

Application for Change in Accounting Method

► Go to www.irs.gov/Form3115 for instructions and the latest information.

Name of filer (name of parent corporation if a consolidated group) (see instructions) Portland General Electric Company	Identification number (see instructions) 93-0256820
Number, street, and room or suite no. If a P.O. box, see the instructions. 121 SW Salmon Street	Principal business activity code number (see instructions) 221100
City or town, state, and ZIP code Portland, OR 97204-2901	Tax year of change begins (MM/DD/YYYY) 01/01/2020 Tax year of change ends (MM/DD/YYYY) 12/31/2020
Name of applicant(s) (if different than filer) and identification number(s) (see instructions)	Name of contact person (see instructions) Debbie Blastic
	Contact person's telephone number 503-464-7966

If the applicant is a member of a consolidated group, check this box

If **Form 2848**, Power of Attorney and Declaration of Representative, is attached (see instructions for when Form 2848 is required), check this box

Check the box to indicate the type of applicant. <input type="checkbox"/> Individual <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Controlled foreign corporation (Sec. 957) <input type="checkbox"/> 10/50 corporation (Sec. 904(d)(2)(E)) <input type="checkbox"/> Qualified personal service corporation (Sec. 448(d)(2)) <input type="checkbox"/> Exempt organization. Enter Code section ►	<input type="checkbox"/> Cooperative (Sec. 1381) <input type="checkbox"/> Partnership <input type="checkbox"/> S corporation <input type="checkbox"/> Insurance co. (Sec. 816(a)) <input type="checkbox"/> Insurance co. (Sec. 831) <input type="checkbox"/> Other (specify) ►
Check the appropriate box to indicate the type of accounting method change being requested. See instructions. <input checked="" type="checkbox"/> Depreciation or Amortization <input type="checkbox"/> Financial Products and/or Financial Activities of Financial Institutions <input type="checkbox"/> Other (specify) ►	

Caution: To be eligible for approval of the requested change in method of accounting, the taxpayer must provide all information that is relevant to the taxpayer or to the taxpayer's requested change in method of accounting. This includes (1) all relevant information requested on this Form 3115 (including its instructions), and (2) any other relevant information, even if not specifically requested on Form 3115.

The taxpayer must attach all applicable statements requested throughout this form.

Part I Information for Automatic Change Request			Yes	No
1	Enter the applicable designated automatic accounting method change number ("DCN") for the requested automatic change. Enter only one DCN, except as provided for in guidance published by the IRS. If the requested change has no DCN, check "Other," and provide both a description of the change and a citation of the IRS guidance providing the automatic change. See instructions.			
a	(1) DCN: <u>21</u> (2) DCN: <u>184</u> (3) DCN: _____ (4) DCN: _____ (5) DCN: _____ (6) DCN: _____ (7) DCN: _____ (8) DCN: _____ (9) DCN: _____ (10) DCN: _____ (11) DCN: _____ (12) DCN: _____			
b	Other <input type="checkbox"/> Description ► _____			
2	Do any of the eligibility rules restrict the applicant from filing the requested change using the automatic change procedures (see instructions)? If "Yes," attach an explanation.			
3	Has the filer provided all the information and statements required (a) on this form and (b) by the List of Automatic Changes under which the applicant is requesting a change? See instructions.	✓		
Note: Complete Part II and Part IV of this form, and, Schedules A through E, if applicable.				

Part II Information for All Requests			Yes	No
4	During the tax year of change, did or will the applicant (a) cease to engage in the trade or business to which the requested change relates, or (b) terminate its existence? See instructions.			
5	Is the applicant requesting to change to the principal method in the tax year of change under Regulations section 1.381(c)(4)-1(d)(1) or 1.381(c)(5)-1(d)(1)? If "No," go to line 6a. If "Yes," the applicant cannot file a Form 3115 for this change. See instructions.			

Sign Here	Under penalties of perjury, I declare that I have examined this application, including accompanying schedules and statements, and to the best of my knowledge and belief, the application contains all the relevant facts relating to the application, and it is true, correct, and complete. Declaration of preparer (other than applicant) is based on all information of which preparer has any knowledge.		
	Signature of filer (and spouse, if joint return) 	Date Dec 30, 2020	Name and title (print or type) Christopher Liddle, Controller & Asst. Treas.

