



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

June 10, 2007

**via E-Filing and US Mail**

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

Attention: **Commission Filing Center:**

Re: **UP-\_\_** Application for Approval to transfer Property

Enclosed is the original signed Application for approval to transfer property associated with the Beaver plant to Cascade Grain Products, LLC. PGE has E-filed a copy on this date.

We ask that this Application be placed on the docket for consideration at the Commission's July 10, 2007 public meeting, or as soon thereafter as possible.

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

Sincerely,

A handwritten signature in black ink that reads "Jay Tinker for". The signature is written in a cursive, flowing style.

Patrick G. Hager  
Manager, Regulatory Affairs

PGH/lbh

encls.

BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

**UP-**

In the Matter of the Application of )  
PORTLAND GENERAL ELECTRIC COMPANY )      APPLICATION  
in Regard to the Transfer of its )  
property. )

Pursuant to ORS 757.480 and OAR 860-27-0025, Portland General Electric Company ("PGE") seeks approval from the Oregon Public Utility Commission ("Commission") for the transfer of certain PGE property no longer useful or necessary for providing utility service to the public.

Background

The Beaver plant is located on an 852-acre site located in Columbia County, Oregon. Most of the land is leased by PGE ("PGE Leased Property") from the Port of St. Helens ("the Port"). The property that is the subject of this Application is located on the westerly periphery of the PGE Property, on the developed Beaver Generating Site at Port Westward, Clatskanie, Oregon.

PGE asks for Commission approval to transfer its lease-hold interest in a 4.76 acre property, and to sell two 100,000-barrel fuel storage tanks (hereinafter collectively referred to as the "Subject Property"), to Cascade Grain Products, LLC ("Cascade").

PGE will also grant Cascade two easements: the Fire Suppression Easement and the Pipeline Easement (See Exhibit I, Pages 29 through 72), for access and use, to the extent of the Port's and PGE's respective interests, over, in, and under the surrounding PGE property (See Exhibit I, Pages 36 and 57).

The lease-hold interest of 4.76 acres and the two 100,000-barrel fuel storage tanks are no longer necessary for utility purposes and are not useful in the performance of PGE's duties to the public. (See Exhibit I).

For valuation purposes, an independent MAI appraiser inspected the Subject Property and lease-hold interest and researched general market conditions. The appraisal valued the Subject Property and lease-hold interest (inclusive of the improvements) at \$1,700,000, which became the purchase price. The purchase price of \$1,700,000 is due and payable in cash to PGE upon closing of the sale.

For accounting purposes, PGE will defer the gain, on the sale/transfer of the Subject Property, of approximately \$1,696,880 (See Exhibit J).

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

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

(a) *The exact name and address of the utility's principal business office:* Portland General Electric Company, 121 SW Salmon Street, Portland, Oregon 97204.

(b) *The state in which incorporated, the date of incorporation, and the other states in which authorized to transact utility operations:* PGE is a corporation organized and existing under and by the laws of the State of Oregon. The date of its incorporation is July 25, 1930. PGE is authorized to transact business in the states of Oregon, Washington, California, Arizona and Montana, and in the District of Columbia, but conducts retail utility operations only in the state of Oregon. As of February 21, 1995, PGE is also registered as an extra-provincial corporation in Alberta, Canada.

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

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

Cece Coleman  
Assistant General Counsel  
Portland General Electric Company  
121 SW Salmon Street, 1WTC-1301  
Portland, OR 97204  
(503) 464-7831 (telephone)  
(503) 464-2200 (fax)  
[cece.coleman@pgn.com](mailto:cece.coleman@pgn.com)

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

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

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

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

As of March 31, 2007, the following are the principal officers of PGE:

<u>Name</u>	<u>Title</u>
Peggy Y. Fowler	Chief Executive Officer & President
James J. Piro	Executive Vice President Finance, CFO & Treasurer
Stephen R. Hawke	Senior Vice President, Customer Service and Delivery
Arleen N. Barnett	Vice President
Carol A. Dillin	Vice President
Campbell A. Henderson	Vice President & Chief Information Officer
Ronald W. Johnson	Vice President
Pamela G. Lesh	Vice President
James F. Lobdell	Vice President
Joe A. McArthur	Vice President
Douglas R. Nichols	Vice President, General Counsel & Secretary
Stephen M. Quennoz	Vice President, Nuclear & Power Supply / Generation
Kristin A. Stathis	Assistant Treasurer

<u>Name</u>	<u>Title</u>
Cheryl A. Chevis	Assistant Secretary
Karen J. Lewis	Assistant Secretary
Steven F. McCarrel	Assistant Secretary

(e) *A description of the general character of the business done and to be done, and a designation of the territories served, by counties and states:* PGE is engaged, and intends to remain engaged, in the generation, purchase, transmission, distribution, and sale of electric energy for public use in Clackamas, Columbia, Hood River, Jefferson, Marion, Morrow, Multnomah, Polk, Washington, and Yamhill counties, Oregon.

(f) *A statement, as of the date of the balance sheet submitted with the application, showing for each class and series of capital stock: brief description; the amount authorized (face value and number of shares); the amount outstanding (exclusive of any amount held in the treasury); amount held as reacquired securities; amount pledged; amount owned by affiliated interests; and amount held in any fund:* The following represents PGE's stock as of March 31, 2007, the date of PGE's most recent quarterly SEC filing (10-Q):

	<u>Outstanding Shares</u>	<u>Amount (\$000s)</u>
Cumulative Preferred Stock:		
None authorized	0	\$0
Common Stock:		
No Par Value	62,507,396	\$643,342
(80,000,000 shares authorized):		

None of the capital stock is held as reacquired securities, pledged, held by affiliated interests, or held in any sinking or other fund by the Company.

(g) *A statement, as of the date of the balance sheet submitted with the application, showing for each class and series of long-term debt and notes: brief description (amount, interest rate*

and maturity); amount authorized; amount outstanding (exclusive of any amount held in the treasury); amount held as reacquired securities; amount pledged; amount held by affiliated interests; and amount in sinking and other funds: PGE's long-term debt as of March 31, 2007 is as follows:

Description	Authorized (\$000s)	Outstanding (\$000s)
First Mortgage Bonds:		
MTN ser IV due 6-15-2007 7.15%	50,000	50,000
5.6675% series due 10-25-2012	100,000	100,000
5.279% series due 4-1-2013	50,000	50,000
6.26% series due 5-1-2031	100,000	100,000
6.31% series due 5-1-2036	175,000	175,000
5.625% series VI due 8-1-2013	50,000	50,000
MTN series due 8-11-2021 9.31%	20,000	20,000
6.75% series VI due 8-1-2023	50,000	50,000
6.875% series VI due 8-1-2033	<u>50,000</u>	<u>50,000</u>
Total First Mortgage Bonds	<b>645,000</b>	<b>645,000</b>
Pollution Control Bonds:		
City of Forsyth		
5.45% ser B 5-1-2033	21,000	21,000
5.20% ser A 5-1-2033	97,800	97,800
Port of Morrow		
5.20% ser A 5-1-2033	23,600	23,600
12-01-31 variable rate	5,800	5,800
Port of St Helens		
4.80% series due 4-01-2010	20,200	20,200
4.80% series due 6-01-10	16,700	16,700
5.25% series due 8-1-2014	9,600	9,600
7.125% series due 12-15-14	<u>5,100</u>	<u>5,100</u>
Total Pollution Control Bonds	<b>199,800</b>	<b>199,800</b>
Other Long Term Debt:		
7.875% notes due 2010	150,000	149,250
Capital lease obligations	0	0
Long-Term Contracts	68	68
Unamortized Debt Discount and Other	<u>-1,479</u>	<u>-1,479</u>
Total Other Long-Term Debt	148,589	147,839
Less: Maturities and Sinking Funds:		
First Mortgage Bond Principal	50,000	50,000
Other Long-Term Debt	<u>0</u>	<u>0</u>
Total Current Liabilities	50,000	50,000
Total Long-Term Debt	<b>943,389</b>	<b>942,639</b>

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

(h) *Whether the application is for disposition of facilities by sale, lease, or otherwise, a merger or consolidation of facilities, or for mortgaging or encumbering its property, or for the acquisition of stock, bonds, or property of another utility, also a description of the consideration, if any, and the method of arriving at the amount thereof:* This application requests approval for PGE to transfer a lease-hold interest in a 370.25 feet by 560.16 feet or 207,399 square feet (4.76 acre) tract of land, and sell two 100,000-barrel fuel storage tanks, located on PGE Property. For valuation purposes, an independent MAI appraiser inspected the Subject Property and researched general market conditions. The appraisal yielded value of the Subject Property (inclusive of the improvements) at \$1,700,000, and PGE agreed to dispose of the Subject Property at the appraised value.

