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

July 15, 2016

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

RE: Advice No. 16-11, Schedule 149, Environmental Remediation Costs Recovery Adjustment

Portland General Electric (PGE) submits this filing pursuant to Oregon Revised Statutes (ORS) 757.210 and Oregon Administrative Rule (OAR) 860-022-0025 for filing proposed tariff sheets associated with Tariff P.U.C. No. 18, with a requested effective date of **August 17, 2016**:

Original Sheet No. 149-1
Original Sheet No. 149-2
Original Sheet No. 149-3
Original Sheet No. 149-4
Original Sheet No. 149-5
Original Sheet No. 149-6

Also included in this filing are Direct Testimony and Exhibits of Arya Behbehani, Stefan Brown, and Kirk Stevens:

- Arya Behbehani, Stefan Brown, and Kirk Stevens (PGE / 100-107)
- Confidential Exhibit 104C and 106C
- Motion for General Protective Order with Proposed Order

Concurrent with this filing, PGE is also filing a request for authorization to defer costs related to applicable environmental costs, and a request for authorization to engage in a property sale. Although filed separately, the three filings are interrelated. PGE proposes that this Advice Filing, the Application for Deferral and the Application for Property sale be consolidated.

Schedule 149 details the manner in which PGE proposes to be allowed to recover Environmental Remediation Costs (a defined term in the tariff schedule), and to pass through benefits associated with the Portland Harbor Superfund site, Natural Resource Damages, the Harborton Restoration Project, and a segment of the Willamette River known as Downtown Reach. Schedule 149 also specifies the manner in which PGE will establish related balancing accounts and the applicable interest rates, the manner in which an earnings test will be applied, and numerous other Special Conditions related to specific accounting treatment, prudency reviews, and amortization.

To satisfy the requirements of OAR 860-022-0025(2) and, PGE provides the following response:

OAR 860-022-0025 requires that PGE submit a statement of the tariff schedule change, the number of customers affected, the change in revenue, and the grounds supporting the change. Because PGE is proposing to implement Schedule 149 with zero prices for the approximately 867,000 applicable customers, there is no change in revenues and no percentage change in the monthly bills of customers.

Should you have any questions or comments regarding this filing, please contact Stefan Brown at (503) 464-8937.

Please direct all formal correspondence and requests to the following email address pge.opuc.filings@pgn.com

Sincerely,

Jay Tinker

Jay Tinker
Director, Regulatory Policy & Affairs

Enclosures
cc: UE 294 Service List

SCHEDULE 149
ENVIRONMENTAL REMEDIATION COSTS RECOVERY ADJUSTMENT AUTOMATIC ADJUSTMENT CLAUSE

PURPOSE

This Schedule recovers the costs and revenues associated with Environmental Remediation Costs related to the Portland Harbor Superfund site (Portland Harbor), the Natural Resource Damage obligation, the Downtown Reach portions of the Willamette River, and the Harborton Restoration Project (Harborton), hereinafter referred to as "projects." This adjustment schedule is implemented as an automatic adjustment clause as provided under ORS 757.210.

AVAILABLE

In all territory served by the Company.

APPLICABLE

To all Schedules except Schedules 76R and 576R.

BALANCING ACCOUNTS

Effective August 3, 2016 PGE will establish a Portland Harbor Environmental Remediation Account (PHERA) annual account to record Environmental Remediation Costs, proceeds from insurance companies related to Portland Harbor, the Downtown Reach, and proceeds of sales of Discount Service Acre Year credits (DSAYs) from Harborton. The balance in the balancing account that has not been reviewed by the OPUC for prudence shall accrue interest at the authorized return on equity approved in the Company's most recent general rate case. Proceeds in the account that have been reviewed for prudency will be transferred to the PHERA balancing account that will accrue interest at the "PURE" rate developed in the UM 1635 docket.

EARNINGS TEST

Subject to the conditions stated below, the recovery from Customers of certain Environmental Remediation Costs is subject to an earnings review and test for the year that the costs were incurred. The Company will be allowed to place expenses (net of proceeds) into the balancing account for subsequent prudence review to the extent that the Company's Actual Regulated Return on Equity (ROE) does not exceed its Authorized ROE. Proceeds from insurance companies and DSAY sales will not be subject to an earnings review, but will be subject to a prudency review.

SCHEDULE 149 (Continued)

DEFINITIONS

Annual Allocated Revenues

Annual Allocated Revenues is the sum of annual revenue from this Tariff plus the annual allocation of insurance proceeds and DSAY revenues (net of Harborton development costs). The amount of insurance proceeds and DSAY revenues to be included in Annual Allocated Revenues is calculated as the greater of $6.5 million or total proceeds divided by the expected remaining life of the projects (so that such proceeds are equally allocated). The initial assumption is that the remaining life is through 2028, and may be updated, as approved by the Commission.

Downtown Reach

The segment of the Willamette River between River Miles 12 and 16 is known as the "Downtown Reach".

Environmental Remediation Costs

Environmental Remediation Costs includes, but is not limited to, the design, permitting, construction, on-going monitoring, and trustee financial requirements necessary for habitat restoration development, investigation, testing, sampling, monitoring, removal, disposal, storage, remediation, or other treatment of residues, litigation costs/expenses or other liabilities, disposal sites, sites that otherwise contain contamination that requires remediation for which the Company is responsible, or sites to which material may have migrated.

Harborton Restoration Project

PGE intends to design, construct, monitor and maintain the Harborton Restoration Project at 12500 NW Marina Way, Portland, Multnomah County, Oregon. PGE will restore and enhance approximately 62 acres of the 78.51 acres of the overall property.

Natural Resource Damage

The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA or Superfund) and Oil Pollution Act (OPA) Programs require the cleanup for contaminants that are released and pose a threat to human health and the environment. In addition to the requirements for cleanup under these cleanup programs, the Superfund and OPA cleanup programs also require that natural resources be restored to the state that they were at before injury from environmental contaminants. If natural resources are not restored, then Trustees will seek compensation for the injury, quantified as Natural Resource Damages (NRD) from parties responsible for the release of the contaminants. NRD in this tariff refers to NRD obligations assigned to PGE.

SCHEDULE 149 (Continued)

DEFINITIONS (Continued)

Portland Harbor Superfund

The Superfund designation is pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA). 42 U.S.C Section 9601 et seq. The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA or Superfund) and Oil Pollution Act (OPA) Programs require the cleanup for contaminants that are released and pose a threat to human health and the environment. The Superfund and OPA cleanup programs also require that natural resources be restored to the state that they were at before injury from environmental contaminants. If natural resources are not restored, then compensation for the injury, quantified as Natural Resource Damages (NRD) will be sought from parties responsible for the release of the contaminants.

PURE

The Prudence-Reviewed Unamortized Environmental Remediation Expense (PURE) rate that is established early each year by OPUC Staff and represents the 5-year US Treasury rate plus 100 basis points.

SCHEDULE 149 (Continued)

ADJUSTMENT RATES

Schedule	Adjustment Rate
7	0.000 ¢ per kWh
15/515	0.000 ¢ per kWh
32/532	0.000 ¢ per kWh
38/538	0.000 ¢ per kWh
47	0.000 ¢ per kWh
49/549	0.000 ¢ per kWh
75/575	
Secondary	0.000 ¢ per kWh
Primary	0.000 ¢ per kWh
Subtransmission	0.000 ¢ per kWh
83/583	0.000 ¢ per kWh
85/485/585	
Secondary	0.000 ¢ per kWh
Primary	0.000 ¢ per kWh
89/489/589	
Secondary	0.000 ¢ per kWh
Primary	0.000 ¢ per kWh
Subtransmission	0.000 ¢ per kWh
90/490/590	0.000 ¢ per kWh
91/491/591	0.000 ¢ per kWh
92/492/592	0.000 ¢ per kWh
95/495/595	0.000 ¢ per kWh

SCHEDULE 149 (Continued)

SPECIAL CONDITIONS

1. The amount of costs and revenues that is transferred to the balancing account is determined on an annual basis and subject to an earnings test. The amount transferred is calculated as the current year's Environmental Remediation Costs less Annual Allocated Revenues.

