



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

June 27, 2016

Via E-File

pucfiling.confirmation@state.or.us

Public Utility Commission of Oregon
201 High St. SE, Suite 100
PO Box 1088
Salem, OR 97308-1088

Attention: **Filing Center:**

Re: UP XXX PGE Application for Approval of the Purchase of Property

Enclosed is a signed Application requesting approval to purchase property located in the City of Portland, Multnomah County, Oregon from PacifiCorp d/b/a Pacific Power.

We ask that this Application be placed on the docket for consideration at the Commission's August 16, 2016 meeting, or as soon thereafter as possible.

If you have any questions or require further information, please call me at (503) 464-8937 or Greg Batzler at (503) 464-8644. Please direct all formal correspondence, questions, or requests to the following e-mail address pge.opuc.filings@pgn.com.

Sincerely,

A handwritten signature in blue ink, appearing to read "Stefan Brown". The signature is fluid and cursive, written over a white background.

Stefan Brown
Manager, Regulatory Affairs

Encls.

SB/sp

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UP _____

In the Matter of the Application of
Portland General Electric Company in
Regard to the Purchase of certain 115kV
conductor, structures and associated
components from PacifiCorp d/b/a Pacific
Power.

)
) APPLICATION OF PORTLAND
) GENERAL ELECTRIC COMPANY
)
)
)
)

Pursuant to ORS 757.485 and OAR 860-027-0025, Portland General Electric Company (“PGE”) seeks approval from the Public Utility Commission of Oregon (“Commission”) for an order authorizing the purchase by PGE of certain property from PacifiCorp d/b/a Pacific Power (“PacifiCorp”). The properties consist of a portion of PacifiCorp’s Lincoln – Urban 115kV line, as described below.

I. Background

In order to help address continuing load growth in the South Waterfront and Marquam Hill Districts of Portland, PGE is in the process of constructing a new substation (Marquam) on the corner of Southwest Water and Sheridan streets. In addition to meeting load growth, Marquam will allow PGE to retire aging infrastructure at Stephens substation and improve reliability for the downtown network. Marquam is being constructed between PGE’s existing Urban substation (Urban) and PacifiCorp’s existing Lincoln substation (Lincoln).

Currently, PGE owns 890 circuit-feet of overhead line from Urban to the intersection of SW Corbett Ave and SW Whitaker St. PacifiCorp owns the remaining 3,610 circuit-feet of the line, spanning to Lincoln. Due in part to the already congested nature of the area, PGE wanted to avoid having to construct new overhead power lines in or out of Marquam. In addition, because PGE will have full ownership and compliance responsibilities for the associated breakers at both Marquam and

Urban, also assuming ownership of the overhead power lines spanning between the two substations reduces complexities between PGE and PacifiCorp. There are also savings associated with using existing overhead lines (as opposed to locating and constructing new overhead lines) to connect Marquam to both PGE's and PacifiCorp's existing distribution systems. Therefore, as part of the Marquam substation construction project, PGE and PacifiCorp have negotiated an agreement for the sale of a portion of the existing Lincoln-Urban 115kV line running between Marquam and Urban (Marquam-Urban span). PacifiCorp will retain ownership of the 115kV transmission line from the northwest property of Marquam to Lincoln. See PGE Exhibit K for a detailed diagram illustrating the current and proposed 115kV transmission line configuration.

With the purchase of the Marquam-Urban span, PGE avoids a number of costs and issues involved with connecting Marquam to the grid. First, PGE avoids the cost of constructing a new overhead span to connect Marquam to Urban. Second, due to the congested nature of the location (an interstate overpass directly to the north of the substation, and two separate PacifiCorp lines running north/south, located on both the west and east sides of the Marquam site), any new transmission would require PGE to attach to existing PacifiCorp poles. Third, the addition of new lines would require additional construction at Urban and the Canyon substations for the addition of new breaker positions.

PGE requests approval from the Commission to purchase 2,460 circuit feet of overhead 115kV line and all associated equipment from PacifiCorp. A detailed description of the property to be purchased is included in Exhibit I-4 and in Table 1 below. The purchase price PGE proposes to pay to PacifiCorp is \$59,505.82. This price is calculated by multiplying the net book value of the entire Lincoln-Urban 115kV line (\$77,670.37) by the percentage of the 115 kV line required to connect Urban to Marquam (77%).

Quantity	Description
6	wood poles 60ft & under
10	wood poles 65ft & over
11	guy anchors
1	2,658 lineal feet of 795 AAC "Arbutus" conductor
264	ball & socket porcelain insulators
6	polymer 115kV insulators
21	post insulators

PGE and its customers will benefit from this sale through the prudent acquisition of 115kV overhead span required to connect Marquam with Urban. PGE's acquisition of the Marquam-Urban 115kV span will avoid the construction of duplicate facilities and enable the utilization of existing facilities for a cost that is lower than the cost of construction. The purchase of these assets represents the least cost, least risk option for PGE and its customers. These assets will be part of the Marquam project's construction work in progress and will become part of PGE's regulated rate base when Marquam becomes operational, currently expected at the end of 2017.

II. 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, California, Idaho, Montana, Utah, Washington and as of February 21, 1995, is also registered as an extra-provincial corporation in Alberta, Canada, but conducts retail utility operations only in the state of Oregon.

(c) *Name and address of the person on behalf of applicant authorized to receive notices and communications in respect to the applications:*

Stefan Brown
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

Doug Tingey
Associate General Counsel
Portland General Electric Company
121 SW Salmon Street, 1WTC-1301
Portland, OR 97204
(503) 464-8926 (telephone)
(503) 464-2200 (fax)
doug.tingey@pgn.com

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

Greg Batzler, Business Analyst, Regulatory Affairs
E-Mail: greg.batzler@pgn.com

(d) *The names, titles, and addresses of the principal officers:* As of June 23, 2016, the following are the principal officers of PGE, and their titles. They are each located at PGE's primary business offices located at 121 SW Salmon Street, Portland, Oregon 97204:

<u>Name</u>	<u>Title</u>
James J. Piro	President and Chief Executive Officer
James F. Lobdell	Senior Vice President, Finance, Chief Financial Officer and Treasurer
William O. Nicholson	Senior Vice President, Customer Service, Transmission and Distribution
Maria M. Pope	Senior Vice President, Power Supply & Operations, and Resource Strategy
Larry N. Bekkedahl	Vice President, Transmission and Distribution Services
Carol A. Dillin	Vice President, Customer Strategies and Business Development
J. Jeffrey Dudley	Vice President, General Counsel, Corporate Compliance Officer and Assistant Secretary
Campbell A. Henderson	Vice President, Information Technology and Chief Information Officer
Bradley Y. Jenkins	Vice President, Generation
Anne F. Mersereau	Vice President Human Resources, Diversity and Inclusion
W. David Robertson	Vice President, Public Policy
Kristin A. Stathis	Vice President, Customer Service Operations
Kirk M. Stevens	Controller and Assistant Treasurer
Christopher A. Liddle	Manager of Finance and Assistant Treasurer
Marc S. Bocci	Associate General Counsel and Corporate Secretary
Cheryl A. Chevis	Assistant Corporate Secretary
Nora E. Arkonovich	Assistant Corporate Secretary
Karen J. Lewis	Assistant Corporate Secretary
David F. White	Assistant Corporate Secretary

(e) *A description of the general character of the business done and to be done, and a designation of the territories served, by counties and states:* PGE is engaged, and intends to remain engaged, in the generation, purchase, transmission, distribution, and sale of electric energy for public use in Clackamas,

Columbia, Hood River, Jefferson, Marion, Morrow, Multnomah, Polk, Sherman, Washington, and Yamhill counties, Oregon. PGE is also engaged, and intends to continue to engage in the wholesale sale of natural gas.

(f) *A statement as of the date of the balance sheet submitted with the application, showing for each class and series of capital stock: brief description; the amount authorized (face value and number of shares); the amount outstanding (exclusive of any amount held in the treasury); amount held as reacquired securities; amount pledged; amount owned by affiliated interests; and amount held in any fund:* The following represents PGE's stock as of March 31, 2016, the date of PGE's most recent Form 10-K:

	<u>Outstanding Shares</u>	<u>Amount (\$000s)</u>
Common Stock: *		
No Par Value	88,899,359	\$1,194,734
(160,000,000 shares authorized)		

* Company Directors hold 259,328 shares.

None of the outstanding shares of common stock referenced above are held as reacquired securities or have been pledged by PGE. Vanguard Group, Inc. held 7.25% of the outstanding PGE common stock reported as of February 10, 2016, in an SEC Form 13-F/G filing. BlackRock, Inc. held 5.70% of the outstanding PGE common stock reported as of January 28, 2016 13-G filing. PGE does not have enough information to determine if any of these funds qualify as affiliates.

(g) *A statement, as of the date of the balance sheet submitted with the application, showing for each class and series of long-term debt and notes: brief description (amount, interest rate and maturity); amount authorized; amount outstanding (exclusive of any amount held in the treasury); amount held as reacquired securities; amount pledged; amount held by affiliated interests; and amount in sinking and other funds:* The long-term debt as of March 31, 2016 is as follows:

Description	Authorized (\$000s)	Outstanding (\$000s)
First Mortgage Bonds:		
6.10% series due 4-15-2019	\$ 300,000	\$ 300,000
2.51% series due 1-15-2021	140,000	140,000
9.31% MTN series due 8-11-2021	20,000	20,000
6.75% series VI due 8-1-2023	50,000	50,000
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 VI due 8-1-2033	50,000	50,000
3.50% 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
5.80% 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
4.84% series due 12-15-2048	50,000	50,000
Total First Mortgage Bonds	<u>\$ 2,090,000</u>	<u>\$ 2,090,000</u>
Pollution Control Bonds:		
City of Forsyth, MT		
5.45% series B 5-1-2033 ⁽¹⁾	\$ 21,000	\$ 21,000
Series A 5-1-2033, remarketed 3-11-10 at 5%	97,800	97,800
Port of Morrow, OR		
Series A 5-1-2033, remarketed 3-11-10 at 5%	23,600	23,600
⁽¹⁾ This debt instrument, purchased by the Company on May 1, 2009, is currently held for possible remarketing	<u>(21,000)</u>	<u>(21,000)</u>
Total Pollution Control Bonds outstanding	<u>\$ 121,400</u>	<u>\$ 121,400</u>
Other Long Term Debt:		
Long-Term Contracts	84	84
Unamortized Debt Discount and Other	(641)	(641)
Unamortized Debt Expense	(11,793)	(11,793)
Total Other Long-Term Debt	<u>\$ (12,350)</u>	<u>\$ (12,350)</u>
Total Classified as Short-Term	-	-
Net Long Term Debt	<u>\$ 2,199,050</u>	<u>\$ 2,199,050</u>

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

(h) *Whether the application is for disposition of facilities by sale, lease, or otherwise, a merger or consolidation of facilities, or for mortgaging or encumbering its property, or for the acquisition of stock, bonds, or property of another utility, also a description of the consideration, if any, and the method of arriving at the amount thereof:* PGE asks for Commission approval to purchase, from PacifiCorp, the property described in Table 1 above and in Exhibit I-4. The total purchase price agreed upon by PGE and PacifiCorp is \$59,505.82. As described above in Section I, the purchase price is calculated based upon the full net book value of the asset multiplied by the percentage of the assets PGE is purchasing.

(i) *A statement and general description of facilities to be disposed of, consolidated, merged, or acquired from another utility, giving a description of their present use and of their proposed use after disposition, consolidation, merger, or acquisition. State whether the proposed disposition of facilities or plan for consolidation, merger, or acquisition includes all the operating facilities of the parties to the transaction:* The distribution assets described above consist of poles, wire, and conductors specifically located between PGE's Marquam and Urban substations, described further in Table 1 and provided as Exhibit I-4.

(j) *A statement by primary account of the cost of the facilities and applicable depreciation reserve involved in the sale, lease, or other disposition, merger or consolidation, or acquisition of property of another utility. If original cost is not known, an estimate of original cost based, to the extent possible, upon records or data of the applicant or its predecessors must be furnished, a full explanation of the manner in which such estimate has been made, and a statement indicating where all existing data and records may be found:* The purchase price agreed upon by PacifiCorp and PGE is \$59,505.82. The book value of the assets was determined using PacifiCorp's accounting records. (See Exhibit J).