(i) *A statement and general description of facilities to be disposed of, consolidated, merged, or acquired from another utility, giving a description of their present use and of their proposed use after disposition, consolidation, merger, or acquisition. State whether the proposed disposition of facilities or plan for consolidation, merger, or acquisition includes all the operating facilities of the parties to the transaction:* The subject property consists of a 370.25 feet by 560.16 feet, or 207,399 square feet (4.76 acres), piece of land that has been improved with two 100,000-barrel fuel storage tanks, which were built in approximately 1974. The description of the easement property is provided in Exhibit "I," pages 36 and 57. This transaction includes some, but not all the operating facilities of PGE.

(j) *A statement by primary account of the cost of the facilities and applicable depreciation reserve involved in the sale, lease, or other disposition, merger or consolidation, or acquisition*

*of property of another utility. If original cost is not known, an estimate of original cost based, to the extent possible, upon records or data of the applicant or its predecessors must be furnished, a full explanation of the manner in which such estimate has been made, and a statement indicating where all existing data and records may be found:* The book value of the easement property was estimated using PGE's accounting records. A statement by primary account of the cost of the fuel storage tanks is included as Exhibit L.

(k) *A statement as to whether or not any application with respect to the transaction or any part thereof, is required to be filed with any federal or other state regulatory body:* No application with respect to this transaction is currently required to be filed with any federal or other state regulatory body.

(l) *The facts relied upon by applicants to show that the proposed sale, lease, assignment, or consolidation of facilities, mortgage or encumbrance of property, or acquisition of stock, bonds, or property of another utility will be consistent with the public interest:* The transfer of the lease-hold interest in the 370.25 feet by 560.16 feet, or 207,399 square feet (4.76 acres) piece of property, and the sale of the two 100,000 barrel fuel-storage tanks located on that property, is consistent with the public interest because this property has no further purpose and is surplus to PGE's existing or potential needs, and is not necessary for serving PGE's duty to the public. In light of the immovable nature of the tanks, and the cost to dismantle the tanks compared to the potential salvage return, the highest and best use of the tanks is to sell them, and Cascade is currently a willing buyer.

(m) *The reasons, in detail, relied upon by each applicant, or party to the application, for entering into the proposed sale, lease, assignment, merger, or consolidation of facilities, mortgage or encumbrance of property, acquisition of stock, bonds, or property of another utility,*



and the benefits, if any, to be derived by the customers of the applicants and the public: See the Background Section and paragraphs h) and l) above. Furthermore, customers will benefit from the deferral of the gain, with the gain to be refunded in the future.

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

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

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

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

***EXHIBIT A.*** *A copy of the charter or articles of incorporation with amendments to date:*

*Articles of Incorporation, as Amended and Restated, effective on April 3, 2006 (Amended and Restated Articles previously filed in Docket UP 234 and by reference made a part of this application).*

***EXHIBIT B.*** *A copy of the bylaws with amendments to date:* (Fourth Amended and Restated Bylaws previously filed in Docket UP 237 and by reference made a part of this application).

***EXHIBIT C.*** *Copies of all resolutions of directors authorizing the proposed disposition, merger, or consolidation of facilities, mortgage or encumbrance of property, acquisition of stock, bonds, or property of another utility, in respect to which the application is made and, if approval of stockholders has been obtained, copies of the resolutions of the stockholders should also be furnished:* No such resolutions are related to this application.

***EXHIBIT D.*** *Copies of all mortgages, trust, deeds, or indentures, securing any obligation of each party to the transaction:* Not applicable.

**EXHIBIT E.** *Balance sheets showing booked amounts, adjustments to record the proposed transaction and pro forma, with supporting fixed capital or plant schedules in conformity with the forms in the annual report, which applicant(s) is required, or will be required, to file with the Commission:* Balance sheet showing booked amounts, adjustments to record the proposed transactions and pro forma Balance sheets as of March 31, 2007 are attached. . [electronic version in .PDF format]

**EXHIBIT F.** *A statement of all known contingent liabilities, except minor items such as damage claims and similar items involving relatively small amounts, as of the date of the application, as of March 31, 2007:* Attached. [electronic version in .PDF format]

**EXHIBIT G.** *Comparative income statements showing recorded results of operations, adjustments to record the proposed transaction and pro forma, in conformity with the form in the annual report which applicant(s) is required, or will be required, to file with the Commission, as of March 31, 2007:* Attached. [electronic version in .PDF format]

**EXHIBIT H.** *An analysis of surplus for the period covered by the income statements referred to in Exhibit G, as of March 31, 2007:* Attached. [electronic version in .PDF format]

**EXHIBIT I.** *A copy of each contract in respect to the sale, lease or other proposed disposition, merger or consolidation of facilities, acquisition of stock, bonds, or property of another utility, as the case may be, with copies of all other written instruments entered into or proposed to be entered into by the parties to the transaction pertaining thereto:* Attached [electronic version in .PDF and Microsoft Word format]

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

**EXHIBIT K.** A copy of each supporting schedule showing the benefits, if any, which each applicant relies upon to support the facts as required by subsection (1)(l) of this rule and the reasons as required by subsection (1)(m) of this rule: None attached, see section I, paragraph m).

**EXHIBIT L.** Statement by primary account of the Cost of the Property. Attached. [electronic version in .PDF format

Dated this \_\_\_\_ day of \_\_\_\_\_, 2007.

Respectfully Submitted,

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/s/Patrick G. Hager, Manager, Regulatory Affairs  
On Behalf of Portland General Electric Company  
121 SW Salmon Street, 1WTC-0702  
Portland, Oregon 97204  
Phone: (503) 464-7580  
E-Mail: [Patrick.Hager@pgn.com](mailto:Patrick.Hager@pgn.com)  
Facsimile: (503) 464-7651

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**Exhibit "E"**  
**UP\_\_**

Portland General Electric Company and Subsidiaries  
Consolidated Balance Sheet  
March 31, 2007  
(Millions of Dollars)

	<u>March 31, 2007</u>	Adjustments (1)	Adjusted Total
<b>Assets</b>			
<b>Electric Utility Plant - Original Cost</b>			
Utility plant (includes construction work in progress of \$421 and \$412)	4,650	(1.53)	4,648
Accumulated depreciation	<u>(1,887)</u>	<u>1.53</u>	<u>(1,885)</u>
	<u>2,763</u>	<u>-</u>	<u>2,763</u>
<b>Other Property and Investments</b>			
Nuclear decommissioning trust, at market value	43		43
Non-qualified benefit plan trust	70		70
Miscellaneous	<u>27</u>		<u>27</u>
	<u>140</u>	<u>-</u>	<u>140</u>
<b>Current Assets</b>			
Cash and cash equivalents	5	1.70	7
Accounts and notes receivable (less allowance for uncollectible accounts of \$39 and \$45)	206		206
Unbilled revenues	60		60
Assets from price risk management activities	92		92
Inventories, at average cost	62		62
Margin deposits	8		8
Prepayments and other	41		41
Deferred income taxes	<u>7</u>		<u>7</u>
	<u>481</u>	<u>1.70</u>	<u>483</u>
<b>Deferred Charges</b>			
Regulatory assets	342		342
Miscellaneous	<u>33</u>		<u>33</u>
	<u>375</u>		<u>375</u>
	<u>3,759</u>	<u>1.70</u>	<u>3,761</u>
<b>Capitalization and Liab</b>			
Capitalization			
Common stock, no par value, 80,000,000 shares authorized; 62,507,396 and 62,504,767 shares outstanding at March 31, 2007 and December 31, 2006, respectively	643		643
Other paid-in capital - net			
Retained earnings	628		628
Accumulated other comprehensive income (loss):			
Pension and other postretirement plans	(6)		(6)
Long-term obligations	<u>943</u>		<u>943</u>
	<u>2,208</u>	<u>-</u>	<u>2,208</u>
<b>Commitments and Contingencies (see Notes)</b>			
<b>Current Liabilities</b>			
Long-term debt due within one year	66		66
Short-term borrowings	29		29
Accounts payable and other accruals	208		208
Liabilities from price risk management activities	116		116
Customer deposits	5		5
Accrued interest	19		19
Accrued taxes	40		40
Dividends payable	14		14
Deferred income taxes	<u>-</u>		<u>-</u>
	<u>497</u>	<u>-</u>	<u>497</u>
<b>Other</b>			
Deferred income taxes	247		247
Deferred investment tax credits	6		6
Trojan asset retirement obligation	111		111
Accumulated asset retirement obligation	26		26
Regulatory liabilities:			
Accumulated asset retirement removal costs	423		423
Other	107	1.70	109
Non-qualified benefit plan liabilities	86		86
Miscellaneous	<u>48</u>		<u>48</u>
	<u>1,054</u>		<u>1,056</u>
	<u>3,759</u>	<u>1.70</u>	<u>3,761</u>

