



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

August 19, 2014

**Via E-Filing and US Mail**

Public Utility Commission of Oregon  
3930 Fairview Industrial Drive SE  
PO Box 1088  
Salem, OR 97308-1088

Attention: **Commission Filing Center:**

Re: **UP-\_\_\_ Application for Approval of the Sale and Purchase of Property**

Enclosed are the original signed Joint Application and one copy requesting approval for Idaho Power to sell a partial interest in certain shared properties at the Boardman Power Plant and the purchase of such property interests by PGE. PGE has E-filed a copy on this date.

We ask that this Application be placed on the docket for consideration at the Commission's public meeting on October 14, 2014, or as soon thereafter as possible.

If you have any questions or require further information, please call me at (503) 464-7580 or Lisa Nordstrom at (208) 388-5825. Please direct all formal correspondence, questions, or requests to the following e-mail addresses: [pge.opuc.filings@pgn.com](mailto:pge.opuc.filings@pgn.com) and [dockets@idahopower.com](mailto:dockets@idahopower.com).

Sincerely,

A handwritten signature in blue ink that reads "Patrick G. Hager".

Patrick G. Hager  
Manager, Regulatory Affairs

PGH/sp  
Encls.

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**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UP \_\_\_\_\_

In the Matter of the Application of Idaho Power Company and Portland General Electric Company in Regard to the Sale and Purchase of Certain Shared Facilities at the Boardman Power Plant.

**APPLICATION OF IDAHO POWER  
COMPANY AND PORTLAND  
GENERAL ELECTRIC COMPANY**

Pursuant to ORS 757.480 and 757.485 and OAR 860-027-0025, Idaho Power Company ("Idaho Power") and Portland General Electric Company ("PGE") seek approval from the Public Utility Commission of Oregon ("Commission") for an order authorizing (1) the sale of a partial interest in certain Idaho Power properties at the Boardman Power Plant ("Boardman") and (2) the purchase by PGE of such property interests. The properties consist of part of Idaho Power's partial ownership of certain facilities at Boardman, as described below.

**I. BACKGROUND**

Power Resources Cooperative ("PRC"),<sup>1</sup> Idaho Power, and PGE entered into an Agreement for Construction, Ownership and Operation of the Number One Boardman Station on Carty Reservoir dated October 15, 1976, which was amended on September 30, 1977; October 31, 1977; January 23, 1978; February 15, 1978; September 1, 1979; March 15, 1994; and by an Agreement and Seventh Amendment dated April 14, 2014 (collectively, the "Ownership Agreement"). As of the date of this Application, PGE owns an 80 percent interest in Boardman while Idaho Power and PRC each have a 10 percent ownership.<sup>2</sup>

<sup>1</sup> Previously known as Pacific Northwest Generating Cooperative.

<sup>2</sup> PGE and PRC have negotiated an agreement pursuant to which PGE will acquire PRC's 10 percent ownership share of Boardman effective on December 31, 2014, subject to the fulfillment of certain conditions precedent, including receipt of the Commission's approval (Docket No. UE 283).

1 In *Sierra Club, et al., v. Portland General Electric*, No. 3:08-CV-01136-HA, filed  
2 September 13, 2011, the U.S. District Court for the District of Oregon entered a consent  
3 decree, and the Oregon Department of Environmental Quality has approved revisions to  
4 its pollution control rules applicable to Boardman, and both the consent decree and those  
5 rule revisions require that Boardman cease coal-fired operations by December 31, 2020.  
6 On November 23, 2010, the Commission acknowledged PGE's 2009 Integrated Resource  
7 Plan ("IRP"), which included closing Boardman in 2020 as part of its IRP's preferred  
8 resource portfolio.

9 Section 19 of the Ownership Agreement gives PGE the right to construct and  
10 operate on the Carty Reservoir, additional power generating units, and to acquire (1) good  
11 and marketable fee title to the land that will underlie the additional generating plant and  
12 any additional related facilities that will not be used in common with Boardman; (2) a  
13 proportionate undivided interest in common, in proportion to the number of generating  
14 units, in those facilities of Boardman that may be used in common by the owners of the  
15 additional generating units, including, but not limited to, the reservoir, pumping facilities,  
16 pipelines from the Columbia River, roads, railroad spurs, docks, parking lots, fencing and  
17 transmission facilities; and (3) a nonexclusive easement over the remainder of the  
18 Boardman real property, except for the land underlying Boardman not to be used in  
19 common, for all purposes necessary or appropriate to the construction, operation, and  
20 maintenance of the additional generating unit, all subject to the condition that the use of  
21 the Shared Facilities for the Carty Project will not unreasonably interfere with the operation  
22 of Boardman.

## 23 **II. REASON FOR THE PROPERTY TRANSACTION**

24 PGE is constructing a new power generating unit ("Carty Generating Station" or  
25 "Carty Project") on the Carty Reservoir, but not on the plant real property, as described in  
26 Section 19 of the Ownership Agreement, and has entered into an Asset Purchase

1 Agreement with PRC and Idaho Power (see Attachment 1). The Asset Purchase  
2 Agreement will provide for the conveyance and sale from Idaho Power to PGE of a partial  
3 interest in certain Boardman components and common facilities necessary or convenient  
4 to the operation of the Carty Generation Station, collectively referred to as "Assets" or  
5 "Shared Facilities."

6 The parties to the Ownership Agreement recognized the value of leveraging existing  
7 facilities for the benefit of subsequently constructed facilities, and therefore provided in  
8 Section 19 of the Ownership Agreement for each party to be able to so use the Boardman  
9 facilities. PGE and its customers will benefit from this sale through the prudent acquisition  
10 of the Shared Facilities required to operate the Carty Project. PGE's acquisition of the  
11 Shared Facilities will avoid the construction of duplicate facilities and enable the utilization  
12 of existing facilities for a cost that is lower than the cost of construction. The purchase of  
13 these assets represents the least cost, least risk option for PGE and its customers. These  
14 assets will be part of the Carty Project's construction work in progress and will become  
15 part of PGE's regulated rate base when Carty Generating Station becomes operational,  
16 currently expected in mid-2016.

17 The conveyance of a partial interest in the Shared Facilities to PGE by Idaho Power  
18 will not adversely affect Idaho Power or its customers. The Asset Purchase Agreement  
19 specifically provides that PGE will not use the Shared Facilities for the benefit of the Carty  
20 Project in a manner that will unreasonably interfere with the operation of Boardman. In  
21 fact, the property transaction presents a number of benefits to Idaho Power's customers  
22 and Idaho Power will receive fair compensation of \$620,205 for its grant of ownership  
23 interest in the Shared Facilities. The Asset Purchase Agreement specifies that the  
24 ownership interest grant by Idaho Power in the Shared Facilities will not diminish its rights  
25 to the output and capacity of Boardman, including without limitation, the Boardman-Slatt  
26 transmission line and the Boardman-Dalreed transmission line connected with Boardman.

1 The property transaction, while providing PGE customers with a shared interest in  
2 existing assets for a new generating station at a much lower cost than securing new  
3 assets, will benefit Idaho Power because these same assets would otherwise have been  
4 fully depreciated by 2020 and decommissioned after 2020 at the expense of Idaho  
5 customers.<sup>3</sup> Because the conveyance reduces Idaho Power's ownership share in the  
6 Shared Facilities, it will also reduce the amount of Idaho Power's obligation in future  
7 capital investments and operation and maintenance costs of these Shared Facilities.  
8 Finally, the Boardman Operating Life Adjustment tariff will allow Idaho Power to transfer  
9 the benefits of reduced decommissioning costs to customers when the current  
10 decommissioning study is updated, while the next general rate case will provide Idaho  
11 Power the opportunity to transfer benefits associated with the reduction in plant  
12 investments to customers prior to the shutdown of Boardman in 2020.

13 **III. ASSETS SUBJECT TO THE PROPERTY TRANSACTION**

14 The Shared Facilities consist only of the Carty Reservoir, Columbia River Intake,  
15 Existing Water Intake Structure, Potable Water System, Tower Road Rights, Wastewater  
16 Ponds, and Communications Equipment and Housing, and are described in more detail as  
17 follows:

- 18 • "Carty Reservoir" means the Carty water reservoir, including the dam and  
19 leakage collection system.
- 20 • "Columbia River Intake" means the intake rights from the Columbia River  
21 including pumps, intake, electrical, and piping to Carty Reservoir. Boardman does not have  
22 an intake structure at the Columbia River. Boardman made a Contribution in Aid of  
23 Construction payment to connect to the Boeing-Agri Pipeline and thus acquired the rights of  
24 use.

25 \_\_\_\_\_  
26 <sup>3</sup> Idaho Power customers will only be responsible for the decommissioning cost of the retained interest in the Shared Facilities.

1           • “Communications Equipment and Housing” means the Boardman equipment  
2 required for establishing primary and backup communication for data between the  
3 generating plants, substation, and PGE corporate offices, which shall be a rack installed by  
4 PGE in the Boardman communication room using existing Boardman infrastructure.

5           • “Existing Water Intake Structure” means the Boardman intake structure,  
6 including the excavation, concrete structure, intake trash screens, traveling water screens,  
7 screen wash pumps, and auxiliaries, but not including the service water pumps or  
8 circulating water pumps, nor any of the Boardman service water or circulating water piping.

9           • “Potable Water System” means the Boeing well, well pump, electric supply  
10 to the well pump area, and well pump building, but not any of the potable water distribution  
11 at Boardman.

12           • “Tower Road Rights” shall mean the Tower Road from the end of the public  
13 road to the intersection with the entrance to the Carty Generating Station.

14           • “Wastewater Ponds” means the existing settling ponds at Boardman.

15 Pursuant to subsection 19(b)(2) of the Ownership Agreement, Idaho Power will  
16 convey and assign to PGE an undivided 50 percent of Idaho Power’s interest in the Shared  
17 Facilities. The 50 percent interest is computed in proportion to the number of generating  
18 units at Boardman and in accordance with the terms of the Bill of Sale and Easement  
19 Agreement included as Exhibit 3 to Attachment 1.<sup>4</sup> Idaho Power, PRC, and PGE agree  
20 that, if approved, at closing, the Shared Facilities shall be deemed constructively severed  
21 from the land that underlies them and shall thereafter constitute personal property and will  
22 be owned in the following percentages: PGE at 90 percent, Idaho Power at 5 percent, and  
23 PRC at 5 percent.<sup>5</sup>

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24           <sup>4</sup> The proposed Bill of Sale and Easement Agreement included herein as Exhibit 3 to  
25 Attachment 1 are closing documents that will be executed following Commission approval.

26           <sup>5</sup> PGE and PRC have negotiated an agreement pursuant to which PGE will acquire PRC’s 10  
percent ownership share of Boardman effective on December 31, 2014, subject to the fulfillment of

1 PGE (in its capacity as seller), Idaho Power and PRC also agree to grant, convey  
 2 and assign to PGE (in its capacity as buyer) an easement in, over, and across the  
 3 Boardman property ("Easement") as described in the Bill of Sale and Easement  
 4 Agreement (Exhibit 3 of Attachment 1). PGE agrees to pay Idaho Power the following for  
 5 the Shared Facilities and the Easement:

Asset Description	Allocable Share Payable to Idaho Power
<b>Shared Facilities:</b>	
Carty Reservoir	\$ 489,365
Columbia River Intake	\$ 40,580
Existing Water Intake Structure	\$ 745
Potable Water System	\$ 12,295
Tower Road Rights	\$ 22,245
Wastewater Ponds	\$ 12,325
Communications Equipment and Housing	\$ 42,580
<b>Plant Real Property Easement</b>	\$ 70
<b>Total</b>	<b>\$ 620,205</b>

15 The payment for each asset is based upon the Carty Generating Station's expected  
 16 usage percentage and the agreed upon asset value (Asset Purchase Agreement, Sections  
 17 4 and 5, pages 3-4). The allocable share payable to Idaho Power was determined based  
 18 on Idaho Power's 10 percent ownership share in Boardman and will be paid in cash by  
 19 PGE upon closing.

20 **IV. FUTURE SHARED FACILITIES COSTS**

21 As provided in Subsection 19(b) of the Ownership Agreement, the cost to operate  
 22 and maintain the Shared Facilities used for the benefit of both Boardman and the Carty  
 23 Generating Station will be divided on the basis of use. The parties agree to an initial  
 24 certain conditions precedent, including receipt of the Commission approval (Docket No. UE 283). If  
 25 the Bill of Sale and Easement Agreement is approved by the Commission after December 31,  
 26 2014, and the Commission has approved PGE's acquisition of PRC's ownership, the Shared  
 Facilities will be owned in the following percentages: PGE at 95 percent and Idaho Power at 5 percent.

1 allocation of \$2,500 from the Carty Generating Station to Idaho Power for the annual  
2 operating and maintenance costs of the Shared Facilities. This amount will be increased  
3 by \$500 on January 1 of each year thereafter. In addition, the costs of capital additions to  
4 the Shared Facilities will be allocated based on the ownership percentages of the Shared  
5 Facilities: PGE at 90 percent, Idaho Power at 5 percent, and PRC at 5 percent.<sup>6</sup>

6 **V. COMPLIANCE WITH OAR 860-027-0025(1) FILING REQUIREMENTS**  
7 **FOR IDAHO POWER COMPANY**

8 Pursuant to the requirements of OAR 860-027-0025(1), Idaho Power represents as  
9 follows:

10 **A. The Exact Name and Address of the Utility's Principal Business Office.**

11 Idaho Power Company, 1221 West Idaho Street (83702), P.O. Box 70, Boise, Idaho  
12 83707-0070.

13 **B. The State in Which Incorporated, the Date of Incorporation, and the**  
14 **Other States in Which Authorized to Transact Utility Operations.**

15 Idaho Power was incorporated under the laws of the state of Maine on May 6, 1915,  
16 and migrated its state of incorporation from the state of Maine to the state of Idaho  
17 effective June 30, 1989. It is qualified as a foreign corporation to do business in the states  
18 of Oregon, Nevada, Montana, and Wyoming in connection with its utility operations. Idaho  
19 Power is authorized to provide retail electric service in Idaho and Oregon.

20 **C. Name and Address of the Person on Behalf of Applicant Authorized to**  
21 **Receive Notices and Communications in Respect to the Applications.**

22 The name and address of the persons authorized on behalf of Idaho Power to  
23 receive notices and communications in respect to this Application are:  
24

25 <sup>6</sup> Upon the closing of PGE's acquisition of PRC's ownership stake in Boardman, which is  
26 expected to be effective December 31, 2014, PGE ownership percentage of the Shared facilities  
will increase to 95 percent.



