



Portland General Electric Company
Legal Department
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David F. White
Assistant General Counsel

October 8, 2015

Via Electronic Filing

Oregon Public Utility Commission
Attention: Filing Center
3930 Fairview Industrial Drive SE
PO Box 1088
Salem, OR 97308-1088

Re: UA __ - In the Matter of the Application of Portland General Electric Company ("PGE") for Approval of Modifications to a Contract Between the Canby Utility Board and Portland General Electric Company Allocating Utility Service Territory

Attention Filing Center:

Attached for filing in the captioned matter is Application of Portland General Electric Company for Approval of Modifications to a Contract Between the Canby Utility Board (the "CUB") and Portland General Electric Company Allocating Utility Service Territory. This document is being filed by electronic mail with the Filing Center.

As explained in the Application, the purpose of this filing is to present for approval Amendment No. 2 to the Territory Allocation Agreement between PGE and the CUB. Since no service territory or customers are being transferred at this time, no update to the legal description of PGE's service territory is provided with the Application.

Sincerely,

A handwritten signature in blue ink that reads "Dal white". The signature is written in a cursive, slightly slanted style.

David F. White
Assistant General Counsel

Attachment

cc: Paul Rossow, OPUC
Tim Custer, PGE
Rick Beckensten, PGE
Dan Murphy, Canby Utility Board
Barbara Benson, Canby Utility Board
David Doughman, Canby Utility Board Counsel

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UA _____

In the Matter of the Application of)
)
PORTLAND GENERAL ELECTRIC) APPLICATION FOR APPROVAL OF
COMPANY) AMENDMENT TO AGREEMENT
)
For Approval of Modifications to a Contract)
Between the Canby Utility Board and)
Portland General Electric Company)
Allocating Utility Service Territory)

Pursuant to ORS 758.430, ORS 758.460 and OAR 860-025-0015, Portland General Electric Company (“PGE”) hereby applies for an order of the Oregon Public Utility Commission (“Commission”) approving certain modifications to the agreement between PGE and the Canby Utility Board (“CUB”), which allocates utility service territory in Clackamas County.

Part I.
BACKGROUND

On April 4, 1962, PGE and the City of Canby (the “City”) entered into an agreement concerning the allocation of electric service territory between them (“Agreement”), which was approved by the Commission pursuant to Order No. 62-38537; a copy of the Agreement is attached hereto as **Attachment 1**. Subsequent to the effective date of the Agreement, the City transferred all of the powers and duties possessed by the City to construct, acquire, expand and operate the electric system within the City to the CUB by Charter amendment, effective January 2, 1969.

In 1998, PGE and CUB entered into an Amendment No. 1 to Territory Allocation Agreement which makes certain modifications in the Agreement, including permitting the City of Canby to assign its rights and responsibilities to the CUB. Amendment No. 1 was approved

by the Commission pursuant to Order No. 98-356, dated August 24, 1998. A copy of Amendment No. 1 is attached to this application as **Attachment 2**.

Under the terms of the Agreement, whenever a PGE customer is annexed into the City, CUB has the option to provide electric service to the customer after obtaining Commission approval to alter the service territory allocation. In order to serve recently annexed customers, the CUB may purchase facilities used by PGE for the purpose of providing electric service to such territory and transfer of customers.

It was recently discovered that certain customers that were annexed to the City could not be economically served by the CUB because of the infrastructure costs associated with extending the CUB's utility service. In a number of these instances the CUB and PGE had received Commission approval to redraw the territorial allocation line so that the customer was in CUB's service territory. The CUB and PGE expected that development of the CUB system would permit the CUB to economically serve these customers. That development has not occurred and so PGE has continued to serve these customers (the "Affected Customers") on a transitional basis.

Part II.
DESCRIPTION

This application concerns Amendment No. 2 ("Amendment") to the Territory Allocation Agreement between the CUB and PGE that is subject to Commission approval. The purpose of the Amendment is twofold. First, on a transitional basis, the CUB assigns its right to serve Affected Customers to PGE, permitting PGE to continue to serve these customers until such time as it is economical and feasible for such customers to be served by the CUB. Second, it changes the process by which PGE and the CUB will process and transition PGE customers who are annexed into the City of Canby. Under the revised process, PGE and CUB will not seek

Commission approval to change the territorial allocation of customers until such time as both have confirmed that it is economical and feasible for the CUB to provide electricity service to the annexed customer and area.

The Affected Customers have been given the option of contacting the CUB and paying the cost to construct the CUB infrastructure to serve them. None of the Affected Customers have elected to do so or complained about PGE serving them during this transition period. The Amendment is attached to this application as **Attachment 3**, and is listed below:

- (1) Section 2 shall be deleted in its entirety and replaced with the following:

When any territory now outside the area shown within red lines on the attached map (marked as Exhibit "A") is added to or annexed to the Municipality, Company and the CUB shall confer regarding the CUB providing electric service within such territory and transferring such territory from Company's service territory to the CUB's service territory. Upon agreement by Company and the CUB that the CUB is able to provide service to such annexed territory on an economic and feasible basis, the CUB shall provide electric service to such territory subject to approval by the Oregon Public Utility Commission (OPUC). To implement such transfer, the CUB shall purchase from Company the plant, facilities and equipment of Company used solely for the purpose of serving such area so annexed or added to the Municipality. Such purchase and the transfer of customers from Company service to the CUB service shall be made under terms and conditions to be jointly arrived at by Company and the CUB. The purchase price for said equipment, plant or facilities shall be the then present value of said property considered mutually acceptable to the parties. In determining price, the parties will give consideration to the cost of the facilities, depreciation, fair market value, reproduction cost new and any other pertinent factors. If the value of said property cannot be mutually agreed upon between the CUB and Company, the purchase price for the same shall be settled by a Board of Arbitration in the manner hereinafter provided. With respect to each such area that has been added to or annexed to the Municipality, and the CUB and Company agree that the CUB is able to provide service to such annexed territory on an economic and feasible basis, the CUB and Company agree to file with the OPUC for approval the transfer of such allocated territory from Company to the CUB. The CUB and

Company agree to act in good faith to obtain such approval. Upon receipt of such OPUC approval and the consummation of the transfer of property and customers, the CUB and Company shall promptly revise Exhibit 'A Rev 1' to account for the subject change.