2. The earnings test in this schedule will be applied after the Power Cost Adjustment Mechanism earnings test. The first $6.5 million of environmental remediation costs each year are not subject to an earnings test. In addition, development costs for the Harborton Restoration Project are not subject to an earnings test.

3. If Environmental Remediation Costs in any year exceed the greater of $6.5 million or the Annual Allocated Revenues plus interest, then the balance is subject to an earnings test. The balance would be reduced by any over earnings and transferred to the balancing account for recovery across the following five years.

4. If Environmental Remediation Costs in any year are less than the Annual Allocated Revenues, plus interest, then the balance will be used to offset accumulated costs. Any remaining positive balances will roll forward to as an addition to the next year's Annual Allocated Revenues.

5. Applicable costs will be functionalized to distribution, generation and transmission based on the preponderance of the provided historical function. Costs recovered through this schedule will be allocated to each rate schedule as functionalized. Long-Term Direct Access customers will be priced at Cost-of-Service for purposes of allocating costs.

6. In the event that the amount in the PHERA balancing account results in a potential refund to customers, the Company, subject to approval by the Commission, will determine if the refund should be applied to Customer bills, or if the credit balance should carry to a future period. A credit balance may be carried to a future period if it is determined by the Commission that the credit balance is best used to offset future expected Environmental Remediation Costs not yet recorded in the deferral account, or for such other reasons as the Commission may determine.

7. By March 15, 2017 and each year thereafter, the Company will request Commission review and determination of prudence of Environmental Remediation Costs for the prior calendar year. The request for prudence review will include a report of all activity associated with Environmental Remediation Costs, including insurance or other third-party proceeds related to remediation activities recorded in the deferral account. The Commission shall complete the prudence review within 120 days of its submittal, after which time all costs and proceeds not deemed imprudent will be transferred to the PHERA.

SCHEDULE 149 (Concluded)

SPECIAL CONDITIONS (Continued)

8. Adjustments under this Schedule shall continue for a period of five years following the date that the last remediation expenses are incurred, or such other date that the Commission may decide.

9. Development costs associated with the creation of DSAYs from the Harborton project shall be deferred as regulatory assets in association with the PHERA balancing account.

10. The Company shall defer and capitalize, as a regulatory asset, incurred costs associated with environmental liabilities accrued according to Accounting Standards Codification (ASC) 410, *Environmental Obligations* and pursuant to Generally Accepted Accounting Principles (GAAP). Any GAAP accounting accruals recorded would not be subject to interest computation or earnings test as no cash amounts have been paid or received.

BEFORE THE PUBLIC UTILITY COMMISSION

OF THE STATE OF OREGON

UE 311

Testimony

PORTLAND GENERAL ELECTRIC COMPANY

Direct Testimony of

Arya Behbehani
Stefan Brown
Kirk Stevens

July 15, 2016

I. Introduction

Q. Please state your names and positions with Portland General Electric ("PGE").

A. My name is Arya Behbehani. I am the General Manager, Environmental and Licensing Services for Portland General Electric. I am responsible for managing PGE's environmental permitting, compliance and remediation programs.

My name is Stefan Brown. I am Manager, Regulatory Affairs for Portland General Electric. I am responsible for regulatory matters including revenue requirements.

My name is Kirk Stevens. I am the Controller and Assistant Treasurer for Portland General Electric. I am responsible for PGE's accounting and financial reporting.

Our qualifications are included at the end of this testimony.

Q. What is the purpose of your testimony?

A. The purpose of our testimony is to describe PGE's new environmental rate schedule, PGE Schedule 149, Environmental Remediation Costs Recovery Adjustment, as well as provide supporting information and documentation regarding the schedule. In addition to this testimony and Schedule 149, PGE is also filing separate property sale and deferral applications. We briefly discuss the property sale application in Section II (C) below, and the deferral application in Section III.

Q. How is your testimony organized?

A. After this introduction, we provide background regarding the four major projects that are subject to Schedule 149: Portland Harbor, the Downtown Reach, PGE's Natural Resource Damage (NRD) obligation, and the Harborton Restoration Project (Harborton). In Section II, we introduce Schedule 149 and describe what is included in the tariff and how it would work. In Section III, we discuss the specifics of Schedule 149, including the various components, mechanisms, and accounting. Our conclusions are summarized in Section IV, and our qualifications are in Section V.

II. Background

Q. Please briefly describe Schedule 149.

A. PGE's Schedule 149 describes the automatic adjustment clause mechanism under ORS 757.210(1)(b), that will begin tracking expenditures and revenues associated with PGE's Portland Harbor Superfund site (Portland Harbor), its Natural Resource Damage (NRD) obligation, the Downtown Reach portion of the Willamette River, and the Harborton Restoration Project. Schedule 149, or the Portland Harbor Environmental Remediation Balancing Account (PHERA), will record certain Generally Accepted Accounting Principles (GAAP) accounting accruals, incurred costs, and proceeds received into a regulatory deferred balancing account. Interest will begin accruing on the actual amounts of cash expenditures and receipts. Interest will accrue at PGE's authorized return on equity until the completion of the Prudence Review. After the Prudence Review, interest will accrue at the PURE[1] rate. Recovery of any environmental remediation costs would be subject to an earnings review for the year that the costs were paid. PGE Exhibit 101 contains the proposed Schedule 149 with an effective date for service on or after August 17, 2016.

Q. You stated that the costs and proceeds associated with Portland Harbor, Downtown Reach, Natural Resource Damage (NRD) obligation, and the Harborton Restoration project are included in Schedule 149. Why are these specific items included?

A. Portland Harbor, Downtown Reach and the NRD are the programs that concern significant environmental cleanup and restoration efforts along the Willamette River for which PGE is a Potential Responsible Party (PRP). The Harborton Restoration Project, when developed, will generate environmental remediation credits. These credits can be monetized to provide

[1] The PURE rate was adopted in Order 15-276 in docket UM 1635; it is established early each year by OPUC Staff and represents the 5 year US Treasury rate plus 100 basis points.

proceeds that could offset a significant portion of the cost of PGE's environmental remediation obligation, thereby reducing the costs that would need to be recovered. In addition, PGE is pursuing legal action/collection efforts against historical insurers for its environmental costs, and will include all such proceeds in the PHERA.

Q. Are other PGE environmental projects included in Schedule 149?

A. No.

A. Portland Harbor

Q. Please describe the Portland Harbor Superfund Site.

A. The Portland Harbor Superfund Site (Portland Harbor) is located on the lower Willamette River from River Mile 1.9 to River Mile 11.8, or the area from Kelly Point Park to the Broadway Bridge in Portland. A map of the Portland Harbor focus area is provided as Exhibit 102.

Q. What are the primary costs associated with Portland Harbor?

A. The primary costs associated with Portland Harbor include design, permitting, construction, ongoing monitoring and maintenance efforts to provide environmental remediation. Specific actions include: development, investigation, testing, sampling, monitoring, removal, disposal, storage, remediation, or other treatment of residues, legal and litigation costs/expenses or other liabilities related to sites that otherwise contain contamination that requires remediation for which PGE is responsible, or sites to which hazardous material may have migrated.

Q. Does PGE expect to have an environmental remediation obligation for Portland Harbor obligation?

A. Yes. PGE has been identified as a Potential Responsible Party.

Q. Please discuss the duration of the Portland Harbor remediation efforts and when PGE expects to satisfy its Portland Harbor obligation?

A. The Portland Harbor remediation and the associated monitoring and maintenance costs are expected to be ongoing for ten to thirty years. However, since PGE's sites are generally small parcels within much larger parcels, it will be difficult for PGE to develop a remediation project within the Portland Harbor area. PGE is participating in an allocation process with other PRPs that will define individual liability amounts for each PRP. The allocation process is anticipated to be completed by 2020. At that time, PGE anticipates that we will pay the estimated cost of our allocated share of the Portland Harbor remediation rather than attempt to remediate all of the small parcel areas.

B. Downtown Reach

Q. Please describe the Downtown Reach Project

A. The Downtown Reach project (i.e., river reach from River Mile 11.8 to 16.0) is under the Oregon Department of Environmental Quality (DEQ) jurisdiction and addresses two areas that PGE is responsible for remediating: (1) River Mile 13.1 near the Hawthorne Bridge where storm water discharge partially originating from PGE's Hawthorne Shop enters the river; and (2) River Mile 13.5 PGE's previously owned Station L (currently OMSI). Exhibit 103 is a map of the Downtown Reach portion of the Willamette River. Expected costs for these two projects in Downtown Reach were included in PGE's base rates and are not part of Schedule 149. However, PGE expects to seek recovery from its insurance carriers for these environmental costs and any proceeds and legal costs would be part of Schedule 149.

