Appendix H: PGE Financial Projections – 2003-2006

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Basis of Presentation

Financial projections for PGE (the "Projections") have been prepared for the four years ending December 31, 2006. The projections for the fiscal year ended December 31, 2003, include actual results through June 30, 2003. The Projections are based on a number of assumptions made with respect to the future operations and performance of PGE. The Projections should be reviewed in conjunction with a review of the principal assumptions set forth herein. While the Projections were prepared in good faith and the assumptions, when considered on an overall basis are believed to be reasonable in light of the current circumstances, it is important to note that there can be no assurance that such assumptions will be realized and Creditors must make their own determinations as to the reasonableness of such assumptions and the reliability of the Projections. As outlined in Section XIV of the Disclosure Statement, a variety of risk factors could affect PGE's financial results and must be considered.

Assumptions

Information relating to certain assumptions used in preparing the Projections is set forth below.

A. General

1. Plan Consummation. The expense forecasts assume the Plan will be confirmed and become effective in 2004.

2. Economic and Industry Environment. The Projections assume an economic environment based on prevailing analyst forecasts for the region, including the State of Oregon's March 2003 Economic (and Revenue) Forecast and Global Insight's (WEFA - DRI) U.S. Economic Outlook. In addition, the Projections assume no significant change in the regulatory and competitive conditions under which PGE currently operates.

3. Temporary Tax Regulations. The Projections assume that temporary regulations T.D. 9089 issued by the Treasury Department effective August 29, 2003, will not require any reduction of tax attributes of PGE as the result of any exclusion of discharge of indebtedness income from the gross income of the Debtors.

4. Basis. The financial projections assume a predecessor carryover basis rather than either utilizing fresh-start reporting as described by the American Institute of Certified Public Accountants Statement of Position 90-7 "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code," or assuming any change in bases as a result of transfer of assets (whether between companies, to trusts or to creditors). Accordingly, the projections only reflect adjustments directly related to the Plan. It is uncertain whether a change in basis resulting from the implementation of the Plan will occur and if it does occur, when it may occur. Therefore, although the projections assume a predecessor carryover basis, it may ultimately be determined that PGE either has the option or is required to use a new basis of accounting at some point in the future following implementation of the Plan.

B. Other

1. Retail Load Forecast. The 2003 and 2004 retail load forecasts are consistent with PGE's June 23, 2003 filing with the OPUC in its Resource Valuation Mechanism ("RVM") proceeding (UE-149), consistent with the State of Oregon's March 2003 Economic (and Revenue) Forecast and Global Insight's (WEFA-DRI) February 2003 U.S. Economic Outlook. The retail forecasts for 2005 and 2006 assume economic recovery in PGE's service territory. Retail load forecasts incorporate separate forecasts developed for PGE's largest 21 customers to take into account information that is given to PGE from these customers. The Projections assume the following annual increases to retail load:

Year	*Residential*	*Commercial*	*Industrial*	*Total*
2004	4.8%	4.6%	-2.2%	3.1%
2005	2.2%	5.4%	6.0%	4.3%
2006	2.0%	3.4%	4.6%	3.1%

2. Rate Filings. The Projections assume PGE will obtain annual updates to power costs through the RVM process and an adjustment in rates through a general rate case providing an allowed return on equity of 10.5% effective January 1, 2006, consistent with the projected start date for new resources consistent with PGE's August 2002 Integrated Resource Plan ("IRP") and February 2003 Supplement to its IRP ("IRP Supplement"). The RVM process adjusts PGE's retail energy rates annually to reflect changes in PGE's cost of power and is designed to hold PGE and its customers neutral if a customer decided to purchase energy from PGE or a new electricity service provider. The Projections also assume PGE will obtain OPUC approval to amortize the following deferrals beginning in 2004:

- 2003 Hydro Replacement Power Costs - $10.5 million for two years
- Pelton/Round Butte Transition Costs - $2.5 million for two years
- Excess "Category A" Advertising Expenses - $1.4 million for two years
- SB 1149 Incremental Implementation Costs - $6.4 million for five years.

