



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

December 15, 2006

via E-Filing and US Mail

Public Utility Commission of Oregon
550 Capitol St., NE, No.215
Salem, OR 97308-2148

Attention: **Commission Filing Center:**

Re: **UP-___** Application for approval to transfer

Enclosed is the original signed Application for approval to transfer property associated with the Bull Run project to Western Rivers Conservancy. PGE has also E-filed a copy on this date.

We ask that this Application be placed on the docket for consideration at the Commission's January 23, 2006 meeting, or as soon thereafter as possible.

The application attachments in electronic form should not be placed on the OPUC Website.

If you have any questions or require further information, please call me at (503) 464-7580 or Jay Tinker at (503) 464-7002. Please direct all formal correspondence, questions, or requests to the following e-mail address pge.opuc.filings@pgn.com.

Sincerely,

/s/ Jay Tinker for
Patrick G. Hager
Manager, Regulatory Affairs

Encls.

PGH/lbh

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UP-___

In the Matter of the Application of)
PORTLAND GENERAL ELECTRIC COMPANY) APPLICATION
in Regard to the Transfer of its Property)

Pursuant to ORS 757.480 and OAR 860-27-0025, Portland General Electric Company ("PGE") seeks approval from the Oregon Public Utility Commission ("Commission") for the transfer of certain PGE property no longer useful or necessary for providing utility service to the public. PGE intends to complete the transfer of the property pursuant to one of the conditions in the FERC Order granting surrender of the license for the Bull Run Hydroelectric Project (No. 477-024).

Background

FERC granted PGE's application to surrender its license for the Bull Run Hydroelectric Project in an order dated May 12, 2004. In the order, FERC cited evidence that the cost of environmental protection, mitigation, and enhancement measures associated with relicensing the project would make continued operation uneconomical. The order followed a Settlement Agreement between PGE and twenty-two other parties regarding the removal of the project (see Exhibit K-3). The Settlement Agreement requires a transfer of some decommissioned Project Lands other than Roslyn Lake to Western Rivers Conservancy ("WRC"). In accordance with the Settlement Agreement, PGE requests Commission approval to transfer these 729 acres of property to WRC.

The land along the Sandy and Little Sandy Rivers is an integral part of the river ecosystem with high values for aquatic and terrestrial species alike, especially in light of the

imminent removal of Marmot and Little Sandy River Dams. Transferring the PGE property to WRC will: 1) ensure long-term management and 2) assist WRC in acquiring other private lands within the Sandy and Little Sandy corridors. To that end, the property will be placed with a steward that will ensure the lands will be managed in perpetuity consistent with the following objectives:

- Protect and restore riparian habitat;
- Protect the integrity of river ecosystems;
- Establish connections and corridors between habitat units for terrestrial wildlife;
- Provide low-impact public access to the rivers and lands, consistent with the above objectives; and
- Property may be sold with the proceeds going to facilitate the acquisition of property in the Sandy River basin.

The book value of the Project Lands to be conveyed was ascertained from PGE's accounting records. For accounting purposes, PGE will record the \$16,377.95 loss resulting from the retirement of the property as a deferral, pursuant to the UE-115 stipulation and order. After decommissioning, the property will not be needed for utility purposes and will not be necessary or useful in the performance of PGE's duties to the public.

I. Required Information Under OAR 860-027-0025(1)

Pursuant to the requirements of OAR 860-027-0025, PGE represents as follows:

- The exact name and address of the utility's principal business office:* Portland General Electric Company, 121 SW Salmon Street, Portland, Oregon 97204.
- The state in which incorporated, the date of incorporation, and the other states in which authorized to transact utility operations:* PGE is a corporation organized and existing under

and by the laws of the State of Oregon. The date of its incorporation is July 25, 1930. PGE is authorized to transact business in the states of Oregon, Washington, California, Arizona and Montana, and in the District of Columbia, 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) *Name and address of the person on behalf of applicant authorized to receive notices and communications in respect to the applications:*

PGE-OPUC Filings	J. Richard George
Rates & Regulatory Affairs	Assistant General Counsel
Portland General Electric Company	Portland General Electric Company
121 SW Salmon Street, 1WTC-0702	121 SW Salmon Street, 1WTC-1301
Portland, OR 97204	Portland, OR 97204
(503) 464-7857 (telephone)	(503) 464-7611 (telephone)
(503) 464-7651 (fax)	(503) 464-2200 (fax)
pge.opuc.filings@pgn.com	richard.george@pgn.com

In addition, 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, and

Jay Tinker, Project Manager
E-Mail: Jay.Tinker@pgn.com

(d) *The names, titles, and addresses of the principal officers:*

As of September 30, 2006, the following are the principal officers of PGE:

<u>Name</u>	<u>Title</u>
Peggy Y. Fowler	Chief Executive Officer & President
James J. Piro	Executive Vice President Finance, CFO & Treasurer
Stephen R. Hawke	Senior Vice President
Arleen Barnett	Vice President
Carol A. Dillin	Vice President

