



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

March 22, 2007

**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 625,000 shares of PGE common stock for its Employee Stock Purchase Plan.

We ask that this Application be placed on the docket for consideration at the Commission's April 24, 2007 meeting, or as soon thereafter as possible.

If you should have questions regarding this matter, please contact me at 503-464-7580 or Doug Tingey at 503-464-8926.

Please direct all formal correspondence and requests to the following email address [pge.opuc.filings@pge.com](mailto:pge.opuc.filings@pge.com).

Sincerely,

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

Patrick Hager  
Manager, Regulatory Affairs

cc: Bryan Conway - OPUC  
Kirk Stevens  
Nora Arkonovich  
Doug Tingey

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

In the Matter of the Application of PORTLAND  
GENERAL ELECTRIC COMPANY for an Order  
Authorizing the Issuance and Sale of up to 625,000  
Shares of Common Stock

UF-\_\_\_\_\_  
APPLICATION

**I. Background**

Portland General Electric Company (“PGE” or “Company”) hereby requests an order, pursuant to ORS 757.415, authorizing PGE to issue up to 625,000 authorized but unissued shares of its common stock under its recently adopted Portland General Electric Company 2007 Employee Stock Purchase Plan (the “Plan”). The Plan (Attachment 1 to this Application) has been adopted by the Board of Directors of PGE and forms part of PGE’s overall compensation program. The Plan is intended to qualify as an “employee stock purchase plan” under Section 423 of the Internal Revenue Code. The purpose of the Plan is to help attract and retain talented employees and to provide an additional incentive for employees to contribute to company performance by providing a convenient means by which PGE employees can purchase shares of PGE common stock. Stock purchase plans such as the Plan are common in the industry.

Any employee of PGE or a participating subsidiary whose customary employment is at least 20 hours per week is eligible to participate in the Plan. Each year during the term of the Plan there will be two six-month offering periods, during which eligible employees will have the right to purchase shares of PGE common stock at a price per share equal to 95% of the fair market value of the stock on the purchase date. The offering periods will run from January 1<sup>st</sup> through June 30<sup>th</sup> and from July 1<sup>st</sup> through December 31<sup>st</sup>, with the first offering expected to

begin on July 1, 2007. The purchase date for each offering period will be the last trading day of the offering period. Eligible employees are able to participate in the Plan by authorizing payroll deductions from each paycheck during an offering period. The amount deducted from each paycheck must be at least 1% and no more than 10% of the participant's regular straight time gross earnings for the period covered by the paycheck. An employee may not continue to participate in the Plan if, after a purchase of shares, the employee would own or be deemed to own stock possessing 5% or more of the total combined voting power or value of all classes of stock of PGE or any parent or subsidiary. In addition, no employee will be entitled to purchase more than 1,500 shares of common stock per year under the Plan, or to purchase more than \$25,000 worth of shares (based on the fair market value on the purchase date) per year under the Plan and all of our similar plans (of which, at this time, there are none).

The Plan will be administered by the Compensation and Human Resources Committee of the Board of Directors (the "Committee"), which may delegate some or all of its administrative duties and authority to one or more PGE employees. The Committee may promulgate rules and regulations for the operation of the Plan, adopt forms for use in connection with the Plan, and decide any question or interpretation of the Plan or rights arising under the Plan.

The Board of Directors may from time to time amend the Plan, except that without approval of the shareholders of PGE, the Board of Directors may not increase the number of shares reserved for the Plan or decrease the purchase price of the shares offered under the Plan.

The aggregate number of shares of PGE common stock that may be issued under the Plan is 625,000. The Plan will automatically terminate when all of the shares reserved for the Plan have been purchased.

## II. Requirements

(1) In accordance with ORS 757.415 and OAR 860-027-0030(1) of the Oregon Administrative Rules of the Public Utility Commission (“Commission”), PGE 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 the laws of the State of Oregon, and the date of its incorporation is July 25, 1930. PGE is authorized to transact business in the states of Oregon, Washington, California, Idaho, Utah and Montana, but conducts retail utility business only in the State of Oregon. As of February 21, 1995, PGE is also registered as an extra provincial corporation in Alberta, Canada.