- (2) Exhibit A to this Amendment No. 2 shall be added to the Agreement as "Exhibit B."
- (3) The following new section 7 is added to the Agreement:

Section 7. The CUB assigns to Company, and Company accepts such assignment, the right to serve the allocated territory and the associated customers shown on Exhibit A attached hereto. The term of such assignment shall be for one year from the effective date of this Amendment. The assignment shall automatically renew for four (4) additional one-year terms unless terminated earlier pursuant to this section. Upon agreement by the CUB and Company that the CUB is able to provide service to one or more of the assigned territories and associated customers identified in Exhibit B on an economic and feasible basis, the assignment for such territory and associated customer identified in Exhibit B may be terminated. In such circumstances, the CUB and Company will mutually agree upon the effective date for such termination of the assignment of the CUB's right to serve such customer and territory. The CUB and Company shall cooperate in filing any required notices or applications with the OPUC associated with such termination of assignment. Upon the effective date of such termination of assignment with respect to any territory or customer identified in Exhibit B, the CUB and Company shall revise Exhibit B to reflect such termination.

OAR 860-025-015 Requirements

OAR 860-025-015 requires that applications for approval of amendments to a contract approved pursuant to ORS 758.410 to 758-420 include: (1) the amendatory contract; (2) reference to the Commission order approving the initial contract; and (3) such information required by rule 860-025-0010 as may assist the Commission in reviewing the application.

In addition to the Attachments referenced above, PGE has attached hereto the following as information to assist the Commission in reviewing this application:

A. The legal description of the city limits and service area exception as of June 24, 2013, is attached as **Attachment 4**.

OAR 860-025-0027 Requirements

(a) A statement of the purposes for the transfer, the supporting reasons therefore, and a detailed explanation thereof justifying why the transfer will not be contrary to public interest.

See Part 1 and 2 above for the purpose of the Amendment, the reasons for the Amendment, and why the Amendment is not contrary to the public interest.

(b) Copies of all written evidence and a statement of all oral understandings comprising the agreement between the transferor and transferee covering the transfer of the territory described in the application and sought to be transferred.

See **Attachment 3**.

(c) A map or maps, drawn to appropriate scale, showing the general location and boundaries of the allocated territory sought to be transferred and the transferor's and transferee's adjacent service areas.

See **Attachments 4 and 5**.

(d) A map or maps, drawn to appropriate scale, showing:

(A) the number and, as practicable, the location of customers and equipment or facilities of the transferor with a detailed description of such equipment or facilities within the territory sought to be transferred; and

(B) The location of equipment or facilities of the transferor and transferee, with a detailed description of the same, which are in the territory immediately adjacent to that sought to be transferred and which are or will be interconnected therewith.

No facilities or customers are being transferred as part of this Application. The Application seeks approval of the Amendment which provided PGE with the right to serve the Affected Customers on a transitional basis and alters the process for changing the service territory allocation in the future.

(e) A legal description, comparable to that required in OAR 860-025-0020(3), of the resulting boundaries of the transferor's territory where the territory sought to be transferred is only part of a parcel of transferor's allocated territory and a similar description of the resulting boundaries of the transferee's allocated territory where the territory sought to be transferred will be contiguous to a parcel of transferee's allocated territory.

See **Attachments 4 and 5**; the Application does not seek to change the service territory boundaries of PGE or CUB.

(f) A legal description, comparable to that required in OAR 860-025-0020(3), of the boundaries of the territory sought to be transferred is only part of a parcel of transferor's allocated territory and a similar description of the resulting boundaries of the transferee's allocated territory where the territory sought to be transferred will be contiguous to a parcel of transferee's allocated territory.

See **Attachments 4 and 5**; the Application does not seek to change the service territory boundaries of PGE or CUB.

(g) Copies of such franchise or permits, as the appropriate public authorities may require, authorizing the transferee to serve in the territory sought to be transferred, or evidence of the approval of the appropriate public authorities of the transfer to the transferee of the transferor's franchise or permit to serve the territory sought to be transferred.

Not applicable.

OAR 860-025-0025 Requirements

(1) The information required under OAR 860-025-0020

See below.

(2) A map or maps similar to that required by OAR 860-025-0020(2) and description comparable to that required by OAR 860-025-0020(3), showing and describing the boundary of the adjacent unserved territory covered by the application.

Not applicable; there are no adjacent unserved territory. See **Attachments 4 and 5**.

(3) The names and addresses of all persons providing similar utility service in proximity to the unserved area applied for who may have an interest in or be affected by an approval or disapproval of the application.

Not applicable; there are no adjacent unserved territory. See **Attachments 4 and 5**.

(4) Facts showing that it is more economical and feasible to serve the adjacent unserved territory by an extension of the applicant's existing facilities than by an extension of the facilities of another person, including but not limited to the following:

(a) A map or maps. Drawn to appropriate scale, showing location and capability of equipment, plant, or facilities including the capability, location, and route of proposed facilities, if any, which relate to the applicant's ability to extend utility service into the adjacent unserved area.

(b) Copies of such franchises or permits as the appropriate public authorities may require for extending service into the adjacent unserved area, or a statement that they will be filed at the hearing or a statement that no such authority is required by said public authorities.

(c) The kind or nature and extent of the need or demand, or reasonable anticipated need or demand, for utility service within the unserved area.

(d) The estimated construction, operating and related costs of and revenues from providing the proposed utility service within the unserved area.

Not applicable; PGE is not proposing to expand service into an adjacent unserved area. Until further development occurs, the CUB is unable to economically serve the Affected Customers. The Affected Customers have been given the option of contacting the CUB and paying the cost to construct the CUB infrastructure to serve them. None of the Affected Customers have elected to do so or complained about PGE serving them during this transition period.

OAR 860-025-0020 Requirements

(1) A map or maps, drawn to appropriate scale, showing the general location and boundaries of the applicant's service area.