C. Natural Resource Damages

Q. What are Natural Resource Damages (NRD)?

A. The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA or Superfund) and Oil Pollution Act (OPA) Programs require the cleanup for contaminants that are released and pose a threat to human health and the environment. In addition to the requirements for cleanup under these cleanup programs, the Superfund and OPA cleanup programs also require that natural resources be restored to the state that they were in before injury from environmental contaminants. If natural resources are not restored, then Trustees will seek compensation for the injury, quantified as Natural Resource Damages (NRD) from parties responsible for the release of the contaminants.

Q. What are Discount Service Acre Years (DSAYs)?

A. DSAYs are a measure of damage or mitigation to natural resources. The mitigation of NRD is discounted three percent per year. That is, mitigation of natural resource damage this year is worth three percent more than the same mitigation performed next year. PRPs' obligation to mitigate environmental damages is expressed in DSAY debits. Similarly, a project that mitigates natural resource damages may be given DSAY credits, which can be used to offset NRD liability.

Q. Who determines PRPs NRD obligation for Portland Harbor?

A. CERCLA allows trustees that represent the interests of the environment to enforce the law with respect to NRDs. The trustees for Portland Harbor natural resources formed the Portland Harbor Natural Resource Trustee Council in 2002 (Trustees). PGE, as a PRP, anticipates the Trustees providing an NRD assessment to it in August or September 2016, indicating PGE's NRD liability. As with costs for remediation of Portland Harbor and the Downtown Reach, PGE will seek recovery of these costs from its insurance companies.

Q. Who are the Trustees for the Portland Harbor Superfund site?

A. The Trustee Council currently consists of representatives of eight Trustees: National Oceanic and Atmospheric Administration, acting on behalf of U.S. Department of Commerce; U.S. Fish and Wildlife Service, acting on behalf of U.S. Department of the Interior; Oregon Department of Fish and Wildlife, acting on behalf of State of Oregon; Confederated Tribes of the Grand Ronde Community of Oregon; Confederated Tribes of Siletz Indians; Confederated Tribes of the Umatilla Indian Reservation; Confederated Tribes of the Warm Springs Reservation of Oregon; and Nez Perce Tribe.

Q. Do the Trustees also determine the number of DSAYs that a restoration project receives?

A. Yes. The Trustees also limit the projects that can receive DSAYs and determine the schedule under which DSAYs are released. As discussed below, proceeds from such sales will be included in the balancing account. An example of the Trustee DSAY Credit Release Schedule is included as confidential Exhibit 104C.

D. Harborton Restoration Project

Q. Please describe the Harborton Restoration Project.

A. The Harborton Restoration Project will restore and enhance approximately 62 acres of PGE property located within the Portland Harbor Superfund Site, on property on the north side of NW Marina Way, approximately 400 feet northwest of the intersection with St. Helens Road, Portland, Oregon. The property houses a sub-station, switchyard and pole yard, which will not be included in the project. The property also includes a significant area of flood prone open space. The project will be located on the west bank of the Willamette River and the southwestern bank of the Multnomah Channel. A detailed map of the project is provided in PGE Exhibit 105.

PGE intends to design, construct, monitor and maintain the restored property. Key elements of the proposed restoration activities include removal of fish passage barriers; enhancement of fish habitat and riparian habitat characteristics; preservation and enhancement of wetland area utilized by red-legged frogs; control of invasive plant species, enhancement of shoreline, riparian, and upland habitats through site re-vegetation, and routine ongoing maintenance. The monitoring and maintenance costs are expected to be ongoing for at least ten years.

PGE has been working with the Trustees of the project on the development of the project. The Trustees have provided a preliminary estimate of the Discount Service Acre Year (DSAY) credits that the project, when developed, will generate. While the amount of DSAYs the project will generate is preliminary and confidential, PGE expects that the project will generate a substantial number of DSAYs. PGE plans to conduct one or more Requests for Offers (RFOs) to monetize the DSAYs, with the first auction planned for this fall.

Q. What is the current status of the work at Harborton?

A. As of May 31, 2016, PGE has spent approximately $2.2 million on the design and permitting work to develop the Harborton restoration site[2]. We are working with the Trustees on project approval and with federal, state and local agencies on project permitting.

Q. Please describe future activities for the Harborton Restoration Project.

[2] These costs have been capitalized to FERC Account 107 – Construction Work In-Progress

A. During the remainder of 2016, PGE expects to finalize all design, engineering and permitting plans, sign the final agreement, complete initial DSAY credit marketing, and prepare the site for construction work. The site restoration construction is scheduled for 2017.

During the first 10 years following construction, PGE will provide site maintenance and monitoring services. Afterwards, PGE expects to outsource the maintenance and monitoring service to a local non-profit environmental agency. In this event, PGE would provide an endowment to cover ongoing maintenance and monitoring of the site. PGE Exhibit 106C, which is confidential information, provides the expected Portland Harbor, Downtown Reach and Harborton Restoration Project costs and revenues through 2028. In addition to incurred capital costs to date, PGE seeks authority to record incremental costs to the PHERA balancing account incurred beginning July 15, 2016 until the tariff effective date.

Q. What approvals are needed prior to development of the Harborton Restoration Project?

A. PGE will need approval from the Oregon Public Utility Commission (Commission) to place a conservation easement on the land used for the project. In addition, PGE will need approval from the Commission to sell the DSAYs generated by the project. To that end, PGE filed a property sale application requesting Commission approval to place a conservation easement on the land and to sell the DSAYs generated by the project.

Q. Are there any other approvals needed before PGE will proceed with the project?

A. Yes. Contemporaneous with this filing PGE also filed a deferral application to seek approval of the PHERA account for the regulatory treatment of the costs and revenues for Portland Harbor, Downtown Reach, and the Harborton Restoration Project.

II. Schedule 149

Q. Why has PGE filed Schedule 149?

A. As we noted above, Schedule 149 will allow PGE to track expenditures and revenues associated with PGE's Portland Harbor Superfund site, its Natural Resource Damage obligation, the Downtown Reach portion of the Willamette River, and the Harborton Restoration Project. Schedule 149 is complex, but necessary to allow for sufficient review of deferred environmental costs (and revenues) as well as an earnings test and the amortization of costs. These costs (and revenues) will span several years and Schedule 149 provides a balancing account in which these funds would be placed as well as several mechanisms to process these funds into appropriate categories.

Q. Please describe how Schedule 149 would work.

A. Initially, PGE would incur environmental costs; the specific types of costs that the Schedule would cover are discussed below. PGE would charge this cost to the PHERA which would accrue interest. Annually, the funds would be reviewed for prudency and, if prudent, would be moved to another part of the balancing account where it would again accrue interest, but at the PURE rate.

Annual environmental remediation costs would be first offset by any amount collected in retail rates. If the annual costs are less than the amount collected in rates plus the allocated insurance and DSAY revenues for the year, the excess revenues are rolled forward and added to the next year PHERA beginning balance to be used to offset annual expenditures in the following year. If annual prudently incurred remediation costs for the year are higher than available credits and offsets, then the excess costs would be subject to an earnings test. Earnings above PGE's Authorized ROE could be used to offset that year's remediation costs. If the earnings above PGE's Authorized ROE are insufficient in comparison to the incurred remediation costs, net of current offsets, then the remaining annual costs would be allocated over five years and included in the following annual calculations. Since these costs have been deemed to be prudent before being rolled over, they are not subject to further earnings tests. Capital costs to develop the Harborton Restoration Project plus the first $6.5 million in annual costs are exempt from the earnings test. No sharing mechanism other than the earnings test is necessary. PGE Exhibit 107 provides a flow chart of the above process.