(k) *A statement as to whether or not any application with respect to the transaction or any part thereof, is required to be filed with any federal or other state regulatory body:* No application with respect to this transaction is currently required to be filed with any federal or other state regulatory body. PacifiCorp has represented to PGE that PacifiCorp intends to file with the Commission an asset disposition notice within 60 days after the closing, pursuant to ORS 757.480(2), given the sale price of \$59,505.82.

(l) *The facts relied upon by applicants to show that the proposed sale, lease, assignment, or consolidation of facilities, mortgage or encumbrance of property, or acquisition of stock, bonds, or property of another utility will be consistent with the public interest:* The purchase of the Marquam-Urban span is consistent with public interest because it represents the least cost, least risk method of acquiring facilities necessary for serving PGE's duty to the public.

(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. PGE customers benefit because, as noted above, PGE is purchasing the Marquam-Urban span that it needs to connect the Marquam and Urban substations at a lower cost than the alternative.

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

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

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

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

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

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

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

EXHIBIT D. *Copies of all mortgages, trust, deeds, or indentures, securing any obligation of each party to the transaction:* None.

EXHIBIT E. *Balance sheets showing booked amounts, adjustments to record the proposed transaction and pro forma, with supporting fixed capital or plant schedules in conformity with the forms in the annual report, which applicant(s) is required, or will be required, to file with the Commission:* A balance sheet showing booked amounts, adjustments to record the proposed transaction as of March 31, 2016 is 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 March 31, 2016, is attached. [electronic format]

EXHIBIT G. *Comparative income statements showing recorded results of operations, adjustments to record the proposed transaction and pro forma, in conformity with the form in the annual report which applicant(s) is required, or will be required, to file with the Commission: A comparative income statement showing recorded results of operations and adjustments to record the proposed transaction, as of March 31, 2016, is attached. [electronic format]*

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

EXHIBIT I. *A copy of each contract in respect to the sale, lease or other proposed disposition, merger or consolidation of facilities, acquisition of stock, bonds, or property of another utility, as the case may be, with copies of all other written instruments entered into or proposed to be entered into by the parties to the transaction pertaining thereto: Included with this Application are the Asset Purchase Agreement, the proposed Bill of Sale, and Assignment and Assumption Agreement, Exhibit I-1, I-2, and I-3 respectively.*

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

EXHIBIT K. *A copy of each supporting schedule showing the benefits, if any, which each applicant relies upon to support the facts as required by subsection (1)(l) of this rule and the reasons as required by subsection (1)(m) of this rule: PGE relies upon this Application and the attached documentation to provide support for OAR 860-027-0025(1)(l) and (1)(m).*

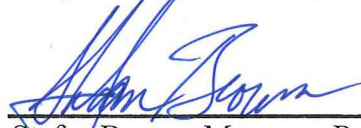
EXHIBIT L. *A statement by primary account of the Cost of the Property. Not Applicable.*

III. Prayer for Relief

PGE respectfully requests a Commission order finding the purchase of certain assets located between PGE's Urban Substation and PacifiCorp's Lincoln Substation from PacifiCorp will not harm PGE customers and is consistent with the public interest.

Dated this 27th day of June, 2016.

Respectfully Submitted,



Stefan Brown, Manager, Regulatory Affairs
On Behalf of Portland General Electric Company
121 SW Salmon Street, 1WTC-0306
Portland, Oregon 97204
Phone: (503) 464-8929
Facsimile: (503) 464-7651
E-Mail: stefan.brown@pgn.com

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Portland General Electric Company and Subsidiaries
Consolidated Balance Sheet
March 31, 2016
(In Millions)

	March 31, 2016	Adjustments ⁽¹⁾	Adjusted Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4		\$ 4
Accounts receivable, net	130		130
Unbilled revenues	77		77
Inventories	82		82
Regulatory assets - current	131		131
Other current assets	113		113
Total current assets	<u>537</u>	<u>-</u>	<u>537</u>
Electric utility plant	8,663		8,663
Construction work in progress	647		647
Total cost	9,310		9,310
Less: accumulated depreciation and amortization	<u>(3,150)</u>		<u>(3,150)</u>
Electric utility plant, net	6,160		6,160
Regulatory assets - noncurrent	526		526
Nuclear decommissioning trust	41		41
Non-qualified benefit plan trust	32		32
Other noncurrent assets	48		48
Total assets	<u>\$ 7,344</u>	<u>\$ -</u>	<u>\$ 7,344</u>
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable	\$ 98		\$ 98
Liabilities from price risk management activities - current	142		142
Short-term debt	-		-
Current portion of long-term debt	-		-
Accrued expenses and other current liabilities	268		268
Total current liabilities	<u>508</u>	<u>-</u>	<u>508</u>
Long-term debt, net of current portion	2,199		2,199
Regulatory liabilities - noncurrent	938		938
Deferred income taxes	646		646
Unfunded status of pension and postretirement plans	261		261
Liabilities from price risk management activities - noncurrent	161		161
Asset retirement obligations	152		152
Non-qualified benefit plan liabilities	106		106
Other noncurrent liabilities	82		82
Total liabilities	<u>\$ 5,053</u>	<u>\$ -</u>	<u>\$ 5,053</u>
Commitments and contingencies (see notes)	-		-
Equity			
Portland General Electric Company shareholders' equity			
Preferred stock	-		-
Common stock	1,195		1,195
Accumulated other comprehensive loss	(8)		(8)
Retained earnings	1,104		1,104
Total Portland General Electric Company shareholders' equity	<u>2,291</u>	<u>-</u>	<u>2,291</u>
Noncontrolling interests' equity	-		-
Total Equity	<u>2,291</u>	<u>-</u>	<u>2,291</u>
Total liabilities and equity	<u>\$ 7,344</u>	<u>\$ -</u>	<u>\$ 7,344</u>

(1) Footnote not used this quarter.

Exhibit "F"
Statement of Contingent Liabilities
As of March 31, 2016

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

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

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

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

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

Trojan Investment Recovery Class Actions

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

Numerous challenges and appeals were subsequently filed in various state courts on the issue of the OPUC's authority under Oregon law to grant recovery of, and a return on, the Trojan investment. In 2007, following several appeals by various parties, the Oregon Court of Appeals issued an opinion that remanded the matter to the OPUC for reconsideration.

In 2008, the OPUC issued an order (2008 Order) that required PGE to provide refunds of \$33 million, including interest, which were completed in 2010. Following appeals, the 2008 Order was upheld by the Oregon Court of Appeals in February 2013 and by the Oregon Supreme Court (OSC) in October 2014.

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

In August 2006, the OSC issued a ruling ordering the abatement of the class action proceedings. The OSC concluded that the OPUC had primary jurisdiction to determine what, if any, remedy could be offered to PGE customers, through price reductions or refunds, for any amount of return on the Trojan investment that the Company collected in prices.

The OSC 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 OSC added that, if the OPUC determined that it cannot provide a remedy, the court system may have a role to play. The OSC 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. In October 2006, the Circuit Court abated the class actions in response to the ruling of the OSC.

In June 2015, based on a motion filed by PGE, the Circuit Court lifted the abatement and in July 2015, the Circuit Court heard oral argument on the Company's motion for Summary Judgment. Following oral argument on PGE's motion for summary judgment, the plaintiffs moved to amend the complaints. PGE opposed the request to amend. On February 22, 2016, the Circuit Court denied the plaintiff's motion to amend the complaint and on March 16, 2016, the Circuit Court entered a general judgment that granted the Company's motion for summary judgment and dismissed all claims by the plaintiffs. However, on April 14, 2016, the plaintiffs appealed the Circuit Court dismissal to the Court of Appeals for the State of Oregon.

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

Pacific Northwest Refund Proceeding

In response to the Western energy crisis of 2000-2001, the FERC initiated, beginning in 2001, a series of proceedings to determine whether refunds are warranted for bilateral sales of electricity in the Pacific Northwest wholesale spot market during the period December 25, 2000 through June 20, 2001. In an order issued in 2003, the FERC denied refunds. Various parties appealed the order to the Ninth Circuit Court of Appeals (Ninth Circuit) and, on appeal, the Ninth Circuit remanded the issue of refunds to the FERC for further consideration.

On remand, in 2011 and thereafter, the FERC issued several procedural orders that established an evidentiary hearing, defined the scope of the hearing, expanded the refund period to include January 1, 2000 through December 24, 2000 for certain types of claims, and described the burden of proof that must be met to justify abrogation of the contracts at issue and the imposition of refunds. Those orders included a finding by the FERC that the Mobile-Sierra public interest standard governs challenges to the bilateral contracts at issue in this proceeding, and the strong presumption under Mobile-Sierra that the rates charged under each contract are just and reasonable would have to be specifically overcome either by: i) a showing that a respondent had violated a contract or tariff and that the violation had a direct connection to the rate charged under the applicable contract; or ii) a showing that the contract rate at issue imposed an excessive burden or seriously harmed the public interest. The FERC also held that a market-wide remedy was not appropriate, given the bilateral contract nature of the Pacific Northwest spot markets. Refund proponents appealed these procedural orders at the Ninth Circuit. On December 17, 2015, the Ninth Circuit held that the FERC reasonably applied the Mobile-Sierra presumption to the class of contracts at issue in the proceedings and dismissed evidentiary challenges related to the scope of the proceeding. Plaintiffs on behalf of the California Energy Resources Scheduling division of the California Department of Water Resources filed a request for rehearing on February 1, 2016. By order issued April 18, 2016, the Ninth Circuit denied plaintiffs' request for panel rehearing of its decision regarding application of the Mobile-Sierra presumption.

In response to the evidence and arguments presented during the hearing, in May 2015, the FERC issued an order finding that the refund proponents had failed to meet the Mobile-Sierra burden with respect to all but one respondent. In December 2015, the FERC denied all requests for rehearing of its order. With respect to the remaining respondent, FERC ordered additional proceedings, and a January 2016 revised initial decision has now recommended that certain contracts by such respondent be subject to refund.

The Company has settled all of the direct claims asserted against it in the proceedings for an immaterial amount. The settlements and associated FERC orders have not fully eliminated the potential for so-called

“ripple claims,” which have been described by the FERC as “sequential claims against a succession of sellers in a chain of purchases that are triggered if the last wholesale purchaser in the chain is entitled to a refund.” However, the remaining respondent subject to the revised initial decision has stated on the record that it will not pursue ripple claims, and on February 1, 2016, the Acting Chief Administrative Law Judge issued an order holding that the issue of ripple claims is terminated for purposes of Phase II of these proceedings. Therefore, unless the current FERC orders are overturned or modified on appeal, the Company does not believe that it will incur any material loss in connection with this matter.

Management cannot predict the outcome of the various pending appeals and remands concerning this matter. If, on rehearing, appeal, or subsequent remand, the Ninth Circuit or the FERC were to reverse previous FERC rulings on liability or find that a market-wide remedy is appropriate, it is possible that additional refund claims could be asserted against the Company. However, management cannot predict, under such circumstances, which contracts would be subject to refunds, the basis on which refunds would be ordered, or how such refunds, if any, would be calculated. Further, management cannot predict whether any current respondents, if ordered to make refunds, would pursue additional refund claims against their suppliers, and, if so, what the basis or amounts of such potential refund claims against the Company would be. Due to these uncertainties, sufficient information is currently not available to determine PGE’s liability, if any, or to estimate a range of reasonably possible loss.

EPA Investigation of Portland Harbor

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

The Portland Harbor site remedial investigation (RI) has been completed pursuant to an Administrative Order on Consent between the EPA and several PRPs known as the Lower Willamette Group (LWG), which does not include PGE.

In 2012, the LWG submitted a draft feasibility study (FS) to the EPA for review and approval. In August 2015, the EPA substantially revised the draft FS, as submitted by the LWG, and issued its own draft FS, which is currently in the process of undergoing further consideration and comment. The draft FS, along with the RI, is expected to provide the framework for the EPA to determine a clean-up remedy for Portland Harbor that will be documented in a Record of Decision (ROD).