1 Lisa D. Nordstrom, Lead Counsel  
2 Idaho Power Company  
3 1221 West Idaho Street (83702)  
4 P.O. Box 70  
5 Boise, Idaho 83707  
6 Telephone: (208) 388-5825  
7 Facsimile: (208) 388-6936  
8 [lnordstrom@idahopower.com](mailto:lnordstrom@idahopower.com)  
9 [dockets@idahopower.com](mailto:dockets@idahopower.com)

6 **D. The Names, Titles, and Addresses of the Principal Officers.**

7 As of May 31, 2014, the names, titles, and addresses of the principal officers of  
8 Idaho Power are as follows:

9	<u>Name</u>	<u>Title</u>
10	Darrel T. Anderson	President and Chief Executive Officer
11	Daniel B. Minor	Executive Vice President and 12 Chief Operating Officer
13	Rex Blackburn	Sr. Vice President and General Counsel
14	Lisa A. Grow	Sr. Vice President of Power Supply
15	Steven R. Keen	Sr. Vice President, Chief Financial Officer and Treasurer
16	Warren Kline	Sr. Vice President of Customer Operations
17	Lonnie G. Krawl	Vice President and Chief Information Officer
18	Jeffrey L. Malmen	Vice President of Public Affairs
19	Luci K. McDonald	Vice President of Human Resources and 20 Corporate Services
21	N. Vern Porter	Vice President
22	Gregory W. Said	Vice President of Regulatory Affairs
23	Lori D. Smith	Vice President and Chief Risk Officer
24	Patrick A. Harrington	Corporate Secretary
25	Ken Peterson	Vice President, Controller and 26 Chief Accounting Officer

1 The address of all of the above officers is:

2 1221 West Idaho Street (83702)  
3 P.O. Box 70  
Boise, Idaho 83707-0070

4 **E. A Description of the General Character of the Business Done and to Be**  
5 **Done, and a Designation of the Territories Served, by Counties and**  
**States.**

6 Idaho Power is an electric public utility engaged principally in the generation,  
7 purchase, transmission, distribution, and sale of electric energy in a 24,000 square mile  
8 area over southern Idaho, and in the counties of Baker, Harney, and Malheur in eastern  
9 Oregon. A map showing Idaho Power's service territory is on file with the Commission as  
10 Exhibit H to Idaho Power's application in Docket No. UF 4063.

11 **F. A Statement, as of the Date of the Balance Sheet Submitted With the**  
12 **Application, Showing For Each Class and Series of Capital Stock: Brief**  
13 **Description; the Amount Authorized (Face Value and Number of**  
14 **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.**

15 Idaho Power requests the Commission waive the requirements of OAR 860-027-  
16 0025(1)(f) because this transaction does not involve the issuance of securities. A grant of  
17 this waiver will not impede the Commission's analysis of this Application.

18 **G. A Statement, as of the Date of the Balance Sheet Submitted With the**  
19 **Application, Showing for Each Class and Series of Long-Term Debt and**  
20 **Notes: Brief Description (Amount, Interest Rate and Maturity); Amount**  
21 **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.**

22 Idaho Power requests the Commission waive the requirements of OAR 860-027-  
23 0025(1)(g) because this transaction does not involve the issuance of securities. A grant of  
24 this waiver will not impede the Commission's analysis of this Application.

25

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1           **H.     Whether the Application Is for Disposition of Facilities by Sale, Lease,**  
2           **or Otherwise, a Merger or Consolidation of Facilities, or for Mortgaging**  
3           **or Encumbering Its Property, or for the Acquisition of Stock, Bonds, or**  
4           **Property of Another Utility, Also a Description of the Consideration, If**  
5           **Any, and the Method of Arriving at the Amount Thereof.**

4           This Application requests approval for Idaho Power to sell 50 percent of its  
5 ownership interest in certain Shared Facilities at Boardman and for PGE to purchase such  
6 interest of Idaho Power in these Shared Facilities. The sale will not impact the continued  
7 use of the Shared Facilities by the owners of Boardman or for the ongoing operation and  
8 maintenance of Boardman.

9           The sale and purchase of the Shared Facilities at Boardman are pursuant to the  
10 Ownership Agreement. Under the terms of the Asset Purchase Agreement, Idaho Power  
11 and PRC will sell 50 percent of their respective interests in the Shared Facilities at cost to  
12 PGE. Idaho Power and PGE have agreed upon appropriate methodologies for  
13 determining the fair market value of the various components of the Shared Facilities, as  
14 set forth in the Asset Purchase Agreement. The purchase price of Idaho Power's portion  
15 of the Shared Facilities is \$620,205. The details of the purchase price for the various  
16 components of the Shared Facilities are as follows:

<b>Asset Description</b>	<b>Allocable Share Payable to Idaho Power</b>
<b>Shared Facilities:</b>	
Carty Reservoir	\$ 489,365
Columbia River Intake	\$ 40,580
Existing Water Intake Structure	\$ 745
Potable Water System	\$ 12,295
Tower Road Rights	\$ 22,245
Wastewater Ponds	\$ 12,325
Communications Equipment and Housing	\$ 42,580
<b>Plant Real Property Easement</b>	\$ 70
<b>Total</b>	<b>\$ 620,205</b>

1 As detailed in Exhibit J, the sale by Idaho Power of the Shared Facilities to PGE will  
2 result in a gain, on a total system basis, of \$264,060. Because Idaho Power has a  
3 balancing account in effect that is tracking the difference between actual revenues and the  
4 revenue requirement resulting from the early shutdown of Boardman, Idaho Power views  
5 the Boardman Balancing Account as the appropriate mechanism should the Commission  
6 direct Idaho Power to return the Oregon jurisdictional share of the gain, approximately  
7 \$11,500, to its Oregon customers.

8 **I. A Statement and General Description of Facilities to Be Disposed of,**  
9 **Consolidated, Merged, or Acquired from Another Utility, Giving a**  
10 **Description of Their Present Use and of Their Proposed Use After**  
11 **Disposition, Consolidation, Merger, or Acquisition. State Whether the**  
**Proposed Disposition of the Facilities or Plan for Consolidation, Merger,**  
**or Acquisition Includes All the Operating Facilities of the Parties to the**  
**Transaction.**

12 The subject property consists of certain facilities at Boardman as set forth in  
13 subsection (h) above. These facilities are used by Boardman but have the capacity to  
14 also provide services to PGE's Carty Generating Station, currently under construction.  
15 The Shared Facilities will continue to provide their current level of services to Boardman.  
16 The Shared Facilities to be acquired by PGE do not represent all of Idaho Power's  
17 operating facilities.

18 **J. A Statement by Primary Account of the Cost of the Facilities and**  
19 **Applicable Depreciation Reserve Involved in the Sale, Lease, or Other**  
20 **Disposition, Merger or Consolidation, or Acquisition of Property of**  
21 **Another Utility. If Original Cost Is Not Known, an Estimate of Original**  
22 **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.**

23 Please refer to Exhibit J, which demonstrates the cost of the facilities by primary  
24 account.

25

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1           **K.     A Statement as to Whether or Not Any Application With Respect to the**  
2                               **Transaction or Any Part Thereof, Is Required to Be Filed With Any**  
3                               **Federal or Other State Regulatory Body.**

3           No application is required to be filed with any federal or other state regulatory body  
4 with respect to the transaction.

5           **L.     The Facts Relied Upon by Applicants to Show that the Proposed Sale,**  
6                               **Lease, Assignment, or Consolidation of Facilities, Mortgage or**  
7                               **Encumbrance of Property, or Acquisition of Stock, Bonds, or Property**  
8                               **of Another Utility Will Be Consistent With the Public Interest.**

8           The sale by Idaho Power and the purchase by PGE of 50 percent of Idaho Power's  
9 interest in the Shared Facilities is consistent with the public interest because the Shared  
10 Facilities: (1) have enough capacity to supply both Boardman and PGE's Carty  
11 Generating Station; (2) are provided for under the Boardman Ownership Agreement; (3)  
12 will help PGE avoid unnecessary duplication of facilities; (4) will fairly compensate Idaho  
13 Power and its customers; and (5) will provide a lower cost alternative for PGE's  
14 customers.

15           **M.     The Reasons, in Detail, Relied Upon by Each Applicant, or Party to the**  
16                               **Application, for Entering into the Proposed Sale, Lease, Assignment,**  
17                               **Merger, or Consolidation of Facilities, Mortgage or Encumbrance of**  
18                               **Property, Acquisition of Stock, Bonds, or Property of Another Utility,**  
19                               **and the Benefits, If Any, to Be Derived by the Customers of the**  
20                               **Applicants and the Public.**

19           See Sections I and II and subsections (h) and (l) above.

20           **N.     The Amount of Stock, Bonds, or Other Securities, Now Owned, Held or**  
21                               **Controlled by Applicant, of the Utility from Which Stock or Bonds Are**  
22                               **Proposed to be Acquired.**

22           Not applicable.

23           **O.     A Brief Statement of Franchises Held, Showing Date of Expiration If Not**  
24                               **Perpetual, or, in Case of Transfer/Sale, that Transferee Has the**  
25                               **Necessary Franchises.**

25           Not applicable.

26

1 **VI. COMPLIANCE WITH OAR 860-027-0025(1) FILING REQUIREMENTS**  
2 **FOR PORTLAND GENERAL ELECTRIC COMPANY**

3 Pursuant to the requirements of OAR 860-027-0025(1), PGE represents as follows:

4 **A. The Exact Name and Address of the Utility's Principal Business Office.**

5 Portland General Electric Company, 121 SW Salmon Street, Portland, Oregon  
6 97204.

7 **B. The State in Which Incorporated, the Date of Incorporation, and the**  
8 **Other States in Which Authorized to Transact Utility Operations.**

9 PGE is a corporation organized and existing under and by the laws of the state of  
10 Oregon. The date of its incorporation is July 25, 1930. PGE is authorized to transact  
11 business in the states of Oregon, Idaho, Montana, Utah, Washington and as of February  
12 21, 1995, is also registered as an extra-provincial corporation in Alberta, Canada, but  
13 conducts retail utility operations only in the state of Oregon.

14 **C. Name and Address of the Person on Behalf of Applicant Authorized to**  
15 **Receive Notices and Communications in Respect to the Applications.**

16 PGE-OPUC Filings	Loretta Mabinton
17 Rates & Regulatory Affairs	Associate General Counsel
18 Portland General Electric Company	Portland General Electric Company
19 121 SW Salmon Street, 1WTC-0702	121 SW Salmon Street, 1WTC-1301
Portland, Oregon 97204	Portland, Oregon 97204
Telephone: (503) 464-7857	Telephone: (503) 464-7822
Facsimile: (503) 464-7651	Facsimile: (503) 464-2200
<a href="mailto:pge.opuc.filings@pgn.com">pge.opuc.filings@pgn.com</a>	<a href="mailto:Loretta.Mabinton@pgn.com">Loretta.Mabinton@pgn.com</a>

20 **D. The Names, Titles, and Addresses of the Principal Officers.**

21 As of March 31, 2014, the following are the principal officers of PGE, with primary  
22 business offices located at 121 SW Salmon Street, Portland, Oregon 97204:

23 <u>Name</u>	<u>Title</u>
24 James J. Piro	President and Chief Executive Officer
25 James F. Lobdell	Senior Vice President, Finance, 26 Chief Financial Officer and Treasurer

1	William O. Nicholson	Senior Vice President, Customer Service, Transmission and Distribution
2	Maria Pope	Senior Vice President, Power Supply & Operations, and Resource Strategy
3		
4	Arleen N. Barnett	Vice President, Human Resources, Diversity & Inclusion, and Administration
5	O. Bruce Carpenter	Vice President, Distribution
6	Carol A. Dillin	Vice President, Customer Strategies and Business Development
7		
8	J. Jeffrey Dudley	Vice President, General Counsel, Corporate Compliance Officer, and Assistant Secretary
9		
10	Campbell A. Henderson	Vice President, Information Technology and Chief Information Officer
11	Stephen M. Quennoz	Vice President, Nuclear and Power Supply/Generation
12		
13	W. David Robertson	Vice President, Public Policy
14	Kristin A. Stathis	Vice President, Customer Service Operations
15	Marc S. Bocci	Corporate Secretary
16	Kirk M. Stevens	Controller and Assistant Treasurer
17	Brett C. Greene	Assistant Treasurer
18	Nora E. Arkonovich	Assistant Secretary
19	Cheryl A. Chevis	Assistant Secretary
20	Karen J. Lewis	Assistant Secretary

21 **E. A Description of the General Character of the Business Done and to Be**  
22 **Done, and a Designation of the Territories Served, by Counties and**  
**States.**

23 PGE is engaged, and intends to remain engaged, in the generation, purchase,  
24 transmission, distribution, and sale of electric energy for public use in Clackamas,  
25 Columbia, Hood River, Jefferson, Marion, Morrow, Multnomah, Polk, Washington, and  
26 Yamhill counties, Oregon.

1       **F.     A Statement, as of the Date of the Balance Sheet Submitted With the**  
 2       **Application, Showing for Each Class and Series of Capital Stock: Brief**  
 3       **Description; the Amount Authorized (Face Value and Number of**  
 4       **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.**

5       The following represents PGE's stock as of March 31, 2014, the date of PGE's

6   10-Q:

	<u>Outstanding</u> <u>Shares</u>	<u>Amount</u> <u>(\$000s)</u>
8       Common Stock: *		
9       No Par Value	78,182,056	\$911,894
9       (160,000,000 shares authorized)		

10       \*Company Directors hold 166,977 shares

11       None of the outstanding shares of common stock referenced above are held as  
 12   reacquired securities or have been pledged by the applicant. Vanguard Group,  
 13   Inc., held 6.84 percent of the outstanding PGE common stock reported as of February 11,  
 14   2014, in an SEC Form 13-G filing. Massachusetts Financial Services Company  
 15   (MFS) held 6.0 percent of the outstanding PGE common stock reported as of February 10,  
 16   2014, in an SEC Form 13-G filing. BlackRock, Inc., held 5.7 percent of the outstanding  
 17   PGE common stock reported as of January 30, 2014, in an SEC Form 13-G filing. PGE  
 18   periodically reports major shareholder activity to Commission Staff pursuant to OAR  
 19   860-027-0175 (AR-544). The most recent such report was filed by PGE on February 19,  
 20   2014. PGE does not have enough information to determine if any of these funds qualify  
 21   as affiliates.

22       **G.     A Statement, as of the Date of the Balance Sheet Submitted With the**  
 23       **Application, Showing for Each Class and Series of Long-Term Debt and**  
 24       **Notes: Brief Description (Amount, Interest Rate and Maturity); Amount**  
 25       **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.**

26       The long-term debt as of March 31, 2014, is as follows:



	Authorized (\$000s)	Outstanding (\$000s)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
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26		

1           None of the long-term debt is pledged or held as reacquired securities, by affiliated  
2 corporations, or in any fund, except as noted above.

3           **H.     Whether the Application Is for Disposition of Facilities by Sale, Lease,**  
4           **or Otherwise, a Merger or Consolidation of Facilities, or for Mortgaging**  
5           **or Encumbering Its Property, or for the Acquisition of Stock, Bonds, or**  
6           **Property of Another Utility, Also a Description of the Consideration, If**  
7           **Any, and the Method of Arriving at the Amount Thereof.**

8           This Application requests approval for Idaho Power to sell a portion of the Shared  
9 Facilities at Boardman and for PGE to purchase Idaho Power's portion of the Shared  
10 Facilities. These facilities are described in Section III. The sale and purchase of the  
11 Shared Facilities are pursuant to the Ownership Agreement. Under the terms of the Asset  
12 Purchase Agreement, PGE (in its capacity as seller), Idaho Power, and PRC will sell the  
13 Shared Facilities at cost to PGE (in its capacity as buyer). Idaho Power and PGE have  
14 agreed upon appropriate methodologies for determining the cost of the various  
15 components of the Shared Facilities as set forth in the Asset Purchase Agreement. The  
16 total cost of the Idaho Power portion of the Shared Facilities that is being purchased by  
17 PGE is \$620,205.

18           **I.     A Statement and General Description of Facilities to Be Disposed of,**  
19           **Consolidated, Merged, or Acquired from Another Utility, Giving a**  
20           **Description of Their Present Use and of Their Proposed Use After**  
21           **Disposition, Consolidation, Merger, or Acquisition. State Whether the**  
22           **Proposed Disposition of Facilities or Plan for Consolidation, Merger, or**  
23           **Acquisition Includes All the Operating Facilities of the Parties to the**  
24           **Transaction.**

25           The subject property consists of a portion of certain facilities at Boardman. These  
26 facilities are used by Boardman but have the capacity to also provide services to PGE's  
Carty Project, currently under construction. The Shared Facilities will continue to provide  
their current level of services to Boardman. The facilities to be acquired by PGE do not  
represent all of the operating facilities of the parties to the transaction.

