



Portland General Electric Company
121 SW Salmon Street, Portland, Oregon 97204

December 21, 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 two copies of Portland General Electric Company's application requesting authority to issue up to \$275 million of first mortgage bonds. If you should have questions regarding this matter, please contact me at 503-464-7085 or Steve McCarrel at 503-464-2626.

Sincerely,

/S/

James Warberg
Director of Capital Markets

C:Bryan Conway
Patrick Hager
Kristin Stathis
Steve McCarrel

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

In the Matter of the Application of PORTLAND)
GENERAL ELECTRIC COMPANY for) APPLICATION
authority to issue and sell not more than \$275)
million of First Mortgage Bonds) UF-
)

Portland General Electric Company (the “Company” or the “Applicant”) is submitting this financing application requesting authority to issue up to \$275 million of its First Mortgage Bonds, including medium term notes (“Bonds”). The proposed offering herein is pursuant to the Company’s established 2006-2007 Finance and Investment Plan. The Company believes the transaction set forth in this application will produce the lowest cost of funds currently available to Portland General Electric for borrowing.

(1) In accordance with ORS 757.410(1), ORS 757.415(1) and OAR 860-27-030 of the Oregon Administrative Rules of the Public Utility Commission (“Commission”), Portland General Electric Company (the “Company” or the “Applicant”) respectfully represents:

(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 A. Stathis, Assistant Treasurer of Portland General Electric Company, and Patrick Hager, Manager Rates and Regulation, 121 SW Salmon Street, Portland, Oregon 97204.

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

Peggy Y. Fowler	President and Chief Executive Officer
James J. Piro	Executive Vice President Finance, CFO & Treasurer
Arleen N. Barnett	Vice President
Carol Dillin	Vice President
Stephen R. Hawke	Vice President
Ronald W. Johnson	Vice President
Pamela G. Lesh	Vice President
James Lobdell	Vice President
Joe A. McArthur	Vice President
Douglas R. Nichols	Vice President, General Counsel & Secretary
Stephen M. Quennoz	Vice President
Kirk M. Stevens	Controller and Assistant Treasurer
Kristin A. Stathis	Assistant Treasurer
Steven F. McCarrel	Assistant Secretary

(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 December 31, 2004 is as follows:

	Shares	Outstanding Amount (\$000s)
Cumulative Preferred Stock:		
No Par Value (30,000,000 shares authorized):		
7.75% Series	204,727	\$20,473
Common Stock *:		
\$3.75 Par Value (100,000,000 shares authorized):	42,758,877	\$160,346

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

(g) The long-term debt as of December 31, 2004 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	19,240
7-7/8% Notes due March 15, 2010	150,000	149,250
Capital Leases	362	362
Long-term Contracts	104	104
Unamortized Debt Discount and Other	<u>(1,402)</u>	<u>(1,402)</u>
Total Other Long-Term Debt	<u>224,064</u>	<u>167,554</u>
Less Maturities and Sinking Funds Included in Current Liabilities	<u>28,193</u>	<u>28,193</u>
Total Long-Term Debt	<u>933,671</u>	<u>871,361</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) The Applicant proposes to enter into the following transactions:

1) Type and nature of securities

The Bonds will be issued in one or more transactions as conditions permit. The Bonds would have a maturity of three to thirty years and would be issued under the Company's existing Indenture of Mortgage and Deed of Trust ("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

Bonds of not more than \$275,000,000 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 \$275,000,000.

(3) Interest rate

The interest rate on the Bonds will be fixed and will 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

The Company expects to issue the Bonds from time to time in amounts not to exceed \$275,000,000 in 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 from 3 to 30 years.

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

PGE's outstanding First Mortgage Bonds are currently rated:

Moody's	Baa1
Standard & Poor's	BBB+

The Company expects to apply for and receive a rating on any Bonds issued.

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

First Mortgage Bonds

The Bonds will be issued under the Company's First Mortgage Indenture. The Bonds will be secured equally with all other First Mortgage Bonds of the Company as part of a lien against substantially all of the Company'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.

Fixed Rate Bonds

The interest rate on the Bonds will be determined at the time they are issued. The proposed maximum spread over applicable treasury for various maturities is listed below. 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 Yield¹
3 years	9 years	+ 120 basis points
10 years	14 years	+ 130 basis points
15 years	19 years	+ 140 basis points
20 years	24 years	+ 150 basis points
25 years	30 years	+ 160 basis points

(i) (A) See paragraph (h) above

(B) 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) The method of issuance and the reasons that the Applicant has proposed the types of debt is described above in Paragraph (h).

