

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UF 4218 / UM 1206**

**TESTIMONY OF
RICHARD W. CUTHBERT
ON BEHALF OF THE CITY OF PORTLAND**

TABLE OF CONTENTS

	<u>PAGE</u>
QUALIFICATIONS AND SUMMARY OF TESTIMONY	1
LACK OF NET BENEFITS OF THE APPLICATION	7
ISSUE OF CLAIMED BENEFITS FROM LOCAL CONTROL	13
INADEQUATE FINANCIAL PROTECTION OF PGE RATEPAYERS	18
EXHIBITS	
Record of Testimony Submitted by Richard W. Cuthbert	COP/101
Testimony of Staff Witness Conway, Docket UM 1121, pages 3 and 16	COP/102
Cross-Examination of Thomas Morgan, Docket UM 1087 (Excerpt, pages 72 and 73)	COP/103
Portland General Electric: 2004 Form 10-K Report, pages 117 through 122	COP/104
<i>The Oregonian</i> : “Sten Demands PGE Rate Cut”	COP/105
Commission Order No. 05-114, Docket UM 1121, pages 32 and 33	COP/106
<i>Willamette Week</i> : “The New Deal: If you thought the Texas Pacific deal for PGE was bad, get a load of this.”	COP/107
<i>MSNBC.com</i> : “Upbeat PGE Prepares to go Public Again”	COP/108
Greenberg Traurig Alert: “A Brave New World: Congress Repeals the Public Utility Holding Company Act of 1935”	COP/109
Portland General Electric: Moody’s Investors Service – Annual Review Presentation (October 13, 2004), page 14	COP/110
Testimony of Staff Witness Morgan, Docket UM 1121, page 9	COP/111
Portland General Electric: Banker Meeting Presentation (May 6, 2005), page 24	COP/112
Testimony of Staff Witness Conway, Docket UM 1121, pages 9 through 14	COP/113
Pro Forma Assessment: Results of Operation under City Ownership	COP/114

