



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

August 19, 2009

**via E-Filing and US Mail**

Public Utility Commission of Oregon  
550 Capitol St., NE, No.215  
Salem, OR 97308-2148

Attention: **Commission Filing Center:**

Re: **UP-236(1)** Application to Amend Order No. 07-083

Enclosed is the original signed Application and one copy requesting approval to amend the Application and Order No. 07-083. PGE seeks Commission approval to amend Condition 2 in Order No. 07-083 related to the sale of RECs.

We ask that this Application be placed on the docket for consideration at the Commission's September 22, 2009 meeting, or as soon thereafter as possible.

PGE waives paper service of documents in this proceeding and has E-filed a copy on this date.

If you have any questions or require further information, please call me at (503) 464-7580, Jay Tinker at (503) 464-7002, or Rebecca Brown at (503) 464-8545. Please direct all formal correspondence, questions, or requests to the following e-mail address: [pge.opuc.filings@pgn.com](mailto:pge.opuc.filings@pgn.com)

Sincerely,

Patrick G. Hager  
Manager, Regulatory Affairs

Encls.

BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

UP-236(1)

In the Matter of the Application of )  
PORTLAND GENERAL ELECTRIC COMPANY ) Application to Amend Order  
in Regard to the Sale of its Property )

Pursuant to ORS 757.480 and OAR 860-027-0025, a public utility in Oregon must first obtain Commission approval for any transaction to sell, lease, assign or otherwise dispose of property. On March 05, 2007, the Oregon Public Utility Commission (OPUC) approved Portland General Electric's (PGE's) application to sell unbundled Tradable Renewable Energy Credits (RECs) in Order No. 07-083, and included a list of conditions. Specifically, Condition 2 stated the following:

"Portland General Electric Company will not sell more than \$1 million of Tradable Renewable Energy Credits, or for a term of more than two years, in any single sales transaction. Portland General Electric Company may sell up to 100 percent of its Tradable Renewable Energy Credits produced through June 30, 2007. During the period July 1, 2007, to December 31, 2007, and in subsequent calendar years, Portland General Electric Company may sell no more than one-half of the Tradable Renewable Energy Credits produced during the period. Any Exception to this condition will require an amended application."

PGE seeks Commission approval to amend Condition 2. PGE requests approval to raise the ceiling from \$1 million to up to \$5 million of RECs, as changing market conditions are driving the value of the transactions. Upon the sale of RECs, PGE plans to record the proceeds (less fees) in the property sale deferred account for later refund to customers.

## A. Background

RECs are created as renewable power is generated. They represent the renewable attributes of the renewable power. There is increasing interest in RECs due to new consumer demand, corporate commitments, and regulations such as Renewable Portfolio Standards (RPS). As the market develops, increased demand drives market prices upward, lot sizes increase, more participants enter the market, and consequently, the value of single transactions exceed earlier expectations.

REC prices can vary significantly depending on the energy source and generation dates associated with a REC. REC markets at this time remain volatile, shallow, and immature and current short-term pricing is not necessarily indicative of any long-term trends. Examples of the recent range of short-term pricing estimates are; hydro \$1-\$4, (up from \$0.50-\$3); wind \$1 - \$25, (up from \$0.50-\$15); landfill gas \$3-\$10 (up from \$1-\$3), and geothermal \$3-\$10 (up from \$1-\$10) per REC. However, the expected value of current-year wind RECs has increased significantly. This recent increase in the value of wind RECs, combined with the increasing lot sizes from 10,000-50,000 to 100,000, is driving the value of short-term single transactions above the \$1 million level. In order to timely participate in current market transactions, PGE requests authorization to make a single transaction up to \$5 million.

For individual transactions greater than \$5 million, PGE will file an amended application to request Commission approval. For each such amended application, PGE asks the Commission to assign a single docket number, which will be amended by numbering the applications for each subsequent sale requiring approval in the following manner, Docket No. UP-236(1), UP-236(2) etc.

## B. Requested Approval

PGE seeks approval to sell groups of RECs with a single transaction value less than \$5

million, as opportunities occur. To maximize the value of this effort, PGE requires flexibility to timely respond to inquiries from purchasers without the significant delay required when seeking OPUC approval. For transactions with sales value greater than \$5 million, PGE will seek specific approval for each sale by amending the previous application. PGE will continue to record all proceeds and fees for these transactions in the property sales account for later refund to customers.

### C. Reporting Requirements

These REC sales will be included in the Semi-Annual report of property sales filed approximately January and July of each year. In addition, PGE plans to report on this activity at our Quarterly Power Cost Update meetings and as other discussion opportunities occur.

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

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

- (a) *The exact name and address of the utility's principal business office:* Portland General Electric Company, 121 SW Salmon Street, Portland, Oregon 97204.
- (b) *The state in which incorporated, the date of incorporation, and the other states in which authorized to transact utility operations:* PGE is a corporation organized and existing under and by the laws of the State of Oregon. The date of its incorporation is July 25, 1930. PGE is authorized to transact business in the states of Oregon, Washington, California, Arizona and Montana, and in the District of Columbia, but conducts retail utility business only in the state of Oregon. As of February 21, 1995, PGE is also registered as an extra-provincial corporation in Alberta, Canada.
- (c) *Name and address of the person on behalf of applicant authorized to receive notices and communications in respect to the applications:*

PGE-OPUC Filings  
Rates & Regulatory Affairs  
Portland General Electric Company  
121 SW Salmon Street, 1WTC-0702  
Portland, OR 97204  
(503) 464-7857 (telephone)  
(503) 464-7651 (fax)  
[pge.opuc.filings@pgn.com](mailto:pge.opuc.filings@pgn.com)

J. Richard George  
Assistant General Counsel  
Portland General Electric Company  
121 SW Salmon Street, 1WTC-1301  
Portland, OR 97204  
(503) 464-7611 (telephone)  
(503) 464-2200 (fax)  
[richard.george@pgn.com](mailto:richard.george@pgn.com)

PGE waives paper service in this proceeding. In addition, the names and addresses to receive notices and communications via the e-mail service list are:

Patrick G. Hager, Manager, Regulatory Affairs  
E-Mail: [Patrick.Hager@pgn.com](mailto:Patrick.Hager@pgn.com)

Jay Tinker, Project Manager  
E-Mail: [Jay.Tinker@pgn.com](mailto:Jay.Tinker@pgn.com)

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

Launa Harmon, Regulatory Specialist  
E-Mail: [Launa.Harmon@pgn.com](mailto:Launa.Harmon@pgn.com)

Doug Tingey, Assistant General Counsel  
E-Mail: [doug.tingey@pgn.com](mailto:doug.tingey@pgn.com)

(d) *The names, titles, and addresses of the principal officers:*

As of August 1, 2009, the following are the principal officers of PGE with primary business offices located at 121 SW Salmon Street, Portland, Oregon 97204:

