



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

September 26, 2008

FedEx/Hand Deliver

Filing Center
Oregon Public Utility Commission
550 Capitol Street, N.E., Ste 215
Salem, OR 97301-2551

RE: September 26, 2008 MONET Update for 2009 (Docket UE 198)

Enclosed is PGE's September 26th MONET update in Docket No. UE 197/198. This update includes contracts and electric and gas forward curves as of September 11, 2008. Attachment 1 provides a hard copy of the Step Change Log, Summary of Changes to MONET, Assumptions Summary, and Monet Output. Attachment 2 is a CD with several electronic files, which constitute the Minimum Filing Requirements as agreed in the Stipulation in this docket. The files include Monet output files in Excel format for each model step, documentation explaining each step, and the Monet model. Attachment 3 describes the content of the CD in more detail. Attachments 1 and 2 are confidential and subject to the Protective Order issued in UE 197 (Order No. 08-133).

Net Variable Power Costs (NVPC) total \$860 million, a decrease of approximately \$59 million from the July 11th Update, primarily due to significant decreases in the wholesale price curves for gas and electricity and a lower cost of service load forecast, declining from 2,321 aMW to 2,284 aMW.

On April 16, 2008, the Western Electricity Coordinating Council Board of Directors approved a new standard for contingency reserves requiring that resources equal to 3% of all generation plus 3% of control area load be available for operating reserves. The current standard is 7% of thermal generation and 5% of hydro and wind generation. Our current expectation is that the new requirements will not be implemented by FERC until the second half of 2009. Assuming a July 1 start date, the impact on 2009 NVPC is a reduction in costs of approximately \$227,000. However, if this new requirement were in effect for all of 2009, net variable power costs would increase significantly due to a large increase in operating reserve requirements in the second quarter of the year. Please refer to Step 64, which calculates the incremental change in reserve requirements by hour and prices the change at the Mid-C hourly price, starting on July 1, 2009.

MONET Update for 2009 (Docket UE 198)

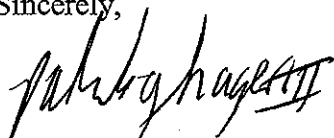
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Finally, PGE has included an estimate of additional 2009 power costs associated with a potential settlement regarding claims against Western Energy Company (WECO). This impact is approximately \$149,000 in tax and royalty payments for 2009.

If you have any questions, please contact me at (503) 464-7580 or Steve Schue at (503) 464-2624.

Sincerely,



Patrick G. Hager
Manager, Regulatory Affairs

encls.

CC: Ed Durrenberger, OPUC Staff Randy Falkenberg, RFI Consulting
S. Bradley Van Cleve, ICNU Bob Jenks, CUB