



**Portland General Electric Company**  
121 SW Salmon Street • 1WTC0306 • Portland, OR 97204  
portlandgeneral.com

September 27, 2022

***Via Electronic Filing***

Public Utility Commission of Oregon  
Attn: Filing Center  
201 High Street, Suite 100  
P.O. Box 1088  
Salem, OR 97308-1088

**Re: UF 4226 (3) – Portland General Electric Finance Application**

Filing Center:

Portland General Electric submits for filing its Application for Authority to Issue Stocks, Bonds Notes, or Other Securities and materials for Commission review of PGE's Stock Incentive Plan consistent with Order 17-350.

The stock issuances will be used consistent with the purposes identified in ORS 757.415.

We request that this application be placed on the docket for consideration at the Commission's December 13, 2022 Public Meeting, or as soon thereafter as possible.

If you have any questions, please contact me at 503-464-7488.

Please direct all formal correspondence and requests to: [pge.opuc.filings@pgn.com](mailto:pge.opuc.filings@pgn.com)

Sincerely,

A handwritten signature in cursive script that reads "Jaki Ferchland".

Jaki Ferchland, Manager  
Revenue Requirement, Regulatory Affairs

cc: Matt Muldoon – OPUC  
Kim Burton

**BEFORE THE PUBLIC UTILITY COMMISSION**

**OF OREGON**

**UF 4226 (3)**

In the Matter of the Application of

PORTLAND GENERAL ELECTRIC  
COMPANY,

For an Order Authorizing the Issuance and Sale of  
Common Stock

**APPLICATION AND REPORT FOR  
COMMISSION REVIEW**

**INTRODUCTION**

COMES NOW, Portland General Electric Company (“PGE” or “the Company”), by and through counsel, and consistent with ORS 757.405 through 757.415, requests authority to issue and sell up to 3,576,405 shares of common stock comprised of 2,076,405 shares that remain unissued under the prior authority granted in 2017 and an additional 1,500,000 shares for use in the Company’s employee Stock Incentive Plan (or “Plan”). The Company further submits information on its employee Stock Incentive Plan, as required by Commission Order No. 17-350, and requests the Commission issue an order amending the authority and requirements in Order No. 17-350. In support of this Application, PGE states the following.

**BACKGROUND AND REQUEST**

On April 24, 2006, PGE filed an application requesting an order, pursuant to ORS 757.415, allowing PGE to issue up to 4,687,500 authorized but unissued shares of its common stock under its then recently adopted 2006 Stock Incentive Plan. The Stock Incentive Plan is a part of PGE’s overall compensation package. Awards under a Plan are intended to provide market-aligned incentives that will attract, retain and motivate highly qualified persons as officers, directors, and key employees of PGE.

PGE's application was approved by the Commission at its June 27, 2006 public meeting, with a written Order issued July 5, 2006. That Order, number 06-356, stated:

1. The application of Portland General Electric Company for the authority to issue and sell up to 4,687,500 shares of common stock is approved.
2. In its next rate proceeding, Portland General Electric Company is required to show that its capitalization structure and capital costs, including imbedded expenses, are just and reasonable.

The effective date of the 2006 Stock Incentive Plan was March 31, 2006. Subsequently in 2017 PGE's Board of Directors unanimously approved amendments to the Plan that extended the duration of the Plan to March 31, 2024. The Board of Director-approved amendments did not alter the number of equity shares eligible for issuance. At the time, 3,327,146 equity shares remained unissued under the Plan.<sup>1</sup> As allowed by applicable rules and regulations, the effective date of the amendment was March 31, 2016. A copy of the Board resolution, and the Board Compensation Committee resolution, approving the amendment are attached as Attachment 1. The amended Plan ("the 2016 Stock Incentive Plan") is attached as Attachment 2. The 2016 Stock Incentive Plan was submitted for shareholder approval at PGE's 2018 Annual Shareholder Meeting and was approved.

Out of an abundance of caution, on July 14, 2017, PGE filed an application with the Commission for approval under ORS 757.415 of the 2016 Stock Incentive Plan, despite the Commission's previous 2006 approval to issue the associated shares and direction that cost recovery associated with the plan should be reviewed within rate proceedings. In Order No. 17-350 the Commission adopted conditions proposed by the Staff of the Public Utility Commission of Oregon ("Staff").

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<sup>1</sup> The amount of remaining shares was equal to the sum of A) 2,857,473 shares remaining available for future awards granted under the plan up to December 31, 2016, and B) 469,673 shares covered by outstanding, unvested awards granted through April 2017.

Order No. 17-350 directed the following:

Reauthorize up to 3,327,146 shares of common stock for the Company's incentive plan subject to the conditions and reporting requirements 1-7 listed below:

1. Authorization Limit: Total aggregate common stock issued and sold or granted under this authority shall not exceed 3,327,146 shares inclusive of shares not meeting vesting requirements and returned for reuse under the Plan.
2. Amendment of Prior Authorization: All pertinent prior Commission's Orders are amended and where applicable superseded by the conditions and expectations described herein.
3. Cost Competitive and Effective: No agent or underwriting commissions are authorized. The Company shall demonstrate in subsequent general rate cases upon request that Company actions under the Plan were reasonably competitive and cost effective.
4. Timely Preparations for Plan Restatement:
  - A. *The Company will, on or before March 31, 2022, undertake such review, research, and internal decisions as necessary to petition the Commission for review of a fully restated Stock Incentive Plan so as to allow that plan to reasonably take effect on March 31, 2024.*
  - B. *PGE will file a fully reviewed Stock Incentive Plan with the Commission no later than January 5, 2024, requesting review at a public meeting in February of 2024.*
  - C. *Attached to the filing must be PGE's research, findings, summary of deliberations and decisions, and citations of materials relied on in constructing the restated plan. Therein shall be the Company's reasoning for why that plan can be expected to be cost competitive and effective, as well as consistent with prevailing theory and practice.*
5. *Termination of Authority: Authority for granting new awards under the Plan shall expire on March 31, 2024. (Emphasis added).*
6. Reservation of Judgment Regarding Reasonableness: The Commission will reserve judgment on the reasonableness for ratemaking purposes of the Company's capital costs, capital structure, and expenses incurred for Plan purposes to future Commission proceedings including but not limited to subsequent general rate cases.
7. Reporting: The Company shall notify the Commission and provide a narrative of each Cash Award, and of each element of use of Options under the Plan including granting and execution thereof within 60 days of said activity.

**Compliance with Order No. 17-350, Condition 4**

In compliance with the Condition 4, PGE has included a draft of the Stock Incentive Plan to be voted on for approval by its shareholders in March 2023 and its research and findings in support of its Plan. The Plan is provided as Confidential Attachment 3 and a version redlined to the 2016 Plan is provided as Confidential Attachment 4. While PGE's Plan has not materially changed since 2006, PGE executives and the Compensation, Culture and Talent Committee of the

Board of Directors continue to review and obtain annual information regarding the Plan from both internal and external experts and believe the Plan's terms and conditions are reasonable and compatible with the public interest.<sup>2</sup> PGE has met with Staff to review its findings regarding its Plan since the issuance of the Order 17-350, consistent with Condition 4 (A).

#### **A. Purpose and Current Usage of the Plan**

PGE's Plan is a key component of its management and key employee compensation program. The goals of PGE's compensation program are to attract and retain highly qualified key talent and to provide incentives that advance the interests of PGE's customers, shareholders, employees, and the communities PGE serves. PGE's Plan supports the compensation program by offering those employees the ability to own a stake in the company they are leading. At this time, PGE awards shares through its Plan to officers and key employees on both a time-based and performance basis. When performance awards are granted, a three-year vesting period begins. After three years, PGE's Compensation, Culture and Talent Committee reviews the results of performance metrics provided by company management. The performance metrics are based on the goals set three years prior to determine if the shares may vest and at what performance level based on the defined goals. If the metrics did not meet expected performance goals for the three-year period, the shares or a portion of the shares do not vest.

Each year, performance metrics are proposed by management based on the following: first, the senior officers, including PGE's Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Vice President (VP) of Human Resources, review and determine key initiatives for the three-year period. Second, they receive data and guidance from an external consultant on Plan usage by peer utilities with which PGE competes for talent. The goal is to balance performance

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<sup>2</sup> ORS 757.415 (2)(b).

metrics and the granting of awards between the goals of the company and the information received annually from consultants on what will keep PGE competitive with peers. The Compensation, Culture and Talent Committee then review and approve the goals set.

As an example, in 2019, PGE's CEO, supported by the officer team, recommended including a decarbonization metric in PGE's three-year performance metrics for the first time. While a review by PGE's external consultant showed that other utilities were not yet adding such a metric, the consultant did not suggest that such an addition would result in a disadvantage for PGE's ability to attract and retain talent. PGE's officer team saw this as an important long term strategic goal to include when determining shares to be received by senior leaders and key employees under the Stock Incentive Plan and began including it in the metrics knowing that it would be ahead of its peers.

Ultimately, PGE is using its Stock Incentive Plan in a manner that it believes best incentivizes its senior leaders and key employees to remain with the Company, align with stakeholder interests, and to attract highly qualified talent when needed. PGE is not utilizing all of the elements of its Plan at this time, but the Plan itself contains the flexibility to offer awards in a variety of ways, which is consistent with the Plans of PGE's peers, as shown below.

### **B. Review of the Plan**

Two of the flexible elements of PGE's Plan were addressed by Staff in its 2017 report. PGE would like to address the two elements which Staff's report deemed "points of plan failure." First, Staff identified that stock options "no longer conform to best practices." They supported this concept by pointing to the Company's benchmarking at the time, which showed that none of PGE's peers were awarding stock options, though neither does PGE. Second, they identified cash settlements of awards as a "misaligning factor" and stated: "alignment is based on the long-run

common stock ownership, [therefore] mechanisms that translate retention rewards to immediate cash payments undermine the effectiveness.”

While PGE appreciates Staff’s efforts to review its Stock Incentive Plan and the curiosity shown to understand each element, PGE disagrees with the 2017 Staff report criticizing these elements of PGE’s Plan and believes the depiction of these two elements creates the perception that the overall plan is flawed. In this filing, PGE is providing research and findings to support the elements of its Plan. Given the above direction and the criticism aimed specifically at options and cash payouts as features within its plan, PGE retained a consultant in early 2022 to summarize and support utility industry practices regarding stock incentive plans and to provide specific guidance on the two elements, which was reviewed by PGE senior management.

Willis Towers Watson US LLC (“WTW”) not only provided the most recent industry peer data but also provided perspectives based on their expertise in the area of plan development. PGE’s goal for retaining WTW has been to understand and learn from their recommendations and incorporate any recommended changes, after internal review, into PGE’s Plan.

WTW did not provide, nor recommend, research on other theories derived by academics because such research typically cannot be applied to one company in isolation, particularly when peer companies apply consistent criteria with one another. Research that reviews the macro impacts of changing incentive plans for employees across all corporations within a society is not useful in the context of reviewing one company’s stock incentive plan because, unless there is buy-in from all companies within the society, one company is put at a competitive disadvantage relative to its peers when it comes to attracting and retaining talent. Peer benchmarking is the prevailing practice when reviewing total compensation packages and devising plans for attracting talent, particularly at the senior management level. This perspective is consistent with the experiences of

PGE's senior management team and Compensation, Culture and Talent Committee of the Board of Directors.