(1) Reflects journal entries in Exhibit "J"

**Exhibit "G"**  
**UP\_\_**

**Portland General Electric Company and Subsidiaries**  
**Consolidated Statement of Income**  
**March 31, 2007**  
**(In Millions)**

	March 31, 2007	Adjustments	Adjusted Total
<b>Operating Revenues</b>	\$436		\$436
<b>Operating Expenses</b>			
Purchased power and fuel	203		203
Production and distribution	32		32
Administrative and other	45		45
Depreciation and amortization	45		45
Taxes other than income taxes	21		21
Income taxes	26		26
	372		372
<b>Net Operating Income</b>	64		64
<b>Other Income (Deductions)</b>			
Allowance for equity funds used during construction	5		5
Miscellaneous	4		4
Income taxes	-1		-1
	8		8
<b>Interest Charges</b>			
Interest on long-term debt and other	17		17
	17		17
<b>Net Income</b>	55		55
<b>Common Stock</b>			
Weighted-average shares outstanding (thousands), Basic	62,505		62,505
Weighted-average shares outstanding (thousands), Diluted	62,525		62,525
Earnings per share, Basic and Diluted	\$0.88		\$0.88
Dividends declared per share	\$0.225		\$0.225

**Exhibit "H"**  
**UP\_\_**

**Portland General Electric Company and Subsidiaries**  
**Consolidated Statement of Retained Earnings**

**March 31, 2007**  
**(Millions of Dollars)**

	<u>March 31, 2007</u>	<u>Adjustments <sup>(1)</sup></u>	<u>Adjusted Total</u>
<b>Balance at Beginning of Year</b>	587		587
<b>Net Income (loss)</b>	55		55
	<u>642</u>		<u>642</u>
<b>Dividends Declared</b>			
Common stock	14		14
	<u>        </u>		<u>        </u>
<b>Balance at End of Year</b>	<u>628</u>		<u>628</u>
	<u>        </u>		<u>        </u>

(1) No preliminary adjusting entries to the statement of retained earnings.

**Exhibit "J"**  
**UP\_\_**

PORTLAND GENERAL ELECTRIC COMPANY  
PROPOSED JOURNAL ENTRIES

The following entries are to record the sale of two 100,000 barrel fuel storage tanks located at PGE's Beaver Generating Plant and to assign 4.76 acres of lease-hold interest to Cascade Grain Products

	Structures	Land	Total
Selling Price	1,462,000	238,000	1,700,000
Original Cost	1,534,037	0	1,534,037
Accum. Depreciation	-1,534,037	0	-1,534,037
Selling Expenses	0	3,120	3,120
Gain(Loss) Realized	<u>1,462,000</u>	<u>234,880</u>	<u>1,696,880</u>

Account	Description	Debit	Credit
	(1)		
131	Cash	1,700,000	
108	Retirement Plant-in-Service (RWIP)	1,534,037	
186	Misc Deferred Debits (Selling Expenses)	3,120	
186	Misc Deferred Debits (Tank Sale Proceeds)		1,462,000
186	Misc Deferred Debits (Land Sale Proceeds)		238,000
101	Electric Plant-in-Service		1,534,037
131	Cash - Estimated selling expenses		3,120
	To record proceeds and retire property associated with the sale of the tanks and lease-hold interest in land at the Beaver Generating Plant		
	(2)		
186	RWIP	1,696,880	
411.6	Gain on disposition of property (Tanks and Land)		1,696,880
	To record the gain on the sale of tanks and lease-hold interest in land at the Beaver Generating Plant		
	(3)		
407.3	Regulatory Debits	1,696,880	
254	Deferred gain on property sale, UE-115		1,696,880
	To record the deferred gain per UE-115 associated with the sale of tanks and lease-hold interest in land at the Beaver Generating Plant		

**Exhibit "L"**  
**UP\_\_**

**Cost and Description of Property**

**The accounting history for two 100,000 barrel tanks at the  
Beaver Generating Plant, and the associated exhibit is as follows:**

<u>Date</u>	<u>Event</u>	<u>Bookcost</u>
1974	Two 100,000 barrel fuel tanks and associated piping. Classified in Balance Sheet account FERC 101 Plant-In-Service, 300-Level FERC account 342-00 Fuel holders, producers, and accessories	1,534,036.76
	To be retired with sale	<hr/> \$ 1,534,036.76



**Exhibit “F”**  
**Statement of Contingent Liabilities**  
**As of March 31, 2007**

**Trojan Investment Recovery** – In 1993, following the closure of the Trojan Nuclear Plant as part of its least cost planning process, PGE sought full recovery of, and a rate of return on, its Trojan plant costs, including decommissioning, in a general rate case filing with the OPUC. In 1995, the OPUC issued a general rate order which granted the Company recovery of, and a rate of return on, 87% of its remaining investment in Trojan plant costs, and full recovery of its estimated decommissioning costs through 2011.

Numerous challenges, appeals and reviews were subsequently filed in the Marion County Circuit Court, the Oregon Court of Appeals, and the Oregon Supreme Court on the issue of the OPUC's authority under Oregon law to grant recovery of, and a return on, the Trojan investment. The primary plaintiffs in the litigation were the Citizens' Utility Board (CUB) and the Utility Reform Project (URP). The Oregon Court of Appeals issued an opinion in 1998, stating that the OPUC does not have the authority to allow PGE to recover a return on the Trojan investment, but upholding the OPUC's authorization of PGE's recovery of the Trojan investment and ordering remand of the case to the OPUC. PGE, the OPUC, and URP each requested the Oregon Supreme Court to conduct a review of the Court of Appeals decision. On November 19, 2002, the Oregon Supreme Court dismissed the petitions for review. As a result, the 1998 Oregon Court of Appeals opinion stands and the case has been remanded to the OPUC (1998 Remand).

In 2000, while the petitions for review of the 1998 Oregon Court of Appeals decision were pending at the Oregon Supreme Court, PGE, CUB, and the staff of the OPUC entered into agreements to settle the litigation related to PGE's recovery of, and return on, its investment in the Trojan plant. The URP did not participate in the settlement. The settlement, which was approved by the OPUC in September 2000, allowed PGE to remove from its balance sheet the remaining before-tax investment in Trojan of approximately \$180 million at September 30, 2000, along with several largely offsetting regulatory liabilities. The largest of such amounts consisted of before-tax credits of approximately \$79 million in customer benefits related to the previous settlement of power contracts with two other utilities and the approximately \$80 million remaining credit due customers under terms of the 1997 merger of the Company's parent corporation at the time (Portland General Corporation) with Enron. The settlement also allowed PGE recovery of approximately \$47 million in income tax benefits related to the Trojan investment which had been flowed through to customers in prior years; such amount was substantially recovered from PGE customers by the end of 2006. After offsetting the investment in Trojan with these credits and prior tax benefits, the remaining Trojan regulatory asset balance of approximately \$5 million (after tax) was expensed. As a result of the settlement, PGE's investment in Trojan is no longer included in rates charged to customers, either through a return of or a return on that investment. Authorized collection of Trojan decommissioning costs is unaffected by the settlement agreements or the OPUC orders.

URP filed a complaint with the OPUC challenging the settlement agreements and the OPUC's September 2000 order. In March 2002, the OPUC issued an order (2002 Order) denying all of URP's challenges, and approving the accounting and ratemaking elements of the 2000 settlement. URP appealed the 2002 Order to the Marion County Circuit Court. On November 7, 2003, the Marion County Circuit Court issued an opinion remanding the case to the OPUC for action to reduce rates or order refunds (2003 Remand). The opinion does not specify the amount or timeframe of any reductions or refunds. PGE and the OPUC have appealed the 2003 Remand to the Oregon Court of Appeals. On February 16, 2007, the Oregon Court of Appeals declined to reverse or abate the 2003 Remand and ordered the parties to file revised briefs with the Court.