1           **J.     A Statement by Primary Account of the Cost of the Facilities and**  
2           **Applicable Depreciation Reserve Involved in the Sale, Lease, or Other**  
3           **Disposition, Merger or Consolidation, or Acquisition of Property of**  
4           **Another Utility. If Original Cost Is Not Known, an Estimate of Original**  
5           **Cost Based, to the Extent Possible, Upon Records or Data of the**  
6           **Applicant or Its Predecessors Must Be Furnished, a Full Explanation of**  
7           **the Manner in Which Such Estimate Has Been Made, and a Statement**  
8           **Indicating Where All Existing Data and Records May Be Found.**

9           A statement by primary account of the cost of the shared facilities is included in  
10          Exhibit J.

11           **K.     A Statement as to Whether or Not Any Application With Respect to the**  
12           **Transaction or Any Part Thereof, Is Required to Be Filed With Any**  
13           **Federal or Other State Regulatory Body.**

14          No application is required to be filed with any federal or state regulatory body with  
15          respect to the transaction.

16           **L.     The Facts Relied Upon by Applicants to Show that the Proposed Sale,**  
17           **Lease, Assignment, or Consolidation of Facilities, Mortgage or**  
18           **Encumbrance of Property, or Acquisition of Stock, Bonds, or Property**  
19           **of Another Utility Will Be Consistent With the Public Interest.**

20          The sale by Idaho Power and the purchase by PGE of 50 percent of Idaho Power's  
21          interest in the Shared Facilities is consistent with the public interest because the Shared  
22          Facilities: (1) have enough capacity to supply both Boardman and PGE's Carty Generating  
23          Station; (2) are provided for under the Boardman Ownership Agreement; (3) will help PGE  
24          avoid unnecessary duplication of facilities; (4) will fairly compensate Idaho Power and its  
25          customers; and (5) will provide a lower cost alternative for PGE's customers.

26           **M.     The Reasons, in Detail, Relied Upon by Each Applicant, or Party to the**  
27           **Application, for Entering into the Proposed Sale, Lease, Assignment,**  
28           **Merger, or Consolidation of Facilities, Mortgage or Encumbrance of**  
29           **Property, Acquisition of Stock, Bonds, or Property of Another Utility,**  
30           **and the Benefits, If Any, to Be Derived by the Customers of the**  
31           **Applicants and the Public.**

1 See Sections I and II and subsections (h) and (l) above. For PGE, customers benefit  
2 because, as noted above, PGE is purchasing the Shared Facilities that it needs to operate  
3 its Carty Project at a lower cost than the alternative.

4 **N. The Amount of Stock, Bonds, or Other Securities, Now Owned, Held or**  
5 **Controlled by Applicant, of the Utility from Which Stock or Bonds Are**  
6 **Proposed to Be Acquired.**

6 Not applicable.

7 **O. A Brief Statement of Franchises Held, Showing Date of Expiration If Not**  
8 **Perpetual, or, in Case of Transfer/Sale, That Transferee Has the**  
9 **Necessary Franchises.**

9 Not applicable.

10 **VII. COMPLIANCE WITH OAR 860-027-0025(2) FILING REQUIREMENTS FOR**  
11 **IDAHO POWER COMPANY**

12 The following exhibits are submitted and by reference made a part of this  
13 Application:

14 **A. Exhibit A. Articles of Incorporation.**

15 A copy of Idaho Power's Restated Articles of Incorporation, as amended on May 17,  
16 2012, has heretofore been filed with the Commission in Docket UF 4278, reference to  
17 which is hereby made.

18 **B. Exhibit B. Bylaws.**

19 A copy of Idaho Power's Bylaws, as amended, has heretofore been filed with the  
20 Commission in Docket UF 4214, reference to which is hereby made.

21 **C. Exhibit C. Resolution of Directors Authorizing Transaction.**

22 Attached as Exhibit C is a certified copy of the resolutions of Idaho Power's Board of  
23 Directors, dated February 21, 2014, authorizing a release of property from the Idaho  
24 Power Mortgage and Deed of Trust dated as of October 1, 1937, in connection with the  
25 subject transaction.

26

1           **D. Exhibit D. Mortgages, Trust, Deeds, or Indentures Securing Obligation**  
2           **of Each Party.**

3           None.

4           **E. Exhibit E. Balance Sheet Showing Booked Amounts, Adjustments to**  
5           **Record the Proposed Transaction and Pro Forma, With Supporting**  
6           **Fixed Capital or Plant Schedules in Conformity With the Forms in the**  
7           **Annual Report.**

8           The sale of a portion of Idaho Power's ownership in the Shared Facilities herein will  
9           not materially affect Idaho Power's balance sheet. Idaho Power respectfully requests that  
10          the requirement to provide pro forma information be waived because the subject  
11          transaction is not expected to materially affect Idaho Power's financial statements.

12          **F. Exhibit F. Known Contingent Liabilities.**

13          Idaho Power respectfully requests a waiver of this requirement because there are no  
14          known contingent liabilities associated with this transaction.

15          **G. Exhibit G. Comparative Income Statements Showing Recorded Results**  
16          **of Operations, Adjustments to Record the Proposed Transaction and**  
17          **Pro Forma, in Conformity With the Form in the Annual Report.**

18          The sale of a portion of Idaho Power's ownership in the Shared Facilities will not  
19          materially affect Idaho Power's income statements. For the reasons set forth above,  
20          Idaho Power respectfully requests a waiver of these requirements.

21          **H. Exhibit H. Analysis of Surplus for the Period Covered by Income**  
22          **Statements Referred to in G.**

23          The sale of a portion of Idaho Power's ownership in the Shared Facilities does not  
24          materially affect Idaho Power's income statements.

25          **I. Exhibit I. Copy of Contract for Transaction and Other Written**  
26          **Instruments.**

27          Included with this Application are the Asset Purchase Agreement and the proposed  
28          Bill of Sale and Easement Agreement, Attachment 1, and Exhibit 3 of Attachment 1,  
29          respectively.

1           **J.     Exhibit J. Copy of Each Proposed Journal Entry to Be Used to Record**  
2           **the Transaction.**

3           Please refer to Exhibit J, attached.

4           **K.     Exhibit K. Copy of Each Supporting Schedule Showing the Benefits, If**  
5           **Any, Which Each Applicant Relies Upon to Support the Facts Required**  
6           **By (1)(L) of This Rule and Reasons as Required by (1)(M).**

7           Idaho Power relies upon this Application and the attached documentation to provide  
8           support for OAR 860-027-0025(1)(l) and (1)(m).

9           **VIII. COMPLIANCE WITH OAR 860-027-0025(2) FILING REQUIREMENTS**  
10           **FOR PORTLAND GENERAL ELECTRIC COMPANY**

11           The following exhibits are submitted and by reference made a part of this  
12           Application:

13           **A.     Exhibit A. Articles of Incorporation.**

14           A copy of the charter or articles of incorporation with amendments to date: Second  
15           Amended and Restated Articles of Incorporation, effective on May 13, 2009, and  
16           previously filed in Docket UF 4264 and by reference made a part of this Application.

17           **B.     Exhibit B. Bylaws.**

18           A copy of the bylaws with amendments to date: Ninth Amended and Restated  
19           Bylaws dated November 30, 2011, and previously filed in Docket UP 278 and by reference  
20           made a part of this Application.

21           **C.     Exhibit C. Resolution of Directors Authorizing Transaction.**

22           Copies of all resolutions of directors authorizing the proposed disposition, merger, or  
23           consolidation of facilities, mortgage or encumbrance of property, acquisition of stock,  
24           bonds, or property of another utility, in respect to which the application is made and, if  
25           approval of stockholders has been obtained, copies of the resolutions of the stockholders  
26           should also be furnished: A copy of PGE's Board resolution approving the Carty Project is  
27           attached. [electronic format]

1           **D.     Exhibit D. Mortgages, Trust, Deeds, or Indentures Securing Obligation**  
2           **of Each Party.**

3           None.

4           **E.     Exhibit E. Balance Sheet Showing Booked Amounts, Adjustments to**  
5           **Record the Proposed Transaction and Pro Forma, With Supporting**  
6           **Fixed Capital or Plant Schedules in Conformity With the Forms in the**  
7           **Annual Report.**

8           The balance sheet showing booked amounts, adjustments to record the proposed  
9           transactions and pro forma Balance sheets as of March 31, 2014, are attached.  
10          [electronic format]

11          **F.     Exhibit F. Known Contingent Liabilities.**

12          A statement of all known contingent liabilities, except minor items such as damage  
13          claims and similar items involving relatively small amounts, as of March 31, 2014, is  
14          attached as Exhibit F. [electronic format]

15          **G.     Exhibit G. Comparative Income Statements Showing Recorded Results**  
16          **of Operations, Adjustments to Record the Proposed Transaction and**  
17          **Pro Forma, in Conformity With the Form in the Annual Report.**

18          Please refer to Exhibit G. [electronic format]

19          **H.     Exhibit H. Analysis of Surplus for the Period Covered by Income**  
20          **Statements Referred to in G.**

21          Please refer to Exhibit H. [electronic format]

22          **I.     Exhibit I. Copy of Contract for Transaction and Other Written**  
23          **Instruments.**

24          Included with this Application are the Asset Purchase Agreement and the proposed  
25          Bill of Sale and Easement Agreement, Attachment 1, and Exhibit 3 of Attachment 1,  
26          respectively.

27          **J.     Exhibit J. Copy of Each Proposed Journal Entry to Be Used to Record**  
28          **the Transaction.**

29          Please refer to Exhibit J.



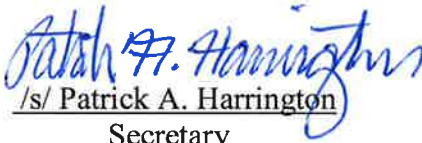


STATE OF IDAHO )  
COUNTY OF ADA ) ss.  
CITY OF BOISE )

I, PATRICK A. HARRINGTON, the undersigned, Secretary of Idaho Power Company, do hereby certify that: (1) the first set of resolutions below constitutes a full, true and correct copy of the resolutions adopted at a regular meeting of the Board of Directors of Idaho Power Company held July 13, 1995, authorizing certain Company officers to enter into transactions regarding real and personal property, and that said resolutions have not been amended or rescinded and are in full force and effect on the date hereof and (2) the second set of resolutions below constitutes a full, true and correct copy of the resolutions adopted at a regular meeting of the Board of Directors of Idaho Power Company held February 21, 2014, authorizing Idaho Power Company to sell and release from the Company's Mortgage and Deed of Trust the property described in said resolutions, which is being conveyed to Portland General Electric, Inc. at the Boardman power plant in Morrow County, Oregon.

IN WITNESS WHEREOF, I have hereunto set my hand this 23<sup>rd</sup> day of July, 2014.

(CORPORATE SEAL)

  
/s/ Patrick A. Harrington  
Secretary

July 13, 1995 Resolutions

RESOLVED, That the Chairman of the Board, or the Chief Executive Officer, or the President or any Vice President, and the Secretary or any Assistant Secretary of Idaho Power Company, or such other employees or agents of the Company as may be so designated by them in writing, are authorized on behalf of the Company to purchase or otherwise acquire by bequest, gift, devise, or other means, and to sell, convey, exchange, option or otherwise dispose of real and personal property of every class and description and any estate or interest therein, as may be necessary or convenient for the proper conduct of the affairs of the Company without limitation as to amount or value, in any and all states, subject to the laws of any such state; provided, however, that the Chairman of the Board, or the Chief Executive Officer, or the President or any Vice President, and the Secretary or any Assistant Secretary of Idaho Power Company, or such other employees or agents of the Company as may be so designated by them in writing, are authorized on behalf of the Company to acquire from others or to grant to others easements, permits and licenses as may be necessary or convenient for the proper conduct of the affairs of the Company without limitation as to the extent or cost, in any and all states, subject to the laws of any such state; and be it

FURTHER RESOLVED, That the Chairman of the Board, or the Chief Executive Officer, or the President or any Vice President, and the Secretary or any Assistant Secretary of Idaho Power Company, or such other employees or agents of the Company as may be so designated by them in writing, are authorized on behalf of the Company to lease real and personal property of the Company or from others, as may be necessary or convenient for the proper conduct of the affairs of the Company without limitation as to the extent or cost, in any and all states, subject to the laws of any such state; and be it

FURTHER RESOLVED, That the Chairman of the Board, or the Chief Executive Officer, or the President or any Vice President, and the Secretary or any Assistant Secretary of Idaho Power Company, or such other employees or agents of the Company as may be so designated by them in writing, are authorized on behalf of the Company to lease real and personal property of the Company or from others, as may be necessary or convenient for the proper conduct of the affairs of the Company without limitation as to amount or value, in any and all states, subject to the laws of any such state; and be it

FURTHER RESOLVED, That the Chairman of the Board, or the Chief Executive Officer, or the President or any Vice President, and the Secretary or any Assistant Secretary of Idaho Power Company, or such other employees or agents of the Company as may be so designated by them in writing, are hereby authorized on behalf of the Company to file for all permits, licenses or other authorizations with state, federal or other entities owning or controlling lands as may be necessary or convenient for the proper conduct of the affairs of the Company without limitation with respect to the construction of power lines, structures, buildings or other facilities.

February 21, 2014 Resolutions

RESOLVED, that Deutsche Bank Trust Company Americas, formerly known as Bankers Trust Company, as Corporate Trustee under this Company's Mortgage and Deed of Trust dated as of October 1, 1937, be and it is hereby requested to release from the lien of said Mortgage and Deed of Trust, and all indentures supplemental thereto, pursuant to the provisions of Section 59 thereof, the following property, to-wit:

A parcel of land situated in the Southwest quarter of Section 26, Township 3 North, Range 24 East, Willamette Meridian, Morrow County, Oregon being more particularly described as follows:

The South half of the Southwest quarter of said Section 26.

Excepting therefrom the South 319 feet of the above said South half of the Southwest quarter of said Section 26.

The above-described said parcel containing 61 acres, more or less.

ALSO:

A grant to Portland General Electric Company (“PGE”) of an undivided interest in Idaho Power Company’s (“IPC”) current ownership interest in certain facilities at the Number One Boardman Station coal-fired power plant (“Boardman Plant”), which facilities will be shared between the Boardman Plant and PGE’s new Carty Generating Station power plant to be constructed adjacent to the Boardman Plant (“Shared Facilities”). The Shared Facilities are described as follows:

Carty Reservoir – The Carty water reservoir located in Morrow County, Oregon, including the dam and leakage collection system.

Columbia River Intake – The intake rights from the Columbia River, including pumps, intake, electrical, and piping to Carty Reservoir. The Boardman Plant does not have an intake structure at the Columbia River but has made payment to connect to the Boeing-Agri Pipeline and thus acquired the rights of use.

Communications Equipment and Housing – The communication interface equipment needed to connect Carty to Boardman and Grasslands substation to Boardman utilizing the existing PGE system at Boardman.

Existing Water Intake Structure – The Boardman Plant intake structure including the excavation, concrete structure, intake trash screens, traveling water screens, screen wash pumps, and auxiliaries, but not including the service water pumps or circulating water pumps, nor any of the Boardman Plant service water or circulating water piping.

Potable Water System – The Boeing well, well pump, electric supply to the well pump area and well pump building, but not any of the potable water distribution at the Number One Boardman Station.

Tower Road Rights – The Tower Road from the end of the public road to the intersection with the entrance to Carty Generating Station.