Preparer (other than filer/applicant)	Print/Type preparer's name Firm's name ►	Preparer's signature	Date
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Part II Information for All Requests <i>(continued)</i>		Yes	No
6a	Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any federal income tax return(s) under examination (see instructions)? If "No," go to line 7a.		
b	Is the method of accounting the applicant is requesting to change an issue under consideration (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s))? See instructions.		
c	Enter the name and telephone number of the examining agent and the tax year(s) under examination. Name ▶ _____ Telephone number ▶ _____ Tax year(s) ▶ _____		
d	Has a copy of this Form 3115 been provided to the examining agent identified on line 6c?		
7a	Does audit protection apply to the applicant's requested change in method of accounting? See instructions. If "No," attach an explanation.	✓	
b	If "Yes," check the applicable box and attach the required statement. <input checked="" type="checkbox"/> Not under exam <input type="checkbox"/> 3-month window <input type="checkbox"/> 120 day: Date examination ended ▶ _____ <input type="checkbox"/> Method not before director <input type="checkbox"/> Negative adjustment <input type="checkbox"/> CAP: Date member joined group ▶ _____ <input type="checkbox"/> Audit protection at end of exam <input type="checkbox"/> Other		
8a	Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any federal income tax return(s) before Appeals and/or a federal court? If "No," go to line 9.		
b	Is the method of accounting the applicant is requesting to change an issue under consideration by Appeals and/or a federal court (for either the applicant or any present or former consolidated group in which the applicant was a member for the tax year(s) the applicant was a member)? See instructions. If "Yes," attach an explanation.		
c	If "Yes," enter the name of the (check the box) <input type="checkbox"/> Appeals officer and/or <input type="checkbox"/> counsel for the government, telephone number, and the tax year(s) before Appeals and/or a federal court. Name ▶ _____ Telephone number ▶ _____ Tax year(s) ▶ _____		
d	Has a copy of this Form 3115 been provided to the Appeals officer and/or counsel for the government identified on line 8c?		
9	If the applicant answered "Yes" to line 6a and/or 8a with respect to any present or former consolidated group, attach a statement that provides each parent corporation's (a) name, (b) identification number, (c) address, and (d) tax year(s) during which the applicant was a member that is under examination, before an Appeals office, and/or before a federal court.		
10	If for federal income tax purposes, the applicant is either an entity (including a limited liability company) treated as a partnership or an S corporation, is it requesting a change from a method of accounting that is an issue under consideration in an examination, before Appeals, or before a federal court, with respect to a federal income tax return of a partner, member, or shareholder of that entity?		
11a	Has the applicant, its predecessor, or a related party requested or made (under either an automatic or non-automatic change procedure) a change in method of accounting within any of the five tax years ending with the tax year of change? If "No," go to line 12.	✓	
b	If "Yes," for each trade or business, attach a description of each requested change in method of accounting (including the tax year of change) and state whether the applicant received consent.		
c	If any application was withdrawn, not perfected, or denied, or if a Consent Agreement granting a change was not signed and returned to the IRS, or the change was not made or not made in the requested year of change, attach an explanation.		
12	Does the applicant, its predecessor, or a related party currently have pending any request (including any concurrently filed request) for a private letter ruling, change in method of accounting, or technical advice? If "Yes," for each request attach a statement providing (a) the name(s) of the taxpayer, (b) identification number(s), (c) the type of request (private letter ruling, change in method of accounting, or technical advice), and (d) the specific issue(s) in the request(s).		
13	Is the applicant requesting to change its overall method of accounting? If "Yes," complete Schedule A on page 4 of the form.		

