



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

April 1, 2015

**E-Mail/ US Mail**

[puc.filingcenter@state.or.us](mailto:puc.filingcenter@state.or.us)

Public Utility Commission of Oregon

**Attn: Filing Center**

3930 Fairview Industrial DR SE

PO BOX 1088

Salem, OR 97308-1088

**Re: UP-\_\_\_ Application for Approval of Sale**

Enclosed is the original signed application requesting approval to sell approximately 1.2 MW solar photovoltaic project (PPS Solar) located on the rooftops of six schools within the Portland Public School District, District No. 1J, in the City of Portland, Multnomah County and a Motion for Protective Order (with proposed Protective Order.) As noted in the application, the sale is part of a sale leaseback transaction. It is unclear to PGE whether commission approval is necessary for this transaction. If approval is not necessary, PGE asks that the Commission indicate as such<sup>1</sup>.

Concurrent with the filing, PGE is also filing a request for authorization to defer costs related to PPS Solar and a Renewable Resource Automatic Adjustment Clause (RAC) filing. The three filings, although filed separately, are interrelated. Confidential information will be provided upon the approval and issuance of the Protective Order.

We ask that this Application be placed on the docket for consideration at the Commission's June 9, 2015 meeting, or as soon thereafter as possible.

If you have any questions or require further information, please call me at (503) 464-7580 or Rebecca Brown at (503) 464-8545. Please direct all formal correspondence, questions, or requests to the following e-mail address [pge.opuc.filings@pgn.com](mailto:pge.opuc.filings@pgn.com).

Sincerely,

  
Patrick G. Hager  
Manager, Regulatory Affairs

Encls.  
PGH/sp

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<sup>1</sup> PGE made a similar filing for the Baldock Solar Facility, which was approved by Commission Order No. 12-006 (Docket No. UP 278).

BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

UP \_\_\_\_\_

In the Matter of the Application of	)	
Portland General Electric Company	)	Application for Approval of
in Regard to the Sale of its property	)	Sale of Property

Pursuant to ORS 757.480 and OAR 860-027-0025, Portland General Electric Company ("PGE") seeks approval from the Oregon Public Utility Commission ("Commission") for the sale of certain PGE property ("Application"). As described below, the sale is part of a sale-leaseback transaction that will allow PGE to develop with the Portland Public School District ("PPS") a Solar Rooftop Project ("PPS Solar"). It is unclear to PGE whether Commission approval is necessary for this transaction, as the yet to be constructed PPS Solar has not been necessary or useful in the performance of PGE's duties to the public. Nevertheless, out of an abundance of caution, PGE hereby submits this Application<sup>1</sup>.

Background

PGE intends to develop, own, and operate PPS Solar, an up to 1.2 MW of rooftop crystalline solar electric systems distributed over six schools in the PPS, School District No. 1J, Multnomah County, Oregon. The six schools are: Arleta School, Bridlemile School, Hosford Middle School, James John Elementary School, Laurelhurst School, and Wilson High School. PGE has contracted with EC Company to engineer, design, and construct PPS Solar which includes: solar panels manufactured by Unisolar, smart modules, inverters, racking systems, and

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<sup>1</sup> PGE made a similar filing for the Baldock Solar Plant, which was approved by Commission Order No. 12-006 (Docket No. UP 278).

related equipment. PGE made a similar filing for the Baldock Solar Plant, which was approved by Commission Order No. 12-006

PPS Solar will receive funding support from the Energy Trust of Oregon (“Energy Trust”) and the Clean Wind Development Fund (“CWF”) to buy-down the project to market costs. The Energy Trust grant is estimated to be approximately \$1 million and the CWF funding will be approximately \$2 million. For the first five years, the Renewable Energy Credits (“RECs”) will be retired on behalf of PPS. For years 6-20, they will be split between the Energy Trust (retired on behalf of all PGE customers) and CWF (retired on behalf of CWF customers), at 44% and 56% respectively. Beyond 20 years the RECs will go to the CWF.

PGE asks for Commission approval to sell PPS Solar to Banc of America Leasing & Capital LLC (“BALC”). Subject to certain conditions, BALC has made a commitment to the sale-leaseback of PPS Solar, which allows PGE to sell and then immediately lease PPS Solar back from BALC, with an early buy-out option for PGE after year six. Such a financial structure allows tax credits to be fully utilized by BALC and for the power from the facility to be economic for both PPS and PGE. PGE will operate and maintain PPS Solar under the lease structure. PPS Solar will support PGE’s renewable portfolio targets and provide renewable power to PPS.

The sale price will be agreed upon by BALC and PGE is expected to be \$4.574 million, but in any event not to exceed \$4.6 million, based on the fair market value of PPS Solar. The fair market value for PPS Solar primarily reflects design and build costs, as well as other related costs, such as legal fees, administration costs, and development costs. Payment of the sale price will be made at the closing of the sale to BALC and lease to PGE.

For accounting purposes (See Exhibit J), there is no recognized gain on the sale of this property. Rather, PGE's gain will be deferred and incorporated as a reduction to the revenue requirement when PGE seeks recovery of costs in a Renewable Resource Automatic Adjustment Clause filing pursuant to PGE's Schedule 122.

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

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

- (a) *The exact name and address of the utility's principal business office:* Portland General Electric Company, 121 SW Salmon Street, Portland, Oregon 97204.
- (b) *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, Idaho, Montana, Utah, Washington and as of February 21, 1995, is also registered as an extra-provincial corporation in Alberta, Canada, but conducts retail utility operations only in the state of Oregon.
- (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  
Rates & Regulatory Affairs  
Portland General Electric Company  
121 SW Salmon Street, 1WTC-0702  
Portland, OR 97204  
(503) 464-7857 (telephone)  
(503) 464-7651 (fax)  
[pge.opuc.filings@pgn.com](mailto:pge.opuc.filings@pgn.com)

Loretta Mabinton  
Associate General Counsel  
Portland General Electric Company  
121 SW Salmon Street, 1WTC-1301  
Portland, OR 97204  
(503) 464-7822 (telephone)  
(503) 464-2200 (fax)  
[loretta.mabinton@pgn.com](mailto:loretta.mabinton@pgn.com)

In addition, the names and addresses to receive notices and communications via the e-mail service list are:

Rebecca Brown, Senior Analyst, Regulatory Affairs  
E-Mail: [Rebecca.Brown@pgn.com](mailto:Rebecca.Brown@pgn.com)

(d) *The names, titles, and addresses of the principal officers:* As of December 31, 2014, the following are the principal officers of PGE, and their titles. They are each located at PGE's primary business offices located at 121 SW Salmon Street, Portland, Oregon 97204:

<b><u>Name</u></b>	<b><u>Title</u></b>
James J. Piro	President and Chief Executive Officer
James F. Lobdell	Senior Vice President, Finance, CFO & Treasurer
William O. Nicholson	Senior Vice President, Customer Service, Transmission and Distribution
Maria M. Pope	Senior Vice President, Power Supply & Operations, And Resource Strategy
Arleen N. Barnett	Vice President Human Resources, Diversity & Inclusion, and Administration
Larry N. Bekkedahl	Vice President, Transmission & Distribution Services
Carol A. Dillin	Vice President, Customer Strategies and Business Development
J. Jeffrey Dudley	Vice President, General Counsel, Corporate Compliance Officer and Assistant Corporate Secretary
Campbell A. Henderson	Vice President, Information Technology, and Chief Information Officer
Stephen M. Quennoz	Vice President, Nuclear and Power Supply/Generation
W. David Robertson	Vice President, Public Policy
Kristin A. Stathis	Vice President, Customer Service Operations
Kirk M. Stevens	Controller and Assistant Treasurer
Brett C. Greene	Assistant Treasurer
Marc S. Bocci	Corporate Secretary
Cheryl Chevis	Assistant Corporate Secretary
Nora Arkonovich	Assistant Corporate Secretary
Karen J. Lewis	Assistant Corporate 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, and intends to remain 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. PGE is also engaged, and intends to continue to engage in the wholesale of natural gas.