<u>Name</u>	<u>Title</u>
James J. Piro	President and Chief Executive Officer
Maria M. Pope	Senior Vice President, Finance, Chief Financial Officer & Treasurer
Stephen R. Hawke	Senior Vice President, Customer Service and Delivery
Arleen Barnett	Vice President, Administration
O. Bruce Carpenter	Vice President, Transmission & Distribution Services
Carol A. Dillin	Vice President, Customers and Economic Development
Jay J. Dudley	Vice President, General Counsel, and Corporate Compliance Officer and Assistant Secretary

Campbell A. Henderson	Vice President, Information Technology and Chief Information Officer
James F. Lobdell	Vice President, Power Operations and Resource Strategy
Joe A. McArthur	Vice President, Transmission
William O. Nicholson	Vice President, Distribution
W. David Robertson	Vice President, Public Policy
Stephen M. Quennoz	Vice President, Nuclear and Power Supply / Generation
Marc S. Bocci	Corporate Secretary
Kirk M. Stevens	Controller and Assistant Treasurer
William J. Valach	Assistant Treasurer
Nora E. Arkonovich	Assistant Secretary
Cheryl A. Chevis	Assistant Secretary
Karen J. Lewis	Assistant Secretary

(e) *A description of the general character of the business done and to be done and a designation of the territories served, by counties and states:* PGE is engaged 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.

(f) *A statement, as of the date of the balance sheet submitted with the application, showing for each class and series of capital stock: brief description; the amount authorized (face value and number of shares); the amount outstanding (exclusive of any amount held in the treasury); amount held as reacquired securities; amount pledged; amount owned by affiliated interests; and amount held in any fund:* The following represents PGE's stock as of **June 30, 2009**, the date of PGE's (10-Q):

	<u>Outstanding Shares</u>	<u>Amount (\$000s)</u>
Common Stock: *		
No Par Value	75,148,908	\$829,521
(80,000,000 shares authorized)		

\* Company Directors hold 67,517 shares. As of March 31, 2009, the following family of funds hold PGE common stock: Franklin Resources, Inc (9.1%). PGE does not have enough information to conclude whether or not these funds qualify as affiliates. We provide this information to assist staff in its analysis, if needed.

None of the above is held as reacquired securities or was pledged by the applicant.

(g) *A statement, as of the date of the balance sheet submitted with the application, showing for each class and series of long-term debt and notes: brief description (amount, interest rate and maturity); amount authorized; amount outstanding (exclusive of any amount held in the treasury); amount held as reacquired securities; amount pledged; amount held by affiliated interests; and amount in sinking and other funds:* The long-term debt as of **June 30, 2009** is as follows:

<u>Description</u>	<u>Authorized (\$000s)</u>	<u>Outstanding (\$000s)</u>
First Mortgage Bonds:		
5.6675% series due 10-25-2012	100,000	100,000
6.26% series due 5-1-2031	100,000	100,000
6.31% series due 5-1-2036	175,000	175,000
5.625% series VI due 8-1-2013	50,000	50,000
MTN series due 8-11-2021 9.31%	20,000	20,000
6.75% series VI due 8-1-2023	50,000	50,000
6.875% series VI due 8-1-2033	50,000	50,000
5.80% series due 6-1-2039	170,000	170,000
5.81% series due 10-1-2037	130,000	130,000
5.80% series due 3-1-2018	75,000	75,000
4.45% series due 4-1-2013	50,000	50,000
6.50% series due 1/15/2014	63,000	63,000
6.80% series due 1/15/2016	67,000	67,000
6.10% series due 4/15/19	<u>300,000</u>	<u>300,000</u>
Total First Mortgage Bonds	<b>1,400,000</b>	<b>1,400,000</b>
Pollution Control Bonds:		
City of Forsyth, MT		
5.45% series B 5-1-2033	21,000	21,000
5.20% series A 5-1-2033	97,800	97,800
Port of Morrow, OR		
5.20% series A 5-1-2033	23,600	23,600

**The above three debt instruments, purchased by**

Description	Authorized (\$000s)	Outstanding (\$000s)
<b>the Company on May 1, 2009, are currently held for possible remarketing</b>	(142,400)	(142,400)
Port of St Helens, OR		
4.80% series due 4-01-2010	20,200	20,200
4.80% series due 6-01-2010	16,700	16,700
5.25% series due 8-1-2014	<u>9,600</u>	<u>9,600</u>
Total Pollution Control Bonds outstanding	<b>46,500</b>	<b>46,500</b>
Other Long Term Debt:		
7.875% notes due March 15, 2010	150,000	149,250
Capital lease obligations	0	0
Long-Term Contracts	25	25
Unamortized Debt Discount and Other	<u>(1,729)</u>	<u>(1,729)</u>
Total Other Long-Term Debt	<b><u>148,296</u></b>	<b><u>147,546</u></b>
Total Long-Term Debt	<b>1,594,796</b>	<b>1,594,046</b>
Less amounts Classified as Short-Term		
7.875% notes due March 15, 2010	(150,000)	(149,250)
Port of St Helens, OR:		
4.80% series due 4-01-2010	(20,200)	(20,200)
4.80% series due 6-01-2010	<u>(16,700)</u>	<u>(16,700)</u>
<b>Total Classified as Short-Term</b>	<b><u>(186,900)</u></b>	<b><u>(186,150)</u></b>
<b>Net Long Term Debt</b>	<b><u>1,407,896</u></b>	<b><u>1,407,896</u></b>

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

(h) *Whether the application is for disposition of facilities by sale, lease, or otherwise, a merger or consolidation of facilities, or for mortgaging or encumbering its property, or for the acquisition of stock, bonds, or property of another utility, also a description of the consideration, if any, and the method of arriving at the amount thereof:* This Application requests approval to sell RECs, with sale value less than \$5 million, as opportunities occur; and to record the proceeds and fees from such sales in the property sales deferred account for later return to customers. The value of each sale will be determined by good faith negotiation via a broker.

(i) *A statement and general description of facilities to be disposed of, consolidated, merged, or acquired from another utility, giving a description of their present use and of their*



*proposed use after disposition, consolidation, merger, or acquisition. State whether the proposed disposition of facilities or plan for consolidation, merger, or acquisition includes all the operating facilities of the parties to the transaction:* Items to be disposed are RECs associated with the generation of renewable power, which are considered available for sale until reported in our generation mix. These sales will not likely include RECs associated with all of the operating facilities of PGE.

(j) *A statement by primary account of the cost of the facilities and applicable depreciation reserve involved in the sale, lease, or other disposition, merger or consolidation, or acquisition of property of another utility, and a statement indicating where all existing data and records may be found:* No facilities cost or depreciation reserves are involved in the sales of RECs.

