



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

March 22, 2017

Via E-File and FedEx
PUC.filingcenter@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 349 - Portland General Electric Company Supplemental Exhibits

Enclosed please find Supplemental Exhibits regarding PGE's Application requesting approval to sell property located in Columbia County, Oregon to Columbia Pacific Bio-Refinery, filed March 14, 2017.

Exhibit L-1 provides the non-confidential portion of the March 16th presentation given to the Public Utility Commission of Oregon Staff. Additionally, Exhibits L-2, I-5, and I-6 provide confidential portions of the March 16th presentation along with the confidential valuation reports from FOCUS Investment Banking & Burns and McDonnell, respectfully.

Exhibits, L-2, I-5 and I-6 are protected information subject to Protective Order No. 17-089 and will be provided under separate cover.

If you have any questions or require further information, please call me at (503) 464-8929 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", is written over a faint, larger version of the same signature.

Stefan Brown
Manager, Regulatory Affairs

Encls.
SB/sp



Beaver Tank Sale March 16, 2017

Greg Batzler – Regulatory Affairs
Patrick Hager – Regulatory Affairs
Stefan Brown – Regulatory Affairs



Redacted Version

Beaver Tank Sale – Purpose and Agenda



Meeting Purpose:

Provide a high level overview of the purchase and sale transaction between PGE and Global Partners LP for the Beaver/Global Tank Farm assets

Meeting Agenda:

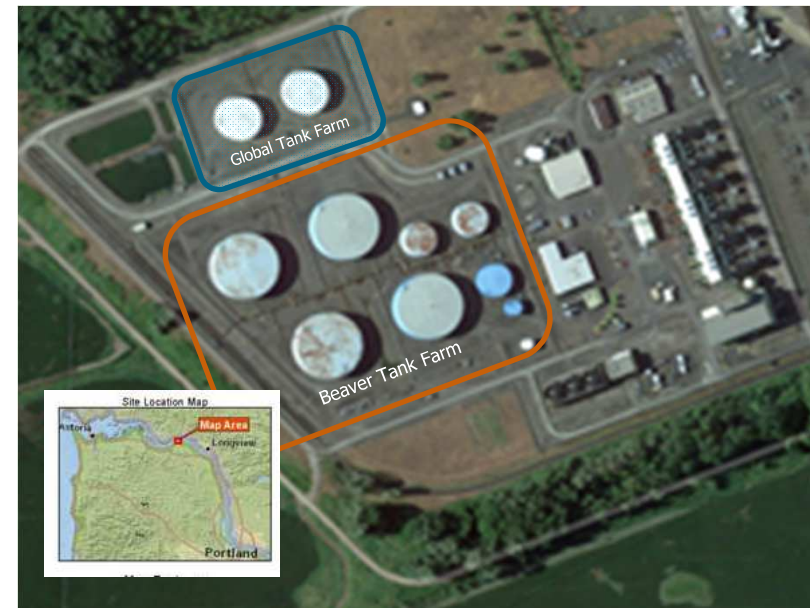
- Background
- Transaction Overview
- Transaction Detail
- Other Considerations
- Appendix

Beaver Tank Farm Transaction: Background



Beaver Generating Project:

- Six gas turbines and one steam heat recovery generator with an average annual capacity of 485 MW built in 1974
- Originally designed to primarily operate on No. 2 bunker fuel oil, due to economics, the plant has operated instead on natural gas
- Site currently includes a 1.2 MM barrel fuel oil storage facility to support original operations, of which 60 K barrels of the storage capacity is now used to maintain plant fueling reliability
- The Port Westward site also hosts the Port Westward I and II generating plants



Global Partners' subsidiary Columbia Pacific Bio-Refinery (CPBR):

- Owns / operates an ethanol production plant adjacent to the Beaver / Port Westward plant sites
- Has 2 existing storage tanks (200 k barrels total capacity) acquired from PGE in 2007 and subsequently refurbished to like-new condition. Tanks are used to store oil in transit from the Bakken production region and Ethanol produced in the Midwest delivered via rail or Ethanol produced at the site to be loaded on ships at the Port Westward dock for shipment to West Coast and international markets
- In August of 2014, Global officially requested PGE's approval of its proposed plans to expand combined oil and ethanol trans-loading operations at the Port Westward site

Transaction Overview



PGE and CPBR have negotiated the following purchase and sale agreement :

1. The sale of PGE's Beaver oil tank farm to Columbia Pacific Bio-Refinery (CPBR), a wholly owned subsidiary of Global Partners LP, consisting of 9 tanks, totaling approximately 1.2 MM barrels of storage capacity and a 20" pipeline to the Port Westward dock; and
2. A simultaneous PGE purchase of CPBR's existing 2 storage tanks consisting of roughly 0.2 MM barrels of storage capacity to maintain access to back up diesel fuel for the Beaver generating units.