The OPUC combined the 1998 Remand and the 2003 Remand into one proceeding and is considering the matter in phases. The first phase addresses what rates would have been if the OPUC had interpreted the law to prohibit a return on the Trojan investment.

In Order No. 07-157 (the Order) entered on April 19, 2007, the OPUC denied the motion PGE filed in November 2006 to consolidate phases and re-open the record. In addition, the Order abated the Phase I proceeding pending a decision by the Oregon Court of Appeals of the 2003 Remand, and ordered that a second phase of the joint remand

proceedings be immediately commenced to investigate the OPUC's delegated authority to engage in retroactive ratemaking. The Order further stated that parties not now participating in the joint remand proceedings will be allowed to intervene and participate in the second phase.

In a separate legal proceeding, two class action suits were filed in Marion County Circuit Court against PGE on January 17, 2003 on behalf of two classes of electric service customers. One case seeks to represent current PGE customers that were customers during the period from April 1, 1995 to October 1, 2000 (Current Class) and the other case seeks to represent PGE customers that were customers during the period from April 1, 1995 to October 1, 2000, but who are no longer customers (Former Class, together with the Current Class, the Class Action Plaintiffs). The suits seek damages of \$190 million for the Current Class and \$70 million for the Former Class, as a result of the inclusion of a return on investment of Trojan in the rates PGE charges its customers. On December 14, 2004, the Judge granted the Class Action Plaintiffs' motion for Class Certification and Partial Summary Judgment and denied PGE's motion for Summary Judgment. On March 3, 2005 and March 29, 2005, PGE filed two Petitions for an Alternative Writ of Mandamus with the Oregon Supreme Court, asking the Court to take jurisdiction and command the trial Judge to dismiss the complaints or to show cause why they should not be dismissed and seeking to overturn the Class Certification. On August 31, 2006, the Oregon Supreme Court issued a ruling on PGE's Petitions for Alternative Writ of Mandamus, abating the class action proceedings until the OPUC responds to the 2003 Remand (described above). The Oregon Supreme Court concluded that the OPUC has primary jurisdiction to determine what, if any, remedy it can offer to PGE customers, through rate reductions or refunds, for any amount of return on the Trojan investment PGE collected in rates for the period from April 1995 through October 2000. The Supreme Court further stated that if the OPUC determines that it can provide a remedy to PGE's customers, then the class action proceedings may become moot in whole or in part, but if the OPUC determines that it cannot provide a remedy, and that decision becomes final, the court system may have a role to play. The Supreme Court also ruled that the plaintiffs retain the right to return to the Marion County Circuit Court for disposition of whatever issues remain unresolved from the remanded OPUC proceedings. On October 5, 2006, the Marion County Circuit Court issued an Order of Abatement in response to the ruling of the Oregon Supreme Court, abating the class actions for one year.

On February 14, 2005, PGE received a Notice of Potential Class Action Lawsuit for Damages and Demand to Rectify Damages from counsel representing Frank Gearhart, David Kafoury and Kafoury Brothers, LLC (Potential Plaintiffs), stating that Potential Plaintiffs intend to bring a class action lawsuit against the Company. Potential Plaintiffs allege that for the period from October 1, 2000 to the present, PGE's electricity rates have included unlawful charges for a return on investment in Trojan in an amount in excess of \$100 million. Under Oregon law, there is no requirement as to the time the lawsuit must be filed following the 30-day notice period. No action has been filed to date.

Management cannot predict the ultimate outcome of the above matters. However, it believes these matters will not have a material adverse impact on the financial condition of the Company, but may have a material impact on the results of operations and cash flows for a future reporting period. No reserves have been established by PGE for any amounts related to this issue.

**Colstrip Royalty Claim** - Western Energy Company (WECO) supplies coal from the Rosebud Mine in Montana under a Coal Supply Agreement and a Transportation Agreement with owners of Colstrip Units 3 and 4, in which PGE has a 20% ownership interest. In 2002 and 2003, WECO received two orders from the Office of Minerals Revenue Management of the U.S. Department of the Interior which asserted underpayment of royalties and taxes by WECO related to transportation of coal from the mine to Colstrip during the period October 1991 through December 2001. WECO subsequently appealed the two orders to the Minerals Management Service (MMS) of the U.S. Department of the Interior. On March 28, 2005, the appeal by WECO was substantially denied. On April 28, 2005, WECO appealed the decision of the MMS to the Interior Board of Land Appeals of the U.S. Department of the Interior. In late September 2006, WECO received an additional order from the Office of Minerals Revenue Management to report and pay additional royalties for the period January 2002 through December 2004.

In May 2005, WECO received a "Preliminary Assessment Notice" from the Montana Department of Revenue, asserting claims similar to those of the Office of Minerals Revenue Management.

WECO has indicated to the owners of Colstrip Units 3 and 4 that, if WECO is unsuccessful in the above appeal process, it will seek reimbursement of any royalty payments by passing these costs on to the owners. The owners of Colstrip Units 3 and 4 advised WECO that their position would be that these claims are not allowable costs under either the Coal Supply Agreement or the Transportation Agreement.

Management cannot predict the ultimate outcome of the above matters or estimate any potential loss. Based on information currently known to the Company's management, the Company does not expect that this issue will have a material adverse effect on its financial condition, results of operations or cash flows. If WECO is able to pass any of these costs on to the owners, the Company would most likely seek recovery through the ratemaking process.

**Harborton** - A 1997 investigation by the Environmental Protection Agency (EPA) of a 5.5 mile segment of the Willamette River known as the Portland Harbor revealed significant contamination of sediments within the harbor. The EPA subsequently included the Portland Harbor on the federal National Priority List pursuant to the federal Comprehensive Environmental Response, Compensation, and Liability Act (Superfund).

In December 2000, PGE received from the EPA a "Notice of Potential Liability" regarding the Harborton Substation facility. The notice listed sixty-eight other companies that the EPA believes may be Potentially Responsible Parties (PRPs) with respect to the Portland Harbor Superfund Site.

In February 2002, PGE provided a report on its remedial investigation of the Harborton site to the Oregon Department of Environmental Quality (DEQ). The report concluded that there is no likely present or past source or pathway for release of hazardous substances to surface water or sediments in the Portland Harbor Superfund Site at or from the site and that the site does not present a high priority threat to present and future public health, safety, welfare, or the environment. The DEQ submitted the report to the EPA and, in a May 18, 2004 letter, the EPA notified the DEQ that, based on the summary information from the DEQ and the stage of the process, the EPA, as of that time, agreed, the Harborton site does not appear to be a current source of contamination to the river.

In December 6, 2005 letter, the DEQ notified PGE that the site is not likely a current source of contamination to the river and that the site is a low priority for further action. Management believes that the Company's contribution to the sediment contamination, if any, from the Harborton Substation site would qualify it as a de minimis PRP.

Sufficient information is currently not available to determine either the total cost of investigation and remediation of the Portland Harbor or the liability of PRPs, including PGE. Management cannot predict the ultimate outcome of this matter or estimate any potential loss. However, it believes this matter will not have a material adverse impact on the Company's financial condition, results of operations or cash flows.

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

In 1974 and 1979, major oil spills occurred at the Harbor Oil site that impacted an approximate two acre area. Elevated levels of contaminants, including metals, pesticides, and polychlorinated biphenyls (PCBs), have been detected at the site. On September 29, 2003, Harbor Oil was included on the federal National Priority List as a federal Superfund site.

PGE received a Special Notice Letter for Remedial Investigation/Feasibility Study from the EPA, dated June 27, 2005, in which the Company was named as one of fourteen PRPs with respect to the Harbor Oil site. The letter started a period for the PRPs to participate in negotiations with the EPA to reach a settlement to conduct or finance a Remedial Investigation and Feasibility Study of the Harbor Oil site. PGE, along with other PRPs, is negotiating an Administrative Order of Consent with the EPA to conduct a Remedial Investigation/Feasibility Study.

Sufficient information is currently not available to determine either the total cost of investigation and remediation of the Harbor Oil Site or the liability of the PRPs, including PGE. Management cannot predict the ultimate outcome of this matter. However, it believes this matter will not have a material adverse impact on the Company's financial condition, results of operations or cash flows.