WTW research is attached as Confidential Attachment 5. In general, the WTW research found that all 14 utility companies of PGE's compensation peer group maintain stock incentive plans that provide for the ability to grant stock options and settle awards in cash. Similar to PGE, most of the 14 peers have the ability to execute on these elements but choose not to use them. Ultimately, WTW recommended that PGE retain flexibility in its stock incentive plan for granting options and utilizing cash settlements. They noted that: "Although PGE does not generally grant stock options or utilize cash-based LTI, circumstances could warrant consideration of one or both in the future." Within Confidential Attachment 5, WTW provides multiple examples and scenarios for why these elements should be retained.

In addition to the research and expertise provided by WTW, PGE did engage in its own efforts to review Thaler and Sunstein's 'Nudge' theory identified and recommended for use in the 2017 Staff report. Nudge theory is a general societal theory that recommends the use of "choice architecture that alters people's behavior in a predictable way without forbidding any options or significantly changing their economic incentives." PGE could not find any cases where Nudge theory was applied to a company's stock incentive plan or any consistent evidence that the Nudge theory had been proven to be effective for use by an investor-owned company for use in its total compensation plan. Additionally, given its premise to alter behavior without "forbidding any options" or changing economic incentives, PGE disagrees that this theory supports the removal of the flexible tools available within its Stock Incentive Plan.



In general, PGE would note that its Stock Incentive Plan undergoes extensive review and governance. In addition to this review performed by the Commission and the reviews performed internally by PGE and WTW, the Plan is reviewed and/or governed by:

- Institutional Shareholder Services (ISS) and Glass Lewis – independent proxy advisors who evaluate the plan and provide shareholders with a recommendation to vote for or against changes to the plan and the addition of shares to the plan;
- United States Securities and Exchange Commission through the reconciliation of the Company's Annual 10-K reporting and any Proxy statement filings that include amended plans, which must be voted on by PGE's shareholders;
- Deloitte, PGE's independent auditing firm, who is overseen by the Public Company Accounting Oversight Board and provides audited opinions that include share issuances and;
- PGE's Board of Directors, who review and approve grants under the Plan, including vesting conditions and performance criteria, in consultation with FW Cook, a third party independent executive compensation consultant for the Compensation, Culture and Talent Committee of the Board of Directors.

### **C. PGE's Plan Decision**

Given the information provided and the descriptions of the work performed by PGE, its Board and its external consultants, PGE believes it has provided the support necessary to show that its Stock Incentive Plan is appropriately designed for the purpose of attracting high quality talent to key positions and PGE's management team.

The Company would also like to note that, as a financing filing, PGE understands the need to review its Stock Incentive Plan as a part of the request for authority to issues shares. To the

extent the Plan creates concerns regarding the financial health of the utility, it could have implications for the public interest. However, PGE does not agree that approval for the authority to issue shares under ORS 757.415 should be withheld due to a disagreement over detailed Plan elements. PGE would request that such scrutiny regarding elements of its plan with which Staff disagrees should instead be contemplated in a cost recovery proceeding where Staff may argue that customers should not bear such expenses, and that it should not be a determining factor as to whether PGE should be allowed authorization of common equity shares as a part of a Plan, thereby limiting PGE's ability to execute its Plan as it would choose to do as a business.

Overall, PGE's stock incentive plan is consistent with the plans of its peer utilities and consistent with the plan deemed to be in the public interest in 2006. An expert consultant in the field agrees that the elements of PGE's plan are reasonable, appropriate and provide for the needed flexibility to attract and retain senior level talent. Along with the report provided by WTW, PGE has included a presentation on its total compensation philosophy as Confidential Attachment 6, which was presented to Staff on June 17, 2022, and shows how its Stock Incentive Plan fits into its overall compensation plan and goals. In addition, the Plan and its metrics are reviewed at least annually by PGE's CEO, CFO, VP of Human Resources, and by the Compensation, Culture and Talent Committee of the Board of Directors. They are involved throughout the process. Confidential Attachment 7 is a presentation given by the CFO to the CEO and Compensation, Culture and Talent Committee of the Board of Directors outlining the establishment and measurements of goals used to evaluate performance for purposes of the Stock Incentive Plan. Confidential Attachment 8 not only shows how the Committee works throughout the year to approve goals, monitor performance and approve payouts, but also shows the Committee's guiding compensation philosophy.

## **Authorization of Shares**

PGE is making this filing in accordance with Order 17-350 and ORS 757.415. Of the 3,327,146 shares of common stock approved in 2017 for PGE's Plan, as of this filing, approximately 2,076,405 shares have not been issued.<sup>3</sup> PGE is requesting authorization to add up to an additional 1,500,000 shares to the shares previously authorized by the Commission. This would result in the ability to use up to approximately 3,576,405 shares in PGE's Plan.

Although Condition 5 of Order No. 17-350 established a March 2024 deadline for the issuance of shares under the Plan, PGE requests no deadline be set for the authority to grant these shares as a deadline is unnecessary and administratively inefficient. The shares would be issued for use consistent with the Stock Incentive Plan that will be voted on, along with the 1,500,000 increase in shares available under the Plan, by PGE's shareholders at its March 2023 Annual Shareholder Meeting.

The Commission continues to have the authority under ORS 757.405-757.415 to authorize the issuance of any new shares of common stock as well as the authority to review PGE's Plan within future filings; including a detailed review of the Plan in a cost recovery proceeding. This is also consistent with the treatment of financing approvals PGE has received to issue shares and bonds under two financing filings approved in 2022 in Orders No. 22-031 and No. 22-284.

### **I. Required Information Under OAR 860-027-0030:**

Pursuant to the requirements of OAR 860-027-0030, PGE represents as follows:

(a) *The applicant's exact name and address of its principal business office:* The name and address of the Applicant is Portland General Electric Company, 121 SW Salmon Street, Portland, Oregon 97204.

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<sup>3</sup> Numbers are based on the most recent quarterly report for June 2022.

(b) *The state in which incorporated, the date of incorporation, and the other states in which authorized to transact utility business:* The Applicant is a corporation organized and existing under and by virtue of the laws of the State of Oregon, and the date of its incorporation is July 25, 1930. The Applicant is authorized to transact business in the states of Arizona, California, Colorado, Florida, Idaho, Michigan, Montana, New York, North Carolina, Oregon, Texas, Washington, Washington, D.C., Wisconsin and in Alberta, Canada.

(c) *The name and address of persons authorized, on behalf of applicant to receive notices and communications in respect to this application:* The name and address of the persons authorized on behalf of the Applicant to receive notices and communications in respect of this Application are:

PGE-OPUC Filings  
Rates & Regulatory Affairs  
Portland General Electric Company  
121 SW Salmon Street, 1WTC-0306  
Portland, OR 97204  
(503) 464-8929 (telephone)  
(503) 464-7651 (fax)  
pge.opuc.filings@pgn.com

Kim Burton  
Assistant General Counsel  
Portland General Electric Company  
121 SW Salmon Street, 1WTC-1301  
Portland, OR 97204  
(573) 356-9688 (telephone)  
(503) 464-2200 (fax)  
kim.burton@pgn.com

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

Sujata Pagedar  
E-Mail: [sujata.pagedar@pgn.com](mailto:sujata.pagedar@pgn.com)

(d) As of June 30, 2022, the names, titles and addresses of PGE's principal officers are as follows:

| <b><u>NAME</u></b> | <b><u>TITLE</u></b>   |
|--------------------|---|
| Maria M. Pope      | President and Chief Executive Officer   |
| James A. Ajello    | Senior Vice President, Finance, Chief Financial Officer, Treasurer and Corporate Compliance Officer |

|                       |  |
|-----------------------|--|
| Larry N. Bekkedahl    | Senior Vice President, Advanced Energy Delivery                      |
| Angelica Espinosa     | Vice President, General Counsel                                      |
| Bradley Y. Jenkins    | Vice President, Utility Operations                                   |
| John T. Kochavatr     | Vice President, Information Technology and Chief Information Officer |
| Anne F. Mersereau     | Vice President Human Resources, Diversity, Equity and Inclusion      |
| Nik Blosser           | Vice President, Public Affairs                                       |
| Brett M. Sims         | Vice President, Strategy, Regulation and Energy Supply               |
| Christopher A. Liddle | Assistant Treasurer and Controller                                   |
| Sujata Pagedar        | Corporate Secretary  |
| David F. White        | Assistant Corporate Secretary  |

(e) *A description of the general character of the business done, and a designation of the territories served, by counties and states:* PGE is engaged in the generation, purchase, transmission, distribution, and sale of electric energy for public use in Clackamas, Columbia, Hood River, Jefferson, Marion, Morrow, Multnomah, Polk, Washington, and Yamhill counties, Oregon.

(f) *A statement as of the date of the balance sheet submitted with the application, showing for each class and series of capital stock: brief description; the amount authorized (face value and number of shares); the amount outstanding (exclusive of any amount held in the treasury), held amount as reacquired securities; amount pledged by applicant; amount owned by affiliated interests, and amount held in any fund:*

The following represents PGE's capital stock as of June 30, 2022, as reported in PGE's Form 10-Q filed with the SEC for the second quarter of 2022.

|   | <u>Outstanding<br/>Shares</u> | <u>Amount<br/>(in millions)</u> |
|---|-------------------------------|---------------------------------|
| Common Stock: *                                 |                               |                                 |
| No Par Value<br>(160,000,000 shares authorized) | 89,242,672                    | \$ 1,241                        |

\* Company Directors hold 315,934 shares.

None of the outstanding shares of common stock referenced above are held as reacquired securities or have been pledged by PGE. BlackRock, Inc. held 13.4% of outstanding PGE common stock, the Vanguard Group, Inc. held 11.6%, and Wellington Management Company held 6.3%. as reported in the most recent Forms 13F filed with the SEC. PGE does not have enough information to determine if any of these funds qualify as affiliates. PGE reports major shareholder activity annually to the Commission pursuant to OAR 860-027-0175 (AR 544).