Wastewater Ponds – The existing settling ponds at the Boardman Plant.

and be it

FURTHER RESOLVED, that Lisa Grow, or in her absence Newell V. Porter, be, each of them hereby is, an engineer within the meaning of that term as used in Section 3 of said Mortgage and Deed of Trust, be and she is hereby appointed engineer to make any Engineer's Certificate required by said Mortgage and Deed of Trust in connection with said release; and be it

FURTHER RESOLVED, that Rex Blackburn be and he is hereby appointed Counsel to render any Opinion of Counsel required by said Mortgage and Deed of Trust in connection with said release; and be it

FURTHER RESOLVED, that the officers of this Company be and they are hereby authorized and directed to do any and all acts and things in their judgment necessary or desirable to procure the release of said property from the lien of said Mortgage and Deed of Trust.

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

	March 31, 2014	Adjustments <sup>(1)</sup>	Adjusted Total
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 64	\$ (1)	\$ 63
Accounts receivable, net	158		158
Unbilled revenues	77		77
Inventories	64		64
Margin deposits	17		17
Regulatory assets - current	55		55
Other current assets	114		114
Total current assets	<u>549</u>	<u>(1)</u>	<u>548</u>
Electric utility plant	7,144		7,144
Construction work in progress	633	1	634
Total cost	7,777	1	7,778
Less: accumulated depreciation and amortization	(2,768)		(2,768)
Electric utility plant, net	<u>5,009</u>	<u>1</u>	<u>5,010</u>
Regulatory assets - noncurrent	448		448
Non-qualified benefit plan trust	33		33
Nuclear decommissioning trust	83		83
Other noncurrent assets	47		47
Total assets	<u>\$ 6,169</u>	<u>\$ -</u>	<u>\$ 6,169</u>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 147		\$ 147
Short-term debt	-		-
Liabilities from price risk management activities - current	52		52
Current portion of long-term debt	70		70
Accrued expenses and other current liabilities	182		182
Total current liabilities	<u>451</u>	<u>-</u>	<u>451</u>
Long-term debt, net of current portion	1,846		1,846
Regulatory liabilities - noncurrent	899		899
Deferred income taxes	605		605
Liabilities from price risk management activities - noncurrent	126		126
Unfunded status of pension and postretirement plans	157		157
Non-qualified benefit plan liabilities	102		102
Asset retirement obligations	101		101
Other noncurrent liabilities	25		25
Total liabilities	<u>\$ 4,312</u>	<u>\$ -</u>	<u>\$ 4,312</u>
Commitments and contingencies (see notes)	-		-
<b>Equity</b>			
Portland General Electric Company shareholders' equity			
Preferred stock	-		-
Common stock	912		912
Accumulated other comprehensive loss	(5)		(5)
Retained earnings	949		949
Total Portland General Electric Company shareholders' equity	<u>1,856</u>	<u>-</u>	<u>1,856</u>
Noncontrolling interests' equity	<u>1</u>		<u>1</u>
Total Equity	<u>1,857</u>	<u>-</u>	<u>1,857</u>
Total liabilities and equity	<u>\$ 6,169</u>	<u>\$ -</u>	<u>\$ 6,169</u>

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

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

	Three Months Ended March 31, 2014	Adjustments	Adjusted Total
<b>Revenues</b>	\$493		\$493
<b>Operating Expenses:</b>			
Purchased power and fuel	184		184
Production and distribution	54		54
Administrative and other	54		54
Depreciation and amortization	75		75
Taxes other than income taxes	28		28
Total operating expenses	<u>395</u>		<u>395</u>
<b>Income from Operations</b>	98	-	98
<b>Other Income:</b>			
Allowance for equity funds used during construction	6		6
Miscellaneous income, net	(1)		(1)
Other Income, net	<u>5</u>	-	<u>5</u>
<b>Interest Expense</b>	<u>25</u>		<u>25</u>
Income before income taxes	78	-	78
<b>Income Taxes</b>	20		20
<b>Net Income</b>	<u>58</u>	-	<u>58</u>
Less: net loss attributable to noncontrolling interests	-		-
<b>Net Income attributable to Portland General Electric Company</b>	<u>\$58</u>	<u>\$ -</u>	<u>\$58</u>

**Portland General Electric Company and Subsidiaries**  
**Consolidated Statement of Retained Earnings**  
**Three Months Ended**  
**March 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>	<u>58</u>		<u>58</u>
	971		971
<b>Dividends Declared</b>			
Common stock	<u>(22)</u>		<u>(22)</u>
<b>Balance at End of Period, March 31, 2014</b>	<u><u>\$949</u></u>	<u><u>\$0</u></u>	<u><u>\$949</u></u>

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

**PORTLAND GENERAL ELECTRIC COMPANY**  
**PROPOSED JOURNAL ENTRIES**

The following entries are to record the purchase by PGE (in its capacity as Buyer; Carty 100%) of property from IPC associated with the Shared Facilities

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
107	Construction work in progress	\$620,205	
131	Cash payment to IPC		\$620,205



**Exhibit "F"**  
**Statement of Contingent Liabilities**  
**As of March 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.

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 the Trojan nuclear power plant (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. Oral argument occurred in March 2014 and the parties now await a Court 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.

As noted above, on February 6, 2013, the Oregon Court of Appeals upheld the 2008 Order. Because the Oregon Supreme Court has granted the plaintiffs' petition seeking review of that decision, and the class actions described above remain pending, management believes that it is reasonably possible that the regulatory proceedings and class actions could result in a loss to the Company in excess of the amounts previously recorded and discussed above. Because these matters involve unsettled legal theories and have a broad range of potential outcomes, sufficient information is currently not available to determine PGE's potential liability, if any, 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. In 2003, the FERC issued an order terminating the proceeding and denying the claims for refunds. Upon appeal of the decision to the U.S. Ninth Circuit Court of Appeals (Ninth Circuit) the Court 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 October 2011, the FERC issued an Order on Remand, establishing an evidentiary hearing to determine whether any seller had engaged in unlawful market activity in the Pacific Northwest spot markets during the December 25, 2000 through June 20, 2001 period by violating specific contracts or tariffs, and, if so, whether a direct connection existed between the alleged unlawful conduct and the rate charged under the applicable contract. The FERC 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 before a refund could be ordered. 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.

In December 2012, the FERC issued an order clarifying that the *Mobile-Sierra* presumption could be 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.

On April 5, 2013, the FERC granted rehearing of its Order on Remand on the issue of the appropriate refund period, holding that parties could 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 or of a statutory requirement. Refund claimants have filed petitions for appeal of the Order on Remand and the Order on Rehearing with the Ninth Circuit.

In its October 2011 Order on Remand, the FERC ordered settlement discussions to be convened before a FERC settlement judge. Pursuant to the settlement proceedings, 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 for 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 CERS' respondents, but did find evidence of unlawful activity in the implementation of multiple transactions and bad faith in the formation of as many as 119 contracts by the last remaining CERS respondent. The Administrative Law Judge scheduled a second phase of the hearing to commence after a final FERC decision on the Initial Decision. In the second phase, the last 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. 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 expected to issue in 2015 or 2016.

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 late February 2014. Using the Company's best estimate of the probable cost for the remediation effort from the set of alternatives provided in the draft feasibility study report, PGE has a \$3 million reserve for this matter as of March 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 March 31, 2014. The Company included recovery of the regulatory asset in its 2015 General Rate Case filed with the OPUC in February 2014.

### **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 the 39 claims in the suit. On September 27, 2013, the plaintiffs filed an amended complaint that deleted the 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. This matter is scheduled for trial in March 2015. On March 1, 2014, the plaintiffs filed another Notice of Intent to Sue, which would amend the original suit by adding twelve projects to the case.

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.

### **Challenge to AOC Related to Colstrip Wastewater Facilities**

In August 2012, the operator of CSES entered into an AOC with the MDEQ, which established a comprehensive process to investigate and remediate groundwater seepage impacts related to the wastewater facilities at CSES. Within five years, under this AOC, the operator of CSES is required to provide financial assurance to MDEQ for the costs associated with closure of the waste water treatment facilities. This will establish an obligation for asset retirement, but the operator of CSES is unable at this time to estimate these costs, which will require both public and agency review.

In September 2012, Earthjustice filed an affidavit pursuant to Montana's Major Facility Siting Act (MFSA) that sought review of the AOC by Montana's Board of Environmental Review (BER), on behalf of environmental groups Sierra Club, the MEIC, and the National Wildlife Federation. In September 2012, the operator of CSES filed an election with the BER to have this proceeding conducted in Montana state district court as contemplated by the MFSA. In October 2012, Earthjustice, on behalf of Sierra Club, the MEIC and the National Wildlife Federation, filed with the Montana state district court a petition for a writ of mandamus and a complaint for declaratory relief alleging that the AOC fails to require the necessary actions under the MFSA and the Montana Water Quality Act with respect to groundwater seepage from the wastewater facilities at CSES. On May 31, 2013, the district court judge granted the defendants' motion to dismiss the petition for the writ of mandamus.

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.

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. For open tax years per Oregon statute, 2008 through 2012, the Company entered into a closing agreement with

the DOR during the third quarter 2013 under which the DOR agreed to the tax apportionment methodology utilized on the tax returns relating to those years.

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 of this matter.

**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.



**IDAHO POWER COMPANY  
 PROPOSED JOURNAL ENTRIES**

<b>Account</b>	<b>Debit</b>	<b>Credit</b>
108000 – Accum Prov F/Depr-EPIS	2,281,702	
101000 – Electric Plant in Service		2,281,702
Record retirement of electric plant sold		
102000 – Electric Plant Purchsd or Sold	2,281,702	
108000 – Accum Prov F/Depr-EPIS		2,281,702
Transfer cost of assets sold to 102000		
108000 – Accum Prov F/Depr-EPIS	1,925,557	
102000 - Plant Purchsd or Sold		1,925,557
Transfer accumulated depreciation on assets sold		
131201 – Cash	620,205	
102000 – Electric Plant Purchsd or Sold		620,205
Record cash received for Electric plant sold		
102000 – Electric Plant Purchsd or Sold	264,060	
182493 – Boardman balancing account (ID)		252,626
182494 – Boardman balancing account (OR)		11,434
Record cash received for Electric plant sold		

## ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT ("**Agreement**") is made and entered into effective April 14, 2014 ("**Effective Date**"), by and among PORTLAND GENERAL ELECTRIC COMPANY, an Oregon corporation ("**PGE**"); IDAHO POWER COMPANY, an Idaho corporation ("**IPC**"); and POWER RESOURCES COOPERATIVE, an Oregon cooperative corporation ("**PRC**") (each of the foregoing parties is sometimes hereinafter referred to as a "**Party**" and all of the foregoing parties are sometimes hereinafter collectively referred to as the "**Parties**").

### RECITALS

A. The Parties, as tenants-in-common, own a coal fired generating facility located on land in Morrow County, Oregon, and certain associated equipment and facilities (collectively, "**Number One Boardman Station**" or "**Boardman Project**").

B. The Parties or their predecessors in interest entered into an Agreement for Construction, Ownership and Operation of the Number One Boardman Station on Carty Reservoir dated October 15, 1976, which was amended on September 30, 1977, October 31, 1977, January 23, 1978, February 15, 1978, September 1, 1979, March 15, 1994, and an Agreement and Seventh Amendment dated April 14, 2014 (collectively, the "**Ownership Agreement**"). Terms using initial capital letters in this Agreement that are not otherwise defined shall have the meanings given to them in the Ownership Agreement. Certain additional defined terms are set forth in Exhibit 1 attached hereto and by reference incorporated herein.

C. PGE owns eighty percent (80%) of the Project, IPC owns ten percent (10%) of the Project, and PRC owns ten percent (10%) of the Project.

D. Section 19 of the Ownership Agreement provides PGE, either individually or jointly with other entities, public or private, with the right to construct and operate, on the Carty Reservoir, additional power generating units and, in connection therewith, to acquire (1) good and marketable fee title to the land that will underlie the additional generating plant and any additional related facilities that will not be used in common with the Project, (2) a proportionate undivided interest in common, in proportion to the number of generating units, in those facilities of the Project that may be used in common by the owners of the additional generating units, including, but not limited to, the reservoir, pumping facilities, pipelines from the Columbia River, roads, railroad spurs, docks, parking lots, fencing and transmission facilities and (3) a nonexclusive easement over the remainder of the Plant Real Property, except for the land underlying the Generating Plant not to be used in common, for all purposes necessary or appropriate to the construction, operation and maintenance of the additional generating unit (the "**Section 19 Right**").

E. PGE is constructing a new power generating unit ("**Carty Generating Station**" or "**Carty Project**") on the Carty Reservoir, but not on the Plant Real Property, as described in Section 19 of the Ownership Agreement. The purpose of this Agreement is to provide for the conveyance and sale to PGE of certain Project components and common facilities necessary or

convenient to the operation of the Carty Generating Station as detailed in and pursuant to subsections 19(a) and 19(b) of the Ownership Agreement. The interests in those Project components and common facilities (defined below as the Shared Facilities and the Plant Real Property Easement) to be conveyed and assigned to Buyer hereunder are sometimes collectively referred to as the "Assets."

F. For the purpose of this Agreement, the term "Seller" means, collectively, PGE, IPC, and PRC, as tenants-in-common, the term "Buyer" means PGE, and the term "Non-PGE Seller" means each of IPC and PRC.

### AGREEMENT

NOW, THEREFORE, based upon the foregoing Recitals and the mutual covenants hereinafter set forth, the Parties agree as follows:

1. **Shared Facilities.** The shared facilities consist only of the Carty Reservoir, Columbia River Intake, Existing Water Intake Structure, Potable Water System, Tower Road Rights, Wastewater Ponds, and Communications Equipment and Housing (all of the foregoing, collectively, the "Shared Facilities") as expressly defined in this Agreement. The Shared Facilities are described in Exhibit 1, attached hereto and by reference incorporated herein, and certain of the Shared Facilities are further identified on the pictures attached hereto as Exhibits 2a and 2b and by reference incorporated herein.

2. **Conveyance and Use of Shared Facilities.** Pursuant to subsection 19(b)(2) of the Ownership Agreement, Seller agrees to convey and assign to Buyer, in Buyer's current capacity as the sole participant in the Carty Project, an undivided fifty percent (50%) interest (computed in proportion to the number of generating units per subsection 19(b)(2) of the Ownership Agreement) as a tenant-in-common in the Shared Facilities in accordance with the terms of the Bill of Sale and Easement Agreement in the form of Exhibit 3 attached hereto and by reference incorporated herein ("**Bill of Sale and Easement Agreement**"). All Parties hereby state their intention, and so agree, that, at Closing, the Shared Facilities shall be deemed constructively severed from the land that underlies them and shall thereafter constitute personal property and, for avoidance of doubt, will be owned in the following percentages: PGE - 90 percent; IPC - 5 percent; and PRC - 5 percent. Notwithstanding anything in such grant, transfer and assignment, the Parties acknowledge and agree that the grant, transfer and assignment to Buyer in Buyer's current capacity as the sole participant in the Carty Generating Station shall not affect the rights and obligations of the Parties to participate in the Construction and Operation of the Project (as that term is defined in the Ownership Agreement), and shall not diminish their respective entitlements to the Output (as that term is defined in the Ownership Agreement) and capacity of the Project, according to the Ownership Shares as set forth in Section 2(a) of the Ownership Agreement. The Parties acknowledge and agree that the grant, transfer and assignment contemplated herein pursuant to the Ownership Agreement, while transferring an undivided ownership interest in the Shared Facilities, does not transfer an Ownership Share in the Project, and therefore, will not result in any reduction of entitlement of PRC and/or IPC to Output or capacity in and from the Project, including without limitation the Boardman-Slatt Line Facilities and the Dalreed Line Facilities, under the Ownership Agreement. Buyer further covenants and agrees with the Non-PGE Sellers that, as long as Buyer owns any interest in the

Shared Facilities, Buyer will comply with the obligations of PGE under the terms of the Ownership Agreement and not use the Shared Facilities for the benefit of the Carty Project in a manner that will unreasonably interfere with the operation of the Project.