**Receivables and Refunds on Wholesale Market Transactions** - On March 12, 2007, PGE reached a settlement that resolves all issues between the Company and certain California parties relating to wholesale energy transactions in the western markets during the January 1, 2000 through June 20, 2001 time period. The settlement resolves a number of proceedings and investigations before the Federal Energy Regulatory Commission (FERC) and the U.S. Ninth Circuit Court of Appeals relating to various issues and claims in the California refund case (Docket No. EL00-95), the issue of refunds for the summer 2000 period, investigations of anomalous bidding activities and market practices (Docket Nos. IN03-10-000 and EL03-165-000), claims for refunds related to sales in the Pacific Northwest (Docket No. EL01-10), and the complaint by the California Attorney General for refunds from market-based rates retroactively to May 1, 2000. In addition to PGE, parties to the settlement (collectively referred to as the California Parties) include the California Attorney General, the California Department of Water Resources, the California Electricity Oversight Board, the California Public Utilities Commission, Southern California Edison Company, Pacific Gas & Electric Company, and San Diego Gas & Electric Company. Other affected market participants will be given the opportunity to join the settlement, but releases as to those parties do not cover transactions outside of the California organized markets, including potential claims in the Pacific Northwest. The rights of parties electing not to join the settlement are unaffected and they will neither receive the benefits of the settlement nor be subject to its obligations. PGE believes that any amount that it may owe to non-settling parties related to transactions in the California organized market would not be material. The settlement has been filed with the FERC for its approval.

PGE currently estimates that if the FERC approves the settlement it will receive a net cash payment from the California Power Exchange (PX) of approximately \$27 million, which includes net interest on its past due receivables. PGE had previously established a reserve of \$40 million related to these matters based upon its estimation of the potential liability. Based upon the terms of the settlement, PGE adjusted the reserve to approximately \$34 million at March 31, 2007 and recorded a pre-tax increase to income of approximately \$6 million in the first quarter of 2007 (reflected as a reduction to Purchased Power and Fuel expense).

Under terms of the settlement, all but \$1.78 million of PGE's \$62.7 million receivable balance, plus associated interest as of December 31, 2006 of \$25.3 million, will be released either to an escrow account for payment to refund recipients or in cash to PGE. Under the settlement, PGE has agreed to refund to the market \$65.4 million, which is comprised of a principal settlement amount of \$48.4 million plus estimated interest of \$17.0 million as of December 31, 2006. However, only \$42.3 million of the principal settlement amount will be paid out in the settlement because PGE is receiving a \$6.1 million credit for a payment in that amount that it made to certain of the California Parties in another proceeding. Thus, if the settlement is approved by the FERC, PGE will assign \$59.3 million of the balance in its receivables account (plus additional interest accrued to the projected date of distribution) to an escrow account for distribution to the California Parties and other settling participants. PGE's interest stated above will also be adjusted forward to the projected date of distribution under the settlement. The settlement also provides that the PX will continue to hold a reserve of approximately \$1.78 million that can be used to fulfill miscellaneous continuing obligations under the FERC refund proceedings. Any amount not so used would ultimately be returned to PGE.

**Challenge of the California Attorney General to Market-Based Rates** - On March 20, 2002, the California Attorney General filed a complaint with the FERC against various sellers in the wholesale power market, alleging that the FERC's authorization of market-based rates violated the Federal Power Act (FPA), and, even if market-based rates were valid under the FPA, that the quarterly transaction reports required to be filed by sellers, including PGE, did not contain the transaction-specific information mandated by the FPA and the FERC. The complaint argued that refunds for amounts charged between market-based rates and cost-based rates should be ordered. The FERC denied the challenge to market-based rates and refused to order refunds, but did require sellers, including PGE, to re-file their quarterly reports to include transaction-specific data. The California Attorney General appealed the FERC's decision to the Ninth Circuit. On September 8, 2004, the Court issued an opinion upholding the FERC's authority to approve market-based tariffs, but also holding that the FERC had the authority to order refunds, if quarterly filing of market-based sales transactions had not been properly made. The Court required the FERC, upon remand, to reconsider whether refunds should be ordered. On October 25, 2004, certain parties filed a petition for rehearing with the Court. On July 31, 2006, the Court summarily denied rehearing, and on December 28, 2006, PGE joined with other parties in filing a petition for certiorari of this decision with the U.S. Supreme Court. On February 5, 2007, the California Attorney General filed in opposition to the petition for certiorari, or, in the

alternative if the petition is granted, a cross-petition for certiorari challenging the legality of market-based rate tariffs.

In the refund case and in related dockets, including the above challenge to market based rates, the California Attorney General and other parties have argued that refunds should be ordered retroactively to at least May 1, 2000. The March 12, 2007 settlement in the California refund case described above resolves all claims as to market-based rates in western energy markets as between PGE and the named California Parties during the settlement period, January 1, 2000 through June 21, 2001; however, it does not settle such claims from market participants who do not opt-in to the settlement, nor does it settle such potential claims arising from transactions with other market participants outside of the California Independent System Operator ("CAISO") and PX markets. Management cannot predict the outcome of these proceedings or whether the FERC will order refunds retroactively to May 1, 2000, and if so, how such refunds would be calculated.

**Pacific Northwest** - In the July 25, 2001 order, the FERC also called for a preliminary evidentiary hearing to explore whether there may have been unjust and unreasonable charges for spot market sales of electricity in the Pacific Northwest from December 25, 2000 through June 20, 2001. During that period, PGE both sold and purchased electricity in the Pacific Northwest. In September 2001, upon completion of hearings, the appointed administrative law judge issued a recommended order that the claims for refunds be dismissed. In December 2002, the FERC re-opened the case to allow parties to conduct further discovery. In June 2003, the FERC issued an order terminating the proceeding and denying the claims for refunds. In July 2003, numerous parties filed requests for rehearing of the June 2003 FERC order. In November 2003 and February 2004, the FERC issued orders that denied all pending requests for rehearing. Parties have appealed various aspects of these FERC orders. Briefing has been completed and oral argument was held on January 8, 2007. A decision in the case is pending.

The March 12, 2007 settlement in the California refund case described above resolves all claims as between PGE and the named California Parties as to transactions in the Pacific Northwest during the settlement period, January 1, 2000 through June 21, 2001; however, it does not settle such potential claims from other market participants.

Management cannot predict the ultimate outcome of the above matter related to wholesale transactions in the Pacific Northwest. However, it believes that the outcome will not have a material adverse impact on the financial condition of the Company, but may have a material impact on the results of operations and cash flows for future reporting periods.

**AGREEMENT  
FOR  
PURCHASE OF STORAGE TANKS  
AND REAL PROPERTY  
BETWEEN  
PORTLAND GENERAL ELECTRIC COMPANY  
AND  
CASCADE GRAIN PRODUCTS, LLC**

THIS AGREEMENT is made as of the 19<sup>th</sup> day of March, 2007 ("Effective Date"), by and between PORTLAND GENERAL ELECTRIC COMPANY, an Oregon corporation ("PGE"), and CASCADE GRAIN PRODUCTS, LLC, an Oregon limited liability company ("Cascade") and the Port of St. Helens, an Oregon municipal corporation (the "Port").

**RECITALS**

A. The Port of St. Helens, an Oregon municipal corporation (the "Port") has leased to PGE an area of land located in Columbia County, Oregon (the "PGE Leased Property"). In addition the Port has conveyed to PGE an area of land located within the PGE Property subject to a reversionary interest in favor of the Port (the "PGE Property").

B. Pursuant to that certain Amended and Restated Sublease by and between PGE and Cascade, dated as of the 31<sup>st</sup> day of May , 2006 (the "Sublease"), PGE subleased to Cascade that portion of the PGE Property (the "Cascade Property") described on Exhibit C attached hereto on which Cascade intends to develop an ethanol production facility. The Sublease was subsequently converted into a direct lease from the Port to Cascade.

C. Pursuant to that certain Dock Use Agreement among the Port, PGE and Cascade, dated as of the 31<sup>st</sup> day of May , 2006 (the "Dock Use Agreement"), the Port has granted Cascade the right to use certain dock facilities to facilitate transportation of the ethanol from the production facility to market.

D. To further facilitate transportation of the ethanol from the production facility to market and to provide Cascade storage options, Cascade and PGE desire to enter this Agreement pursuant to which Cascade will purchase certain storage tanks and shall be entitled to use certain facilities associated therewith.

E. Capitalized terms not defined herein shall have the same meaning as set forth in the Sublease.

## AGREEMENT

In consideration of this Agreement, PGE and Cascade agree as follows:

### ARTICLE 1 SALE OF TANKS AND PROPERTY

**1.0 Sale of Property.** PGE agrees to sell to Cascade, and Cascade agrees to buy from PGE, the tanks (storage tank number thirteen [13]) and storage tank number fourteen [14]) and real and personal property interests described in Sections 1.1 to 1.3 below (collectively, "Property") on the terms and conditions provided herein:

**1.1 Real Property.** That certain real property located in Columbia County, Oregon, consisting of approximately 4.76 acres more or less, which is legally described on the attached Exhibit A-1 ("Land") subject to the reversionary right of the Port together with: (1) all pumps, valves and equipment affixed to the Land as more particularly described on Exhibit A-2 ("Purchased Equipment"); and (2) all easements and rights benefiting or appurtenant to the Land as set forth herein (collectively the "Real Property").