Part II Information for All Requests <i>(continued)</i>	Yes	No						
<p>14 If the applicant is either (i) not changing its overall method of accounting, or (ii) changing its overall method of accounting and changing to a special method of accounting for one or more items, attach a detailed and complete description for each of the following (see instructions):</p> <p>a The item(s) being changed.</p> <p>b The applicant's present method for the item(s) being changed.</p> <p>c The applicant's proposed method for the item(s) being changed.</p> <p>d The applicant's present overall method of accounting (cash, accrual, or hybrid).</p> <p>15a Attach a detailed and complete description of the applicant's trade(s) or business(es). See section 446(d).</p> <p>b If the applicant has more than one trade or business, as defined in Regulations section 1.446-1(d), describe (i) whether each trade or business is accounted for separately; (ii) the goods and services provided by each trade or business and any other types of activities engaged in that generate gross income; (iii) the overall method of accounting for each trade or business; and (iv) which trade or business is requesting to change its accounting method as part of this application or a separate application.</p> <p>Note: If you are requesting an automatic method change, see the instructions to see if you are required to complete lines 16a-16c.</p> <p>16a Attach a full explanation of the legal basis supporting the proposed method for the item being changed. Include a detailed and complete description of the facts that explains how the law specifically applies to the applicant's situation and that demonstrates that the applicant is authorized to use the proposed method.</p> <p>b Include all authority (statutes, regulations, published rulings, court cases, etc.) supporting the proposed method.</p> <p>c Include either a discussion of the contrary authorities or a statement that no contrary authority exists.</p> <p>17 Will the proposed method of accounting be used for the applicant's books and records and financial statements? For insurance companies, see the instructions. If "No," attach an explanation.</p> <p>18 Does the applicant request a conference with the IRS National Office if the IRS National Office proposes an adverse response?</p> <p>19a If the applicant is changing to either the overall cash method, an overall accrual method, or is changing its method of accounting for any property subject to section 263A, any long-term contract subject to section 460 (see 19b), or inventories subject to section 474, enter the applicant's gross receipts for the 3 tax years preceding the tax year of change.</p> <table style="width:100%; border-collapse: collapse; margin-left: 20px;"> <tr> <td style="border-right: 1px solid black; padding: 2px;">1st preceding year ended: mo. yr.</td> <td style="border-right: 1px solid black; padding: 2px;">2nd preceding year ended: mo. yr.</td> <td style="padding: 2px;">3rd preceding year ended: mo. yr.</td> </tr> <tr> <td style="border-right: 1px solid black; padding: 2px;">\$ _____</td> <td style="border-right: 1px solid black; padding: 2px;">\$ _____</td> <td style="padding: 2px;">\$ _____</td> </tr> </table> <p>b If the applicant is changing its method of accounting for any long-term contract subject to section 460, in addition to completing 19a, enter the applicant's gross receipts for the 4th tax year preceding the tax year of change: 4th preceding year ended: mo. yr. \$ _____</p>	1st preceding year ended: mo. yr.	2nd preceding year ended: mo. yr.	3rd preceding year ended: mo. yr.	\$ _____	\$ _____	\$ _____	<div style="background-color: #cccccc; height: 100px; width: 100%;"></div>	<div style="background-color: #cccccc; height: 100px; width: 100%;"></div>
1st preceding year ended: mo. yr.	2nd preceding year ended: mo. yr.	3rd preceding year ended: mo. yr.						
\$ _____	\$ _____	\$ _____						
Part III Information for Non-Automatic Change Request	Yes	No						
<p>20 Is the applicant's requested change described in any revenue procedure, revenue ruling, notice, regulation, or other published guidance as an automatic change request? If "Yes," attach an explanation describing why the applicant is submitting its request under the non-automatic change procedures.</p> <p>21 Attach a copy of all documents related to the proposed change (see instructions).</p> <p>22 Attach a statement of the applicant's reasons for the proposed change.</p> <p>23 If the applicant is a member of a consolidated group for the year of change, do all other members of the consolidated group use the proposed method of accounting for the item being changed? If "No," attach an explanation.</p> <p>24a Enter the amount of user fee attached to this application (see instructions). ► \$ _____</p> <p>b If the applicant qualifies for a reduced user fee, attach the required information or certification (see instructions).</p>	<div style="background-color: #cccccc; height: 100px; width: 100%;"></div>	<div style="background-color: #cccccc; height: 100px; width: 100%;"></div>						

Part IV Section 481(a) Adjustment		Yes	No
25	Does published guidance require the applicant (or permit the applicant and the applicant is electing) to implement the requested change in method of accounting on a cut-off basis? If "Yes," attach an explanation and do not complete lines 26, 27, and 28 below.		
26	Enter the section 481(a) adjustment. Indicate whether the adjustment is an increase (+) or a decrease (-) in income. ▶ \$ <u>-\$32,250,295</u> Attach a summary of the computation and an explanation of the methodology used to determine the section 481(a) adjustment. If it is based on more than one component, show the computation for each component. If more than one applicant is applying for the method change on the application, attach a list of the (a) name, (b) identification number, and (c) the amount of the section 481(a) adjustment attributable to each applicant.		
27	Is the applicant making an election to take the entire amount of the adjustment into account in the tax year of change? If "Yes," check the box for the applicable elective provision used to make the election (see instructions). <input type="checkbox"/> \$50,000 de minimis election <input type="checkbox"/> Eligible acquisition transaction election		
28	Is any part of the section 481(a) adjustment attributable to transactions between members of an affiliated group, a consolidated group, a controlled group, or other related parties? If "Yes," attach an explanation.		

Schedule A—Change in Overall Method of Accounting (If Schedule A applies, Part I below must be completed.)