(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 December 31, 2014, the date of PGE's most recent Form 10-K:

	<u>Outstanding Shares</u>	<u>Amount (\$000s)</u>
Common Stock: *		
No Par Value	78,228,339	\$918,158
(160,000,000 shares authorized)		

\* Company Directors hold 185,231 shares.

None of the outstanding shares of common stock referenced above are held as reacquired securities or have been pledged by PGE. Vanguard Group, Inc. held 7.56% of the outstanding PGE common stock reported as of February 11, 2015, in an SEC Form 13-G filing. Massachusetts Financial Services Company (MFS) held 0.70% of the outstanding PGE common stock reported as of February 12, 2015, in an SEC Form 13-G filing. BlackRock, Inc. held 5.90% of the outstanding PGE common stock reported as of January 30, 2015, in an SEC Form 13-G filing. PGE reports major shareholder activity annually to the Commission pursuant to

OAR 860-027-0175 (AR-544). PGE does not have enough information to determine if any of these funds qualify as affiliates.

(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 December 31, 2014 is as follows:

Description	Authorized (\$000s)	Outstanding (\$000s)
First Mortgage Bonds:		
6.26% series due 5-1-2031	100,000	100,000
6.31% series due 5-1-2036	175,000	175,000
4.47% series due 8-14-2043	75,000	75,000
9.31% series MTN due 8-11-2021	20,000	20,000
6.75% series VI due 8-1-2023	50,000	50,000
6.875% series VI due 8-1-2033	50,000	50,000
5.80% series due 6-1-2039	170,000	170,000
5.81% series due 10-1-2037	130,000	130,000
5.80% series due 3-1-2018	75,000	75,000
6.80% series due 1-15-2016	67,000	67,000
3.46% series due 1-15-2015	70,000	70,000
3.81% series due 6-15-17	58,000	58,000
4.47% series due 6-15-44	150,000	150,000
4.74% series due 11-15-2042	105,000	105,000
4.84% series due 12-15-2048	50,000	50,000
6.10% series due 4-15-2019	300,000	300,000
5.43% series due 5-03-2040	150,000	150,000
4.39% series due 8-15-2045	100,000	100,000
4.44% series due 10-15-2046	100,000	100,000
3.51% series due 11-15-2024	<u>80,000</u>	<u>80,000</u>
Total First Mortgage Bonds	<u>2,075,000</u>	<u>2,075,000</u>

Pollution Control Bonds:		
City of Forsyth, MT		
5.45% series B 5-1-2033 <sup>(1)</sup>	21,000	21,000
Series A 5-1-2033, remarketed 3-11-10 at 5% Port of Morrow, OR	97,800	97,800
Series A 5-1-2033, remarketed 3-11-10 at 5%	23,600	23,600
<sup>(1)</sup> This debt instrument, purchased by the Company on May 1, 2009, is currently held for possible remarketing	(21,000)	(21,000)
Total Pollution Control Bonds outstanding	<u>121,400</u>	<u>121,400</u>
Other Long Term Debt:		
Term Loans		
May 12, 2014, due October 30, 2015	75,000	75,000
May 31, 2014, due October 30, 2015	75,000	75,000
June 30, 2014, due October 30, 2015	75,000	75,000
July 21, 2014, due October 30, 2015	80,000	80,000
Long-Term Contracts	90	90
Unamortized Debt Discount and Other	(713)	(713)
Total Other Long-Term Debt	<u>304,377</u>	<u>304,377</u>
<b>Total Long-Term Debt</b>	<b><u>2,500,777</u></b>	<b><u>2,500,777</u></b>
<b>Total Classified as Short-Term</b>	-	-
<b>Net Long Term Debt</b>	<b><u>2,500,777</u></b>	<b><u>2,500,777</u></b>

None of the long-term debt is pledged or held as reacquired securities, by affiliated interests, 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:* PGE asks for Commission approval to sell PPS Solar, described above, to BALC. The total sale price will be agreed upon by BALC



and PGE, and is expected to be \$4.574 million, but in any event not to exceed \$4.6 million, based on the fair market value of the PPS Solar.

(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 facility to be disposed of is a proposed solar photovoltaic renewable energy project with a capacity of approximately 1.2 MW of rooftop crystalline solar electricity systems distributed over six schools in the PPS, School District No. 1J, Multnomah County, Oregon. The six schools are: Arleta School, Bridlemile School, Hosford Middle School, James John Elementary School, Laurelhurst School, and Wilson High School. PGE will develop PPS Solar and BALC will provide sale-leaseback financing with an early buy-out option for PGE. Concurrently with the sale, PGE will lease PPS Solar from BALC, and have full operation and maintenance rights. PGE has contracted with EC Company to engineer, design, and construct PPS Solar which includes: solar panels manufactured by Unisolar, smart modules, inverters, racking systems, and related equipment.

(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:* The sale price will be agreed upon

by BALC and PGE is expected to be \$4.574 million, but in any event not to exceed \$4.6 million, based on the fair market value of PPS Solar.

(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 this transaction is currently required to be filed with any federal or other state regulatory body.

(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:* The sale (and leaseback) of PPS Solar and related equipment is consistent with the public interest because it provides a means to support PGE's renewable portfolio and provide renewable power generation for PGE's customers. PGE has no capacity for the tax credits generated by this project, while BALC does. Thus, the sale-leaseback structure allows tax credits to be fully utilized by BALC and for the power costs from the facility to be economic for PGE customers. This project helps PGE fulfill the requirements under the Oregon Renewable Portfolio Standards (ORS 469A.005–469A.120).

(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. Furthermore, customers will benefit from the deferral of the gain, with the gain to be refunded in the future.

(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:* Not applicable.

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

## **II. Required Exhibits 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:*

Third Amended and Restated Articles of Incorporation, effective on May 7, 2014 and previously filed in Docket UP-310 and by reference made a part of this Application.

**EXHIBIT B.** *A copy of the bylaws with amendments to date:* The Tenth Amended and Restated Bylaws dated May 7, 2014 were previously filed in Docket UP-310 and by reference made a part of this application.

