



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

July 28, 2008

Email / US Mail

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

Re: UF___ PGE Finance Application

Enclosed please find one original and two copies of Portland General Electric Company's application requesting authority to issue up to 10 million shares of its common stock.

We ask that this Application be placed on the docket for consideration at the Commission's August 26, 2008 Public Meeting, or as soon thereafter as possible.

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

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

Sincerely,

Patrick G. Hager
Manager, Regulatory Affairs

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

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

In the Matter of the Application of PORTLAND)
GENERAL ELECTRIC COMPANY for authority) APPLICATION
to issue and sell not more than 10 million shares of)
its Common Stock) UF ____

Portland General Electric Company (“PGE” or the “Applicant”) is submitting this financing application requesting authority to issue up to 10 million shares of its Common Stock described herein (“Common Stock”). The issuance of Common Stock is consistent with the Applicant’s 2008 Finance and Investment Plan and will help PGE to achieve its stated long-term capital structure goal of approximately 50% equity as a percentage of total capitalization.

(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”), 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 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:

Randy Dahlgren
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, and

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

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

As of March 31, 2008, the names and titles of the principal officers of the Applicant are as follows:

Peggy Y. Fowler	Chief Executive Officer & President
James J. Piro	Executive Vice President, Finance, CFO & Treasurer
Stephen R. Hawke	Senior Vice President
Arleen N. Barnett	Vice President
Carol A. Dillin	Vice President
Campbell A. Henderson	Vice President & Chief Information Officer
James F. Lobdell	Vice President
Joe A. McArthur	Vice President
J. Jeffrey Dudley	Vice President, General Counsel & Corporate Compliance Officer
William O. Nicholson	Vice President
Stephen M. Quennoz	Vice President
Kirk M. Stevens	Controller and Assistant Treasurer
Marc S. Bocci	Corporate Secretary
Kristin A. Stathis	Assistant Treasurer
Nora E. Arkonovich	Assistant Secretary
Cheryl A. Chevis	Assistant Secretary
Karen J. Lewis	Assistant Secretary

(e) 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 March 31, 2008 is as follows:

	<u>Outstanding Shares</u>	<u>Amount (\$000s)</u>
Cumulative Preferred Stock:		
None	0	\$0
Common Stock: *		
No Par Value	62,532,232	\$646,891
(80,000,000 shares authorized)		

* Company Directors hold 17,077 shares.

The following families of funds – Franklin Resources, Inc (9.9%) and American Century Companies (7.2%) – hold PGE common stock. PGE does not have enough information to conclude whether or not these funds qualify as affiliates. We provide this information to assist staff in its analysis, if needed.

(g) The long-term debt as of March 31, 2008 is as follows:

<u>Description</u>	<u>Authorized (\$000s)</u>	<u>Outstanding (\$000s)</u>
First Mortgage Bonds:		
5.6675% series due 10-25-2012	100,000	100,000
5.81% series due 10-1-2018	75,000	75,000
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
9.31% series due 8-11-2021	20,000	20,000
6.75% series VI due 8-1-2023	50,000	50,000
6.875% series VI due 8-1-2033	50,000	50,000
5.80% series due 6-1-2039	170,000	170,000
5.81% series due 10-1-2037	<u>130,000</u>	<u>130,000</u>
Total First Mortgage Bonds	920,000	920,000
Pollution Control Bonds:		
City of Forsyth, MT		
5.45% series B 5-1-2033	21,000	21,000
5.20% series A 5-1-2033	97,800	97,800
Port of Morrow, OR		
5.20% series A 5-1-2033	23,600	23,600
Port of St Helens, OR		
4.80% series due 4-01-2010	20,200	20,200
4.80% series due 6-01-2010	16,700	16,700
5.25% series due 8-1-2014	<u>9,600</u>	<u>9,600</u>
Total Pollution Control Bonds	188,900	188,900
Other Long-Term Debt:		
7.875% notes due March 15, 2010	150,000	149,250
Capital lease obligations	0	0
Long-Term Contracts	50	50
Unamortized Debt Discount and Other	<u>(1,906)</u>	<u>(1,906)</u>
Total Other Long-Term Debt	148,144	147,394
Total Long-Term Debt	1,257,044	1,256,294

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 Applicant proposes to issue and sell not more than 10,000,000 shares of its no par value Common Stock on a negotiated basis. The Applicant is authorized by its Articles of Incorporation to issue 80,000,000 shares of no par value common stock. As of the date of this application, 62,548,742 have been issued and are outstanding.