**1.2 Personal Property.** A specified portion of the personal property and site improvements situated in the Real Property, which is owned by PGE and designed to be used for the storage, transfer, or transport of petroleum products, which personal property is described on the inventory attached to this Agreement as Exhibit B ("Personal Property").

**1.3 Intangible Personal Property.** That certain transferable intangible personal property owned by PGE and used in the ownership, operation or maintenance of the Real Property or the Personal Property, or any portion of either and set forth in Exhibit B attached hereto. The intangible personal property includes, but is not limited to, licenses, permits, certificates and franchises issued by any federal, state or local authorities relating to the use, maintenance, occupancy or operation of the Real Property and the Personal Property, reports and studies, including, but not limited to, physical and engineering inspections, soil studies, utility and zoning studies, traffic studies and wetland studies, plans and specifications, correspondence surveys, and any other documented information relating exclusively to the Real Property, PGE's interest in all service contracts covering the Real Property, and copies of business records pertaining to the use, maintenance, occupancy or operation of the Real Property and the Personal Property (collectively, the "Intangible Personal Property").

**1.4 Port Consent.** The Port hereby consents to the Sale of the Property on the terms and conditions set forth herein.

### ARTICLE 2 PURCHASE PRICE

**2.0 Purchase Price and Manner of Payment.** The total purchase price ("Purchase Price") to be paid for the Property shall be One Million Seven Hundred Thousand Dollars (\$1,700,000.00) and shall be allocated amongst separate elements of the Property as follows: Two

Hundred Thirty Eight Thousand Dollars (\$238,000.00) to Land; Nine Hundred Seventy Two Thousand One Hundred Thirty Seven Dollars (\$972,137.00) to Purchased Equipment; and Four Hundred Eighty Nine Thousand Eight Hundred Sixty Three Dollars (\$489,863.00) to Personal Property/Site Improvements. The Purchase Price shall be payable as follows:

**2.1** One Hundred Dollars (\$100.00) as earnest money ("Earnest Money") which Earnest Money shall be held in an interest bearing account by Chicago Title Insurance Company, Attn: Kelly M. Norton Pioneer Tower 888 SW Fifth Avenue, Suite 930, Portland, Oregon, 97204 ("Title Company") acting as escrow agent ("Escrow Agent") in accordance with an escrow agreement among PGE, Cascade and Escrow Agent. The Earnest Money plus any interest earned thereon shall be applied to the Purchase Price on the Closing Date.

**2.2** The remainder of the Purchase Price (One Million Seven Hundred Thousand Dollars [\$1,699,900.00]) shall be paid in cash or other form of immediately available funds on the Closing Date (as defined in Section 4.0 hereof).

### ARTICLE 3 CONTINGENCIES

**3.1 Contingencies.** The obligations of Cascade under this Agreement are contingent upon each of the conditions set forth in Sections 3.1.1 to 3.1.8 below.

**3.1.1 Representations and Warranties.** The representations and warranties of PGE contained in this Agreement must be true now and on the Closing Date as if made on the Closing Date.

**3.1.2 Title.** Title shall have been found acceptable, or been made acceptable, in accordance with the requirements and terms of Article 6 below.

**3.1.3 Access and Inspection.** PGE shall have allowed Cascade, and Cascade's agents, access to the Property without charge and at all reasonable times for the purpose of Cascade's investigation and testing of the same. PGE has made available to Cascade without charge all documentation in PGE's possession requested by Cascade relating to Hazardous Substances (as defined in Section 8.5 hereof), affecting the Property. Cascade shall pay all costs and expenses of such investigation and testing, shall restore the Property, and shall hold PGE and the Property harmless from all costs and liabilities relating to Cascade's activities other than those costs and liabilities to the extent arising out of PGE's negligence or willful misconduct. Cascade shall have been satisfied with the results of all tests and investigations performed by it or on its behalf in its sole discretion.

**3.1.4 Document Review.** Cascade shall have determined, on or before the Cascade Contingency Date (as defined below), that it is satisfied with its review and analysis of the contracts, permits, warranties, records and encumbrances affecting the Property. PGE has provided Cascade with copies of all such documents that Cascade has requested for review.

**3.1.5 Government Approvals.** Cascade shall have obtained at its sole cost and



expense on or before the Closing Date all final governmental approvals necessary in Cascade's judgment to use the Property for Cascade's intended purpose. PGE shall cooperate in all reasonable respects with Cascade in obtaining such approvals, and shall execute such applications, permits and other documents as may be reasonably required in connection therewith; provided such cooperation is at the sole expense of Cascade; PGE assumes no additional risk or liability; and obtaining such approvals will not result in any impairment or restriction of any remedies or rights of PGE.

**3.1.6 No Default.** PGE not being in default under this Agreement.

**3.1.7 Warranties True and Correct.** PGE's warranties and representations in Article 8 shall be true and correct in all material respects.

**3.1.8 Mortgage Release.** The Property being released from that certain Indenture of Mortgage and Deed of Trust dated July 1, 1945, as supplemented and amended from time to time, from Portland General Electric Company to HSBC Bank USA (f/k/a Midland Bank, N.A.), as Trustee, and/or its successor or assigns, not later than the Closing Date.

**3.1.9 Contingency Date; Failure of Conditions.** The "Cascade Contingency Date" shall be June 1, 2007. If the contingencies set forth in Section 3.1.2, 3.1.3, and 3.1.4 have not been satisfied on or before the Cascade Contingency Date, then this Agreement may be terminated by notice from Cascade to PGE, which notice shall be given not more than five days after the Cascade Contingency Date. If the other contingencies set forth above are not timely satisfied or waived, Cascade may terminate this Agreement by notice from Cascade to PGE upon such failure. Upon termination, neither party will have any further rights or obligations regarding this Agreement or the Property. The foregoing contingencies are specifically for the benefit of Cascade, and Cascade shall have the right to waive any contingency by written notice to PGE.

**3.2 Contingencies.** The obligations of PGE under this Agreement are contingent upon each of the conditions set forth in Sections 3.2.1, 3.2.2, and 3.2.3 below.

**3.2.1 Mortgage Release.** PGE receiving a written release of the Property from that certain Indenture of Mortgage and Deed of Trust dated July 1, 1945, as supplemented and amended from time to time, from Portland General Electric Company to HSBC Bank USA (f/k/a Midland Bank, N.A.), as Trustee, and/or its successor or assigns, upon terms and conditions acceptable to PGE not later than the Closing Date.

**3.2.2 Public Utility Commission.** PGE receiving the written approval of the sale of the Property contemplated in this Agreement from the Oregon Public Utility Commission ("OPUC") upon terms and conditions acceptable to PGE within one hundred and eighty (180) days of the effective date hereof.

**3.2.3 PGE Board Approval.** PGE receiving the written approval of the sale of the Property contemplated in this Agreement from PGE's Board of Directors, not later than the Closing Date.

**3.2.4 Contingency Date; Failure of Conditions.** The "PGE Contingency Date" shall be June 29, 2007. If the contingencies set forth in Section 3.2.1 and 3.2.2 have not been satisfied on or before the PGE Contingency Date, then this Agreement may be terminated by notice from PGE to Cascade, which notice shall be given not more than five days after the PGE Contingency Date. If the other contingencies set forth above are not timely satisfied or waived, PGE may terminate this Agreement by notice from PGE to Cascade upon such failure. Upon termination, the Earnest Money, and any interest accrued thereon, shall be released to Cascade and upon return; neither party will have any further rights or obligations regarding this Agreement or the Property. The foregoing contingencies are specifically for the benefit of the PGE, and the PGE shall have the right to waive any contingency by written notice to Cascade.

## ARTICLE 4 CLOSING

**4.0 Closing.** The closing of the purchase and sale contemplated by this Agreement (the "Closing") shall occur on June 29, 2007 or such later date as the conditions in Article 3 have been satisfied (the "Closing Date"), but in not event later than the 1st day of September, 2007. The Closing shall take place at 10:00 a.m. local time at the office of Title Company. PGE agrees to deliver possession of the Property to Cascade on the Closing Date.