**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:* None.

**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 December 31, 2014 are attached. [electronic format]

**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:* A Statement of Contingent liabilities, as of December 31, 2014, is attached. [electronic format]

**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:* A comparative income statement showing recorded results of operations and adjustments to record the proposed transaction, as of December 31, 2014, is attached. [electronic format]

**EXHIBIT H.** *An analysis of surplus for the period covered by the income statements referred to in Exhibit G:* An analysis of surplus for the period covered by the income statements referred to in Exhibit G, as of December 31, 2014, is attached. [electronic format]

**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:* Attached.

1. Approval Letter dated March 3, 2015 (with exhibits).
2. Master Lease Agreement Number 038120 dated July 29, 2011 between Banc of America Leasing & Capital, LLC and Portland General Electric Company.
3. Forward Rate Lock Agreement dated March 3, 2015 between Banc of America Leasing & Capital, LLC and Portland General Electric Company.

4. Engineering, Procurement and Construction Agreement for Portland Public Schools Solar Project dated March 3, 2015 between EC Company and Portland General Electric Company.
5. Energy Services and Solar License Agreement dated March 3, 2015 between School District No. 1J, Multnomah County, Oregon, and Portland General Electric Company.
6. Energy Services and Solar License Agreement dated March 3, 2015 between School District No. 1J, Multnomah County, Oregon, and Portland General Electric Company for Arleta School.
7. Energy Services and Solar License Agreement dated March 3, 2015 between School District No. 1J, Multnomah County, Oregon, and Portland General Electric Company for Bridlemile School.
8. Energy Services and Solar License Agreement dated March 3, 2015 between School District No. 1J, Multnomah County, Oregon, and Portland General Electric Company for Hosford Middle School.
9. Energy Services and Solar License Agreement dated March 3, 2015 between School District No. 1J, Multnomah County, Oregon, and Portland General Electric Company for James John Elementary School.
10. Energy Services and Solar License Agreement dated March 3, 2015 between School District No. 1J, Multnomah County, Oregon, and Portland General Electric Company for Laurelhurst School.
11. Energy Services and Solar License Agreement dated March 3, 2015 between School District No. 1J, Multnomah County, Oregon, and Portland General Electric Company for Wilson High School.

[all in electronic format]

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


**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: PGE relies upon Attachment I-1 through I-11, this Application, and all other documentation attached to provide support as required by OAR 860-027-0025(l)(1) and (l)(m). [electronic format]*

### **III. Prayer for Relief**

PGE respectfully request a Commission order finding the sale of the Property to BALC will not harm PGE customers and is consistent with the public interest.

Dated this 1<sup>st</sup> day of April, 2015.

Respectfully Submitted,

  
\_\_\_\_\_  
/s/ 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@pge.com](mailto:Patrick.Hager@pge.com)  
Facsimile: (503) 464-7651

Portland General Electric Company and Subsidiaries  
Consolidated Balance Sheet  
December 31, 2014  
(In Millions)

	December 31, 2014	Adjustments <sup>(1)</sup>	Adjusted Total
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 127	\$ 3	\$ 130
Accounts receivable, net	149		149
Unbilled revenues	93		93
Inventories	82		82
Regulatory assets - current	133		133
Other current assets	115		115
Total current assets	<u>699</u>	<u>3</u>	<u>702</u>
Electric utility plant	8,161	-	8,161
Construction work in progress	417	-	417
Total cost	8,578	-	8,578
Less: accumulated depreciation and amortization	(2,899)		(2,899)
Electric utility plant, net	<u>5,679</u>	<u>-</u>	<u>5,679</u>
Regulatory assets - noncurrent	494		494
Nuclear decommissioning trust	90		90
Non-qualified benefit plan trust	32		32
Other noncurrent assets	48		48
Total assets	<u>\$ 7,042</u>	<u>\$ 3</u>	<u>\$ 7,045</u>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 156		\$ 156
Liabilities from price risk management activities - current	106		106
Current portion of long-term debt	375		375
Accrued expenses and other current liabilities	236		236
Total current liabilities	<u>873</u>	<u>-</u>	<u>873</u>
Long-term debt, net of current portion	2,126		2,126
Regulatory liabilities - noncurrent	906	3	909
Deferred income taxes	625		625
Unfunded status of pension and postretirement plans	237		237
Liabilities from price risk management activities - noncurrent	122		122
Asset retirement obligations	116		116
Non-qualified benefit plan liabilities	105		105
Other noncurrent liabilities	21		21
Total liabilities	<u>\$ 5,131</u>	<u>\$ 3</u>	<u>\$ 5,134</u>
Commitments and contingencies (see notes)	-		-
<b>Equity</b>			
Portland General Electric Company shareholders' equity			
Preferred stock	-		-
Common stock	918		918
Accumulated other comprehensive loss	(7)		(7)
Retained earnings	1,000		1,000
Total Portland General Electric Company shareholders' equity	<u>1,911</u>	<u>-</u>	<u>1,911</u>
Noncontrolling interests' equity	-		-
Total Equity	<u>1,911</u>	<u>-</u>	<u>1,911</u>
Total liabilities and equity	<u>\$ 7,042</u>	<u>\$ 3</u>	<u>\$ 7,045</u>

(1) Reflects journal entries in Exhibit "J-1"

**Exhibit "F"**  
**Statement of Contingent Liabilities**  
**As of December 31, 2014**

PGE is subject to legal, regulatory, and environmental proceedings, investigations, and claims that arise from time to time in the ordinary course of its business. Contingencies are evaluated using the best information available at the time the consolidated financial statements are prepared. Legal costs incurred in connection with loss contingencies are expensed as incurred. The Company may seek regulatory recovery of certain costs that are incurred in connection with such matters, although there can be no assurance that such recovery would be granted.

Loss contingencies are accrued, and disclosed if material, when it is probable that an asset has been impaired or a liability incurred as of the financial statement date and the amount of the loss can be reasonably estimated. If a reasonable estimate of probable loss cannot be determined, a range of loss may be established, in which case the minimum amount in the range is accrued, unless some other amount within the range appears to be a better estimate.

A loss contingency will also be disclosed when it is reasonably possible that an asset has been impaired or a liability incurred if the estimate or range of potential loss is material. If a probable or reasonably possible loss cannot be reasonably estimated, then the Company i) discloses an estimate of such loss or the range of such loss, if the Company is able to determine such an estimate, or ii) discloses that an estimate cannot be made and the reasons.

If an asset has been impaired or a liability incurred after the financial statement date, but prior to the issuance of the financial statements, the loss contingency is disclosed, if material, and the amount of any estimated loss is recorded in the subsequent reporting period.

The Company evaluates, on a quarterly basis, developments in such matters that could affect the amount of any accrual, as well as the likelihood of developments that would make a loss contingency both probable and reasonably estimable. The assessment as to whether a loss is probable or reasonably possible, and as to whether such loss or a range of such loss is estimable, often involves a series of complex judgments about future events. Management is often unable to estimate a reasonably possible loss, or a range of loss, particularly in cases in which: i) the damages sought are indeterminate or the basis for the damages claimed is not clear; ii) the proceedings are in the early stages; iii) discovery is not complete; iv) the matters involve novel or unsettled legal theories; v) there are significant facts in dispute; vi) there are a large number of parties (including where it is uncertain how liability, if any, will be shared among multiple defendants); or vii) there is a wide range of potential outcomes. In such cases, there is considerable uncertainty regarding the timing or ultimate resolution, including any possible loss, fine, penalty, or business impact.



