuance by the City of any additional bonds.

On September 4, 1980, Order No. 80-660 granted PGE the authority to make a commitment to pay debt service and other costs associated with the issuance of \$17,000,000 principal amount (due October 1, 2010) of additional bonds (“1980 Bonds”).

Further, PGE was authorized under Order No. 93-1154, entered August 19, 1993, to assume debt service and other costs associated with \$10,131,933 in taxable bonds issued by the City (“1993 Bonds”) the proceeds of which refunded a portion of the previously issued bonds. The Existing Bonds have a fixed interest rate of seven (7) percent, a maturity of 2016 and are callable at par.

The Refunding

The New Bonds will be taxable bonds with a maturity similar to the Existing Bonds. The proceeds of the New Bonds will be used to redeem the Existing Bonds and to pay other costs related to the issuance of the New Bonds. The City and PGE expect that the New Bonds will have a coupon of approximately 5.5 percent to 5.75 percent, which will reduce the annual debt service cost and the cost of payments under the Power Sales Agreement. In addition, if economic, the City may purchase insurance to insure the payment of the principal and interest on the New Bonds to further reduce the interest rate of the New Bonds and additionally reduce PGE's payments under the Power Sales Agreement. The cost of the insurance will be included in the payments under the Power Sales Agreement.

Pursuant to 860-27-0035 (d):

No other application is required to be filed with any federal or other state regulatory body, although a report will be required to be filed with the Securities and Exchange Commission.

Pursuant to 860-27-0035 (e) and (f):

It is estimated the total debt service, including the cost of any insurance, PGE pays to the City for under the Power Purchase Agreement would be reduced by approximately \$200,000 per year. Because of the debt service reduction, the incremental cost of the Project output under the Power Sales Agreement would be reduced accordingly, and associated benefits passed through to PGE's customers. In addition, the New Bonds will not have the restrictions of the current tax-exempt bonds requiring PGE to limit the power from the Project to Multnomah and Clackamas Counties by maintaining a breaker at Dunn's Corner, thereby providing safer more reliable service to its customers and saving an estimated \$700,000 in capital expenditures that would otherwise need to be made for system reliability upgrades at the Dunn's Corner Breaker.

Pursuant to 860-27-0035 (g):

(A) – (D). See paragraph (e) and (f) above. In addition, 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. Only by Applicant continuing to agree to pay principal and interest and other costs, including the costs of insurance, related to the New Bonds will the City issue the New Bonds to refund the Existing Bonds. Applicant believes the refunding of the Existing Bonds will minimize the overall costs associated with such public utility obligations for the reasons stated above. Not only will there be reductions in the payments under the Power Purchase Agreement, but the ability to eliminate the restriction on use of power will be beneficial to the Applicant's customers as discussed 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; and is reasonably appropriate for such purposes. This Application is not filed under ORS 757.495.

(2) Exhibits:

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

- Exhibit A *Articles of Incorporation, as amended* (Previously filed in Docket UP-79 and by reference made a part of this application.)
- Exhibit B *Bylaws, as Amended and Restated.* (Previously filed in Docket UF-4206 and by reference made a part of this application.)
- Exhibit C *Copies of resolutions of directors authorizing the proposed disposition.* To be provided.
- Exhibit D *Copies of any mortgage, indentures, or agreement securing any security it proposes to guarantee.* To be provided.

STATE OF OREGON

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) ss.

County of Multnomah

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I, KRISTIN STATHIS, being duly sworn, depose and say that I am an Assistant Treasurer of Portland General Electric Company, the Applicant in the foregoing Application; that I have read said Application, including all exhibits thereto, and know the contents thereof; and that the same are true to the best of my knowledge and belief.

/s/ K Stathis

KRISTIN STATHIS

SUBSCRIBED and **SWORN** to before me this 20th day of October, 2005.

/s/ John G. Nelson, Jr.

Notary Public for Oregon

01-18-2008

My Commission Expires: _____
(Official Seal)

Exhibits Attached to Application:

(Please do NOT place these attachments on the OPUC Website)

E	Balance Sheet for transaction	Electronic (.PDF file)
F	Statement of Contingent Liabilities	Electronic (.PDF file)
G	Statement of Income	Electronic (.PDF file)
H	Analysis of Retained Earnings	Electronic (.PDF file)
I	Statement of Market Value of Security	Not yet available