



**Portland General Electric**  
121 SW Salmon Street • Portland, Ore. 97204  
PortlandGeneral.com

May 29, 2019

Via E-Mail/US Mail  
[puc.filingcenter@state.or.us](mailto:puc.filingcenter@state.or.us)

Public Utility Commission of Oregon  
201 High St., SE. Suite 100  
P. O. Box 1088  
Salem, Oregon 97308-1088

Attn: *Filing Center*

**RE: Report No. 64 - 2018 Affiliated Interest Report (Reported May 2019)**

In accordance with ORS 757.005 and OAR 860-027-0100, enclosed is Portland General Electric Company's (PGE) Affiliated Interest Report for the twelve months ending December 31, 2018.

Attachment 1 shows amounts of annual billings between PGE and its affiliates. PGE billed approximately \$1.4 million to affiliates during 2018. Attachment 1 also provides billings from affiliates to PGE of approximately \$5.4 million. The largest of these billings was approximately \$4.7 million from 121 SW Salmon Street Corporation for the lease of the World Trade Center (WTC) Buildings.

Attachment 2 is PGE's Cost Allocation Manual pursuant to OAR 860-027-0048(6), which includes PGE's 2018 corporate allocation summary.

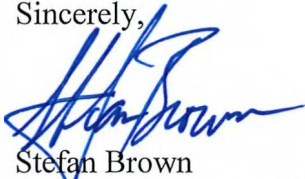
Attachment 3 references PGE's 2018 SEC form 10-K. Following Attachment 3 are Sections I through VII of the Affiliated Interest Report. Section I-A provides the related Organization chart. Section I-B provides lists of officers and directors for each company with inter-company transactions that exceeded \$25,000 during 2018. Section I-C provides affiliate financial information that PGE considers **privileged and subject** to treatments prescribed under OAR 860-001-0070 (Confidential Information) because it could be used to harm PGE, its customers, its affiliates, and/or their customers. Sections II through V provide information on Affiliated Transactions. Sections VI and VII provide information regarding employee transfers and intra-company allocations.

For the reasons stated above, the affiliate financial statements (Section I-C) are noted as **privileged and subject** to treatments prescribed under OAR 860-001-0070 (Confidential Information). Therefore, this item is provided on yellow paper, and provided in a separate sealed envelope bearing the legend "**PRIVILEGED.**" Additionally, for this item, please do not release this information to

anyone outside the Public Utility Commission Staff and please store this information in a locked file cabinet. If you are unable to honor these requests, please notify us immediately.

If you have any questions regarding this report, please feel free to contact me at (503) 464-7805.

Sincerely,



Stefan Brown  
Manager, Regulatory Affairs

SB/lh

Encls.

US Mail (Section I-C, Conf)

*Attachment 1*

***PORTLAND GENERAL ELECTRIC COMPANY***

**2018 Analysis of Affiliated Interest Transactions**

(Filed May 2019)

Portland General Electric  
2018 Analysis of Affiliated Interest Transactions  
Attachment 1  
Filed May 2019  
Actual 2017 and 2018 Billings

<b>Affiliate</b>	<b>Services Billed To PGE</b>		<b>Services Billed From PGE</b>	
	2017 Actuals	2018 Actuals	2017 Actuals	2018 Actuals
121 SW Salmon Corp.	4,973,098	4,650,724	-	75,821
Salmon Springs Hospitality Group	735,422	718,760	1,399,336	1,218,923
PGE Foundation (PGEF)	-	-	114,685	90,538
WTC NW	-		-	-
<b>Total Billings under PGE</b>				
<b>Master Service Agreement</b>	5,708,520	5,369,484	1,514,021	1,385,282

---

*PGE Foundation is not a subsidiary of PGE but is listed above due to common officers and directors.*

**PORTLAND GENERAL ELECTRIC  
COST ALLOCATION MANUAL  
FOR THE YEAR 2018**

*Attachment 2*

**PORTLAND GENERAL ELECTRIC COMPANY**

**2018 Cost Allocation Manual**

**per**

**OAR 860-027-0048(6)**

(Reported May 2019)

# **PORTLAND GENERAL ELECTRIC COST ALLOCATION MANUAL FOR THE YEAR 2018**

## **Introduction**

This document discusses PGE's loadings, allocations and the respective methodologies that are used to redistribute costs to non-regulated activities and affiliates. For some services, typically those that benefit various functional areas, it is not practicable to charge the cost directly. Costs that cannot be reasonably directly charged are captured either on the balance sheet through deferred accounts or in specific income statement accounts. These costs are then redistributed to their ultimate destination.

PGE uses a series of automated reclassifications and loadings to distribute administrative and overhead costs to end use accounts. There are four groups of these: 1) Labor Loadings, 2) Service Provider Allocations, 3) Administrative Allocations, and 4) Overhead Stores Loadings.

Within the above allocations, numerous costs are distributed to and from Administrative and General (A&G) ledgers, generally FERC accounts 920 and 921. Most A&G costs are not fully allocated. Some A&G accounts are not allocated at all, while others are only allocated in part. With the exception of Paid Time Off (PTO), A&G allocations apply largely to capital and deferred (balance sheet) accounts and to operations and maintenance (O&M - income statement) accounts in limited circumstances. Consequently, the amounts remaining in A&G represent the unallocated costs related to O&M. The reason for this approach is to comply with FERC reporting requirements (see the Interpretations of Uniform System of Accounts for Electric, Gas and Water Utilities, as revised February 27, 1981). Costs that are applicable to construction work should be directly assigned or allocated to capital. Those that are not related to capital work remain in A&G according to their FERC designation. Note, see the discussion below regarding the exception for Service Provider allocations.

In accordance with FERC, "wherever allocations are necessary in order to arrive at the amount to be included in any accounts, the method and basis of allocation shall be reflected by underlying records" (CFR, Title 18, Pt. 101).

**PORTLAND GENERAL ELECTRIC  
COST ALLOCATION MANUAL  
FOR THE YEAR 2018**

**PGE's Non-Regulated Activities**

Non-Regulated Activities:

- Large Nonresidential Tradable Renewable Credit Rider (Schedule 54)
- Meter Information Services (Schedule 320)
- Electrical Equipment Services (Schedule 715)

**PGE Affiliates and Subsidiaries**

Affiliates:

- Portland General Electric Foundation – Corporate foundation of PGE.