*Trojan Investment Recovery*

*Regulatory Proceedings.* In 1993, PGE closed Trojan and sought full recovery of, and a rate of return on, its Trojan costs in a general rate case filing with the OPUC. In 1995, the OPUC issued a general rate order that granted the Company recovery of, and a rate of return on, 87% of its remaining investment in Trojan.

Numerous challenges and appeals were subsequently filed in various state courts on the issue of the OPUC's authority under Oregon law to grant recovery of, and a return on, the Trojan investment. In 1998, the Oregon Court of Appeals upheld the OPUC's order authorizing PGE's recovery of the Trojan investment, but held that the OPUC did not have the authority to allow the Company to recover a return on the Trojan investment and remanded the case to the OPUC for reconsideration.

In 2000, PGE entered into agreements to settle the litigation related to recovery of, and return on, its investment in Trojan. The settlement, which was approved by the OPUC, allowed PGE to remove from its balance sheet the remaining investment in Trojan as of September 30, 2000, along with several largely offsetting regulatory liabilities. After offsetting the investment in Trojan with these liabilities, the remaining Trojan regulatory asset balance of approximately \$5 million (after tax) was expensed. As a result of the settlement, PGE's investment in Trojan was no longer included in prices charged to customers, either through a return of or a return on that investment. The Utility Reform Project (URP) did not participate in the settlement and filed a complaint with the OPUC challenging the settlement agreements. In 2002, the OPUC issued an order (2002 Order) denying all of the URP's challenges. In 2007, following several appeals by various parties, the Oregon Court of Appeals issued an opinion that remanded the 2002 Order to the OPUC for reconsideration.

The OPUC then issued an order in 2008 (2008 Order) that required PGE to provide refunds, including interest from September 30, 2000, to customers who received service from the Company during the period from October 1, 2000 to September 30, 2001. The Company recorded a charge of \$33.1 million in 2008 related to the refund and accrued additional interest expense on the liability until refunds to customers were completed in the first quarter of 2010. The URP and the plaintiffs in the class actions described below separately appealed the 2008 Order to the Oregon Court of Appeals.

On February 6, 2013, the Oregon Court of Appeals issued an opinion that upheld the 2008 Order. On May 31, 2013, the Court of Appeals denied the appellants' request for reconsideration of the decision. On October 18, 2013, the Oregon Supreme Court granted plaintiffs' petition seeking review of the February 6, 2013 Oregon Court of Appeals decision.

On October 2, 2014, the Oregon Supreme Court, in a unanimous decision, affirmed the February 6, 2013 Oregon Court of Appeals decision that upheld the OPUC's 2008 Order. On January 15, 2015, the Oregon Supreme Court denied the plaintiffs petition seeking reconsideration of the October 2, 2014 decision.

*Class Actions.* In two separate legal proceedings, lawsuits were filed in Marion County Circuit Court against PGE in 2003 on behalf of two classes of electric service customers. The class action lawsuits seek damages totaling \$260 million, plus interest, as a result of the Company's inclusion, in prices charged to customers, of a return on its investment in Trojan.

In 2006, the Oregon Supreme Court issued a ruling ordering the abatement of the class action proceedings until the OPUC responded to the 2002 Order (described above). The Oregon Supreme Court concluded that the OPUC has primary jurisdiction to determine what, if any, remedy can be offered to PGE customers, through price reductions or refunds, for any amount of return on the Trojan investment that the Company collected in prices.

The Oregon Supreme Court further stated that if the OPUC determined that it can provide a remedy to PGE's customers, then the class action proceedings may become moot in whole or in part. The Oregon Supreme Court added that, if the OPUC determined that it cannot provide a remedy, the court system may have a role to play. The Oregon Supreme Court also ruled that the plaintiffs retain the right to return to the Marion County Circuit Court for disposition of whatever issues remain unresolved from the remanded OPUC proceedings. The Marion County Circuit Court subsequently abated the class actions in response to the ruling of the Oregon Supreme Court.

The October 2, 2014 Oregon Supreme Court decision described above expressly noted that the plaintiffs in the class action must address any request to lift the abatement with the Marion County Circuit Court. PGE is evaluating how to proceed with respect to the class actions.

PGE believes that the October 2, 2014 Oregon Supreme Court decision has reduced the risk of a loss to the Company in excess of the amounts previously recorded and discussed above. However, because the class actions remain pending, management believes that it is still reasonably possible that such a loss to the Company could result. As these matters involve unsettled legal theories and have a broad range of potential outcomes, sufficient information is currently not available to determine the amount of any such loss, or to estimate a range of potential loss.

#### ***Pacific Northwest Refund Proceeding***

In 2001, the FERC called for a hearing to explore whether there may have been unjust and unreasonable charges for spot market sales of electricity in the Pacific Northwest from December 25, 2000 through June 20, 2001 (Pacific Northwest Refund proceeding). During that period, PGE both sold and purchased electricity in the Pacific Northwest. Upon appeal of the decision to the U.S. Ninth Circuit Court of Appeals (Ninth Circuit), the Ninth Circuit remanded the case to the FERC to, among other things, address market manipulation evidence in detail and account for the evidence in any future orders regarding the award or denial of refunds in the proceedings.

In response to the Ninth Circuit remand, the FERC issued several procedural orders that established an evidentiary hearing, defined the scope of the hearing, and described the burden of proof that must be met to justify abrogation of the contracts at issue and the imposition of refunds. The orders held that the *Mobile-Sierra* public interest standard governs challenges to the bilateral contracts at issue in this proceeding, and the strong presumption under *Mobile-Sierra* that the rates charged under each contract are just and reasonable would have to be specifically overcome either by: i) a showing that a respondent had violated a contract or tariff and that the violation had a direct connection to the rate charged under the applicable contract; or ii) a showing that the contract rate at issue imposed an excessive burden or seriously harmed the public interest. The FERC also expanded the scope of the hearing to allow parties to pursue refunds for transactions between January 1, 2000 and December 24, 2000 under Section 309 of the Federal Power Act by showing violations of a filed tariff or rate schedule of a statutory requirement. The FERC directed the presiding judge, if necessary, to determine a refund methodology and to calculate refunds, but held that a market-wide remedy was not appropriate, given the bilateral contract nature of the Pacific Northwest spot markets. Refund claimants have filed petitions for appeal of these procedural orders with the Ninth Circuit.

Pursuant to a FERC-ordered settlement process, the Company received notice of two claims and reached agreements to settle both claims for an immaterial amount. The FERC approved both settlements during 2012.

Additionally, the settlement between PGE and certain other parties in the California refund case in Docket No. EL00-95, et seq., approved by the FERC in May 2007, resolved all claims between PGE and the California parties named in the settlement, including the California Energy Resource Scheduling division of the California Department of Water Resources (CERS), as to transactions in the Pacific Northwest during the settlement period, January 1, 2000 through June 20, 2001, but did not settle potential claims from other market participants relating to transactions in the Pacific Northwest.

The above-referenced settlements resulted in a release of the Company as a named respondent in the first phase of the remand proceedings, which are limited to initial and direct claims for refunds, but there remains a possibility that additional claims related to this matter could be asserted against the Company in a subsequent phase of the proceeding if refunds are ordered against some or all of the current respondents.