3. Net Variable Power Costs ("NVPC"). The 2004 NVPC are based on PGE's June 23, 2003 filing and settlement with the OPUC in its RVM proceeding (UE-149). Revenues for 2005 and 2006 assume full recovery of the 2005 NVPC and 2006 NVPC at forecasted levels without adjustments. The projected NVPCs assume average hydro conditions and scheduled maintenance outages for the various generating plants. Forward market curves for gas and electric power purchases and sales are based on relevant indices of monthly on-peak and off-peak power prices as of June 12, 2003. The forward trading curves for gas prices extend through October 2005. Beyond this point, gas prices are based on the fundamentals of supply and demand, which forecast a decline in 2006 forward trading curve prices.

4. Fixed Operation and Maintenance ("O&M") Costs. The 2003 O&M costs are based on actuals through June 30, 2003, and projected O&M costs for the remainder of the year. O&M costs for 2004, 2005, and 2006 are based on the 2003 budget, escalated at rates of inflation of

1.4%, 2.2% and 2.4%, for 2004, 2005, and 2006, respectively, adjusted for known or expected changes (such as pension and health benefit expenses).

5. New Resources. The Projections assume that new resources will be obtained by PGE consistent with PGE's IRP and IRP Supplement and use the Port Westward Project, a combined-cycle gas combustion turbine facility, as the placeholder. It is assumed a nominal 300 MW unit of the Port Westward Project will be brought on-line in January 2006. The estimated capital expenditures are $206 million ($127 million in 2004 and $79 million in 2005), excluding allowance for funds used during construction (AFUDC).

6. Capital Expenditures. Capital Expenditures are based on normal system improvements increased by the cost of new resources in 2004 and 2005 (using the construction costs of the Port Westward Project as the placeholder) and improvements in 2006 for hydro facilities potentially required through the relicensing process. These expenditures are projected as:

2003	$176.6 million
2004	$307.0
2005	$245.4
2006	$181.9

7. Financings. The Projections assume that PGE will undertake the following financings:

- 2004 – Refinance $45 million First Mortgage Bonds ("FMB") 7.60%-7.61% Series, at 6.0% due 7/14/2019;
- 2004 – Issue $25 million new FMB at 7% due 9/30/2034;
- 2004 – Issue $75 million new FMB at 7% due 3/1/2019;
- 2005 – Refinance $18 million FMB 9.07% Series, at 6.5% due 8/15/2020; and
- 2003-2006 – Redeem $3 million (30,000 shares) annually of the 7.75% Preferred stock.

8. Common Dividends. It is assumed that PGE will declare and pay common dividends in 2004, 2005, and 2006 to reach and maintain an equity ratio between 48%-52%.

9. Bankruptcy Claims. The Projections reflect that 100% of the value of PGE's Claim against ENE will accrue in 2003 in the amount of $12.7 million. It is assumed that distributions in the form of cash and stock will be made on this Claim over time based on estimates as to the timing and amount of distributions. **These estimates were utilized for purposes of preparing these projections only and the actual timing and amount of the distributions may vary materially from the assumptions used herein.**

10. Other Factors

- Income from Trust Owned Life Insurance investments is expected to earn a 7% annual return.
- Interest income and expense on certain regulatory assets and liabilities are calculated based on PGE's weighted cost of capital of 9.08%.

- PGE's federal income tax rate will be 35%; its state and local income tax rate will be at 7.07%, yielding a combined income tax rate at 39.59%.
- The projections assume that no IRC Section 338(h)(10) election (which potentially could generate future income tax benefits) will be made for PGE in respect of the transactions contemplated by the Plan because both the ability to make such election and the value of potential income tax benefits resulting therefrom are uncertain.