Part I Change in Overall Method (see instructions)																			
1	Check the appropriate boxes below to indicate the applicant's present and proposed methods of accounting. Present method: <input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Hybrid (attach description) Proposed method: <input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Hybrid (attach description)																		
2	Enter the following amounts as of the close of the tax year preceding the year of change. If none, state "None." Also, attach a statement providing a breakdown of the amounts entered on lines 2a through 2g.																		
	<table border="1"> <thead> <tr> <th colspan="2">Amount</th> </tr> </thead> <tbody> <tr> <td>a Income accrued but not received (such as accounts receivable)</td> <td>\$ _____</td> </tr> <tr> <td>b Income received or reported before it was earned (such as advanced payments). Attach a description of the income and the legal basis for the proposed method.</td> <td>_____</td> </tr> <tr> <td>c Expenses accrued but not paid (such as accounts payable).</td> <td>_____</td> </tr> <tr> <td>d Prepaid expenses previously deducted</td> <td>_____</td> </tr> <tr> <td>e Supplies on hand previously deducted and/or not previously reported</td> <td>_____</td> </tr> <tr> <td>f Inventory on hand previously deducted and/or not previously reported. Complete Schedule D, Part II.</td> <td>_____</td> </tr> <tr> <td>g Other amounts (specify). Attach a description of the item and the legal basis for its inclusion in the calculation of the section 481(a) adjustment. ▶ _____</td> <td>_____</td> </tr> <tr> <td>h Net section 481(a) adjustment (Combine lines 2a–2g.) Indicate whether the adjustment is an increase (+) or decrease (-) in income. Also enter the net amount of this section 481(a) adjustment amount on Part IV, line 26.</td> <td>\$ _____</td> </tr> </tbody> </table>	Amount		a Income accrued but not received (such as accounts receivable)	\$ _____	b Income received or reported before it was earned (such as advanced payments). Attach a description of the income and the legal basis for the proposed method.	_____	c Expenses accrued but not paid (such as accounts payable).	_____	d Prepaid expenses previously deducted	_____	e Supplies on hand previously deducted and/or not previously reported	_____	f Inventory on hand previously deducted and/or not previously reported. Complete Schedule D, Part II.	_____	g Other amounts (specify). Attach a description of the item and the legal basis for its inclusion in the calculation of the section 481(a) adjustment. ▶ _____	_____	h Net section 481(a) adjustment (Combine lines 2a–2g.) Indicate whether the adjustment is an increase (+) or decrease (-) in income. Also enter the net amount of this section 481(a) adjustment amount on Part IV, line 26.	\$ _____
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3	Is the applicant also requesting the recurring item exception under section 461(h)(3)? <input type="checkbox"/> Yes <input type="checkbox"/> No																		
4	Attach copies of the profit and loss statement (Schedule F (Form 1040) for farmers) and the balance sheet, if applicable, as of the close of the tax year preceding the year of change. Also attach a statement specifying the accounting method used when preparing the balance sheet. If books of account are not kept, attach a copy of the business schedules submitted with the federal income tax return or other return (such as, tax-exempt organization returns) for that period. If the amounts in Part I, lines 2a through 2g, do not agree with the amounts shown on both the profit and loss statement and the balance sheet, attach a statement explaining the differences.																		
5	Is the applicant making a change to the overall cash method as a small business taxpayer (see instructions)? <input type="checkbox"/> Yes <input type="checkbox"/> No																		

Part II Change to the Cash Method for Non-Automatic Change Request (see instructions)	
Applicants requesting a change to the cash method must attach the following information:	
1	A description of inventory items (items whose production, purchase, or sale is an income-producing factor) and materials and supplies used in carrying out the business.
2	An explanation as to whether the applicant is required to use the accrual method under any section of the Code or regulations.

Schedule B—Change to the Deferral Method for Advance Payments (see instructions)

- 1** If the applicant is requesting to change to the deferral method for advance payments, as described in the instructions, attach the following information:
 - a** Explain how the advance payments meet the definition of advance payment, as described in the instructions.
 - b** Does the taxpayer use an applicable financial statement as described in the instructions and, if so, identify it.
 - c** Describe the taxpayer's allocation method, if there is more than one performance obligation, as defined in the instructions.
 - d** Describe the taxpayer's legal basis for deferral. See instructions.
 - e** If the applicant is filing under the non-automatic change procedures, see the instructions for the information required.

Schedule C—Changes Within the LIFO Inventory Method (see instructions)**Part I General LIFO Information**

Complete this section if the requested change involves changes within the LIFO inventory method. Also, attach a copy of all **Forms 970, Application To Use LIFO Inventory Method**, filed to adopt or expand the use of the LIFO method.

- 1** Attach a description of the applicant's present and proposed LIFO methods and submethods for each of the following items:
 - a** Valuing inventory (for example, unit method or dollar-value method).
 - b** Pooling (for example, by line or type or class of goods, natural business unit, multiple pools, raw material content, simplified dollar-value method, inventory price index computation (IPIC) pools, vehicle-pool method, etc.).
 - c** Pricing dollar-value pools (for example, double-extension, index, link-chain, link-chain index, IPIC method, etc.).
 - d** Determining the current-year cost of goods in the ending inventory (such as, most recent acquisitions, earliest acquisitions during the current year, average cost of current-year acquisitions, rolling-average cost, or other permitted method).
- 2** If any present method or submethod used by the applicant is not the same as indicated on Form(s) 970 filed to adopt or expand the use of the method, attach an explanation.
- 3** If the proposed change is not requested for all the LIFO inventory, attach a statement specifying the inventory to which the change is and is not applicable.
- 4** If the proposed change is not requested for all of the LIFO pools, attach a statement specifying the LIFO pool(s) to which the change is applicable.
- 5** Attach a statement addressing whether the applicant values any of its LIFO inventory on a method other than cost. For example, if the applicant values some of its LIFO inventory at retail and the remainder at cost, identify which inventory items are valued under each method.
- 6** If changing to the IPIC method, attach a completed Form 970.