During the first phase of the remand hearing, now completed, two sets of refund proponents, the City of Seattle, Washington (Seattle) and various California parties on behalf of CERS, presented cases alleging that multiple respondents had engaged in unlawful activities and caused severe financial harm that justified the imposition of refunds. After conclusion of the hearing, the presiding Administrative Law Judge issued an Initial Decision on March 28, 2014 finding: i) that Seattle did not carry its *Mobile-Sierra* burden with respect to its refund claims against any of its respondent sellers; and ii) that the California representatives of CERS did not carry their *Mobile-Sierra* burden with respect to one of the two CERS' respondents, but that CERS had produced evidence that the remaining CERS respondent had engaged in unlawful activity in the implementation of multiple transactions and bad faith in the formation of as many as 119 contracts. The Administrative Law Judge scheduled a second phase of the hearing to commence after a final FERC decision

on the Initial Decision. The Administrative Law Judge determined that in the second phase the remaining respondent will have an opportunity to produce additional evidence as to why its transactions should be considered legitimate and why refunds should not be ordered. The findings in the Initial Decision are subject to further FERC action. If the FERC requires one or more respondents to make refunds, it is possible that such respondent(s) will attempt to recover similar refunds from their suppliers, including the Company.

Management believes that this matter could result in a loss to the Company in future proceedings. However, management cannot predict whether the FERC will order refunds from any of the current respondents, which contracts would be subject to refunds, the basis on which refunds would be ordered, or how such refunds, if any, would be calculated. Further, management cannot predict whether any current respondents, if ordered to make refunds, will pursue additional refund claims against their suppliers, and, if so, what the basis or amounts of such potential refund claims against the Company would be. Due to these uncertainties, sufficient information is currently not available to determine PGE's liability, if any, or to estimate a range of reasonably possible loss.

#### ***EPA Investigation of Portland Harbor***

A 1997 investigation by the United States Environmental Protection Agency (EPA) of a segment of the Willamette River known as Portland Harbor revealed significant contamination of river sediments. The EPA subsequently included Portland Harbor on the National Priority List pursuant to the federal Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) as a federal Superfund site and listed 69 Potentially Responsible Parties (PRPs). PGE was included among the PRPs as it has historically owned or operated property near the river. In January 2008, the EPA requested information from various parties, including PGE, concerning additional properties in or near the original segment of the river under investigation as well as several miles beyond. Subsequently, the EPA has listed additional PRPs, which now number over one hundred.

The Portland Harbor site is currently undergoing a remedial investigation (RI) and feasibility study (FS) pursuant to an Administrative Order on Consent (AOC) between the EPA and several PRPs known as the Lower Willamette Group (LWG), which does not include PGE.

In March 2012, the LWG submitted a draft FS to the EPA for review and approval. The draft FS, along with the RI, provide the framework for the EPA to determine a clean-up remedy for Portland Harbor that will be documented in a Record of Decision, which the EPA is not expected to issue before 2017.

The draft FS evaluates several alternative clean-up approaches. These approaches would take from two to 28 years with costs ranging from \$169 million to \$1.8 billion, depending on the selected remedial action levels and the choice of remedy. The draft FS does not address responsibility for the costs of clean-up, allocate such costs among PRPs, or define precise boundaries for the clean-up. Responsibility for funding and implementing the EPA's selected clean-up will be determined after the issuance of the Record of Decision.

Management believes that it is reasonably possible that this matter could result in a loss to the Company. However, due to the uncertainties discussed above, sufficient information is currently not available to determine PGE's liability for the cost of any required investigation or remediation of the Portland Harbor site or to estimate a range of potential loss.

### ***DEQ Investigation of Downtown Reach***

The Oregon Department of Environmental Quality (DEQ) has executed a memorandum of understanding with the EPA to administer and enforce clean-up activities for portions of the Willamette River that are upriver from the Portland Harbor Superfund site (the Downtown Reach). In January 2010, the DEQ issued an order requiring PGE to perform an investigation of certain portions of the Downtown Reach. PGE completed this investigation in December 2011 and entered into a consent order with the DEQ in July 2012 to conduct a feasibility study of alternatives for remedial action for the portions of the Downtown Reach that were included within the scope of PGE's investigation. The draft feasibility study report, which describes possible remediation alternatives that range in estimated cost from \$3 million to \$8 million, was submitted to the DEQ in February 2014. Following the DEQ's evaluation of the draft feasibility study, PGE submitted a final feasibility study to the DEQ in September 2014. The estimated costs in the final feasibility study did not differ significantly from those in the draft feasibility study. Using the Company's best estimate of the probable cost for the remediation effort from the set of alternatives provided in the feasibility study report, PGE has a \$3 million reserve for this matter as of December 31, 2014.

Based on the available evidence of previous rate recovery of incurred environmental remediation costs for PGE, as well as for other utilities operating within the same jurisdiction, the Company has concluded that the estimated cost of \$3 million to remediate the Downtown Reach is probable of recovery. As a result, the Company also has a regulatory asset of \$3 million for future recovery in prices as of December 31, 2014. The Company included recovery of the regulatory asset in its 2015 GRC filed with the OPUC. The final order issued by the OPUC in the 2015 GRC includes revenues to offset the amortization of the regulatory asset over a two year period beginning January 1, 2015.

### ***Alleged Violation of Environmental Regulations at Colstrip***

On July 30, 2012, PGE received a Notice of Intent to Sue (Notice) for violations of the Clean Air Act (CAA) at Colstrip Steam Electric Station (CSES) from counsel on behalf of the Sierra Club and the Montana Environmental Information Center (MEIC). The Notice was also addressed to the other CSES co-owners, including PPL Montana, LLC, the operator of CSES. PGE has a 20% ownership interest in Units 3 and 4 of CSES. The Notice alleges certain violations of the CAA, including New Source Review, Title V, and opacity requirements, and states that the Sierra Club and MEIC will: i) request a United States District Court to impose injunctive relief and civil penalties; ii) require a beneficial environmental project in the areas affected by the alleged air pollution; and iii) seek reimbursement of Sierra Club's and MEIC's costs of litigation and attorney's fees.

The Sierra Club and MEIC asserted that the CSES owners violated the Title V air quality operating permit during portions of 2008 and 2009 and that the owners have violated the CAA by failing to timely submit a complete air quality operating permit application to the Montana Department of Environmental Quality (MDEQ). The Sierra Club and MEIC also asserted violations of opacity provisions of the CAA.

On March 6, 2013, the Sierra Club and MEIC sued the CSES co-owners, including PGE, for these and additional alleged violations of various environmental related regulations. The plaintiffs are seeking relief that includes an injunction preventing the co-owners from operating CSES except in accordance with the CAA, the Montana State Implementation Plan, and the plant's federally enforceable air quality permits. In addition, plaintiffs are seeking civil penalties against the co-owners including \$32,500 per day for each violation occurring through January 12, 2009, and \$37,500 per day for each violation occurring thereafter.