(g) *A statement, as of the date of the balance sheet submitted with the application, showing for each class and series of long-term debt and notes: brief description (amount, interest rate and maturity); amount authorized; amount outstanding (exclusive of any amount held in the treasury); amount held as reacquired securities; amount pledged; amount held by affiliated interests; and amount in sinking and other funds: PGE's long-term debt as of June 30, 2022 is as follows:*

| <b>Description</b>                               | <b>Authorized<br/>(\$000s)</b> | <b>Outstanding<br/>(\$000s)</b> |
|--|--------------------------------|---------------------------------|
| First Mortgage Bonds:                            |                                |                                 |
| 3.51 Series due 11-15-2024                       | 80,000                         | 80,000                          |
| 3.55 Series due 1-15-2030                        | 75,000                         | 75,000                          |
| 6.26 Series due 5-1-2031                         | 100,000                        | 100,000                         |
| 6.875 Series due 8-1-2033                        | 50,000                         | 50,000                          |
| 3.5 Series due 5-15-2035                         | 70,000                         | 70,000                          |
| 6.31 Series due 5-1-2036                         | 175,000                        | 175,000                         |
| 5.81 Series due 10-1-2037                        | 130,000                        | 130,000                         |
| 5.8 Series due 6-1-2039                          | 170,000                        | 170,000                         |
| 5.43 Series due 5-3-2040                         | 150,000                        | 150,000                         |
| 4.74 Series due 11-15-2042                       | 105,000                        | 105,000                         |
| 4.47 Series due 8-14-2043                        | 75,000                         | 75,000                          |
| 4.47 Series due 6-15-2044                        | 150,000                        | 150,000                         |
| 4.39 Series due 9-15-2045                        | 100,000                        | 100,000                         |
| 4.44 Series due 10-15-2046                       | 100,000                        | 100,000                         |
| 3.98 Series due 11-21-2047                       | 150,000                        | 150,000                         |
| 3.98 Series due 8-3-2048                         | 75,000                         | 75,000                          |
| 4.84 Series due 12-15-2048                       | 50,000                         | 50,000                          |
| 4.47 Series due 12-13-2048                       | 75,000                         | 75,000                          |
| 4.30% Series due 4-12-2049                       | 200,000                        | 200,000                         |
| 3.34% Series due 10-15-2049                      | 110,000                        | 110,000                         |
| 3.34% Series due 1-15-2050                       | 160,000                        | 160,000                         |
| 3.15% Series due 4-27-2030                       | 200,000                        | 200,000                         |
| 1.84% Series due 12-10-2027                      | 160,000                        | 160,000                         |
| 2.32% Series due 12-10-2032                      | 70,000                         | 70,000                          |
| 1.82% Series due 9-30-2028                       | 100,000                        | 100,000                         |
| 2.10% Series due 9-30-2031                       | 50,000                         | 50,000                          |
| 2.20% Series due 1-15-2034                       | 100,000                        | 100,000                         |
| 2.97% Series due 9-30-2051                       | 150,000                        | 150,000                         |
| <b>Total First Mortgage Bonds Outstanding</b>    | <b><u>\$3,180,000</u></b>      | <b><u>\$3,180,000</u></b>       |
| Pollution Control Bonds:                         |                                |                                 |
| City of Forsyth, MT                              |                                |                                 |
| Series B 5-1-2033 remarked 3-4-20 at 2.375%      | 21,000                         | 21,000                          |
| Series A 5-1-2033 remarked 3-4-20 at 2.125%      | 97,800                         | 97,800                          |
| <b>Total Pollution Control Bonds outstanding</b> | <b><u>118,800</u></b>          | <b><u>118,800</u></b>           |
| Long-Term Contracts                              |                                |                                 |
| Unamortized Debt Discount and Other              | (342)                          | (342)                           |
| Unamortized Debt Expense                         | (12,582)                       | (12,582)                        |
| <b>Total Other Long-Term Debt</b>                | <b><u>(12,924)</u></b>         | <b><u>(12,924)</u></b>          |
| <b>Total Classified as Short-Term</b>            | <b>0</b>                       | <b>0</b>                        |
| <b>Net Long-Term Debt</b>                        | <b><u>3,285,876</u></b>        | <b><u>3,285,876</u></b>         |

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

(h) *Full description of securities proposed to be issued showing: kind and nature of securities or liabilities; amount (face value and number of shares); interest or dividend rate, if any; date of issue and date of maturity; and voting privileges, if any:* PGE proposes to enter into the following transactions:

(1) *Type and nature of securities*

See Section I of the Application.

(2) *Amount of securities*

The Commission previously granted PGE authority to issue 4,687,500 shares of common stock under the 2006 Plan. In 2017, PGE's Board of Directors unanimously approved amendments to the Plan that extended the duration of the Plan but did not alter the number of equity shares eligible for issuance. At the time, 3,327,146 equity shares remained unissued under the Plan. PGE seeks confirmation, or a new grant of authority, to issue and sell up to 3,576,405 shares of common stock comprised of approximately 2,076,405 shares that remain unissued under the prior authority granted in 2017 and an additional 1,500,000 shares for use in PGE's employee Plan.

(3) *Interest rate*

Not applicable.

(4) *Date of issuance and maturity*

Not applicable.

(i) *A reasonably detailed and precise description of the proposed transaction, including a statement of the reasons why it is desired to consummate the transaction and the anticipated effect thereof. If the transaction is part of a general program, describe the program*



*and its relation to the proposed transaction. Such description shall include, but is not limited to, the following:*

*A. A description of the proposed method of issuing and selling the securities:*

*B. A statement of whether such securities are to be issued pro rata to existing holders of the applicant's securities or issued pursuant to any preemptive right or in connection with any liquidation or reorganization;*

*C. A statement showing why it is in applicant's interest to issue securities in the manner proposed and the reason(s) why it selected the proposed method of sale.*

*D. Statement that exemption from the competitive bidding requirements of any federal or other state regulatory body has or has not been requested or obtained, and a copy of the action taken thereon when available: For information responsive to subparts (a)-(c), see Section I of the Application. As to subpart (d) in the opinion of Applicant's legal counsel, the Applicant is not subject to the competitive bidding requirements of federal and state regulatory bodies in connection with the issuance of Common Stock.*

*(j) The name and address of any person receiving or entitled to a fee for service:*

See Section I of the Application. There will be no compensation to any underwriter, bank or agent for their services in connection with the issuance of the Common Stock that is the subject of this application other than routine fees to the Company's registrar and transfer agent and usual and customary fees for record-keeping with regard to the Plan.

*(k) A statement showing both in total amount and per unit the price to the public, underwriting commissions and net proceeds to the applicant. Supply also the information (estimated if necessary) required in section (4) of this rule. If the securities are to be issued directly for property, then a full description of the property to be acquired, its location, its original*

*cost (if known) by accounts, with the identification of the person from whom the property is to be acquired, must be furnished. If original cost is not known, an estimate of original cost based, to the extent possible, upon records or data of the seller and applicant or their predecessors must be furnished, with a full explanation of how such estimate has been made, and a description and statement of the present custody of all existing pertinent data and records. A statement showing the cost of all additions and betterments and retirements, from the date of the original cost, should also be furnished:* New shares of Common Stock issued under the Plan will be issued periodically in accordance with the awards made under the SIP at the time of the awards. It is not possible to determine the economic value of such shares of Common Stock until they are ultimately issued.

(l) *Purposes for which the securities are to be issued:* See Section I of the Application.

(m) *A statement as to whether or not any application, registration statement, etc., with respect to the transaction or any part thereof, is required to be filed with any federal or other state regulatory body:* The appropriate forms or other appropriate filing will be filed with the Securities and Exchange Commission depending on the nature of the issuance of the Common Stock.

(n) *The facts relied upon by the applicant to show that the issue: is for a lawful object within the corporate purposes; is compatible with public interest; is necessary or appropriate for proper performance by application of service as a utility; will not impair its ability to perform the service; is reasonably necessary and appropriate for such purposes; and if filed under ORS 757.495, is fair and reasonable and not contrary to public interest:* See Section I of the application. The requested approval will allow PGE to provide incentives that will attract, retain and motivate highly competent persons as officers, directors, and key employees of PGE. PGE believes the requested approval is compatible with the public interest and is consistent with

and will aid PGE in providing service as a public utility.

(o) *A brief statement of all rights to be a corporation, franchises, permits and contracts for consolidation, merger or lease included as assets of the applicant or any predecessor thereof, the amounts actually paid as consideration therefore, respectively, and the facts relied upon to show the issuance of securities for which approval is requested:* Not applicable.

(p) *If filed under ORS 757.490, 757.495, 759.385, or 759.390 a statement describing relationship between utility and the affiliated interest:* Not applicable.

## **II. Required Exhibits Under OAR 860-027-0030(2):**

The following exhibits are submitted and by reference made a part of this application:

***EXHIBIT A.*** *A copy of the applicant's charter or articles of incorporation with amendments to date:* Third Amended and Restated Articles of Incorporation, effective as of May 7, 2014, were previously filed in Docket UP 310, and by reference made a part of this application.

***EXHIBIT B.*** *A copy of the bylaws with amendments to date:* Eleventh Amended and Restated Bylaws adopted February 13, 2019, were previously filed in Docket UP 420, and by reference made a part of this application.

***EXHIBIT C.*** *Copies of all resolutions of directors authorizing the proposed disposition, merger, or consolidation of facilities, mortgage or encumbrance of property, acquisition of stock, bonds, or property of another utility, in respect to which the application is made and, if approval of stockholders has been obtained, copies of the resolutions of the stockholders should also be furnished:* Resolution of the Board of Directors approving amendments to the Plan is included as Attachment 1. [electronic format]

***EXHIBIT D.*** *Copies of all mortgages, trust, deeds, or indentures, securing any obligation of each*

*party to the transaction:* Not applicable.

**EXHIBIT E.** *Balance sheets showing booked amounts, adjustments to record the proposed transaction and pro forma, with supporting fixed capital or plant schedules in conformity with the forms in the annual report, which applicant(s) is required, or will be required, to file with the Commission:* Balance sheets showing booked amounts, adjustments to record the proposed transactions and pro forma Balance sheets as of June 30, 2022, are attached. [electronic format]

**EXHIBIT F.** *A statement of all known contingent liabilities, except minor items such as damage claims and similar items involving relatively small amounts, as of the date of the application:* A Statement of Contingent Liabilities, as of June 30, 2022, are attached. [electronic format]

**EXHIBIT G.** *Comparative income statements showing recorded results of operations, adjustments to record the proposed transaction and pro forma, in conformity with the form in the annual report which applicant(s) is required, or will be required, to file with the Commission:* An Income Statement for the 12-month period ended June 30, 2022, and pro forma are attached. [electronic format]

**EXHIBIT H.** *An analysis of surplus for the period covered by the income statements referred to in Exhibit G:* An Analysis of Retained Earnings for the 12-month period ended June 30, 2022, and pro forma are attached. [electronic format]

**EXHIBIT I.** *A copy of registration statement proper, if any, and financial exhibits made a part thereof, filed with the Securities and Exchange Commission:* Not applicable.

**EXHIBIT J.** *A copy of each proposed and of the published invitation of proposals for the purchase of underwriting of the securities to be issued; of each proposal received;*

*and of each contract, underwriting, and other arrangement entered into for the sale or marketing of securities:* Not applicable.

***EXHIBIT K.*** *Copies of the stock certificates, notes, or other evidences of indebtedness proposed to be issued:* Not applicable.

## **Conclusion**

PGE believes it has provided the necessary support and explanations to comply with Order No. 17-350, Condition 4 and that its Stock Incentive Plan is reasonable and appropriate for obtaining and retaining key talent at PGE. Issuance of stock under the Plan is reasonably required to ensure the Company retains its ability to recruit and retain key employees and is compatible with the public interest. Authorization to issue shares that will be used in the Plan will not impair the Company's ability to perform its functions as a public utility and should be granted.

Specifically, PGE's request in this filing is that the Commission:

1. Recognize PGE's compliance with Condition 4 of Order No. 17-350.
2. Amend all prior authorizations and prior Commission's Orders where applicable, and recognize that any prior authorizations, deadlines, and conditions in Order No. 17-350 are superseded by the new Commission Order issued in response to this filing.
3. Authorize up to 3,576,405 million shares of common stock for potential issuance under the Plan with no expiration date.
4. Agree that, as a matter of principle, that it is the responsibility of Portland General Electric Company to defend and support any expenses it seeks to recover from customers related to its Stock Incentive Plan in its next General Rate Case, and that plan elements deemed undesirable by Staff or the Commission do not constitute on its own a rejection of the approval of shares under PGE's Plan within its financing filing.