The EPA's draft FS evaluates several alternative clean-up approaches, which would take from four to 18 years with the present value of estimated costs ranging from \$800 million to \$2.4 billion, depending on the selected remedial action levels and the choice of remedy. While the revised draft FS aids in the development of a proposed plan to remediate Portland Harbor, the draft FS does not address responsibility for the costs of clean-up, allocate such costs among PRPs, or define precise boundaries for the clean-up. In November 2015, the EPA proposed its preferred alternative remedy to the National Remedy Review Board for comment. The EPA's preferred alternative has an estimated present value cost of \$1.5 billion and would take approximately seven years to complete. The EPA anticipates it will release, for public review and comment, a Proposed Cleanup Plan in the second quarter of 2016. The Company currently expects the EPA to issue a determination of its preferred remedy in a final ROD in late 2016; however, responsibility for funding and implementing the EPA's selected remedy is not expected to be known for some time. PGE is participating in a voluntary process to develop a method for allocation of costs.

Where injuries to natural resources have occurred as a result of releases of hazardous substances, federal and state natural resource trustees may seek to recover for damages at such sites, which is referred to as natural resource damages. As it relates to the Portland Harbor, PGE has been participating in the Portland Harbor Natural Resource Damages assessment (NRDA) process. The EPA does not manage NRDA activities, but provides claims information and coordination support to the Natural Resource Damages (NRD) trustees. Damage assessment activities are typically conducted by a Trustee Council made up of the trustee entities for the site, and claims are not concluded until a final remedy for clean-up has been settled. The Portland Harbor NRD trustees are the National Oceanic and Atmospheric Administration, the U.S. Fish and Wildlife Service, the state of Oregon, and certain tribal entities.

After the claimed damages at a site are assessed, the NRD trustees may seek to negotiate legal settlements or take other legal actions against the parties responsible for the damages. Funds from such settlements must be used to restore injured resources and may also compensate the trustees for costs incurred in assessing the damages. It is uncertain what portion, if any, PGE may be held responsible related to Portland Harbor.

As discussed above, significant uncertainties still remain concerning the precise boundaries for clean-up, the assignment of responsibility for clean-up costs, the final selection of a proposed remedy by the EPA, the amount of natural resource damages, and the method of allocation of costs amongst PRPs. Although it is probable that the Company's share of these costs could be material, the Company does not currently have sufficient information to reasonably estimate the amount, or range, of its potential costs for investigation or remediation of the Portland Harbor site and NRDA. The Company plans to seek recovery of any costs resulting from the Portland Harbor proceeding through regulatory recovery in customer prices and through claims under insurance policies.

Alleged Violation of Environmental Regulations at Colstrip

In July 2012, PGE received a Notice of Intent to Sue (Notice) for violations of the Clean Air Act (CAA) at Colstrip Steam Electric Station (CSES) from counsel on behalf of the Sierra Club and the Montana Environmental Information Center (MEIC). The Notice was also addressed to the other CSES co-owners,

including Talen Montana, LLC, the operator of CSES. PGE has a 20% ownership interest in Units 3 and 4 of CSES. The Notice alleged certain violations of the CAA, including New Source Review, Title V, and opacity requirements, and stated that the Sierra Club and MEIC would: i) request a United States District Court to impose injunctive relief and civil penalties; ii) require a beneficial environmental project in the areas affected by the alleged air pollution; and iii) seek reimbursement of Sierra Club's and MEIC's costs of litigation and attorney's fees.

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

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

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

In August 2014, the plaintiffs filed a second amended complaint to which the defendants' response was filed in September 2014. The second amended complaint continues to seek injunctive relief, declaratory relief, and civil penalties for alleged violations of the federal Clean Air Act. The plaintiffs state in the second amended complaint that it was filed, in part, to comply with the court's ruling on the defendants' motion to dismiss and plaintiffs' motion for partial summary judgment. The parties filed various summary judgment motions during the summer of 2015 and on or about December 31, 2015, the Magistrate Judge issued Findings and Recommendations that, if adopted by the trial court, would result in dismissal of several of the plaintiffs' claims.

The parties have reached a preliminary agreement on key terms of a settlement that would resolve the claims raised in this litigation, and accordingly, on April 26, 2016, filed a joint motion to vacate the trial date and stay all deadlines in this case in order to provide the parties a reasonable period of time to develop and finalize appropriate settlement documents. On April 27, 2016, the Court granted the stay until June 28, 2016. In the event the case does not settle by June 28, 2016, the parties shall either move to extend the stay or propose a revised bench trial schedule. The parties anticipate that a final agreement will be reached sometime in the second quarter of 2016.

Management believes that it is reasonably possible that this litigation could result in a loss to the Company. However, due to the uncertainties concerning this litigation, including the outcome of the foregoing settlement discussions, PGE cannot predict the outcome or estimate a range of potential loss.

Other Matters

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

Portland General Electric Company and Subsidiaries
Consolidated Statement of Income
Three Months Ended
March 31, 2016
(In Millions)

	Three Months Ended March 31, 2016	Adjustments	Adjusted Total
Revenues	\$487		\$487
Operating Expenses:			
Purchased power and fuel	149		149
Generation, transmission and distribution	66		66
Administrative and other	61		61
Depreciation and amortization	82		82
Taxes other than income taxes	30		30
Total operating expenses	<u>388</u>		<u>388</u>
Income from Operations	99	-	99
Other Income:			
Allowance for equity funds used during construction	7		7
Miscellaneous income, net	(1)		(1)
Other Income, net	<u>6</u>	-	<u>6</u>
Interest Expense	<u>27</u>		<u>27</u>
Income before income taxes	78	-	78
Income Taxes	<u>17</u>		<u>17</u>
Net Income	<u>\$61</u>	<u>-</u>	<u>\$61</u>

Portland General Electric Company and Subsidiaries
Consolidated Statement of Retained Earnings
Three Months Ended
March 31, 2016
(In Millions)

	<u>Retained Earnings</u>	<u>Adjustments ⁽¹⁾</u>	<u>Adjusted Total</u>
Balance at Beginning of Period, January 1, 2016	\$1,070		\$1,070
Net Income	61		61
	1,131		1,131
Dividends Declared			
Common stock	(27)		(27)
Balance at End of Period, March 31, 2016	<u>\$1,104</u>	<u>\$0</u>	<u>\$1,104</u>

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

ASSET PURCHASE AGREEMENT

by and between

PACIFICORP

“Seller”

And

PORTLAND GENERAL ELECTRIC COMPANY

“Buyer”

dated as of April , 2016

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the "**Agreement**") made and entered into the 1 day of April, 2016 (the "Agreement Date"), is made and entered into by and between PacifiCorp, an Oregon corporation, ("**Seller**") and Portland General Electric Company, an Oregon corporation ("**Buyer**"). Seller and Buyer are sometimes referred to in this Agreement individually as a "**Party**" and, collectively, as the "**Parties**," in each case as the context may require.

RECITALS

WHEREAS, Seller owns certain 115kV conductor, structures and associated components located in or near Portland, Oregon, as specifically identified in **Exhibit A** to this Agreement (the "Facilities");

WHEREAS, Buyer has offered to purchase the Facilities from Seller, and Seller is willing to sell the Facilities to Buyer in accordance with and subject to all of the terms and conditions expressed herein; and

NOW, THEREFORE, for and in consideration of the mutual promises and covenants and conditions set forth in this Agreement, the sufficiency of which is hereby mutually acknowledged and accepted, the parties hereto agree as follows:

ARTICLE I.
DEFINITIONS AND INTERPRETATION

1.1 **Definitions.** Capitalized terms used herein or in any Seller Related Documents or Buyer Related Documents have the meanings set forth in this Agreement.

"**Affiliate**" means, with respect to a Person, each other Person that, directly or indirectly, controls, is controlled by or is under common control with, such designated Person; provided, however, that in the case of PacifiCorp, "Affiliate" means MidAmerican Energy Holdings Company and its direct and indirect subsidiaries. For the purposes of this definition, "control" (including with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean (a) the direct or indirect right to cast at least fifty percent (50%) of the votes exercisable at an annual general meeting (or its equivalent) of such Person or, if there are no such rights, ownership of at least fifty percent (50%) of the equity or other ownership interest in such Person, or (b) the right to direct the policies or operations of such Person.

"**Agreement**" means this Asset Purchase Agreement, as it may be amended from time to time in accordance with its terms.

"**Agreement Date**" means the date set forth in the first paragraph of this Agreement.

"**Assignment and Assumption Agreement**" is defined in Section 2.5(f) hereof.

“**Bill of Sale**” is defined in Section 2.5(e) hereof.

“**Business Day**” means any day other than Saturday, Sunday, and any day which is a state or federal legal holiday or a day on which banking institutions in New York, New York are authorized or obligated to close.

“**Buyer**” is defined in the first paragraph of this Agreement.

“**Buyer’s Advisors**” is defined in Section 5.5 hereof.

“**Buyer Related Document**” means any certificate, agreement or other document to be delivered by Buyer in connection with this Agreement.

“**Buyer Required Consent**” means the Required Consent identified in Schedule 5.1(a) required to be obtained by Buyer in connection with the execution and delivery of this Agreement and the consummation and performance of the terms and conditions of this Agreement.

“**Claim**” means any demand, claim, action, investigation, legal proceeding (whether at law or in equity) or arbitration.

“**Closing**” is defined in Section 2.4 hereof.

“**Closing Date**” the date on which the Closing occurs.

“**Contract**” means any agreement, contract, lease obligation, promise, or undertaking (whether written or oral and whether express or implied) that is legally binding.

“**Damages**” means the amount of, any loss, liability, claim, damage (including incidental and consequential damages), expense (including costs of investigation and defense and reasonable attorneys’ fees) or diminution of value, whether or not involving a Third Party Claim.

“**Encumbrance**” means any charge, Claim, community property interest, condition, equitable interest, lien, option, pledge, security interest, right of first refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income, or exercise of any other attribute of ownership.

“**Environmental Claim**” means any Claim arising out of or related to any violation of Environmental Law, or in respect of any environmental conditions or Hazardous Materials.

“**Environmental Law**” means any Law relating to (i) land use and environmental matters, (ii) the control of any pollutant, or protection of the air, water, or land, (iii) solid, gaseous or liquid waste generation, handling, treatment, storage, disposal or transportation, (iv) exposure to hazardous, toxic or other harmful substances, and (v) the protection and enhancement of the environment.

“Environmental Liabilities” mean all Liabilities with respect to the Purchased Assets, including settlements, judgments, costs and expenses, including reasonable attorneys’ fees, whether based on common law or Environmental Laws.

“Facilities” is defined in the second paragraph of this agreement.

“Good Operating Practices” means the practices, methods and acts generally engaged in or approved by a significant portion of the independent electric power industry in the Western Electricity Coordinating Council (**“WECC”**) for similarly situated facilities in the WECC during a particular time period, or any of such practices, methods, and acts, which, in the exercise of reasonable judgment in light of the facts known or that reasonably should be known at the time a decision is made, would be expected to accomplish the desired result in a manner consistent with applicable Law, reliability, safety, environmental protection, economy and expedition, and taking into consideration the requirements of this Agreement, the Transferred Contracts and the other Contracts affecting the operation of the Purchased Assets. Good Operating Practices are not intended to be limited to the optimum practices, methods or acts, to the exclusion of all others, but rather to include a spectrum of possible practices, methods or acts generally acceptable in the region during the relevant period in light of the circumstances.

“Governmental Authorization” means any approval, consent, license, permit, waiver, franchise, ruling, certification, exemption, filing, variance, order, judgment, decree or other authorization issued, granted, given, or otherwise made available by or under the authority of any Governmental Authority or pursuant to any Law.

“Governmental Authority” means any federal, provincial, state, county, municipal or local government and any political subdivision thereof, or any other governmental, quasi-governmental, executive, legislative, administrative, regulatory, judicial, public or statutory department, body, instrumentality, agency, ministry, court, commission, bureau, board, or other governmental authority.

“Hazardous Material” means any chemicals, materials, substances, or items in any form, whether solid, liquid, gaseous, semisolid, or any combination thereof, whether waste materials, raw materials, chemicals, finished products, by-products, or any other materials or articles, which are listed or regulated as hazardous, toxic or dangerous or as waste or a contaminant, or are otherwise listed or regulated, or for which liability or standards of care are imposed, under any Environmental Law, including petroleum products, asbestos, PCBs, coal combustion by-products, urea formaldehyde foam insulation, lead-containing paints or coatings, and any substances included in the definition of “hazardous debris,” “hazardous substances,” “hazardous materials,” “hazardous wastes,” “toxic substances,” “pollutants,” “contaminants” or words of similar import, under any Environmental Law.