See **Attachments 4 and 5.**

(2) A map or maps, drawn to appropriate scale, showing the location of applicant's customers and facilities in the vicinity of the boundaries of the territory applied for in sufficient detail to enable the Commission to determine the boundaries of that territory served exclusively by applicant.

See **Attachments 4 and 5.**

(3) A description by county, section lines, river, highway, road, street, or metes and bounds, where applicable and necessary, of the boundaries of applicant's exclusive service area. Such map and legal description of boundary lines may be drawn and described to eliminate minor irregularities in the boundary.

See **Attachments 4 and 5.**

(4) Facts showing that applicant is lawfully and in good faith providing exclusive utility service within the area described in the application and that no other person is providing a similar utility service within such territory.

See Parts I and II of the Application describing the background and history of the Agreement and the Commission's review, approval, and implementation of the Agreement.

Part III.
CONCLUSION

As set out above, PGE has complied with the applicable filing requirements of OAR 860-025-0015, OAR 860-025-0020, OAR 860-025-0025, and OAR 860-025-0027 and satisfied the applicable legal requirements. PGE requests that the Commission issue an order approving the Amendment and the assignment to PGE of the right to serve the Affected Customers on a transitional basis consistent with the terms of the Amendment.

Date this 8th day of October, 2015.

Respectfully submitted,



David F. White, OSB # 011382
Associate General Counsel
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121 SW Salmon Street, 1 WTC1301
Portland, Oregon 97204
(503) 464-7701 (telephone)
(503) 464-2200 (fax)
David.white@pgn.com

AGREEMENT

Order No. 14627

THIS AGREEMENT, made and entered into this _____ day
of April 4, 1962, by and between the CITY OF CANBY, a
municipal corporation of the State of Oregon, hereinafter referred to as the
"Municipality", and PORTLAND GENERAL ELECTRIC COMPANY, an Oregon
corporation, hereinafter referred to as the "Company":

WITNESSETH:

WHEREAS, the Municipality and the Company each provide utility
service to users by and through the distribution of electricity; and

WHEREAS, the Municipality and the Company each desire to
prevent duplication of electric utility facilities within the territory hereinafter
described by the allocation of service territories and customers between them,
and by limiting the right of each to extend electric power distribution lines with-
in the boundaries hereinafter established;

NOW, THEREFORE, the parties hereto in consideration of the
covenants and agreements hereinafter set forth and the performance thereof do
agree:

1. ALLOCATION OF SERVICE TERRITORY: From and after
the date hereof and subject to the provisions hereinafter set forth, unless requested
in writing by the Municipality, the Company will not serve new customers within
the area shown within red lines on the attached map marked Exhibit "A" and which
area is more particularly described as that within the Canby City limits as of

this date and the Municipality will not serve any new customers outside the lines marked in green on Exhibit "A" which are more particularly described in Exhibit "B", both of said exhibits being attached hereto and by this reference made a part hereof. In the area between the red lines and the green lines marked on Exhibit "A", the Company and the Municipality shall continue to serve their existing customers. New construction and/or facilities within this area requiring electric service shall be served by the party hereto who can provide such service with the least addition to its physical plant. Physical plant as used herein means the poles, wire, transformers and such similar and related appliances necessarily required to provide such electric service. The Company shall provide electric service to any premises outside of the area marked on Exhibit "A" by green lines requiring such service and in connection therewith the Company shall make all line extensions necessary in said area, all in accordance with the Company's published tariffs on file with the PUC, the State of Oregon. The Company will not certify under Section 8, Chapter 691, Oregon Laws 1961, any of the area within the green lines.

2. NEW ALLOCATION OF TERRITORY:

The Municipality at its option may provide electric service within any territory now outside the area shown within red lines or the green lines on the attached map marked Exhibit "A" if and when said territory is added to or annexed to the Municipality. In so doing, the Municipality shall purchase from the Company the plant, facilities and equipment of the Company used solely for the purpose of serving such area so annexed or added to the Municipality. Such purchase and the transfer of customers from the Company service to Municipality service shall be made under terms and conditions to be jointly arrived at by the Company and the Municipality. The purchase price for

said equipment, plant or facilities shall be the then present value of said property considered mutually acceptable to the parties hereto. In determining price, the parties will give consideration to the cost of the facilities, depreciation, fair market value, reproduction cost new and any other pertinent factors. If the value of said property cannot be mutually agreed upon between the Municipality and the Company, the purchase price for the same shall be settled by a Board of Arbitration in the manner hereinafter provided.

3. ARBITRATION: In the event of differences arising between the Municipality and the Company as to the construction of any clause of this Agreement, or as to the rights or obligations of the Municipality or the Company hereunder, all such questions shall be determined by arbitration in the manner hereinafter set forth, to-wit: Either party may, by written notice to the other, appoint an arbitrator. Thereupon, within ten (10) days after the giving of such notice, the other shall by written notice to the former, appoint another arbitrator, and in the default of such second appointment the arbitrator first appointed shall be the sole arbitrator. When any two arbitrators have been appointed as aforesaid, they shall, if possible, agree upon a third arbitrator and shall appoint him by notice in writing signed by both of them in triplicate, one of which triplicate notices shall be given to each party hereto; but if ten (10) days shall elapse after the appointment of the second arbitrator without notice of appointment of the third arbitrator being given as aforesaid, then either party hereto or both may in writing request the presiding Judge of the Circuit Court of the State of Oregon for the County of Clackamas to appoint the third arbitrator, and upon appointment of the third arbitrator the three arbitrators shall meet and shall

give opportunity to each party thereto to present its case and witnesses, if any, in the presence of the other, and shall then make their award; and the award of the majority of the arbitrators shall be binding upon the parties hereto and Judgment may be entered thereon in any Court having jurisdiction. Such award shall include the fixing of the expense of arbitration and the assessment of the same against either or both parties.