A. The Balancing Account

Q. Please describe the balancing account proposal contained in Schedule 149.

A. While the funds in the balancing account will be available to PGE, for tracking purposes, the balancing account will be restricted such that its funds can only be used for the purposes of Portland Harbor (which boundary is defined by the Environmental Protection Agency), Downtown Reach environmental cleanup, remediation and litigation and the Harborton Restoration Project. It will track the following types of costs and revenues:

- The costs of developing PGE's Harborton Restoration Project for purposes of creating DSAYs;
- Ongoing (for at least 10 years) monitoring and maintenance expenses incurred by PGE related to Portland Harbor, Harborton, and Downtown Reach sites;
- An Endowment fund for a future non-profit owner[3] that would take over the operations and maintenance of Harborton;

[3] PGE's current estimate of this endowment is $1.5 million. If no future nonprofit is found, then the endowment fund would return the funds to the PHERA.

- For the Harborton land that will be developed for the creation of DSAY's, the associated land cost of $405,674 recorded as a utility asset on PGE's books would be transferred to this balancing account if/when the land is deeded/transferred to a third party;
- The costs of pursuing claims associated with Portland Harbor and Downtown Reach against historical insurers (mostly legal and administrative costs);
- The costs of mitigating, remediating, and monitoring Portland Harbor NRD obligations;
- The costs of mitigating and remediating Portland Harbor liabilities other than NRDs;
- Revenues from sales of DSAYs;
- Revenues from claims against insurers for Portland Harbor and Downtown Reach.
- Revenues collected from and refunds made to PGE customers related to any of the above costs/revenues; and
- Interest income or expense calculated on the balancing account.

The balance of the PHERA will be recorded within FERC Account 182.3 – Other Regulatory Assets. Should the balance become a credit balance at any time, PGE will transfer this balance to FERC Account 254 – Other Regulatory Liabilities in order to properly report these balances under GAAP and FERC requirements.

Q. Why is PGE proposing a multi-year balancing account for these significant environmental obligations?

A. The timing and the amounts of both the liability and revenue streams are highly uncertain and are expected to occur over multiple years. Some costs, such as cleanup and remediation, will span several years as will the revenue received from PGE's insurance carriers and other sources. Due to the long-term nature of these projects, a balancing account that allows for offsets of costs and revenues within and across years makes sense for customers and the utility. At this time, PGE does not know whether there will be surplus funds or whether PGE will request to collect funds from customers to satisfy the Portland Harbor and NRD obligations. In order to allow consistent treatment of costs and revenues over multiple years, PGE requests approval of Schedule 149.

Q. Will PGE be able to mitigate the costs of environmental liabilities?

A. Yes, at least somewhat. Proceeds from third parties will be used to mitigate the costs of PGE's environmental liabilities. Proceeds will largely come from three sources: (1) sale of DSAY credits; (2) proceeds from insurance; (3) accumulated interest on funds in the balancing account. Additionally, PGE may either collect from or refund to PGE customers amounts related to these activities through the tariff (Schedule 149) submitted with this request. Upon recognition, revenue amounts shall be deferred in the established PHERA regulatory balancing account, rather than being recorded within the income statement.

PGE will allocate recovery proceeds from insurance and sale of DSAYs across the estimated period of the remediation project – currently through 2028. Interest will be credited to the following year rather than allocated. As such, PGE would hold all proceeds in the balancing account, with interest accruing at the PURE rate. Any amount collected from or refunded to PGE customers related to the balancing account will also be recorded within the PHERA balancing account.

Q. Aren't legal and defense costs and insurance credits already included in PGE's base retail rates?

A. Yes, to some extent. To prevent double counting, PGE proposes that mitigation costs for Downtown Reach that are currently included in retail rates would not be included in the PHERA until the test year in PGE's next general rate case.

Q. Please describe the actions PGE has undertaken to recover insurance proceeds from historical insurers.

A. In January 2008, the Environmental Protection Agency (EPA) named PGE a PRP in the Portland Harbor Superfund. As part of its due diligence and attempt to recover insurance proceeds, PGE has identified all of its historical domestic insurers that are still solvent, and has put them on notice of the environmental claim from the EPA. The time period of insurance coverage spans from 1964 to 1986. At this time, the majority of those domestic carriers have responded with reservation of rights letters outlining their respective coverage positions.

PGE continues to work with both internal and external counsel to compile data to support our claims and formulate a strategy going forward. Outside counsel is assisting with determining the applicability of coverage and reviewing the insurers' various coverage positions. PGE is focusing its efforts on policies that pre-date the pollution exclusions found in most liability policies after the early 1980s.

PGE has also worked with a London-based insurance archeology firm to identify the policies that were placed through Lloyd's of London in the 1940s, 1950s and early 1960s via various Lloyd's brokers. PGE has a list of the London syndicates providing historical coverage, that are still solvent and with whom PGE can file a claim for coverage. PGE has put the London syndicates on notice of the claim.

In 2011 and 2012, PGE entered into two separate defense cost sharing agreements with AEGIS and The Hartford. As part of these agreements, AEGIS and The Hartford agreed to pay 31.25% and 13.5%, respectively, of undisputed defense costs semi-annually. To date, AEGIS has paid approximately $3.9 million towards these costs and The Hartford approximately $2.3 million. PGE's efforts continue to pursue similar defense cost sharing agreements with other insurers. Neither AEGIS nor The Hartford is currently obligated to pay for damages/clean-up. However, PGE is in the process of retaining outside counsel to handle settlement negotiations with all insurers and, if necessary, to pursue litigation to recover all investigation and remediation costs incurred by the company.

Q. You noted that interest would be applied to these accounts.

A. Yes. Both costs incurred and revenues received would be subject to interest. However, for SEC reporting purposes, any GAAP accounting accruals recorded would not be subject to interest computation, since no cash amounts have been paid or received related to the GAAP transactions. PGE would apply its authorized return on equity on incurred costs before a prudency review. After the prudency review, PGE would apply a rate of return similar to the "PURE" rate that was developed in the UM 1635 docket.

Q. Do you expect the PHERA to have a positive balance for a significant amount of time?

A. Yes. For the first several years, the PHERA should have a positive balance as PGE hopes to sell significant amounts of DSAYs. However, for the purpose of intergenerational equity, insurance proceeds and revenues from DSAY sales will be allocated across the entire expected period of PGE's Portland Harbor environmental obligation.

B. The Earnings Review

Q. Please describe the Earnings Review process that would be applied to any recovered environmental remediation costs.

A. After a determination of the eligible annual environmental remediation costs, PGE would first offset these costs by the amount collected in retail rates.

(a) If the annual prudently incurred remediation costs are less than the amount collected in rates plus interest and the allocated insurance and DSAY revenues for the year, the excess amount is rolled forward and added to the next year's PHERA beginning balance.

(b) If annual prudently incurred remediation costs for the year are higher than available credits, then the excess costs would be subject to an earnings review. However, the first $6.5 million in annual costs plus capital costs to develop the Harborton Restoration Project are not subject to the earnings review. Earnings above PGE's Authorized ROE could be used to offset that year's remediation costs. If the earnings above PGE's Authorized ROE are insufficient, then the remaining annual costs would be amortized over five years. The Schedule 149 Earnings Review would occur after the PCAM Earnings Review.

C. Revenues

Q. How does PGE propose to handle DSAY sales and the associated revenues, insurance proceeds, and interest?

A. Revenues that flow into the PHERA balancing account would be treated in the same manner as costs are treated.

Q. Are there other limitations on treatment of insurance proceeds?

A. Yes. Insurance proceeds are typically considered a gain contingency under GAAP because the claims may be disputed by insurance carriers. As a result, revenues from insurance recoveries should be recognized in accordance with the guidance defined in ASC 450-30, Gain Contingencies, wherein they are not recorded until "realized" or "realizable". Similar to DSAY sales, proceeds shall be deferred in the PHERA regulatory balancing account and not be recorded in the income statement.

D. Reporting

A. PGE recommends compiling two annual reports regarding the PHERA balancing account. These reports would provide greater transparency into the PHERA balancing account from year to year. These reports would include:

- Annual prudence review – all incurred remediation costs and revenues received from insurance proceeds and DSAY sales will be evaluated for prudence annually. PGE requests that Staff complete its prudence review within 120 days from the date the annual report is submitted. The annual report to the OPUC will additionally include the details of the DSAY inventory: number of DSAY credits released to PGE, number of DSAYs sold and revenues from sales, and the end of the year DSAY inventory count. OPUC Staff would have the ability to audit these reports at any time.
- Change in tariff rate – on June 15 of each year, PGE will file a letter with the Commission indicating whether it expects to change the Schedule 149 tariff rate on the following January 1 and, if so, will provide information regarding the proposed change to the Commission by November 15 for review. These rate changes will reflect increases or decreases in costs incurred or revenues earned by PGE and will be subject to review by the Commission.