PGE proposes to issue and sell the new Common Stock through one of three methods or in any combination thereof so long as the total shares sold does not exceed ten million. First, it may elect to issue and sell the shares in one or more follow-on transactions on a negotiated basis to a group of investment and commercial banks (the Underwriters). The Underwriters would, in turn, sell the Common Stock to the public. The initial public offering price of the shares will be a fixed price to be determined by agreement between PGE and the Underwriters. PGE will receive proceeds of the initial public offering price less a negotiated underwriting fee paid to the Underwriters which will not exceed 4% of the offering price. The Common Stock will be sold pursuant to a Securities and Exchange Commission S-3 Registration Statement under the Securities Act of 1933. The specific terms of any sale under this method would be set forth in an underwriting agreement and a prospectus supplement that will be furnished to the Commission.

The second method is often described as an equity forward. The primary difference from the first method is that under an equity forward PGE enters into a forward contract with its Underwriters to deliver a specific number of new Company common shares within a two year period at a fixed price (plus or minus the adjustment¹ and underwriting fees). The Underwriters borrow from existing Company common shareholders the same number of shares the Applicant has agreed to deliver under the forward contract. The borrowed shares are sold by the Underwriters to the public at a price agreed to by PGE which is the price PGE will

¹ At settlement, PGE's proceeds per share are reduced by an amount equal to PGE's normal dividend on the borrowed shares during the period less an investment rate on the proceeds which are typically invested approximately at the Fed Funds rate.

receive at settlement of the forward contract. When PGE elects to settle the forward during the two year period it notifies the Underwriters. At settlement, PGE issues the new shares which the Underwriters deliver to the shareholders whose shares were borrowed. PGE receives the cash proceeds per the price that was fixed in the forward contract less underwriting fees plus or minus the adjustment [per footnote 1].

PGE also has the ability to settle the forward contract obligation on a net basis in which PGE does not issue any of the new shares. Instead PGE pays or receives a cash settlement amount equal to the change in stock price from the time the new shares are priced under the forward contract until the contract is terminated plus or minus the adjustment [per footnote 1]. In this case the Underwriters would buy shares in the open market to repay the borrowed shares. The Underwriters are made whole when they buy the shares in the open market to repay the borrowed shares through cash settlement paid or received by PGE. The ability to cash settle the forward contract provides flexibility to PGE in the event that it does not need the equity during the two year period.

The primary reason for using equity forward versus issuing new shares and taking the cash is to allow the issuer to establish an up-front firm price for the future sale of new common shares while deferring the actual issuance of those shares and receipt of cash until the cash is actually needed during the subsequent two year period. Since the new shares are not considered to be outstanding until the cash is taken and shares issued, it has the effect of reducing dilution. It also allows an issuer to settle in cash and not issue new shares if capital plans change.

The third offering method is a continuous public offering sometimes referred to as a dribble program, in which PGE would direct a broker to offer an amount of shares, typically up to about 20 percent of the average daily trading volume, on daily basis directly into the market. This method is usually for a specific period of time which is typically six to twelve months.

(2) Amount of securities

Not more than 10,000,000 shares of Common Stock in one or more transactions.

(3) Voting privileges and other preferences

The Common Stock will have the same voting privileges as the existing Company common stock.

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

(B) The Common Stock 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 proposed methods of issuance and sale and the reasons that the Applicant has proposed the issuance of equity are described above in Paragraphs (h) and (1).

(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 Common Stock.