Portland General Electric

Moody's Investors Service

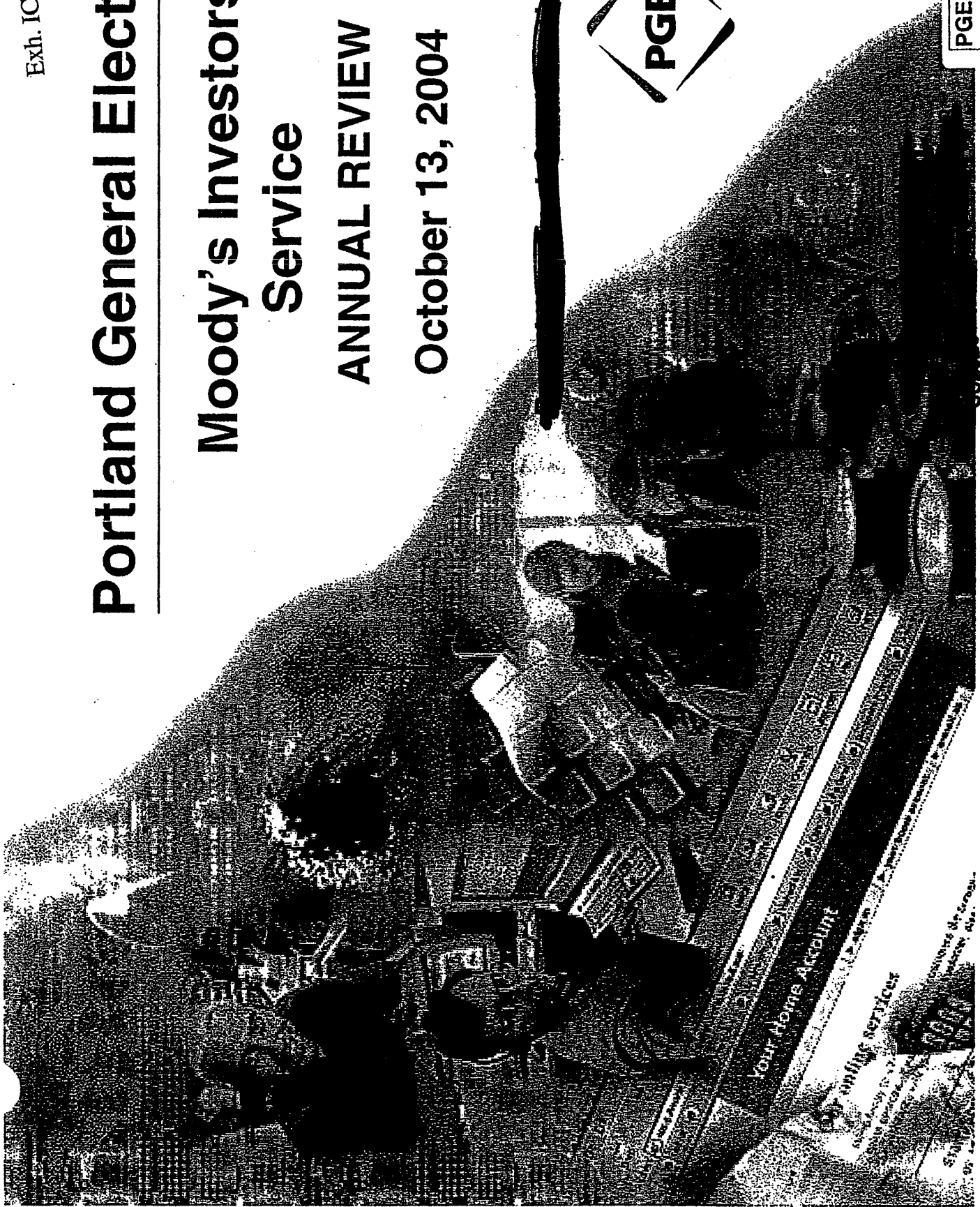
ANNUAL REVIEW

October 13, 2004



COP/110
Cuthbert/1

PGE 205861



Your Home Account

Online Services

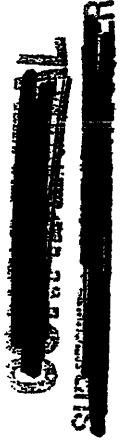
Customer Service

Legal Issues (continued)

- California Refund:
 - As of June 30, 2004, PGE had net receivable balances from the California Independent System Operator and the California Power Exchange of \$60 million.
 - In 2002 FERC ordered refunds for certain non federally-mandated transactions between October 2, 2000 and June 20, 2001.
 - The FERC methodology for calculating refunds was revised in March 2003. PGE has taken reserves of \$40 million.
 - In September 2004, the Court of Appeals for the Ninth Circuit ruled in favor of the State of California and ordered that FERC look at moving the start date of the refund period back to May 1, 2000.