<u>Name</u>	<u>Title</u>
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) *A description of the general character of the business done and to be done, and a designation of the territories served, by counties and states:* PGE 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) *A statement, as of the date of the balance sheet submitted with the application, showing for each class and series of capital stock: brief description; the amount authorized (face value and number of shares); the amount outstanding (exclusive of any amount held in the treasury); amount held as reacquired securities; amount pledged; amount owned by affiliated interests; and amount held in any fund:* The following represents PGE's stock as of September 30, 2006, the date of PGE's last major SEC filing (10-Q):

	<u>Outstanding Shares</u>	<u>Amount (\$000s)</u>
Cumulative Preferred Stock: *		
None	0	\$0
Common Stock:		
No Par Value	62,502,400	\$642,000
(80,000,000 shares authorized):		

* 34,489,658 shares are held by the Disputed Claims Reserve. Company Directors hold 2,400 shares. 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, held by affiliated corporations, or held in any fund, except as noted above.

(g) *A statement, as of the date of the balance sheet submitted with the application, showing for each class and series of long-term debt and notes: brief description (amount, interest rate and maturity); amount authorized; amount outstanding (exclusive of any amount held in the treasury); amount held as reacquired securities; amount pledged; amount held by affiliated interests; and amount in sinking and other funds:* The long-term debt as of September 30, 2006 is as follows:

<u>Description</u>	<u>Authorized (\$000s)</u>	<u>Outstanding (\$000s)</u>
First Mortgage Bonds		
MTN ser IV due 6-15-2007 7.15%	50,000	50,000
5.6675% series due 10-25-2012	100,000	100,000
5.279% series due 4/1/2013	50,000	50,000
6.26% series due 5-1-2031	100,000	100,000
6.31% series due 5-1-2036	175,000	175,000
5.625% series VI due 8-1-2013	50,000	50,000
MTN series due 8-11-2021 9.31%	20,000	20,000
6.75% series VI due 8-1-2023	50,000	50,000
6.875% series VI due 8-1-2033	<u>50,000</u>	<u>50,000</u>
Total First Mortgage Bonds	645,000	645,000
Pollution Control Bonds		
City of Forsyth		
5.45% ser B 5-1-2033	21,000	21,000
2.20% ser A 5-1-2033	97,800	97,800
Port of Morrow		
5.20% ser A 5-1-2033	23,600	23,600
Port of St Helens		

Description	Authorized (\$000s)	Outstanding (\$000s)
4.80% series due 4-01-2010	20,200	20,200
6-01-10 variable rate	16,700	16,700
5.25% series due 8-1-2014	9,600	9,600
7.15% series due 12-15-20	<u>5,100</u>	<u>5,100</u>
Total Pollution Control Bonds	194,000	194,000
Other Long Term Debt		
Conservation Bonds 6.91%	75,000	928
7.875% notes due 2010	150,000	149,250
Capital lease obligations	0	0
Long-Term Contracts	77	77
Unamortized Debt Discount and Other	<u>-1,059</u>	<u>-1,059</u>
Total Other Long-Term Debt	224,017	149,196
Less: Maturities and Sinking Funds		
First Mortgage Bond Principal	50,000	50,000
Other Long-Term Debt	<u>928</u>	<u>928</u>
Total Current Liabilities	50,928	50,928
Total Long-Term Debt	1,012,089	937,267

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) *Whether the application is for disposition of facilities by sale, lease, or otherwise, a merger or consolidation of facilities, or for mortgaging or encumbering its property, or for the acquisition of stock, bonds, or property of another utility, also a description of the consideration, if any, and the method of arriving at the amount thereof:* This application is for approval of the transfer of property in the Sandy River basin in Clackamas County, Oregon, to the Western Rivers Conservancy. The property transfer was a key component of the Settlement Agreement between PGE and 22 other parties providing for the removal of the project.

(i) *A statement and general description of facilities to be disposed of, consolidated, merged, or acquired from another utility, giving a description of their present use and of their proposed use after disposition, consolidation, merger, or acquisition. State whether the proposed disposition of facilities or plan for consolidation, merger, or acquisition includes all*

the operating facilities of the parties to the transaction: The parcels consist of approximately 729 acres of land. The parcels consist of Project Lands other than Roslyn Lake in the Bull Run area of the Sandy River Basin (see Exhibit I-2). The property is not needed for utility purposes and is not necessary or useful in the performance of PGE's duties to the public. Transferring PGE lands to WRC will ensure long-term management of the lands and assist WRC in acquiring other private lands within the Sandy and Little Sandy corridors.

(j) *A statement by primary account of the cost of the facilities and applicable depreciation reserve involved in the sale, lease, or other disposition, merger or consolidation, or acquisition of property of another utility. If original cost is not known, an estimate of original cost based, to the extent possible, upon records or data of the applicant or its predecessors must be furnished, a full explanation of the manner in which such estimate has been made, and a statement indicating where all existing data and records may be found:* A statement by primary account of the cost of the property is included in Exhibit J.