(j) If Common Stock is issued, PGE may name as possible managing Underwriters Deutsche Bank, JP Morgan, Lehman Brothers, Wachovia Securities or others. The Common Stock will be sold on a negotiated basis. The Underwriters will receive as compensation the difference between the price at which they purchase the Common Stock from the Applicant and the price at which they are sold by the Underwriters to the public. The underwriting compensation is the usual and customary compensation and in no event will it exceed 4% of the offering price.

(k) Total estimated proceeds and expenses to the Applicant in connection with the proposed sale of the Common Stock are as follows:

Item	Debt Amount
1. Estimated gross proceeds from the sale of the Common Stock	\$230,000,000
2. Less underwriting discount	9,200,000
3. Net proceeds	220,800,000
4. Printing	30,000
5. SEC fee	8,000
6. NYSE fee	42,000
7. Transfer agent charges	10,000
8. Fees and expenses of independent public accountants	30,000
9. Legal fees	125,000
10. Total deductions	245,000
11. Estimated net amount to be realized	\$220,555,000

(l) The above-described issuance expenses, including underwriting fees, will be paid out of the general funds of the Applicant.

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 Common Stock are within the parameters set forth in this Application.

(m) The Applicant has filed a Registration Statement on Form S-3 covering the public offering of the Common Stock with the Securities and Exchange Commission under the provisions of the Securities Act of 1933, as amended. No other application or registration statement 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 issuance of common stock 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 757.415, is fair and reasonable and not contrary to public interest.

This Application is not filed under ORS 757.495.

(o) The requirements of OAR 860-027-030 (o) are not applicable.

(p) The requirements of OAR 860-027-030 (p) are not applicable.

(2) Exhibits

The following exhibits are made a part of this application:

Exhibit A	Articles of Incorporation, as amended (Previously filed in Docket UP 234, and by reference made a part of this application).
-----------	------------------------------------------------------------------------------------------------------------------------------

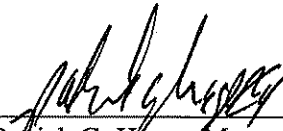
- Exhibit B Fifth Amended and Restated Bylaws adopted on August 2, 2007.
- Exhibit C To be filed when available.
- Exhibit D N/A
- Exhibit E Balance sheets as of March 31, 2008 and pro forma.
- Exhibit F Attached.
- Exhibit G Income statement for the 12-month period ended March 31, 2008 and pro forma.
- Exhibit H Analysis of retained earnings for the 12-month period ended March 31, 2008 and pro forma.
- Exhibit I A full, true and correct copy of the Registration Statement for the Common Stock and all amendments thereto will be filed when available.
- Exhibit J A full, true and correct copy of the Underwriting Agreements pertaining to the Common Stock will be filed when available.
- Exhibit K To be file when available.

WHEREFORE, the Applicant respectfully requests an Order authorizing PGE to issue and sell not more than 10 million shares of its Common Stock.

DATED this 28th day of July, 2008.

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

g:\ratecase\opuc\dockets\uf_xxx (08 invest plan)\uf-xxx_pge fin app _cmnstck_(7-xx-08).doc

Exhibit "F"
Statement of Contingent Liabilities
As of March 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 Public Utility Commission of Oregon (OPUC). In 1995, the OPUC issued a general rate order which granted the Company recovery of, and a rate of return on, 87% of its remaining investment in Trojan plant costs, and full recovery of its estimated decommissioning costs through 2011.

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

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

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

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

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

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

On January 14, 2008, the plaintiffs in the class action proceedings described below filed a motion asking the OPUC to issue an order on the OPUC's remedial authority prior to addressing the other issues and the URP permission to address all issues it previously raised on appeal to the Circuit Court and on cross-appeal to the Court of Appeals in URP, et al. v. PUC, with an opportunity to present new evidence with full evidentiary hearings. On February 13, 2008, the OPUC issued an order denying this motion. In the order, the OPUC expressed its desire to avoid future piecemeal litigation by resolving all of these issues in one comprehensive order, including the issue of the OPUC's remedial authority. The OPUC further stated that it has come to the preliminary conclusion that the OPUC has refund authority under limited circumstances. The OPUC emphasized that this is a preliminary determination and stated that it has not yet determined whether it is necessary to exercise that authority in this case and that it cannot make such a determination until it has decided all phases of the proceedings. On February 22, 2008, the administrative law judge issued a Ruling and Notice of Conference, which established the scope for further proceedings prior to issuance of the OPUC order.