III. Accounting Treatment

Q. Is PGE seeking a deferral of costs associated with Portland Harbor, Downtown Reach, NRD and the Harborton Restoration Project?

A. Yes. PGE is seeking authorization to defer all related costs into the PHERA balancing account (inclusive of both cash expenditures and "GAAP" accruals), which would include costs related to remediation of the Portland Harbor Superfund site and Downtown Reach portions of the Willamette River, Natural Resource Damages, legal costs, all costs associated with pursuing insurance recoveries, and costs of developing the Harborton Restoration Project (including ongoing monitoring, maintenance, and interest). PGE would also seek to defer into the PHERA balancing account all proceeds received from the sale of DSAYs, insurance recoveries, any amounts collected from or refunded to PGE customers, and accumulated interest.

Q. What accounting treatment does PGE propose for its environmental obligation associated with Portland Harbor, Downtown Reach and NRD?

A. For SEC and GAAP reporting purposes PGE will record estimates of the related environmental obligations to a separate liability account within FERC Account 253 – Other Deferred Credits for each liability in accordance with ASC 410-30, Environmental Obligations. The proposed balance sheet accounts to be used are:

253XXX	Other Deferred Credits – Portland Harbor Environmental Obligation
253XXX	Other Deferred Credits – Natural Resource Damages
253XXX	Other Deferred Credits – Portland Harbor Environmental Administrative and Legal Costs

PGE requests that these costs be reflected in the PHERA regulatory asset balancing account. For SEC and GAAP reporting purposes, as related amounts are accrued or incurred, they will be deferred in the following regulatory asset accounts on the balance sheet:

182.3XXX Other Regulatory Assets – Portland Harbor Environmental Costs

182.3XXX Other Regulatory Assets – Natural Resource Damages

182.3XXX Other Regulatory Assets – Environmental Administrative and Legal Costs

Q. In the absence of deferral approval, how would PGE record debits?

A. Without deferral approval, PGE would record the debit amounts in the subaccounts of FERC account 401 (Utility Operation Expense).

Without regulatory accounting:

Dr. 401 Utility Operating Expense

Cr. 253 Other Deferred Credits – Portland Harbor Environmental Liability

With regulatory accounting:

Dr. 182.3 Regulatory Asset/Liability – Portland Harbor Environmental Remediation Balancing Account

Cr. 253 Other Deferred Credits - Portland Harbor Environmental Liability

Q. How will PGE treat associated proceeds?

A. Proceeds from third parties will be used to mitigate the costs of PGE's environmental liabilities. They will largely come from three sources: (1) sale of DSAY credits; (2) proceeds from insurance; and (3) accumulated interest of funds in the balancing account. Additionally, PGE may either collect amounts from or refund amounts to PGE customers related to these activities through the tariff submitted with this request. Upon recognition, revenue amounts shall be deferred in the established PHERA regulatory balancing account, rather than being recorded within the income statement. For example, upon the sale of DSAY credits, PGE would:

Dr. 131XXX Cash

Cr. 182.3XX Other Regulatory Asset/Liability- Environmental Balancing

Ultimately, revenues would either be applied as reimbursement to the future environmental expenses, or refunded to customers.

Without regulatory accounting:

Dr. 131XXX Cash

Cr. 457XXX Miscellaneous Revenue

With regulatory accounting:

Dr. 131XXX Cash

Cr. 182.3XX Other Regulatory Asset/Liability- Environmental Balancing

Q. What accounting treatment does PGE propose for Harborton restoration costs?

A. PGE requests the following accounting treatment for Harborton restoration costs:

Without regulatory accounting:

Dr. 156XX Other Materials & Supplies Inventory – DSAY's

Cr. 131XXX Cash

With regulatory accounting:

Dr. 182.3XX Other Regulatory Assets - DSAY Inventory

Cr. 121XXX Cash

Q. What accounting treatment does PGE propose for insurance proceeds?

A. Insurance proceeds are typically considered a gain contingency under GAAP because the claims may be disputed by insurance carriers. As a result, revenues from insurance recoveries should be recognized in accordance with the guidance defined in ASC 450-30, Gain Contingencies, wherein they are not recorded until "realized" or "realizable". Similar to DSAY sales, proceeds shall be deferred in the PHERA regulatory balancing account and not be recorded in the income statement. PGE proposes the following accounting treatment for insurance proceeds:

Without regulatory accounting:

Dr. 131XXX Cash

Cr. 401XXX Utility Operating Expense

With regulatory accounting:

Dr. 131XXX Cash

Cr. 182.3XX Other Regulatory Asset/Liability- Environmental Balancing

IV. Conclusion

For the reasons stated above, PGE requests that the Commission approve its Environmental Remediation Costs Recovery Adjustment, Schedule 149, which includes an automatic adjustment clause per ORS 757.210(1)(b) allowing rate increases or decreases, without a prior hearing.

PGE's also requests that the Commission approve its deferral request to create a balancing account and begin accounting for the incurred and accrued costs and returns associated with PGE's Portland Harbor obligation and development and monitoring of the Harborton Restoration Project.

V. Qualifications

Q. Ms. Behbehani, please state your qualifications.

A. I graduated with a BS degree in Engineering from Roger Williams University and an MBA from Marylhurst University. I started my career working in the nuclear industry analyzing structural integrity of various structures. After a short period of working in the building construction industry, I continued my career in the utility industry working for PacifiCorp and Portland General Electric as a civil engineer supporting various hydro-electric, thermal and wind facilities. I became involved with environmental issues related to due diligence and permitting work on gas and wind facilities. I have has been managing environmental compliance and permitting and remediation team since 2007. I have been working in various engineering or management capacities for over 30 years.

Q. Mr. Brown, please state your qualifications.

A. I have worked in the energy field for more than twenty years. I have worked for PGE since 2007, in a variety of positions including representing PGE in Bonneville Power Administration proceedings and at the Public Utility Commission of Oregon. I have been a Manager in Rates in Regulatory Affairs with PGE since 2015. Prior to working for PGE I held a Senior Economist position with the Commission. I received Bachelor of Science degrees in Agricultural and Resource Economics and Animal Science from Oregon State University, a Master of Science degree from the University of Wyoming in Economics, and a Doctorate of Philosophy from Purdue University in Agricultural Economics.

Q. Mr. Stevens, please state your qualifications.

A. I have been PGE's Controller and Assistant Treasurer since September 1999. I have worked for PGE since 1982 in a variety of accounting and financial reporting positions, including management roles since 1989. I graduated from the University of Oregon with a BS in Accounting. I have also been a Certified Public Accountant (Inactive) in the State of Oregon since 1982.

Q. Does this conclude your testimony?

A. Yes.

List of Exhibits

PGE Exhibit	Description
101	Schedule 149 Advice Filing
102	Portland Harbor Focus Area Map
103	Downtown Reach Map
104C	Example DSAY Release Schedule
105	Harborton Restoration Project Map
106C	Portland Harbor Expected Costs and Revenues
107	Portland Harbor Environmental Remediation Balancing Account Flow Chart

SCHEDULE 149
ENVIRONMENTAL REMEDIATION COSTS RECOVERY ADJUSTMENT AUTOMATIC ADJUSTMENT CLAUSE

PURPOSE

This Schedule recovers the costs and revenues associated with Environmental Remediation Costs related to the Portland Harbor Superfund site (Portland Harbor), the Natural Resource Damage obligation, the Downtown Reach portions of the Willamette River, and the Harborton Restoration Project (Harborton), hereinafter referred to as "projects." This adjustment schedule is implemented as an automatic adjustment clause as provided under ORS 757.210.

AVAILABLE

In all territory served by the Company.

APPLICABLE

To all Schedules except Schedules 76R and 576R.