Part II Change in Pooling Inventories

- 1** If the applicant is proposing to change its pooling method or the number of pools, attach a description of the contents of, and state the base year for, each dollar-value pool the applicant presently uses and proposes to use.
- 2** If the applicant is proposing to use natural business unit (NBU) pools or requesting to change the number of NBU pools, attach the following information (to the extent not already provided) in sufficient detail to show that each proposed NBU was determined under Regulations sections 1.472-8(b)(1) and (2):
 - a** A description of the types of products produced by the applicant. If possible, attach a brochure.
 - b** A description of the types of processes and raw materials used to produce the products in each proposed pool.
 - c** If all of the products to be included in the proposed NBU pool(s) are not produced at one facility, state the reasons for the separate facilities, the location of each facility, and a description of the products each facility produces.
 - d** A description of the natural business divisions adopted by the taxpayer. State whether separate cost centers are maintained and if separate profit and loss statements are prepared.
 - e** A statement addressing whether the applicant has inventories of items purchased and held for resale that are not further processed by the applicant, including whether such items, if any, will be included in any proposed NBU pool.
 - f** A statement addressing whether all items including raw materials, goods-in-process, and finished goods entering into the entire inventory investment for each proposed NBU pool are presently valued under the LIFO method. Describe any items that are not presently valued under the LIFO method that are to be included in each proposed pool.
 - g** A statement addressing whether, within the proposed NBU pool(s), there are items both sold to unrelated parties and transferred to a different unit of the applicant to be used as a component part of another product prior to final processing.
- 3** If the applicant is engaged in manufacturing and is proposing to use the multiple pooling method or raw material content pools, attach information to show that each proposed pool will consist of a group of items that are substantially similar. See Regulations section 1.472-8(b)(3).
- 4** If the applicant is engaged in the wholesaling or retailing of goods and is requesting to change the number of pools used, attach information to show that each of the proposed pools is based on customary business classifications of the applicant's trade or business. See Regulations section 1.472-8(c).

Part III Method of Cost Allocation (Complete this part if the requested change involves either property subject to section 263A or long-term contracts as described in section 460.) See instructions.

Section A—Allocation and Capitalization Methods

Attach a description (including sample computations) of the present and proposed method(s) the applicant uses to capitalize direct and indirect costs properly allocable to real or tangible personal property produced and property acquired for resale, or to allocate direct and indirect costs required to be allocated to long-term contracts. Include a description of the method(s) used for allocating indirect costs to intermediate cost objectives such as departments or activities prior to the allocation of such costs to long-term contracts, real or tangible personal property produced, and property acquired for resale. The description must include the following:

- 1 The method of allocating direct and indirect costs (for example, specific identification, burden rate, standard cost, or other reasonable allocation method).
- 2 The method of allocating mixed service costs (for example, direct reallocation, step-allocation, simplified service cost using the labor-based allocation ratio, simplified service cost using the production cost allocation ratio, or other reasonable allocation method).
- 3 Except for long-term contract accounting methods, the method of capitalizing additional section 263A costs (for example, simplified production with or without the historic absorption ratio election, simplified resale with or without the historic absorption ratio election including permissible variations, the U.S. ratio, or other reasonable allocation method).

Section B—Direct and Indirect Costs Required to be Allocated

Check the appropriate boxes showing the costs that are or will be fully included, to the extent required, in the cost of real or tangible personal property produced or property acquired for resale under section 263A or allocated to long-term contracts under section 460. Mark "N/A" in a box if those costs are not incurred by the applicant. If a box is not checked, it is assumed that those costs are not fully included to the extent required. Attach an explanation for boxes that are not checked.

	Present method	Proposed method
1 Direct material		
2 Direct labor		
3 Indirect labor		
4 Officers' compensation (not including selling activities)		
5 Pension and other related costs		
6 Employee benefits		
7 Indirect materials and supplies		
8 Purchasing costs		
9 Handling, processing, assembly, and repackaging costs		
10 Offsite storage and warehousing costs		
11 Depreciation, amortization, and cost recovery allowance for equipment and facilities placed in service and not temporarily idle		
12 Depletion		
13 Rent		
14 Taxes other than state, local, and foreign income taxes		
15 Insurance		
16 Utilities		
17 Maintenance and repairs that relate to a production, resale, or long-term contract activity		
18 Engineering and design costs (not including section 174 research and experimental expenses)		
19 Rework labor, scrap, and spoilage		
20 Tools and equipment		
21 Quality control and inspection		
22 Bidding expenses incurred in the solicitation of contracts awarded to the applicant		
23 Licensing and franchise costs		
24 Capitalizable service costs (including mixed service costs)		
25 Administrative costs (not including any costs of selling or any return on capital)		
26 Research and experimental expenses attributable to long-term contracts		
27 Interest		
28 Other costs (Attach a list of these costs.)		

Part III Method of Cost Allocation (continued) See instructions.

Section C—Other Costs Not Required To Be Allocated (Complete Section C only if the applicant is requesting to change its method for these costs.)

	Present method	Proposed method
1 Marketing, selling, advertising, and distribution expenses		
2 Research and experimental expenses not included in Section B, line 26		
3 Bidding expenses not included in Section B, line 22		
4 General and administrative costs not included in Section B		
5 Income taxes		
6 Cost of strikes		
7 Warranty and product liability costs		
8 Section 179 costs		
9 On-site storage		
10 Depreciation, amortization, and cost recovery allowance not included in Section B, line 11		
11 Other costs (Attach a list of these costs.)		