On March 12, 2008, the administrative law judge established a procedural schedule for the remainder of the proceedings before the OPUC relating to PGE's recovery of its investment in the Trojan plant. The schedule indicates an expected OPUC order on September 12, 2008.

Class Actions. In a separate legal proceeding, two class action suits were filed in Marion County Circuit Court against PGE on January 17, 2003 on behalf of two classes of electric service customers. One case seeks to represent current PGE customers that were customers during the period from April 1, 1995 to October 1, 2000 (Current Class) and the other case seeks to represent PGE customers that were customers during the period from April 1, 1995 to October 1, 2000, but who are no longer customers (Former Class, together with the Current Class, the Class Action Plaintiffs). The suits seek damages of \$190 million plus interest for the Current Class and \$70 million plus interest for the Former Class, as a result of the inclusion of a return on investment of Trojan in the prices PGE charges its customers. On December 14, 2004, the Judge granted the Class Action Plaintiffs' motion for Class Certification and Partial Summary Judgment and denied PGE's motion for Summary Judgment. On March 3, 2005 and March 29, 2005, PGE filed two Petitions for an Alternative Writ of Mandamus with the Oregon Supreme Court, asking the Court to take jurisdiction and command the trial Judge to dismiss the complaints or to show cause why they should not be dismissed, and seeking to overturn the Class Certification. On August 31, 2006, the Oregon Supreme Court issued a ruling on PGE's Petitions for Alternative Writ of Mandamus, abating the class action proceedings until the OPUC responds to the 2003 Remand (described above). The Oregon Supreme Court concluded that the OPUC has primary jurisdiction to determine what, if any, remedy it can offer to PGE customers, through price reductions or refunds, for any amount of return on the Trojan investment PGE collected in prices for the period from April 1995 through October 2000. The Oregon Supreme Court further stated that if the OPUC

determines that it can provide a remedy to PGE's customers, then the class action proceedings may become moot in whole or in part, but if the OPUC determines that it cannot provide a remedy, and that decision becomes final, the court system may have a role to play. The Oregon Supreme Court also ruled that the plaintiffs retain the right to return to the Marion County Circuit Court for disposition of whatever issues remain unresolved from the remanded OPUC proceedings.

On October 5, 2006, the Marion County Circuit Court issued an Order of Abatement in response to the ruling of the Oregon Supreme Court, abating the class actions, but inviting motions to lift the abatement after one year. On October 17, 2007, the plaintiffs filed a motion to lift the abatement. A hearing on this motion was held on April 10, 2008. At the hearing, the Circuit Court declined to lift the abatement. The Circuit Court scheduled a status conference for June 3, 2008 and encouraged the parties to meet in order to attempt to agree on what steps might be taken in preparation for a trial in the event the Circuit Court lifts the abatement following the OPUC order expected on September 12, 2008.

Management cannot predict the ultimate outcome of the above matters. However, it believes these matters will not have a material adverse impact on the financial condition of the Company, but may have a material impact on the results of operations and cash flows for a future reporting period. No reserves have been established by PGE for any amounts related to this issue.

Regulatory Matters

Colstrip Royalty Claim

Western Energy Company (WECO) supplies coal from the Rosebud Mine in Montana under a Coal Supply Agreement and a Transportation Agreement with owners of Colstrip Units 3 and 4 coal plant (Colstrip), in which PGE has a 20% ownership interest. In 2002 and 2003, WECO received two orders from the Office of Minerals Revenue Management of the U.S. Department of the Interior (USDI) which asserted underpayment of royalties and taxes by WECO related to transportation of coal from the mine to Colstrip during the period October 1991 through December 2001. WECO subsequently appealed the two orders to the Minerals Management Service (MMS) of the USDI. On March 28, 2005, the appeal by WECO was substantially denied. On April 28, 2005, WECO appealed the decision of the MMS to the Interior Board of Land Appeals of the USDI. In late September 2006, WECO received an additional order from the Office of Minerals Revenue Management to report and pay additional royalties for the period January 2002 through December 2004. On September 12, 2007, the Interior Board of Land Appeals issued a decision affirming the March 28, 2005 MMS decision. WECO has filed a Complaint for Declaratory and Injunctive Relief with the U.S. District Court for the District of Columbia challenging the decision of the Interior Board of Land Appeals.