Subsidiaries:

- 121 SW Salmon Street Corporation – PGE makes WTC lease payments to 121 SW Salmon, which owns the building.
- World Trade Center Northwest Corporation – Inactive except for holding the World Trade Center franchise.
- Salmon Springs Hospitality Group, Inc. – SSHG provides catering within the WTC complex. SSHG charges PGE market rate for catering but discounts the charge for room rental. PGE charges SSHG labor costs based on man-hours utilized at fully allocated labor rates. Non-labor items are billed at cost, with the exception of office space, which is billed at market value. All profits/losses from SSHG flow back to PGE (regulated).

# PORTLAND GENERAL ELECTRIC COST ALLOCATION MANUAL FOR THE YEAR 2018

## Labor Loadings

There are eight categories of labor loadings: 1) Employee support; 2) Payroll Taxes; 3) Employee Benefits; 4) Corporate Incentives; 5) Injuries & Damages; 6) Paid Time Off (PTO); 7) Pension Service Cost; and 8) Net Periodic Pension Cost.

For accounting purposes, labor-related costs are classified as A&G costs. With the exception of Paid Time Off (PTO), these A&G allocations are applied to capital and deferred accounts more universally. O&M accounts receive A&G allocations under certain circumstances, which include non-utility activities, transmission study costs (for billing purposes) and O&M accounts that receive certain Service Provider allocations. In general, labor-related A&G costs are allocated proportionately to the actual direct labor charges in specified Cost Elements (CE), Accounts, Accounting Work Orders (AWO) and Operating Units (representing costs allocable to co-owners). In addition, labor allocated as part of certain Service Provider allocations will be allocated loadings based on the AWO associated with that Service Provider.

Except where indicated below, labor loadings are mostly allocated to straight-time labor charges. The accounting entries created by the loading process are captured in accounts using CEs specific to the loadings.

### Employee Support

The Employee Support loading includes the cost of administering PGE's compensation program, EEO (Equal Employment Opportunity) and employee relations, employee training and development, and Human Resources administration. The costs to be allocated are recorded to A&G accounts 920 (labor) and 921 (non-labor).

### Payroll Taxes

The Payroll Tax loading consists of employer-paid, labor-related taxes such as FICA (Social Security & Medicare), federal unemployment, state unemployment, and workers' compensation premiums. For accounting purposes, these costs are recorded to Taxes Other Than Income Taxes account 408.1. However, it is appropriate to capitalize a portion of these costs as they relate to direct labor costs that have been capitalized. Note: this loading is allocated to premium time and overtime labor charges in addition to straight-time labor charges.

### Employee Benefits

The Employee Benefits loading includes the costs of retirement savings, health, dental, disability, and life insurance; and education and recreation programs. For accounting purposes, these costs are charged to Employee Pensions and Benefits account 926. However, it is appropriate to capitalize a portion of these costs as they relate to direct labor costs that have been capitalized.



# **PORTLAND GENERAL ELECTRIC COST ALLOCATION MANUAL FOR THE YEAR 2018**

## **Corporate Incentives**

The incentive loading consists of the cost of PGE's general incentive pay program that is incurred in the Performance Incentive Compensation account (A&G account 920). Costs are not allocated to Coyote Springs, Port Westward, Carty, Biglow Canyon, Tucannon, Boardman, and Pelton/Round Butte because those generating plants have their own incentive programs.

## **Injuries & Damages**

The Injuries & Damages loading includes the cost of administering PGE's health and safety programs plus claims from general liability damages, workers' compensation injuries, and auto accidents. Since most injuries and damages occur in fieldwork, the labor basis is reduced by office groups and A&G workers based on labor charges to certain accounts. Consequently, the allocation is weighted to line work and construction. Also, allocated Corporate Governance labor (office groups and A&G labor) is excluded from this labor basis. The costs to be allocated are recorded to Injuries and Damages account 925. Note: this loading is allocated to premium time and overtime labor charges in addition to straight-time labor charges.

## **Paid Time Off**

Paid Time Off (PTO) consists of employee pay for vacation, holiday, sick leave, and funeral leave. Costs for vacation and holiday pay are estimated and accrued while costs for sick and funeral leave are expensed as taken. PTO is the only A&G expense that is fully allocated to balance sheet and income statement accounts. The costs to be allocated are recorded to Employee Pensions and Benefits account 926.

## **Pension Service Cost**

Pension Service Cost is the actuarial estimate of the pension service cost earned by eligible participants. This loading is applied to PGE labor that gets billed to outside parties (i.e., c-owners of PGE's generating facilities and billings jobs) and non-utility activities. The costs to be allocated are recorded to Employee Pensions and Benefits account 926.

## **Net Periodic Pension Cost**

The Net Period Pension Costs (NPPC) loading includes the annual accounting expense associated with the PGE pension plan. The amount of NPPC that is applied to PGE's labor is reduced by the amount of Pension Service Costs billed to outside parties and charged to non-utility activities. The costs to be allocated are recorded to Employee Pensions and Benefits account 926.

**PORTLAND GENERAL ELECTRIC  
COST ALLOCATION MANUAL  
FOR THE YEAR 2018**

Following is a table which includes the actual labor loading rates for 2018:

<b>Labor Loading Rates</b>	<b>2018 Actual Rates</b>	<b>2018 Actual Costs</b>
Employee Support	1.13%	\$ 2,606,375
Payroll Taxes	10.43%	\$ 27,554,921
Employee Benefits	32.49%	\$ 74,679,927
Corporate Incentives	5.20%	\$ 10,893,234
Injuries & Damages	6.27%	\$ 9,528,330
Vacation (PTO)	17.70%	\$ 40,661,024
Pension Service Cost *	8.09%	\$ 18,586,853
Net Periodic Pension Cost *	13.22%	
2018 Actual Total		\$ 184,510,664

\* Note: Since the pension related loadings share components of pension expense, total pension expense is shown for both loadings in order to calculate total allocable costs.