“Indemnified Party” is defined in Section 10.3(a) hereof.

“Indemnifying Party” is defined in Section 10.3(a) hereof.

“Intellectual Property” means the following intellectual property rights, both statutory and common law rights, if applicable: (a) copyrights, and registrations and applications for registration thereof, (b) trademarks, trademark rights, service marks, service mark rights, trade

names, trade name rights, slogans, domain names, logos and trade dress, and registrations and applications for registrations thereof, (c) patents, as well as any reissued and reexamined patents and extensions corresponding to the patents, and any patent rights and patent applications, as well as any related continuation, continuation in part and divisional applications and patents issuing therefrom and (d) trade secrets and confidential information, including ideas, designs, concepts, inventions, compilations of information, methods, techniques, procedures, processes and other know-how, whether or not patentable.

“Interim Period” is defined in Section 5.1(a) hereof.

“Law” means any federal, state, local, municipal, foreign, international, multinational, or other administrative order, constitution, law, ordinance, principle of common law, regulation, statute, or treaty.

“Liability” means any debt, liability, obligation or commitment of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise.

“Lien” means any mortgage; deed of trust; pledge; security interest; adverse possessory right; mechanic’s, materialmen’s or other lien; covenant, condition or restriction; charge or assessment; lease; license; purchase option; right of first refusal; or any other matter affecting title of any nature whatsoever.

“Material Adverse Effect” means a material adverse effect upon the condition of the Purchased Assets.

“Order” means any award, decision, injunction, judgment, order, ruling, subpoena, or verdict entered, issued, made, or rendered by any court, administrative agency, or other Governmental Authority or by any arbitrator

“Organizational Documents” means (a) the articles or certificate of incorporation and the bylaws of a corporation; (b) the partnership agreement and any statement of partnership of a general partnership; (c) the limited partnership agreement and the certificate of limited partnership of a limited partnership; (d) any charter or similar document adopted or filed in connection with the creation, formation, or organization of a Person; and (e) any amendment to any of the foregoing.

“Party” and **“Parties”** are defined in the first paragraph of this Agreement.

“Permitted Encumbrances” means (i) any of the Encumbrances listed on Schedule 3.3 attached hereto; (ii) any Encumbrance pursuant to any lease, license, right of way or other real property interest agreement or document of any kind, copies of which Seller has provided to Buyer prior to Closing, or any applicable governmental regulations which relates to all or a portion of the real property on which the Facilities are located; (iii) statutory liens for current taxes or assessments not yet due or payable; (iv) mechanics’, carriers’, workers’, repairers’, landlords’, and other similar liens arising or incurred in the ordinary course of business relating to obligations as to which there is no default on the part of Seller, or pledges, or deposits, or

other liens securing the performance of statutory obligations; (v) any Encumbrances set forth in any state, local, or municipal franchise or governing ordinance under which any portion of the Facilities are owned or operated; or (vi) Encumbrances, including zoning, entitlement, restriction, and other land use regulations by Governmental Authorities, which, together with all other Encumbrances, do not materially detract from the value of or materially interfere with the use of the Facilities or the conduct of the business thereon, as determined by PGE in its sole discretion.

“Person” whether or not capitalized, means any individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union, or other entity or Governmental Authority.

“Proceeding” means any action, arbitration, audit, hearing, investigation, litigation, or suit (whether civil, criminal, administrative, investigative, or informal) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Authority or arbitrator.

“Purchase Price” is defined as the price stated in Section 2.3.

“Purchased Assets” means all of the right, title and interest in and to the assets, tangible or intangible, including the following: (i) Facilities; (ii) all Warranty Rights; (iii) all Transferred Contracts; (iv) all Transferable Permits; (v) all Transferred Intellectual Property; (vi) all Related Inventories; (vii) all Related Equipment; (viii) all Records; and (ix) all Third Party Claims (as such term is defined below) associated with the Purchased Assets.

“Records” means all financial records and all records of repair work or work in progress, spare parts, materials and supplies in inventory records owned and held by Seller as of the Closing Date and principally relating to the Purchased Assets, whether or not identified on **Schedule 2.1** as “Records”.

“Related Equipment” means all fixtures, and equipment identified on **Schedule 2.1** that is owned, used or held for use primarily in connection with the Purchased Assets, including all handling equipment, machinery, tools, supplies, computer hardware, appliances, vehicles and rolling stock.

“Related Inventories” means all inventories of supplies, materials and spare parts identified on **Schedule 2.1** that is owned and held by Seller as of the Closing Date for use principally in connection with the Purchased Assets.

“Release” means any release, spill, emission, migration, leaking, pumping, injection, deposit, disposal or discharge of any Hazardous Materials into the environment, to the extent prohibited under applicable Environmental Laws.

“Representative” means with respect to a particular Person, any director, officer, employee, agent, consultant, advisor, accountant, financial advisor, legal counsel or other who is legally recognized to serve as a representative of that Person.

“Required Consent” means each approval, consent, ratification, waiver, or other authorization (including any Governmental Authorization) required to be obtained in order to consummate the transaction in accordance with this Agreement.

“Required Notice” means each notice required to be given (including to any Governmental Authority) in connection with the execution and delivery of this Agreement and the consummation and performance of the transaction in accordance with this Agreement.

“Schedules” means the disclosure schedules to be delivered by Seller to Buyer concurrently with the execution and delivery of this Agreement.

“Seller Related Document” means any certificate, agreement or other document delivered by Seller in connection with this Agreement, including, but not limited to, the Bill of Sale, and the Assignment and Assumption Agreement delivered by each of the Parties on the Closing in accordance with the terms of this Agreement.

“Seller Required Consent” means each Required Consent required to be obtained by Seller in connection with the execution and delivery of this Agreement and the consummation and performance of the terms and conditions of this Agreement.

“Seller” is defined in the first paragraph of this Agreement.

“Tax Return” means any return (including any information return), report, statement, schedule, notice, form, or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Authority in connection with the determination, assessment, collection, or payment of any Tax or in connection with the administration, implementation, or enforcement of or compliance with any Law relating to any Tax.

“Taxes” means any and all taxes, fees, withholdings, levies, duties, tariffs, imposts, and other charges of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any government or taxing authority (foreign or domestic), including taxes or other charges on or with respect to income, franchises, windfall or other profits, gross receipts, GST, property, sales, use, capital stock, payroll, employment, social security, workers’ compensation, unemployment compensation, or net worth, taxes or other charges in the nature of excise, withholding, ad valorem, stamp, transfer, value added or gains taxes, license, registration and documentation fees, and customs duties, tariffs and similar charges.

“Third Party Claims” means all rights, privileges, Claims, causes of action and options against any third parties (including indemnification, contribution and insurance claims) relating to any Purchased Assets, whether or not identified on **Schedule 2.1** as “Third Party Claims”.

“Transferable Permits” means the Governmental Authorizations, if any, listed on **Schedule 2.1**.

1.2 Interpretation. The following rules of interpretation apply throughout this Agreement and in any Seller Related Documents and Buyer Related Documents:

(a) The headings in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(b) Whenever used herein, the singular number shall include the plural, the plural shall include the singular, and the use of any gender shall be applicable to both genders.

(c) Whenever Seller agrees to take or refrain from taking action, such provision shall be read to include the agreement of each Affiliate of Seller to take or refrain from taking such action.

(d) When calculating the period of time before which, within which or following which any act is to be done or step is to be taken under this Agreement, the reference date in calculating such period shall be excluded. If the last day of such period is not a Business Day, the period in question shall end on the next succeeding Business Day.

(e) This Agreement is the result of negotiations between, and has been reviewed by, the Parties and their respective legal counsel. Accordingly, this Agreement shall be deemed to be the product of each Party, and there shall be no presumption that an ambiguity should be construed in favor of or against a Party solely as a result of such Party's actual or alleged role in the drafting of this Agreement and any Law, regulation, or rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not be applied in the construction or interpretation of this Agreement.

ARTICLE II. PURCHASE AND SALE

2.1 Purchased Assets. On the terms and subject to the conditions set forth in this Agreement, at the Closing, Seller shall sell, assign, convey, transfer and deliver to Buyer, and Buyer shall purchase and acquire from Seller, free and clear of all encumbrances, all of Seller's right, title and interest in and to the property, tangible or intangible, constituting the Purchased Assets.

2.2 Liabilities Not Assumed. Buyer does not assume, and shall have no responsibility for, any Liability of Seller, including without limitation any Liability relating to the Facilities or Related Equipment, which have arisen, been accrued or incurred, or are otherwise based on events taking place, prior to and as of the Closing including Liability for Taxes arising as a result of the transaction. Seller shall remain fully responsible for all Liabilities.

2.3 Purchase Price and Payment. The Purchase Price for the Purchased Assets shall be \$ 59,485.77. Upon Closing, Buyer shall pay to Seller the Purchase Price, in cash by wire transfer to an account or accounts designated by Seller.

2.4 Closing. The closing (the "**Closing**") shall take place on a date mutually agreed on by the Parties but that is no more than ten (10) Business Days after satisfaction or waiver of the conditions specified in ARTICLE VII and ARTICLE VIII (other than conditions that by their terms are to be satisfied as of Closing).

2.5 Closing Deliveries by Seller. At Closing, Seller shall deliver to Buyer (in form and substance acceptable to Buyer) each of the following, duly executed:

(a) This Agreement duly executed by Seller and duly acknowledged or executed by any required third parties, where applicable.

(b) A certificate duly executed by an authorized officer of Seller, dated as of the Closing, stating that as of Closing each of the conditions set forth in ARTICLE VII, other than the condition set forth in Section 7.8, has been satisfied.

(c) Such other certificates, documents and instruments as Buyer reasonably requests for the purpose of (i) evidencing the accuracy of Seller's representations and warranties contained in this Agreement and any Seller Related Document, (ii) evidencing the performance and compliance by Seller with its covenants, obligations and agreements contained in this Agreement and any Seller Related Document, (iii) evidencing the satisfaction of any condition referred to in ARTICLE VII, or (iv) otherwise facilitating the consummation of the Agreement.

(d) the Bill of Sale in the form attached as Exhibit B, or otherwise in form and substance reasonably satisfactory to the Parties, duly executed by Seller;

(e) in the event that there are any Transferable Permits, an assignment and assumption agreement ("Assignment and Assumption Agreement") in the form attached hereto as Exhibit C, or otherwise in form and substance reasonably satisfactory to the Parties, duly executed by Seller;

(f) copies of all Governmental Authorizations and any other consents, waivers or approvals necessary to be obtained by Seller from third parties in connection with this Agreement; and

(h) all such other instruments of assignment or conveyance properly executed and acknowledged by Seller in customary form as are reasonably requested by Buyer in order to transfer to and vest in Buyer's ownership interest in all of Seller's right, title and interest in, to and under the Facilities and Transferable Permits (if any) in accordance with this Agreement;

2.6 Closing Deliveries by Buyer. At Closing, Buyer shall deliver to Seller (in form and substance acceptable to Seller) each of the following, duly executed:

(a) This Agreement;

(b) A certificate duly executed by an authorized officer of Buyer, dated as of the Closing, stating that the conditions set forth in ARTICLE VIII have been satisfied;

(c) copies of all Governmental Authorizations and any other consents, waivers or approvals necessary to be obtained by Buyer from third parties in connection with this Agreement; and

(d) in the event that there are any Transferable Permits, an assignment and assumption agreement ("Assignment and Assumption Agreement") in the form attached hereto

as Exhibit C, or otherwise in form and substance reasonably satisfactory to the Parties, duly executed by Buyer.

2.7 Closing Costs. The Parties shall each be responsible for payment of their respective costs and fees incurred in connection with activities required or related to completion of the Agreement.

2.8 Tax Matters. Notwithstanding any other provision of this Agreement, responsibility for payment of any and all Transfer Taxes incurred in connection with this Agreement and the transactions contemplated hereby shall be borne by Seller. Seller shall, at its own expense, file, to the extent required by Law, all necessary Tax Returns and other documentation with respect to all such Transfer Taxes, and Buyer will be entitled to review such return in advance and, if required by applicable Law, Buyer shall join in the execution of any such Tax Returns or other required documentation.