**4.1 PGE's Closing Documents.** On the Closing Date, PGE shall execute and deliver to Cascade the following (collectively, "PGE's Closing Documents"), all in form and content reasonably satisfactory to Cascade:

(1) *Bargain and Sale Deed.* A Bargain and Sale Deed conveying the Real Property to Cascade, AS IS and subject to the reversionary interest of the Port but free and clear of all encumbrances, except the Permitted Encumbrances substantially in the form attached hereto as Exhibit D.

(2) *Bill of Sale.* A Bill of Sale conveying the Personal Property set forth in Exhibit B to Cascade, AS IS but free and clear of all encumbrances, substantially in the form attached hereto as Exhibit E.

(3) *Assignment of Intangible Personal Property.* An executed counterpart to an Assignment Agreement substantially in the form attached hereto as Exhibit F (the "Assignment Agreement") conveying all of PGE's interest in the Intangible Personal Property set forth in Exhibit B to Cascade AS IS together with the consent of all parties having a right to consent to such Assignment.

(4) *Original Documents.* Original copies of all contracts, permits, warranties, and records, plus all plans and specifications concerning or related to the Real Property and the Personal Property in PGE's possession. PGE may retain copies of all such documents for PGE's records.

(5) *Fire Suppression Foam Building Easement and Pipeline Easement.* An Easement for the Fire Suppression Foam Building located near the Tank Access Area,

substantially in the form attached hereto as Exhibit G and a Pipeline Easement substantially in the form attached hereto as Exhibit H.

(6) *FIRPTA Affidavit.* A non-foreign affidavit, properly executed, containing such information as is required by Internal Revenue Code Section 1445(b)(2) and its regulations.

(7) *IRS Forms.* A Designation Agreement designating the "reporting person" for purposes of completing Internal Revenue Form 1099 and, if applicable, Internal Revenue Form 8594.

(8) *Other Documents.* All other documents reasonably determined by Cascade or Title to be necessary to transfer the Property to Cascade free and clear of all encumbrances.

**4.2 Cascade's Closing Documents.** On the Closing Date, Cascade will execute and deliver to PGE the following (collectively, "Cascade's Closing Documents"):

(1) *Purchase Price.* Funds representing the Purchase Price, by wire transfer and execution or delivery of any required PGE's financing documents.

(2) *Assignment Agreement.* An executed counterpart to the Assignment Agreement.

(3) *IRS Form.* A Designation Agreement designating the "reporting person" for purposes of completing Internal Revenue Form 1099 and, if applicable, Internal Revenue Form 8594.

## ARTICLE 5 PRO-RATIONS OF COSTS

**5.0 Pro-rations.** PGE and Cascade agree to the pro-ration and allocation of costs regarding this Agreement as provided in Sections 5.1 to 5.7.

**5.1 Title Insurance and Closing Fee.** PGE will pay all costs of the Title Evidence, the ALTA Standard Title Policy and the fees charged by Title Company for any escrow required regarding Cascade's Objections (as defined in Section 6.2 hereof). Cascade will pay all additional premiums required for the issuance of any mortgagee's Title Policy or any ALTA Extended Policy. PGE and Cascade will each pay one-half of any closing fee or charge imposed by Title Company.

**5.2 Real Estate Taxes and Special Assessments.** PGE's properties are centrally assessed for real property tax purposes. PGE has paid the 2006-2007 real property taxes with respect to the Property. Said property taxes will be prorated as of Closing through escrow. Cascade Grain shall promptly take such steps as are necessary with Columbia County to designate the Property as a separate tax lot.

**5.3 Other Costs.** All other operating costs of the Property shall be allocated between PGE and Cascade as of the Closing Date, so that PGE pays that part of operating costs payable before the Closing Date, and Cascade pays that part of operating costs payable from and after the Closing Date.

**5.5 Attorney's Fees.** Each of the parties will pay its own attorney's fees, except that a party defaulting under this Agreement or any of its respective Closing Documents will pay the reasonable attorney's fees and court costs incurred by the non-defaulting party to enforce its rights hereunder, whether incurred at trial, on appeal, or in any bankruptcy proceeding.

## **ARTICLE 6 TITLE EXAMINATION**

**6.0 Title Examination.** Title Examination will be conducted as follows:

**6.1 PGE's Title Evidence.** PGE shall, within twenty (20) days after the date of this Agreement, furnish the following (collectively, "Title Evidence") to Cascade: (a) a preliminary commitment ("Title Commitment") for an Extended ALTA Owner's Policy of Title Insurance insuring title to the Real Property, including affirmative insurance regarding zoning, contiguity, appurtenant easements and such other matters as may be identified by Cascade, in the amount of the Purchase Price, issued by Title Company and insuring title vested in Cascade or its nominees, subject only to the Permitted Encumbrances ("Title Policy"); and (b) copies of all exception documents disclosed in the Title Commitment. Cascade has conducted one or more surveys of the Property and is satisfied with the results of such survey(s).

**6.2 Cascade's Objections.** Within thirty (30) days after receiving the last of the Title Evidence, Cascade will make written objections ("Objections") to the form and/or contents of the Title Evidence. All exceptions other than those timely objected to will be deemed acceptable to Cascade ("Permitted Encumbrances"). PGE will have ten (10) days after receiving Cascade's Objections within which to notify Cascade in writing whether PGE is willing to cure Cascade's Objections. If PGE agrees to cure Cascade's Objections, PGE will be obligated to do so at its cost and as of the Closing Date. If PGE indicates that it is unwilling to cure Cascade's Objections, Cascade may (a) terminate this Agreement and receive a full refund of the Earnest Money plus any interest earned thereon or (b) elect to waive those Objections PGE has indicated it is unwilling to cure and proceed to close escrow by giving written notice to PGE within ten (10) days of receiving notice from PGE. If Cascade does not provide timely written notice of its election to terminate this Agreement, it will be deemed to have waived the Objections PGE has indicated it is unwilling to cure, which shall become Permitted Encumbrances.

**6.2.1** If the Title Company issues a supplemental or amended title report showing additional exceptions, Cascade may give written notice of its objection to any such exceptions that are not acceptable to Cascade (the "New Objections") within three (3) days of the date of receipt of each such supplemental or amended title report. If Cascade does not timely provide such written notice, all exceptions set forth on such supplemental or amended title report shall be deemed to be Permitted Encumbrances. PGE shall have three (3) days following receipt of written notice of any New Objections to provide written notice to Cascade whether PGE is able to cure the New Objections. If PGE agrees to cure the New Objections, PGE will be obligated to do so at its cost

and as of the Closing Date. If PGE is unwilling to cure the New Objections, Cascade may (a) terminate this Agreement and receive a full refund of the Earnest Money plus any interest earned thereon or (b) elect to waive those New Objections PGE has indicated it is unwilling to cure and proceed to close escrow by giving written notice to PGE within three (3) days of receiving notice from PGE. If Cascade does not timely provide written notice of its election to terminate this Agreement, it will be deemed to have waived the New Objections PGE has indicated it is unwilling to cure, which New Objections shall become Permitted Encumbrances.

Notwithstanding anything to the contrary in this Section, PGE shall be obligated to remove all monetary encumbrances and liens on or prior to the Closing Date save and except the obligations set forth in Section 3.2 hereof and the reversionary interest of the Port in the real property.

## ARTICLE 7 OPERATION PRIOR TO CLOSING

**7.0 Operation Prior to Closing.** During the period from the date of PGE's acceptance of this Agreement to the Closing Date (the "Executory Period"), PGE shall operate and maintain the Property in the ordinary course of business in accordance with prudent, reasonable business standards, including the maintenance of adequate liability insurance and insurance against loss by fire, windstorm and other hazards, casualties and contingencies, including vandalism and malicious mischief. PGE shall execute no contracts, leases or other agreements regarding the Real Property or the Personal Property during the Executory Period that are not terminable on or before the Closing Date, without the prior written consent of Cascade, which consent may be withheld by Cascade at its sole discretion. Furthermore, during the Executory Period, PGE shall permit Cascade access to the Property and permit refurbishment of the Property and the installation of piping and other equipment on the Real Property in accordance with Cascade's requirements. Cascade will promptly and diligently take such action as is necessary to protect and maintain the integrity and full operational capabilities of PGE's other storage tanks and related equipment and facilities, including without limitation, cathodic protection, fire suppression systems, electrical systems, and oil/water separators. Cascade will indemnify, defend and save harmless PGE and the Port and/or their respective affiliates, their officers, agents and employees, against and from any and all liability, loss, costs and expense of whatsoever nature incurred arising out of personal injury to or death of persons whomsoever, or loss or destruction of or damage to property whatsoever, to the extent such personal injury, death, loss, destruction or damage arises in connection with the entry upon the Property by Cascade, its agents or contractors prior to Closing.