# **PORTLAND GENERAL ELECTRIC COST ALLOCATION MANUAL FOR THE YEAR 2018**

## **Service Provider Allocations**

### **Overview**

It is not practical or cost-effective to maintain corporate service expertise in each area of PGE. Accordingly, service groups are formed to provide these services to all organizations within the company. PGE has several departments that provide services to most areas of the company. These services include World Trade Center facilities, Information Technology, Production Services, the corporate Helicopter, and Fleet Services. These departments charge their support service expenses to FERC clearing account 184 (excluding WTC) and then the costs are reclassified (or allocated) to the functional areas of the company receiving their services. FERC account 184 serves as the allocation “base” that accumulates costs that are then allocated to those areas receiving the services, or “targets.”

Service Provider allocations and the loadings thereon are distributed to various income statement accounts outside of the general rule associated with capital and non-utility accounts and all co-owner accounts. These costs are distributed to reflect the fully allocated cost of the services provided in a manner similar to the results of services provided by a third party. This approach recognizes the full value of the service groups to the user groups and reflects the costs of these services in the income statement line items where the services are used.

### **World Trade Center Facilities**

PGE leases, operates and maintains its corporate headquarters office at the World Trade Center (WTC). Portions of the WTC are subleased to third parties (non-PGE tenants). The WTC Allocation is used to allocate the cost of PGE’s corporate headquarters office between PGE (utility and non-utility) and non-PGE tenants.

Costs incurred to lease and operate the building are initially recorded in non-utility accounts (FERC account 418) with the exception of property taxes, which are recorded in FERC account 408.2 Taxes Other Than Income Taxes. Operating costs include security, general maintenance, cleaning, administration, licenses and fees, utilities, taxes, insurance, depreciation, uncollectible accounts, cost of capital, and the monthly lease amount.

Allocation of costs to PGE is based on PGE’s percentage of occupancy of the rentable space in the WTC buildings. The amount allocated to PGE is then apportioned by functional areas of PGE, including O&M, A&G, Capital and non-utility accounts using fixed rates. These rates are calculated based on budgeted labor dollars (including contract labor) in departments that occupy space at WTC. Each employee working at the WTC is assigned an equal weight as all employees are assumed to consume an equal amount of space and costs, which are then assigned to functional areas based on the accounts used by the departmental budgeted labor. Amounts related to functional areas in PGE utility operations are allocated above the line to various O&M expense accounts. Amounts related to functional areas in PGE non-utility operations are allocated to non-utility expense accounts.

**PORTLAND GENERAL ELECTRIC  
COST ALLOCATION MANUAL  
FOR THE YEAR 2018**

Operating costs which are identifiable to specific utility or non-utility operations are directly allocated.

**WTC Cost Distribution (Actual)**

PGE (Utility/Non-Utility Tenants)	68.26%
Non-PGE Tenants	31.74%

Total Cost Pool	<u>\$14,999,239</u>
PGE's Share allocated	<u><u>\$10,238,480</u></u>

Below is a table of the actual distribution percentages of the 2018 WTC costs allocated to PGE:

<b>World Trade Center Allocation</b>	<b>% Lease Cost</b>
Boardman	0.34%
Coyote Springs	0.01%
Pelton	0.56%
Round Butte	0.44%
Utility Capital	13.80%
Trojan	0.09%
Utility Expense	81.36%
Non-Utility	3.40%
<b>2018 Actual Total</b>	<b>100.00%</b>

**Information Technology**

PGE's Information Technology (IT) department provides services to all functional areas of the company in the following ways:

- Provides operational and developmental support to end-user applications systems (software);
- Develops, operates and maintains computer systems and telecommunication equipment; and
- Manages the overall direction for information system and technology issues.

The allocation of these costs, which initially post to FERC account 184, is done via fixed rates, which are based on the relative percentage of budgeted labor hours (straight-time and contract labor for most areas) of the receivers of IT services. The overall allocation to Generation (including Power Operations) is further allocated to each generating facility and Power Operations based on the number of computers assigned.

**PORTLAND GENERAL ELECTRIC  
COST ALLOCATION MANUAL  
FOR THE YEAR 2018**

**Production Services**

The Production Services portion of Service Providers includes the Printing and Mail Services group, whose primary mission is to ensure PGE's retail revenue invoices are printed, inserted and mailed timely and completely in a cost-effective manner. They also provide a variety of other business services including CD/DVD production, engraving, copying, inserter sorting, bindery, and mailing services.

Costs are initially charged to FERC account 184 then certain service requests are manually allocated to the user (requesting) department. The remaining balance is allocated based on fixed percentages to various functional areas/end use accounts. The Printing and Mail Services group tracks the volume of services to end-users (historical usage), which is used to calculate the fixed percentages. Unless there is a significant change in the end-users of the services, the percentages usually remain the same from the prior year.

**Helicopter**

The costs to operate the corporate helicopter (operations, maintenance, and depreciation) are charged to FERC account 184. While the helicopter is used primarily for transmission and distribution power line inspections and surveillance, usage charged to A&G includes environmental, wildlife, vegetation, and project surveys. The helicopter costs are allocated via fixed percentages based on historical usage patterns. Unless this is a significant change in the usage patterns, the percentages usually remain the same from the prior year.

Included below is a table which lists the 2018 actual percentages and costs for the Service Provider Allocations:

	<b>Information Technology</b>	<b>Production Services</b>	<b>Helicopter</b>
Trojan	0.72%	0.10%	N/A
Boardman	2.54%	0.25%	N/A
Coyote Springs	0.94%	0.15%	N/A
Pelton / Round Butte	0.83%	0.40%	N/A
Generation <sup>1</sup>	11.09%	1.65%	N/A
Power Operations	2.44%	1.00%	N/A
Transmission	2.41%	7.00%	30.00%
Distribution	37.66%	15.50%	20.00%
Marketing	3.42%	2.25%	N/A
Customer Service	18.60%	32.00%	N/A
Admin & General	18.49%	38.00%	50.00%
Non-Utility	0.86%	1.70%	N/A
<b>Totals</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>2018 Actual Total</b>	<b>\$55,040,401</b>	<b>\$466,112</b>	<b>\$388,055</b>

<sup>1</sup> Generation includes Beaver, Faraday, North Fork, Oak Grove, River Mill, Sullivan, Port Westward, Port Westward 2, Carty, Biglow, and Tucannon.