Although PGE's intention is to submit the draft of the Plan to the Board and shareholders for approval as it is currently presented in Confidential Attachment 3, should proxy or SEC rules or best practices be revised after this application, the draft of the plan may be revised. The Company can provide a copy of the final approved Plan after the shareholder vote.

**WHEREFORE**, PGE respectfully requests the Commission issue an order authorizing the issuance and sale of up to 3,576,405 shares of common stock to be used in the Company's employee Stock Incentive Plan. The 3,576,405 represents the approximately 2,076,405 shares currently authorized for the Plan and an additional 1,500,000 million shares to be issued under the Plan. The Company requests that an order approving the application indicate that the Commission reserves all judgment as to the reasonableness of costs for ratemaking purposes until a future general rate case, and that the order further state that it supersedes the stock issuance authority granted in Order No. 17-350 as well as any deadlines or conditions included within Order No. 17-350.

Dated this 27<sup>th</sup> day of September, 2022.

*Kim Burton*

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PORTLAND GENERAL ELECTRIC COMPANY

2006 STOCK INCENTIVE PLAN

Effective as of March 31, 2006

(As Amended and Restated March 31, 2016)

**1. Purpose.** The Portland General Electric Company 2006 Stock Incentive Plan, as amended and restated (the "Plan") is intended to provide incentives which will attract, retain and motivate highly competent persons as officers, directors and key employees of Portland General Electric Company (the "Company") and its subsidiaries and Affiliates, by providing them with appropriate incentives and rewards in the form of rights to earn shares of the common stock of the Company ("Common Stock") and cash equivalents.

**2. Definitions.** A listing of the defined terms utilized in the Plan is set forth in Appendix A.

**3. Effective Date of Plan.** The Plan is effective on March 31, 2006.

**4. Administration.**

(a) Committee. The Plan will be administered by a committee (the "Committee") appointed by the Board of Directors of the Company (the "Board of Directors") from among its members (which may be the Compensation and Human Resources Committee) and shall be comprised, solely of not less than two (2) members who shall be (i) "non-employee directors" within the meaning of Rule 16b-3(b)(3) (or any successor rule) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and (ii) "outside directors" within the meaning of Treasury Regulation Section 1.162-27(e)(3) under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, the Board of Directors may direct that, for the purpose of establishing the terms and conditions applicable to Awards granted to the Chief Executive Officer under the Plan, and determining amounts payable under such Awards, the Committee shall be comprised of each non-employee director who satisfies the standards of the New York Stock Exchange and the Securities and Exchange Commission for an "independent director" and, in addition, is (i) a "non-employee" director within the meaning of Rule 16b-3(b)(3)(or any successor rule) promulgated under the Exchange Act and (ii) an "outside director" within the meaning of Treasury Regulation Section 1.162-27(e)(3) under Section 162(m) of the Code.

(b) Authority. The Committee is authorized, subject to the provisions of the Plan, to establish such rules and regulations as it deems necessary for the proper administration of the Plan and, in its sole discretion, to make such determinations, valuations and interpretations and to take such action in connection with the Plan and any Awards (as hereinafter defined) granted hereunder as it deems necessary or advisable. All determinations and interpretations made by the Committee shall be binding and conclusive on all participants and their legal representatives.

(c) Indemnification. No member of the Committee and no employee of the Company shall be liable for any act or failure to act hereunder, or for any act or failure to act hereunder by any other member or employee or by any agent to whom duties in connection with the administration of this Plan have been delegated, except in circumstances involving his or her bad faith or willful misconduct. The Company shall indemnify members of the Committee and any agent of the Committee who is an employee of the Company, or of a subsidiary or an Affiliate against any and all liabilities or expenses to which they may be subjected by reason of any act or failure to act with respect to their duties on behalf of the Plan, except in circumstances involving such person's bad faith or willful misconduct. For purposes of this Plan, "Affiliate(s)" means any entity that controls, is controlled by or is under common control with the Company; *provided, however*, that neither the Disputed Claims Reserve, the Disputed Claims Overseers, the Plan Administrator nor the Disbursing Agent, as those terms are defined in Fifth Amended Joint Plan of Affiliated Debtors In Re Enron Corp. et al., shall be an Affiliate.

(d) Delegation and Advisers. The Committee may delegate to one or more of its members, or to one or more employees or agents, such duties and authorities as it may deem advisable including the authority to make grants as permitted by applicable law, the rules of the Securities and Exchange Commission (the "SEC") and any requirements of the New York Stock Exchange (the "NYSE"), and the Committee, or any person to whom it has delegated duties or authorities as aforesaid, may employ one or more persons to render advice with respect to any responsibility the Committee or such person may have under the Plan. The Committee may employ such legal or other counsel, consultants and agents as it may deem desirable for the administration of the Plan and may rely upon any



opinion or computation received from any such counsel, consultant or agent. Expenses incurred by the Committee in the engagement of such counsel, consultant or agent shall be paid by the Company, or the subsidiary or Affiliate whose employees have benefited from the Plan, as determined by the Committee.

**5. Type of Awards.** Awards under the Plan may be granted in any one or a combination of (a) Stock Options, (b) Stock Appreciation Rights, (c) Restricted Stock Awards, and (d) Stock Units (each as described below, and collectively, the "Awards"). Awards may, as determined by the Committee in its discretion, constitute Performance-Based Awards, as described in Section 13 hereof.

**6. Participants.** Participants will consist of (i) such officers and key employees of the Company and its subsidiaries and Affiliates as the Committee in its sole discretion determines to be significantly responsible for the success and future growth and profitability of the Company and whom the Committee may designate from time to time to receive Awards under the Plan and (ii) each director of the Company who is not otherwise an employee of the Company or any of its subsidiaries and whom the Committee may designate from time to time to receive Awards under the Plan. Designation of a participant in any year shall not require the Committee to designate such person to receive an Award in any other year or, once designated, to receive the same type or amount of Award as granted to the participant in any other year. The Committee shall consider such factors as it deems pertinent in selecting participants and in determining the type and amount of their respective Awards.

**7. Grant Agreements.**

(a) Awards granted under the Plan shall be evidenced by an agreement ("Grant Agreement") that shall provide such terms and conditions, as determined by the Committee in its sole discretion, *provided, however*, that in the event of any conflict between the provisions of the Plan and any such Grant Agreement, the provisions of the Plan shall prevail.

(b) The Grant Agreement will determine the effect on an Award of the disability, death, retirement, involuntary termination, termination for cause or other termination of employment or service of a participant and the extent to which, and the period during which, the participant's legal representative, guardian or beneficiary may receive payment of an Award or exercise rights thereunder. If the relevant Grant Agreement does not provide otherwise, however, the following default rules shall apply:

(i) vested Stock Option and Stock Appreciation Rights held by a participant shall be exercisable for a period of 90 days following the date the participant ceases to be an employee or director of the Company, its subsidiaries and Affiliates;

(ii) unvested Stock Option, Stock Appreciation Rights, Restricted Stock Awards and Stock Units held by a participant shall be forfeited on the date the participant ceases to be an employee or director of the Company, its subsidiaries and Affiliates.

(c) Subject to Section 13(e), the Committee, in its sole discretion, may modify a Grant Agreement, provided any such modification will not materially adversely affect the economic interests of the participant unless the Committee shall have obtained the written consent of the participant. Notwithstanding the foregoing, the Committee shall not reduce the exercise price of a Stock Option or Stock Appreciation Right (other than under Section 15) without the approval of the Company's shareholders.

(d) Grant Agreements under the Plan need not be identical.

**8. Stock Options.**

(a) *Generally.* At any time, the Committee may grant, in its discretion, awards of stock options that will enable the holder to purchase a number of shares of Common Stock from the Company, at set terms (a "Stock Option"). Stock Options may be incentive stock options ("Incentive Stock Options"), within the meaning of Section 422 of the Code, or Stock Options which do not constitute Incentive Stock Options ("Nonqualified Stock Options"). The Committee will have the authority to grant to any participant one or more Incentive Stock Options and/or Nonqualified Stock Options. Each Stock Option shall be subject to such terms and conditions, including vesting, consistent with the Plan as the Committee may provide in the Grant Agreement, subject to the following limitations:

(b) *Exercise Price.* Each Stock Option granted hereunder shall have such per-share exercise price as the Committee may determine in the Grant Agreement, but such exercise price may not be less than "Fair Market Value" (as defined in Section 8(g) below) on the date the Stock Option is granted, except as provided in Section 11(c).

(c) Payment of Exercise Price. The option exercise price may be paid in cash or, in the discretion of the Committee and in accordance with any requirements established by the Committee, by the delivery of shares of Common Stock of the Company then owned by the participant. In the discretion of the Committee and in accordance with any requirements established by the Committee, payment may also be made by delivering a properly executed exercise notice to the Company together with a copy of irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds to pay the exercise price.

(d) Exercise Period. Stock Options granted under the Plan shall be exercisable at such time or times and subject to such terms and conditions, including vesting, as shall be determined by the Committee in the Grant Agreement.

(e) Limitations on Incentive Stock Options. Incentive Stock Options may be granted only to participants who are employees of the Company or of a "Parent Corporation" or "Subsidiary Corporation" (as defined in Sections 424(e) and (f) of the Code, respectively) at the date of grant. The aggregate "Fair Market Value" (as defined and determined as of the time the Stock Option is granted in accordance with Section 8(g) below) of the Common Stock with respect to which Incentive Stock Options are exercisable for the first time by a participant during any calendar year (under all option plans of the Company and of any Parent Corporation or Subsidiary Corporation) shall not exceed one hundred thousand dollars (\$100,000). For purposes of the preceding sentence, Incentive Stock Options will be taken into account in the order in which they are granted. The per-share exercise price of an Incentive Stock Option shall not be less than one hundred percent (100%) of the Fair Market Value of the Common Stock on the date of grant, and no Incentive Stock Option may be exercised later than ten (10) years after the date it is granted.

(f) Additional Limitations on Incentive Stock Options for Ten Percent Shareholders. Incentive Stock Options may not be granted to any participant who, at the time of grant, owns stock possessing (after the application of the attribution rules of Section 424(d) of the Code) more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent Corporation or Subsidiary Corporation, unless the exercise price of the option is fixed at not less than one hundred ten percent (110%) of the Fair Market Value of the Common Stock on the date of grant and the exercise of such option is prohibited by its terms after the expiration of five (5) years from the date of grant of such option.

(g) Fair Market Value. For purposes of this Plan and any Awards granted hereunder, "Fair Market Value" shall be the closing price of the Common Stock on the relevant date (or on the last preceding trading date if Common Stock was not traded on such date) if the Common Stock is readily tradable on a national securities exchange or other market system, and if the Common Stock is not readily tradable, Fair Market Value shall mean the amount determined in good faith by the Committee as the fair market value of the Common Stock.

## 9. Stock Appreciation Rights.

(a) Generally. At any time, the Committee may, in its discretion, grant stock appreciation rights with respect to Common Stock ("Stock Appreciation Rights"), including a concurrent grant of Stock Appreciation Rights in tandem with any Stock Option grant. A Stock Appreciation Right means a right to receive a payment in cash or in Common Stock of an amount equal to the excess of (i) the Fair Market Value of a share of Common Stock on the date the right is exercised over (ii) the Fair Market Value of a share of Common Stock on the date the right is granted, all as determined by the Committee. Each Stock Appreciation Right shall be subject to such terms and conditions, including vesting, as the Committee shall impose in the Grant Agreement.