In May 2005, WECO received a "Preliminary Assessment Notice" from the Montana Department of Revenue, asserting claims similar to those of the Office of Minerals Revenue Management.

WECO has indicated to the owners of Colstrip that, if WECO is unsuccessful in the above appeal process, it will seek reimbursement of any royalty payments by passing these costs on to the owners. PGE believes that the owners of Colstrip have reasonable defenses in this matter. However, if the USDI and Montana Department of Revenue prevail, and WECO were to prevail in seeking reimbursement from the owners, PGE's share of the royalties and taxes owed, plus interest and future royalty and tax expenses related to coal transportation, would be 20 percent. If WECO were successful in passing all of these costs to the owners of Colstrip, PGE estimates that its share of the royalties, taxes and interest alleged by the USDI and Montana Department of Revenue through March 31, 2008 would be approximately \$8 million.

Management cannot predict the ultimate outcome of the above matters or estimate any potential loss. Based on information currently known to the Company's management, PGE does not expect that these issues will

have a material adverse effect on its financial condition, but may have a material adverse impact on the results of operations and cash flows in a future reporting period. If WECO is able to pass any of these costs on to the owners, the Company would likely seek recovery through the ratemaking process. However, there can be no assurance that such recovery would be granted.

Refunds on Wholesale Market Transactions

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

On August 24, 2007, the Ninth Circuit issued its decision on appeal, 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 (i) to 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) to include sales to CERS in its analysis, and (iii) to further consider its refund decision in light of related, intervening opinions of the court. The Ninth Circuit offered no opinion on the FERC's findings based on the record established by the administrative law judge and declined to reach the merits of the FERC's ultimate decision to deny refunds. Two requests for rehearing have been filed with the court, with a decision now pending.

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

The Lockyer Case. In a separate but potentially related action, in 2002, the California Attorney General filed a complaint (the Lockyer case) with the FERC against various sellers in the wholesale power market, alleging that the FERC's authorization of market-based rates violated the Federal Power Act (FPA), and, even if market-based rates were valid under the FPA, that the quarterly transaction reports required to be filed by sellers, including PGE, did not contain the transaction-specific information mandated by the FPA and the FERC. Upon appeal of the FERC's refusal to order refunds pursuant to the complaint, the Ninth Circuit remanded the case for further proceedings at the FERC to determine whether refunds should be ordered due to failure of parties to file correct and timely quarterly reports. PGE settled the Lockyer case with the California Attorney General and other California parties as part of its previously reported comprehensive settlement of the California Refund and related cases, which settlement became effective on May 17, 2007.

On December 10, 2007, the California Attorney General and others filed with the FERC a motion to suspend any Lockyer remand proceedings until the court issues mandates in the California Refund case and Pacific Northwest Refund proceeding on the basis that all three cases include similar parties and similar issues.

They indicated their intent to file a motion to consolidate all three cases upon remand of the two that remain pending rehearing before the Ninth Circuit.

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

On April 21, 2008, certain California parties filed a request for rehearing of the Remand Order, arguing, among other things, that the FERC should have held the Lockyer remand proceeding in abeyance pending remands by the Ninth Circuit of the California Refund case and the Pacific Northwest proceeding. These California parties have not objected to the dismissal of PGE from the remand proceedings.

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

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

Complaint and Application for Deferral – Income Taxes

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

On August 14, 2007, the OPUC issued an order granting the Application for Deferred Accounting for the period from October 5, 2005 through December 31, 2005 (Deferral Period). The OPUC's order also dismissed the Complaint, without prejudice, on grounds that it was superfluous to the Complainants' request for deferred accounting. The order required that PGE calculate the amounts applicable to the Deferral Period, along with calculations of PGE's earnings and the effect of the deferral on the Company's return on equity. The order also provided that the OPUC would review PGE's earnings at the time it considers amortization of the deferral. PGE understands that the OPUC will consider the potential impact of the deferral on PGE's earnings over a relevant 12-month period, which will include the Deferral Period. On 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 granted PGE's motion to stay the proceedings until May 31, 2008.