# PORTLAND GENERAL ELECTRIC COST ALLOCATION MANUAL FOR THE YEAR 2018

## Fleet Services Overview

PGE manages a fleet of vehicles and specialized equipment to support the wide variety of activities necessary to operate the company. The majority of these vehicles are dedicated to the work of PGE's line crews (Transmission and Distribution – T&D). In addition, PGE maintains a small pool of light-duty pickups and passenger vehicles which support employee transportation job requirements. The fleet is segregated into nine vehicle types:

- Type 1 - Man-lift equipment
- Type 2 - Digger derrick equipment
- Type 3 - Cranes
- Type 4 - Heavy-duty trucks
- Type 5 - Medium-duty trucks
- Type 6 - Light-duty trucks
- Type 7 - Construction equipment
- Type 8 - Trailers
- Type 9 - Automobiles

Rates are determined for each vehicle class by analyzing historical cost and usage levels through periodic cost studies.

Fleet related costs are initially charged to FERC account 184. Out of this cost pool, non-T&D assigned vehicles are allocated a fixed monthly amount based on the type of vehicle assigned and the latest vehicle study rate and normalized usage. The vehicles located at the corporate headquarters (Type 9) are charged at market rates to end-use accounting provided by employees who use the vehicles. The remaining cost pool is then allocated to T&D departments with assigned vehicles based on their labor costs.

Vehicles assigned to generation plants are generally excluded from the fleet allocation since the generating plants incur the overhead costs (maintenance, fuel, etc.) for their assigned vehicles, either at the generating plant or at the mini-fleet shop maintained at Faraday. Accordingly, generation assigned vehicles are reviewed for possible inclusion but generally are not allocated costs.

**PORTLAND GENERAL ELECTRIC  
COST ALLOCATION MANUAL  
FOR THE YEAR 2018**

The actual rates for Type 1-8 vehicles used during 2018 are included in the following table:

<b>Transportation Rates</b>	<b>Hourly Rate</b>
Type 1 - Man-lift Equipment	\$38.67
Type 2 - Digger Derrick Equipment	\$80.82
Type 3 - Cranes	\$71.77
Type 4 - Heavy Duty Trucks	\$95.68
Type 5 - Medium Duty Trucks	\$27.06
Type 6 - Light Duty Trucks	\$12.80
Type 7 - Construction Equipment	\$28.64
Type 8 - Trailers	\$12.75

Actual costs associated with operating and maintaining the company vehicle fleet for 2018 total \$15,082,506.

**PORTLAND GENERAL ELECTRIC  
COST ALLOCATION MANUAL  
FOR THE YEAR 2018**

**Administrative Allocations**

**Corporate Governance**

Certain A&G costs are distributed to PGE’s capital, non-utility and the co-owned entities through the Corporate Governance allocation. These costs are incurred for activities such as Human Resources, Accounting, and other corporate functions that support all PGE activities. This is accomplished by pooling the corporate governance costs and allocating them to PGE capital, non-utility, billings jobs, and the co-owned entities capital and A&G accounts.

Activities charged to certain A&G accounts (FERC 920: allocable labor; 921: allocable non-labor; and 923: allocable outside services) and by certain departments have been identified as supporting all PGE, including the generating plant co-owners. The charges in these ledger segments are pooled together creating the “Corporate Governance Cost Pool”. Certain departments, however, are excluded from the Cost Pool since their activities do not support the co-owners, such as tax and legal, as well as officer departments.

The basis for this allocation is a comparison of all labor costs for PGE and the co-owned entities (excluding PTO). For PGE, the allocation is made to capital, billing jobs, and non-utility activity and also when related to certain Service Provider allocations. Costs remaining in A&G reflect amounts that are unallocated to PGE’s O&M expenses. For the co-owned entities, however, costs are distributed to capital, A&G, and decommissioning.

Included below is a table which shows the 2018 actual percentages and costs for the Corporate Governance Allocation:

**Corporate Governance**

	<b>Capital</b>	<b>Decommissioning</b>	<b>Expense</b>
Trojan	0.00%	0.66%	0.02%
Boardman	0.12%	N/A	3.82%
Pelton	0.08%	N/A	0.82%
Round Butte	0.49%	N/A	0.99%
Coyote Springs	0.10%	N/A	1.40%
Utility	35.68%	N/A	54.91%
Non-Utility	0.00%	N/A	0.63%
KB Pipeline	0.00%	N/A	0.03%
Affiliates	N/A	N/A	0.25%
<b>Totals</b>	<b>36.47%</b>	<b>0.66%</b>	<b>62.87%</b>

2018 Actual Total                      \$19,778,935



# PORTLAND GENERAL ELECTRIC COST ALLOCATION MANUAL FOR THE YEAR 2018

## Corporate Allocation Summary

The pool of allocable dollars in 2018 related to Labor Loadings, Service Provider Allocations, and Corporate Governance, all of which were discussed above, totaled \$285,505,153 of which \$206,830,915 was allocated to capital, non-utility and other expenses. The below table provides a summary of the allocation targets. All unallocated dollars remain in their respective A&G or O&M accounts.

### 2018 Corporate Allocation Summary

Trojan	0.79%
Boardman	3.70%
Pelton	0.84%
Round Butte	1.37%
Coyote Springs	1.23%
KB Pipeline	0.03%
Salmon Springs Hospitality Group	0.34%
Portland General Electric Foundation	0.03%
Utility Capital	38.17%
Utility Expense	52.64%
Non-Utility	0.86%
<b>Total</b>	<b>100.00%</b>

## Affiliate Billings

The affiliate billings include labor loadings plus the allocations (Corporate Governance, WTC Floor Space and Service Provider costs). The direct costs incurred to provide services (i.e. labor costs) are accumulated in a billing job account (FERC account 186 Miscellaneous Deferred Debits) along with the associated loadings and allocations. These costs are then billed to each affiliate and the billing job is relieved. If any balance remains in the billing job account, these costs are cleared to a non-utility account.