(b) Exercise Period. Stock Appreciation Rights granted under the Plan shall be exercisable at such time or times and subject to such terms and conditions, including vesting, as shall be determined by the Committee in the Grant Agreement.

## 10. Restricted Stock Awards.

(a) Generally. At any time, the Committee may, in its discretion, grant Awards of Common Stock, subject to restrictions determined by the Committee (a "Restricted Stock Award"). Such Awards may include mandatory payment of any bonus in stock consisting of Common Stock issued or transferred to participants with or without other payments therefor and may be made in consideration of services rendered to the Company or its subsidiaries or Affiliates. A Restricted Stock Award shall be construed as an offer by the Company to the participant to purchase the number of shares of Common Stock subject to the Restricted Stock Award at the purchase price, if any, established therefore.

(b) Payment of the Purchase Price. If the Restricted Stock Award requires payment therefor, the purchase price of any shares of Common Stock subject to a Restricted Stock Award may be paid in any manner authorized by the Committee, which may include any manner authorized under the Plan for the payment of the exercise price of a Stock Option.

(c) Restrictions. Restricted Stock Awards shall be subject to such terms and conditions, including without limitation time based vesting and/or performance based vesting, restrictions on the sale or other disposition of such shares, and/or the right of the Company to reacquire such shares for no consideration upon termination of the participant's employment within specified periods, as the Committee determines appropriate. The Committee may require the participant to deliver a duly signed stock power, endorsed in blank, relating to the Common Stock covered by such an Award. The Committee may also require that the stock certificates evidencing such shares be held in custody or bear restrictive legends until the restrictions thereon shall have lapsed.

(d) Rights as a Shareholder. The Restricted Stock Award shall specify whether the participant shall have, with respect to the shares of Common Stock subject to a Restricted Stock Award, all of the rights of a holder of shares of Common Stock of the Company, including the right to receive dividends and to vote the shares.

#### 11. Common Stock Available Under the Plan.

(a) Basic Limitations. The aggregate number of shares of Common Stock that may be subject to Awards shall be 4,687,500, subject to any adjustments made in accordance with Section 15 hereof. The maximum number of shares of Common Stock that may be:

(i) the subject of an Award with respect to any individual participant under the Plan during the term of the Plan shall not exceed 2,000,000 (subject to adjustments made in accordance with Section 15 hereof);

(ii) covered by Awards issued under the Plan during a year shall be limited during the first calendar year of the Plan to 1,250,000 and during any year thereafter to 1% of the Company's outstanding Common Stock at the beginning of such year; and

(iii) issued pursuant to Incentive Stock Options awarded under the Plan shall be 1,000,000.

(b) Additional Shares. Any shares of Common Stock subject to a Stock Option or Stock Appreciation Right which for any reason is cancelled or terminated without having been exercised, or any shares of Common Stock subject to Restricted Stock Awards or Stock Units which are forfeited, and any shares delivered to the Company as part or full payment for an Award or, to the extent the Committee determines that the availability of Incentive Stock Options under the Plan will not be compromised, to satisfy the Company's withholding obligation with respect to an Award granted under this Plan as payment of a withholding obligation, shall again be available for Awards under the Plan under 11(a). The preceding sentence shall apply only for purposes of determining the aggregate number of shares of Common Stock subject to Awards but shall not apply for purposes of determining the maximum number of shares of Common Stock with respect to which Awards may be granted to any individual participant under the Plan.

(c) Acquisitions. In connection with the acquisition of any business by the Company or any of its subsidiaries or Affiliates, any outstanding grants or awards of options, restricted stock or other equity-based compensation pertaining to such business may be assumed or replaced by Awards under the Plan upon such terms and conditions as the Committee determines, including granting of Stock Options or Stock Appreciation Rights with an exercise price below Fair Market Value at the date of the replacement grant.

#### 12. Stock Units.

(a) Generally. The Committee may, in its discretion, grant "Stock Units" (as defined in subsection (c) below) to participants hereunder. Stock Units may be subject to such terms and conditions, including time based vesting and/or performance based vesting, as the Committee determines appropriate. A Stock Unit granted by the Committee shall provide payment in shares of Common Stock at such time as the Grant Agreement shall specify. Shares of Common Stock issued pursuant to this Section 12 may be issued with or without other payments therefor as may be required by applicable law or such other consideration as may be determined by the Committee. The Committee shall determine whether a participant granted a Stock Unit shall be entitled to a Dividend Equivalent Right (as defined in subsection (c) below).

(b) Settlement of Stock Units. Shares of Common Stock representing the Stock Units shall be distributed to the participant upon settlement of the Award pursuant to the Grant Agreement.

(c) Definitions. A "Stock Unit" means a notional account representing one (1) share of Common Stock. A "Dividend Equivalent Right" means the right to receive the amount of any dividend paid on the share of Common Stock underlying a Stock Unit, which shall be payable in cash or in the form of additional Stock Units, in the discretion of the Committee.

**13. Performance-Based Awards.**

(a) *Generally.* Any Award granted under the Plan may be granted in a manner such that the Award qualifies for the performance-based compensation exemption of Section 162(m) of the Code (“Performance-Based Awards”). As determined by the Committee in its sole discretion, either the vesting and/or payment of such Performance-Based Awards shall be based on achievement of hurdle rates and/or growth rates in one or more business criteria that apply to the individual participant, one or more business units, or the Company as a whole.

(b) *Business Criteria.* The business criteria shall be as follows, individually or in combination: (1) net earnings; (2) earnings per share; (3) net sales growth; (4) market share; (5) operating profit; (6) earnings before interest and taxes (EBIT); (7) earnings before interest, taxes, depreciation and amortization (EBITDA); (8) gross margin; (9) expense targets; (10) working capital targets relating to inventory and/or accounts receivable; (11) operating margin; (12) return on equity; (13) return on assets; (14) planning accuracy (as measured by comparing planned results to actual results); (15) market price per share; (16) total return to stockholders; (17) cash flow and/or cash flow return on equity; (18) recurring after-tax net income; (19) gross revenues; (20) return on invested capital; (21) safety; (22) cost management; (23) productivity ratios; (24) operating efficiency; (25) accomplishment of mergers, acquisitions, dispositions or similar extraordinary business transactions; (26) bond ratings; (27) economic value added; (28) book value per share; (29) strategic initiatives; (30) employee satisfaction; (31) cash management or asset management metrics; (32) regulatory performance; (33) dividend yield; (34) dividend payout ratio; (35) pre-tax interest coverage; (36) P/E ratio; (37) capitalization targets; (38) customer value/satisfaction; (39) inventory; (40) inventory turns; (41) availability and/or reliability of generation; (42) outage duration; (43) outage frequency; (44) trading floor earnings; (45) budget-to-actual performance; (46) customer growth; (47) funds from operations; (48) interest coverage; (49) funds from operations/average total debt; (50) funds from operations/capital expenditures; (51) total debt/total capital; (52) electric service power quality and reliability, (53) resolution and/or settlement of litigation and other legal proceedings and (54) total equity/total capital. In addition, Performance-Based Awards may include comparisons to the performance of other companies, such performance to be measured by one or more of the foregoing business criteria.

(c) *Establishment of Performance Goals.* With respect to Performance-Based Awards, the Committee shall establish in writing (i) the performance goals applicable to a given period, and such performance goals shall state, in terms of an objective formula or standard, the method for computing the portion of an Award that vests or the number of shares to be delivered to a participant under an Award if such performance goals are obtained, and (ii) the individual employees or class of employees to which such performance goals shall apply, in each case no later than ninety (90) days after the commencement of the applicable performance period (but in no event after twenty-five percent (25%) of such performance period has elapsed).

(d) *Certification of Performance.* No Performance-Based Awards shall be payable to or vest with respect to, as the case may be, any participant for a given period until the Committee certifies in writing that the objective performance goals (and any other material terms) applicable to such period have been satisfied.

(e) *Modification of Performance-Based Awards.* Subject to Section 15(b), with respect to any Awards intended to qualify as Performance-Based Awards, after establishment of a performance goal, the Committee shall not revise such performance goal or increase the amount of compensation payable thereunder upon the attainment of such performance goal (in accordance with the requirements of Section 162(m) of the Code and the regulations thereunder). Notwithstanding the preceding sentence, (i) the Committee may reduce or eliminate the number of shares of Common Stock or cash granted or the number of shares of Common Stock vested upon the attainment of such performance goal, and (ii) the Committee shall disregard or offset the effect of “Extraordinary Items” in determining the attainment of performance goals. For this purpose, “Extraordinary Items” means extraordinary, unusual and/or non-recurring items, including but not limited to, (i) regulatory disallowances or other adjustments, (ii) restructuring or restructuring-related charges, (iii) gains or losses on the disposition of a business or major asset, (iv) changes in regulatory, tax or accounting regulations or laws, (v) resolution and/or settlement of litigation and other legal proceedings or (vi) the effect of a merger or acquisition.

**14. Foreign Laws.** The Committee may grant Awards to individual participants who are subject to the tax laws of nations other than the United States, which Awards may have terms and conditions as determined by the Committee as necessary to comply with applicable foreign laws. The Committee may take any action which it deems advisable to obtain approval of such Awards by the appropriate foreign governmental entity; *provided, however*, that no such Awards may be granted pursuant to this Section 14 and no action may be taken which would result in a violation of the Exchange Act, the Code or any other applicable law.

**15. Adjustment Provisions.**

(a) *Adjustment Generally.* If there shall be any change in the Common Stock of the Company, through merger, consolidation, reorganization, recapitalization, stock dividend, stock split, reverse stock split, split up, spin-off, combination of shares, exchange of shares, dividends or other changes in capital structure, an adjustment shall be made as provided below in (b) to each outstanding Award.

(b) *Modification of Awards.* In the event of any change or distribution described in subsection (a) above, the Committee shall appropriately adjust the number of shares of Common Stock which may be issued pursuant to the Plan, the other limits on Common Stock issuable under the Plan under Section 11, and the number of shares covered by, and the exercise price of, each outstanding Award; *provided, however,* that any such adjustment to a Performance-Based Award shall not cause the amount of compensation payable thereunder to be increased from what otherwise would have been due upon attainment of the unadjusted award.

(c) Notwithstanding the above, no adjustment to a Stock Option or Stock Appreciation Right shall be made under this Section 15 in a manner that will be treated under Section 409A of the Code as the grant of a new Stock Option or Stock Appreciation Right.

**16. Nontransferability, Title and Other Restrictions.** Except as otherwise specifically provided by the Committee in a Grant Agreement or modification of a Grant Agreement that provides for transfer, each Award granted under the Plan to a participant shall not be transferable otherwise than by will or the laws of descent and distribution, and shall be exercisable, during the participant's lifetime, only by the participant. In the event of the death of a participant, each Award granted to him or her shall be exercisable during such period after his or her death as the Committee shall in its discretion set forth in the Grant Agreement at the date of grant and then only by the executor or administrator of the estate of the deceased participant or the person or persons to whom the deceased participant's rights under the Stock Option or Stock Appreciation Right shall pass by will or the laws of descent and distribution.