(k) *A statement as to whether or not any application with respect to the transaction or any part thereof, is required to be filed with any federal or other state regulatory body:* PGE reviewed the state and federal regulations and found no required application at this time to any federal or other state regulatory body with respect to the sale of REC transactions.

(l) *The facts relied upon by applicants to show that the proposed sale, lease, assignment, or consolidation of facilities, mortgage or encumbrance of property, or acquisition of stock, bonds, or property of another utility will be consistent with the public interest:* PGE's proposal enables PGE to sell RECs and to defer net proceeds from such sales for later return to customers. Thus, customer electric bills will be lower than they would be without the proposal.

(m) *The reasons, in detail, relied upon by each applicant, or party to the application, for entering into the proposed sale, lease, assignment, merger, or consolidation of facilities, mortgage or encumbrance of property, acquisition of stock, bonds, or property of another utility, and the benefits, if any, to be derived by the customers of the applicants and the public:*

See the Background Section and paragraphs h) and l) above.

(n) *The amount of stock, bonds, or other securities, now owned, held or controlled by applicant, of the utility from which stock or bonds are proposed to be acquired:* Not applicable.

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

## **II. Required Exhibits Under OAR 860-027-0025(2)**

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

***EXHIBIT A.*** *A copy of the charter or articles of incorporation with amendments to date:* Articles of Incorporation as amended (Previously filed in Docket UP 234 and by reference made a part of this application.)

***EXHIBIT B.*** *A copy of the bylaws with amendments to date:* Bylaws as Amended and Restated (Previously filed in Docket UF-4259 – “Sixth Amended and Restated Bylaws” dated May 13, 2009, and by reference made a part of this application.)

***EXHIBIT C.*** *Copies of all resolutions of directors authorizing the proposed disposition, merger, or consolidation of facilities, mortgage or encumbrance of property, acquisition of stock, bonds, or property of another utility, in respect to which the application is made and, if approval of stockholders has been obtained, copies of the resolutions of the stockholders should also be furnished:* Not Applicable (no such resolutions are related to this application).

***EXHIBIT D.*** *Copies of all mortgages, trust, deeds, or indentures, securing any obligation of each party to the transaction:* None (no such documents are related to this application).

***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: Attached.*

**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: Attached.*

**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: Attached.*

**EXHIBIT H.** *An analysis of surplus for the period covered by the income statements referred to in Exhibit G: Attached.*

**EXHIBIT I.** *A copy of each contract in respect to the sale, lease or other proposed disposition, merger or consolidation of facilities, acquisition of stock, bonds, or property of another utility, as the case may be, with copies of all other written instruments entered into or proposed to be entered into by the parties to the transaction pertaining thereto: Exhibit I provides a draft of the generic contract that PGE uses in its agreements, subject to negotiated final terms.*

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

**EXHIBIT K.** *A copy of each supporting schedule showing the benefits, if any, which each applicant relies upon to support the facts as required by subsection (1)(l) of this rule and the reasons as required by subsection (1)(m) of this rule: Exhibit K is a template of the certification that PGE expects to issue with sold RECs, subject to negotiation outcomes.*

**EXHIBIT L:** *Statement of Property History and Cost.* None (not applicable to this application).

Dated this 19<sup>th</sup> day of August, 2009.

Respectfully submitted,

  
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Patrick G. Hager, Manager, Regulatory Affairs  
On Behalf of Portland General Electric Company  
121 SW Salmon Street, 1WTC 0702,  
Portland, Oregon 97204  
Phone: (503) 464-7580  
E-Mail: Patrick.Hager@pgn.com  
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**Exhibit "E"**  
**UP-236(1)**

**Portland General Electric Company and Subsidiaries**  
**Consolidated Balance Sheet**  
**June 30, 2009**  
**(In Millions, Except Share Amounts)**

	June 30, 2009	Adjustments (1)	Adjusted Total
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 58		\$ 58
Accounts and notes receivable, net	150		150
Unbilled revenues	63		63
Assets from price risk management activities - current	26		26
Inventories, at average cost	75		75
Margin deposits	127		127
Current deferred income taxes	120		120
Regulatory assets - current	244		244
Other current assets	29		29
Total current assets	<u>892</u>	<u>-</u>	<u>892</u>
Electric utility plant, net	3,662		3,662
Non-qualified benefit plan trust	45		45
Nuclear decommissioning trust	47		47
Regulatory assets - noncurrent	585		585
Other noncurrent assets	53		53
Total assets	<u>\$ 5,284</u>	<u>\$ -</u>	<u>\$ 5,284</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	\$ 186		\$ 186
Long-term debt due within one year	186		186
Short-term borrowings	-		-
Liabilities from price risk management activities - current	254		254
Regulatory liabilities - current	66		66
Other current liabilities	72		72
Total current liabilities	<u>764</u>	<u>-</u>	<u>764</u>
Long-term debt, net of current portion	1,408		1,408
Regulatory liabilities - noncurrent	645		645
Liabilities from price risk management activities - noncurrent	168		168
Noncurrent deferred income taxes	414		414
Unfunded status of pension and postretirement benefits	176		176
Non-qualified benefit plan liabilities	94		94
Other noncurrent liabilities	71		71
Total liabilities	<u>\$ 3,740</u>	<u>\$ -</u>	<u>\$ 3,740</u>
Commitments and contingencies (see notes)			
Shareholders' equity:			
Common stock	830		830
Accumulated other comprehensive loss	(5)		(5)
Retained earnings	717		717
Total shareholders' equity	<u>1,542</u>	<u>-</u>	<u>1,542</u>
Noncontrolling interests' equity	2		2
Total liabilities and shareholders' equity	<u>\$ 5,284</u>	<u>\$ -</u>	<u>\$ 5,284</u>

(1) Reflects journal entries in Exhibit "J"

**Exhibit "G"**  
**UP-236(1)**

**Portland General Electric Company and Subsidiaries**  
**Consolidated Statement of Income**

Six Months Ended

June 30, 2009

(Dollars In Millions, Except per Share Amounts)

	Six Months Ended June 30, 2009	Adjustments	Adjusted Total
<b>Revenues</b>	\$874		\$874
<b>Operating Expenses</b>			
Purchased power and fuel	439		439
Production and distribution	85		85
Administrative and other	91		91
Depreciation and amortization	107		107
Taxes other than income taxes	44		44
	766		766
<b>Income from Operations</b>	108	-	108
<b>Other Income (Deductions)</b>			
Allowance for equity funds used during construction	8		8
Miscellaneous	1		1
Other Income	9	-	9
<b>Interest Charges</b>	51		51
Income before income taxes	66	-	66
<b>Income Taxes</b>	16		16
<b>Net Income</b>	50	-	50
Less: net income (loss) attributable to the noncontrolling interests	(5)		
<b>Net Income attributable to Portland General Electric</b>	\$ (55)	\$ -	\$ (50)