## Other Utility Administrative Allocations

PGE has other administrative allocations that are intra-company allocations and stay within utility operations; these include:

- Distribution Operations Supervision Engineering
- PSES Administrative Overhead Allocation
- Construction Loadings (allocation of administrative costs to utility capital)

These allocations do not impact affiliate, non-utility or subsidiary activities.

# PORTLAND GENERAL ELECTRIC COST ALLOCATION MANUAL FOR THE YEAR 2018

## Stores Loadings

### Overview

PGE uses two stores loading rates: Boardman and PGE general inventory. The Boardman rate applies only to the operating trust; the PGE general inventory rate is applied to all other stores issues and returns.

### PGE General Inventory

The Stores loading (also referred to as the materials loading) is used to spread the cost of operating and maintaining material storerooms to the accounts that receive materials issues.

The costs incurred to operate each storeroom relate to both the maintenance of items in inventory and issuance of inventory to end-users. The balance remaining in stores overhead has a parallel relationship to the balance in stores inventory, so as the level of inventory increases, so would the balance in stores overhead. The calculation of the loading rate utilizes a 2-year rolling average of gross purchases, issues and returns divided into a 2-year rolling average of the operating costs. This ratio, multiplied by the dollar value of the physical inventory at a given point in time, determines the net amount of dollars that will remain in the stores overhead account (account 163). The stores loading process and manual adjustments keep the overhead balance at the appropriate level.

The 2018 loading rates are as follows:

PGE Materials	20%
Boardman	23%

*Attachment 3*

***PORTLAND GENERAL ELECTRIC COMPANY***

**Form 10-K for the year ended**

**December 31, 2018**

**A hardcopy will not be provided as PGE files the Annual Report on Form 10-K with SEC and places the electronic document on the Portland General Electric Company website.**

**See PGE WEB URL Path:**

**<http://investors.portlandgeneral.com/static-files/8e3e5262-aedf-4fe2-a52f-77719e111396>**

# **PORTLAND GENERAL ELECTRIC COMPANY**

## **2018 Affiliated Interest Report**

(Filed May 2019)

### **Section I:**

- Organization Chart
- Listing of 2018 Officers and Directors of each company doing business with PGE in excess of \$25,000 per year
- Balance Sheet and Income Statement for each company doing business

# **PORTLAND GENERAL ELECTRIC COMPANY**

## **2018 Affiliated Interest Report** (Filed May 2019)

### **Section I - A**

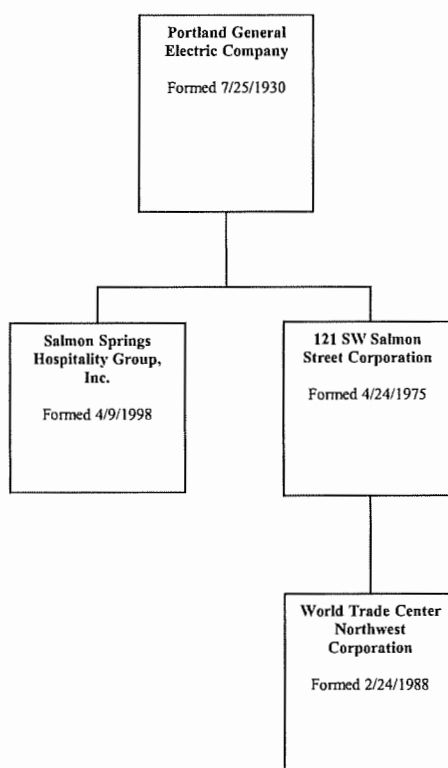
Organizational Chart

For

PGE Affiliates

**Section I - A**  
**PORTLAND GENERAL ELECTRIC COMPANY**  
and Related Companies  
**Organization Chart**  
**As of December 31, 2018**

(Filed May 2019)



---

PGE Foundation is not a subsidiary of PGE but it is listed on the PGE Affiliated Interest Report due to common officers/directors.

**PORTLAND GENERAL ELECTRIC COMPANY**

**2018 Affiliated Interest Report**

(Filed May 2019)

**Section I - B**

**Officers and Directors of**

**Portland General Electric Company**

**and**

**Affiliates**

**(as of December 31, 2018)**

## Directors and Officers

### Portland General Electric Company

<u>NAME</u>	<u>TITLE</u>	<u>Comments/Changes (June 1, 2018 forward)*</u>
Jack E. Davis	Chairman	
<b>Maria M. Pope</b>	<b>Director</b>	<b>Appointed 1/01/2018</b>
John W. Ballantine	Director	
Rodney L. Brown, Jr.	Director	
<b>David A. Dietzler</b>	<b>Director</b>	<b>Resigned 4/24/19</b>
Kirby A. Dyess	Director	
Mark B. Ganz	Director	
<b>Marie Oh Huber</b>	<b>Director</b>	<b>Appointed 5/24/19</b>
Kathryn J. Jackson	Director	
<b>Michael H. Millegan</b>	<b>Director</b>	<b>Appointed 1/1/2019</b>
Neil J. Nelson	Director	
M. Lee Pelton	Director	
Charles W. Shivery	Director	
Maria M Pope	President and Chief Executive Officer	
James F. Lobdell	Senior Vice President, Finance Chief Financial Officer and Treasurer	
Larry N. Bekkedahl	Vice President, Grid Architecture Integration and Systems Operations	
<b>Carol A. Dillin</b>	<b>Vice President, Customer Strategies and Business Development</b>	<b>Resigned 9/12/18</b>
<b>John C. McFarland</b>	<b>Vice President and Chief Customer Officer</b>	<b>Appointed 4/19/19</b>
Bradley Y. Jenkins	Vice President, Utility Operations	
Lisa A. Kaner	Vice President, General Counsel, Corporate Compliance Officer	