**17. Acceleration of Awards.**

(a) In order to preserve a participant's rights under an Award in the event of a Change in Control of the Company or in the event of a fundamental change in the business condition or strategy of the Company, the Committee, in its sole discretion, may, at the time an Award is made or at any time thereafter, take one or more of the following actions: (i) provide for the acceleration of any time period relating to the exercise or payment of the Award, (ii) provide for payment to the participant of cash or other property with a fair market value equal to the amount that would have been received upon the exercise or payment of the Award had the Award been exercised or paid upon such event, (iii) adjust the terms of the Award in a manner determined by the Committee to reflect such event, (iv) cause the Award to be assumed, or new rights substituted therefor, by another entity, or (v) make such other adjustments in the Award as the Committee may consider equitable to the participant and in the best interests of the Company. Further, any Award shall be subject to such conditions as necessary to comply with federal and state securities laws, the performance based exception of Section 162(m) of the Code, or understandings or conditions as to the participant's employment in addition to those specifically provided for under the Plan.

(b) A "*Change in Control*" shall mean any of the following events:

(i) Any person (as such term is used in Section 14(d) of the Exchange Act) becomes the "beneficial owner" (as determined pursuant to Rule 14d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than thirty percent (30%) of the combined voting power of the Company's then outstanding voting securities; or

(ii) During any period of two (2) consecutive years (not including any period prior to the execution of this Plan), individuals who at the beginning of such period constitute the members of the Board of Directors and any new director whose election to the Board of Directors or nomination for election to the Board of Directors by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority of the Board of Directors; or

(iii) The Company shall merge with or consolidate into any other corporation or entity, other than a merger or consolidation which would result in the holders of the voting securities of the Company outstanding immediately prior thereto holding immediately thereafter securities representing more than fifty percent (50%) of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or

(iv) The stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

Notwithstanding any of the foregoing, the issuance of shares to or the distribution of shares from the "Disputed Claims Reserve" pursuant to the Fifth Amended Joint Plan of Affiliated Debtors In Re Enron Corp. et al. shall not constitute a Change in Control.

(c) Notwithstanding the above, this Section 17 shall not apply to any Award made under the Plan that is subject to Section 409A of the Code to the extent that its application would result in a modification to either the time or form of payment or distribution of such Award as provided for under the terms of the Plan or a Grant Agreement.

**18. Withholding.** All payments or distributions of Awards made pursuant to the Plan shall be net of any amounts required to be withheld pursuant to applicable federal, state and local tax withholding requirements. If the Company proposes or is required to distribute Common Stock pursuant to the Plan, it may require the recipient to remit to it or to the corporation or entity that employs such recipient an amount sufficient to satisfy such tax withholding requirements prior to the delivery of any certificates for such Common Stock. In lieu thereof, the Company or the employing corporation or entity shall have the right to withhold the amount of such taxes from any other sums due or to become due from such corporation to the recipient as the Committee shall prescribe. The Committee may, in its discretion and subject to such rules as it may adopt (including any as may be required to satisfy applicable tax and/or non-tax regulatory requirements), permit an optionee or award or right holder to pay all or a portion of the federal, state and local withholding taxes arising in connection with any Award consisting of shares of Common Stock by electing to have the Company withhold shares of Common Stock having a Fair Market Value equal to the amount of tax to be withheld, such tax calculated at minimum statutory withholding rates.

**19. Employment.** A participant's right, if any, to continue to serve the Company or any of its subsidiaries or Affiliates as a director, officer, employee, or otherwise, shall not be enlarged or otherwise affected by his or her designation as a participant under the Plan.

**20. Unfunded Plan.** Participants shall have no right, title, or interest whatsoever in or to any investments which the Company may make to aid it in meeting its obligations under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any participant, beneficiary, legal representative or any other person. To the extent that any person acquires a right to receive payments from the Company under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth in the Plan. The Plan is not intended to be subject to the Employee Retirement Income Security Act of 1974, as amended.

**21. No Fractional Shares.** No fractional shares of Common Stock shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, or Awards, or other property shall be issued or paid in lieu of fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

**22. Duration, Amendment and Termination.** No Award shall be granted after March 31, 2024. The Committee may amend the Plan from time to time or suspend or terminate the Plan at any time. No amendment of the Plan may be made without approval of the stockholders of the Company if such approval is required under the Code, the rules of a stock exchange, or any other applicable laws or regulations.

**23. Award Deferrals.** Participants may elect to defer receipt of shares of Common Stock or amounts payable under an Award in accordance with procedures established by the Committee.

**24. Effect of Code Section 409A.** To the extent that any Award under this plan is or may be considered to involve a nonqualified deferred compensation plan or deferral subject to Section 409A of the Code, the terms and administration of such Award shall comply with the provisions of such Section, applicable IRS guidance and good faith reasonable interpretations thereof and, to the extent necessary, shall be modified, replaced, or terminated in the discretion of the Committee.

**25. Compliance with Securities Laws.** Notwithstanding any other provision of the Plan, the Company shall have no liability to deliver any shares of Common Stock under the Plan or make any other distribution of benefits under the Plan unless such delivery or distribution would comply with all applicable laws (including, without limitation, the requirements of the Securities Act of 1933), and the applicable requirements of any securities exchange or similar entity.

**26. Governing Law.** This Plan, Awards granted hereunder and actions taken in connection herewith shall be governed and construed in accordance with the laws of the state of Oregon.

PORTLAND GENERAL ELECTRIC COMPANY

By: 

Name: Anne F. Mersereau

Title: Vice President, Human Resources, Diversity and Inclusion

PORTLAND GENERAL ELECTRIC COMPANY

2006 STOCK INCENTIVE PLAN

Effective as of March 31, 2006

(As Amended and Restated March 31, 2016)

**1. Purpose.** The Portland General Electric Company 2006 Stock Incentive Plan, as amended and restated (the "Plan") is intended to provide incentives which will attract, retain and motivate highly competent persons as officers, directors and key employees of Portland General Electric Company (the "Company") and its subsidiaries and Affiliates, by providing them with appropriate incentives and rewards in the form of rights to earn shares of the common stock of the Company ("Common Stock") and cash equivalents.

**2. Definitions.** A listing of the defined terms utilized in the Plan is set forth in Appendix A.

**3. Effective Date of Plan.** The Plan is effective on March 31, 2006.

**4. Administration.**

(a) Committee. The Plan will be administered by a committee (the "Committee") appointed by the Board of Directors of the Company (the "Board of Directors") from among its members (which may be the Compensation and Human Resources Committee) and shall be comprised, solely of not less than two (2) members who shall be (i) "non-employee directors" within the meaning of Rule 16b-3(b)(3) (or any successor rule) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and (ii) "outside directors" within the meaning of Treasury Regulation Section 1.162-27(e)(3) under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, the Board of Directors may direct that, for the purpose of establishing the terms and conditions applicable to Awards granted to the Chief Executive Officer under the Plan, and determining amounts payable under such Awards, the Committee shall be comprised of each non-employee director who satisfies the standards of the New York Stock Exchange and the Securities and Exchange Commission for an "independent director" and, in addition, is (i) a "non-employee" director within the meaning of Rule 16b-3(b)(3)(or any successor rule) promulgated under the Exchange Act and (ii) an "outside director" within the meaning of Treasury Regulation Section 1.162-27(e)(3) under Section 162(m) of the Code.

(b) Authority. The Committee is authorized, subject to the provisions of the Plan, to establish such rules and regulations as it deems necessary for the proper administration of the Plan and, in its sole discretion, to make such determinations, valuations and interpretations and to take such action in connection with the Plan and any Awards (as hereinafter defined) granted hereunder as it deems necessary or advisable. All determinations and interpretations made by the Committee shall be binding and conclusive on all participants and their legal representatives.

(c) Indemnification. No member of the Committee and no employee of the Company shall be liable for any act or failure to act hereunder, or for any act or failure to act hereunder by any other member or employee or by any agent to whom duties in connection with the administration of this Plan have been delegated, except in circumstances involving his or her bad faith or willful misconduct. The Company shall indemnify members of the Committee and any agent of the Committee who is an employee of the Company, or of a subsidiary or an Affiliate against any and all liabilities or expenses to which they may be subjected by reason of any act or failure to act with respect to their duties on behalf of the Plan, except in circumstances involving such person's bad faith or willful misconduct. For purposes of this Plan, "Affiliate(s)" means any entity that controls, is controlled by or is under common control with the Company; *provided, however*, that neither the Disputed Claims Reserve, the Disputed Claims Overseers, the Plan Administrator nor the Disbursing Agent, as those terms are defined in Fifth Amended Joint Plan of Affiliated Debtors In Re Enron Corp. et al., shall be an Affiliate.

(d) Delegation and Advisers. The Committee may delegate to one or more of its members, or to one or more employees or agents, such duties and authorities as it may deem advisable including the authority to make grants as permitted by applicable law, the rules of the Securities and Exchange Commission (the "SEC") and any requirements of the New York Stock Exchange (the "NYSE"), and the Committee, or any person to whom it has delegated duties or authorities as aforesaid, may employ one or more persons to render advice with respect to any responsibility the Committee or such person may have under the Plan. The Committee may employ such legal or other counsel, consultants and agents as it may deem desirable for the administration of the Plan and may rely upon any



opinion or computation received from any such counsel, consultant or agent. Expenses incurred by the Committee in the engagement of such counsel, consultant or agent shall be paid by the Company, or the subsidiary or Affiliate whose employees have benefited from the Plan, as determined by the Committee.

**5. Type of Awards.** Awards under the Plan may be granted in any one or a combination of (a) Stock Options, (b) Stock Appreciation Rights, (c) Restricted Stock Awards, and (d) Stock Units (each as described below, and collectively, the "Awards"). Awards may, as determined by the Committee in its discretion, constitute Performance-Based Awards, as described in Section 13 hereof.

**6. Participants.** Participants will consist of (i) such officers and key employees of the Company and its subsidiaries and Affiliates as the Committee in its sole discretion determines to be significantly responsible for the success and future growth and profitability of the Company and whom the Committee may designate from time to time to receive Awards under the Plan and (ii) each director of the Company who is not otherwise an employee of the Company or any of its subsidiaries and whom the Committee may designate from time to time to receive Awards under the Plan. Designation of a participant in any year shall not require the Committee to designate such person to receive an Award in any other year or, once designated, to receive the same type or amount of Award as granted to the participant in any other year. The Committee shall consider such factors as it deems pertinent in selecting participants and in determining the type and amount of their respective Awards.

#### **7. Grant Agreements.**

(a) Awards granted under the Plan shall be evidenced by an agreement ("Grant Agreement") that shall provide such terms and conditions, as determined by the Committee in its sole discretion, *provided, however*, that in the event of any conflict between the provisions of the Plan and any such Grant Agreement, the provisions of the Plan shall prevail.

(b) The Grant Agreement will determine the effect on an Award of the disability, death, retirement, involuntary termination, termination for cause or other termination of employment or service of a participant and the extent to which, and the period during which, the participant's legal representative, guardian or beneficiary may receive payment of an Award or exercise rights thereunder. If the relevant Grant Agreement does not provide otherwise, however, the following default rules shall apply:

(i) vested Stock Option and Stock Appreciation Rights held by a participant shall be exercisable for a period of 90 days following the date the participant ceases to be an employee or director of the Company, its subsidiaries and Affiliates;

(ii) unvested Stock Option, Stock Appreciation Rights, Restricted Stock Awards and Stock Units held by a participant shall be forfeited on the date the participant ceases to be an employee or director of the Company, its subsidiaries and Affiliates.