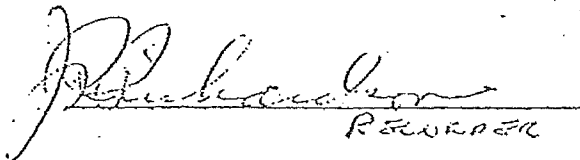
4. TERMINATION: This Agreement may be terminated at any time by the mutual consent of the parties hereto; provided, however, that prior to such termination, arrangements, approved under order of the PUC of the State of Oregon shall be made by the parties to this agreement to provide electric service without duplication within any area affected by such termination.

5. SUCCESSORS AND ASSIGNS: This Agreement shall bind the successors and assigns of the parties hereto.

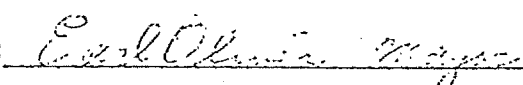
6. ABROGATION OF PRIOR AGREEMENT: The Agreement between the parties hereto dated the 20th day of February, 1962, relating to the allocation of service territories, is hereby superseded by this agreement and said prior agreement shall be of no further force and effect.

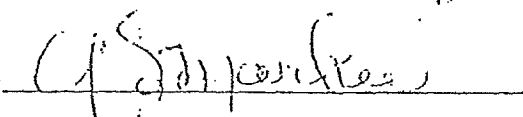
ATTEST:

CITY OF CANBY

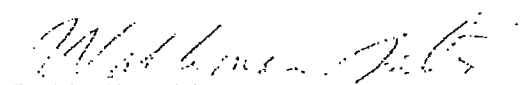


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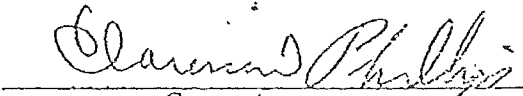
By: 

By: 

PORTLAND GENERAL ELECTRIC COMPANY

By: 

Vice President

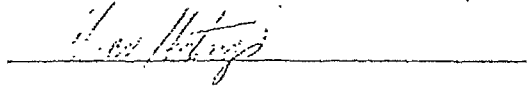
By: 

Secretary

APPROVED AS TO TERMS AND CONDITIONS:



APPROVED AS TO FORM:
PHILLIPS, COUGHLIN, BUELL & PHILLIPS



TERRITORIAL ALLOCATION AGREEMENT
CITY OF CANBY BOUNDARY LINE DESCRIPTION
OF GREEN LINE SHOWN ON EXHIBIT "A"

1 Beginning in the center of the Molalla River on the north line of the
2 Champing Pendleton DLC No. 58 in Section 29, T. 3 S., R. 1 E., W.M.,
3 Clackamas County, Oregon; running thence East along said north line of
4 said DLC to the N. E. Corner thereof; thence continuing East along the
5 center line of that street known as Bouncy Boulevard, said street being
6 between tracts 6 & 7, 22 & 23, 33 & 34 and 51 & 52 of the plat of Pruneland
7 as duly recorded in deed record Clackamas County, Oregon, to the West
8 line of the tract of land conveyed to Mary Collins et al, by deed recorded
9 September 26, 1946, in Deed Book 377 page 429; running thence North along
10 the west line of said Collins tract to the most westerly corner of that tract
11 of land conveyed to Crown Zellerbach Corporation by deed recorded
12 May 23, 1946, in Deed Book 368 page 33, which corner bears South $8^{\circ}30'$
13 West 1,100 feet from a post on the meander line of the right bank of the
14 Willamette River; thence South $45^{\circ}26'$ East along the southerly line of the
15 said Crown Zellerbach tract to an intersection with the southerly right of
16 way line of the Molalla Forest Road as said roadway is described in deed
17 recorded January 5, 1946, in Deed Book 358 page 92; thence Southeasterly
18 and Southerly along the said right of way line to the northerly right of way
19 line of the Southern Pacific Company, thence Westerly along said northerly
20 right of way line to the east line of Section 33, T. 3 S., R. 1 E., W.M.;
21 thence South along the east line of said Section 33 and the east line of

1 Section 4, T. 4 S., R. 1 E., W.M., to the north line of the Howards
2 Mill and Canby Road (County Road No. 562); thence West along the north
3 line of said Howards Mill and Canby Road and the north line of the Ed
4 Rackleff Road (County Road No. 1494), but not excluding said roads, to
5 the west line of the O.R. Mack Road, (County Road No. 1288); thence South
6 along the west line of said O.R. Mack Road, but not excluding said road,
7 to the north line of the S. E. 1/4 of the S. E. 1/4 of the S. W. 1/4 of said
8 Section 4; thence East 120 feet; thence South to the north line of that certain
9 strip of land obtained by Clackamas County from Cazadero Real Estate
10 Company by tax foreclosure certificate No. 4500 as recorded in Book 281
11 on Page 467, Deed Records, Clackamas County, Oregon; thence North-
12 westerly along the north line of said strip of land to the south line of the
13 N. W. 1/4 of the S. W. 1/4 of said Section 4; thence West to the center of the
14 Molalla River; thence Northerly down the center of said Molalla River to
15 the south line of the Wesley Joslyn DLC No. 59; thence West along the said
16 south line to the S. W. corner of said Joslyn DLC; thence North along the
17 west line of said Joslyn DLC to the N. W. corner thereof; thence East along
18 the north line of said Joslyn DLC to the center of the Molalla River; thence
19 Northerly down the center of said Molalla River to the place of beginning.

AMENDMENT NO. 1 TO TERRITORY ALLOCATION AGREEMENT

This Amendment No. 1 is dated as of February 24, 1998 and is made to the Agreement dated April 4, 1962 ("the Agreement") between The City of Canby ("Municipality"), a municipal corporation of the State of Oregon and Portland General Electric Company ("Company"), an Oregon corporation.

WHEREAS, Municipality and Company entered into the Agreement concerning the allocation of electric utility service territory between them, which was approved by the Oregon Public Utility Commission pursuant to Order No. 62-38537; and

WHEREAS subsequent to the effective date of the Agreement, Municipality transferred all of the powers and duties possessed by the City to construct, acquire, expand and operate the electric system within the Municipality to the Canby Utility Board ("CUB") by Charter amendment effective January 2, 1969; and

WHEREAS, the CUB and Company wish to make certain modifications to the Agreement; and

WHEREAS, the CUB warrants that it has the authority to enter into this Amendment No. 1 to the Agreement on behalf of Municipality;

NOW, THEREFORE, CUB and Company agree as follows:

1. The Agreement dated April 4, 1962 is hereby amended as follows:

(a) All references in the Agreement to "Exhibit 'A'" shall be revised to "Exhibit 'A Rev. 1'". Exhibit "A Rev. 1" is attached hereto and incorporated herein by reference.