**Exhibit "H"**  
**UP-236(1)**

**Portland General Electric Company and Subsidiaries**  
**Consolidated Statement of Retained Earnings**  
**Six Months Ended**  
**June 30, 2009**  
**(In Millions)**

	<u>Retained Earnings</u>	<u>Adjustments <sup>(1)</sup></u>	<u>Adjusted Total</u>
<b>Balance at Beginning of Period, January 1, 2009</b>	\$700		\$700
<b>Net Income</b>	55		55
	<u>755</u>		<u>755</u>
<b>Dividends Declared</b>			
Common stock	<u>38</u>		<u>38</u>
<b>Balance at End of Period, June 30, 2009</b>	<u><u>\$717</u></u>		<u><u>\$717</u></u>

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

**Portland General Electric Company and Subsidiaries**

**Accounting Treatment for Sale Proceeds and Fees**

**(000's)**

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<b>Account</b>	<b>Description</b>	<b>Debit</b>	<b>Credit</b>
1	To record proceeds and expenses associated with the sale of Renewable Energy Credits		
131	Cash	1000	
186	Miscellaneous deferred debits		1000
131	Cash		40
186	Miscellaneous deferred debits (cost of sales)	40	
2	To record the deferred gain associated with the sale of Renewable Energy Credits		
186	Miscellaneous deferred debits	960	
411.6	Gain on disposition of utility property (REC)		960
407.3	Regulatory Debits	960	
254	Other Regulatory Liabilities		960

These entries are based on \$1 million in sales, less 4% in fees, for \$0.96 million net proceeds



**Exhibit "F"**  
**Statement of Contingent Liabilities**  
**As of June 30, 2009**  
**UP-236(1)**

**Legal Matters**

**Trojan Investment Recovery**

*Background.* In 1993, PGE closed the Trojan Nuclear Plant as part of the Company's least cost planning process. PGE sought full recovery of, and a rate of return on, its Trojan plant costs in a general rate case filing with the OPUC. In 1995, the OPUC issued a general rate order that granted the Company recovery of, and a rate of return on, 87% of its remaining investment in Trojan plant costs.

*Court Proceedings on OPUC Authority to Grant Recovery of Return on Trojan Investment.* Numerous challenges, appeals and reviews were subsequently filed in the Marion County Circuit Court (Circuit Court), the Oregon Court of Appeals, and the Oregon Supreme Court on the issue of the OPUC's authority under Oregon law to grant recovery of, and a return on, the Trojan investment. The primary plaintiffs in the litigation were the Citizens' Utility Board (CUB) and the Utility Reform Project (URP). The Oregon Court of Appeals issued an opinion in 1998, which upheld the OPUC's authorization of PGE's recovery of the Trojan investment, but stated that the OPUC did not have the authority to allow PGE to recover a return on the Trojan investment and remanded the case to the OPUC.

*Settlement of Court Proceedings on OPUC Authority.* In 2000, PGE, CUB, and the staff of the OPUC entered into agreements to settle the litigation related to PGE's recovery of, and return on, its investment in the Trojan plant. The URP did not participate in the settlement, which was approved by the OPUC in September 2000. The settlement allowed PGE to remove from its balance sheet the remaining before-tax investment in Trojan of approximately \$180 million at September 30, 2000, along with several largely offsetting regulatory liabilities.

*Challenge to Settlement of Court Proceeding.* The URP filed a complaint with the OPUC challenging the settlement agreements and the OPUC's September 2000 order. In March 2002, the OPUC issued an order (2002 Order) denying all of the URP's challenges, and approving the accounting and ratemaking elements of the 2000 settlement. On October 10, 2007, following several appeals by various parties, the Oregon Court of Appeals issued an opinion that remanded the 2002 Order to the OPUC for reconsideration.

*Remand of 2002 Order.* As a result of the Oregon Court of Appeals remand of the 2002 Order, the OPUC considered whether the OPUC has authority to engage in retroactive ratemaking and what prices would have been if, in 1995, the OPUC had interpreted the law to prohibit a return on the Trojan investment. On September 30, 2008, the OPUC issued an order that requires PGE to refund \$15.4 million, plus interest at 9.6% from September 30, 2000, to customers who received service from PGE during the period October 1, 2000 to September 30, 2001. The order also provides that the total refund amount will accrue interest at 9.6% from October 1, 2008 until all refunds are issued to customers. The URP and the plaintiffs in the class actions described below have separately appealed the order to the Oregon Court of Appeals.

The \$15.4 million amount, plus accrued interest, resulted in a total refund of \$33.1 million as of September 30, 2008. As a result of the September 30, 2008 order, PGE recorded, as a regulatory liability, the total refund due to customers of \$33.1 million, which reduced 2008 revenues.

*Class Actions.* In a separate legal proceeding, two class action suits were filed in Circuit Court against PGE on January 17, 2003 on behalf of two classes of electric service customers (the Class Action Plaintiffs). The cases seek to represent PGE customers during the period from April 1, 1995 to October 1, 2000. The suits seek damages of \$260 million plus interest as a result of the inclusion of a return on investment of Trojan in the prices PGE charged its customers.

On December 14, 2004, the judge granted the Class Action Plaintiffs' motion for Class Certification and Partial Summary Judgment and denied PGE's motion for Summary Judgment. On March 3, 2005 and March 29, 2005, PGE filed two Petitions for an Alternative Writ of Mandamus with the Oregon Supreme Court, asking the Court to take jurisdiction and command the trial judge to dismiss the complaints or to show cause why they should not be dismissed, and seeking to overturn the Class Certification.

On August 31, 2006, the Oregon Supreme Court issued a ruling on PGE's Petitions for Alternative Writ of Mandamus, abating the class action proceedings until the OPUC responded with respect to the 2002 Order (described above). The Oregon Supreme Court concluded that the OPUC has primary jurisdiction to determine what, if any, remedy it can offer to PGE customers, through price reductions or refunds, for any amount of return on the Trojan investment PGE collected in prices for the period from April 1, 1995 through October 1, 2000. The Oregon Supreme Court further stated that if the OPUC determined that it can provide a remedy to PGE's customers, then the class action proceedings may become moot in whole or in part. The Oregon Supreme Court further stated that, if the OPUC determined that it cannot provide a remedy, the court system may have a role to play. The Oregon Supreme Court also ruled that the plaintiffs retain the right to return to the Circuit Court for disposition of whatever issues remain unresolved from the remanded OPUC proceedings.

On October 5, 2006, the Circuit Court issued an Order of Abatement in response to the ruling of the Oregon Supreme Court, abating the class actions, but inviting motions to lift the abatement after one year. On October 17, 2007, the plaintiffs filed a motion to lift the abatement. On February 10, 2009, the Circuit Court judge denied the plaintiffs' motion to lift the abatement.