Schedule E—Change in Depreciation or Amortization. See instructions.

Applicants requesting approval to change their method of accounting for depreciation or amortization complete this section. Applicants **must** provide this information for each item or class of property for which a change is requested.

Note: See the **Summary of the List of Automatic Accounting Method Changes** in the instructions for information regarding automatic changes under sections 56, 167, 168, 197, 1400I, 1400L, or former section 168. **Do not** file Form 3115 with respect to certain late elections and election revocations. See instructions.

- 1** Is depreciation for the property determined under Regulations section 1.167(a)-11 (CLADR)? **Yes** **No**
If “Yes,” the only changes permitted are under Regulations section 1.167(a)-11(c)(1)(iii).
- 2** Is any of the depreciation or amortization required to be capitalized under any Code section, such as section 263A? **Yes** **No**
If “Yes,” enter the applicable section ► _____
- 3** Has a depreciation, amortization, expense, or disposition election been made for the property, such as the election under sections 168(f)(1), 168(i)(4), 179, 179C, or Regulations section 1.168(i)-8(d)? **Yes** **No**
If “Yes,” state the election made ► 168(i)(4): General Asset Accounts 1.168(i)-8(d): partial dispositions _____
- 4a** To the extent not already provided, attach a statement describing the property subject to the change. Include in the description the type of property, the year the property was placed in service, and the property’s use in the applicant’s trade or business or income-producing activity.
- b** If the property is residential rental property, did the applicant live in the property before renting it? **Yes** **No**
- c** Is the property public utility property? **Yes** **No**
- 5** To the extent not already provided in the applicant’s description of its present method, attach a statement explaining how the property is treated under the applicant’s present method (for example, depreciable property, inventory property, supplies under Regulations section 1.162-3, nondepreciable section 263(a) property, property deductible as a current expense, etc.).
- 6** If the property is not currently treated as depreciable or amortizable property, attach a statement of the facts supporting the proposed change to depreciate or amortize the property.
- 7** If the property is currently treated and/or will be treated as depreciable or amortizable property, provide the following information for both the present (if applicable) and proposed methods:
 - a** The Code section under which the property is or will be depreciated or amortized (for example, section 168(g)).
 - b** The applicable asset class from Rev. Proc. 87-56, 1987-2 C.B. 674, for each asset depreciated under section 168 (MACRS) or under section 1400L; the applicable asset class from Rev. Proc. 83-35, 1983-1 C.B. 745, for each asset depreciated under former section 168 (ACRS); an explanation why no asset class is identified for each asset for which an asset class has not been identified by the applicant.
 - c** The facts to support the asset class for the proposed method.
 - d** The depreciation or amortization method of the property, including the applicable Code section (for example, 200% declining balance method under section 168(b)(1)).
 - e** The useful life, recovery period, or amortization period of the property.
 - f** The applicable convention of the property.
 - g** Whether the additional first-year special depreciation allowance (for example, as provided by section 168(k), 168(l), 168(m), 168(n), 1400L(b), or 1400N(d)) was or will be claimed for the property. If not, also provide an explanation as to why no special depreciation allowance was or will be claimed.
 - h** Whether the property was or will be in a single asset account, a multiple asset account, or a general asset account.

Supporting Schedules for Form 3115

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Consolidated Group Statement

Name Line 1: Portland General Electric Company

ID: 93-0256820

Activity Code: 221100

Form 3115, Page 2, Part II, Line 11b

Automatic Applications Filed in Last 5 Years. All applications were approved.

2013 Tax Year

Elected General Asset Account Election.

"In accordance to Rev. Proc. 2011-14, Appendix § 6.32(4)(c), this general asset account election change specified in Appendix § 6.32(1)(a)(i) applies to all MACRS assets (including land, land rights, structures, and improvements) used to transmit and distribute electric power. A separate general asset account will be established to hold each retirement unit used for book purposes.

For example:

Each pole, including the anchor, crossarm, guy wire, and hardware, will be a separate general asset account

Each transformer will be a separate general asset account

Portland General Electric Company EIN: 93-0256820

Attachment to Form 3115 Tax Year Ending 12/31/2013

Automatic Change for Late General Asset Account Election

Filed under Appendix § 6.32 of Rev. Proc. 2011-14, as added by Rev. Proc. 2012-20

Statement 4

Each network protector will be a separate general asset account

Thus, each general asset account will hold only one retirement asset and therefore, each general asset account will comply with all of the provisions of Temp. Treas. Reg. § 1.168(i)-1T(c)(2)(ii).

No ADS property is included in a general asset account."

No IRC § 481(a) adjustment required.

2014 Tax Year

Change 1

Late partial disposition election to preserve losses recognized on the disposition of partial assets under 1.168(i)-8(d)(2)(i).

No IRC § 481(a) adjustment required.

Change 2

Adopt the definition of materials and supplies as found in the regulations.

No IRC § 481(a) adjustment required.