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. After consideration of these matters, the OPUC will determine whether a rate adjustment is required. The OPUC decision is expected by June 1, 2008.

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

Environmental Matters

Portland Harbor

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

In December 2000, PGE received from the EPA a "Notice of Potential Liability" regarding the Harborton Substation facility. The notice listed sixty-eight companies in addition to PGE that the EPA believes may be Potentially Responsible Parties (PRPs) with respect to the Portland Harbor Superfund Site.

In February 2002, PGE provided a report on its remedial investigation of the Harborton Substation site to the Oregon Department of Environmental Quality (DEQ). The report concluded that there is no likely present or past source or pathway for release of hazardous substances to surface water or sediments in the Portland Harbor Superfund Site at or from the site and that the site does not present a high priority threat to present and future public health, safety, welfare, or the environment. The DEQ submitted the report to the EPA and, in a May 18, 2004 letter, the EPA notified the DEQ that, based on the summary information from the DEQ and the stage of the process, the EPA, as of that time, agreed that the Harborton Substation site does not appear to be a current source of contamination to the river.

In a December 6, 2005 letter, the DEQ notified PGE that the Harborton Substation site is not likely a current source of contamination to the river and that the site is a low priority for further action.

On January 22, 2008, PGE received a Section 104e Information Request from the EPA requiring the Company to provide information concerning its properties in or near the Portland Harbor Superfund Site, as well as several miles beyond the initial 5.5 mile segment of the river. PGE's response is due May 16, 2008.

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

Harbor Oil

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

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

PGE received a Special Notice Letter for Remedial Investigation/Feasibility Study (RI/FS) from the EPA, dated June 27, 2005, in which the Company was named as one of fourteen PRPs with respect to the Harbor Oil site. The letter started a period for the PRPs to participate in negotiations with the EPA to reach a settlement to conduct or finance an RI/FS of the Harbor Oil site. On May 31, 2007, an Administrative Order on Compliance was signed by the EPA and six other parties, including PGE, to implement an RI/FS at the Harbor Oil site. The EPA has approved an RI/FS work plan. Site access agreements are being negotiated with surrounding properties and the site operator. On-site sampling began in April of 2008.

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

Other Matters

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

Exhibit "E-1"
UF-XXX_

Portland General Electric Company and Subsidiaries
Consolidated Balance Sheet
March 31, 2008
(In Millions, Except Share Amounts)

	March 31, 2008	Adjustments (1)	Adjusted Total
Assets			
Electric Utility Plant - Original Cost			
Utility plant (includes construction work in progress of \$202)	\$ 5,135		\$ 5,135
Accumulated depreciation	(1,988)		(1,988)
	<u>3,147</u>	<u>-</u>	<u>3,147</u>
Other Property and Investments			
Nuclear decommissioning trust, at market value	46		46
Non-qualified benefit plan trust	63		63
Miscellaneous	17		17
	<u>126</u>	<u>-</u>	<u>126</u>
Current Assets			
Cash and cash equivalents	51		51
Accounts and notes receivable (less allowance for uncollectible accounts of \$5)	233		233
Unbilled revenues	79		79
Assets from price risk management activities	202		202
Inventories, at average cost	60		60
Other current assets	53		53
	<u>678</u>	<u>-</u>	<u>678</u>
Deferred Charges			
Regulatory assets	252		252
Other noncurrent assets	66		66
	<u>318</u>	<u>-</u>	<u>318</u>
Total assets	<u>\$ 4,269</u>	<u>-</u>	<u>\$ 4,269</u>
Capitalization and Liabilities			
Capitalization			
Common stock, no par value, 80,000,000 shares authorized; 62,532,232 shares outstanding	\$ 647		\$ 647
Retained earnings	687		687
Accumulated other comprehensive income (loss)	(4)		(4)
Total shareholder's equity	1,330		1,330
Long-term debt	1,256		1,256
	<u>2,586</u>	<u>-</u>	<u>2,586</u>
Commitments and Contingencies (see Exhibit F)			
Current Liabilities			
Accounts payable and other accruals	273		273
Liabilities from price risk management activities	99		99
Accrued taxes	28		28
Short-term borrowings	-		-
Deferred income taxes	40		40
Other current liabilities	49		49
Total current liabilities	<u>489</u>	<u>-</u>	<u>489</u>
Other			
Regulatory liabilities	727		727
Deferred income taxes	234		234
Non-qualified benefit plan liabilities	88		88
Trojan asset retirement obligation	60		60
Accumulated asset retirement obligation	28		28
Other noncurrent liabilities	57		57
Total other liabilities	<u>1,194</u>	<u>-</u>	<u>1,194</u>
Total liabilities	<u>1,683</u>	<u>-</u>	<u>1,683</u>
Total capitalization and liabilities	<u>\$ 4,269</u>	<u>\$ -</u>	<u>\$ 4,269</u>