Management cannot predict the ultimate outcome of the above matters. However, it believes that these matters will not have a material adverse impact on the financial condition of the Company, but may have a material adverse impact on the results of operation and cash flows for a future reporting period.

## **Regulatory Matters**

### **Pacific Northwest Refund Proceeding**

On July 25, 2001, the FERC called for a preliminary evidentiary hearing to explore whether there may have been unjust and unreasonable charges for spot market sales of electricity in the Pacific Northwest from December 25, 2000 through June 20, 2001 (Pacific Northwest Refund proceeding). During that period, PGE both sold and purchased electricity in the Pacific Northwest. In September 2001, upon completion of hearings, the appointed administrative law judge issued a recommended order that the claims for refunds be dismissed. In June 2003, the FERC issued an order terminating the proceeding and denying the claims for refunds. Parties appealed various aspects of the FERC order to the U.S. Ninth Circuit Court of Appeals (Ninth Circuit).

On August 24, 2007, the Ninth Circuit issued its decision, concluding that the FERC failed to adequately explain how it considered or examined new evidence showing intentional market manipulation in California and its potential ties to the Pacific Northwest and that the FERC should not have excluded from the Pacific Northwest Refund proceeding purchases of energy made by the California Energy Resources Scheduling (CERS) division in the Pacific Northwest spot market. The Ninth Circuit remanded the case to the FERC to

(i) address the new market manipulation evidence in detail and account for it in any future orders regarding the award or denial of refunds in the proceedings, (ii) include sales to CERS in its analysis, and (iii) further consider its refund decision in light of related, intervening opinions of the court. The Ninth Circuit offered no opinion on the FERC's findings based on the record established by the administrative law judge and did not rule on the FERC's ultimate decision to deny refunds. Two requests for rehearing were filed with the court. On April 9, 2009, the Ninth Circuit denied the requests for rehearing. On April 16, 2009, the Ninth Circuit issued a mandate giving immediate effect to its August 24, 2007 order remanding the case to the FERC.

The settlement between PGE and certain other parties in the California refund case in Docket No. EL00-95, *et seq.*, approved by the FERC on May 17, 2007, resolves all claims as between PGE and the California parties named in the settlement as to transactions in the Pacific Northwest during the settlement period, January 1, 2000 through June 21, 2001, but does not settle potential claims from other market participants relating to transactions in the Pacific Northwest.

Management cannot predict the outcome of the Pacific Northwest Refund proceeding, or whether the FERC will order refunds in this proceeding, and if so, how such refunds would be calculated. Management believes that the outcome will not have a material adverse impact on the financial condition of the Company, but may have a material adverse impact on PGE's results of operation and cash flows in future reporting periods.

#### **Complaint and Application for Deferral – Income Taxes**

On October 5, 2005, the URP and another party (together, the Complainants) filed a Complaint and an Application for Deferred Accounting with the OPUC alleging that, since the September 2, 2005 effective date of Oregon Senate Bill 408 (SB 408), PGE's rates were not just and reasonable and were in violation of SB 408 because they contained approximately \$92.6 million in annual charges for state and federal income taxes that are not being paid to any governmental entity. The Complaint and Application for Deferred Accounting requested that the OPUC order the creation of a deferred account for all amounts charged to customers since September 2, 2005 for state and federal income taxes, less amounts actually paid by or on behalf of PGE to the federal and state governments for income taxes.

On August 14, 2007, the OPUC issued an order granting the Application for Deferred Accounting for the period from October 5, 2005 through December 31, 2005 (Deferral Period). The OPUC's order also dismissed the Complaint, without prejudice, on grounds that it was superfluous to the Complainants' request for deferred accounting. The order required that PGE calculate the amounts applicable to the Deferral Period, along with calculations of PGE's earnings and the effect of the deferral on the Company's return on equity. The order also provided that the OPUC would review PGE's earnings at the time it considers amortization of the deferral. PGE understands that the OPUC will consider the potential impact of the deferral on PGE's earnings over a relevant 12-month period, which will include the Deferral Period.

On December 1, 2007, PGE filed its report as required by the OPUC. In the report, PGE determined that (i) the amount of any deferral would be between zero and \$26.6 million; (ii) a relevant 12-month period would be the 12-month period ended September 30, 2006; and (iii) PGE's earnings over such period would preclude any refund. The OPUC has indicated that it will determine whether any necessary rate adjustment should be made to amortize the deferral granted in its August 14, 2007 order.

On October 15, 2007, PGE filed a petition for judicial review with the Oregon Court of Appeals, seeking review of the OPUC's August 14, 2007 order. The Court of Appeals has granted PGE's request to stay the proceedings pending the OPUC decision on amortization of the deferral.

Management cannot predict the ultimate outcome of this matter. However, management believes this matter will not have a material adverse effect on PGE's financial condition, results of operation or cash flows.

### **FERC Investigation**

In May 2008, PGE received a notice of a preliminary non-public investigation from the FERC Division of Investigations concerning PGE's compliance with its Open Access Transmission Tariff. The investigation involves certain issues identified during an audit by FERC staff.

Management cannot predict the final outcome of the investigation or what actions, if any, the FERC will take or require the Company to take. Management believes that the outcome will not have a material adverse impact on the financial condition of the Company, but may have a material adverse impact on PGE's results of operation and cash flows in future reporting periods.

### **Environmental Matters**

#### **Portland Harbor**

A 1997 investigation by the U.S. Environmental Protection Agency (EPA) of a segment of the Willamette River known as the Portland Harbor revealed significant contamination of river sediments. The EPA subsequently included this segment on the federal National Priority List pursuant to the federal Comprehensive Environmental Response, Compensation, and Liability Act as a federal Superfund site and listed sixty-nine Potentially Responsible Parties (PRPs). PGE was included among the PRPs as it has historically owned or operated property near the river.

The Portland Harbor site is currently undergoing a remedial investigation and feasibility study (RI/FS) pursuant to an Administrative Order on Consent (AOC) between the EPA and several PRPs, not including PGE. In the AOC, the EPA determined that the RI/FS would focus on a segment of the river approximately 5.7 miles in length.

On January 22, 2008, PGE received a Section 104(e) Information Request from the EPA requiring the Company to provide information concerning its properties in or near the segment of the river being examined in the RI/FS, as well as several miles beyond that 5.7 mile segment. PGE has requested, and the EPA granted, an extension until August 2009 for the Company to respond. During 2009, the EPA sent General Notice Letters to 15 additional PRPs.

The EPA will determine the boundaries of the site at the conclusion of the RI/FS in a Record of Decision, now expected in 2012, in which it will document its findings and select a preferred cleanup alternative.