(D) 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) If Bonds are issued, the Company may name as possible managing underwriters/agents Deutsche Bank, Lehman Brothers, JP Morgan, Wells Fargo or others. The Company will likely select two underwriters/agents to act as co-leads representing a group which would be selected at the time the Company wishes to enter the market. 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 1.00 percent of the aggregate principal amount of the Bonds, the final amount to be negotiated by the Company.

(k) Total amount of the Bonds to the ultimate purchaser 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	\$275,000,000	\$100.00
2. Plus premium or less discount		
3. Gross proceeds	\$275,000,000	\$100.00
4. Underwriters' spread or commission (1.00%)	2,750,000	
5. Securities and Exchange Commission registration fee	-	
6. Printing and engraving expenses	30,000	
7. Trustee's charges	30,000	
8. Fees and expenses of independent public accountants	25,000	
9. Rating agency fees	60,000	
10. Blue Sky fees	50,000	
11. Legal fees	75,000	
12. Total deductions	\$3,020,000	1.10
13. Estimated net amount to be realized	\$296,980,000	\$98.90

(l) 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 the Company 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 original financings to be refunded were incurred in connection with the Company's construction program. A description of the obligations to be refunded or discharged, including character, principal amount, date of issue, date of maturity, and discounts or premiums applicable, will be provided to the Commission. 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) No other application is required to be filed with any federal or other state regulatory body

(n) 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) The requirements of Rule 27-030 (o) are not applicable.

(p) The requirements of Rule 27-030 (p) are not applicable.

(2) Exhibits

The following exhibits are made a part of this application:

Exhibit A	Articles of Incorporation, as amended (see Docket UF-4179).
Exhibit B	Bylaws, (see Docket UF 4206)
Exhibit C	To be filed when available.
Exhibit D	To be filed when available.
Exhibit E	Balance sheets as of September 30, 2005 and pro forma.
Exhibit F	To be filed when available.
Exhibit G	Income statement for the 12-month period ended September 30, 2005 and pro forma.
Exhibit H	Analysis of retained earnings for the 12-month period ended September 30, 2005 and pro forma.
Exhibit I	Not Applicable.
Exhibit J	To be filed when available.
Exhibit K	Not Applicable.
Exhibit L	Pro forma journal entries.

WHEREFORE, the Applicant respectfully requests an Order authorizing PGE to issue and sell not more than \$275 million of First Mortgage Bonds.

PORTLAND GENERAL ELECTRIC COMPANY

By _____
Assistant Treasurer

Dated _____

STATE OF OREGON

)

) ss.

County of Multnomah

)

I, Kristin A. 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.

Kristin A. Stathis

SUBSCRIBED AND SWORN to before me this
____ day of _____, 2005

Notary Public for Oregon
My Commission Expires: _____

(Official Seal)

Exhibit E

Portland General Electric Company and Subsidiaries
Consolidated Balance Sheet
(Unaudited)
For the Period Ended September 30, 2005
(Millions of Dollars)

	<u>September 30, 2005</u>	Adjustments (1)	Adjusted Total
Assets			
Electric Utility Plant - Original Cost			
Utility plant (includes construction work in progress of \$142 and \$114)	4,167		4,167
Accumulated depreciation	(1,774)		(1,774)
	<u>2,393</u>	<u>-</u>	<u>2,393</u>
Other Property and Investments			
Nuclear decommissioning trust, at market value	27		27
Non-qualified benefit plan trust	70		70
Miscellaneous	33		33
	<u>130</u>	<u>-</u>	<u>130</u>
Current Assets			
Cash and cash equivalents	225	272 (a)	497
Accounts and notes receivable (less allowance for uncollectible accounts of \$50 and \$50)	204		204
Unbilled revenues	51		51
Assets from price risk management activities	449		449
Inventories, at average cost	49		49
Prepayments and other	116		116
	<u>1,094</u>	<u>272</u>	<u>1,366</u>
Deferred Charges			
Regulatory assets	238		238
Miscellaneous	23	3 (a)	26
	<u>261</u>	<u>3</u>	<u>264</u>
	<u>3,878</u>	<u>275</u>	<u>4,153</u>
Capitalization and Liabilities			
Capitalization			
Common stock, \$3.75 par value per share, 100,000,000 shares authorized; 42,758,877 shares outstanding	160		160
Common stock, no par value per share, 80,000,000 shares authorized; 62,500,000 shares outstanding			-
Other paid-in capital - net	482		482
Retained earnings	560	(10)	550
Accumulated other comprehensive income (loss):			
Unrealized gain on derivatives classified as cash flow hedges	7		7
Minimum pension liability adjustment	(3)		(3)
Limited voting junior preferred stock	-		-
Long-term obligations	881	275 (a)	1,156
	<u>2,087</u>	<u>265</u>	<u>2,352</u>
Commitments and Contingencies (see Notes)			
Current Liabilities			
Long-term debt due within one year	12		12
Accounts payable and other accruals	203		203
Liabilities from price risk management activities	182		182
Customer deposits	150		150
Accrued interest	14	17 (b)	31
Accrued taxes	45	(7) (c)	38
Deferred income taxes	106		106
	<u>712</u>	<u>10</u>	<u>722</u>
Other			
Deferred income taxes	205		205
Deferred investment tax credits	11		11
Trojan asset retirement obligation	106		106
Accumulated asset retirement obligation	17		17
Regulatory liabilities:			
Accumulated asset retirement removal costs	340		340
Other: unamortized regulatory liabilities	279		279
Non-qualified benefit plan liabilities	79		79
Miscellaneous	42		42
	<u>1,079</u>	<u>-</u>	<u>1,079</u>
	<u>3,878</u>	<u>275</u>	<u>4,153</u>