(c) The names and addresses of the persons authorized to receive notices and communications in respect of this Application:

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](mailto:pge.opuc.filings@pgn.com)

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

Patrick G. Hager, Manager Regulatory Affairs  
E-Mail: [patrick.hager@pgn.com](mailto:patrick.hager@pgn.com), and

Douglas C. Tingey, Assistant General Counsel  
E-Mail: [doug.tingey@pgn.com](mailto:doug.tingey@pgn.com)

(d) The names and titles of the principal officers of the Applicant as of March 1, 2007, 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
Stephen R. Hawke	Senior Vice President
Arleen Barnett	Vice President
Carol A. Dillin	Vice President
Campbell A. Henderson	Vice President & Chief Information Officer
Ronald W. Johnson	Vice President
Pamela G. Lesh	Vice President
James F. Lobdell	Vice President
Joe A. McArthur	Vice President
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
Karen J. Lewis	Assistant Secretary
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 Clackamas, Columbia, Hood River, Jefferson, Marion, Morrow, Multnomah, Polk, Washington, and Yamhill counties, Oregon.

(f) The capital stock as of December 31, 2006, is as follows:

	<u>Outstanding</u>	
	Shares	Amount (\$000s)
<i>Cumulative Preferred Stock: *</i>		
No Par Value (30,000,000 shares authorized):		
7.75% Series	<u>159,727</u>	<u>15,972</u>

*Common Stock:*

No Par Value (80,000 shares authorized):	<u>62,504,767</u>	<u>643,000</u>
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\*As required by SFAS No. 150, PGE's 7.75% Series preferred stock has been reclassified Long-Term Debt, effective July 1, 2003, and the Company began recording the related dividends as interest expense.

In accordance with Enron's Chapter 11 Plan, on April 3, 2006, PGE issued 62.5 million shares (of 80 million, no par value, shares authorized) of PGE common stock. Approximately 35.5 million shares were issued to a Disputed Claims Reserve (DCR). Approximately 3.5 million shares of PGE common stock have been released from the DCR, with approximately 32 million shares held in the DCR as of February 1, 2007.

In addition, the Company has been informed that Harbinger Capital Partners Master Fund I, Ltd., Harbinger Capital Partners Offshore Manager, LLC., HMC Investors, LLC, Harbert Management Corporation, Philip Falcone, Raymond J. Harbert, and Michael D. Luce (collectively "Harbinger") have acquired approximately 7.3 percent of PGE's issued and outstanding common stock. Harbinger Capital Partners Master Fund, I, Ltd. Reported to the Securities and Exchange Commission in its Schedule 13 G filed May 4, 2006, that it holds 4,625,000 shares.

None of the capital stock is held as reacquired securities, pledged, or held in any sinking or other fund by the Company.

(g) The long-term debt as of December 31, 2006, is as follows:

<u>Description</u>	<u>Authorized</u>	<u>Outstanding</u> (\$000)
<b>First Mortgage Bonds</b>		
Maturing 2007 - (7.15%) MTN Series 4	50,000	50,000
Maturing 2010 - (8 1/8%)	-	-
Maturing 2012 - (5.6675%)	100,000	100,000
Maturing 2013 - (5.279% )	50,000	50,000
Maturing 2013 - ( 5.625%)	50,000	50,000

Maturing 2021 – (9.31%) MTN Series	20,000	20,000
Maturing 2023 - (6.75%) Series VI	50,000	50,000
Maturing 2031 - (6.26%)	100,000	100,000
Maturing 2033 (6.875%) Series VI	50,000	50,000
Maturing 2036 - (6.31%)	175,000	175,000
	<b>645,000</b>	<b>645,000</b>
<b>Pollution Control Bonds</b>		
Port of Morrow, Oregon, variable rate, due 2033 (5.20% fixed rate to 2009)	23,000	23,000
City of Forsyth, Montana, variable rate, due 2033(5.20%)	21,000	21,000
City of Forsyth, Montana, fixed rate to 2009, due 2033 (5.45%)	98,000	98,000
Port of St. Helens, Oregon, 4.8% due 2010	20,200	20,200
Port of St. Helens, Oregon, 4.80% due 2010 (Posh Variable Rate)	16,700	16,700
Port of St. Helens, Oregon, due 8-01-2014 5.25%	9,600	9,600
Port of St. Helens, Oregon, due 12-15-20 7.13% fixed rate)	5,100	5,100
	<b>194,000</b>	<b>194,000</b>
<b>Other Long Term Debt</b>		
6.91% Conservation Bonds maturing monthly to 2006	0	0
7.875% Notes due March 15, 2010	149,250	149,250
Capital Lease Obligations	0	0
Long-Term Contracts	73	73
Unamortized Debt Discount and Other	-1,010	-1,010
Total Other Long- Term Debt	<b>148,313</b>	<b>148,313</b>
<b>Less: Maturities and Sinking Funds</b>		
First Mortgage Bond Principal	50,000	50,000
Other Long-term Debt	15,972	15,972
Total Current Liabilities	65,972	65,972
<b>Total Long-term Debt</b>	<b>921,341</b>	<b>921,341</b>

(a) Consists of 7.15% First Mortgage Bonds due June 15, 2007 and the 7.75% Series Cumulative Preferred Stock.