2.9 Prorations. Buyer and Seller agree that, except as otherwise set forth in this Agreement, all of the items normally prorated relating to the Purchased Assets, including any Taxes and other items payable by or to Seller under any of the Transferred Contracts to be assigned to and assumed by Buyer hereunder, shall be prorated as of the effective time of the Closing on the Closing Date, with Seller liable to the extent such items relate to any time period through the effective time of the Closing on the Closing Date, and Buyer liable to the extent such items relate to any time period subsequent to the effective time of the Closing on the Closing Date.

2.10 Further Assurances. From time to time, whether before, at or after Closing, Buyer and Seller will execute and deliver such further instruments, in form and substance reasonably satisfactory to the other, and take such other action as may be reasonably necessary to carry out the purposes and intent of this Agreement, including to assure that Buyer has acquired the Purchased Assets free and clear of Encumbrances.

ARTICLE III. REPRESENTATIONS AND WARRANTIES OF SELLER

The Seller represents and warranties to Buyer that the statements contained in this ARTICLE III are true and correct as of the date hereof and will be true and correct as of Closing.

3.1 Organization and Good Standing; Authority. Seller is duly organized, validly existing, and in good standing under the Laws of its jurisdiction of formation. Seller has all requisite power and authority to enter into this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby and thereby. This Agreement has been duly and validly executed and delivered by Seller and constitutes the legal, valid and binding obligation of Seller enforceable against Seller in accordance with its respective terms.

3.2 No Conflict.

(a) Neither the execution and delivery of this Agreement nor the consummation or performance of the transaction will, directly or indirectly (with or without notice or lapse of time): (i) contravene, conflict with, or result in a violation of (A) any provision of the

Organizational Documents of Seller, or (B) any resolution adopted by the governing body of Seller; (ii) contravene, conflict with, or result in a violation of, or give any Governmental Authority or other Person the right to challenge the transaction or to exercise any remedy or obtain any relief under, any Law or any Order to which Seller, or any of the Purchased Assets, may be subject; (iii) contravene, conflict with, or result in a violation of any of the terms or requirements of, or give any Governmental Authority the right to revoke, withdraw, suspend, cancel, terminate, or modify, any Governmental Authorization included in the Purchased Assets; (iv) contravene, conflict with, or result in a violation or breach of any provision of, or give any Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or result in the importing, acceleration or increase of any payments or amounts due under, or to cancel, terminate, or modify, any Transferred Contract; or (v) result in the imposition or creation of any Encumbrance upon or with respect to any of the Purchased Assets.

(b) **Schedule 5.1(a)** contains a complete and accurate list of all Required Notices and Seller Required Consents. Seller has given all Required Notices and obtained all Seller Required Consents.

3.3 Title. Subject to the Permitted Encumbrance specified in **Schedule 3.3**, Seller has good, valid and marketable title to all of the Purchased Assets, free and clear of all Encumbrances, and will effectively convey to Buyer at Closing, good and marketable title to all of the Purchased Assets, free and clear of all Encumbrances (whether or not disclosed to Buyer).

3.4 Condition of Purchased Assets. **Schedule 2.1** contains a complete and accurate list of all Purchased Assets and (i) all Purchased Assets are in good condition (ordinary wear and tear excepted), no Purchased Asset is in need of any repair or maintenance (other than normal and routine repair and maintenance), and (ii) there are no facts or conditions affecting the Purchased Assets which could interfere in any material respect with the use or operation thereof or their adequacy for such use.

3.5 Sufficiency of Assets. The Purchased Assets comprise all the properties and assets necessary or desirable to use and operate the Facilities after Closing in substantially the same manner as conducted prior to Closing or, if the Facilities were not in use or being operated prior to the Closing, in the manner in which Facilities are customarily used and operated.

3.6 No Material Adverse Effect. There has not been a Material Adverse Effect, and no event has occurred or circumstance exists that may result in a Material Adverse Effect.

3.7 Compliance with Laws; Governmental Authorizations. (i) Seller is, and has at all times been, in full compliance with each Law that is or was applicable to the Purchased Assets; (ii) no event has occurred or circumstance exists that (with or without notice or lapse of time) (A) may constitute or result in a violation or failure to comply with, any Law affecting the Purchased Assets, or (B) may require undertaking or bearing any cost of remedial action of any nature in connection with the Purchased Assets; and (iii) in connection with the Purchased Assets, Seller has not received at any time any notice or other communication (whether oral or written) from any Governmental Authority or any other Person regarding (A) any actual, alleged, possible, or potential violation of, or failure to comply with, any Law, or (B) any actual, alleged,

possible, or potential obligation to undertake, or bear any cost of, any remedial action of any nature.

3.8 Legal Proceedings; Orders.

(a) There is no pending Proceeding (i) that has been commenced by or against Seller or that otherwise relates to or may affect the Purchased Assets; or (ii) that challenges, or that may have the effect of preventing, delaying, making illegal, or otherwise interfering with, the transaction. To Seller's knowledge, (1) no such Proceeding has been threatened and (2) no event has occurred or circumstance exists that may give rise to or serve as a basis for the commencement of any such Proceeding.

(b) (i) There is no Order to which any of the Purchased Assets is subject; and (ii) Seller is not subject to any Order that relates to the Purchased Assets.

3.9 Insurance. Seller maintains and has at all times during which it has owned the Purchased Assets maintained without any gaps in coverage, (a) insurance on all of the Purchased Assets covering property damage and by fire or other casualty and (b) adequate insurance protection against all Liabilities, Claims and risks relating to the Purchased Assets which it is customary and appropriate to insure, including general liability, professional liability, fire, theft, casualty, workmen's compensation, employee fidelity and other casualty and liability insurance.

3.10 Tax Matters. All Tax Returns that are required to be filed on or before the Closing Date by, on behalf of or relating to Seller or its financial results have been or will be duly and timely filed or are the subject of a timely filed and valid extension. All Taxes that are shown to be due on such Tax Returns with respect to the Purchased Assets have been or will be timely paid in full. Seller does not have in force any waiver of any statute of limitations in respect of Taxes or any extension of time with respect to a Tax assessment or deficiency. There are no pending or active audits or, to Seller's knowledge, threatened audits or proposed deficiencies or other claims for unpaid Taxes of Seller.

3.12 Solvency. Seller is not now insolvent, and Seller will not be rendered insolvent by the Transaction. As used in this Section, "insolvent" means that the sum such Seller's debts and other probable Liabilities exceeds the present fair saleable value of such Seller's assets.

3.13 Full Disclosure.

(a) No representation or warranty of Seller in this Agreement and no statement in the Schedules omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances in which they were made, not misleading.

(b) No notice given pursuant to Section 5.6 will contain any untrue statement or omit to state a material fact necessary to make the statements therein or in this Agreement, in light of the circumstances in which they were made, not misleading.

3.14 Environmental Matters.

(a) Seller has made available to Buyer, true and complete copies of all environmental site assessment reports, studies and related documents in the possession of, or available to, Seller or its Affiliates and that relate to environmental matters in connection with the location and operation of the Purchased Assets.

(b) Except as set forth on **Schedule 3.14(b)**:

(i) Seller has not been served with notice of any Environmental Claims and, to Seller's knowledge, no Environmental Claims are threatened against Seller by any Governmental Authority or other Person (including any private citizen's group) under any Environmental Laws;

(ii) there has been no event or occurrence related to the location of the Purchased Assets or the Purchased Assets themselves that has caused or reasonably would be expected to cause Seller to fail to comply with any applicable Environmental Laws in any material respect;

(iii) there has been no Release of any Hazardous Material at the location of or from the Purchased Assets that could reasonably be expected to result in an Environmental Claim;

(iv) there are not outstanding, nor have there been issued, any judgments, decrees or judicial orders relating to the Purchased Assets regarding (A) compliance with any Environmental Law or (B) the investigation or cleanup of Hazardous Materials under any Environmental Law;

(v) Seller is, and at all times has been, in compliance with, in all material respects, and has not been and is not in violation of or liable in any material respect under, any Environmental Law in connection with the Purchased Assets; and

(vi) To Seller's knowledge, there are no Environmental Liabilities associated with the Purchased Assets that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

**ARTICLE IV.
REPRESENTATIONS AND WARRANTIES OF BUYER**

Buyer represents and warrants to Seller that the statements contained in this ARTICLE IV are true and correct as of the date hereof and will be true and correct as of the Closing Date.

4.1 Organization and Good Standing; Authority. Buyer is a corporation duly organized, validly existing, and in good standing under the laws of the State of Oregon. Buyer has all corporate power and authority to enter into this Agreement, to perform its obligations hereunder and to consummate the transaction contemplated hereby. This Agreement has been

duly and validly executed and delivered by Buyer and constitutes the legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with its respective terms.

4.2 No Conflict. Neither the execution and delivery of this Agreement by Buyer nor the consummation or performance of the transaction by Buyer will give any Person the right to prevent, delay, or otherwise interfere with the transaction pursuant to (i) any provision of Buyer's Organizational Documents; (ii) any resolution adopted by the governing body or shareholders of Buyer, if applicable; (ii) any Law or Order to which Buyer may be subject; or (iii) any Contract to which Buyer is a party or by which Buyer may be bound.

4.3 Certain Proceedings. There is no pending Proceeding that has been commenced against Buyer and that challenges, or may have the effect of preventing, delaying, making illegal, or otherwise interfering with, the transaction. To Buyer's knowledge, no such Proceeding has been threatened.

ARTICLE V. COVENANTS

5.1 Regulatory Approvals.

(a) From the date of this Agreement until the earlier of the Closing or termination of this Agreement in accordance with its terms (the "**Interim Period**"), Seller will, in order to consummate the transaction (including the transfer of the Transferred Contracts to Buyer), take such reasonable steps as are necessary or desirable, and proceed diligently and in good faith and use all reasonable efforts to expedite and obtain the Required Consents, and to make all filings with, and to give all notices to, Governmental Authorities, and provide such other information and communications to such Governmental Authorities or other Persons, as such Governmental Authorities or other Persons may reasonably request in connection therewith. Buyer covenants that, during the Interim Period, Buyer will, in order to consummate the transaction (including the transfer of the Transferred Contracts to Buyer), take such reasonable steps as are necessary or desirable, and proceed diligently and in good faith and use all reasonable efforts to expedite and obtain the Required Consents, and to make all filings with, and to give all notices to, Governmental Authorities, and provide such other information and communications to such Governmental Authorities or other Persons, as such Governmental Authorities or other Persons may reasonably request in connection therewith. **Schedule 5.1(a)** contains a complete and accurate list of each Required Consent to be obtained in connection with consummation of the transaction. Nothing in this Section 5.1(a) shall be construed to require Buyer to take any action with respect to filings with or notices to Governmental Authorities that in Buyer's discretion could materially adversely affect any other Proceeding with such Governmental Authority. Each Party will cooperate fully in good faith with the other Party with respect to all filings that are required by Law or that such other Party elects to make in connection with the transaction. Each Party will also cooperate fully in good faith with the other in obtaining all material consents and approvals required under this Agreement.

(b) Each Party will provide the other Party with a reasonable opportunity to review and provide prior comment upon any notices, filings or other submissions that the Party plans to deliver or submit to any Governmental Authority, and will promptly provide to such other Party

a copy of any such notices or filings. Each Party will provide prompt notification to the other Party when any approval referred to in Section 5.1(a) is obtained, taken, made or given, as applicable, and will advise the other Party of any material communications with any Governmental Authority from which such approval is required regarding any pending application or request for approval by such Governmental Authority of any of the transactions contemplated by this Agreement.

(c) To the extent that any Transferred Contract is not assignable without the consent of another party, then this Agreement shall not constitute an assignment or attempted assignment thereof if such assignment or attempted transfer thereof would constitute a breach thereof or a default thereunder. Without limiting the provisions of Section 5.1(a), if any such consent shall not be obtained, or if any attempted assignment of a Transferred Contract would be ineffective or would impair Buyer's rights and obligations such that Buyer would not in effect acquire the benefit of substantially all of such rights and obligations, Seller shall cooperate with Buyer in any reasonable arrangement, to the extent legally permissible, designed to provide for Buyer the benefits intended to be assigned to Buyer under the Transferred Contract, including enforcement for the account of Buyer of any and all rights of Seller against the other party thereto arising out of the breach or cancellation thereof by such party or otherwise. If and to the extent that such arrangement is not made in a manner reasonably satisfactory to Buyer, Buyer shall have no obligation with respect to such Transferred Contract. The provisions of this Section 5.1(c) shall not affect the right of Buyer not to consummate the transaction if the conditions to Buyer's obligations set forth in ARTICLE VII have not been fulfilled.