11. Reclassification. Certain Balance Sheet line items have not been reclassified to reflect the implementation of SFAS 143, Accounting for Asset Retirement Obligations. These reclassifications have no effect on PGE's income or cash flow projections.

12. Tax. For purposes of federal and state income taxes, PGE is treated as a stand-alone company, not part of a group of corporations filing federal or state consolidated returns. In addition, the tax allocation agreement between PGE and ENE is not taken into account.

13. NOL Carryforwards. The projections do not take into account a net operating loss carryforward approximately equal to $11 million dollars for the period during which PGE was deconsolidated from the ENE Tax Group, ending December 23, 2002.

14. Equity Incentive Plan. The PGE projections do not include any expenses associated with the anticipated equity incentive plan. Refer to Section VIII.E of the Disclosure Statement for more information.

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PORTLAND GENERAL ELECTRIC

Income Statement (US$'s in millions)	2003	2004	2005	2006
Operating Revenue	1,785.1	1,472.2	1,450.8	1,420.7
Operating Expenses				
Purchased Power and Fuel	1,040.4	668.5	629.5	549.5
Production and Distribution	121.2	127.0	129.8	137.0
Administrative and Other	150.0	148.3	159.4	167.6
Depreciation and Amortization	211.9	233.2	236.4	219.1
Taxes other than Income Taxes	71.7	70.4	74.0	75.7
Income Taxes	56.2	70.2	69.0	85.7
NET OPERATING INCOME	133.7	154.6	152.7	186.1
Other Income and Deductions				
Miscellaneous	29.0	23.1	21.3	8.9
Income Taxes	(2.2)	(0.1)	(0.3)	(0.1)
	26.8	23.0	21.0	8.8
Interest Charges				
Interest on Long-Term Debt and Other	77.8	73.1	69.7	76.5
Interest on Short-Term Borrowings	-	-	-	-
	77.8	73.1	69.7	76.5
Net Income Before Cumulative Effect of a Change in Accounting Principle	82.7	104.5	104.0	118.4
Cumulative Effect (net)	2.2	-	-	-
NET INCOME	**84.9**	**104.5**	**104.0**	**118.4**
Preferred Dividend Requirement	2.1	1.8	1.6	1.4
Income Available for Common Stock	**82.8**	**102.7**	**102.4**	**117.0**

Balance Sheet
(US$'s in millions)

	2003	2004	2005	2006
Assets				
Electric Utility Plant - Original Cost	3,887.6	4,210.0	4,478.4	4,665.7
Accumulated Depreciation	(1,933.5)	(2,105.5)	(2,279.8)	(2,462.9)
Net Plant	1,954.1	2,104.5	2,198.6	2,202.8
Other Property and Investment				
Nuclear Decommissioning trust	12.5	(4.4)	(3.1)	7.1
Non-Qualified Benefit Plan Trust	66.5	71.4	76.5	82.0
Miscellaneous	41.0	37.5	32.9	30.6
	120.0	104.5	106.3	119.7
Current Assets				
Cash and cash equivalents	99.0	61.7	11.6	20.9
Accounts and notes receivable (less allowance for uncollectible accounts of $41)	237.8	213.8	214.3	212.0
Unbilled and accrued revenues	84.9	87.6	90.4	93.3
Assets from Price Risk Management	3.1	-	-	-
Inventories, at average cost	49.7	52.2	51.4	53.1
Prepayments and other	101.6	104.0	101.4	95.1
	576.1	519.3	469.1	474.4
Deferred Charges				
Unamortized Regulatory Assets	473.2	363.5	269.8	228.6
Miscellaneous	30.6	27.7	25.0	22.7
	503.8	391.2	294.8	251.3
Total Assets	**3,154.0**	**3,119.5**	**3,068.8**	**3,048.2**