Supporting Schedules for Form 3115

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Form 3115, Page 3, Part II, Line 14

- a. This request for change in accounting method relates to certain cost of removal and repair expenses.
- b. The current method of accounting capitalized and depreciated certain cost of removal and repair expenses.
- c. The proposed method of accounting is to deduct as a current expense these costs of removal and repair expenses.
- d. The taxpayer's overall method of accounting is the accrual method of accounting.

Public Utility Statement:

As the assets included in this election are public utility property within the meaning of IRC §168(i)(10), the taxpayer agrees to the following additional terms and conditions:

- (A) A normalization method of accounting (within the meaning of IRC §168(i)(9)) will be used for the public utility property subject to the application.
- (B) The company's deferred tax reserve account will be adjusted as of the beginning of the year of change to reflect the changes in historical property balances associated with the IRC § 481(a) adjustment.
- (C) Within 30 calendar days of filing the federal income tax return for the year of change, the taxpayer will provide a copy of the completed application to the Oregon Public Utility Commission.

Form 3115, Page 3, Part II, Line 15

Taxpayer's Trade or Business:

Portland General Electric Company is a single, vertically integrated electric utility engaged in the generation, transmission, distribution, and retail sale of electricity in the state of Oregon. Its principal business activity code is 221100. The Company also participates in the wholesale market by purchasing and selling electricity and natural gas to obtain reasonably priced power for its retail customers. PGE operates as a single segment. The taxpayer has only one trade or business as defined in Treas. Reg. §1.446-1(d).

Form 3115, Page 3, Part II, Line 16

The taxpayer is proposing to change its method of accounting to an approved method for certain costs incurred in the retirement and removal of depreciable assets, to a method that conforms with Rev. Rul. 2000-7, 2000-1 C.B. 712 or for removal costs in disposal of a depreciable asset, including a partial disposition, as described under Regulations section 1.263(a)-3(g)(2)(i).

The taxpayer is also proposing to change its method of accounting where it will deduct certain labor costs paid or incurred for repair and maintenance costs under section 162 and Regulations section 1.162-4.

Supporting Schedules for Form 3115

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Form 3115, Page 3, Part II, Line 17

The taxpayer will not use the proposed method of accounting for its books and records and financial statements. The taxpayer's proposed method of accounting for tax purposes may not be in conformance with generally accepted accounting principles (GAAP). However, the taxpayer's proposed method clearly reflects income.

Form 3115, Page 3, Part IV, Line 26

Computation of IRC § 481(a) adjustment

Item Number	Item Description	Increase / (Decrease) to Taxable Income
1	DCN 21: Removal Costs (\$263)	(\$42,101,202)
2	DCN 184: Deducting repair and maintenance costs (\$162)	(\$2,930,158)
3	Tax depreciation (DCN 21 & 184)	\$12,781,065
	Taxable Income Change	(\$32,250,295)

1. This represents the amount of cost of removal that was capitalized from 2011 to 2019 under the previous method of accounting that is deducted under the proposed method of accounting in accordance with Rev. Rul. 2000-7, 2000-1 C.B. 712 or for removal costs in disposal of a depreciable asset, including a partial disposition, as described under Regulations section 1.263(a)-3(g)(2)(i).
2. This represents the deductible labor costs for maintenance or repair in accordance with section 162 and Regulations section 1.162-4.
3. This represents the reduction in the tax depreciation deduction due to the reduced capital assets related to items 1 and 2.

Form 3115, Page 8, Schedule E

Question 4a

The assets subject to this election were placed in service between tax years 2011 and 2019. They are MACRS assets and have been used in the Taxpayer's trade or business.

Question 7

Assets used in the Transmission and Distribution of Electric Power			
		Present Method	Proposed Method
(a)	Code Section under which the property is or will be depreciated or amortized	Assets subject to this change are depreciated under the general depreciation system of IRC § 168	Costs will be deducted currently. See the response to Page 3, Part II, line 16.
(b)	Applicable Asset Class	Asset Class 49.14 pursuant to Rev. Proc. 87-56	N/A

Supporting Schedules for Form 3115

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Assets used in the Transmission and Distribution of Electric Power			
		Present Method	Proposed Method
(c)	These assets are used in the Taxpayer's business of the transmission and distribution of electric power		N/A
(d)	Depreciation Method	150% declining balance pursuant to Section 168(b)(2)	N/A
(e)	Recovery Period	15/20 years	Deducted currently
(f)	Applicable Convention	Half-year, except where mid-quarter is required	N/A
(g)	The Taxpayer has elected out of additional first-year special depreciation under IRC § 168(k)(2)(D)(III)		N/A
(h)	The property is in a general asset account		N/A