PGE 205874

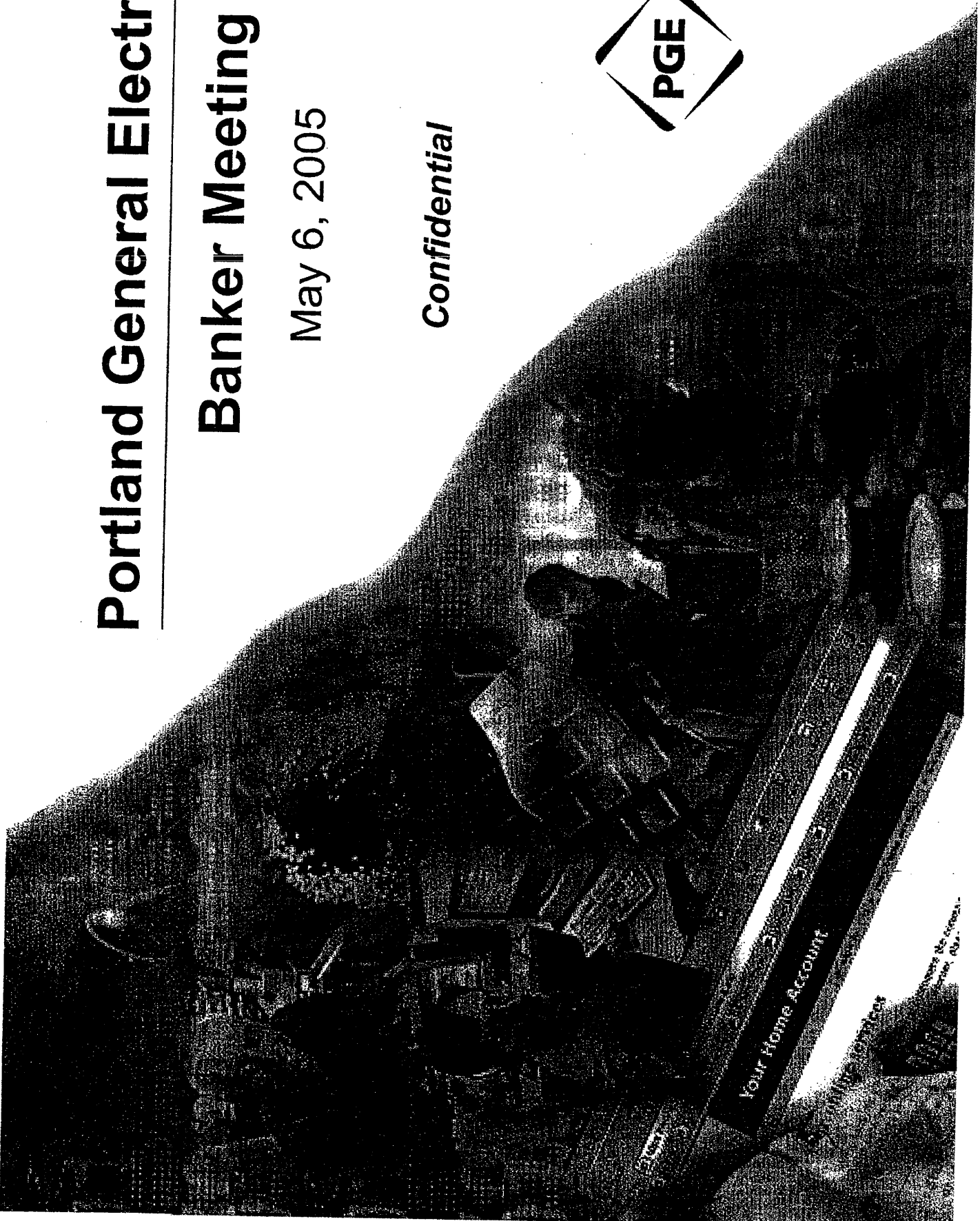


Portland General Electric

Banker Meeting

May 6, 2005

Confidential



2004 - 2007 Cash and Liquidity (\$'s in millions)

	Forecast			
	Actual 12/31/2004	12/31/2005	12/31/2006	12/31/2007
Beginning Cash Balance	\$109	\$204	\$5	\$5
Net Cash from Operations	340	287	275	291
Net Cash used in Investing	(184)	(314)	(315)	(241)
Net Cash from Financing	0	0	75	100
Issuance of Long-Term Debt				
Repayment of Long-Term Debt	(58)	(28)	(9)	(50)
Increase (Decrease) in Short-Term Debt	0	9	37	(24)
Preferred Stock	(3)	(3)	(3)	(16)
Dividends	0	(150)	(60)	(60)
Total Net Cash from Financing	(61)	(172)	40	(50)
Ending Cash Balance (A)	\$204	\$5	\$5	\$5
Total Revolving Credit (B)	\$150	\$350	\$350	\$350
Short-Term Debt	0	9	46	22
Collateral : Letters of Credit Provided by PGE (1)	2	23	23	18
Cash Deposits to PGE from Counterparties (2)	14	14	14	14
Total Short-Term Debt, L/C's and Cash Deposits (C)	16	46	83	54
Total Excess Liquidity: A+B-C	\$338	\$309	\$272	\$301
Net Income	\$92	\$77	\$99	\$125

(1) L/C's provided by PGE on 5/6/05 were comprised of trading floor, \$14MM and Port Westward, \$9MM. L/C's are held constant for 2005 and 2006 and reduced in 2007 by \$5MM for Port Westward.

(2) Cash deposits to PGE held constant at the 2004 level of \$14MM.
 I:\invest\liscdata\2005 Finance Plan\2005 Finance Plan Cash Analysis2.xls



September 23, 2005

BY E-MAIL AND FIRST CLASS MAIL

Oregon Public Utility Commission
Filing Center
PO Box 2148
Salem OR 97308-2148

Re: **UF 4218/UM 1206** -- In the Matter of Portland General Electric Company
Application for an Order Authorizing the Issuance of 62,500,000 Shares of New
Common Stock Pursuant to ORS 757.410 *et seq.* and In the Matter of Stephen Forbes
Cooper, LLC

Dear Filing Center:

On Friday, September 16, 2005, the City of Portland filed Testimony of Richard W. Cuthbert in the above-referenced matter. There were two exhibits in the Cuthbert Testimony that were in the wrong order and needed to be corrected. COP/110 is now COP/112 and vice versa. It was also necessary to change the Table of Contents to reflect this correction. These are the only changes made and we are therefore only submitting the replacement pages.

The parties in this matter have been served electronically and/or by first class mail. Please let me know if you have any questions regarding this matter.

Very truly yours,

/s/ Benjamin Walters

Benjamin Walters
Senior Deputy City Attorney

BEW:lw

Enclosures

cc: Service List for Docket UF 4218/UM 1206

SERVICE LIST (UF 4218/UM 1206)