(c) Subject to Section 13(e), the Committee, in its sole discretion, may modify a Grant Agreement, provided any such modification will not materially adversely affect the economic interests of the participant unless the Committee shall have obtained the written consent of the participant. Notwithstanding the foregoing, the Committee shall not reduce the exercise price of a Stock Option or Stock Appreciation Right (other than under Section 15) without the approval of the Company's shareholders.

(d) Grant Agreements under the Plan need not be identical.

#### **8. Stock Options.**

(a) *Generally.* At any time, the Committee may grant, in its discretion, awards of stock options that will enable the holder to purchase a number of shares of Common Stock from the Company, at set terms (a "Stock Option"). Stock Options may be incentive stock options ("Incentive Stock Options"), within the meaning of Section 422 of the Code, or Stock Options which do not constitute Incentive Stock Options ("Nonqualified Stock Options"). The Committee will have the authority to grant to any participant one or more Incentive Stock Options and/or Nonqualified Stock Options. Each Stock Option shall be subject to such terms and conditions, including vesting, consistent with the Plan as the Committee may provide in the Grant Agreement, subject to the following limitations:

(b) *Exercise Price.* Each Stock Option granted hereunder shall have such per-share exercise price as the Committee may determine in the Grant Agreement, but such exercise price may not be less than "Fair Market Value" (as defined in Section 8(g) below) on the date the Stock Option is granted, except as provided in Section 11(c).

(c) Payment of Exercise Price. The option exercise price may be paid in cash or, in the discretion of the Committee and in accordance with any requirements established by the Committee, by the delivery of shares of Common Stock of the Company then owned by the participant. In the discretion of the Committee and in accordance with any requirements established by the Committee, payment may also be made by delivering a properly executed exercise notice to the Company together with a copy of irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds to pay the exercise price.

(d) Exercise Period. Stock Options granted under the Plan shall be exercisable at such time or times and subject to such terms and conditions, including vesting, as shall be determined by the Committee in the Grant Agreement.

(e) Limitations on Incentive Stock Options. Incentive Stock Options may be granted only to participants who are employees of the Company or of a "Parent Corporation" or "Subsidiary Corporation" (as defined in Sections 424(e) and (f) of the Code, respectively) at the date of grant. The aggregate "Fair Market Value" (as defined and determined as of the time the Stock Option is granted in accordance with Section 8(g) below) of the Common Stock with respect to which Incentive Stock Options are exercisable for the first time by a participant during any calendar year (under all option plans of the Company and of any Parent Corporation or Subsidiary Corporation) shall not exceed one hundred thousand dollars (\$100,000). For purposes of the preceding sentence, Incentive Stock Options will be taken into account in the order in which they are granted. The per-share exercise price of an Incentive Stock Option shall not be less than one hundred percent (100%) of the Fair Market Value of the Common Stock on the date of grant, and no Incentive Stock Option may be exercised later than ten (10) years after the date it is granted.

(f) Additional Limitations on Incentive Stock Options for Ten Percent Shareholders. Incentive Stock Options may not be granted to any participant who, at the time of grant, owns stock possessing (after the application of the attribution rules of Section 424(d) of the Code) more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent Corporation or Subsidiary Corporation, unless the exercise price of the option is fixed at not less than one hundred ten percent (110%) of the Fair Market Value of the Common Stock on the date of grant and the exercise of such option is prohibited by its terms after the expiration of five (5) years from the date of grant of such option.

(g) Fair Market Value. For purposes of this Plan and any Awards granted hereunder, "Fair Market Value" shall be the closing price of the Common Stock on the relevant date (or on the last preceding trading date if Common Stock was not traded on such date) if the Common Stock is readily tradable on a national securities exchange or other market system, and if the Common Stock is not readily tradable, Fair Market Value shall mean the amount determined in good faith by the Committee as the fair market value of the Common Stock.

## 9. Stock Appreciation Rights.

(a) Generally. At any time, the Committee may, in its discretion, grant stock appreciation rights with respect to Common Stock ("Stock Appreciation Rights"), including a concurrent grant of Stock Appreciation Rights in tandem with any Stock Option grant. A Stock Appreciation Right means a right to receive a payment in cash or in Common Stock of an amount equal to the excess of (i) the Fair Market Value of a share of Common Stock on the date the right is exercised over (ii) the Fair Market Value of a share of Common Stock on the date the right is granted, all as determined by the Committee. Each Stock Appreciation Right shall be subject to such terms and conditions, including vesting, as the Committee shall impose in the Grant Agreement.

(b) Exercise Period. Stock Appreciation Rights granted under the Plan shall be exercisable at such time or times and subject to such terms and conditions, including vesting, as shall be determined by the Committee in the Grant Agreement.

## 10. Restricted Stock Awards.

(a) Generally. At any time, the Committee may, in its discretion, grant Awards of Common Stock, subject to restrictions determined by the Committee (a "Restricted Stock Award"). Such Awards may include mandatory payment of any bonus in stock consisting of Common Stock issued or transferred to participants with or without other payments therefor and may be made in consideration of services rendered to the Company or its subsidiaries or Affiliates. A Restricted Stock Award shall be construed as an offer by the Company to the participant to purchase the number of shares of Common Stock subject to the Restricted Stock Award at the purchase price, if any, established therefor.

(b) Payment of the Purchase Price. If the Restricted Stock Award requires payment therefor, the purchase price of any shares of Common Stock subject to a Restricted Stock Award may be paid in any manner authorized by the Committee, which may include any manner authorized under the Plan for the payment of the exercise price of a Stock Option.

(c) Restrictions. Restricted Stock Awards shall be subject to such terms and conditions, including without limitation time based vesting and/or performance based vesting, restrictions on the sale or other disposition of such shares, and/or the right of the Company to reacquire such shares for no consideration upon termination of the participant's employment within specified periods, as the Committee determines appropriate. The Committee may require the participant to deliver a duly signed stock power, endorsed in blank, relating to the Common Stock covered by such an Award. The Committee may also require that the stock certificates evidencing such shares be held in custody or bear restrictive legends until the restrictions thereon shall have lapsed.

(d) Rights as a Shareholder. The Restricted Stock Award shall specify whether the participant shall have, with respect to the shares of Common Stock subject to a Restricted Stock Award, all of the rights of a holder of shares of Common Stock of the Company, including the right to receive dividends and to vote the shares.

## 11. Common Stock Available Under the Plan.

(a) Basic Limitations. The aggregate number of shares of Common Stock that may be subject to Awards shall be 4,687,500, subject to any adjustments made in accordance with Section 15 hereof. The maximum number of shares of Common Stock that may be:

(i) the subject of an Award with respect to any individual participant under the Plan during the term of the Plan shall not exceed 2,000,000 (subject to adjustments made in accordance with Section 15 hereof);

(ii) covered by Awards issued under the Plan during a year shall be limited during the first calendar year of the Plan to 1,250,000 and during any year thereafter to 1% of the Company's outstanding Common Stock at the beginning of such year; and

(iii) issued pursuant to Incentive Stock Options awarded under the Plan shall be 1,000,000.

(b) Additional Shares. Any shares of Common Stock subject to a Stock Option or Stock Appreciation Right which for any reason is cancelled or terminated without having been exercised, or any shares of Common Stock subject to Restricted Stock Awards or Stock Units which are forfeited, and any shares delivered to the Company as part or full payment for an Award or, to the extent the Committee determines that the availability of Incentive Stock Options under the Plan will not be compromised, to satisfy the Company's withholding obligation with respect to an Award granted under this Plan as payment of a withholding obligation, shall again be available for Awards under the Plan under 11(a). The preceding sentence shall apply only for purposes of determining the aggregate number of shares of Common Stock subject to Awards but shall not apply for purposes of determining the maximum number of shares of Common Stock with respect to which Awards may be granted to any individual participant under the Plan.

(c) Acquisitions. In connection with the acquisition of any business by the Company or any of its subsidiaries or Affiliates, any outstanding grants or awards of options, restricted stock or other equity-based compensation pertaining to such business may be assumed or replaced by Awards under the Plan upon such terms and conditions as the Committee determines, including granting of Stock Options or Stock Appreciation Rights with an exercise price below Fair Market Value at the date of the replacement grant.

## 12. Stock Units.

(a) Generally. The Committee may, in its discretion, grant "Stock Units" (as defined in subsection (c) below) to participants hereunder. Stock Units may be subject to such terms and conditions, including time based vesting and/or performance based vesting, as the Committee determines appropriate. A Stock Unit granted by the Committee shall provide payment in shares of Common Stock at such time as the Grant Agreement shall specify. Shares of Common Stock issued pursuant to this Section 12 may be issued with or without other payments therefor as may be required by applicable law or such other consideration as may be determined by the Committee. The Committee shall determine whether a participant granted a Stock Unit shall be entitled to a Dividend Equivalent Right (as defined in subsection (c) below).

(b) Settlement of Stock Units. Shares of Common Stock representing the Stock Units shall be distributed to the participant upon settlement of the Award pursuant to the Grant Agreement.

(c) Definitions. A "Stock Unit" means a notional account representing one (1) share of Common Stock. A "Dividend Equivalent Right" means the right to receive the amount of any dividend paid on the share of Common Stock underlying a Stock Unit, which shall be payable in cash or in the form of additional Stock Units, in the discretion of the Committee.

**13. Performance-Based Awards.**

(a) *Generally.* Any Award granted under the Plan may be granted in a manner such that the Award qualifies for the performance-based compensation exemption of Section 162(m) of the Code (“Performance-Based Awards”). As determined by the Committee in its sole discretion, either the vesting and/or payment of such Performance-Based Awards shall be based on achievement of hurdle rates and/or growth rates in one or more business criteria that apply to the individual participant, one or more business units, or the Company as a whole.

(b) *Business Criteria.* The business criteria shall be as follows, individually or in combination: (1) net earnings; (2) earnings per share; (3) net sales growth; (4) market share; (5) operating profit; (6) earnings before interest and taxes (EBIT); (7) earnings before interest, taxes, depreciation and amortization (EBITDA); (8) gross margin; (9) expense targets; (10) working capital targets relating to inventory and/or accounts receivable; (11) operating margin; (12) return on equity; (13) return on assets; (14) planning accuracy (as measured by comparing planned results to actual results); (15) market price per share; (16) total return to stockholders; (17) cash flow and/or cash flow return on equity; (18) recurring after-tax net income; (19) gross revenues; (20) return on invested capital; (21) safety; (22) cost management; (23) productivity ratios; (24) operating efficiency; (25) accomplishment of mergers, acquisitions, dispositions or similar extraordinary business transactions; (26) bond ratings; (27) economic value added; (28) book value per share; (29) strategic initiatives; (30) employee satisfaction; (31) cash management or asset management metrics; (32) regulatory performance; (33) dividend yield; (34) dividend payout ratio; (35) pre-tax interest coverage; (36) P/E ratio; (37) capitalization targets; (38) customer value/satisfaction; (39) inventory; (40) inventory turns; (41) availability and/or reliability of generation; (42) outage duration; (43) outage frequency; (44) trading floor earnings; (45) budget-to-actual performance; (46) customer growth; (47) funds from operations; (48) interest coverage; (49) funds from operations/average total debt; (50) funds from operations/capital expenditures; (51) total debt/total capital; (52) electric service power quality and reliability, (53) resolution and/or settlement of litigation and other legal proceedings and (54) total equity/total capital. In addition, Performance-Based Awards may include comparisons to the performance of other companies, such performance to be measured by one or more of the foregoing business criteria.