3. **Plant Real Property Easement.** Pursuant to subsection 19(b)(3) of the Ownership Agreement, Seller agrees to grant, convey and assign to Buyer a permanent, nonexclusive, irrevocable easement in, over and across the Plant Real Property, legally described in Schedule 4 to the Bill of Sale and Easement Agreement, attached hereto and by reference incorporated herein, in accordance with the terms of the Bill of Sale and Easement Agreement.

4. **Payment for Conveyance and Assignment of Shared Facilities and Plant Real Property Easement.** In consideration of the foregoing conveyances and assignments of the Assets, Buyer agrees to pay to the Non-PGE Sellers on the date of Closing (as hereinafter defined) the following sums, which shall be divided among the Non-PGE Sellers based on their Ownership Shares:

Asset Description	Agreed Asset Value	Allocable Share Payable to Non-PGE Sellers
<b>Shared Facilities:</b>		
Carty Reservoir	\$4,893,634	\$978,730
Columbia River Intake	\$405,789	\$81,160
Existing Water Intake Structure	\$7,446	\$1,490
Potable Water System	\$122,929	\$24,590
Tower Road Rights	\$222,431	\$44,490
Wastewater Ponds	\$123,250	\$24,650
Communications Equipment and Housing	\$425,801	\$85,160
<b>Plant Real Property Easement</b>	\$706	\$140
<b>Total</b>	\$6,201,987	\$1,240,410

The total in the final column entitled Allocable Share Payable to Non-PGE Sellers shall be paid in cash upon Closing (as hereinafter defined) by Buyer to IPC (50%) and PRC (50%) based on their Ownership Shares in the Project. The foregoing percentages were determined based on IPC's and PRC's relative percentage of the 20% that they collectively hold in the Project (with Buyer holding the remaining 80%).

5. **Allocation of Operation and Maintenance Costs of Shared Facilities between Carty Project and Boardman Project.** As provided in subsection 19(b) of the Ownership Agreement, the cost to operate and maintain the Shared Facilities used for the benefit of the Number One Boardman Station and the Carty Generating Station will be divided and borne between Seller and Buyer on the basis of use as long as Buyer's use does not unreasonably interfere with the operation of the Boardman Project. The Parties agree to an initial allocation of Two Thousand Five Hundred Dollars (\$2,500) from the Carty Generating Station credited to each of PRC and Idaho for the annual operating and maintenance costs of the Shared Facilities based on the assumed usage percentages set forth below in this Section 5. This amount will be

increased by Five Hundred Dollars (\$500) on January 1 of each year after the Effective Date. This allocation is based on the Parties' knowledge and understanding as of the Effective Date of the planned and expected usages of the Shared Facilities by the Carty Project and the Boardman Project, and will remain in effect unless and until modified as provided below in this Section 5. Within sixty (60) days of the written request of any Party, Buyer shall provide the Non-PGE Sellers with Buyer's best estimate of the relative usage and operating and maintenance costs of the Shared Facilities during the prior calendar year together with such supporting documentation as the Non-PGE Sellers may reasonably request. Such estimates shall be binding unless objected to by a Non-PGE Seller in writing within sixty (60) days. If a Non-PGE Seller does object and the Parties cannot agree within sixty (60) days after the date of such written objection, the matter will be resolved in accordance with the dispute resolution provision in Section 19(b) of the Ownership Agreement. Any modification in allocations shall be implemented retroactive to the first day of that year:

Carty Project Operating Cost Allocation Amount = (Boardman Shared Facility Operating Cost) times (Carty Project Usage Percentage)

**Carty Project Usage Percentage**

1. Carty Reservoir

a.  $12.9\% = 1,628 \text{ acre feet Carty} / (1,628 + 11,000 \text{ acre feet Boardman})$

2. Columbia River Intake

a.  $12.9\% = 1,628 \text{ acre feet Carty} / (1,628 + 11,000 \text{ acre feet Boardman})$

3. Existing Water Intake Structure

a.  $0.6\% = (1,150 \text{ gpm average water use by Carty} / 202,800 \text{ gpm average service water and circulating water flow at Boardman})$

4. Potable Water System

a.  $12.7\% = (21 \text{ people at Carty} / 21 + 145 \text{ people at Boardman})$

5. Tower Road Rights

a.  $9.1\% = (1440 \text{ feet}/2000 \text{ feet}) \times [21 \text{ people at Carty}/ (145 \text{ people at Boardman} + 21)]$

6. Waste Water Ponds

a.  $12.7\% = (21 \text{ people at Carty} / 21 + 145 \text{ people at Boardman})$

7. Communications Equipment and Housing

a.  $43.1\% = (454 \text{ gross MW Carty} / 454 \text{ MW} + 600 \text{ gross MW Boardman})$

6. **Allocation of Costs of Capital Additions to Shared Facilities between Carty Project and Boardman Project.** From and after the Effective Date, the Costs of Capital Additions to the Shared Facilities will be allocated to the co-owners in the following percentages: PGE - 90 percent; IPC - 5 percent; and PRC - 5 percent.

7. **Mutual Cooperation.**

(a) Each Party agrees to lend its full and timely cooperation to each of the other Parties to implement the transactions and perform the covenants allocated to that Party as set forth in this Agreement, including, but not limited to, obtaining all necessary approvals and authorizations, and to executing, acknowledging and delivering such additional documents and agreements as may reasonably be required to perfect title to the Assets in Buyer and maintain and operate the Shared Facilities as contemplated hereunder and consistent with the requirements of the Ownership Agreement. PGE agrees to record in the real property records of Morrow County, Oregon, all instruments of transfer of interests in real property that are contemplated by this Agreement and the Bill of Sale and Easement Agreement and, after recording, to furnish copies of such instruments, as recorded, to the Non-PGE Sellers.

(b) If any Party is legally required to obtain approval of the Federal Energy Regulatory Commission or any state regulatory authority for this transaction ("**Regulatory Approval**"), then each such Party shall promptly proceed with all due diligence to obtain such Regulatory Approval and shall notify all other Parties, in writing, not less than one (1) time per week, following the Effective Date, as to the status of such Regulatory Approval. All Parties agree to fully cooperate in that approval process so as not to delay Closing and to make reasonable efforts to respond to any written request from a Party related thereto within three (3) business days so as not to delay the process. The Parties acknowledge and agree that PRC does not require Regulatory Approval and this Subsection 7(b) shall not impose any obligation, other than the obligation to cooperate, on PRC.

(c) Each Party agrees that Buyer has the legally enforceable right, and each Non-PGE Party has the legally enforceable obligation, to enter into and perform this Agreement based on the Section 19 Right.

8. **Representations and Warranties.** Except as otherwise expressly provided, each Party represents and warrants to each other Party as follows:

(a) The representing and warranting Party has not received any uncured notice from any governmental agency having jurisdiction in the matter of any violation of any statute, law, ordinance, deed restriction, rule, or regulation with respect to the existence, construction, maintenance or operation of the Assets, or the Boardman Project as a whole or any part thereof, or otherwise that has not been disclosed to the other Parties in writing.

(b) Each representing and warranting Seller, each only as to its own interest in the Assets, has not previously conveyed its right, title, and interest in the Assets to any other Party and each such Seller's interest in the Assets conveyed to Buyer pursuant to this transaction is free and clear of all claims, liens, security interests and encumbrances of any nature created or suffered by such Seller or persons claiming by or through such Seller and each such Seller will warrant and

defend such title against the claims, liens, security interests, and encumbrances of all persons lawfully claiming by, through or under each such Non-PGE Seller other than liens and encumbrances permitted by the terms of the Ownership Agreement and which liens are described in Schedule 6 to the Bill of Sale and Easement Agreement attached hereto and by reference incorporated herein. Except as described in Section 7, each Seller severally represents and warrants that all consents necessary to make its conveyances and assignments effective have been obtained by such Seller.

(c) Except as otherwise provided in Section 7, each Party has the legal power, right, and authority to enter into this Agreement and to consummate the transactions contemplated herein. The individual executing this Agreement on behalf of each Party has the legal power, right, and actual authority to bind such Party to the terms and conditions of this Agreement.

The foregoing representations and warranties made by that representing and warranting Party are true and correct as of the Effective Date, shall be true and correct at Closing, and shall survive the Closing. Each Party is making and is only responsible for its own representations and warranties and not for the representations and warranties of any other Party. If a representing and warranting Party breaches a representation or warranty, the sole recourse of the damaged Parties shall be against the Party that breached the representation or warranty. Subject to the foregoing, any Party that breaches one or more of the foregoing representations, warranties, or covenants shall defend, indemnify, and hold the other Parties harmless from and against any liability, cause, claim, loss, damage, or expense, including attorney fees, that the other Parties suffer as a result of a breach of the representations, warranties, or covenants of such Party contained in this Agreement.

9. **Closing.** The Parties agree to close this transaction ("**Closing**") no later than the later of (a) June 30, 2014 or (b) five (5) business days following the date all Regulatory Approvals are obtained. At the Closing, Buyer shall pay to the Non-PGE Sellers the amount specified in Section 4 and the Parties (where indicated) shall execute, acknowledge, and deliver the Bill of Sale and Easement Agreement, together with a Memorandum of Bill of Sale and Easement Agreement in the form of Schedule 5 to the Bill of Sale and Easement Agreement. The Memorandum of Bill of Sale and Easement Agreement shall be recorded in the real property records of Morrow County, Oregon, and the cost for the recording of the Memorandum of Bill of Sale and Easement Agreement shall be paid by Buyer.

#### 10. **General and Miscellaneous Provisions.**

(a) **Prior Agreements.** This Agreement, together with the Bill of Sale and Easement Agreement and the Memorandum of Bill of Sale and Easement Agreement, is the entire, final and complete agreement of the Parties pertaining to the conveyance and assignment of the Assets and supersedes and replaces all written and oral agreements heretofore made or existing by and among the Parties or their representatives insofar as this conveyance and assignment of the Assets is concerned. This Agreement is intended to implement the Ownership Agreement and shall be construed to affect only the conveyance and assignment of the Assets and the covenants related thereto as expressly addressed herein, and it shall not be construed to otherwise amend or modify in any way, or otherwise affect the construction by a court of, the Ownership Agreement. This Agreement is intended to be limited to the transactions referenced herein and shall not limit the rights of the Parties with respect to the treatment of any similar transaction among the Parties in the

future, including without limitation the acquisition of additional land, easement rights, or interest in the Shared Facilities or other facilities pursuant to the terms and conditions of the Ownership Agreement. In the event of a conflict between this Agreement and the Ownership Agreement as to the conveyance and assignment expressly addressed herein, the terms of this Agreement shall control.

(b) **Time is of the Essence.** Time is expressly made of the essence of each provision of this Agreement.

(c) **Notices.** Any notice required or permitted under this Agreement shall be in writing and shall be given as follows:

(i) notice may be given by certified mail, return receipt requested, addressed to the addressee at the address set forth below the name of the Party on the signature pages of this Agreement or at such other address as one Party may indicate by written notice to the other Parties, and shall be effective two (2) business days after having been deposited in the United States mail;

(ii) notice may be given by personal delivery and shall be effective upon delivery; and

(iii) notice may be given by facsimile transmission to the facsimile number set forth below the name of the Party on the signature pages of this Agreement or at such other facsimile number as one Party may indicate by written notice to the other Parties and shall be effective upon successful transmission.

(d) **Brokers.** No person acting on behalf of Seller is or will be entitled to any brokerage fee, commission, finder's fee or financial advisory fee from Buyer in connection with the transactions contemplated by this Agreement or the Bill of Sale and Easement Agreement, and no person acting on behalf of Buyer is or will be entitled to any brokerage fee, commission, finder's fee or financial advisory fee from Seller in connection with the transactions contemplated by this Agreement or the Bill of Sale and Easement Agreement.

(e) **Nonwaiver.** Failure by any Party at any time to require performance by any other Party of any of the provisions hereof shall in no way affect the Party's rights hereunder to enforce the same nor shall any waiver by the Party of the breach hereof be held to be a waiver of any succeeding breach or a waiver of this nonwaiver clause.

(f) **No Merger.** The Parties expressly intend that the obligations of the Parties as set forth in this Agreement shall not merge with the transfer or conveyance of the Assets but shall remain in effect until fulfilled.

(g) **Amendments.** This Agreement may be amended, modified or extended without new consideration but only by written instrument executed by all Parties.

(h) **Governing Law.** This Agreement shall be construed in accordance with and governed by the laws of the state of Oregon.



(i) **Severability.** If any portion of this Agreement shall be held invalid or unenforceable to any extent, the validity of the remaining provisions shall not be affected thereby provided that the remaining provisions preserves for each Party the material benefits, rights, and obligations of this Agreement.

(j) **Number, Gender and Captions.** In construing this Agreement, it is understood that if the context so requires, the singular pronoun shall be taken to mean and include the plural, the masculine, the feminine and the neuter, and that generally all grammatical changes shall be made, assumed and applied to individuals, limited liability companies and/or corporations and partnerships. All captions and section headings used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of this Agreement.

(k) **Binding Effect.** The covenants, conditions and terms of this Agreement shall extend to and be binding upon and inure to the benefit of the successors and permitted assigns of the Parties.

(l) **Execution in Counterparts.** This Agreement may be executed in any number of counterparts and by different Parties hereto on separate counterparts, each of which counterpart, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement.

(m) **Statutory Notice.** THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS THAT, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND THAT LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, IN ALL ZONES. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301, AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO VERIFY THE EXISTENCE OF FIRE PROTECTION FOR STRUCTURES AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301, AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.


**[THE BALANCE OF THIS PAGE HAS INTENTIONALLY BEEN  
LEFT BLANK; SIGNATURE PAGE FOLLOWS]**

[SIGNATURE PAGE TO AGREEMENT]

IN WITNESS WHEREOF, the Parties executed this Agreement with the intent that it be effective as of the Effective Date.

PORTLAND GENERAL ELECTRIC  
COMPANY, an Oregon corporation

IDAHO POWER COMPANY, an Idaho  
corporation

By:   
Name:   **Maria M. Pope**    
Title:   **SRVP Power Supply & Operations & Resource Strategy**    
Address:   121 SW Salmon Street  
            Portland, OR 97204  
Facsimile:   (503) 464-2200

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address:   1221 West Idaho Street  
            Boise, ID 83702  
Facsimile: \_\_\_\_\_

POWER RESOURCES COOPERATIVE, an  
Oregon cooperative corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address:   711 NE Halsey  
            Portland, OR 97232  
Facsimile:   (503) 288-2334

[SIGNATURE PAGE TO AGREEMENT]

IN WITNESS WHEREOF, the Parties executed this Agreement with the intent that it be effective as of the Effective Date.

PORTLAND GENERAL ELECTRIC  
COMPANY, an Oregon corporation

IDAHO POWER COMPANY, an Idaho  
corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: 121 SW Salmon Street  
Portland, OR 97204  
Facsimile: (503) 464-2200

By: Lisa Grow  
Name: Lisa Grow  
Title: SVP Power Supply  
Address: 1221 West Idaho Street  
Boise, ID 83702  
Facsimile: \_\_\_\_\_

POWER RESOURCES COOPERATIVE, an  
Oregon cooperative corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: 711 NE Halsey  
Portland, OR 97232  
Facsimile: (503) 288-2334

[SIGNATURE PAGE TO AGREEMENT]

IN WITNESS WHEREOF, the Parties executed this Agreement with the intent that it be effective as of the Effective Date.