Sufficient information is currently not available to determine the total cost of any required investigation or remediation of the Portland Harbor site or the liability of PRPs, including PGE. Management cannot predict the ultimate outcome of this matter. Management believes that the outcome will not have a material adverse impact on the financial condition of the Company, but may have a material adverse impact on PGE's results of operation and cash flows in future reporting periods.

The OPUC issued an order authorizing the deferral, for later ratemaking treatment, of incremental investigation and remediation costs related to the Portland Harbor site incurred during the twelve month period ended March 31, 2009. As of June 30, 2009, the Company had not deferred any costs related to Portland Harbor. The OPUC is considering PGE's request for a second twelve month deferral period. Ratemaking treatment of any costs which may be deferred would be determined in a future regulatory

proceeding that includes both a prudency review with respect to the costs incurred and a regulated earnings test. Accordingly, there can be no assurance that recovery of such costs would be granted.

## **Harbor Oil**

Harbor Oil, Inc. (Harbor Oil), located in north Portland, was utilized by PGE to process used oil from the Company's power plants and electrical distribution system from at least 1990 until 2003. Harbor Oil continues to be utilized by other entities for the processing of used oil and other lubricants.

In 1974 and 1979, major oil spills occurred at the Harbor Oil site. Elevated levels of contaminants, including metals, pesticides, and polychlorinated biphenyls, have been detected at the site. On September 29, 2003, the Harbor Oil facility was included on the federal National Priority List as a federal Superfund site.

PGE received a Special Notice Letter for RI/FS from the EPA, dated June 27, 2005, in which the Company was named as one of fourteen PRPs with respect to the Harbor Oil site. On May 31, 2007, an Administrative Order on Consent was signed by the EPA and six other parties, including PGE, to implement an RI/FS at the Harbor Oil site. The EPA has approved an RI/FS work plan. On-site sampling commenced in 2008 and has yet to be completed.

Sufficient information is currently not available to determine the total cost of investigation and remediation of the Harbor Oil site or the liability of the PRPs, including PGE. Management cannot predict the ultimate outcome of this matter. Management believes that the outcome of this matter will not have a material adverse impact on the financial condition of the Company, but may have a material adverse impact on PGE's results of operation and cash flows in future reporting periods.

The OPUC issued an order authorizing the deferral, for later ratemaking treatment, of incremental costs related to RI/FS work and any resulting remediation costs incurred in relation to the Harbor Oil site incurred during the twelve month period ended March 31, 2009. As of June 30, 2009, the Company had not deferred any costs related to Harbor Oil. The OPUC is considering PGE's request for a second twelve month deferral period. Ratemaking treatment of any costs which may be deferred would be determined in a future regulatory proceeding that includes both a prudency review with respect to the costs incurred and a regulated earnings test. Accordingly, there can be no assurance that recovery of such costs would be granted.

## **Other Matters**

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

Exhibit K

**Green Tag Attestation and Bill of Sale**

\_\_\_\_\_ ("Seller") hereby sells, transfers and delivers to \_\_\_\_\_ ("Buyer") all right, title and interest in and to the Green Tags associated with the generation of the Specified Energy and the delivery thereof to the grid (as such term(s) are defined in the RENEWABLE ENERGY CERTIFICATE PURCHASE AND SALE AGREEMENT (the "Agreement") dated \_\_\_\_\_, between Buyer and Seller) described below:

Specified Resource name and location: \_\_\_\_\_ (location) Fuel Type: Wind  
Capacity (MW): \_\_\_\_\_ Operational Date: \_\_\_\_\_

Energy Admin. ID no.: \_\_\_\_\_

Specified Energy:  
Dates \_\_\_\_\_ MWhrs generated \_\_\_\_\_

in the amount of one Green Tag or its equivalent for each megawatt hour generated; and Seller further attests, warrants and represents as follows:

- i) to the best of its knowledge, the information provided herein is true and correct;
- ii) its sale to Buyer is its one and only sale of the Green Tags referenced herein; and
- iii) the Specified Resource generated and delivered to the grid the energy in the amount indicated as undifferentiated energy.

This serves as a bill of sale, transferring from Seller to Buyer all of Seller's right, title and interest in and to the Green Tags associated with the generation of the Specified Energy and the delivery thereof to the grid.

Contact Person: \_\_\_\_\_

\_\_\_\_\_  
("Seller")

By \_\_\_\_\_  
Its \_\_\_\_\_  
Date: \_\_\_\_\_

**This Attestation may be disclosed by the Parties to others, including any applicable Green Tag certification body, to substantiate and verify the accuracy of a Party's advertising and other public communication.**

**RENEWABLE ENERGY CERTIFICATE  
PURCHASE AND SALE AGREEMENT**

This Renewable Energy Certificate Purchase and Sale Agreement ("Agreement"), effective as of \_\_\_\_\_, 2009 ("Effective Date"), is entered into by and between \_\_\_\_\_, an \_\_\_\_\_ corporation ("Seller") and \_\_\_\_\_, an \_\_\_\_\_ corporation ("Buyer"). Seller and Buyer may be referred to individually herein as "Party" and collectively as "Parties". In consideration of the mutual promises herein contained, the Parties agree as follows:

**ARTICLE I: DEFINITIONS**

"Renewable Energy Certificate" or "REC" means all rights, title and interest in and to Environmental Attributes from Specified Energy generated by the Specified Resources, plus the REC Reporting Rights.

"Environmental Attributes" means any and all credits, benefits, emissions reductions, environmental air quality credits, and emissions reduction credits, offsets, and allowances, howsoever entitled, resulting from the avoidance of the emission of any gas, chemical, or other substance attributable to the generation of the Specified Energy by the Specified Resource and the delivery of the Specified Energy to the electricity grid, and include without limitation any of the same arising out of legislation or regulation concerned with oxides of nitrogen, sulfur, or carbon, with particulate matter, soot, or mercury, or implementing the United Nations Framework Convention on Climate Change (the "UNFCCC") or the Kyoto Protocol to the UNFCCC or crediting "early action" with a view thereto, or laws or regulations involving or administered by the Clean Air Markets Division of the Environmental Protection Agency or successor administrator (including any state or federal entity given jurisdiction over a program involving transferability of Environmental Attributes), but specifically excluding any wind production tax credits, and any Investment tax credits and any other tax credits associated with the Specified Energy or Specified Resource.

"REC Reporting Rights" means the right to report to or register with any agency, authority or other party, including, without limitation under Section 1605(b) of the Energy Policy Act of 1992, or under any present or future domestic, international or foreign emissions trading program, exclusive ownership of the Environmental Attributes. One REC represents the Environmental Attributes made available by the generation of one mega-watt-hour (1 MWh) of Specified Energy by the Specified Resources.

"Specified Energy" means \_\_\_\_\_ megawatt-hours of electrical energy produced by the Specified Resources, delivered to the interconnected electric grid during the period \_\_\_\_\_ to \_\_\_\_\_.