BALANCING ACCOUNTS

Effective August 17, 2016 PGE will establish a Portland Harbor Environmental Remediation Account (PHERA) annual account to record Environmental Remediation Costs, proceeds from insurance companies related to Portland Harbor, the Downtown Reach, and proceeds of sales of Discount Service Acre Year credits (DSAYs) from Harborton. The balance in the balancing account that has not been reviewed by the OPUC for prudence shall accrue interest at the authorized rate of return approved in the Company's most recent general rate case. Proceeds in the account that have been reviewed for prudency will be transferred to the PHERA balancing account that will accrue interest at the "PURE" rate developed in the UM 1635 docket.

EARNINGS TEST

Subject to the conditions stated below, the recovery from Customers of certain Environmental Remediation Costs is subject to an earnings review and test for the year that the costs were incurred. The Company will be allowed to place expenses (net of proceeds) into the balancing account for subsequent prudence review to the extent that the Company's Actual Regulated Return on Equity (ROE) does not exceed its Authorized ROE. Proceeds from insurance companies and DSAY sales will not be subject to an earnings review, but will be subject to a prudency review.

SCHEDULE 149 (Continued)

DEFINITIONS

Annual Allocated Revenues

Annual Allocated Revenues is the sum of annual revenue from this Tariff plus the annual allocation of insurance proceeds and DSAY revenues (net of Harborton development costs). The amount of insurance proceeds and DSAY revenues to be included in Annual Allocated Revenues is calculated as the greater of $6.5 million or total proceeds divided by the expected remaining life of the projects (so that such proceeds are equally allocated). The initial assumption is that the remaining life is through 2028, and may be updated, as approved by the Commission.

Downtown Reach

The segment of the Willamette River between River Miles 12 and 16 is known as the "Downtown Reach".

Environmental Remediation Costs

Environmental Remediation Costs includes, but is not limited to, the design, permitting, construction, on-going monitoring, and trustee financial requirements necessary for habitat restoration development, investigation, testing, sampling, monitoring, removal, disposal, storage, remediation, or other treatment of residues, litigation costs/expenses or other liabilities, disposal sites, sites that otherwise contain contamination that requires remediation for which the Company is responsible, or sites to which material may have migrated.

Harborton Restoration Project

PGE intends to design, construct, monitor and maintain the Harborton Restoration Project at 12500 NW Marina Way, Portland, Multnomah County, Oregon. PGE will restore and enhance approximately 62 acres of the 78.51 acres of the overall property.

Natural Resource Damage

The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA or Superfund) and Oil Pollution Act (OPA) Programs require the cleanup for contaminants that are released and pose a threat to human health and the environment. In addition to the requirements for cleanup under these cleanup programs, the Superfund and OPA cleanup programs also require that natural resources be restored to the state that they were at before injury from environmental contaminants. If natural resources are not restored, then Trustees will seek compensation for the injury, quantified as Natural Resource Damages (NRD) from parties responsible for the release of the contaminants. NRD in this tariff refers to NRD obligations assigned to PGE.

SCHEDULE 149 (Continued)

DEFINITIONS (Continued)

Portland Harbor Superfund

The Superfund designation is pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA). 42 U.S.C Section 9601 et seq. The Comprehensive Environmental Response, compensation, and Liability Act of 1980 (CERCLA or Superfund) and Oil Pollution Act (OPA) Programs require the cleanup for contaminants that are released and pose a threat to human health and the environment. The Superfund and OPA cleanup programs also require that natural resources be restored to the state that they were at before injury from environmental contaminants. If natural resources are not restored, then compensation for the injury, quantified as Natural Resource Damages (NRD) will be sought from parties responsible for the release of the contaminants.

PURE

The Prudence-Reviewed Unamortized Environmental Remediation Expense (PURE) rate that is established early each year by OPUC Staff and represents the 5-year US Treasury rate plus 100 basis points.

SCHEDULE 149 (Continued)

ADJUSTMENT RATES

Schedule	Adjustment Rate
7	0.000 ¢ per kWh
15/515	0.000 ¢ per kWh
32/532	0.000 ¢ per kWh
38/538	0.000 ¢ per kWh
47	0.000 ¢ per kWh
49/549	0.000 ¢ per kWh
75/575	
Secondary	0.000 ¢ per kWh
Primary	0.000 ¢ per kWh
Subtransmission	0.000 ¢ per kWh
83/583	0.000 ¢ per kWh
85/485/585	
Secondary	0.000 ¢ per kWh
Primary	0.000 ¢ per kWh
89/489/589	
Secondary	0.000 ¢ per kWh
Primary	0.000 ¢ per kWh
Subtransmission	0.000 ¢ per kWh
90/490/590	0.000 ¢ per kWh
91/491/591	0.000 ¢ per kWh
92/492/592	0.000 ¢ per kWh
95/495/595	0.000 ¢ per kWh

SCHEDULE 149 (Continued)

SPECIAL CONDITIONS

1. The amount of costs and revenues that is transferred to the balancing account is determined on an annual basis and subject to an earnings test. The amount transferred is calculated as the current year's Environmental Remediation Costs less Annual Allocated Revenues.

2. The earnings test in this schedule will be applied after the Power Cost Adjustment Mechanism earnings test. The first $6.5 million of environmental remediation costs each year are not subject to an earnings test. In addition, development costs for the Harborton Restoration Project are not subject to an earnings test.

3. If Environmental Remediation Costs in any year exceed the greater of $6.5 million or the Annual Allocated Revenues plus interest, then the balance is subject to an earnings test. The balance would be reduced by any over earnings and transferred to the balancing account for recovery across the following five years.

4. If Environmental Remediation Costs in any year are less than the Annual Allocated Revenues, plus interest, then the balance will be used to offset accumulated costs. Any remaining positive balances will roll forward to as an addition to the next year's Annual Allocated Revenues.

5. Applicable costs will be functionalized to distribution, generation and transmission based on the preponderance of the provided historical function. Costs recovered through this schedule will be allocated to each rate schedule as functionalized. Long-Term Direct Access customers will be priced at Cost-of-Service for purposes of allocating costs.

6. In the event that the amount in the PHERA balancing account results in a potential refund to customers, the Company, subject to approval by the Commission, will determine if the refund should be applied to Customer bills, or if the credit balance should carry to a future period. A credit balance may be carried to a future period if it is determined by the Commission that the credit balance is best used to offset future expected Environmental Remediation Costs not yet recorded in the deferral account, or for such other reasons as the Commission may determine.

7. By March 15, 2017 and each year thereafter, the Company will request Commission review and determination of prudence of Environmental Remediation Costs for the prior calendar year. The request for prudence review will include a report of all activity associated with Environmental Remediation Costs, including insurance or other third-party proceeds related to remediation activities recorded in the deferral account. The Commission shall complete the prudence review within 120 days of its submittal, after which time all costs and proceeds not deemed imprudent will be transferred to the PHERA.

SCHEDULE 149 (Concluded)

SPECIAL CONDITIONS (Continued)

8. Adjustments under this Schedule shall continue for a period of five years following the date that the last remediation expenses are incurred, or such other date that the Commission may decide.