5.2 Additional Affirmative Covenants of Seller. During the Interim Period, Seller shall:

- (a) Use its best efforts to preserve intact the Purchased Assets;
- (b) Operate and maintain the Purchased Assets in the usual and ordinary course consistent with Good Operating Practices;
- (c) Maintain or cause to be maintained all insurance policies (or reasonably equivalent renewals or replacements thereof) covering the Purchased Assets until the Closing;
- (d) Take any and all commercially reasonable actions necessary or appropriate to ensure that Seller Required Notices are given and that all Required Consents and Seller Required Consents are obtained on or before the Closing. Seller shall otherwise cooperate with Buyer and use its best efforts to make all registrations, filings, and applications and to cause the other conditions to Buyer's obligation to close to be satisfied;
- (e) Take all actions that are reasonably necessary or appropriate to ensure that the representations and warranties in ARTICLE III remain true and correct in all respects at the Closing;
- (f) Bring about, as soon as practical after the date hereof, the satisfaction of all the conditions set forth in ARTICLE VII; and

(g) Confer with Buyer concerning matters of a material nature affecting the Purchased Assets; and otherwise report periodically to Buyer concerning the status of the Purchased Assets.

5.3 Negative Covenants. During the Interim Period, Seller will not, without the prior consent of Buyer:

(a) Permit, allow, or suffer to exist any Encumbrance against any of the Purchased Assets;

(b) Sell, lease (as lessor), transfer, convey or otherwise dispose of any Purchased Assets (including by way of merger, liquidation or dissolution);

(c) Make any material change in the operations of the Purchased Assets;

(d) Prohibit payment of or delay payment of or prohibit or delay discharge of any assumed Liability;

(e) Grant any waiver of any material term under, or give any material consent with respect to, any Transferred Contract;

(f) Take or omit to take any action which, individually or in the aggregate, has or could be reasonably anticipated to have a Material Adverse Effect on the rights of Buyer under this Agreement;

(g) Take or omit to take any action that would require notification under Section 5.6 if each representation and warranty herein were remade as of the time of such action or omission; or

(h) Agree or commit to do any of the foregoing.

Notwithstanding the foregoing, Seller may take commercially reasonable actions with respect to emergency situations affecting the Purchased Assets so long as Seller shall, upon receipt of notice of any such actions, promptly inform Buyer of any such emergency actions taken outside the ordinary course of business.

5.4 No Duty to Accept Changes. Notwithstanding anything to the contrary contained in this Agreement (including obligations to act commercially reasonably), Buyer shall not be required to accept or honor (nor shall Seller be permitted to accept or honor except with Buyer's prior written consent) any conditions, changes, modifications or additions to, or in connection with, any Transferred Contracts or the Purchased Assets (or any portion thereof), other than modifications of a ministerial nature.

5.5 Access and Investigation. During the Interim Period, Seller and its Representatives will (a) afford Buyer and its Representatives (collectively, "**Buyer's Advisors**") full and free access to the Purchased Assets and all of Seller's contracts, books and records, and documents and data related to the Purchased Assets, (b) furnish to Buyer and Buyer's Advisors

copies of all such contracts, books and records, and other existing documents and data related to the Purchased Assets as Buyer may reasonably request, and (c) furnish to Buyer and Buyer's Advisors such additional financial, operating, and other data and information related to the Purchased Assets as Buyer may reasonably request.

5.6 Notification. During the Interim Period, Seller will promptly notify Buyer in writing if Seller becomes aware of any fact or condition that causes or constitutes a breach of any of Seller's representations and warranties as of the Agreement Date, or if Seller becomes aware of the occurrence after the Agreement Date of any fact or condition that would (except as expressly contemplated by this Agreement) cause or constitute a breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition. During the Interim Period, Seller will promptly notify Buyer of the occurrence of any breach of any covenant of the Seller in this Agreement or of the occurrence of any event that may make satisfaction of the conditions in ARTICLE VII and ARTICLE VIII of this Agreement impossible or unlikely. Notwithstanding anything to the contrary, no such notice or disclosure shall be deemed to amend or supplement the Schedules or to prevent or cure any misrepresentation or breach.

5.7 Best Efforts. During the Interim Period, Seller shall use its best efforts to cause the conditions in ARTICLE VII and ARTICLE VIII to be satisfied.

ARTICLE VI. ADDITIONAL AGREEMENTS

6.1 Expenses. Each Party shall pay its own, fees, costs and expenses (including fees and expenses of legal counsel, investment bankers, brokers or other representatives and consultants and appraisal fees and expenses) incurred in connection with or related to the sales process, the negotiation of this Agreement, the performance of its obligations hereunder, and the consummation of the transaction.

6.2 Risk of Loss. During the Interim Period, all risk of loss or damage to the property included in the Purchased Assets shall be borne by Seller.

ARTICLE VII. CONDITIONS TO OBLIGATIONS OF BUYER

Buyer's obligation to purchase the Purchased Assets and to take the other actions required to be taken by Buyer at the Closing is subject to the satisfaction, at or prior to the Closing, of each of the following conditions (any of which may be waived in writing only by Buyer, in whole or in part):

7.1 Accuracy of Representations. All of Seller's representations and warranties in this Agreement (considered collectively), and each of these representations and warranties (considered individually), shall be true and correct as of the Agreement Date, and shall be true and correct as of the Closing Date as if made on the Closing Date.

7.2 Seller's Performance. All of the covenants and obligations that Seller is required to perform or to comply with pursuant to this Agreement at or prior to the Closing (considered

collectively), and each of the covenants and obligations (considered individually), shall have been duly performed and complied with in all material respects.

7.3 Deliveries. Each document required to be delivered pursuant to Section 2.5 shall have been delivered.

7.4 Consents and Approvals. Each of the Required Consents shall have been obtained and be in full force and effect and such actions as Buyer's counsel may reasonably require will have been taken in connection therewith.

7.5 Approvals of Governmental Authorities. All Required Consents of Governmental Authorities shall have been obtained with such terms and conditions as shall have been imposed by the Governmental Authority issuing such Required Consents, and such terms or conditions in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

7.6 No Prohibition. Neither the consummation nor the performance of the transaction will, directly or indirectly (with or without notice or lapse of time), materially contravene, or conflict with, or result in a material violation of, or cause Buyer or any Person affiliated with Buyer to suffer any material adverse consequence under, (a) any applicable Law or Order, or (b) any Law or Order that has been published, introduced, or otherwise proposed by or before any Governmental Authority.

7.7 No Proceedings. Buyer will have received evidence reasonably acceptable to it that no Litigation is pending or threatened (i) involving any challenge to, or seeking damages or other relief in connection with the Purchased Assets or the transaction, (ii) that may have the effect of preventing, delaying, making illegal, or otherwise interfering with the transaction, (iii) seeking to prohibit direct or indirect ownership or operation by Buyer of the Purchased Assets, or to compel Buyer or any of its Affiliates to dispose of, or to hold separately, or to make any change in any portion of the business or assets of Buyer or its Affiliates as a result of the transaction, (iv) seeking to require direct or indirect transfer or sale by Buyer of, or to impose material limitations on the ability of Buyer to exercise full rights of ownership of, any of the Purchased Assets or (v) imposing or seeking to impose material Damages or sanctions directly arising out of the transaction on Buyer or Seller or any of their respective officers or directors.

7.8 No Material Adverse Effect. There shall have been no change in or event relating to Seller that has had or that Buyer expects to have a Material Adverse Effect or a material adverse effect on the transaction.

ARTICLE VIII. CONDITIONS TO OBLIGATIONS OF SELLER

Seller's obligation to sell the Purchased Assets and to take the other actions required to be taken by Seller at the Closing is subject to the satisfaction, at or prior to the Closing, of each of the following conditions (any of which may be waived in writing only by Seller, in whole or in part):

8.1 Accuracy of Representations. All of Buyer's representations and warranties in this Agreement (considered collectively), and each of these representations and warranties

(considered individually), shall be true and correct as of the date of this Agreement, and shall be true and correct as of the Closing Date as if made on the Closing Date.

8.2 Buyer's Performance.

(a) All of the covenants and obligations that Buyer is required to perform or to comply with pursuant to this Agreement at or prior to the Closing (considered collectively), and each of these covenants and obligations (considered individually), shall have been duly performed and complied with in all material respects.

(b) Each document required to be delivered pursuant to Section 2.6 shall have been delivered.

8.3 No Injunction. There shall not be in effect any Law or any injunction or other Order that (a) prohibits the sale of the Purchased Assets by Seller to Buyer and (b) has been adopted or issued, or has otherwise become effective, since the date of this Agreement.

**ARTICLE IX.
TERMINATION**

9.1 Termination. This Agreement may be terminated by written notice at any time prior to the Closing Date only in one of the following ways:

(a) By the mutual written consent of Buyer and Seller.

(b) By Buyer if a material breach of any provision of this Agreement has been committed by Seller or (ii) by Seller if a material breach of any provision of this Agreement has been committed by Buyer.

(c) By Buyer if any of the conditions in ARTICLE VII has not been satisfied as of the Closing Date or if satisfaction of such a condition is or becomes impossible (other than through Buyer's breach of this Agreement) or (ii) by Seller if any of the conditions in ARTICLE VIII has not been satisfied as of the Closing Date or if satisfaction of such a condition is or becomes impossible (other than through Seller's breach of this Agreement).

(d) By Buyer or Seller if Closing has not occurred (other than through the failure of any party seeking to terminate this Agreement to comply fully with its obligations under this Agreement) on or before December 31, 2016, or such later date as the Parties may agree in writing.

9.2 Effect of Termination. If this Agreement is terminated pursuant to Section 9.1, neither Party shall have any continuing obligation hereunder, except that (a) Sections 6.1 (Expenses), ARTICLE XII (General Provisions), and this Section will survive any termination hereof and (b) if this Agreement is terminated due to a breach of a Party, then the other Party shall retain full rights to pursue all legal remedies notwithstanding termination.

**ARTICLE X.
SURVIVAL AND INDEMNIFICATION**

10.1 Survival. All representations, warranties, covenants, and obligations in this Agreement, the Schedules, the certificates delivered pursuant to Sections 2.5 and 2.6, and any other certificate or document delivered pursuant to this Agreement will survive the Closing. The right to indemnification, payment of Damages or other remedy based on such representations, warranties, covenants, and obligations will not be affected by any investigation conducted with respect to, or any knowledge acquired (or capable of being acquired) at any time, whether before or after the execution and delivery of this Agreement or the Closing Date, with respect to the accuracy or inaccuracy of or compliance with, any such representation, warranty, covenant, or obligation. The waiver of any condition based on the accuracy of any representation or warranty, or on the performance of or compliance with any covenant or obligation, will not affect the right to indemnification, payment of Damages, or other remedy based on such representations, warranties, covenants, and obligations.

10.2 Indemnification.

(a) From and after the Closing, Seller hereby agrees to indemnify, defend and hold harmless Buyer and its Representatives and Affiliates from and against any and all Damages, whether or not involving a third-party Claim, resulting from or arising out of or in connection with:

- i. any breach of a representation or warranty made by Seller in this Agreement or any Seller Related Document;
- ii. the breach by Seller of, or default in the performance by Seller of, any covenant, agreement or obligation to be performed by Seller pursuant to this Agreement or in any Seller Related Document;
- iii. any Environmental Liabilities that accrue, arise or occur prior to the Closing; and
- iv. Liabilities which arise out of or are related to Seller's ownership of the Purchased Assets prior to Closing;

(b) From and after the Closing, Buyer hereby agrees to indemnify, defend and hold harmless Seller and its Representatives and Affiliates from and against any and all Damages, whether or not involving a third-party Claim, resulting from or arising out of or in connection with:

- i. any breach of a representation or warranty made by Buyer in this Agreement or any Buyer Related Document; and
- ii. the breach by Buyer of, or default in the performance by Buyer of, any covenant, agreement or obligation to be performed by Buyer pursuant to this Agreement or in any Buyer Related Document.