(1) Reflects journal entries in Exhibit "J"

Exhibit "E-2"
UF-XXX

Portland General Electric Company
Exhibit E - SEC Balance Sheet
As of March 31, 2008
(in thousands)

	Actuals	Adjustments	Proforma
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 50,641	\$220,587 (1)	\$ 271,228
Accounts and notes receivable, net	233,347		233,347
Unbilled revenues	79,166		79,166
Assets from price risk management activities	202,049		202,049
Inventories, at average cost	60,121		60,121
Other current assets	52,833		52,833
Total current assets	<u>678,157</u>	<u>220,587</u>	<u>898,744</u>
Electric utility plant, net	3,147,138		3,147,138
Other property and investments:			
Nuclear decommissioning trust, at market value	46,282		46,282
Non-qualified benefit plan trust	62,963		62,963
Miscellaneous	17,165		17,165
Total other property and investments	<u>126,410</u>	<u>-</u>	<u>126,410</u>
Regulatory assets	252,416		252,416
Miscellaneous	65,173		65,173
Total assets	<u>\$ 4,269,294</u>	<u>\$220,587</u>	<u>\$ 4,489,881</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
Current liabilities			
Accounts payable and accrued liabilities	272,516		272,516
Liabilities from price risk management activities	98,816		98,816
Accrued taxes	27,615		27,615
Deferred Taxes	40,437		40,437
Other current liabilities	49,380		49,380
Total current liabilities	<u>488,764</u>	<u>-</u>	<u>488,764</u>
Long-term debt	1,256,294		1,256,294
Regulatory liabilities	727,209		727,209
Deferred income taxes	234,425		234,425
Non-qualified benefit plan liabilities	87,738		87,738
Accumulated asset retirement obligation	87,550		87,550
Miscellaneous	57,495		57,495
Total liabilities	<u>2,939,475</u>	<u>-</u>	<u>2,939,475</u>
Commitments and contingencies (see notes)			
Shareholders' equity:			
Common stock	646,891	220,587 (1)	867,478
Accumulated other comprehensive loss	(4,360)		(4,360)
Retained earnings	687,288		687,288
Total shareholders' equity	<u>1,329,819</u>	<u>220,587</u>	<u>1,550,406</u>
Total liabilities and shareholders' equity	<u>4,269,294</u>	<u>220,587</u>	<u>4,489,881</u>

Exhibit "G-1"
UF__

Portland General Electric Company and Subsidiaries
Consolidated Statement of Income
Three Months Ended
March 31, 2008
(Dollars In Millions, Except per Share Amounts)