PORTLAND GENERAL ELECTRIC  
COMPANY, an Oregon corporation

IDAHO POWER COMPANY, an Idaho  
corporation

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Address: 121 SW Salmon Street  
Portland, OR 97204

Address: 1221 West Idaho Street  
Boise, ID 83702

Facsimile: (503) 464-2200

Facsimile: \_\_\_\_\_

POWER RESOURCES COOPERATIVE, an  
Oregon cooperative corporation

By:  \_\_\_\_\_

Name: John P Prescott

Title: EVP & GM

April 14, 2014

Address: 711 NE Halsey  
Portland, OR 97232

Facsimile: (503) 288-2334

## EXHIBIT 1

**"Carty Reservoir"** means the Carty water reservoir, including the dam and leakage collection system.

**"Columbia River Intake"** means the intake rights from the Columbia River including pumps, intake, electrical, and piping to Carty Reservoir. Number One Boardman Station does not have an intake structure at the Columbia River. Number One Boardman Station made a Contribution In Aid of Construction (CIAC) payment to connect to the Boeing-Agri Pipeline and thus acquired the rights of use.

**"Communications Equipment and Housing"** means the Boardman Project equipment required for establishing primary and backup communication for data between the generating plants, substation and PGE corporate offices, which shall be a rack installed by PGE in the Boardman Project communication room using existing Boardman Project infrastructure.

**"Existing Water Intake Structure"** means the Number One Boardman Station intake structure including the excavation, concrete structure, intake trash screens, traveling water screens, screen wash pumps, and auxiliaries, but not including the service water pumps or circulating water pumps, nor any of the Number One Boardman Station service water or circulating water piping.

**"Potable Water System"** means the Boeing well, well pump, electric supply to the well pump area and well pump building but not any of the potable water distribution at the Number One Boardman Station.

**"Tower Road Rights"** shall mean Tower Road from the end of the public road to the intersection with the entrance to Carty Generating Station.

**"Wastewater Ponds"** means the existing settling ponds at the Number One Boardman Station.

**EXHIBIT 2a**

**Locations of Shared Facilities**

# Exhibit 2a to Asset Purchase Agreement



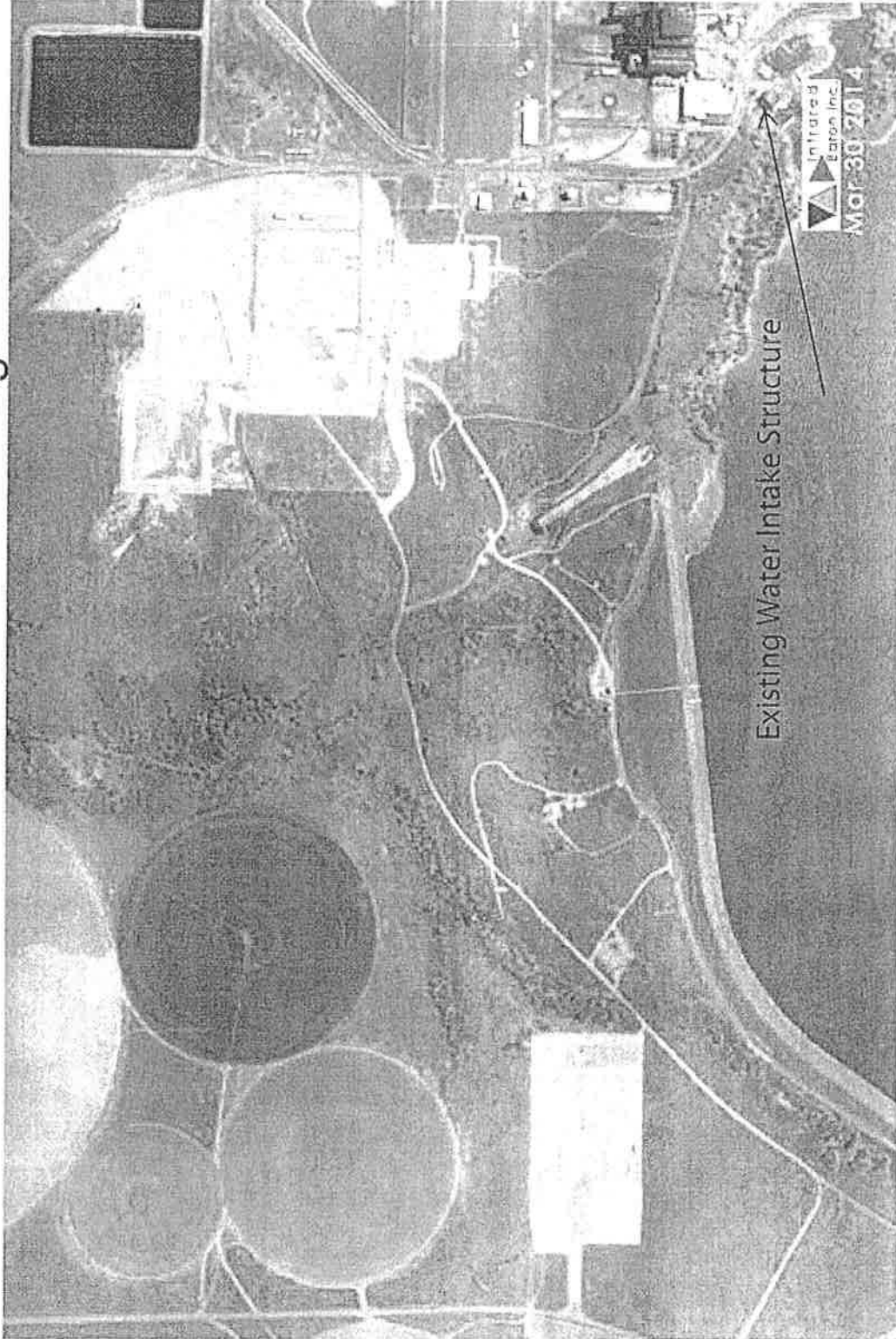
\*Does not show the Columbia River Intake

**EXHIBIT 2b**

**Locations of Shared Facilities**



# Exhibit 2b to Asset Purchase Agreement



\*Does not show the Columbia River Intake

**EXHIBIT 3**

**(See the attached form of Bill of Sale and Easement Agreement)**

## BILL OF SALE AND EASEMENT AGREEMENT

THIS BILL OF SALE AND EASEMENT AGREEMENT ("**Agreement**") is made and entered into effective \_\_\_\_\_, 2014 ("**Effective Date**"), by and among PORTLAND GENERAL ELECTRIC COMPANY, an Oregon corporation ("**PGE**"), IDAHO POWER COMPANY, an Idaho corporation ("**IPC**"), and POWER RESOURCES COOPERATIVE, an Oregon cooperative corporation ("**PRC**") (each of the foregoing parties is sometimes hereinafter referred to as a "**Party**" and all of the foregoing parties are sometimes hereinafter collectively referred to as the "**Parties**").

### RECITALS

A. The Parties, as tenants-in-common, own a coal-fired generating facility located on land in Morrow County, Oregon, and certain associated equipment and facilities (collectively, "**Number One Boardman Station**" or "**Boardman Project**"). The legal description of the land upon which the Number One Boardman Station is located is set forth in Schedule 1 attached hereto and by reference incorporated herein.

B. The Parties or their predecessors in interest entered into an Agreement for Construction, Ownership and Operation of the Number One Boardman Station on Carty Reservoir dated October 15, 1976, which was amended on September 30, 1977, October 31, 1977, January 23, 1978, February 15, 1978, September 1, 1979, March 15, 1994, and an Agreement and Seventh Amendment dated \_\_\_\_\_, 2014 (collectively, the "**Ownership Agreement**"). Terms using initial capital letters in this Agreement that are not otherwise defined shall have the meanings given to them in the Ownership Agreement. Additional defined terms are set forth in Schedule 2 attached hereto and by reference incorporated herein.

C. PGE owns eighty percent (80%) of the Project, IPC owns ten percent (10%) of the Project, and PRC owns ten percent (10%) of the Project.

D. Section 19 of the Ownership Agreement provides PGE, either individually or jointly with other entities, public or private, with the right to construct and operate additional power generating units on the Carty Reservoir and, in connection therewith, to acquire (1) good and marketable fee title to the land that will underlie the additional generating plant and any additional related facilities that will not be used in common with the Project, (2) a proportionate undivided interest in common, in proportion to the number of generating units, in those facilities of the Project that may be used in common by the owners of the additional generating units, including, but not limited to, the reservoir, pumping facilities, pipelines from the Columbia River, roads, railroad spurs, docks, parking lots, fencing and transmission facilities and (3) a nonexclusive easement over the remainder of the Plant Real Property, except for the land underlying the Generating Plant not to be used in common, for all purposes necessary or appropriate to the construction, operation and maintenance of the additional generating unit (the "**Section 19 Right**").

E. PGE is constructing a new power generating unit ("**Carty Generating Station**" or "**Carty Project**") on the Carty Reservoir, but not on the Plant Real Property, as described in Section 19 of the Ownership Agreement. The purpose of this Agreement is to provide for the conveyance and assignment to PGE of the Shared Facilities and the Plant Real Property Easement which are necessary or convenient to the operation of the Carty Generating Station as described in subsections 19(a) and 19(b) of the Ownership Agreement. This Agreement is being entered into pursuant to the terms of an Asset Purchase Agreement ("**APA**") between the Parties dated effective \_\_\_\_\_, 2014, the terms of which are incorporated herein by this reference.

F. For the purpose of this Agreement, the term "**Grantor**" means, collectively, PGE, IPC, and PRC, as tenants-in-common, and the term "**Grantee**" means PGE.

### AGREEMENT

NOW, THEREFORE, based upon the foregoing Recitals and the mutual covenants hereinafter set forth, the Parties agree as follows:

1. **Shared Facilities.** The shared facilities consist only of the Carty Reservoir, Columbia River Intake, Existing Water Intake Structure, Potable Water System, Tower Road Rights, Wastewater Ponds, and Communications Equipment and Housing (all of the foregoing, collectively, the "**Shared Facilities**") as expressly defined in this Agreement. The Shared Facilities are described in Schedule 2, attached hereto and by reference incorporated herein, and further identified in the pictures attached hereto to as Schedules 3a and 3b and by reference incorporated herein.

2. **Bill of Sale for Shared Facilities.** At the Effective Date of this Agreement, the Carty Project, as proposed and being developed by PGE, contains one generating unit and the Boardman Project contains one generating unit. Subsection 19(b)(2) of the Ownership Agreement requires the Parties to convey to PGE, in its capacity as the sole participant in the Carty Project, an interest in the Shared Facilities in proportion to the number of generating units, that is, fifty percent (50%). Pursuant to subsection 19(b)(2) of the Ownership Agreement, this Section 2 shall constitute a bill of sale ("**Bill of Sale**"), and, pursuant to this Bill of Sale and the terms of this Agreement, the APA and the Ownership Agreement, Grantor hereby grants, transfers and assigns to Grantee, in its current capacity as the sole participant in the Carty Project, a fifty percent (50%) undivided interest as a tenant-in-common in and to the Shared Facilities, separate and apart from the land upon which such Shared Facilities are located or affixed, including the right to access, use, improve and adapt, at Grantee's sole expense and subject to the terms of Section 4, such Shared Facilities for use for the Carty Generating Station. All such Shared Facilities shall be deemed constructively severed from the underlying land for the purpose of this grant, transfer and assignment and shall hereby constitute personal property owned in the following percentages: PGE - 90 percent; IPC - 5 percent; and PRC - 5 percent. Notwithstanding anything in such grant, transfer and assignment, the Parties acknowledge and agree that the grant, transfer and assignment to Buyer in Buyer's current capacity as the sole participant in the Carty Generating Station shall not affect the rights and obligations of the Parties to participate in the Construction and Operation of, and be entitled to the Output and capacity of, the Project (as that term is defined in the Ownership Agreement), according to the Ownership Shares as set forth in Section 2(a) of the Ownership Agreement. The Parties

acknowledge and agree that the grant, transfer and assignment contemplated herein, while transferring an undivided ownership interest in the Shared Facilities, does not transfer an Ownership Share in the Project, and therefore, will not result in any reduction of entitlement of PRC and/or IPC to Output or capacity in and from the Project (as that term is defined in the Ownership Agreement), including without limitation the Boardman-Slatt Line Facilities, and the Dalreed Line Facilities, under the Ownership Agreement. Buyer further covenants and agrees with the Non-PGE Sellers that, as long as Buyer owns any interest in the Shared Facilities, Buyer will comply with the obligations of PGE under the terms of the Ownership Agreement and not use the Shared Facilities for the benefit of the Carty Project in a manner that will unreasonably interfere with the operation of the Project (as that term is defined in the Ownership Agreement). Each Party waives its common law and statutory rights to partition the Shared Facilities. The interests of the Parties as title holders in the Shared Facilities shall not merge with the Parties' fee title in the land that underlies the Shared Facilities. If any of the Shared Facilities are located on land held by Grantor under easements rather than held by Grantor by way of fee title, then for those Shared Facilities, this grant, transfer and assignment shall be deemed to be a grant, transfer and assignment of those Shared Facilities together with permanent, nonexclusive and irrevocable sub-easements necessary for access, use, operation and maintenance, subject to all of the terms, conditions and restrictions in the master easements and the APA.

3. **Plant Real Property Easement.** Pursuant to subsection 19(b)(3) of the Ownership Agreement, Grantor hereby grants, conveys and assigns to Grantee a permanent, nonexclusive and irrevocable easement in, over and across the Plant Real Property described in Schedule 1 for all purposes necessary or appropriate to (a) use, operate, improve, and maintain Grantee's interest in the Shared Facilities and (b) construct, operate, and maintain the Carty Generating Station (the "**Plant Real Property Easement**"). This Plant Real Property Easement is appurtenant to and benefits the Carty Generating Station which is legally described in Schedule 4 attached hereto and by reference incorporated here. The interests of PGE as a fee title holder in the Plant Real Property shall not merge with PGE's easement estate granted under this Section 3.

4. **Noninterference.** In the exercise of its rights under this Agreement, each Party shall not materially impair or obstruct, or materially interfere with, the operations of any other Party, and Grantee's use of the Shared Facilities and Plant Real Property Easement shall not unreasonably interfere with the operations of the Number One Boardman Station.

5. **Operation and Maintenance and Costs Thereof.** The Shared Facilities and Plant Real Property Easement shall continue to be operated and maintained by PGE as the operator of the Number One Boardman Station in accordance with the terms of the Ownership Agreement. On and after the Effective Date, Grantee shall pay the percentages of the Costs of Operation and Costs of Capital Additions (but not Costs of Fuel) for the Shared Facilities as stated in the APA. All payments by Grantee to Grantor shall be paid according to the terms of the Ownership Agreement including Sections 9, 10, and 13 thereof.

6. **Representations and Warranties.**

(a) Each Grantor hereby severally remakes the respective representations and warranties made by that Grantor, as contained in Section 8 of the APA, to Grantee as applicable to

the transfer of the Shared Facilities and Plant Real Property Easement as contemplated hereby. Without intending to limit the preceding sentence, each Grantor hereby separately represents and warrants to Grantee, subject to the limitations stated in the APA, that title to that Grantor's tenancy-in-common interest in the Shared Facilities and Plant Real Property Easement is free and clear of all claims, liens, security interests, and encumbrances of any nature created or suffered by that Grantor or persons claiming by or through such Grantor, and each Grantor warrants and will defend such title against the claims of all persons and entities lawfully claiming by or through such Grantor other than (i) liens and encumbrances permitted by the terms of the Ownership Agreement, (ii) liens and encumbrances, if any, disclosed in the APA or in Schedule 6 attached hereto and made a part hereof, and (iii) the terms of the master easements where Grantor's estate in one or more of the Shared Facilities is an easement estate. Except as disclosed in the APA, each Grantor represents and warrants that all Regulatory Approvals (as defined in the APA) necessary to make such grants, transfers, and assignments effective have been obtained by such Grantor.