On May 3, 2013, the defendants filed a motion to dismiss 36 of 39 claims alleged in the complaint. In September 2013, the plaintiffs filed a motion for partial summary judgment regarding the appropriate method of calculating emissions increases. Also in September 2013, the plaintiffs filed an amended complaint that withdrew Title V and opacity claims, added claims associated with two 2011 projects, and expanded the scope of certain claims to encompass approximately 40 additional projects. In July 2014, the court denied the defendants' motion to dismiss and the plaintiffs' motion for partial summary judgment.

On August 27, 2014, the plaintiffs filed a second amended complaint to which the defendants' response was filed on September 26, 2014. The second amended complaint continues to seek injunctive relief, declaratory relief, and civil penalties for alleged violations of the federal Clean Air Act. The plaintiffs state in the second amended complaint that it was filed, in part, to comply with the court's ruling on the defendants' motion to dismiss and plaintiffs' motion for partial summary judgment. Discovery in this matter is ongoing with trial now scheduled for November 2015.

Management believes that it is reasonably possible that this matter could result in a loss to the Company. However, due to the uncertainties concerning this matter, PGE cannot predict the outcome or determine whether it would have a material impact on the Company.

### ***Oregon Tax Court Ruling***

On September 17, 2012, the Oregon Tax Court issued a ruling contrary to an Oregon Department of Revenue (DOR) interpretation and a current Oregon administrative rule, regarding the treatment of wholesale electricity sales. The underlying issue is whether electricity should be treated as tangible or intangible property for state income tax apportionment purposes. The DOR has appealed the ruling of the Oregon Tax Court to the Oregon Supreme Court. It is uncertain whether the ruling will be upheld. Oral argument occurred in May 2014 and the parties now await a Court decision.

If the ruling is upheld, PGE estimates that its income tax liability could increase by as much as \$7 million due to an increase in the tax rate at which deferred tax liabilities would be recognized in future years. During

the third quarter of 2013, the Company entered into a closing agreement with the DOR, under which the DOR agreed to the tax apportionment methodology utilized on the tax returns relating to open tax years 2008 through 2012.

Management believes that it is reasonably possible that this matter could result in a loss to the Company. However, due to the uncertainties concerning this matter, PGE cannot predict the outcome.

***Other Matters***

PGE is subject to other regulatory, environmental, and legal proceedings, investigations, and claims that arise from time to time in the ordinary course of business, which may result in judgments against the Company. Although management currently believes that resolution of such matters, individually and in the aggregate, will not have a material impact on its financial position, results of operations, or cash flows, these matters are subject to inherent uncertainties, and management's view of these matters may change in the future.

Portland General Electric Company and Subsidiaries  
 Consolidated Statement of Income  
 Twelve Months Ended  
 December 31, 2014  
 (In Millions)

	Twelve Months Ended December 31, 2014	Adjustments	Adjusted Total
<b>Revenues</b>	\$1,900		\$1,900
<b>Operating Expenses:</b>			
Purchased power and fuel	713		713
Generation, transmission and distribution	257		257
Administrative and other	227		227
Depreciation and amortization	301		301
Taxes other than income taxes	109		109
Total operating expenses	<u>1,607</u>		<u>1,607</u>
<b>Income from Operations</b>	293	-	293
<b>Other Income:</b>			
Allowance for equity funds used during construction	37		37
Miscellaneous income, net	1		1
Other Income, net	<u>38</u>	-	<u>38</u>
<b>Interest Expense</b>	96		96
Income before income taxes	<u>235</u>	-	<u>235</u>
<b>Income Taxes</b>	61		61
<b>Net Income</b>	174	-	174
Less: net loss attributable to noncontrolling interests	<u>(1)</u>		<u>(1)</u>
<b>Net Income attributable to Portland General Electric Company</b>	<u>\$175</u>	<u>\$ -</u>	<u>\$175</u>



Portland General Electric Company and Subsidiaries  
 Consolidated Statement of Retained Earnings  
 Twelve Months Ended  
 December 31, 2014  
 (In Millions)

	<u>Retained Earnings</u>	<u>Adjustments <sup>(1)</sup></u>	<u>Adjusted Total</u>
<b>Balance at Beginning of Period, January 1, 2014</b>	\$913		\$913
<b>Net Income</b>	175		175
	<u>1,088</u>		<u>1,088</u>
<b>Dividends Declared</b>			
Common stock	<u>(88)</u>		<u>(88)</u>
<b>Balance at End of Period, December 31, 2014</b>	<u>\$1,000</u>	<u>\$0</u>	<u>\$1,000</u>

(1) No preliminary adjusting entries to the Statement of Retained Earnings.

**Exhibit "J-2"**

**Portland Public Schools Sale-Leaseback**

**Summary of proposed journal entries**

During construction, Construction Work in Progress ("CWIP" – FERC account #107) is debited and Cash (FERC account #131) is credited to record the costs incurred by PGE. The funds received from third parties are recorded by crediting CWIP and debiting Accounts Receivable (FERC account #143). The net CWIP amount represents PGE's basis in the facility. These activities are reflected in journal entries 1 and 2 in PGE Exhibit J-1.

Electric Plant in Service (FERC account #101) is then debited, and CWIP credited, by the amount of PGE's basis in the facility in order to record the facility to plant in service. This is reflected in journal entry 3 in PGE Exhibit J-1.

The proceeds received from selling to Banc of America Leasing & Capital, LLC is recorded as a debit to Cash (FERC account #131) and a credit to Electric Plant Sold (FERC account #102). Electric Plant in Service is credited, and Electric Plant Sold debited, by the amount of PGE's basis in the facility. The gain (the proceeds received, less PGE's basis) is then deferred by crediting Regulatory Liability (FERC account #254) and debiting Electric Plant Sold. PGE proposes that this gain be amortized against the revenue refunded to customers (FERC account #456) as described in PGE's Application. These activities are reflected in journal entries 4, 5, and 6 in PGE Exhibit J-1.

**Portland General Electric Company and Subsidiaries**  
**Consolidated Balance Sheet**  
**December 31, 2014**  
(In Millions)

	December 31, 2014	Adjustments <sup>(1)</sup>	Adjusted Total
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 127	\$ 3	\$ 130
Accounts receivable, net	149		149
Unbilled revenues	93		93
Inventories	82		82
Regulatory assets - current	133		133
Other current assets	115		115
Total current assets	<u>699</u>	<u>3</u>	<u>702</u>
Electric utility plant	8,161	-	8,161
Construction work in progress	417	-	417
Total cost	8,578	-	8,578
Less: accumulated depreciation and amortization	(2,899)		(2,899)
Electric utility plant, net	<u>5,679</u>	<u>-</u>	<u>5,679</u>
Regulatory assets - noncurrent	494		494
Nuclear decommissioning trust	90		90
Non-qualified benefit plan trust	32		32
Other noncurrent assets	48		48
Total assets	<u>\$ 7,042</u>	<u>\$ 3</u>	<u>\$ 7,045</u>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 156		\$ 156
Liabilities from price risk management activities - current	106		106
Current portion of long-term debt	375		375
Accrued expenses and other current liabilities	236		236
Total current liabilities	<u>873</u>	<u>-</u>	<u>873</u>
Long-term debt, net of current portion	2,126		2,126
Regulatory liabilities - noncurrent	906	3	909
Deferred income taxes	625		625
Unfunded status of pension and postretirement plans	237		237
Liabilities from price risk management activities - noncurrent	122		122
Asset retirement obligations	116		116
Non-qualified benefit plan liabilities	105		105
Other noncurrent liabilities	21		21
Total liabilities	<u>\$ 5,131</u>	<u>\$ 3</u>	<u>\$ 5,134</u>
Commitments and contingencies (see notes)	-		-
<b>Equity</b>			
Portland General Electric Company shareholders' equity			
Preferred stock	-		-
Common stock	918		918
Accumulated other comprehensive loss	(7)		(7)
Retained earnings	1,000		1,000
Total Portland General Electric Company shareholders' equity	<u>1,911</u>	<u>-</u>	<u>1,911</u>
Noncontrolling interests' equity	-		-
Total Equity	<u>1,911</u>	<u>-</u>	<u>1,911</u>
Total liabilities and equity	<u>\$ 7,042</u>	<u>\$ 3</u>	<u>\$ 7,045</u>