10.3 Procedure for Indemnification – Third Party Claims.

(a) If either Party shall claim indemnification hereunder arising from any Claim of a third party, the Party seeking indemnification (the “**Indemnified Party**”) shall notify in writing the Party from which indemnification is sought (the “**Indemnifying Party**”) of the basis for such Claim, setting forth the nature of the Claim in reasonable detail. The failure of the Indemnified Party to so notify the Indemnifying Party shall not relieve the Indemnifying Party of any indemnification obligation hereunder except to the extent that the defense of such Claim is materially prejudiced by the failure to give such notice.

(b) If any Proceeding is brought by a third party against an Indemnified Party and the Indemnified Party gives notice to the Indemnifying Party pursuant to Section 10.3(a), the Indemnifying Party shall be entitled to participate in such Proceeding and, to the extent that it wishes, to assume the defense of such Proceeding, if (i) the Indemnifying Party provides written notice to the Indemnified Party that the Indemnifying Party intends to undertake such defense, (ii) the Indemnifying Party conducts the defense of the Third Party Claim actively and diligently with counsel reasonably satisfactory to the Indemnified Party and (iii) the Indemnifying Party is a party to the Proceeding, the Indemnifying Party has determined in good faith that joint representation would not be inappropriate because of a conflict in interest. The Indemnified Party shall, in its sole discretion, have the right to employ separate counsel (who may be selected by the Indemnified Party in its sole discretion) in any such action and to participate in the defense thereof, and the fees and expenses of such counsel shall be paid by such Indemnified Party. The Indemnified Party shall fully cooperate with the Indemnifying Party and its counsel in the defense or compromise of such Claim. If the Indemnifying Party assumes the defense of a Proceeding, no compromise or settlement of such Claims may be effected by the Indemnifying Party without the Indemnified Party’s consent unless (A) there is no finding or admission of any violation of Law or any violation of the rights of any Person and no effect on any other Claims that may be made against the Indemnified Party and (B) the sole relief provided is monetary Damages that are paid in full by the Indemnifying Party.

(c) If (i) the Indemnified Party gives notice to the Indemnifying Party of the commencement of any third-party legal Proceeding and the Indemnifying Party does not, within ten (10) days after the Indemnified Party’s notice is given, give notice to the Indemnified Party of the Indemnifying Party’s election to assume the defense of such legal Proceeding, (ii) any of the conditions set forth in clauses (i) through (iii) of Section 10.3(b) above become unsatisfied or (iii) an Indemnified Party determines in good faith that there is a reasonable probability that a legal Proceeding may adversely affect it other than as a result of monetary Damages for which it would be entitled to indemnification from the Indemnifying Party under this Agreement, the Indemnified Party shall (upon notice to the Indemnifying Party) have the right to undertake the defense, compromise or settlement of such Claim; provided that the Indemnifying Party shall reimburse the Indemnified Party for the Indemnified Party’s costs of defending against the Third Party Claim (including reasonable attorneys’ fees and expenses) and the Indemnifying Party shall remain responsible for any indemnifiable amounts arising from or related to such Third Party Claim to the fullest extent provided in this ARTICLE X. The Indemnifying Party may elect to participate in such legal Proceedings, negotiations or defense at any time at its own expense.

**ARTICLE XI.
DISPUTE RESOLUTION**

Except as may be expressly provided elsewhere in this Agreement to the contrary, any dispute arising out of or in connection with this Agreement or its performance, including but not limited to its validity, construction, or enforcement shall, to the extent possible, be resolved amicably by negotiation between the Parties represented by the signatories to this Agreement or their assigned agent or successor, prior to either party initiating legal action. Both Buyer and Seller agree to make good faith efforts to resolve any dispute under this Agreement as provided in this Article XI. If a Party believes a dispute exists that is subject to this Article XI, the Party shall provide the other Party with notice of such dispute. If the Parties have failed to resolve a dispute under this Article XI within thirty (30) days of such notice of dispute, either Party may seek any remedy that it may have in law or equity. Negotiations and meetings conducted pursuant to this Article XI shall be confidential and shall be treated as compromise and settlement discussions not admissible in any legal Proceeding involving this Agreement, in accordance with state and federal Rules of Evidence. 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, OR TO REQUEST THE CONSOLIDATION OF, 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.

**ARTICLE XII.
GENERAL PROVISIONS**

12.1 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally or by commercial messenger or courier service, or mailed by registered or certified mail (return receipt requested) or sent via facsimile (with acknowledgment of complete transmission) to the Parties at the following addresses; provided, however, that notices sent by mail will not be deemed given until received:

If to Seller, to:

PacifiCorp
825 NE Multnomah Street, Suite 1600
Portland, Oregon 97232
Attention: Director Transmission Services
Telephone No.: 503-813-7237
Email: Brian.Fritz@PacifiCorp.com

If to Buyer, to:

Portland General Electric

121 SW Salmon, 3WTC0409
Portland, OR 97204
Attn: Director of Transmission & Reliability Services
Telephone No.: 503-464-7155
Email: TransmissionProvider@pgn.com

Disclosure Schedules. Information set forth in the Schedules to this Agreement specifically refers to the section of this Agreement to which such information is responsive and such information shall not be deemed to have been disclosed with respect to any other article or section of this Agreement or for any other purpose, unless specifically cross-referenced to another schedule. The Schedules shall not vary, change or alter the language of the representations and warranties contained in this Agreement and, to the extent the language in the Schedules does not conform in every respect to the language of such representations and warranties, such language shall be disregarded and be of no force or effect. The right to indemnification or other remedy based on any representation, warranty, covenant or obligation herein or in any document delivered hereunder will not be affected by any investigation conducted with respect to or any knowledge acquired (or capable of being acquired) at any time, whether before, at or after the execution and delivery of this Agreement or the Closing Date, with respect to the accuracy or inaccuracy of or compliance with any such representation, warranty, covenant or obligation.

12.2 Entire Agreement; No Third Party Beneficiaries. This Agreement, the Exhibits, Schedules, and other documents among the Parties referenced herein (a) constitute the entire agreement by and among the Parties with respect to the subject matter hereof and supersede all prior agreements and understandings both written and oral, among the Parties with respect to the subject matter hereof, and (b) shall be binding upon and inure solely to the benefit of each Party, and nothing in herein or therein, express or implied, is intended to or shall confer upon any other person any other right, benefit or remedy of any nature whatsoever under or by reason of this Agreement. The Exhibits and Schedules attached to this Agreement are hereby incorporated into and form a part of this Agreement. If any term or condition, express or implied, of any Exhibit or Schedule conflicts or is at variance with any term or condition in the body of this Agreement, the term or condition in the body of this Agreement shall control and prevail.

12.3 Amendment. No amendment or variation of the provisions of this Agreement shall be binding upon the Parties unless evidenced in writing which indicates that such writing is intended to amend the terms of this Agreement and is signed by duly authorized officers of each Party. The Parties agree that this Agreement shall not be amended in any manner by any course of dealing among the Parties.

12.4 Assignment. Buyer may, without consent, assign any or all of its rights under this Agreement to any Affiliate or successor of Buyer and may designate any such Affiliate or successor to acquire any of the Purchased Assets. Seller may assign its rights and obligations under this agreement without limitation to an Affiliate. An Affiliate includes entities in which Berkshire Hathaway Inc. owns more than a 5% interest; over which Berkshire Hathaway Energy exercises management control; or which is listed in an exhibit to the contract.

12.5 Severability. In the event that any provision of this Agreement or the application thereof becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement will continue in full force and effect and the application of such provision to other persons or circumstances will be interpreted so as reasonably to effect the intent of the Parties. The Parties further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such void or unenforceable provision.

12.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Oregon, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof. Each Party irrevocably consents to the exclusive jurisdiction and venue of any court within the State of Oregon, in connection with any matter based upon or arising out of this Agreement or the matters contemplated herein.

12.7 Conditions. To the extent that this Agreement provides that the rights of a Party are conditioned upon satisfaction of conditions, such conditions will be deemed satisfied if the Party responsible therefore has taken the steps necessary to act and is prepared to perform and to tender documents required to be performed or tendered by such Party, it being understood that actual performance or tendering of documents shall not be required if the other Party has not satisfied its obligations and is not willing or able to perform or other conditions have not been met.

12.8 Remedies. The Parties recognize that, in the event that a Party should refuse to perform any provisions of this Agreement, monetary Damages alone will not be adequate. The non-defaulting Party shall therefore be entitled, in addition to any other remedies which may be available, including money Damages, to obtain specific performance of the terms of this Agreement. In the event of any action to enforce this Agreement specifically, the defaulting Party hereby waives the defense that there is an adequate remedy at law. No remedy conferred by any specific provision of this Agreement (including termination under Section 9.1) is intended to be exclusive of any other remedy, and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at Law or in equity or by statute or otherwise. The election of any one or more remedies by a Party shall not constitute a waiver of the right to pursue other available remedies at any time.

12.9 No Waiver. No delay or forbearance by a Party in exercising any right or remedy accruing to such Party upon the occurrence of any breach or default by the other Party under this Agreement shall impair any such right or remedy of such Party, nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver on the part of either Party of any provision or condition of this Agreement must be in writing signed by the Party to be bound by such waiver and shall be effective only to the extent specifically set forth in such writing and shall not limit or affect any rights with respect to any other or future circumstance.

12.10 Counterparts; Facsimiles. This Agreement may be executed in one or more counterparts, each of which shall be an original, and all of which together shall constitute one agreement. Facsimile transmission of any signed original document, and retransmission of any signed facsimile transmission, shall be the same as delivery of an original. At the request of either Party, the Parties will confirm facsimile transmitted signatures by signing an original document.


* * *

[Signature lines are on the next page.]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officer of each Party as of the Agreement Date.

BUYER:

PORTLAND GENERAL ELECTRIC COMPANY

By: 
Name: LARRY BEKKEDAH
Title: VP TRANSMISSION & DISTRIBUTION

ATTEST: _____

SELLER:

PACIFICORP

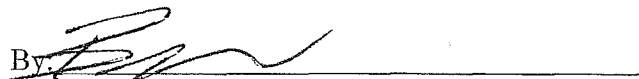
By: 
Name: BRIAN FRITZ
Title: DIRECTOR TRANSMISSION SERVICES

EXHIBIT B

Form of Bill of Sale

THIS BILL OF SALE is made and entered into the _____ day of _____, 2016 (this "Bill of Sale") by Portland General Electric Company, an Oregon corporation ("Buyer"), for the benefit of, PacifiCorp, an Oregon corporation ("Seller"). Capitalized terms used but not defined in this Bill of Sale shall have the meanings assigned to such terms in the Agreement (as defined below).

RECITALS

WHEREAS, pursuant to that certain Asset Purchase Agreement, made and entered into the 1 day of April, 2016 (the "Agreement"), between Seller and Buyer, Seller has agreed, subject to the terms and conditions of the Agreement, to sell, assign, convey, transfer and deliver to Buyer, free and clear of all Encumbrances (other than Permitted Encumbrances), all of Seller's right, title, and interest in, and to the assets constituting the Purchased Assets.

WHEREAS, pursuant to the Agreement, Seller has agreed to enter into this Bill of Sale pursuant to which the tangible property included in the Purchased Assets will be sold, transferred, assigned, conveyed, set over and delivered to Buyer.

NOW, THEREFORE, in consideration of the foregoing promises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller hereby agrees as follows:

1. Assignment. Subject to the terms and conditions of the Agreement, Seller does hereby sell, assign, convey, transfer and deliver to Buyer, free and clear of all Encumbrances (other than Permitted Encumbrances), all of Seller's right, title, and interest in and to the Purchased Assets.
2. Further Assurances. Seller shall, from time to time after the delivery of this Bill of Sale, at Buyer's request, prepare, execute and deliver to Buyer such other instruments of conveyance and transfer and take such other action as Buyer may reasonably request so as to more effectively sell, transfer, assign and deliver and vest in Buyer title to and possession of the Purchased Assets free and clear of all Encumbrances (other than Permitted Encumbrances) as provide in the Agreement and to further effect the purposes of this Bill of Sale.
3. Relationship to Agreement. The provisions of this Bill of Sale are subject, in all respects, to the terms and conditions of the Agreement, including all of the covenants, representations and warranties, indemnification, remedies (including limitations) contained therein, all of which shall survive the execution and delivery of this Bill of Sale to the extent indicated in the Agreement.

4. No Waiver. It is understood and agreed that nothing in this Bill of Sale shall constitute a waiver or release of any claims arising out of the contractual relationships between Seller and Buyer.