**Directors and Officers**

**Portland General Electric Company**

<b><u>NAME</u></b>	<b><u>TITLE</u></b>	<b><u>Comments/Changes (June 1, 2018 forward)*</u></b>
John T. Kochavatr	Vice President, Information Technology and Chief Information Officer	
Anne F. Mersereau	Vice President, Human Resources, Diversity, Equity and Inclusion	
William O. Nicholson	Vice President Utility Technical Services	
W. David Robertson	Vice President, Public Policy	
Kristin A. Stathis	Vice President, Customer Solutions	
Jardon T. Jaramillo	Controller and Assistant Treasurer	
Christopher A. Liddle	Manager of Finance & Assistant Treasurer	
<b>Marc S. Bocci</b>	<b>Associate General Counsel and Corporate Secretary</b>	<b>Resigned 8/20/18</b>
<b>Nora E. Arkonovich</b>	<b>Assistant General Counsel and Corporate Secretary</b>	<b>Appointed 8/20/18</b>
Karen J. Lewis	Assistant Corporate Secretary	
David F. White	Assistant Corporate Secretary	

---

\*Red font reflects changes in Officer/Director positions from previous AIR filing

Directors and Officers

**121 SW Salmon Street Corporation**

<u>NAME</u>	<u>TITLE</u>	<u>Comments/Changes (June 1, 2018 forward)*</u>
James F. Lobdell	Chairman of the Board	Reappointed 5/31/18
Carol A. Dillin	Director	Resigned 9/12/18
Lisa A. Kaner	Director General Counsel	Reappointed 5/31/18 Appointed 8/20/18
Anne F. Mersereau	Director	Appointed 9/12/18
Cindy A. Laurila	President	Reappointed 5/31/18
James F. Lobdell	Treasurer	Reappointed 5/31/18
Marc S. Bocci	Secretary	Resigned 8/20/18
Nora A. Arkonovich	Secretary	Appointed 8/20/18

---

\*Red font reflects changes in Officer/Director positions from previous AIR filing

**Directors and Officers**

**Salmon Springs Hospitality Group, Inc.**

<u>NAME</u>	<u>TITLE</u>	<u>Comments/Changes (June 1, 2018 forward)*</u>
James F. Lobdell	Chairman of the Board	Reappointed 5/31/18
Carol A. Dillin	Director	Resigned 9/12/18
Anne F. Mersereau	Director	Appointed 9/12/18
Lisa A. Kaner	Director General Counsel	Reappointed 5/31/18 Appointed 8/20/18
Cindy A. Laurila	President	Reappointed 5/31/18
James F. Lobdell	Treasurer	Reappointed 5/31/18
Marc S. Bocci	Secretary	Resigned 8/20/18
Nora A. Arkonovich	Secretary	Appointed 8/20/18

---

\*Red font reflects changes in Officer/Director positions from previous AIR filing

**Directors and Officers**

**PGE Foundation<sup>1</sup>**

<u>NAME</u>	<u>TITLE</u>	<u>Comments/Changes (June 1, 2018 forward)*</u>
Maria M. Pope	<sup>2</sup> Director (as CEO)	Reappointed 11/15/18
Gwyneth Gamble Booth	<sup>2</sup> Chairman	Reappointed 11/15/18
Peggy Y. Fowler	<sup>2</sup> Director	Reappointed 11/15/18
W. David Robertson	<sup>2</sup> Director	Reappointed 11/15/18
Jardon T. Jaramillo	<sup>2</sup> Director	Reappointed 11/15/18
<b>James F. Lobdell</b>	<sup>3</sup> <b>Director</b>	Appointed 11/15/18
Randolph L. Miller	<sup>4</sup> Director	Continuing term
Loretta Mabinton	<sup>4</sup> Director	Continuing term
Kristin A. Stathis	<sup>4</sup> Director	Continuing term
<b>Carol A. Dillin</b>	<b>Director</b>	Resigned 9/12/18
Gwyneth Gamble Booth	<sup>5</sup> Chairman	Reappointed 11/15/18
W. David Robertson	<sup>5</sup> President	Reappointed 11/15/18
Jardon T Jaramillo	<sup>5</sup> Treasurer	Reappointed 11/15/18
Joyce Harlan	<sup>5</sup> Secretary	Reappointed 11/15/18
<i>Finance Committee</i>		
Gwyneth Gamble Booth	<sup>6</sup>	Appointed 11/15/18
Randolph L. Miller	<sup>6</sup>	Appointed 11/15/18
James F. Lobdell	<sup>6</sup>	Appointed 11/15/18
Jardon T. Jaramillo	<sup>6</sup>	Appointed 11/15/18
<b>Kristin A. Stathis</b>	<b>Finance Committee Chair</b>	Term Expired 11/15/18
<b>James F. Lobdell</b>	<b>Finance Committee Chair</b>	Appointed 3/21/19

(1) The Foundation is not a subsidiary of PGE but it is listed on the PUC Affiliated Interest Report due to common officers/directors.

(2) Class II Directors with two year term (1/1/18 through 12/31/20)

(3) Class I Director with one Year Term

(4) Continuing term Directors (in second year of 2-year term)

(5) Officers elected annually

(6) Finance Committee elected annually

---

\*Red font reflects changes in Officer/Director positions from previous AIR filing

Directors and Officers

World Trade Center Northwest Corporation

<u>NAME</u>	<u>TITLE</u>	<u>Comments/Changes (June 1, 2018 forward)*</u>
James F. Lobdell	Chairman of the Board	Reappointed 5/31/18
Carol A. Dillin	Director	Resigned 9/12/18
Anne F. Mersereau	Director	Appointed 9/12/18
Lisa A. Kaner	Director	Reappointed 5/31/18
	General Counsel	Appointed 8/20/18
Cindy A. Laurila	President	Reappointed 5/31/18
James F. Lobdell	Treasurer	Reappointed 5/31/18
Marc S. Bocci	Secretary	Resigned 8/20/18
Nora A. Arkonovich	Secretary	Appointed 8/20/18

---

\*Red font reflects changes in Officer/Director positions from previous AIR filing

**PORTLAND GENERAL ELECTRIC COMPANY**

**2018 Affiliated Interest Report**

(Reported May 2019)

Section I-C

Financial Statements

for

PGE Affiliates

121 SW Salmon Street Corporation

PGE Foundation

Salmon Springs Hospitality Group

World Trade Center Northwest Corporation

***(Confidential- Under Separate Cover)***

*Confidential and Subject to Treatment prescribed in OAR 860-001-0070*

**Sections II - VII**

**PORTLAND GENERAL ELECTRIC COMPANY**

**2018 Transactions By Affiliates**

(Filed May 2019)