Balance Sheet (US$'s in millions)	2003	2004	2005	2006
Capitalization and Liabilities				
Capitalization				
Common Stock Equity				
Common Stock, $3.75 par value per share, 100,000,000				
Shares Authorized, 42,758,877 shares outstanding	160.3	160.3	160.3	160.3
Other Paid-In Capital	481.0	481.0	481.0	481.0
Retained Earnings	570.9	493.6	506.0	533.0
Accumulated other comprehensive income (loss):				
Minimum pension liability adjustment	(0.3)	(0.3)	(0.3)	(0.3)
Cumulative preferred stock subject to mandatory redemption	23.5	20.5	17.5	14.5
Long Term Debt Obligations	964.6	1,081.5	1,090.6	1,040.8
Total Capitalization	**2,200.0**	**2,236.6**	**2,255.1**	**2,229.3**
Current Liabilities				
Long Term Debt Due Within One Year	54.5	28.2	9.0	50.0
Preferred Sinking Fund	1.5	1.5	1.5	1.5
Accounts Payable and Other Accruals	198.2	188.8	189.1	182.1
Customer Deposits	5.5	5.5	5.5	5.5
Accrued Interest	14.9	18.3	19.9	20.1
Dividends Payable	0.5	0.5	0.4	0.3
Accrued Taxes	6.5	7.8	11.0	10.5
Total Current Liabilities	**281.6**	**250.6**	**236.4**	**270.0**
Other				
Deferred Income Taxes	383.4	374.6	332.4	311.9
Deferred Investment Tax Credits	16.5	13.2	10.0	6.7
Trojan asset retirement obligation and transition costs	153.5	122.4	109.7	105.8
Unamortized regulatory liabilities	13.8	13.8	13.8	9.6
Non-Qualified benefit plan liabilities	63.8	66.5	69.2	72.1
Miscellaneous	41.4	41.8	42.2	42.8
Total Other Liabilities	**672.4**	**632.3**	**577.3**	**548.9**
Total Liabilities	**3,154.0**	**3,119.5**	**3,068.8**	**3,048.2**

Cash Flow Statement
(US$'s in millions)

	2003	2004	2005	2006
Cash Flow From Operations				
Reconciliation of net income to net cash provided by (used in) operating activities				
Net Income	82.8	102.7	102.4	117.0
Cumulative effect of a change in accounting principle, net of tax	(2.2)	-	-	-
Depreciation and amortization	211.9	233.2	236.4	219.1
Deferred income taxes	(3.0)	(3.9)	(37.3)	(15.6)
Net assets from price risk management activities	(5.4)	3.1	-	-
Power cost adjustment	32.3	49.5	29.2	0.0
Other non-cash income and expenditures - net	(3.2)	(3.2)	(3.2)	(3.3)
Changes in Working Capital				
(Increase) decrease in receivables	2.1	21.2	(3.3)	(0.6)
Increase (decrease) in payables	(61.4)	(4.6)	5.0	(7.3)
Other working capital items - net	(13.4)	(4.8)	3.3	4.7
Other	24.6	15.5	1.7	(11.5)
Net Cash From Operations	**265.1**	**408.7**	**334.2**	**302.5**
Cash Flow From Investing Activities				
Capital Expenditures	(181.7)	(322.4)	(268.4)	(187.3)
Other	(33.0)	(31.1)	(12.7)	(3.9)
Net Cash From Investing Activities	**(214.7)**	**(353.5)**	**(281.1)**	**(191.2)**
Cash Flow From Financing Activities				
Net Decrease in Short-Term Debt	-	-	-	-
Issuance of Long-Term Debt	342.4	145.0	18.0	-
Repayment of Long-Term Debt	(341.4)	(54.5)	(28.2)	(9.0)
Preferred stock retired	(3.0)	(3.0)	(3.0)	(3.0)
Dividend Payment	-	(180.0)	(90.0)	(90.0)
Net Cash From Financing Activities	**(2.0)**	**(92.5)**	**(103.2)**	**(102.0)**
Net Cash Flow	**48.4**	**(37.3)**	**(50.1)**	**9.3**