(b) All references in the Agreement to "Exhibit 'B'" shall be revised to "Exhibit 'A Rev. 1'".

(c) Section 1 shall be revised to read in its entirety as follows:

"1. ALLOCATION OF SERVICE TERRITORY: From and after the Effective Date of Amendment No. 1 and subject to the provisions hereinafter set forth, unless requested in writing by the Municipality, the Company will not serve new customers within the area shown within the red lines on the attached map marked Exhibit 'A Rev. 1', which area is more particularly described as that area within the Canby City limits as of the Effective Date of Amendment No. 1, and the Municipality will not serve any new customers outside the lines marked in red on Exhibit 'A Rev. 1', said exhibit being attached hereto and by this reference made a part hereof."

(d) In the first sentence of Section 2, the words "or the green lines" shall be deleted.

(e) The following paragraph shall be inserted at the end of Section 2:

"With respect to each such area annexed or added to the Municipality for which the Municipality exercises the foregoing option, the Municipality and the Company agree to file with the Oregon Public Utilities Commission ("OPUC") for approval of the transfer of any exclusively allocated service territory from the Company to the Municipality. Municipality and the Company agree to act in good faith to obtain such approval. Upon the receipt of such OPUC approval and the consummation of the transfer of property and customers, the Municipality and the Company shall promptly revise Exhibit 'A Rev. 1' to account for the subject change."

(f) The following language shall be added to the end of Section 5:

"Municipality has the right to assign all rights and responsibilities under this Agreement to the Canby Utility Board ("CUB"), as long as the CUB has exclusive jurisdiction, control and management of the operations and facilities of the Utility Department of Electric Services of the Municipality."

2. Except as provided in Section 3 below, this Amendment No. 1 to Territory Allocation Agreement shall be effective as of the date it is approved by the OPUC pursuant to ORS 758.410 through ORS 758.425 ("the Effective Date of Amendment No. 1").

3. Subsection 1.(c) and 1.(f) of this Amendment No. 1 to Territory Allocation Agreement shall be effective as of the execution of this Amendment.

CANBY UTILITY BOARD

PORTLAND GENERAL ELECTRIC
COMPANY

By: Robert D. Woodruff

By: Peggy Fowler *aw*

Title: Chair

Title: President and Chief Operating Officer
Distribution Operations

Date: February 24th, 1998

Date: February 12, 1998

AMENDMENT NO. 2 TO TERRITORY ALLOCATION AGREEMENT

This Amendment No. 2 is dated as of March 24, 2015 and is made to the Agreement dated April 4, 1962 (the "Agreement") between The City of Canby (the "Municipality"), a municipal corporation of the State of Oregon and Portland General Electric Company ("Company"), an Oregon corporation.

WHEREAS, the Municipality and Company entered into the Agreement concerning the allocation of electric utility service territory between them, which was approved by the Oregon Public Utility Commission ("OPUC") pursuant to Order No. 62-38537;

WHEREAS, subsequent to the effective date of the Agreement, the Municipality transferred all of the powers and duties possessed by the Municipality to construct, acquire, expand and operate the electric system within the Municipality to the Canby Utility Board (the "CUB") by Charter amendment effective January 2, 1969;

WHEREAS, the parties entered into Amendment No. 1 to the Agreement on February 24, 1998;

WHEREAS, the CUB and Company wish to make certain modifications to the Agreement;

WHEREAS, the CUB warrants that it has the authority to enter into this Amendment No. 2 to the Agreement on behalf of the Municipality;

WHEREAS, Company and the CUB have become aware that, after certain areas have been annexed and added to the Municipality, the customers located in such areas have elected to remain customers of Company for a transition period because of the infrastructure costs associated with extending the CUB utility service to such customers;

WHEREAS, Company and the CUB recognize that the transition of areas that have been annexed and added to the Municipality from Company's service to the CUB service requires coordination and a transition period to account for infrastructure costs associated with extending the CUB's utility service; and

WHEREAS, Company and the CUB wish to amend the Agreement to better coordinate the transition of customers annexed and added to the Municipality and the CUB wishes to assign to Company the right to serve, for a transition period, certain customers that were previously transferred to the CUB's service territory and who have elected to remain customers of Company because of the infrastructure costs associated with extending CUB's utility service to such customers.

The Agreement is hereby amended as follows:

1. Section 2 shall be deleted in its entirety and replaced with the following:

When any territory now outside the area shown within red lines on the attached map (marked as Exhibit "A") is added to or annexed to the Municipality, Company and the CUB shall confer regarding the CUB providing electric service within such territory and transferring such territory from Company's service territory to the CUB's service territory. Upon agreement by Company and the CUB that the CUB is able to provide service to such annexed territory on an economic and feasible basis, the CUB shall provide electric service to such territory subject to approval by the Oregon Public Utility Commission (OPUC). To implement such transfer, the CUB shall purchase from Company the plant, facilities and equipment of Company used solely for the purpose of serving such area so annexed or added to the Municipality. Such purchase and the transfer of customers from Company service to the CUB service shall be made under terms and conditions to be jointly arrived at by Company and the CUB. The purchase price for said equipment, plant or facilities shall be the then present value of said property considered mutually acceptable to the parties. In determining price, the parties will give consideration to the cost of the facilities, depreciation, fair market value, reproduction cost new and any other pertinent factors. If the value of said property cannot be mutually agreed upon between the CUB and Company, the purchase price for the same shall be settled by a Board of Arbitration in the manner hereinafter provided. With respect to each such area that has been added to or annexed to the Municipality, and the CUB and Company agree that the CUB is able to provide service to such annexed territory on an economic and feasible basis, the CUB and Company agree to file with the OPUC for approval the transfer of such allocated territory from Company to the CUB. The CUB and Company agree to act in good faith to obtain such approval. Upon receipt of such OPUC approval and the consummation of the transfer of property and customers, the CUB and Company shall promptly revise Exhibit 'A Rev 1' to account for the subject change.