<sup>(1)</sup> Reflects journal entries in Exhibit "J-1"

**Portland General Electric Company and Subsidiaries**  
**Consolidated Statement of Income**  
**Twelve Months Ended**  
**December 31, 2014**  
(In Millions)

	Twelve Months Ended December 31, 2014	Adjustments	Adjusted Total
<b>Revenues</b>	\$1,900		\$1,900
<b>Operating Expenses:</b>			
Purchased power and fuel	713		713
Generation, transmission and distribution	257		257
Administrative and other	227		227
Depreciation and amortization	301		301
Taxes other than income taxes	109		109
Total operating expenses	1,607		1,607
<b>Income from Operations</b>	293	-	293
<b>Other Income:</b>			
Allowance for equity funds used during construction	37		37
Miscellaneous income, net	1		1
Other Income, net	38	-	38
<b>Interest Expense</b>	96		96
Income before income taxes	235	-	235
<b>Income Taxes</b>	61		61
<b>Net Income</b>	174	-	174
Less: net loss attributable to noncontrolling interests	(1)		(1)
<b>Net Income attributable to Portland General Electric Company</b>	\$175	\$ -	\$175

**Portland General Electric Company and Subsidiaries**  
**Consolidated Statement of Retained Earnings**  
**Twelve Months Ended**  
**December 31, 2014**  
**(In Millions)**

	<u>Retained Earnings</u>	<u>Adjustments <sup>(1)</sup></u>	<u>Adjusted Total</u>
<b>Balance at Beginning of Period, January 1, 2014</b>	\$913		\$913
<b>Net Income</b>	175		175
	1,088		1,088
<b>Dividends Declared</b>			
Common stock	(88)		(88)
<b>Balance at End of Period, December 31, 2014</b>	<u>\$1,000</u>	<u>\$0</u>	<u>\$1,000</u>

(1) No preliminary adjusting entries to the Statement of Retained Earnings.

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UP \_\_\_\_\_

In the Matter of the Application of Portland  
General Electric Company in Regard to the  
Sale of its Property

**MOTION FOR A GENERAL  
PROTECTIVE ORDER**

*EXPEDITED CONSIDERATION REQUESTED*

Pursuant to ORCP 36(C)(7), OAR 860-001-0080(1) and (2)(b), and OAR 860-027-0200(9), Portland General Electric Company (“PGE”) requests the issuance of a general protective order in this proceeding. PGE believes good cause exists for the issuance of such an order to protect confidential market information and confidential business information, plans and strategies. In support of this Motion, PGE states:

1. PGE is a public utility in the state of Oregon and its rates, services, and accounting practices are subject to the regulation of the Commission.
2. The order is needed to protect confidential customer information and confidential business plans and strategies. Some of the exhibits to the application, specifically bank contracts, contain confidential, sensitive business information. Additionally, some of the work papers supporting this filing contain confidential information regarding ongoing business transactions and negotiations, as well as other confidential business matters. This information is confidential commercial information and/or trade secrets under ORCP 36(C)(7). The public release of this information could prejudice PGE and its customers.
3. PGE further anticipates it may be required to file periodic updates containing confidential information in this proceeding.

4. PGE also believes that parties participating in this docket may make further requests for information that will contain confidential commercial information and/or trade secrets under ORCP 36(C)(7).

5. While PGE desires the flexibility to provide confidential information, as part of its application in this matter, the scheduling information being provided is confidential, sensitive business information, the public disclosure of which could be detrimental to PGE and its customers.

6. The Commission should, therefore, issue a Protective Order to protect the confidentiality of that material. The requested order, identical to the one that the Commission customarily issues, is attached.

For the reasons stated above, PGE requests that a protective order be issued in this proceeding.

DATED this 1<sup>st</sup> day of April, 2015.

Respectfully submitted,

  
\_\_\_\_\_  
Douglas C. Tingey, OSB No. 044366  
Associate General Counsel  
Portland General Electric Company  
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(503) 464-8926 (phone)  
(503) 464-2200 (fax)  
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ENTERED

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UP \_\_\_\_\_

In the Matter of Application of  
Portland General Electric Company  
In Regard to the Sale of its Property.

**GENERAL  
PROTECTIVE  
ORDER**

DISPOSITION: MOTION FOR PROTECTIVE ORDER GRANTED

On April 1, 2015, Portland General Electric Company ("PGE") filed a Motion for a general protective order with the Public Utility Commission of Oregon ("Commission"). PGE states that good cause exists for the issuance of such an order to protect confidential business information, plans, and strategies. Specifically, PGE states that bank contracts filed with the Company's application contain confidential business information. Additionally, PGE anticipates that work papers and other supporting documents to be provided in response to data requests contain confidential information, the public release of which could prejudice PGE and its customers. PGE further adds that the protective order will facilitate the production of relevant information and expedite the discovery process in this docket.

I find that good cause exists to issue a general protective order, which is attached as Appendix A. The order permits the broadest possible discovery consistent with the need to protect confidential information. It shields no specific documents and makes no judgment about whether any particular document contains a trade secret or commercially sensitive information. Rather, the order adopts a process for resolving discovery disputes that include sensitive information.

The order permits any party to designate information as confidential if the party reasonably believes that the information falls within the scope of ORCP 36(C)(7). The confidential designation must be made in good faith and be limited to only those portions of the document that qualify as a protected trade secret or other confidential research, development, or commercial information. Any other party may challenge the designation of information as confidential. The designating party bears the burden of showing that the challenged information is covered by ORCP 36(C)(7).

Confidential information may be disclosed only to a "qualified person" as defined in paragraph 3 of the general protective order. The authors of the confidential material, the Commission, Administrative Law Judges, Commission Staff, and counsel of record for a party or persons directly employed by counsel are "qualified persons" and may review confidential information without individually signing the general protective order. Other persons wanting access to confidential information must become qualified under paragraph 10.



ORDER NO.

To receive confidential information, all parties except Commission Staff must sign the "consent to be bound" in section I of Appendix B. This includes the party that moved for issuance of the general protective order because any party may designate information as confidential under the order. By signing the "consent to be bound," a party agrees to be bound by the terms of the general protective order and certifies that it has an interest in the proceedings that is not adequately represented by other parties to the proceedings.