<p>PGE MUTUAL UTILITY, INC 5 CENTERPOINTE DR SUITE 400 LAKE OSWEGO OR 97035</p>	<p>JIM ABRAHAMSON COMMUNITY ACTION DIRECTORS OF OREGON 4035 12TH ST CUTOFF SE STE 110 SALEM OR 97302 jim@cado-oregon.org</p>
<p>SUSAN ANDERSON CITY OF PORTLAND OFFICE OF SUSTAINABLE DEV 721 NW 9TH AVE -- SUITE 350 PORTLAND OR 97209-3447 susananderson@ci.portland.or.us</p>	<p>STEPHANIE S ANDRUS DEPARTMENT OF JUSTICE REGULATED UTILITY & BUSINESS SECTION 1162 COURT ST NE SALEM OR 97301-4096 stephanie.andrus@state.or.us</p>
<p>TIMOTHY V RAMIS RAMIS CREW CORRIGAN LLP 1727 NW HOYT STREET PORTLAND OR 97239 timr@rcclawyers.com</p>	<p>KEN BEESON EUGENE WATER & ELECTRIC BOARD 500 EAST FOURTH AVENUE EUGENE OR 97440-2148 ken.beeson@eweb.eugene.or.us</p>
<p>LOWREY R BROWN CITIZENS' UTILITY BOARD OF OREGON 610 SW BROADWAY, SUITE 308 PORTLAND OR 97205 lowrey@oregoncub.org</p>	<p>J LAURENCE CABLE CABLE HUSTON BENEDICT ET AL 1001 SW 5TH AVE STE 2000 PORTLAND OR 97204-1136 lcable@chbh.com</p>
<p>BRYAN CONWAY PO BOX 2148 SALEM OR 97309-2148 bryan.conway@state.or.us</p>	<p>JOAN COTE OREGON ENERGY COORDINATORS ASSOCIATION 2585 STATE ST NE SALEM OR 97301 cotej@mwvcaa.org</p>
<p>MELINDA J DAVISON DAVISON VAN CLEVE PC 333 SW TAYLOR, STE. 400 PORTLAND OR 97204 mail@dvclaw.com</p>	<p>J JEFFREY DUDLEY PORTLAND GENERAL ELECTRIC 121 SW SALMON ST 1WTC1300 PORTLAND OR 97204 jay.dudley@pgn.com</p>
<p>JASON EISDORFER CITIZENS' UTILITY BOARD OF OREGON 610 SW BROADWAY STE 308 PORTLAND OR 97205 jason@oregoncub.org</p>	<p>JAMES F FELL STOEL RIVES LLP 900 SW 5TH AVE STE 2600 PORTLAND OR 97204-1268 jffell@stoel.com</p>
<p>ANN L FISHER AF LEGAL & CONSULTING SERVICES 2005 SW 71ST AVE PORTLAND OR 97225-3705 energlaw@aol.com</p>	<p>DAVID E HAMILTON NORRIS & STEVENS 621 SW MORRISON ST STE 800 PORTLAND OR 97205-3825 davidh@norrstev.com</p>

<p>RON GARZINI CITY OF WEST LINN 22500 SALAMO ROAD WEST LINN OR 97068 rgarzini@ci.west-linn.or.us</p>	<p>ANDREA FOGUE LEAGUE OF OREGON CITIES PO BOX 928 1201 COURT ST NE STE 200 SALEM OR 97308 afogue@orcities.org</p>
<p>CHRISTY MONSON LEAGUE OF OREGON CITIES 1201 COURT ST. NE STE. 200 SALEM OR 97301 cmonson@orcities.org</p>	<p>RANDALL C TOSH CITY OF SALEM 555 LIBERTY STREET SE, ROOM 205 SALEM OR 97301 rtosh@cityofsalem.net</p>
<p>DAVID KOOGLER ENRON CORPORATION PO BOX 1188 HOUSTON TX 77251-1188 david.koogler@enron.com</p>	<p>GEOFFREY M KRONICK LC7 BONNEVILLE POWER ADMINISTRATION PO BOX 3621 PORTLAND OR 97208-3621 gmkronick@bpa.gov</p>
<p>GORDON MCDONALD PACIFIC POWER & LIGHT 825 NE MULTNOMAH STE 800 PORTLAND OR 97232 gordon.mcdonald@pacificcorp.com</p>	<p>DANIEL W MEEK DANIEL W MEEK ATTORNEY AT LAW 10949 SW 4TH AVE PORTLAND OR 97219 dan@meek.net</p>
<p>MICHAEL M MORGAN TONKON TORP LLP 888 SW 5TH AVE STE 1600 PORTLAND OR 97204-2099 mike@tonkon.com</p>	<p>PGE- OPUC FILINGS RATES & REGULATORY AFFAIRS PORTLAND GENERAL ELECTRIC COMPANY 121 SW SALMON STREET, 1WTC0702 PORTLAND OR 97204 pge.opuc.filings@pgn.com</p>
<p>LAWRENCE REICHMAN PERKINS COIE LLP 1120 NW COUCH ST - 10 FL PORTLAND OR 97209-4128 lreichman@perkinscoie.com</p>	<p>CRAIG SMITH BONNEVILLE POWER ADMINISTRATION PO BOX 3621--L7 PORTLAND OR 97208-3621 cmsmith@bpa.gov</p>
<p>MITCHELL TAYLOR ENRON CORPORATION PO BOX 1188 HOUSTON TX 77251-1188 mitchell.taylor@enron.com</p>	