2. Exhibit A to this Amendment No. 2 shall be added to the Agreement as "Exhibit B."

3. The following new section 7 is added to the Agreement:

Section 7. The CUB assigns to Company, and Company accepts such assignment, the right to serve the allocated territory and the associated customers shown on Exhibit A attached hereto. The term of such assignment shall be for one year from the effective date of this Amendment. The assignment shall automatically renew for four (4) additional one-year terms unless terminated earlier pursuant to this section. Upon agreement by the CUB and Company that the CUB is able to provide service to one or more of the assigned territories and associated customers identified in Exhibit B on an economic and feasible basis, the assignment for such territory and associated customer identified in Exhibit B may be terminated. In such circumstances, the CUB and Company will mutually agree upon the effective date for such termination of the assignment of the CUB's right to serve such customer and territory. The CUB and Company shall cooperate in filing any required notices or applications with the OPUC associated with such termination of assignment. Upon the effective date of such termination of assignment with respect to any territory or customer identified in Exhibit B, the CUB and Company shall revise Exhibit B to reflect such termination.

4. Except as revised by this Amendment No. 2 and Amendment No. 1, the Agreement remains in full force and effect.
5. This Amendment No. 2 will be effective as of the date it is approved by the OPUC.

CANBY UTILITY BOARD

PORTLAND GENERAL ELECTRIC
COMPANY

By: 
BOB CORNELIUS

By: Carl A. Dellin

Title: CANBY UTILITY BOARD CHAIRMAN

Title: VP PGE

Date: MAY 12, 2015

Date: June 3, 2015

EXHIBIT A

<u>Address</u>	<u>Customer Name</u>
24401 S. Mulino Rd.	Raymond & Lisa Wygant
1203 NE Territorial Rd.	Billy Spencer (J. Webber)
23849 S. Mulino Rd.	Willamette Seedling (Jacque Parsons)
23625 S. Mulino Rd.	Willamette Seedling (Jacque Parsons, Trustee)
1907 SE First Avenue	Jackson Borge
23397 S. Mulino Road	Gilbert & Adelyn Borg, Trustee
23399 S. Mulino Road	Phillip & Millie Borg
591 NE 22 nd	Steve Dradkiewicz
1629 N. Redwood	Fred Postlewait

CITY OF CANBY
DESCRIPTION OF CITY LIMITS

Revised June 24, 2013

CANBY UTILITY BOARD SERVICE AREA DESCRIPTION:

Beginning at the centerline of the Molalla River and Highway 99E in Section 5, Township 4 South, Range 1 East, Willamette Meridian; thence northerly along the centerline of the Molalla River approximately 8,000 feet to a point approximately 250 feet north of the intersection of the projection of the centerline of Northwest Territorial Road; thence easterly along the existing property line approximately 1,000 feet to the centerline of Northwest Territorial Road at the intersection of North Birch Street; thence northeasterly along the centerline of Northwest Territorial Road approximately 2,870 feet to a point approximately 420 feet west of the centerline of North Juniper Street; thence southerly approximately 200 feet along the existing property line; thence easterly approximately 100 feet along the existing property line; thence northerly approximately 210 feet along the existing property line to the centerline of Northwest Territorial Road; thence easterly along the centerline of Northwest Territorial Road approximately 675 feet to the centerline of North Locust Street; thence northerly along the centerline of North Locust Street approximately 590 feet; thence westerly approximately 15 feet to the west right-of-way line of North Locust Street; thence northerly along the west right-of-way line of North Locust Street approximately 960 feet; thence easterly approximately 40 feet along the projection of the existing property line; thence northerly approximately 310 feet to the south right-of-way line of NE 22nd Avenue; thence easterly approximately 1,270 feet along the south right-of-way line of NE 22nd Avenue to the centerline of North Maple Street; thence northerly along the centerline of North Maple Street 50 feet to the projection of the north right-of-way line of Northeast 22nd Avenue; thence westerly along the north right-of-way line of Northeast 22nd Avenue 180 feet to an existing property line; thence northerly along the existing property line approximately 510 feet to an existing property line; thence easterly along the existing property line approximately 150 feet to the west right-of-way of North Maple Street; thence northerly

along the west right-of-way of North Maple Street approximately 4,325 feet to the northwesterly corner of that tract of land conveyed to Crown Zellerbach Corporation as recorded in Book 368 page 33, Clackamas County deed records; thence southeasterly along the boundary of said parcel and the projection of the boundary to an intersection with the centerline of the Molalla Forest Road; thence southeasterly and southerly along the centerline of the Molalla Forest Road approximately 3,700 feet to the northwest corner of that tract of land owned by the City of Canby; thence northeasterly approximately 885 feet along the existing property line to the northeast corner of said tract; thence southerly approximately 2,470 feet to the centerline of Northeast Territorial Road; thence easterly along the centerline of Northeast Territorial Road approximately 2,454 feet to the existing property line; thence southwesterly approximately 407 feet along the existing property line; thence northwesterly approximately 304 feet along the existing property line; thence southwesterly approximately 628 feet along the existing property line; thence southeasterly approximately 520 feet along the existing property line to the north boundary of the Union Pacific Railroad right-of-way; thence southwesterly along the Union Pacific Railroad approximately 575 feet; thence northwesterly approximately 479 feet along the existing property line; thence northerly approximately 370 feet along the existing property line; thence westerly approximately 441 feet along the existing property line; thence northerly approximately 242 feet along the existing property line; thence westerly approximately 405 feet along the existing property line; thence southerly approximately 242 feet along the existing property line; thence westerly along the existing property line approximately 458 feet to the existing property line to the west right-of-way of North Redwood Street; thence southerly approximately 429 feet along the west right-of-way of North Redwood Street; thence westerly approximately 183 feet along the existing property line; thence southerly approximately 119 feet along the existing property line; thence easterly approximately 183 feet along the existing property line; thence southerly along the west right-of-way of North Redwood Street approximately 1,861 feet; thence easterly along the existing property line approximately 624 feet to the north right-of-way of the Southern Pacific Railroad; thence southwesterly along the north right-of-way of the Southern Pacific Railroad approximately 948 feet to the east right-of-way line of North Redwood Street; thence northerly along the east right-of-way of North Redwood Street approximately 330 feet; thence westerly along the existing property line approximately 680 feet