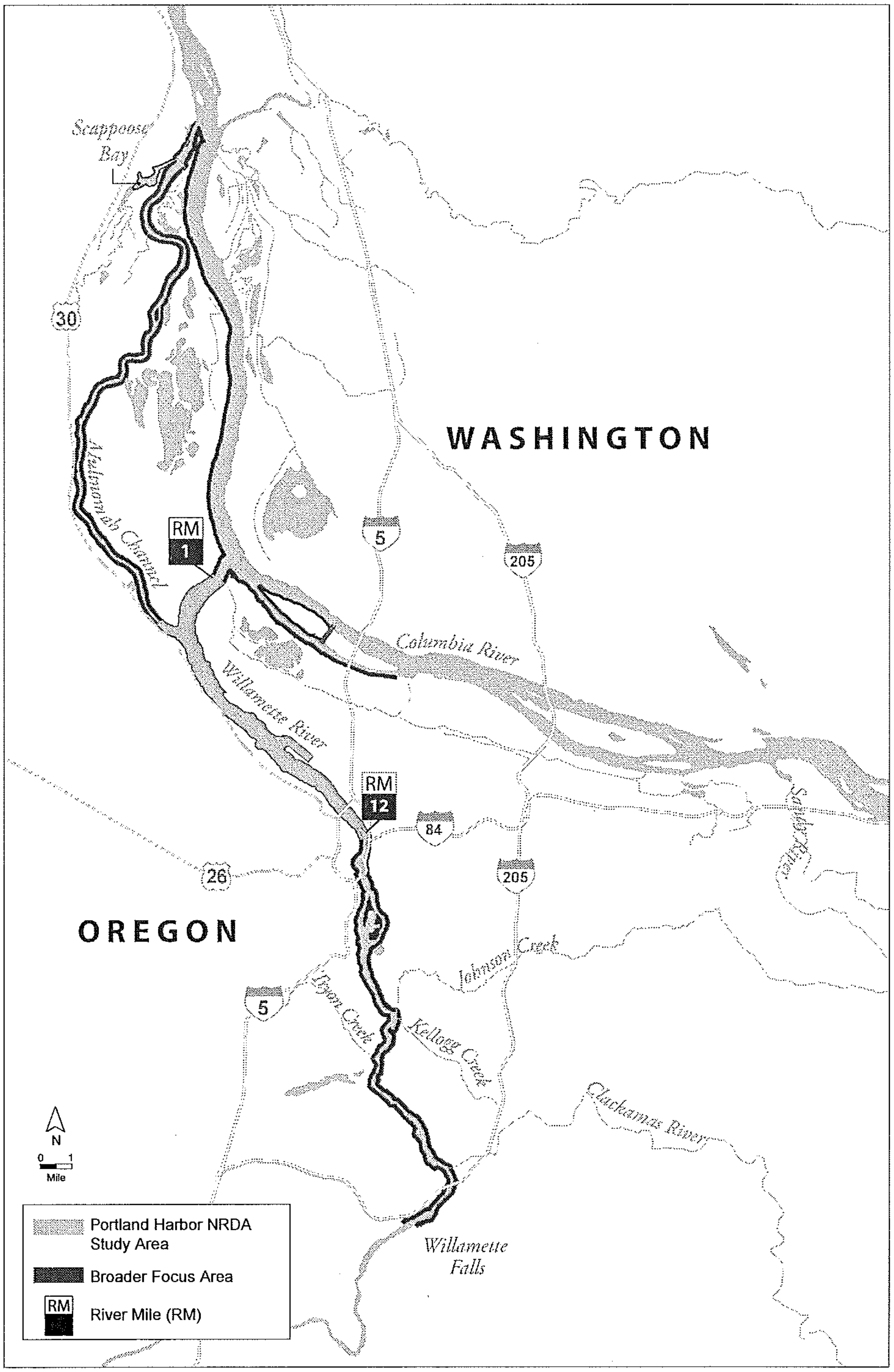
9. Development costs associated with the creation of DSAYs from the Harborton project shall be deferred as regulatory assets in association with the PHERA balancing account.

10. The Company shall defer and capitalize, as a regulatory asset, incurred costs associated with environmental liabilities accrued according to Accounting Standards Codification (ASC) 410, *Environmental Obligations* and pursuant to Generally Accepted Accounting Principles (GAAP). Any GAAP accounting accruals recorded would not be subject to interest computation or earnings test as no cash amounts have been paid or received.