(k) *A statement as to whether or not any application with respect to the transaction or any part thereof, is required to be filed with any federal or other state regulatory body:* No application with respect to the transaction is currently required to be filed with any federal or other state regulatory agency. Any transfer of Project Lands (i.e., those PGE-owned lands within the FERC licensed Project Boundary) prior to FERC releasing PGE from the current Bull Run license at the completion of the decommissioning process would require a filing with FERC for permission to transfer ownership.

(l) *The facts relied upon by applicants to show that the proposed sale, lease, assignment, or consolidation of facilities, mortgage or encumbrance of property, or acquisition of stock, bonds, or property of another utility will be consistent with the public interest:*

Decommissioning the Project is in the best interest of customers because the likely cost of environmental protection, mitigation, and enhancement measures associated with relicensing would make continued operation uneconomical. In addition, the Settlement Agreement for PGE's application to surrender its license for the Bull Run Hydroelectric Project requires the property transfer.

The transfer of the property is consistent with the public interest because the land provides conservation corridors on the Sandy and Little Sandy Rivers. Preservation of both areas will not only serve fish and wildlife habitat, but also public recreation for visitors from the nearby Portland metropolitan area. These conservation corridors will be managed to enhance recovery of anadromous species under the protection of the Endangered Species Act, as well as the more general goal of ecosystem health. Habitat protection and enhancement will combine with dam removal and flow restoration to increase the prospects for species recovery in the Sandy River basin.

(m) The reasons, in detail, relied upon by each applicant, or party to the application, for entering into the proposed sale, lease, assignment, merger, or consolidation of facilities, mortgage or encumbrance of property, acquisition of stock, bonds, or property of another utility, and the benefits, if any, to be derived by the customers of the applicants and the public: See the Background Section and paragraphs h) and l) above.

(n) The amount of stock, bonds, or other securities, now owned, held or controlled by applicant, of the utility from which stock or bonds are proposed to be acquired: None.

(o) A brief statement of franchises held, showing date of expiration if not perpetual, or, in case of transfer, that transferee has the necessary franchises: Not applicable.

II. Required Information Under OAR 860-027-0025(2)

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

EXHIBIT A. *A copy of the charter or articles of incorporation with amendments to date:* Articles of Incorporation as amended (previously filed in Docket UP-234 and by reference made a part of this application).

EXHIBIT B. *A copy of the bylaws with amendments to date:*

The Fourth Amended and Restated Bylaws of PGE, adopted March 14, 2006, Amended May 12, 2006, and on November 15, 2006, are attached as Exhibit B.

EXHIBIT C. *Copies of all resolutions of directors authorizing the proposed disposition, merger, or consolidation of facilities, mortgage or encumbrance of property, acquisition of stock, bonds, or property of another utility, in respect to which the application is made and, if approval of stockholders has been obtained, copies of the resolutions of the stockholders should also be furnished:* Not applicable (no such resolutions are related to this application).

EXHIBIT D. *Copies of all mortgages, trust, deeds, or indentures, securing any obligation of each party to the transaction:* Attached as pages 10-11 of Exhibit I.

EXHIBIT E. *Balance sheets showing booked amounts, adjustments to record the proposed transaction and pro forma, with supporting fixed capital or plant schedules in conformity with the forms in the annual report, which applicant(s) is required, or will be required, to file with the Commission:* Balance sheet showing booked amounts, adjustments to record the proposed transactions and pro forma Balance sheets as of September 30, 2006 are attached.

EXHIBIT F. *A statement of all known contingent liabilities, except minor items such as damage claims and similar items involving relatively small amounts, as of the date of the application, as of September 30, 2006:* Attached.

EXHIBIT G. *Comparative income statements showing recorded results of operations, adjustments to record the proposed transaction and pro forma, in conformity with the form in the annual report which applicant(s) is required, or will be required, to file with the Commission, as of September 30, 2006: Attached.*

EXHIBIT H. *An analysis of surplus for the period covered by the income statements referred to in Exhibit G, as of September 30, 2006: Attached.*

EXHIBIT I. *A copy of each contract in respect to the sale, lease or other proposed disposition, merger or consolidation of facilities, acquisition of stock, bonds, or property of another utility, as the case may be, with copies of all other written instruments entered into or proposed to be entered into by the parties to the transaction pertaining thereto:*

I-1 – Land transfer agreement

I-2 – Plat maps of property

EXHIBIT J. *A copy of each proposed journal entry to be used to record the transaction upon each applicant's books: Attached.*

EXHIBIT K. *A copy of each supporting schedule showing the benefits, if any, which each applicant relies upon to support the facts as required by subsection (1)(l) of this rule and the reasons as required by subsection (1)(m) of this rule:*

K-1 – Letter from the US Bureau of Land Management (April 28, 2006)

K-2 – Letter from the Western Rivers Conservancy (May 15, 2006)

K-3 – Joint Explanatory Statement and Request for Approval of Decommissioning Settlement Agreements

K-4 – FERC Order Granting Surrender Application, Adopting Proposed Terms, and Denying Application to Amend License (Project No. 477-024)

Dated this 15th day of December, 2006.

Respectfully Submitted,

/s/ Jay Tinker for Patrick Hager

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
Facsimile: (503) 464-7651

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