(b) The 7.75% Series Cumulative Preferred Stock (no par value), which is mandatorily redeemable, is classified as long-term debt in accordance with SFAS No. 150. The preferred stock series is redeemable by operation of a sinking fund that requires the annual redemption of 15,000 shares at \$100 per share beginning in 2002, with all remaining shares to be redeemed by sinking fund in 2007. At its option, PGE may redeem, through the sinking fund, an additional 15,000 shares each year. Open market share purchases can be applied towards the annual redemption requirement. In 2006, PGE redeemed 30,000 shares, consisting of 15,000 shares for the annual sinking fund requirement and 15,000 additional shares acquired at its option. At December 31, 2006, there were 159,727 shares outstanding. None of the long term debt is pledged or held as reacquired securities, by affiliated corporations, or in any fund, except as noted above.

(h) A description of the securities proposed is provided in Section I of the Application.

(i) A description of proposed transaction responsive to subparts (a)-(c) is provided in Section I of the Application. As to subpart (d), an exemption from federal or state competitive bidding requirements has not been obtained because no such requirements exist with the respect to the issuance of PGE common stock under the Plan.

(j) A description of those entitled to transaction or other fees: There will be no compensation to any underwriter, bank or agent for their services in connection with the issuance of the common stock that is the subject of this application other than routine fees to PGE's registrar and transfer agent and usual and customary fees for record-keeping with regard to the Plan.

(k) A description of Commissions and Net Proceeds: Shares of PGE common stock issued under the Plan will be issued periodically in accordance with the offerings made under the Plan at the time of the purchases. It is not possible to determine the economic value of such shares of common stock until they are ultimately issued.

(l) Purpose for Issuance of Securities: See Section I of the Application.

(m) Other Federal and State Applications: The appropriate forms or other appropriate filing will be filed with the Securities and Exchange Commission depending on the nature of the issuance of the PGE common stock.

(n) Facts Showing that Issuance is Lawful, Appropriate, and in the Public Interest: See Section I of the Application. The requested approval will allow PGE to provide incentives that will help attract and retain talented employees at PGE and provide an additional incentive to contribute to company performance. PGE believes the requested approval is in the public interest and is consistent with and will aid PGE in providing service as a public utility.



- (o) A statement on Acquisition of Rights: Not applicable.
- (p) A statement on Affiliated Interest Transactions: Not applicable.

### **III. Required Exhibits**

The following exhibits are required by OAR 860-027-0030(2) and 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     *Bylaws as amended and restated* (Fourth Amended and Restated Bylaws previously filed in Docket UP 237 and by reference made a part of this application).

Exhibit C     *Copies of resolutions* of directors authorizing the proposed disposition.  
A copy of the resolution dated October 26, 2006 is provided as Exhibit "C".

Exhibit D     *Copies of any mortgage, indentures, or agreement securing any security it proposes to guarantee.*

None.

Exhibit E     *Balance sheet showing booked amounts, adjustments to record the proposed transactions and pro forma* as of December 31, 2006.

Exhibit F     *Statement of Contingent Liabilities* as of December 31, 2006.

Exhibit G     *Income statement for the 12-month period ended* December 31, 2006.

Exhibit H     *Analysis of retained earnings* for the 12-month period ended December 31, 2006.

Exhibit I *A copy of registration statement proper, if any, and financial exhibits made a part thereof, filed with the Securities and Exchange Commission.*

To be provided when it becomes available.

Exhibit J *A copy of the proposed and publication of proposals for purchase of underwriting of securities:*

Not applicable.

Exhibit K *A copy of any stock certificates, notes, or other evidences of indebtedness:*

Not Applicable.

#### **IV. Conclusion**

WHEREFORE, PGE respectfully requests an Order authorizing the proposed issuance of up to 625,000 authorized but unissued shares of PGE common stock under its 2007 Employee Stock Purchase Plan.

DATED this \_\_\_\_ day of March , 2007.

Portland General Electric Company

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Manager, Regulatory Affairs  
Portland General Electric Company  
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(503) 464-7580 telephone  
[patrick.hager@pgn.com](mailto:patrick.hager@pgn.com)

**Exhibits Attached to Application:**

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

C	Copies of resolutions of directors	Electronic (.PDF file)
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
	Attachment 1 – Employee Stock Option Plan	Electronic (.PDF file)