**PORTLAND GENERAL ELECTRIC COMPANY**

**2018 AFFILIATED INTEREST REPORT**

**Transactions by Affiliate  
Sections II -VII**

	<b><u>Page Number</u></b>
121 SW Salmon Street Corp. (121 SW Salmon).....	2
Salmon Springs Hospitality Group, Inc. (SSHG).....	4
PGE Foundation (PGEF).....	6
PGE – Intra-Company Headquarters Allocation.....	8
PGE – Intra-Company Corporate Governance Allocation.....	9
PGE – Intra-Company Service Provider Allocation.....	9

**PORTLAND GENERAL ELECTRIC COMPANY**

**2018 AFFILIATED INTEREST REPORT**

Name of Company: 121 SW Salmon Street Corp. (121 SW Salmon)

II. Services Billed to PGE:

Amount  
None

Services Billed to 121 SW Salmon:

Account 920 - Administrative & General Expense – Labor

Amount  
\$ 75,821

III. For intercompany loans to the utility from 121 SW Salmon or loans to 121 SW Salmon from the utility, provide:

A. The month-end amounts outstanding separately for short-term and long-term loans:

No loans currently outstanding.

B. The highest amount during the year separately for short-term and long-term loans.  
Refer to III A.

C. A description of the terms and conditions for loans including the basis for interest rates.  
Refer to III A.

D. The total amount of interest charged or credited and the weighted average rate of interest separately for short-term and long-term loans.  
Refer to III A.

E. Specify the Commission Order(s) approving the transactions where such approval is required by law.  
Refer to III A.

IV. If the utility guarantees any debt of affiliates, identify the entities involved, the nature of the debt, the original amount of the debt, the maximum amounts during the year, the balance as of the end of the year, and the Commission Order(s) approving the transactions where such approval is required by law:

Entities: Portland General Electric, 121 SW Salmon Street Corporation

Nature of the debt: PGE guarantees the annual principal and interest payments for the headquarters complex leased by 121 SW Salmon.

	<u>Amount</u>
Original amount of the debt	\$ 57,063,276
Maximum amount for the year	\$ 17,388,635
Ending balance for December 2018	\$ 0

Commission Order(s):

This transaction approved by Commission Order 75-953, as amended by Commission Orders 77-381, 78-646 and 98-193.

**PORTLAND GENERAL ELECTRIC COMPANY**

**2018 AFFILIATED INTEREST REPORT**

- V. Report other transactions (utility leasing of affiliate property, affiliate leasing of utility property, utility purchase of affiliate property, material or supplies and affiliate purchase of utility property, material or supplies) as follows (repeat format for each affiliate):

Other Items Billed to PGE:

Account 418 - Lease Payments	\$ 4,116,620
------------------------------	--------------

Description of Basis of Pricing:

121 SW Salmon bills PGE the same amount it pays to lease the building from a third party.

Commission Order(s) Approving Transactions Where Such Approval is Required by Law:

This transaction approved by Commission Order 75-953, as amended by Commission Orders 77-381, 78-646 and 98-193.

Account 418 - Lease Payments	\$ 534,104
------------------------------	------------

Description of Basis of Pricing:

PGE's proportionate share of applicable WTC operating and maintenance expense.

This transaction approved by Commission Order 18-323.

Other Items Billed to 121 SW Salmon:

- VI. By affiliate and job title, provide the total number of executive, management, and professional/technical employees transferred to and from the utility. By affiliate, provide the total number of other employees transferred to and from the utility.

Number of Employees Transferred from PGE to 121 SW Salmon \_\_\_\_\_  
None

Number of Employees Transferred from 121 SW Salmon to PGE \_\_\_\_\_  
None

**PORTLAND GENERAL ELECTRIC COMPANY**

**2018 AFFILIATED INTEREST REPORT**

Name of Company: Salmon Springs Hospitality Group, Inc. (SSHG)

II. Service Billed to PGE:

	<u>Amount</u>
Account 921 - Catering Services	\$ 712,633
Account 426.5 – Non-utility Catering Services	\$ 6,127

Description of Basis of Pricing:

Non-labor items except for room rental, which is billed at a discount, are billed at market value.

Service Billed to SSHG:

	<u>Amount</u>
Account 186 - Administrative Support	\$ 1,218,923

Description of Basis of Pricing:

Labor costs are based on man-hours utilized at fully allocated labor rates. Non-labor items are billed at cost, with the exception of office space, which is billed at market value.

III. For intercompany loans to the utility from affiliates or loans from affiliates to the utility, provide:

A. The month-end amounts outstanding separately for short-term and long-term loans.

No loans currently outstanding.

B. The highest amount during the year separately for short-term and long-term loans.

Refer to III A.

C. A description of the terms and conditions for loans including the basis for interest rates.

Refer to III A.

D. The total amount of interest charged or credited and the weighted average rate of interest separately for short-term and long-term loans.

Refer to III A.

E. Specify the Commission Order(s) approving the transactions where such approval is required by law.

Refer to III A.

**PORTLAND GENERAL ELECTRIC COMPANY**

**2018 AFFILIATED INTEREST REPORT**

- IV. If the utility guarantees any debt of affiliates, identify the entities involved, the nature of the debt, the original amount of the debt, the maximum amounts during the year, the balance as of the end of the year, and the Commission Order(s) approving the transactions where such approval is required by law:

PGE does not guarantee any SSHG debt, nor does SSHG guarantee any PGE debt.

- V. Report other transactions (utility leasing of affiliate property, affiliate leasing of utility property, utility purchase of affiliate property, material or supplies and affiliate purchase of utility property, material or supplies) as follows (repeat format for each affiliate):

Other Items Billed to PGE:

Amount  
None

Other Items Billed to SSHG:

Amount  
None

- VI. By affiliate and job title, provide the total number of executive, management, and professional/technical employees transferred to and from the utility. By affiliate, provide the total number of other employees transferred to and from the utility.