	<u>Three Months Ended</u> <u>03/31/2008</u>	<u>Adjustments</u>	<u>Adjusted Total</u>
Operating Revenues	\$471		\$471
Operating Expenses			
Purchased power and fuel	250		250
Production and distribution	39		39
Administrative and other	47		47
Depreciation and amortization	50		50
Taxes other than income taxes	22		22
Income taxes	12		12
	<u>420</u>		<u>420</u>
Net Operating Income	<u>51</u>		<u>51</u>
Other Income (Deductions)			
Allowance for equity funds used during construction	2		2
Miscellaneous	(3)		(3)
Income taxes	1		1
	<u>-</u>		<u>-</u>
Interest Charges			
Interest on long-term debt and other	23		23
	<u>23</u>		<u>23</u>
Net Income	<u>\$28</u>		<u>\$28</u>

Exhibit "G-2"
UF-XXX

Portland General Electric Company
Exhibit G - SEC Income Statement
Twelve Months Ended March 31, 2008
(In thousands)

	Actuals	Adjustments	Pro forma
Revenues	<u>\$ 1,778,439</u>	<u> </u>	<u>\$ 1,778,439</u>
Operating expenses:			
Purchased power and fuel	926,122		926,122
Production and distribution	157,185		157,185
Administrative and other	185,906		185,906
Depreciation and amortization	186,770		186,770
Taxes other than income taxes	81,557		81,557
Total operating expenses	<u>1,537,540</u>	<u>-</u>	<u>1,537,540</u>
Income from operations	240,899	-	240,899
Other income:			
AFDC - Equity	12,538		12,538
Miscellaneous	3,295		3,295
	<u>15,833</u>	<u>-</u>	<u>15,833</u>
Interest expense	<u>80,371</u>	<u> </u>	<u>80,371</u>
Income before income taxes	176,361	-	176,361
Income taxes	<u>57,927</u>	<u> </u>	<u>57,927</u>
Net income	<u>\$ 118,434</u>	<u>\$ -</u>	<u>\$ 118,434</u>

Exhibit "G-3"
UF-XXX

Portland General Electric Company
Exhibit G - Pro Form Entries
As of March 31, 2008
(in thousands)

Assumptions:

\$230,000,000 gross proceeds (10 million shares issued at \$23 per share)
\$9,413,000 fees and expenses

	Debit	Credit
(1) Cash	220,587,000	
Capital Stock Expense	9,413,000	
Common Stock		230,000,000

To record net proceeds from stock issuance

Note: PGE currently forecasts is equity requirement at less than the \$230 million amount shown above. For purposes of illustration, these pro forma entries assume all 10 million shares are issued.

Exhibit "H"
UF-XXX

Portland General Electric Company and Subsidiaries
Consolidated Statement of Retained Earnings
Three Months Ended
March 31, 2008
(In Millions)

	<u>March 31, 2008</u>	<u>Adjustments ⁽¹⁾</u>	<u>Adjusted Total</u>
Balance at Beginning of Period	\$674		\$674
Net Income	28		28
	<u>\$702</u>		<u>\$702</u>
Dividends Declared			
Common stock	15		15
	<u>15</u>		<u>15</u>
Balance at End of Period	<u>\$687</u>		<u>\$687</u>

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

Exhibit "H-1"
UF-XXX

Portland General Electric Company
Exhibit H - SEC Statement of Shareholders' Equity
Twelve Months Ended March 31, 2008

(in thousands)

(\$ thousands)

	<u>Common Stock</u>		AOCI	Retained Earnings	Total Shareholders' Equity
	Shares	Amount			
Balances at March 31, 2007	62,507,396	643,342	(5,528)	627,867	1,265,681
Vesting of restricted stock units	16,657	-	-	-	-
Shares issued pursuant to ESPP	8,179	-	-	-	-
Stock-based compensation	-	3,549	-	-	3,549
Capital stock expense	-	-	-	-	-
Dividends declared	-	-	-	(59,013)	(59,013)
Net Income	-	-	-	118,434	118,434
Other comprehensive income	-	-	1,168	-	1,168
Balances at March 31, 2008	62,532,232	646,891	(4,360)	687,288	1,329,819
Issuance of new common stock:					
New shares issued	10,000,000	230,000			230,000
Capital stock expense		(9,413)			(9,413)
Pro forma shareholders equity	72,532,232	867,478	(4,360)	687,288	1,550,406