Any person given access to confidential information must ensure compliance with the general protective order and must take reasonable precautions to keep confidential information secure. Without the written permission of the designating party, no person may use or disclose the information for any purpose other than participating in these proceedings. Questions regarding whether a particular person is a "qualified person" under the general protective order may be directed to the Administrative Hearings Division at (503) 378-6678.

**ORDER**

IT IS ORDERED that the General Protective Order, attached as Appendix A, governs the disclosure of confidential information in these proceedings.

Made, entered, and effective on \_\_\_\_\_.

\_\_\_\_\_  
[Judge]  
Administrative Law Judge

A party may appeal this order to the Commission pursuant to OAR 860-001-0720.

**PROTECTIVE ORDER**

DOCKET NO. UP \_\_\_\_\_

**Scope of this Order:**

1. This order governs the acquisition and use of “Confidential Information” in this proceeding.

**Definitions:**

2. “Confidential Information” is information that falls within the scope of ORCP 36(C)(7) (“a trade secret or other confidential research, development, or commercial information”).

3. A “qualified person” is an individual who is:

- a. An author(s), addressee(s), or originator(s) of the Confidential Information;
- b. A Commissioner or Commission staff;
- c. Counsel of record for a party;
- d. A person employed directly by counsel of record; or
- e. A person qualified pursuant to paragraph 10. This includes parties and their employees.

**Designation of Confidential Information:**

4. A party providing Confidential Information must inform other parties that the material has been designated confidential by placing the following legend on the material:

CONFIDENTIAL  
SUBJECT TO GENERAL PROTECTIVE ORDER

To the extent practicable, the party may designate as confidential only the portions of the material covered by ORCP 36(C)(7).

5. A party may designate as confidential any information previously provided by giving written notice to the other parties. Parties in possession of newly designated Confidential Information must, when feasible, ensure that all copies of the information bear the above legend if requested by the designating party.

6. Any other party may challenge the designation of information as confidential by notifying the designating party. Once notified, the designating party bears the burden of showing that the challenged information is covered by ORCP 36(C)(7).

**Information Given to the Commission:**

7. Confidential Information filed or provided to the Commission or its staff;

Must be printed on yellow paper and placed in a sealed envelope or other appropriate container. **Only the portions of a document that fall within ORCP 36(C)(7) may be placed in the envelope/container.** The envelope/container shall bear the legend:

THIS ENVELOPE IS SEALED UNDER ORDER NO. \_\_\_\_\_  
AND CONTAINS CONFIDENTIAL INFORMATION. THE  
INFORMATION MAY BE SHOWN ONLY TO QUALIFIED  
PERSONS AS DEFINED IN THE ORDER.

**Disclosure of Confidential Information-**

8. To receive Confidential Information, all parties, except Commission Staff, must sign the “consent to be bound” in section I of Appendix B. Confidential Information may not be disclosed to any person other than a Qualified Person. When feasible, Confidential Information must be delivered to counsel. In the alternative, Confidential Information may be made available for inspection and review by Qualified Persons in a place and time agreeable to the parties or as directed by the ALJ.
9. A Qualified Person may disclose Confidential Information to any other Qualified Person, unless the party designating party objects under paragraph 11.
10. To become a qualified person under paragraph 3(e), a person must:
  - a. Read a copy of this general protective order;
  - b. Execute a statement acknowledging that the order has been read and agreeing to be bound by the terms of the order;
  - c. Date the statement;
  - d. Provide a name, address, employer, and job title; and
  - e. If the person is a consultant or advisor for a party, provide a description of the nature of the person’s consulting or advising practice, including the identity of his/her current, past, and expected clients.

Counsel must deliver a copy of the signed statement, including the information in (d) and (e), to the designating party and to all parties of record. The notification may be made by electronic mail or facsimile. A person qualified under paragraph 3(e) may not have access to Confidential Information sooner than seven days after the designating party receives a copy of the signed statement.

11. All Qualified Persons may have access to Confidential Information, unless the designating party objects as provided in this paragraph. The designating party must provide written notice to the Qualified Person as soon as the designating party becomes aware of reasons to restrict access. The parties must promptly confer and attempt to resolve any dispute over access to Confidential Information on an informal basis before filing a motion with the ALJ. After receipt of the written notice as required in this paragraph, the specific Confidential Information may not be disclosed to the Qualified Person until the issue is resolved.

**Preservation of Confidentiality-**

12. Without the written permission of the designating party, any person given access to Confidential Information under this order may not use or disclose Confidential Information for any purpose other than participating in these proceedings. All Qualified Persons must take reasonable precautions to keep Confidential Information secure. Disclosure of Confidential Information for purposes of business competition is strictly prohibited.

A Qualified Person may reproduce Confidential Information to the extent necessary to participate in these proceedings. A Qualified Person may disclose Confidential Information only to other Qualified Persons associated with the same party.

**Duration of Protection-**

13. The Commission will preserve the confidentiality of Confidential Information for a period of five years from the date of the final order in these proceedings, unless extended by the Commission at the request of the designating party. The Commission will notify the designating party at least two weeks prior to the release of confidential information.

**Destruction After Proceeding-**

14. Counsel of record may retain memoranda, pleadings, testimony, discovery, or other documents containing Confidential Information to the extent reasonably necessary to maintain a file of these proceedings or to comply with requirements imposed by another governmental agency or court order. The information retained may not be disclosed to any person. Any other person retaining Confidential Information must destroy or return it to the designating party within 90 days after final resolution of these proceedings unless the designating party consents, in writing, to retention of the Confidential. This paragraph does not apply to the Commission or its Staff.

**Appeal to the Presiding Officer-**

15. Any party may request that the ALJ conduct a conference to help resolve disputes related to this protective order.

A party challenging the designation of information as confidential may file an objection with the ALJ that identifies the information in dispute and includes a certification that reasonable efforts to achieve an informal resolution have been unsuccessful. Within seven days of the objection, unless otherwise ordered by the ALJ, the designating party must either remove the confidential designation or file a written response identifying the legal basis for the claim of confidentiality. The challenging party may file a written reply to any response within seven days. If the designating party does not timely respond to the motion, the Commission will remove the confidential designation from the challenged information.

**Additional Protection-**

16. If a designating party seeks additional protection for Confidential Information, the party may move for any of the remedies in ORCP 36(C). The motion must include:

- a. The parties involved;
- b. The exact nature of the information involved;
- c. The legal basis for the claim that the information is protected under ORCP 36 (C)(7) or the Public Records Law;
- c. The exact nature of the relief requested;
- d. The specific reasons the requested relief is necessary; and
- e. A detailed description of the intermediate measures, including selected redaction, explored by the parties and why such measures do not resolve the dispute.

Pending the Commission's ruling on a motion for additional protection, the information need not be released.



**II. Persons Qualified under Paragraph 3(e):**

I have read the general protective order, agree to be bound by the terms of the order, and will provide the information identified in paragraph 10.

By: Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Printed Name:

Address:

Employer:

Job Title:

Paragraph 10(e) information also provided.

By: Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Printed Name:

Address:

Employer:

Job Title:

Paragraph 10(e) information also provided.

By: Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Printed Name:

Address:

Employer:

Job Title:

Paragraph 10(e) information also provided.

By: Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Printed Name:

Address:

Employer:

Job Title:

Paragraph 10(e) information also provided.