Assets used in the Steam Generation of Electric Power			
		Present Method	Proposed Method
(a)	Code Section under which the property is or will be depreciated or amortized	Assets subject to this change are depreciated under the general depreciation system of IRC § 168	Costs will be deducted currently. See the response to Page 3, Part II, line 16.
(b)	Applicable Asset Class	Asset Class 49.13 pursuant to Rev. Proc. 87-56	N/A
(c)	These assets are used in the Taxpayer's business of generating electric power		N/A
(d)	Depreciation Method	150% declining balance pursuant to Section 168(b)(2)	N/A
(e)	Recovery Period	20 years	Deducted currently
(f)	Applicable Convention	Half-year, except where mid-quarter is required	N/A
(g)	The Taxpayer has elected out of additional first-year special depreciation under IRC § 168(k)(2)(D)(III)		N/A
(h)	The property is in a general asset account		N/A

Assets used in the Hydraulic Generation of Electric Power			
		Present Method	Proposed Method
(a)	Code Section under which the property is or will be depreciated or amortized	Assets subject to this change are depreciated under the general depreciation system of IRC § 168	Costs will be deducted currently. See the response to Page 3, Part II, line 16.
(b)	Applicable Asset Class	Asset Class 49.11 pursuant to Rev. Proc. 87-56	N/A
(c)	These assets are used in the Taxpayer's business of generating electric power		N/A
(d)	Depreciation Method	150% declining balance pursuant to Section 168(b)(2)	N/A

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Assets used in the Hydraulic Generation of Electric Power			
		Present Method	Proposed Method
(e)	Recovery Period	20 years	Deducted currently
(f)	Applicable Convention	Half-year, except where mid-quarter is required	N/A
(g)	The Taxpayer has elected out of additional first-year special depreciation under IRC § 168(k)(2)(D)(III)		N/A
(h)	The property is in a general asset account		N/A

Assets used in the Combustion Generation of Electric Power			
		Present Method	Proposed Method
(a)	Code Section under which the property is or will be depreciated or amortized	Assets subject to this change are depreciated under the general depreciation system of IRC § 168	Costs will be deducted currently. See the response to Page 3, Part II, line 16.
(b)	Applicable Asset Class	Asset Class 49.158 pursuant to Rev. Proc. 87-56	N/A
(c)	These assets are used in the Taxpayer's business of generating electric power		N/A
(d)	Depreciation Method	150% declining balance pursuant to Section 168(b)(2)	N/A
(e)	Recovery Period	15 years	Deducted currently
(f)	Applicable Convention	Half-year, except where mid-quarter is required	N/A
(g)	The Taxpayer has elected out of additional first-year special depreciation under IRC § 168(k)(2)(D)(III)		N/A
(h)	The property is in a general asset account		N/A

Assets used in the Wind and Solar Generation of Electric Power			
		Present Method	Proposed Method
(a)	Code Section under which the property is or will be depreciated or amortized	Assets subject to this change are depreciated under the general depreciation system of IRC § 168	Costs will be deducted currently. See the response to Page 3, Part II, line 16.
(b)	Applicable Asset Class	Asset Class 80(D) pursuant to Rev. Proc. 87-56	N/A
(c)	These assets are used in the Taxpayer's business of generating electric power		N/A
(d)	Depreciation Method	150% declining balance pursuant to Section 168(b)(2)	N/A
(e)	Recovery Period	5 years	Deducted currently
(f)	Applicable Convention	Half-year, except where mid-quarter is required	N/A

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Assets used in the Wind and Solar Generation of Electric Power			
		Present Method	Proposed Method
(g)	The Taxpayer has elected out of additional first-year special depreciation under IRC § 168(k)(2)(D)(III)		N/A
(h)	The property is in a general asset account		N/A

Land Improvements			
		Present Method	Proposed Method
(a)	Code Section under which the property is or will be depreciated or amortized	Assets subject to this change are depreciated under the general depreciation system of IRC § 168	Costs will be deducted currently. See the response to Page 3, Part II, line 16.
(b)	Applicable Asset Class	Asset Class 00.3 pursuant to Rev. Proc. 87-56	N/A
(c)	The improvements meet the criteria set forth in Section 168(b)(2).		N/A
(d)	Depreciation Method	150% declining balance pursuant to Section 168(b)(2)	N/A
(e)	Recovery Period	15 years	Deducted currently
(f)	Applicable Convention	Half-year, except where mid-quarter is required	N/A
(g)	The Taxpayer has elected out of additional first-year special depreciation under IRC § 168(k)(2)(D)(III)		N/A
(h)	The property is in a general asset account		N/A

Non-Residential Real Property			
		Present Method	Proposed Method
(a)	Code Section under which the property is or will be depreciated or amortized	Assets subject to this change are depreciated under the general depreciation system of IRC § 168	Costs will be deducted currently. See the response to Page 3, Part II, line 16.
(b)	Applicable Asset Class	Non-residential real property	N/A
(c)	These assets are properly classified as non-residential real property		N/A
(d)	Depreciation Method	Straight-line pursuant to IRC § 168(b)(3)	N/A
(e)	Recovery Period	39 years per IRC § 168(c)	Deducted currently
(f)	Applicable Convention	Mid-month per IRC § 168(d)(2)	N/A
(g)	These assets are not eligible for first-year special depreciation		N/A
(h)	The property is in a general asset account		N/A