(c) *Establishment of Performance Goals.* With respect to Performance-Based Awards, the Committee shall establish in writing (i) the performance goals applicable to a given period, and such performance goals shall state, in terms of an objective formula or standard, the method for computing the portion of an Award that vests or the number of shares to be delivered to a participant under an Award if such performance goals are obtained, and (ii) the individual employees or class of employees to which such performance goals shall apply, in each case no later than ninety (90) days after the commencement of the applicable performance period (but in no event after twenty-five percent (25%) of such performance period has elapsed).

(d) *Certification of Performance.* No Performance-Based Awards shall be payable to or vest with respect to, as the case may be, any participant for a given period until the Committee certifies in writing that the objective performance goals (and any other material terms) applicable to such period have been satisfied.

(e) *Modification of Performance-Based Awards.* Subject to Section 15(b), with respect to any Awards intended to qualify as Performance-Based Awards, after establishment of a performance goal, the Committee shall not revise such performance goal or increase the amount of compensation payable thereunder upon the attainment of such performance goal (in accordance with the requirements of Section 162(m) of the Code and the regulations thereunder). Notwithstanding the preceding sentence, (i) the Committee may reduce or eliminate the number of shares of Common Stock or cash granted or the number of shares of Common Stock vested upon the attainment of such performance goal, and (ii) the Committee shall disregard or offset the effect of “Extraordinary Items” in determining the attainment of performance goals. For this purpose, “Extraordinary Items” means extraordinary, unusual and/or non-recurring items, including but not limited to, (i) regulatory disallowances or other adjustments, (ii) restructuring or restructuring-related charges, (iii) gains or losses on the disposition of a business or major asset, (iv) changes in regulatory, tax or accounting regulations or laws, (v) resolution and/or settlement of litigation and other legal proceedings or (vi) the effect of a merger or acquisition.

**14. Foreign Laws.** The Committee may grant Awards to individual participants who are subject to the tax laws of nations other than the United States, which Awards may have terms and conditions as determined by the Committee as necessary to comply with applicable foreign laws. The Committee may take any action which it deems advisable to obtain approval of such Awards by the appropriate foreign governmental entity; *provided, however*, that no such Awards may be granted pursuant to this Section 14 and no action may be taken which would result in a violation of the Exchange Act, the Code or any other applicable law.

**15. Adjustment Provisions.**

(a) *Adjustment Generally.* If there shall be any change in the Common Stock of the Company, through merger, consolidation, reorganization, recapitalization, stock dividend, stock split, reverse stock split, split up, spin-off, combination of shares, exchange of shares, dividends or other changes in capital structure, an adjustment shall be made as provided below in (b) to each outstanding Award.

(b) *Modification of Awards.* In the event of any change or distribution described in subsection (a) above, the Committee shall appropriately adjust the number of shares of Common Stock which may be issued pursuant to the Plan, the other limits on Common Stock issuable under the Plan under Section 11, and the number of shares covered by, and the exercise price of, each outstanding Award; *provided, however,* that any such adjustment to a Performance-Based Award shall not cause the amount of compensation payable thereunder to be increased from what otherwise would have been due upon attainment of the unadjusted award.

(c) Notwithstanding the above, no adjustment to a Stock Option or Stock Appreciation Right shall be made under this Section 15 in a manner that will be treated under Section 409A of the Code as the grant of a new Stock Option or Stock Appreciation Right.

**16. Nontransferability, Title and Other Restrictions.** Except as otherwise specifically provided by the Committee in a Grant Agreement or modification of a Grant Agreement that provides for transfer, each Award granted under the Plan to a participant shall not be transferable otherwise than by will or the laws of descent and distribution, and shall be exercisable, during the participant's lifetime, only by the participant. In the event of the death of a participant, each Award granted to him or her shall be exercisable during such period after his or her death as the Committee shall in its discretion set forth in the Grant Agreement at the date of grant and then only by the executor or administrator of the estate of the deceased participant or the person or persons to whom the deceased participant's rights under the Stock Option or Stock Appreciation Right shall pass by will or the laws of descent and distribution.

**17. Acceleration of Awards.**

(a) In order to preserve a participant's rights under an Award in the event of a Change in Control of the Company or in the event of a fundamental change in the business condition or strategy of the Company, the Committee, in its sole discretion, may, at the time an Award is made or at any time thereafter, take one or more of the following actions: (i) provide for the acceleration of any time period relating to the exercise or payment of the Award, (ii) provide for payment to the participant of cash or other property with a fair market value equal to the amount that would have been received upon the exercise or payment of the Award had the Award been exercised or paid upon such event, (iii) adjust the terms of the Award in a manner determined by the Committee to reflect such event, (iv) cause the Award to be assumed, or new rights substituted therefor, by another entity, or (v) make such other adjustments in the Award as the Committee may consider equitable to the participant and in the best interests of the Company. Further, any Award shall be subject to such conditions as necessary to comply with federal and state securities laws, the performance based exception of Section 162(m) of the Code, or understandings or conditions as to the participant's employment in addition to those specifically provided for under the Plan.

(b) A "Change in Control" shall mean any of the following events:

(i) Any person (as such term is used in Section 14(d) of the Exchange Act) becomes the "beneficial owner" (as determined pursuant to Rule 14d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than thirty percent (30%) of the combined voting power of the Company's then outstanding voting securities; or

(ii) During any period of two (2) consecutive years (not including any period prior to the execution of this Plan), individuals who at the beginning of such period constitute the members of the Board of Directors and any new director whose election to the Board of Directors or nomination for election to the Board of Directors by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority of the Board of Directors; or

(iii) The Company shall merge with or consolidate into any other corporation or entity, other than a merger or consolidation which would result in the holders of the voting securities of the Company outstanding immediately prior thereto holding immediately thereafter securities representing more than fifty percent (50%) of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or

(iv) The stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

Notwithstanding any of the foregoing, the issuance of shares to or the distribution of shares from the "Disputed Claims Reserve" pursuant to the Fifth Amended Joint Plan of Affiliated Debtors In Re Enron Corp. et al. shall not constitute a Change in Control.

(c) Notwithstanding the above, this Section 17 shall not apply to any Award made under the Plan that is subject to Section 409A of the Code to the extent that its application would result in a modification to either the time or form of payment or distribution of such Award as provided for under the terms of the Plan or a Grant Agreement.

**18. Withholding.** All payments or distributions of Awards made pursuant to the Plan shall be net of any amounts required to be withheld pursuant to applicable federal, state and local tax withholding requirements. If the Company proposes or is required to distribute Common Stock pursuant to the Plan, it may require the recipient to remit to it or to the corporation or entity that employs such recipient an amount sufficient to satisfy such tax withholding requirements prior to the delivery of any certificates for such Common Stock. In lieu thereof, the Company or the employing corporation or entity shall have the right to withhold the amount of such taxes from any other sums due or to become due from such corporation to the recipient as the Committee shall prescribe. The Committee may, in its discretion and subject to such rules as it may adopt (including any as may be required to satisfy applicable tax and/or non-tax regulatory requirements), permit an optionee or award or right holder to pay all or a portion of the federal, state and local withholding taxes arising in connection with any Award consisting of shares of Common Stock by electing to have the Company withhold shares of Common Stock having a Fair Market Value equal to the amount of tax to be withheld, such tax calculated at minimum statutory withholding rates.

**19. Employment.** A participant's right, if any, to continue to serve the Company or any of its subsidiaries or Affiliates as a director, officer, employee, or otherwise, shall not be enlarged or otherwise affected by his or her designation as a participant under the Plan.

**20. Unfunded Plan.** Participants shall have no right, title, or interest whatsoever in or to any investments which the Company may make to aid it in meeting its obligations under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any participant, beneficiary, legal representative or any other person. To the extent that any person acquires a right to receive payments from the Company under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth in the Plan. The Plan is not intended to be subject to the Employee Retirement Income Security Act of 1974, as amended.

**21. No Fractional Shares.** No fractional shares of Common Stock shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, or Awards, or other property shall be issued or paid in lieu of fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

**22. Duration, Amendment and Termination.** No Award shall be granted after March 31, 2024. The Committee may amend the Plan from time to time or suspend or terminate the Plan at any time. No amendment of the Plan may be made without approval of the stockholders of the Company if such approval is required under the Code, the rules of a stock exchange, or any other applicable laws or regulations.

**23. Award Deferrals.** Participants may elect to defer receipt of shares of Common Stock or amounts payable under an Award in accordance with procedures established by the Committee.

**24. Effect of Code Section 409A.** To the extent that any Award under this plan is or may be considered to involve a nonqualified deferred compensation plan or deferral subject to Section 409A of the Code, the terms and administration of such Award shall comply with the provisions of such Section, applicable IRS guidance and good faith reasonable interpretations thereof and, to the extent necessary, shall be modified, replaced, or terminated in the discretion of the Committee.

**25. Compliance with Securities Laws.** Notwithstanding any other provision of the Plan, the Company shall have no liability to deliver any shares of Common Stock under the Plan or make any other distribution of benefits under the Plan unless such delivery or distribution would comply with all applicable laws (including, without limitation, the requirements of the Securities Act of 1933), and the applicable requirements of any securities exchange or similar entity.

**26. Governing Law.** This Plan, Awards granted hereunder and actions taken in connection herewith shall be governed and construed in accordance with the laws of the state of Oregon.

PORTLAND GENERAL ELECTRIC COMPANY

By: 

Name: Anne F. Mersereau

Title: Vice President, Human Resources, Diversity and Inclusion

**UF 4226(3) - Attachment 3  
Confidential Pursuant to General  
Protective Order No. 22-338**



**UF 4226(3) - Attachment 4  
Confidential Pursuant to General  
Protective Order No. 22-338**

**UF 4226(3) - Attachment 5  
Confidential Pursuant to General  
Protective Order No. 22-338**

This **Compensation Provided by Stock Incentive Plans report** was prepared for, and at the request of, **Portland General Electric**, for use by **Portland General Electric**. The information in this **report** is not intended nor necessarily suitable for other purposes. Any third party recipient will be deemed to have agreed to the following: (1) this **report** contains confidential and proprietary work product of Willis Towers Watson, which owns all related intellectual property rights; (2) Willis Towers Watson represents and is responsible only to **Portland General Electric** with respect to all matters relating to this **report**; (3) this **report** was prepared for **Portland General Electric's** internal use and assumes a high level of knowledge of **Portland General Electric's** operations, the data used in this **report** and the external factors affecting **Portland General Electric's** business; Willis Towers Watson would not expect a third party to have such knowledge; (4) the recipient will not have the right to reference or distribute this **report** in whole or in part to any other party, including, but not limited to, any parent, subsidiary or affiliate of such recipient; (5) the recipient will not use any of the information contained in this **report** for any purpose other than that for which this **report** is being provided to such recipient, and the recipient will only share the information with its employees with a need to know the information for such purpose; and (6) the recipient will not place any reliance on this **report**, or the information contained herein or related hereto, that would result in the creation of any duty or liability by Willis Towers Watson to such recipient.

**UF 4226(3) - Attachment 6  
Confidential Pursuant to General  
Protective Order No. 22-338**

**UF 4226(3) - Attachment 7**  
**Confidential Pursuant to General**  
**Protective Order No. 22-338**

**UF 4226(3) - Attachment 8**  
**Confidential Pursuant to General Protective**  
**Order No. 22-338**