(b) Except as otherwise provided in the APA with respect to that Party, each Party severally represents and warrants to the other Parties that (i) such Party has the legal power, right, and authority to enter into this Agreement and to consummate the transactions contemplated herein, and (ii) the individual executing this Agreement on behalf of each such Party has the legal power, right, and actual authority to bind such Party to the terms and conditions of this Agreement.

Each Party is making and is only responsible for its own representations and warranties and not for the representations and warranties of any other Party. If a Party breaches a representation or warranty but another Party does not, the damaged Party's sole recourse is against the Party that breached the representation or warranty. Subject to the foregoing, any Party that breaches one of the foregoing representations, warranties, or covenants shall defend, indemnify, and hold the other Parties harmless from and against any liability, cause, claim, loss, damage, or expense, including attorney fees, that a Party suffers as a result of a breach of the representations, warranties, or covenants of such Party contained in this Agreement.

#### 7. **General and Miscellaneous Provisions.**

(a) **After-Acquired Title.** To the extent that any Grantor at any time hereafter obtains greater or additional rights and/or interests in the Shared Facilities or Plant Real Property Easement, then the rights and interests granted to Grantee by such Grantor shall be increased and enlarged to the extent necessary to enable Grantee to enjoy all the rights and benefits contemplated by Sections 2 and 3.

(b) **AS-IS Condition.** The Shared Facilities and the Plant Real Property Easement are granted, conveyed and assigned to Grantee subject to the present condition of the Shared Facilities and the Plant Real Property Easement and on an "as-is" basis, and Grantee hereby accepts the Shared Facilities and the Plant Real Property Easement in such condition and on such basis. Grantee acknowledges that except as set forth herein and in the APA, no Grantor has made any representation or warranty as to the suitability of any of the Shared Facilities or the Plant Real Property Easement for the conduct of Grantee's operations at the Carty Generating Station.

(c) **Prior Agreements.** This Agreement, the APA, and the Ownership Agreement are the entire, final, and complete agreement of the Parties pertaining to the grant, transfer, and assignment of the Shared Facilities and the Plant Real Property Easement and supersede and replace all written and oral agreements heretofore made or existing by and among the Parties or their representatives insofar as the conveyance and assignment of the Shared Facilities and the Plant Real Property Easement is concerned. No Party shall be bound by any promises, representations, or agreements, except as are herein expressly set forth or as set forth in the APA or the Ownership Agreement.

(d) **Memorandum of Easement Agreement.** Concurrently with the execution and delivery of this Agreement, the Parties shall execute and deliver a memorandum of bill of sale and easement agreement placing of public record notice of the existence of this Agreement in the form attached hereto as Schedule 5. Grantee shall cause the memorandum of bill of sale easement agreement to be recorded in the Morrow County real property records and Grantee shall pay the recording cost.

(e) **Time is of the Essence.** Time is expressly made of the essence of each provision of this Agreement.

(f) **Notices.** Any notice required or permitted under this Agreement shall be in writing and shall be given as follows:

(i) notice may be given by certified mail, return receipt requested, addressed to the addressee at the address set forth below the name of the Party on the signature pages of this Agreement or at such other address as one Party may indicate by written notice to the other Parties, and shall be effective two (2) business days after having been deposited in the United States mail;

(ii) notice may be given by personal delivery and shall be effective upon delivery; and

(iii) notice may be given by facsimile transmission to the facsimile number set forth below the name of the Party on the signature pages of this Agreement or at such other facsimile number as one Party may indicate by written notice to the other Parties and shall be effective upon successful transmission.

(g) **Brokers.** No person acting on behalf of Grantor is or will be entitled to any brokerage fee, commission, finder's fee or financial advisory fee from Grantee in connection with the transactions contemplated by this Agreement or the APA. No person acting on behalf of Grantee is or will be entitled to any brokerage fee, commission, finder's fee or financial advisory fee from Grantor in connection with the transactions contemplated by this Agreement or the APA.

(h) **Nonwaiver.** Failure by any Party at any time to require performance by any other Party of any of the provisions hereof shall in no way affect the Party's rights hereunder to

enforce the same nor shall any waiver by the Party of the breach hereof be held to be a waiver of any succeeding breach or a waiver of this nonwaiver clause.

(i) **No Merger.** The obligations set forth in this Agreement and in the APA shall not merge with the transfer or conveyance of the Shared Facilities and the Plant Real Property Easement but shall remain in effect until fulfilled.

(j) **Amendments.** This Agreement may be amended, modified or extended without new consideration but only by written instrument executed by all Parties.

(k) **Governing Law.** This Agreement shall be construed in accordance with and governed by the laws of the state of Oregon.

(l) **Severability.** If any portion of this Agreement shall be held invalid or unenforceable to any extent, the validity of the remaining provisions shall not be affected thereby.

(m) **Number, Gender and Captions.** In construing this Agreement, it is understood that if the context so requires, the singular pronoun shall be taken to mean and include the plural, the masculine, the feminine and the neuter, and that generally all grammatical changes shall be made, assumed and applied to individuals, limited liability companies and/or corporations and partnerships. All captions and section headings used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of this Agreement.

(n) **Binding Effect.** The covenants, conditions and terms of this Agreement touch and concern the land, run with the land and shall extend to and be binding upon and inure to the benefit of the successors and permitted assigns of the Parties and the current and future owners of the Number One Boardman Station, the Plant Real Property and the Carty Generating Station.

(o) **Execution in Counterparts.** This Agreement may be executed in any number of counterparts and by different Parties hereto on separate counterparts, each of which counterpart, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement.

[THE BALANCE OF THIS PAGE HAS INTENTIONALLY BEEN  
LEFT BLANK; SIGNATURE PAGE FOLLOWS]



[SIGNATURE PAGE TO AGREEMENT]

IN WITNESS WHEREOF, the Parties executed this Agreement with the intent that it be effective as of the Effective Date.

PORTLAND GENERAL ELECTRIC  
COMPANY, an Oregon corporation

IDAHO POWER COMPANY, an Idaho  
corporation

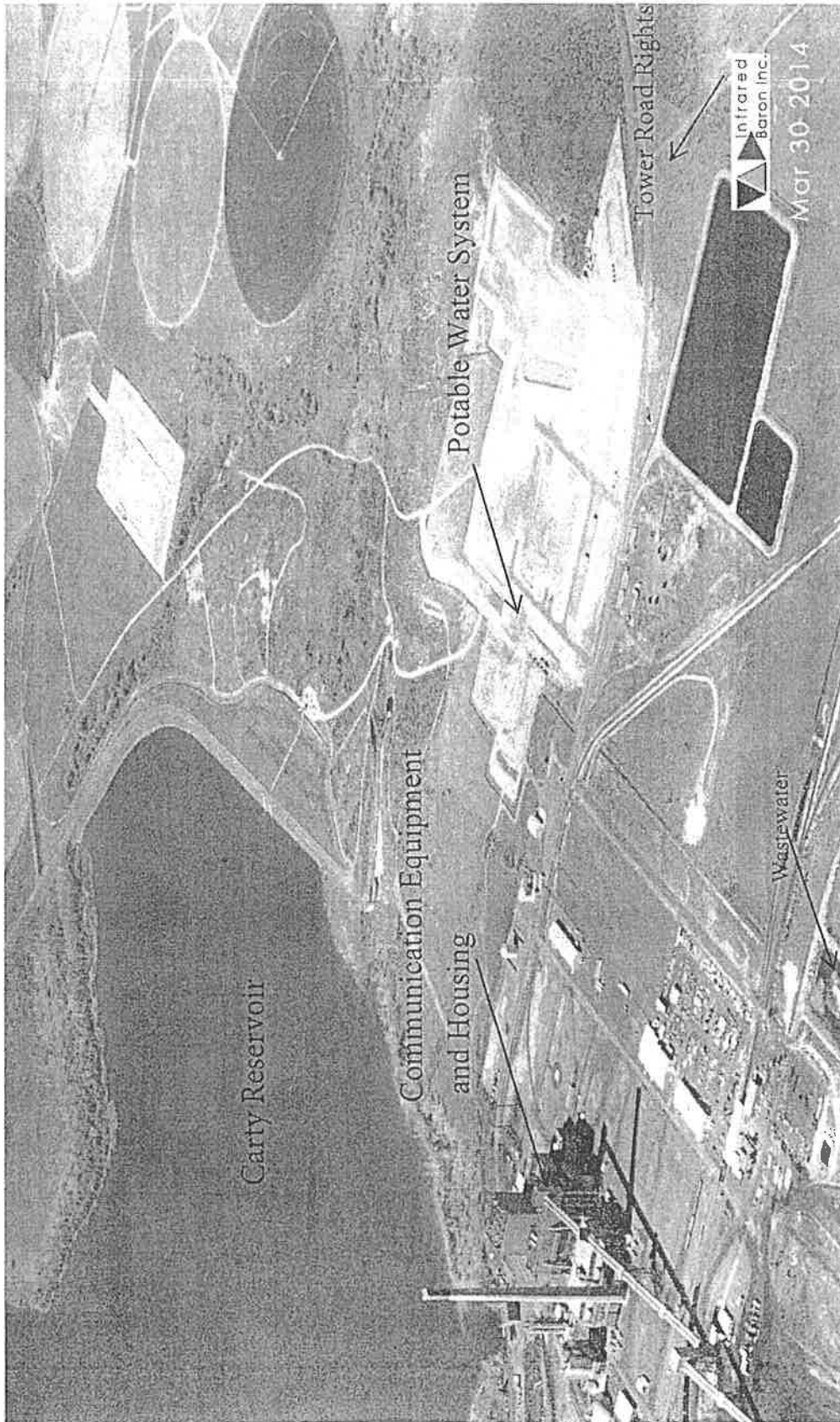
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: 121 SW Salmon Street  
Portland, OR 97204  
Facsimile: (503) 464-2200

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: 1221 West Idaho Street  
Boise, ID 83702  
Facsimile: \_\_\_\_\_

POWER RESOURCES COOPERATIVE, an  
Oregon cooperative corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: 711 NE Halsey  
Portland, OR 97232  
Facsimile: (503) 288-2334

# Exhibit 3a to Asset Purchase Agreement



\*Does not show the Columbia River Intake

# Exhibit 3b to Asset Purchase Agreement



\*Does not show the Columbia River Intake

## SCHEDULE 1

### (Legal Description of the Plant Real Property)

**PARCEL 1:** (Tax lots 114, 115, 116, 117 and 104 of 3N 24, and Tax lot 105 of 2N 24)

A Parcel of land located in Section 33 and 34, Township 3 North, Range 24, East of the Willamette Meridian, in the County of Morrow and State of Oregon described as follows:

Section 34 and the Western 300 feet of Section 35, excepting that portion described as follows:

Beginning at the Section Corner common to Sections 27, 28, 33 and 34, Township 3 North, Range 24 East; Thence North 89° 43' 47" East, along the North line of said Section 34 a distance of 1,820.55 feet to the True Point of Beginning; Thence South 0° 05' 00" West, 1,000.00 feet, thence South 6° 10' 43" West, 246.68 feet, thence South 725.00 feet, thence West 66.00 feet, thence South 577 feet, thence South 7° 48' 10" East, 618.73 feet, thence South 731.00 feet, thence West 717.50 feet, thence South 38.00 feet, thence East 717.50 feet, thence South 901.00 feet, thence East 3,708.00 feet, thence North 3560.00 feet, thence West 2634.00 feet, thence North 47° 18' 27" West, 1,389.85 feet, thence North 327.45 feet to a point on the North line of said Section 34, thence South 89° 43' 47" West along said Section line 43.00 feet to the Point of Beginning.

ALSO:

A Parcel of land located in Township 2 North, Range 24, East of the Willamette Meridian, in the County of Morrow and State of Oregon described as follows:

The Northwest Quarter of Section 11, and all that portion of the Southeast Quarter of Section 3, and the Northeast Quarter of Section 10, and the Southwest Quarter of Section 2, lying above elevation 675 feet above mean sea level.

**PARCEL 2:** (Tax lot 102 of 3N 24)

A Parcel of land located in Section 34, Township 3 North, Range 24, East of the Willamette Meridian, in the County of Morrow and State of Oregon described as follows:

Beginning at the Section Corner common to Sections 27, 28, 33 and 34, Township 3 North, Range 24 East; Thence North 89° 43' 47" East, along the North line of said Section 34 a distance of 1,820.55 feet to the True Point of Beginning; Thence South 0° 05' 00" West, 1,000.00 feet, thence South 6° 10' 43" West, 246.68 feet, thence South 725.00 feet, thence West 66.00 feet, thence South 577 feet, thence South 7° 48' 10" East, 618.73 feet, thence South 731.00 feet, thence West 717.50 feet, thence South 38.00 feet, thence East 717.50 feet, thence South 901.00 feet, thence East 3,708.00 feet, thence North 3560.00 feet, thence West 2634.00 feet, thence North 47° 16' 27" West, 1,389.85 feet, thence North 327.45 feet to a point on the North line of said Section 34, thence South 89° 43' 47" West along said Section line 43.00 feet to the Point of Beginning.

## SCHEDULE 2

### Additional Defined Terms

"**Carty Reservoir**" means the Carty water reservoir, including the dam and leakage collection system.

"**Columbia River Intake**" means the intake rights from the Columbia River including pumps, intake, electrical, and piping to Carty Reservoir. Number One Boardman Station does not have an intake structure at the Columbia River. Number One Boardman Station made a Contribution In Aid of Construction (CIAC) payment to connect to the Boeing-Agri Pipeline and thus acquired the rights of use.

"**Communications Equipment and Housing**" means the Boardman Project equipment required for establishing primary and backup communication for data between the generating plants, substation and PGE corporate offices, which shall be a rack installed by PGE in the Boardman Project communication room using existing Boardman Project infrastructure.

"**Existing Water Intake Structure**" means the Number One Boardman Station intake structure including the excavation, concrete structure, intake trash screens, traveling water screens, screen wash pumps, and auxiliaries, but not including the service water pumps or circulating water pumps, nor any of the Number One Boardman Station service water or circulating water piping.

"**Potable Water System**" means the Boeing well, well pump, electric supply to the well pump area and well pump building but not any of the potable water distribution at the Number One Boardman Station.

"**Tower Road Rights**" shall mean Tower Road from the end of the public road to the intersection with the entrance to Carty Generating Station.

"**Wastewater Ponds**" means the existing settling ponds at the Number One Boardman Station.