(1) No preliminary adjusting entries to the statement of retained earnings (subject to audit).

Exhibit G

Portland General Electric Company and Subsidiaries
Consolidated Statement of Income
(Unaudited)
For the Twelve Months Ended September 30, 2005
(Millions of Dollars)

	September 30, 2005	Adjustments (1) (In Millions)	Adjusted Total
Operating Revenues	\$1,438		\$1,438
Operating Expenses			
Purchased power and fuel	615		615
Production and distribution	123		123
Administrative and other	170		170
Depreciation and amortization	234		234
Taxes other than income taxes	73		73
Income taxes	58	(7) (c)	51
	\$ 1,273	\$ (7)	\$ 1,266
Net Operating Income	\$165	\$7	\$172
Other Income (Deductions)			
Miscellaneous	1		1
Income taxes	6		6
	\$7	\$0	\$7
Interest Charges			
Interest on long-term debt and other	\$71	\$17 (b)	\$88
Net income before cumulative effect of a change in accounting principle	\$101	(\$10)	\$91
Cumulative effect of a change in accounting principle, net of related taxes of \$(1)	0		0
Net Income (Loss)	\$101	(\$10)	\$91
Preferred Dividend Requirement	0		\$0
Income (Loss) Available for Common Stock	\$101	(\$10)	\$91

(1) No preliminary adjusting entries to the income statement (subject to audit).

Exhibit H

Portland General Electric Company and Subsidiaries
Consolidated Statement of Retained Earnings
(Unaudited)
For the Twelve Months Ended September 30, 2005
(Millions of Dollars)

	<u>September 30, 2005</u>	Adjustments (1) (In Millions)	<u>Adjusted Total</u>
Balance at Beginning of Period	\$609	\$ -	\$609
Net Income (Loss)	<u>101</u>	<u>(10)</u>	<u>91</u>
	710	(10)	700
Dividends Declared			
Common Stock	150		150
Preferred stock	<u>0</u>	<u> </u>	<u>0</u>
Balance at End of Period	<u><u>\$560</u></u>	<u><u>(10)</u></u>	<u><u>\$550</u></u>

(1) No preliminary adjusting entries to the statement of retained earnings (subject to audit).

Exhibit L

PORTLAND GENERAL ELECTRIC COMPANY
PRO FORMA JOURNAL ENTRIES

The following journal entries records the issuance of long-term debt and the related interest on the long-term debt

Account	Description	Debit
	(a)	
131	Cash	\$ 271,980,000
181	Unamortized debt expense	3,020,000
224	Other long-term debt	
	To record the issuance of long-term debt and the related issuance expense to be amortized over the life of the new long-term debt	
	(b)	
427	Interest on long-term debt	\$16,500,000
237	Interest accrued	
	To record interest expense at 6%	
	(c)	
236	Taxes accrued	\$6,532,350
409.1	Income taxes, utility operating income	

To record the tax effect for interest expense on the new long-term debt

Credit

\$ 275,000,000

\$16,500,000

\$6,532,350

ASSUMPTIONS

DEBT

Maximum amount of Debt	\$	275,000,000	Source: <u>Agreement</u>
Interest Rate		6.000%	Jim Warberg
Issuance costs		0.00%	Jim Warberg
Estimated years to be outstanding		30	Agreement
Income tax rates:			
Federal		32.390%	Renee Harris
State & Local		7.200%	
Effective statutory rate		39.590%	
Interest Expense	\$	16,500,000	
Tax effect on the interest expense	\$	6,532,350	
Issuance Expense			
Total Issuance Expense	\$	3,020,000	