April 2012

PORTLAND HARBOR
Natural Resource Trustee Council

Broader Focus Area for Ecological Restoration



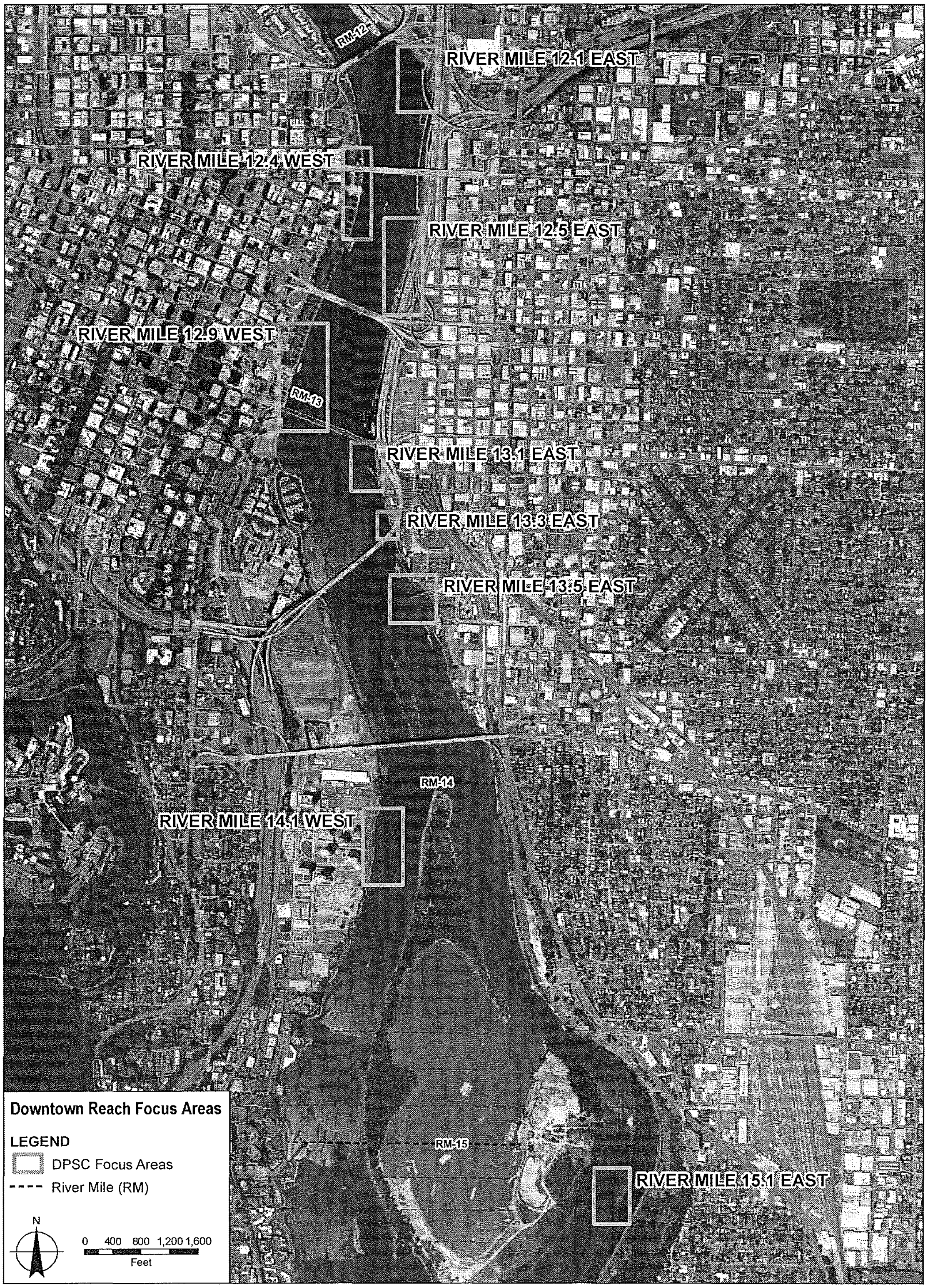


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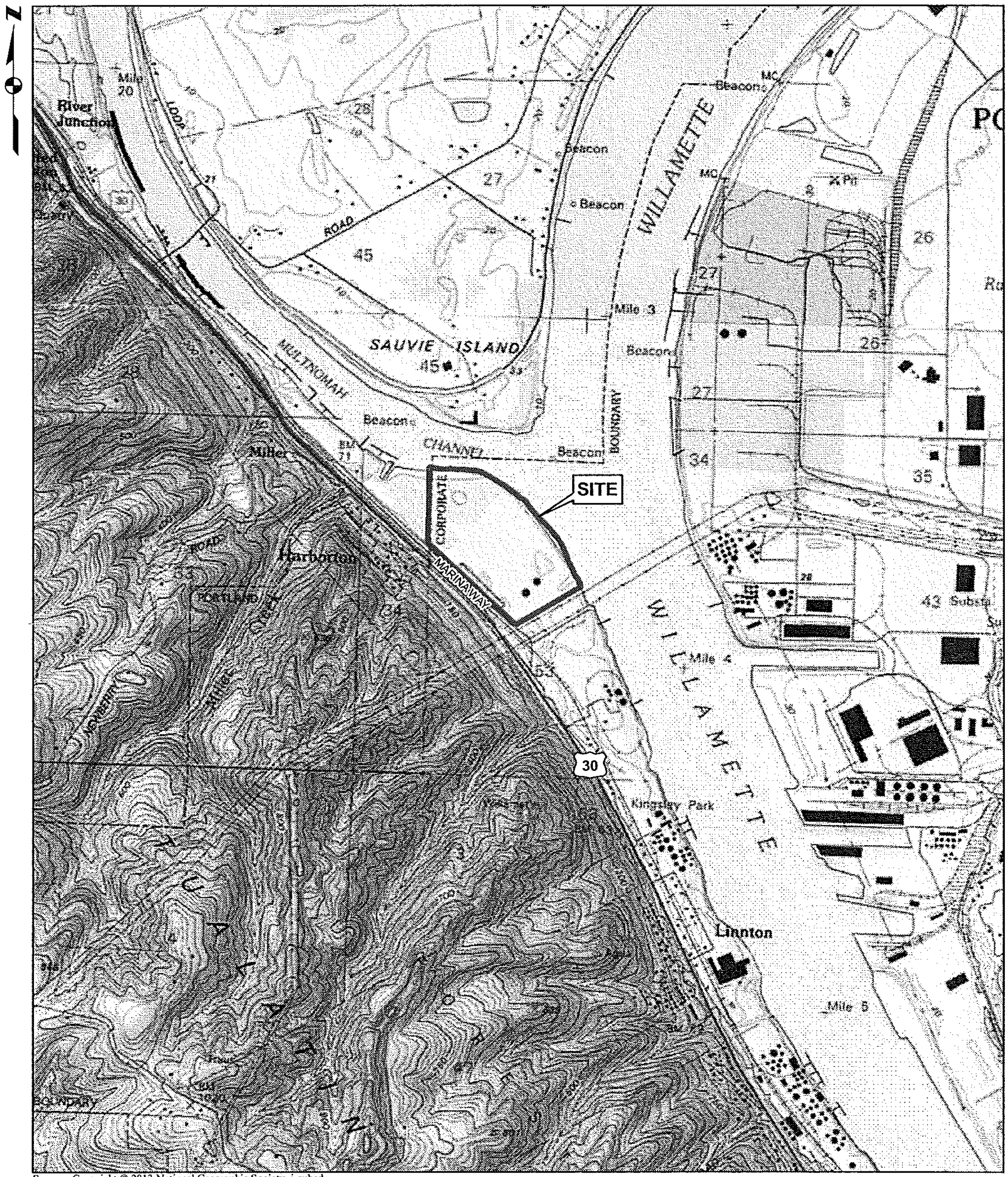
EXHIBIT 104C

Confidential

Harborton Restoration Project Map



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SCALE IN FEET

AECOM

JUNE 2015
25698012

SITE LOCATION

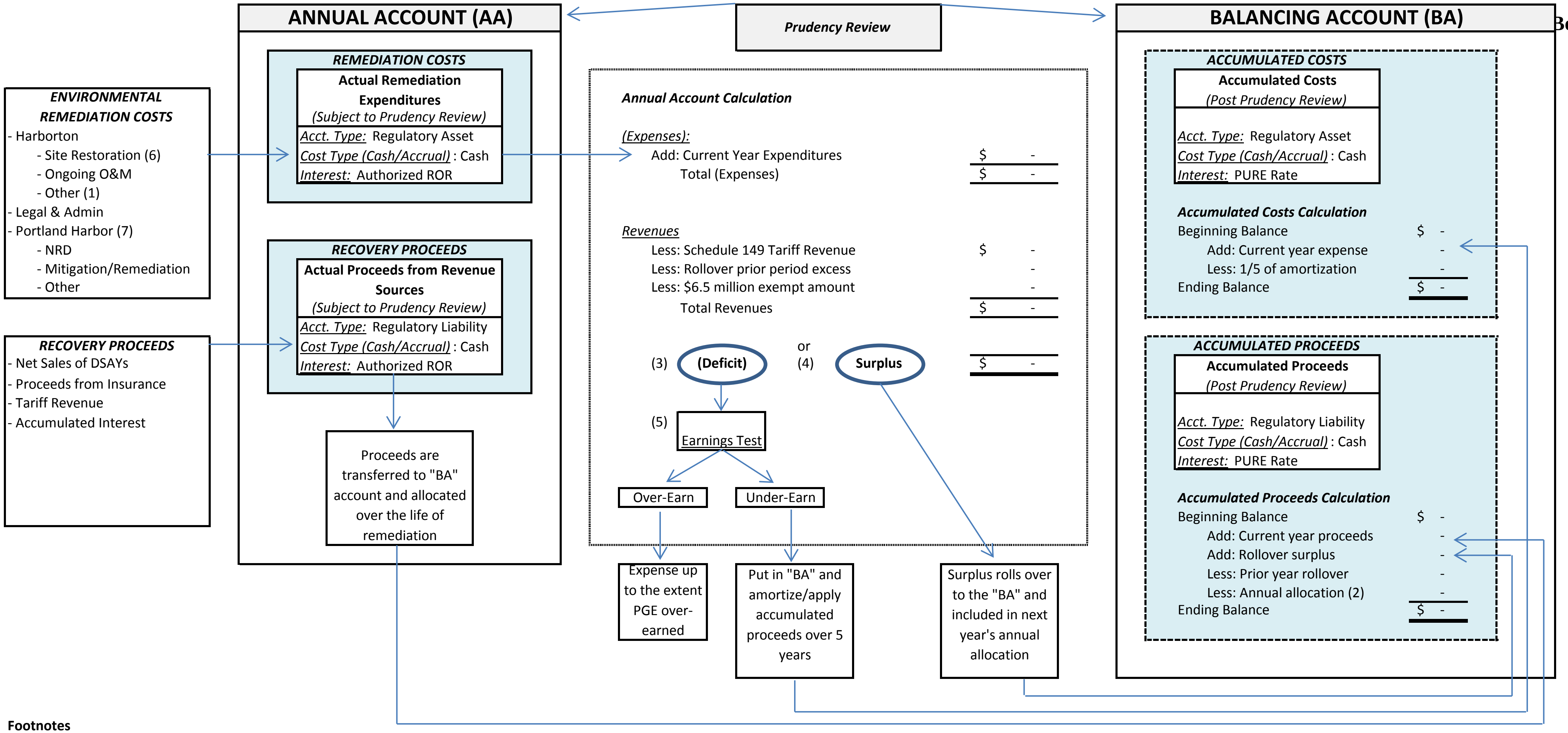
HARBORTON SITE SEF
PGE HARBORTON PROPERTY
PORTLAND, OREGON

FIGURE 1

K:\PGE\Harborton_MXD\Design Work\2015 SEF\Figure 1 Site Location.mxd

Exhibit 106C

Confidential



Footnotes

(1) Gain/loss on sale of land, endowment if another party takes over opeartions, maintenance and monitoring of the project.
(2) Proceeds from revenue sources are allocated across the estimated period of the remediation project (currently estimated through 2028).
(3) Deficit occurs when remediation costs are higher than allocated revenue offsets, and the deficit is subject to an earnings test (see footnote 5).
(4) Surplus occurs when annual costs are less than allocated revenues. Excess surplus is rolled forward and added to next year PHERA beginning balance.
(5) Earnings test would occur after the PCAM earnings test and exclude costs and benefits (e.g. interest) of the "AA" and "BA".
(6) Harborton Site Restoration costs to develop DSAYs are to be accounted for as inventory and included within Regulatory Assets. Upon sale, proceeds net of DSAY inventory costs will be transferred to the Annual Account.
(7) For SEC reporting and adherence to Generally Accepted Accounting Principles (GAAP), environmental liabilities will be accrued prior to any cash expenditures. Environmental liabilities will be deferred into Regulatory Asset accounts but will not accrue interest until actual cash expenditures are made.

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused **PORTLAND GENERAL ELECTRIC COMPANY's Advice No. 16-11, Schedule 149, Environmental Remediation Cost Recovery Adjustment** to be served by electronic mail to those parties whose email addresses appear on the attached service list for OPUC Docket No. UE 294.

DATED at Portland, Oregon, this 15th day of July, 2016.

Jay Tinker

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