to the east right-of-way line of the Molalla Forest Road; thence southerly approximately 935 feet along the east right-of-way of the Molalla Forest Road to the north boundary of the Union Pacific Railroad; thence southerly approximately 200 feet to the south right-of-way line of Highway 99E; thence northeasterly approximately 600 feet along the south right-of-way line of Highway 99E to the south right-of-way line of SE First Avenue; thence northeasterly approximately 250 feet to the intersection of the north right-of-way line of SE First Avenue and the south right-of-way line of Highway 99E; thence northeasterly approximately 2,060 feet along the south right-of-way line of Highway 99E; thence southerly approximately 1,030 feet along the existing property line to the south right-of-way line of SE First Avenue; thence easterly approximately 2,605 feet along the south right-of-way of SE First Avenue, and the easterly projection, thereof, along the existing property line to the west right-of-way line of S Mulino Road; thence southerly approximately 4,030 feet along the west right-of-way line of S Mulino Road to the centerline of Township Road; thence westerly approximately 521 feet along the centerline of Township Road; thence northerly along the existing property line approximately 1,280 feet; thence southwesterly approximately 1,250 feet along the adjoining property line to the east right-of-way of South Walnut Street; thence northerly approximately 260 feet along the east right-of-way line of South Walnut Street; thence westerly approximately 820 feet to the southeast corner of the right-of-way for Southeast 4th Avenue; thence southerly approximately 940 feet along the existing property line to the centerline of Township Road; thence westerly approximately 400 feet along the centerline of Township Road to the west right-of-way of the Molalla Forest Road; thence southeasterly approximately 785 feet along the west right-of-way of the Molalla Forest Road; thence northerly crossing the Molalla Forest Road and continuing approximately 640 feet along the existing property line to the center line of Township Road; thence easterly approximately 1,890 feet along the centerline of Township Road; thence southerly approximately 2,697 feet along the west right-of-way line of S Mulino Road; thence west approximately 124 feet along the existing property line; thence northwesterly along the east right-of-way line of the Southern Pacific Railroad approximately 689 feet; thence westerly crossing the Southern Pacific Railroad to the west right-of-way line of the Southern Pacific Railroad; thence southerly along the existing property line approximately 397 feet to the south right-of-way line of SW 13th Avenue; thence westerly approximately 750 feet along the south right-of-way line of SE 13th Avenue; thence

northerly approximately 1,298 feet to the west right-of-way line of the Southern Pacific Railroad; thence crossing the Molalla Forest Road to the west right-of-way of the Molalla Forest Road; thence westerly approximately 785 feet along the existing property line; thence southerly approximately 440 feet along the existing property line, thence westerly approximately 495 feet along the existing property line; thence southerly approximately 906 feet along the existing property line to the south right-of-way line of SE 13th Avenue; thence westerly approximately 1,340 feet along the south right-of-way line of SE 13th Avenue; thence northerly approximately 20 feet along the projection of the existing property line to the centerline of SE 13th Avenue; thence westerly along the centerline of 13th Avenue approximately 146 feet; thence southerly approximately 240 feet along the existing property line; thence easterly approximately 137 feet along the existing property line; thence southerly approximately 1,100 feet along the existing property line; thence westerly approximately 1,300 feet along the existing property line; thence northerly approximately 165 feet along the existing property line; thence westerly approximately 1,358 feet along the existing property line to the centerline of South Ivy Street; thence southerly approximately 172 feet along the existing property line; thence westerly approximately 207 feet along the existing property line; thence northerly approximately 9 feet along existing property line; thence westerly approximately 1,056 feet along the existing property line to the centerline of South Fir Street; thence northerly approximately 737 feet along the centerline of South Fir Street; thence westerly along the existing property line approximately 357 feet; thence southerly approximately 172 feet along the existing property line; thence westerly approximately 430 feet along the existing property line; thence southerly approximately 840 feet along the existing property line; thence northwesterly approximately 230 feet along the existing property line to the north right-of-way of South Elm Street; thence westerly approximately 390 feet along the north right-of-way of South Elm Street; thence westerly approximately 1,800 feet to the centerline of the Molalla River; thence northerly along the centerline of the Molalla River approximately 3,000 feet to the point of beginning.

CITY OF CANBY
DESCRIPTION OF CITY LIMITS

Revised December 5, 2011

SERVICE AREA DESCRIPTION EXCEPTIONS:

1. Beginning at a point on the west right-of-way line of the Molalla Forest Road which is approximately 1,110 feet south from the centerline of Northeast Territorial Road; thence southerly approximately 330 feet along the west right-of-way of Molalla Forest Road; thence westerly approximately 600 feet along the existing property line to the centerline of North Pine Street; thence southerly approximately 350 feet along the centerline of North Pine Street; thence westerly approximately 675 feet along the existing property line; thence northerly approximately 700 feet along the projection of the east right-of-way of North Oak Street; thence easterly approximately 1,275 feet along the existing property line to the point of beginning.
2. Beginning at a point on the west right-of-way line of North Pine Street which is approximately 510 feet south from the centerline of Northeast Territorial Road; thence northerly approximately 250 feet along the west right-of-way of North Pine Street; thence westerly approximately 160 feet along the existing property line; thence southerly approximately 100 feet along the existing property line; thence westerly approximately 100 feet along the existing property line; thence northerly approximately 285 feet to the centerline of Northeast Territorial Road; thence southwestly approximately 225 feet along the centerline of Northeast Territorial Road; thence southerly approximately 345 feet along the centerline of North Oak Street; thence easterly approximately 480 feet along the existing property line to the point of beginning.
3. Beginning at a point on the centerline of Township Road which is also along the