5. No Third Party Beneficiary. Nothing in this Bill of Sale, express or implied, is intended or shall be construed to confer upon, or give to, any person other than Buyer, Seller and their successors and permitted assigns any remedy or claim under or by reason of this Bill of Sale or any agreements, terms, covenants or conditions hereof and all the agreements, terms, covenants and conditions contained in this Bill of Sale shall be for the sole and exclusive benefit of Buyer, Seller and their successors and permitted assigns.

6. Binding Effect. This Bill of Sale and all of the provisions hereof shall be binding upon and shall inure to the benefit of Seller, Buyer and their respective successors and permitted assigns.

7. Governing Law. This Bill of Sale shall be governed by and construed in accordance with the laws of the State of Oregon, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof. Each Party irrevocably consents to the exclusive jurisdiction and venue of any court within the State of Oregon, in connection with any matter based upon or arising out of this Agreement or the matters contemplated herein.

8. Construction. This Bill of Sale is delivered pursuant to and is subject to the Agreement. In the event of any conflict between the terms of the Agreement and the terms of this Bill of Sale, including the terms set forth in Paragraph 6 (Binding Effect) hereof, the terms of the Agreement shall prevail.

9. Severability. Any term or provision of this Bill of Sale that is invalid or unenforceable in any situation will not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

10. Counterparts. This Bill of Sale may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Bill of Sale and all of which, when taken together, will be deemed to constitute one and the same agreement.

11. Notices. All notice, requests, demands and other communications under this Bill of Sale shall be given in accordance with Section 12. 1 of the Agreement and at the addresses set forth therein.

[Signature page follows]

IN WITNESS WHEREOF, Seller has caused its duly authorized representative to execute this Bill of Sale as of the date first above written.

PACIFICORP

By: _____

Name: _____

Title: _____

ATTEST: _____

EXHIBIT C

Form of Assignment and Assumption Agreement

This ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Assignment Agreement"), dated as of the _____ day of _____, 2016, is entered into by and between Portland General Electric, an Oregon corporation ("Portland General Electric"), and PacifiCorp, an Oregon corporation ("PacifiCorp"). Capitalized terms used but not defined in this Assignment Agreement shall have the meanings assigned to such terms in the Agreement (as defined below).

WHEREAS, pursuant to that certain Asset Purchase Agreement, dated as of the 1 day of April, 2016 (the "Agreement"), between Portland General Electric and PacifiCorp, (a) PacifiCorp has agreed, subject to the terms and conditions of the Agreement, to sell, assign, convey, transfer and deliver to Portland General Electric, free and clear of all Encumbrances.

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, PacifiCorp and Portland General Electric hereby agree as follows:

1. Assignment of Transferable Permits. Subject to the terms and conditions of the Agreement, PacifiCorp hereby assigns, transfers, sets over, delivers and otherwise conveys to Portland General Electric and its successors and assigns forever, free and clear of all Encumbrances (other than Portland General Electric Permitted Encumbrances), an undivided ownership interest in all of PacifiCorp's right, title, and interest in, to, and under the Transferable Permits, to have and to hold with each and every one of the rights, privileges and appurtenances thereto belonging or in any way appertaining thereto.

2. Acceptance and Assumption of the Facilities. Subject to the terms and conditions of the Agreement, Portland General Electric hereby accepts and assumes and agrees to perform and observe, to the extent of Portland General Electric's ownership of the Purchased Assets, PacifiCorp's rights, obligations, duties and liabilities under the Transferable Permits, to the extent allocable to any period on or after the Closing. From and after the Closing Date, Portland General Electric is and shall be bound by, and shall enjoy, the benefits of, the Transferable Permits, pursuant to the terms and conditions of thereof.

3. Reliance. Any individual, partnership, corporation or other entity may rely, without further inquiry, upon the powers and rights herein granted to Portland General Electric and upon any notarization, certification, verification or affidavit by any notary public of any State relating to the authorization, execution and delivery of this Assignment Agreement or to the authenticity of any copy, conformed or otherwise, hereof.

4. Relationship to Agreement. This Assignment Agreement is delivered pursuant to the Agreement. This Assignment Agreement and the provisions hereof are subject, in all respects, to the terms and conditions of the Agreement, including all of the covenants,

representations and warranties contained therein, all of which shall survive the execution and delivery of this Assignment Agreement to the extent indicated in the Agreement. In the event of any conflict between the terms of the Agreement and the terms of this Assignment Agreement, the terms of the Agreement shall prevail.

5. No Waiver. It is understood and agreed that nothing in this Assignment Agreement shall constitute a waiver or release of any claims arising out of the contractual relationships between Portland General Electric and PacifiCorp.

6. No Third Party Beneficiary. Nothing in this Assignment Agreement, express or implied, is intended or shall be construed to confer upon, or give to, any person other than PacifiCorp, Portland General Electric and their successors and permitted assigns any remedy or claim under or by reason of this Assignment Agreement or any agreements, terms, covenants or conditions hereof and all the agreements, terms, covenants and conditions contained in this Assignment Agreement shall be for the sole and exclusive benefit of PacifiCorp, Portland General Electric and their successors and permitted assigns.

7. Binding Effect. This Assignment Agreement and all of the provisions hereof shall be binding upon and shall inure to the benefit of Portland General Electric, PacifiCorp and their respective successors and permitted assigns.

8. Governing Law. This Assignment Agreement shall be governed by and construed in accordance with the laws of the State of Oregon, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof. Each Party irrevocably consents to the exclusive jurisdiction and venue of any court within the State of Oregon, in connection with any matter based upon or arising out of this Agreement or the matters contemplated herein.

9. Severability. Any term or provision of this Assignment Agreement that is invalid or unenforceable in any situation will not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

10. Counterparts. This Assignment Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Assignment Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement.

11. Notices. All notices, requests, demands and other communications under this Assignment Agreement shall be given in accordance with Section 12.1 of the Agreement and at the addresses set forth therein.

12. No Amendment. No amendment to the terms and conditions of this Assignment Agreement shall be valid and binding on PacifiCorp or Portland General Electric unless made in writing and signed by an authorized representative of each of them.

[Signature page follows]

IN WITNESS WHEREOF, each of PacifiCorp and Portland General Electric has caused its duly authorized representative to execute this Assignment and Assumption Agreement as of the date first above written.

**PORTLAND GENERAL ELECTRIC
COMPANY**

By: _____

Name: _____

Title: _____

PACIFICORP

By: _____

Name: _____

Title: _____

EXHIBIT A

Description of the Facilities and Related Equipment included within the scope of Purchased Assets¹ from the existing 115kV line from PacifiCorp's Lincoln Substation to PGE's Urban Substation.

The Purchased Assets include eleven (11) 115kV line structures and components, line conductor, guys, and anchors along the path including the foundations, jumpers, and insulators for these facilities. The 115kV purchased path begins just north of structure 4/1 extending southerly from the Marquam sub site to and including existing Str.#15/1 on south side of intersection at S.W. Curry St. and SW Corbett Ave. The Purchased Assets include the following structures: 4/1, 6/1, 7/1, 8/1, 9/1, 10/1, 11/1, 12/1, 13/1, 14/1, and 15/1. (Note that there is no structure 5/1). These structures include the following elements:

- 6 each <= 60 foot wood poles (5 of the 6 poles are guy stubs)
- 10 each >= 65 foot wood poles
- 11 each guy anchors
- 1 lot 2,658 lineal feet of 795 AAC "Arbutus" conductor
- 264 each ball & socket porcelain disc insulators
- 6 each polymer 115kV deadend insulators
- 21 each post insulators

¹ The items listed on this Exhibit A are not intended to be an exhaustive list of all "Purchased Assets," rather it is intended to be a list of all tangible assets that are expected to be transferred to Buyer from Seller at the time of Closing.

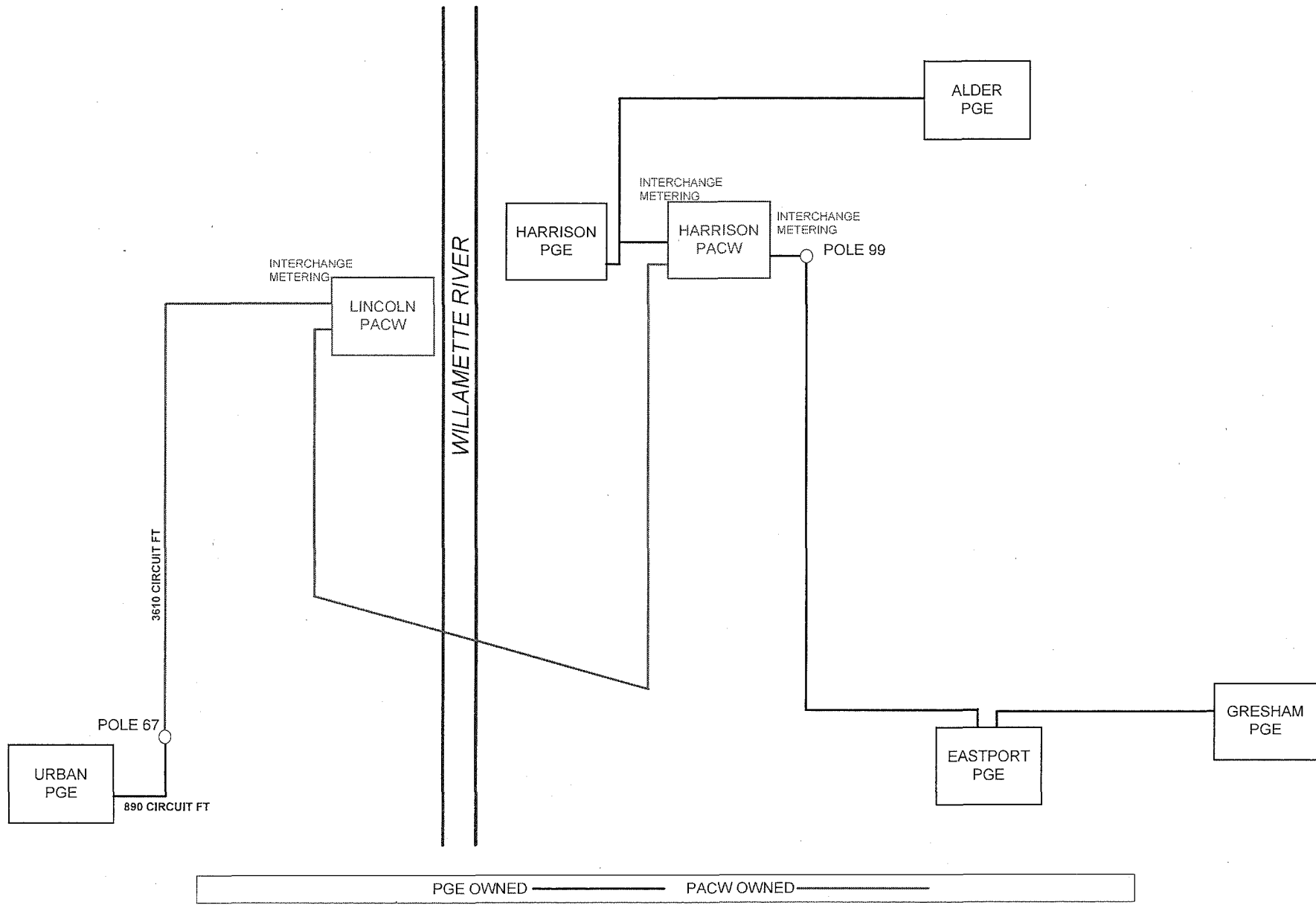
PORTLAND GENERAL ELECTRIC COMPANY
PROPOSED JOURNAL ENTRIES

The following entries are to record purchase of 115kV line from PacifiCorp

	Total
Purchase Price	59,506

Account	Description	Debit	Credit
	(1)		
107	Construction Work in Progress	59,506	
131	Cash		59,506
	To record purchase of 115kV line from PacifiCorp		
101	Electric Plant-in-Service	59,506	
107	Cash - Appraisal/Labor expenses		59,506
	To classify the purchase of 115kV line to Electric Plant in Service		

MARQUAM SUBSTATION PROJECT PGE/PACW EXCHANGE OF OWNERSHIP CURRENT CONFIGURATION



MARQUAM SUBSTATION PROJECT PGE/PACW EXCHANGE OF OWNERSHIP PROPOSED (FUTURE) CONFIGURATION