Number of Employees Transferred from PGE to SSHG \_\_\_\_\_  
None

Number of Employees Transferred from SSHG to PGE \_\_\_\_\_  
None

**PORTLAND GENERAL ELECTRIC COMPANY**

**2018 AFFILIATED INTEREST REPORT**

Name of Company: PGE Foundation (PGEF)

II. Service Billed to PGE:

Amount  
None

Service Billed to PGEF:

Account 186 - Administrative Support

Amount  
\$ 90,538

Description of Basis of Pricing:

Labor costs are based on man-hours utilized at fully allocated labor rates. Non-labor items are billed at cost, with the exception of office space, which is billed at market value.

III. For intercompany loans to the utility from affiliates or loans from affiliates to the utility, provide:

A. The month-end amounts outstanding separately for short-term and long-term loans.

No loans currently outstanding.

B. The highest amount during the year separately for short-term and long-term loans.

Refer to III A.

C. A description of the terms and conditions for loans including the basis for interest rates.

Refer to III A.

D. The total amount of interest charged or credited and the weighted average rate of interest separately for short-term and long-term loans.

Refer to III A.

E. Specify the Commission Order(s) approving the transactions where such approval is required by law.

Refer to III A.

IV. If the utility guarantees any debt of affiliates, identify the entities involved, the nature of the debt, the original amount of the debt, the maximum amounts during the year, the balance as of the end of the year, and the Commission Order(s) approving the transactions where such approval is required by law:

PGE does not guarantee any PGEF debt, nor does PGEF guarantee any PGE debt.

V. Report other transactions (utility leasing of affiliate property, affiliate leasing of utility property, utility purchase of affiliate property, material or supplies and affiliate purchase of utility property, material or supplies) as follows (repeat format for each affiliate):

**PORTLAND GENERAL ELECTRIC COMPANY**

**2018 AFFILIATED INTEREST REPORT**

Other Items Billed to PGE:

Amount

None

Other Items Billed to PGEF:

Amount

None

- VI. By affiliate and job title, provide the total number of executive, management, and professional/technical employees transferred to and from the utility. By affiliate, provide the total number of other employees transferred to and from the utility.

Number of Employees Transferred from PGE to PGEF

None

Number of Employees Transferred from PGEF to PGE

None

**PORTLAND GENERAL ELECTRIC COMPANY**

**2018 AFFILIATED INTEREST REPORT**

Name of Company: PGE - Intra-Company Headquarters Allocation

- VII. A description of each intra-company cost allocation procedure, and a schedule of cost amounts transferred between regulated and non-regulated segments of the company.

Corporate Headquarters Lease (World Trade Center Operations)

PGE leases, operates and maintains its corporate headquarters office. Portions of the building are subleased to third parties (non-utility tenants). Costs incurred to lease and operate the building are recorded in non-utility accounts. Allocation of costs to PGE is based on PGE's percentage of occupancy of the rentable space in the World Trade Center (WTC) buildings.

PGE allocates its share of costs to each functional area of PGE using fixed rates. These rates are calculated based on budgeted labor in departments that occupy space at WTC. The functional areas are based on the accounts used by the departmental budgeted labor. Amounts related to functional areas in PGE utility operations are allocated above the line to various Operating and Maintenance Expense accounts. Amounts related to functional areas in PGE non-utility operations are allocated to non-utility expense accounts.

Operating costs which are identifiable to specific utility or non-utility operations are directly allocated.

	<u>Amount</u>
Total 2018 World Trade Center Operations:	\$ 14,999,239
Amount transferred to utility operations during 2018:	
Account 107 - Construction Work in Progress – Electric	\$ 1,447,427
Account 184 - Clearing Accounts (Service Providers)	1,955,901
Account 557 - Miscellaneous Power Expense	1,303,434
Account 920 - Administrative & General Expense – Labor	59,324
Account 921 - Administrative & General Expense – Non-labor	1,037,120
Account 930.2 - Miscellaneous General Expense	1,500
Account 931 – Rents	4,076,793
Total allocated to utility in 2018:	<u>\$ 9,881,499</u>



## PORTLAND GENERAL ELECTRIC COMPANY

### 2018 AFFILIATED INTEREST REPORT

Name of Company: PGE - Intra-Company Corporate Governance Allocation

- VII. A description of each intra-company cost allocation procedure, and a schedule of cost amounts transferred between regulated and non-regulated segments of the company.

#### Corporate Governance A&G Allocation

Corporate Governance is a pool of Administrative and General costs, a portion of which are reclassified (or allocated) from PGE Expense to the following: PGE capital, jointly-owned projects capital and expense, billing jobs and non-utility operations. The basis for this allocation is labor costs for PGE and the co-owned entities (excluding PTO).

	<u>Amount</u>
Amount transferred to non-utility operations during 2018 Accounts 417, 418, 421 & 426:	\$ 117,236

Name of Company: PGE - Intra-Company Service Provider Allocation

- VII. A description of each intra-company cost allocation procedure, and a schedule of cost amounts transferred between regulated and non-regulated segments of the company.

#### Service Provider Allocation

PGE has several departments that provide services to most areas of the company. These services include computer support, information processing, printing and mailing and telecommunications. These departments charge their support service expenses to FERC 184 and then these are reclassified (or allocated) to the areas of the company receiving the services via fixed rates specific to the particular service provider.

	<u>Amount</u>
Amount transferred to non-utility operations during 2018 Account 417, 418, 421 & 426:	\$ 320,301

RE 64 ( ) e-FILING REPORT COVER SHEET

REPORT NAME:

**2018 Affiliated Interest Report (Filed May 2019)**

COMPANY NAME: **PORTLAND GENERAL ELECTRIC COMPANY**

DOES REPORT CONTAIN CONFIDENTIAL INFORMATION?  **Yes**

If known, please select designation:  **UI Affiliated Interest**

Report is required by:  **OAR 860-027-0100**

Statute

Order

Is this report associated with a specific docket/case?  **No**

Key words:

**Portland General Electric Company 2018 Affiliated Interest Report**

If known, please select the PUC Section to which the report should be directed:

**Economic and Policy Analysis**

Electric and Natural Gas Revenue Requirements

Electric Rates and Planning

Utility Safety, Reliability & Security

Administrative Hearings Division