"Specified Resources" means the \_\_\_\_\_ plant in \_\_\_\_\_ County, \_\_\_\_\_ with a generator in-service date of on or after \_\_\_\_\_.

## **ARTICLE II: TRANSACTION**

In accordance with the terms of this Agreement, Seller will sell to Buyer, and Buyer will buy from Seller, Green-e certifiable Renewable Energy Certificates (RECs) as more fully set forth herein.

Seller shall provide to Buyer and Buyer shall purchase from Seller \_\_\_\_\_ RECs generated by the Specified Energy. The Purchase Price is USD \$ \_\_\_\_\_ per REC for a total of \$ \_\_\_\_\_.

## **ARTICLE III: TRANSFER, PAYMENT, AND TAXES**

A. Title – Seller will deliver a “Renewable Energy Certificate Attestation and Bill of Sale” in substantially the form attached hereto as Exhibit A (“Attestation”) to Buyer. Ownership of such RECs shall transfer from Seller to Buyer upon receipt by Buyer of the Attestation. Attestations may be disclosed by either party to others, including the Center for Resource Solutions, to substantiate and verify Seller’s representations. Seller has registered the RECs with WREGIS. Seller and Buyer shall take such actions as may be reasonably necessary to record and track on WREGIS the transfer of the Green Tags purchased from Seller to Buyer’s WREGIS account.

B. Payment – Seller shall invoice Buyer for the RECs after delivery of the Attestation and transfer of the RECs in WREGIS from Seller’s account to Buyer’s account. The invoice shall be submitted to Buyer within ten (10) days of the \_\_\_\_\_ of the WREGIS transfer date. Buyer shall pay the Purchase Price for the RECs Seller within ten (10) days after receipt of an invoice. Any amount not paid when due under this Agreement shall accrue interest at the lesser of the prime rate of interest per annum or the highest rate permitted under applicable law until paid

C. Taxes and Fees. Buyer shall be responsible for any taxes on the purchase of the RECs under this Agreement. Each Party shall be responsible for the payment of any fees of brokers incurred by it in connection with the transaction hereunder.

D. Buyer's Right to Audit. Upon notice from Buyer, Seller shall make all records of generation data relating to the Renewable Energy Certificates available for audit at Seller’s offices or at the Specified Resources during normal office hours, but Seller shall not be required to make such documents available more than twice each year during the term of this Agreement.

## **ARTICLE IV: REPRESENTATIONS AND WARRANTIES**

A. Mutual Representations and Warranties. Each Party represents and warrants to the other that: (i) it is duly organized and validly existing under the laws of the jurisdiction of its incorporation or organization; (ii) it has the corporate, governmental and/or other legal capacity and authority to enter into and to perform its obligations hereunder; (iii) such execution and performance do not violate or conflict with any law, order or agreement applicable to it; (iv) it has all governmental and other authorizations that are required to have been obtained or submitted by it with respect hereto, and they are in full force and effect; (v) its obligations hereunder are valid, binding and enforceable in accordance with their terms (subject to bankruptcy or similar laws affecting creditors’ rights generally); (vi) no Event of Default, or event which with notice and/or lapse of time would constitute such an Event of Default, has occurred and is continuing or would occur as a result of its entering into



or performing its obligations hereunder; (vii) it is not relying upon any representations of the other Party other than those expressly set forth herein; (viii) it has entered hereinto with a full understanding of the material terms and risks of the same, and it is capable of assuming those risks; (ix) it has made its trading and investment decisions based upon its own judgment and any advice from such advisors as it has deemed necessary and not in reliance upon any view expressed by the other Party; and (x) it has not received from the other Party any assurances or promises regarding any financial results or benefits hereunder.

B. Warranties of Seller. Seller hereby represents and warrants to Buyer on the date that the RECs are transferred hereunder that it has good title to such RECs, has not sold the RECs to any other person or entity, and that such RECs shall be free and clear of any liens, taxes, claims, security interests or other encumbrances or any right or interest therein or thereto by any entity of any kind whatsoever. Except as otherwise provided in Articles II and III.A. above, Seller makes no, and expressly disclaims any, representation or warranty that RECs sold hereunder comply with the regulatory requirements of any jurisdiction for any program or standard.

C. LIMITATION OF WARRANTIES. ALL OTHER WARRANTIES, WRITTEN OR ORAL, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE ARE DISCLAIMED.

#### **ARTICLE V: EVENTS OF DEFAULT; REMEDIES**

A. Event of Default. "Event of Default" shall mean, with respect to a Party (the "Defaulting Party"): (a) the failure to make when due any payment under this Agreement if such failure is not remedied within ten (10) days after written notice of such failure is given; (b) any such Party's representation or warranty proves to have been incorrect or misleading in any material respect when made; (c) the failure to perform any other covenant set forth in this Agreement if such failure is not remedied within five (5) business days after written notice of such failure is given; or (d) its bankruptcy.

B. Remedies Upon Event of Default. In the Event of Default by a Party and for so long as the Event of Default is continuing, the non-defaulting Party (the "Performing Party") shall have the right to do any or all of the following: (1) upon two business days' written notice to the Defaulting Party terminate this Agreement and liquidate as set forth below; (2) withhold any payments or deliveries due in respect of this Agreement; and/or (3) exercise such other remedies as may be available at law or in equity or as otherwise provided for in this Agreement.

#### C. Liabilities.

1. Buyer's Liability. If an Event of Default occurs with respect to Buyer and Seller elects to terminate this Agreement, then Buyer shall be obligated to pay Seller termination damages equal to the sum of (a) the Purchase Price for any RECs delivered to Buyer for which Seller has not been paid, if any, plus (b) the positive difference, if any, between (i) the Purchase Price set forth in this Agreement for all RECs remaining to be delivered to Buyer, if any, minus (ii) the aggregate market price as of the date of termination by Seller, to be determined based upon the average of prices quoted by two independent brokers reasonably selected by Seller, for all such RECs remaining to be delivered to Buyer, if any; plus (c) any brokerage fees and other costs

reasonably incurred by Seller either in terminating any arrangement pursuant to which it hedged its obligations or entering into any replacement transactions.

2. Seller's Liability. If an Event of Default occurs with respect to Seller and Buyer elects to terminate this Agreement, then Seller shall be obligated to pay Buyer termination damages equal to the sum of (a) the positive difference, if any, between (i) the aggregate market price as of the date of termination by Buyer, to be determined based upon the average of prices quoted by two independent brokers reasonably selected by Buyer, for all RECs that Seller is obligated to deliver to Buyer but which remain undelivered minus (ii) the Purchase Price Buyer would have had to pay Seller for the same number of RECs, plus (b) any brokerage fees and other costs reasonably incurred by Buyer either in terminating any arrangement pursuant to which it hedged its obligations or entering into any replacement transactions. Buyer shall pay Seller the Purchase Price for any RECs delivered to Buyer for which Seller has not been paid, provided, however, Buyer may first set-off from such amount any amounts due to Buyer from Seller under this provision or any other provision in this Agreement.