**SCHEDULE 3a**

**Locations of Shared Facilities**

**SCHEDULE 3b**

**Locations of Shared Facilities**

**SCHEDULE 4**

**CARTY GENERATING STATION 1  
LEGAL DESCRIPTION**

PARCEL 2 OF PARTITION PLAT 2011-3, SITUATED IN SECTIONS 32 & 33, TOWNSHIP 3 NORTH, RANGE 24 EAST, W.M., MORROW COUNTY, OREGON MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID SECTION 33 MONUMENTED WITH A GENERAL LAND OFFICE SURVEY BRASS CAP STAMPED "1939"; THENCE S 89°26'55"W, 2635.86 FEET ALONG THE NORTH LINE OF SAID SECTION TO THE NORTH ONE-QUARTER CORNER OF SAID SECTION 33; THENCE S 00°54'29"E, 2001.12 FEET ALONG THE WEST LINE OF THE NORTHEAST QUARTER OF SAID SECTION; THENCE S 50°49'00"W, 1733.27 FEET TO THE NORTHERLY LINE (PROJECTED EASTERLY) OF THE PGE TRANSMISSION LINE RIGHT OF WAY; THENCE S 89°59'18"W, 1278.27 FEET ALONG SAID RIGHT OF WAY TO THE WEST LINE OF SAID SECTION 33; THENCE S00°49'23"E, 337.53 FEET ALONG SAID WEST LINE TO THE SOUTH LINE OF SAID PGE RIGHT OF WAY; THENCE LEAVING SAID WEST LINE OF SECTION 33 AND ALONG SAID SOUTH RIGHT OF WAY LINE, S 89°59'18"W, 275.02 FEET TO A POINT ON A NON-TANGENT CURVE CONCAVE TO THE NORTHWEST ON THE CENTERLINE OF AN EXISTING ACCESS ROAD; (THE RADIUS POINT OF SAID CURVE BEARS N82°05'28"W, 1993.11 FEET) THENCE SOUTHWESTERLY, 573.47 FEET ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 16°29'08"; THENCE S 22°37'14"W, 464.92 FEET TO A POINT OF NON-TANGENT CURVE CONCAVE TO THE EAST HAVING A RADIUS OF 871.14 FEET; (THE RADIUS POINT OF SAID CURVE BEARS S 67°18'04"E) THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 22°40'22" TO A POINT OF COMPOUND CURVE CONCAVE TO THE EAST WHOSE RADIUS POINT BEARS N 86°33'51"E, 747.63 FEET; THENCE SOUTHEASTERLY, 636.71 FEET ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 48°47'44" TO THE END OF SAID CURVE; THENCE S 52°13'53"E, 88.05 FEET (MORE OR LESS) TO THE SOUTH LINE OF SAID SECTION 32; THENCE N 89°26'48"E, 350.74 FEET ALONG SAID SOUTH LINE TO THE GLO BRASS CAP MARKING THE CORNER COMMON TO SECTIONS 32, 33, 5 AND 4; THENCE N 89°12'27" E, 314.86 FEET TO A 5/8" REBAR WITH CAP STAMPED "LS 02817"; THENCE N 34°24'51"E, 1595.26 FEET TO A 5/8" REBAR WITH CAP STAMPED "LS 02817"; THENCE N 72°27'15"E, 2859.52 FEET TO A 5/8" REBAR WITH CAP STAMPED "LS 02817"; THENCE S 19°07'45"E, 779.86 FEET TO A 5/8" REBAR WITH CAP STAMPED "LS 02817"; THENCE S 72°49'29"E, 1110.01 FEET TO THE EAST LINE OF SOUTHEAST QUARTER OF SAID SECTION 33; THENCE N 00°52'56"W, 1596.49 FEET ALONG SAID EAST LINE OF SOUTHEAST QUARTER OF SAID SECTION TO THE EAST QUARTER CORNER OF SAID SECTION 33 MONUMENTED WITH A GENERAL LAND OFFICE SURVEY BRASS CAP STAMPED "1939"; THENCE N 00°52'56"E, 2655.92 FEET TO THE NORTHEAST CORNER OF SAID SECTION 33 AND THE POINT OF BEGINNING.

BEARINGS ARE REFERENCED TO THE OREGON STATE PLANE COORDINATE SYSTEM, NORTH ZONE AS SHOWN ON SAID PARTITION PLAT 2011-3

CONTAINS 335.0 ACRES, MORE OR LESS.



**SCHEDULE 5**

**(See attached form of Memorandum of Bill of Sale and Easement Agreement)**

**AFTER RECORDING, RETURN TO:**

Portland General Electric Company  
PGE, 1WTC1301  
121 SW Salmon St  
Portland, OR 97204  
Attention: Loretta I. Mabinton Esq.  
Associate General Counsel

**MEMORANDUM OF BILL OF SALE AND EASEMENT AGREEMENT**

THIS MEMORANDUM OF BILL OF SALE AND EASEMENT AGREEMENT (“**Memorandum**”) is made and entered into effective \_\_\_\_\_, 2014 (“**Effective Date**”), by and among PORTLAND GENERAL ELECTRIC COMPANY, an Oregon corporation (“**PGE**”); IDAHO POWER COMPANY, an Idaho corporation (“**IPC**”), and POWER RESOURCES COOPERATIVE, an Oregon cooperative corporation (“**PRC**”) (each of the foregoing parties is sometimes hereinafter referred to as a “**Party**” and all of the foregoing parties are sometimes hereinafter collectively referred to as the “**Parties**”).

**RECITALS**

A. The Parties, as tenants-in-common, own a coal-fired generating facility located on land in Morrow County, Oregon, and certain associated equipment and facilities (collectively, “**Number One Boardman Station**”); the legal description of which is set forth in Appendix 1 attached hereto and by reference incorporated herein.

B. PGE is constructing a power generating unit (“**Carty Generating Station**”) located on certain land, the legal description of which is set forth in Appendix 2 attached hereto and by reference incorporated herein.

C. The Parties entered into an unrecorded bill of sale and easement agreement (“**Bill of Sale and Easement Agreement**”) of approximately even date herewith wherein all Parties granted to PGE certain rights in Shared Facilities of the Number One Boardman Station and a nonexclusive easement over the Plant Real Property, all for the benefit of the Carty Generating Station. Terms using initial capital letters herein that are not otherwise defined have the meanings given to them in the Bill of Sale and Easement Agreement and in the Ownership Agreement as defined in the Bill of Sale and Easement Agreement.

D. For the purpose of this Memorandum, the term “**Grantor**” means, collectively, PGE, IPC, and PRC and the term “**Grantee**” means PGE.

NOW, THEREFORE, based upon the foregoing Recitals, the Parties place of public record notice that Grantor granted to Grantee (a) a proportionate undivided interest, in proportion

to the number of generating units, as a tenant-in-common in the Shared Facilities, which Shared Facilities have been constructively severed from the land that underlies them by agreement and intention of the Parties, and (b) the Plant Real Property Easement. Both grants are made to and for the benefit of the Carty Generating Station and all successors in ownership thereof. The interests of PGE as a title holder or owner of the Shared Facilities and of the Plant Real Property Easement shall not merge with PGE's fee title or ownership estate in the Shared Facilities or in the Plant Real Property.

This Memorandum may be executed in any number of counterparts and by different Parties hereto on separate counterparts, each of which counterpart, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Memorandum. In the event of conflict or inconsistency between this Memorandum and the Bill of Sale and Easement Agreement, the Bill of Sale and Easement Agreement will control.

IN WITNESS WHEREOF, the Parties executed this Memorandum with the intent that it be effective as of the Effective Date.

PORTLAND GENERAL ELECTRIC  
COMPANY, an Oregon corporation

IDAHO POWER COMPANY, an Idaho  
corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

POWER RESOURCES COOPERATIVE, an  
Oregon cooperative corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF OREGON            )



STATE OF IDAHO )  
 ) ss.  
County of \_\_\_\_\_ )

On this \_\_\_\_ day of \_\_\_\_\_, in the year of 20\_\_, before me, \_\_\_\_\_, personally appeared \_\_\_\_\_, known or identified to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same as the \_\_\_\_\_ of Idaho Power Company, an Idaho corporation, on behalf of the corporation.

\_\_\_\_\_  
Notary public for Idaho  
My commission expires: \_\_\_\_\_

APPENDIX 1

[legal description of Plant Real Property]

PARCEL 1: (Tax lots 114, 115, 116, 117 and 104 of 3N 24, and Tax lot 105 of 2N 24)

A Parcel of land located in Section 33 and 34, Township 3 North, Range 24, East of the Willamette Meridian, in the County of Morrow and State of Oregon described as follows:

Section 34, and the Western 300 feet of Section 35, excepting that portion described as follows:

Beginning at the Section Corner common to Sections 27, 28, 33 and 34, Township 3 North, Range 24 East; Thence North 89° 43' 47" East, along the North line of said Section 34 a distance of 1,820.55 feet to the True Point of Beginning. Thence South 0° 05' 00" West, 1,000.00 feet, thence South 6° 10' 43" West, 246.68 feet, thence South 725.00 feet, thence West 65.00 feet, thence South 577 feet, thence South 7° 48' 10" East, 818.73 feet, thence South 731.00 feet, thence West 717.50 feet, thence South 38.00 feet, thence East 717.50 feet, thence South 901.00 feet, thence East 3,708.00 feet, thence North 3560.00 feet, thence West 2634.00 feet, thence North 47° 16' 27" West, 1,389.85 feet, thence North 327.45 feet to a point on the North line of said Section 34, thence South 89° 43' 47" West along said Section line 43.00 feet to the Point of Beginning.

ALSO:

A Parcel of land located in Township 3 North, Range 24, East of the Willamette Meridian, in the County of Morrow and State of Oregon described as follows:

The Northwest Quarter of Section 11, and all that portion of the Southeast Quarter of Section 3, and the Northeast Quarter of Section 10, and the Southwest Quarter of Section 2, lying above elevation 675 feet above mean sea level.

PARCEL 2: (Tax lot 102 of 3N 24)

A Parcel of land located in Section 34, Township 3 North, Range 24, East of the Willamette Meridian, in the County of Morrow and State of Oregon described as follows:

Beginning at the Section Corner common to Sections 27, 28, 33 and 34, Township 3 North, Range 24 East; Thence North 89° 43' 47" East, along the North line of said Section 34 a distance of 1,820.55 feet to the True Point of Beginning. Thence South 0° 05' 00" West, 1,000.00 feet, thence South 6° 10' 43" West, 246.68 feet, thence South 725.00 feet, thence West 65.00 feet, thence South 577 feet, thence South 7° 48' 10" East, 818.73 feet, thence South 731.00 feet, thence West 717.50 feet, thence South 38.00 feet, thence East 717.50 feet, thence South 901.00 feet, thence East 3,708.00 feet, thence North 3560.00 feet, thence West 2634.00 feet, thence North 47° 16' 27" West, 1,389.85 feet, thence North 327.45 feet to a point on the North line of said Section 34, thence South 89° 43' 47" West along said Section line 43.00 feet to the Point of Beginning.

APPENDIX 2

CARTY GENERATING STATION 1  
LEGAL DESCRIPTION

PARCEL 2 OF PARTITION PLAT 2011-3, SITUATED IN SECTIONS 32 & 33, TOWNSHIP 3 NORTH, RANGE 24 EAST, W.M., MORROW COUNTY, OREGON MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID SECTION 33 MONUMENTED WITH A GENERAL LAND OFFICE SURVEY BRASS CAP STAMPED "1939"; THENCE S 89°26'55"W, 2635.86 FEET ALONG THE NORTH LINE OF SAID SECTION TO THE NORTH ONE-QUARTER CORNER OF SAID SECTION 33; THENCE S 00°54'29"E, 2001.12 FEET ALONG THE WEST LINE OF THE NORTHEAST QUARTER OF SAID SECTION; THENCE S 50°49'00"W, 1733.27 FEET TO THE NORTHERLY LINE (PROJECTED EASTERLY) OF THE PGE TRANSMISSION LINE RIGHT OF WAY; THENCE S 89°59'18"W, 1278.27 FEET ALONG SAID RIGHT OF WAY TO THE WEST LINE OF SAID SECTION 33; THENCE S00°49'23"E, 337.53 FEET ALONG SAID WEST LINE TO THE SOUTH LINE OF SAID PGE RIGHT OF WAY; THENCE LEAVING SAID WEST LINE OF SECTION 33 AND ALONG SAID SOUTH RIGHT OF WAY LINE, S 89°59'18"W, 275.02 FEET TO A POINT ON A NON-TANGENT CURVE CONCAVE TO THE NORTHWEST ON THE CENTERLINE OF AN EXISTING ACCESS ROAD; (THE RADIUS POINT OF SAID CURVE BEARS N82°05'28"W, 1993.11 FEET) THENCE SOUTHWESTERLY, 573.47 FEET ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 16°29'08"; THENCE S 22°37'14"W, 464.92 FEET TO A POINT OF NON-TANGENT CURVE CONCAVE TO THE EAST HAVING A RADIUS OF 871.14 FEET; (THE RADIUS POINT OF SAID CURVE BEARS S 67°18'04"E) THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 22°40'22" TO A POINT OF COMPOUND CURVE CONCAVE TO THE EAST WHOSE RADIUS POINT BEARS N 86°33'51"E, 747.63 FEET; THENCE SOUTHEASTERLY, 636.71 FEET ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 48°47'44" TO THE END OF SAID CURVE; THENCE S 52°13'53"E, 88.05 FEET (MORE OR LESS) TO THE SOUTH LINE OF SAID SECTION 32; THENCE N 89°26'48"E, 350.74 FEET ALONG SAID SOUTH LINE TO THE GLO BRASS CAP MARKING THE CORNER COMMON TO SECTIONS 32, 33, 5 AND 4; THENCE N 89°12'27" E, 314.86 FEET TO A 5/8" REBAR WITH CAP STAMPED "LS 02817"; THENCE N 34°24'51"E, 1595.26 FEET TO A 5/8" REBAR WITH CAP STAMPED "LS 02817"; THENCE N 72°27'15"E, 2859.52 FEET TO A 5/8" REBAR WITH CAP STAMPED "LS 02817"; THENCE S 19°07'45"E, 779.86 FEET TO A 5/8" REBAR WITH CAP STAMPED "LS 02817"; THENCE S 72°49'29"E, 1110.01 FEET TO THE EAST LINE OF SOUTHEAST QUARTER OF SAID SECTION 33; THENCE N 00°52'56"W, 1596.49 FEET ALONG SAID EAST LINE OF SOUTHEAST QUARTER OF SAID SECTION TO THE EAST QUARTER CORNER OF SAID SECTION 33 MONUMENTED WITH A GENERAL LAND OFFICE SURVEY BRASS CAP STAMPED "1939"; THENCE N 00°52'56"E, 2655.92 FEET TO THE NORTHEAST CORNER OF SAID SECTION 33 AND THE POINT OF BEGINNING.

BEARINGS ARE REFERENCED TO THE OREGON STATE PLANE COORDINATE SYSTEM, NORTH ZONE AS SHOWN ON SAID PARTITION PLAT 2011-3

CONTAINS 335.0 ACRES, MORE OR LESS.

## SCHEDULE 6

### Permitted Liens

1. The lien for current real property taxes not yet due and payable.
2. Mortgages and filings relating to the interest of Power Resources Cooperative, an Oregon cooperative (as to an .100 undivided interest) in favor of:
  - (a) U. S. Department of Agriculture, Rural Utilities Service
  - (b) National Rural Utilities Cooperative Finance Corporation
3. Mortgage and filings relating to the interest of Idaho Power Company, an Idaho corporation (as to an .100 undivided interest) pursuant to Mortgage and Deed of Trust dated October 1, 1937, as amended, in favor of Bankers Trust Company and R.G. Page, Trustees, their successors assigns.
4. Mortgage and filings relating to Portland General Electric Company, an Oregon corporation (as to an .800 undivided interest), pursuant to the Indenture of Mortgage and Deed of Trust dated July 1, 1945, between the Portland General Electric Company and Wells Fargo Bank, National Association (as successor to HSBC Bank USA, National Association), a national banking association, in its capacity as trustee (together with any successors and assigns in such capacity), as amended and supplemented from time-to-time.
5. Liens and encumbrances jointly created by Grantor and Grantee subsequent to each Grantor's acquisition of its interest in the Property.