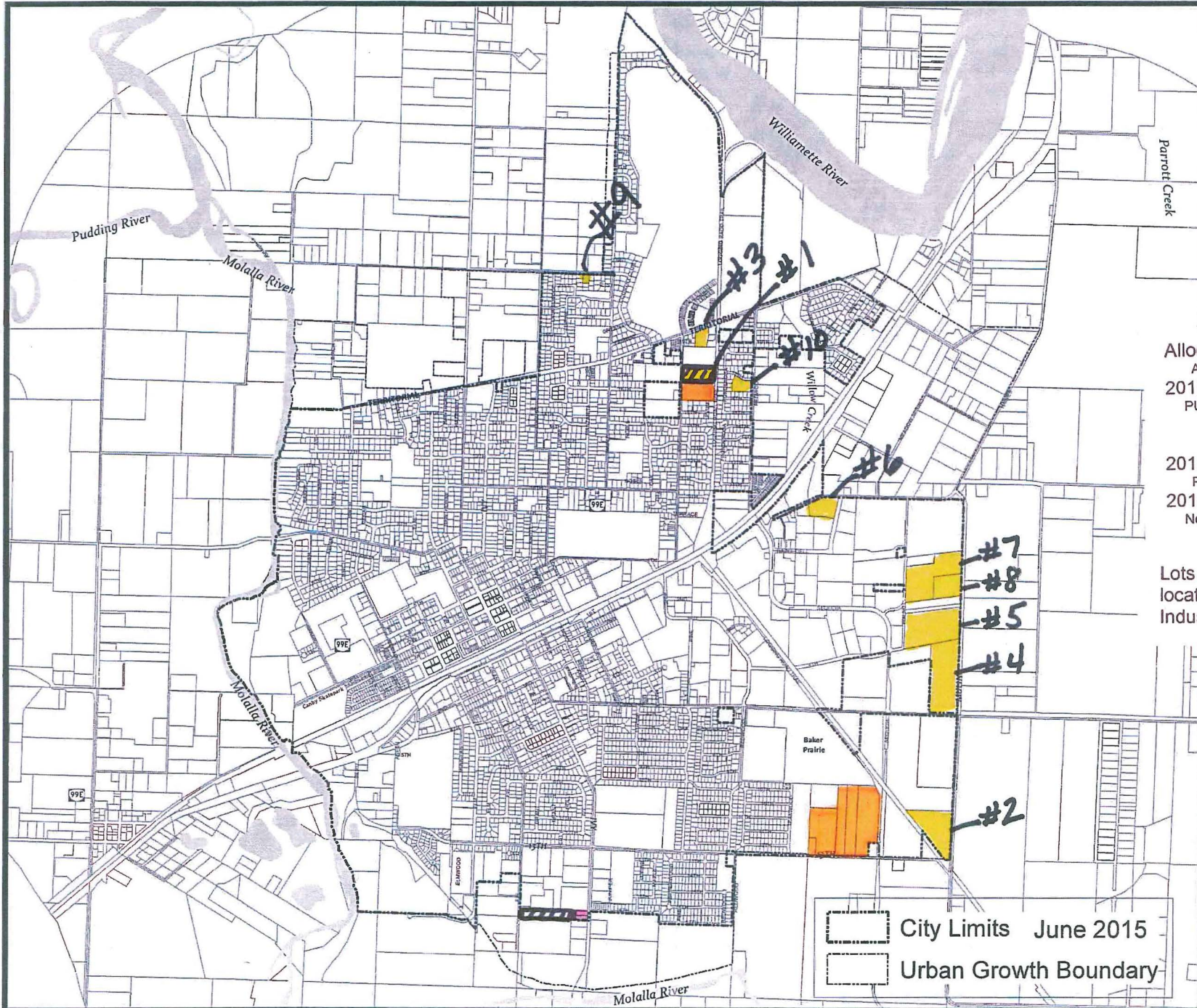
projection of the west right-of-way line of South Redwood Street; thence southerly approximately 30 feet to the south right-of-way of Township Road; thence westerly approximately 145 feet along the southerly right-of-way of Township Road; thence southerly approximately 275 feet along the existing property line; thence westerly approximately 295 feet along the existing property line; thence northerly approximately 300 feet along the existing property line to the centerline of Township Road; thence easterly along the centerline of Township Road approximately 430 feet to the point of beginning.

4. Beginning at a point on the west right-of-way line of South Walnut Street that is approximately 1,715 feet south of the intersection of the south right-of-way line of SE First Avenue, thence southerly approximately 118 feet along the west right-of-way line of South Walnut Avenue, thence westerly approximately 566 feet along the existing property line, thence northerly approximately 118 feet along the existing property line, thence easterly approximately 566 feet along the existing property line to the point of beginning.
5. Beginning at a point on the west right-of-way line of South Walnut Street that is approximately 980 feet south of the intersection of the south right-of-way line of SE First Avenue; thence southerly approximately 180 feet along the west right-of-way line of South Walnut Avenue; thence westerly approximately 145 feet along the existing property line; thence northerly approximately 180 feet along the existing property line; thence easterly approximately 145 feet along the existing property line to the point of beginning.
6. Beginning at a point on the centerline of North Redwood Street approximately 345 feet south of the intersection of the south right-of-way line of NE Territorial Road and North Redwood Street; thence westerly approximately 670 feet along the existing property line; thence southerly approximately 240 feet along the east right-of-way line of Molalla Forest Road; thence easterly approximately 670 feet



along the existing property line; thence northerly approximately 240 feet along the centerline of North Redwood Street to the point of beginning.

NOTES:



1. Legal descriptions include the abutting portion of the Molalla Forest Road.



Allocation Agreement (10) 
 Attachment B Locations:
 2010-11 Annexations: (2) 
 PUC Process Complete

2012 Annexations: (2) 
 PUC Process (Docket Held in Abeyance)
 2014 Annexations: (6) 
 No Action at PUC level at this time

Lots marked #: 2, 4, 5, 6, 7, 8
 located within Canby Pioneer
 Industrial Park

 City Limits June 2015
 Urban Growth Boundary