3. One-Way Termination. Seller shall not owe Buyer any amounts under this Article V.C if Buyer is the Defaulting Party, and Buyer shall not owe Seller any amounts under this Article V.C if Seller is the Defaulting Party. Buyer and Seller agree that this Article V.C in its entirety represents the liquidated damages of each, and no part hereof represents a penalty.

D. Setoff. If a default occurs, the Performing Party may, at its election, set off any or all amounts that the Defaulting Party owes to it hereunder against any or all amounts which it owes to the Defaulting Party, whether under this Agreement or otherwise and whether or not then due.

E. Payment of Damages. Any termination damages due hereunder shall be paid by the close of business on the next business day following the Defaulting Party's receipt of the Performing Party's written termination notice setting forth the termination payment due.

F. Limitation of Liability. THE PARTIES AGREE THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED HEREIN SATISFY THE ESSENTIAL PURPOSES HEREOF. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGE IS PROVIDED, SUCH REMEDY OR MEASURE SHALL BE THE SOLE AND EXCLUSIVE REMEDY THEREFOR. IF NO REMEDY OR MEASURE OF DAMAGE IS EXPRESSLY PROVIDED, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY AS THE SOLE AND EXCLUSIVE REMEDY. EXCEPT AS OTHERWISE SPECIFICALLY SET FORTH IN THIS AGREEMENT, THE PARTIES AGREE THAT NO PARTY SHALL BE REQUIRED TO PAY OR BE LIABLE FOR SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY, OR INDIRECT DAMAGES, LOST PROFIT OR BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT, CONTRACT OR OTHERWISE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE DEEMED LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE LIQUIDATED DAMAGES CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

G. Survival. This Article V survives the expiration or termination of this Agreement.

**ARTICLE VI: MISCELLANEOUS**

A. Notices. Notices, which may be given by facsimile with an original to follow via regular mail, shall be given as follows or to such other address as may be provided by a Party from time to time in writing. All notices are effective upon receipt.

To Buyer:

XXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXX.  
XXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXX

Tel:

Fax:

To Seller:

XXXXXXXXXXXXXX  
XXXXXXXXXX  
XXXXXXXXXXXXXXXXXX

Tel:

Fax: -

B. Confidentiality. Neither Party shall publish, disclose, or otherwise divulge Confidential Information to any person at any time without the other Party's prior written consent, except to the extent necessary in order to effect the transfer of RECs hereunder. "Confidential Information" means the terms of this Agreement, including but not limited to pricing, quantity, and all other material terms; provided, however, that Confidential Information does not include information which (i) was already in a Party's possession prior to its receipt from the other Party; (ii) is already or becomes available to the public other than through actions of a Party in violation of these terms; or (iii) is acquired independently from a third party who, insofar as is known to the disclosing Party, is not bound by an obligation to treat such information confidentially. Each Party shall permit knowledge of and access to the Confidential Information only to those of its employees, agents, or representatives who have a need to know such information or in response to a request from any state or federal agency or court. This restriction on disclosure shall expire on the later of the one year anniversary of the date of this Agreement or one year following delivery of the RECs. Notwithstanding the foregoing, the Parties are required by law or regulation to report certain information that could embody Confidential Information from time to time, and may do so from time to time without providing prior notice to the other. Such reports include models, filings, and reports of net power costs, general rate case filings, power cost adjustment mechanisms, FERC-required reporting such as those made on FERC Form 1, Form 12, or Form 714, market power and market monitoring reports, annual state reports that include resources and loads, integrated resource planning reports, reports to entities such as the North American Electric Reliability Council, Western Electricity Coordinating Council, Pacific Northwest Utility Coordinating Committee, Western Regional Generation Information System, or similar or successor organizations, or similar or successor forms, filings, or reports, the specific names of which may vary by jurisdiction, along with supporting documentation. Additionally, in regulatory proceedings in all state and federal jurisdictions, the Parties will from time to time be required to produce Confidential Information, and may do so without prior notice and use its business judgment in its compliance with all of the foregoing and the appropriate level of confidentiality it seeks for such disclosures. In addition, without limiting the generality of the foregoing, either Party may give notice of this Agreement and transaction as required by the Oregon Public Utilities Commission, including as required in order in UP 236.

C. Entire Agreement; Counterparts. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof. This Agreement may not be amended, changed, modified, or altered unless such amendment, change, modification, or alteration is in writing and signed by both Parties. This Agreement may be executed in counterparts, including by a facsimile

transmission thereof, each of which is an original and all of which constitute one and the same instrument.

D. Assignment. Neither Party shall transfer or assign all or any part of this Agreement nor its rights or obligations hereunder or otherwise dispose of any right, title, or interest herein without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed. No right under this Agreement, nor claim for money due or to become due hereunder shall be asserted against the Buyer or Seller, or persons acting for the Buyer or Seller, by reason of any so-called assignment of this Agreement or any part thereof, unless such assignment has been authorized by the written consent of the Buyer or Seller as applicable.

E. Successors and Assigns. This Agreement inures to the benefit of, and is binding upon, the Parties and their respective successors and permitted assigns.

F. Severability. If any provision of this Agreement is determined to be invalid, void or unenforceable by any court of competent jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Agreement, provided the basic purposes of this Agreement and the benefits to the Parties are not substantially impaired.

G. No Prior Agreements. This Agreement completely and fully supersedes all other prior understandings or agreements, both written and oral, between the Parties relating to the subject matter hereof.

H. No Waiver. Waiver by a Party of any default by the other Party shall not be construed as a waiver of any other default, nor shall any delay by a Party in the exercise of any right under this Agreement be considered as a waiver or relinquishment thereof.

I. Headings. The headings used herein are for convenience and reference purposes only.

J. Waiver of Jury Trial. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.

K. Rules of Construction. "Hereof"," herein", "hereunder", and similar words refer to this Agreement in its entirety. All accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with generally accepted accounting principles consistently applied ("GAAP"). "Or" is not necessarily exclusive.

L. No Third Party Beneficiaries. This Agreement confers no rights whatsoever upon any person other than the Parties and shall not create, or be interpreted as creating, any standard of care, duty or liability to any person not a Party hereto.

M. Negotiated Agreement. This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties. Therefore, doubtful or ambiguous provisions, if any, contained in this Agreement shall not be construed against the Party who physically drafted and prepared it

IN WITNESS WHEREOF, the parties have signed this Agreement effective on the day and year first written above.

XXXXXXXXXXXXXXXXXX

XXXXXXXXXXXXXXXXXXXX

BY: \_\_\_\_\_

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

TITLE: \_\_\_\_\_

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