Transaction Detail



Asset Purchase and Sale:

- PGE sells Beaver Tank Farm and pipeline for [REDACTED] MM
- PGE purchases 2 CPBR tanks and pipeline for [REDACTED] MM
 - Global pays PGE [REDACTED] net at closing
 - Global pays PGE [REDACTED] ratably over 4 years

Conditions Precedent - CPBR:

- Permitting and Marketing Period - [REDACTED]
 - Government Approvals (Columbia County, ODEQ, etc.)
 - POSH Approval
- Contingency Period for Government Approval: 12 months
 - Requires conditional notice to proceed

Conditions Precedent - PGE:

- OPUC Approval
- Government Approvals (Columbia County, ODEQ, etc.)
- POSH Approval

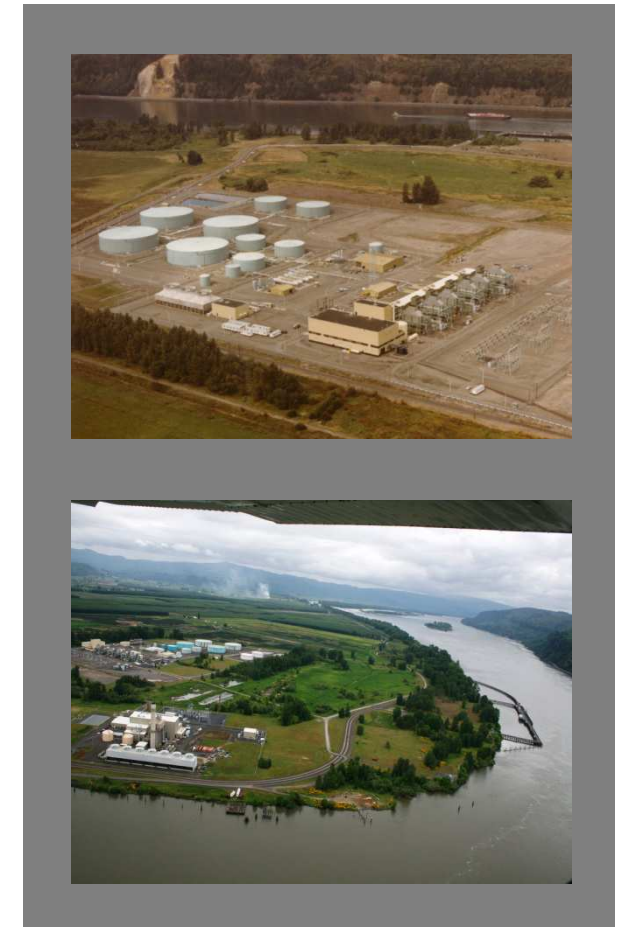
Other Key Elements:

- Replacement of current fuel upon final swap of Tank assets
- Access to CPBR trans-loading facility for Beaver back-up fuel
- CPBR to reimburse PGE for replacement power insurance product
- Extension of Beaver Spur Lease Agreement for CPBR use
- PGE responsible for future cost of current environmental liability

Other Considerations



- Sale of tanks reduces PGE's tank capacity to appropriate level for current needs
- Through the site sub-lease and related agreements, PGE retains rights to review and approve future changes in CPBR footprint or activity at the site
- PGE retains "safe harbor" rights in sub-lease should increased rail traffic adversely impact site operations or safety
- PGE to approve CPBR expansion requests:
 - Increased throughput for CPBR's crude oil trans-loading operations (including rail facility expansions and refinement of Safe Harbor rail access limits)
 - Increased oil / ethanol storage capacity
 - Modernizing and increased access to the dock
- PGE will be named insured in the CPBR insurance policy for direct damage claims



Appendix – Global / Beaver Tank Sale



Appendix