## ARTICLE 8 REPRESENTATIONS AND WARRANTIES

**8.0 Representations and Warranties by PGE.** Cascade understands and acknowledges that PGE has never used the tanks and that they have been maintained in caretaker status only. PGE represents and warrants to Cascade as provided in Sections 8.1 to 8.20 to the best of PGE's current actual knowledge without the duty of inquiry.

**8.1 Existence; Authority.** PGE is duly organized, qualified and in good standing, and has the requisite power and authority to enter into and perform this Agreement and PGE's Closing

Documents; such documents have been duly authorized by all necessary action; such documents are valid and binding obligations of PGE, and are enforceable in accordance with their terms.

**8.2 Title.** PGE is the legal and beneficial owner(s) of the Property and has good and marketable title to the Property, with full right and power to convey the Property to Cascade and the Property is not the subject matter of any other agreement of purchase and sale, nor any option to purchase, lease, first right of refusal or other legal or equitable right or claim capable of resulting in an adverse claim of possession to or any right of title in the Property save and except the reversionary interest of the Port of St. Helens, the obligations set forth in Section 3.2 hereof, and as herein provided.

**8.3 Natural Persons.** The persons executing this Agreement and the instruments referred to herein on behalf of PGE and the partners, officers, or trustees of PGE, if any, have the legal power, right, and actual authority to bind PGE to the terms and conditions of this Agreement.

**8.4 Bankruptcy.** Save and except PGE's participation in the Enron Bankruptcy (In re. Enron Corp., et al., Case No. 01-16034 (AJG) Southern District of New York), no attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization, or other proceedings are pending or threatened in writing against PGE, nor are any such proceedings contemplated by PGE.

**8.5 Taxes.** There are no municipal taxes, school taxes, charges, rates, development charges, and special levies outstanding against the Property, nor is PGE aware of a proposed local improvement charge, development charge or special levy or any governmental claim of any kind.

**8.6 Encumbrances.** From and after the Effective Date, no subdivision, site plan, development or other agreement affecting the Property will be entered into or any encumbrance created in respect of the Property, without the prior written consent of Cascade, which consent may be withheld in Cascade's sole discretion.

**8.7 Occupancy.** Cascade shall have possession of the Property on the Closing Date free of all tenancies and occupancies save and except the reversionary interest of the Port of St. Helens and the continuing interests of PGE.

**8.8 Partition.** On the Closing Date, the transfer of the Property to Cascade will not contravene any applicable planning or subdivision laws, and PGE shall have obtained from all appropriate authorities, in final, irrevocable and unconditional form, all necessary partition or subdivision approvals, consents and certificates necessary for the transfer of the Property, and all appeal periods in respect of such partition or subdivision approval, consent or certificate shall have expired with no existing or pending appeals thereof.

**8.9 Access.** The Property will, on the Closing Date, have full and free legally enforceable access to and from the Cascade Property as provided herein.)

**8.10 Unrecorded Agreements.** There are no unregistered or unrecorded agreements in respect of the Property.

**8.11 Insurance.** From the Effective Date until the Closing Date, the Property will be self-insured against casualty losses in accordance with PGE's program of self insurance.

**8.12 Personal Property.** All personal property being conveyed to Cascade pursuant to this Agreement is being conveyed free and clear of any lien or security interest.

**8.13 Contracts.** PGE has made available to Cascade a correct and complete copy of all contracts affecting the Property that have been requested by Cascade.

**8.14 Operations.** PGE has received no written notice of actual or threatened special assessments or reassessments of the Real Property. The Property is, and has been, used in compliance with all governmental permits and all necessary permits have been obtained and are in full force and effect and no default exists thereunder.

**8.15 Environmental Laws.** Cascade has conducted a Level I Environmental Site Assessment and a Level II Environmental Site Assessment. PGE warrants and represents to Cascade that PGE does not have any current actual knowledge of Hazardous Substances presently located on, under or about the Property other than as stated in the:

- (1) Subsurface Environmental Site Evaluation for the proposed Port Westward Grain Processing Facility prepared for Fagen Engineering, LLC, prepared by Professional Service Industries, Inc. dated May 4, 2000; and
- (2) Soil and Groundwater Investigation Report for the Portland General Electric Port Westward Facility prepared for Fagen Engineering LLC, by Professional Service Industries, Inc. dated January 8, 2001; and
- (3) Phase I Environmental Site Assessment Report prepared for Cascade by Professional Service Industries, Inc. Dated April 29, 2005; and
- (4) Phase II Environmental Site Assessment Report prepared for Cascade by Profession Service Industries, Inc. dated June 16, 2005; and
- (5) That certain water and fire pipe located parallel to the existing railroad tracks on the Sublease Premises which is suspected to contain non-friable asbestos containing material (transite);

and that PGE shall not cause or permit the Property to be contaminated or affected in any manner by any Hazardous Substances as a result of or arising out of any actions or activities by PGE, its tenants, agents, employees, contractors or invitees now or hereafter occurring on the Property or on any other land adjacent to or near the Property.

**8.16 PGE's Defaults.** PGE is not in default concerning any of its obligations or liabilities regarding the Property.

**8.17 FIRPTA.** PGE is not a "foreign person", "foreign partnership", "foreign trust" or "foreign estate", as those terms are defined in Section 1445 of the Internal Revenue Code.

**8.18 Proceedings.** There is no action, litigation, investigation, condemnation or proceeding of any kind pending or threatened in writing against PGE or any portion of the Property.

**8.19 Reports.** PGE has delivered to Cascade copies of all environmental reports and studies requested by Cascade relating to the Property which are in the possession of PGE.

**8.20 Statements.** No information furnished by PGE to Cascade in writing in connection with this Agreement is false or misleading in any material respect. In connection with such information and with this Agreement and the transactions contemplated hereby, PGE has not made any written untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made or information delivered, in the light of the circumstances under which they were made, not misleading.

## **ARTICLE 9 ADDITIONAL AGREEMENTS, COVENANTS, TERMS AND CONDITIONS**

The following agreements and covenants shall survive the closing of this transaction, shall not merge into any deed, and each shall be and remain fully enforceable at all times thereafter in accordance with their terms. Cascade covenants and for itself, its successors, its assigns, and every successor in interest to the Property, or any portion thereof, as follows:

**9.1 Incorporation of Sublease Provisions.** The following provisions of the Sublease are hereby incorporated herein in their entirety and shall apply to the ownership, maintenance, and operation of the Property by Cascade: Article 3.3, Use Restrictions; Article 3.4, Permitting and Regulatory Restrictions; Article 6.13 Adverse Impact Upon PGE Generation Resources; Article 6.14, Compliance with Laws and Plans; Article 6.15, Insurance; Article 7.2, Cascade's Warranty; Article 7.4, Cascade Indemnification and Hold Harmless Agreement; Article 7.5; No Waiver of Liability; Article 10, Indemnification and Damage Limitation; Article 11, Events of Default and Remedies; Article 12, Rights of Mortgagees; and Article 13, Administrative Provisions. For the purposes of this Agreement all references to "Premises" contained in the foregoing provisions shall be deemed to refer to the "Property".

**9.2 Authorization and Confidentiality.** Cascade shall treat all information provided by PGE as the proprietary and confidential property of PGE, to the fullest extent allowed by law. Except for published information or information ascertainable from public records, any confidential information furnished or disclosed by either PGE or Cascade pursuant to this Agreement will be held by the other in confidence and will not be divulged to any third party, except for a party's advisors and consultants, or as required by law.

**9.3 Security and Fire Protection.** PGE shall have no responsibility for providing security for the Property. Cascade shall be responsible for providing security for the Property and shall share costs on an equal shared basis for security at road access points to the Property. Cascade shall provide and maintain such fire suppression and other fire protection equipment as



complies with standards established by the National Fire Protection Association for the purpose of protecting its improvements adequately and of restricting the spread of any fire from the Property to property and facilities adjacent to the Property.

**9.4 Cathodic Protection.** PGE shall have no responsibility for providing any cathodic protection for the Property. Cascade shall be responsible for providing all means of cathodic protection Cascade deems necessary or appropriate at Cascade's expense.

**9.5 Utilities.** Cascade shall be responsible for obtaining, at its expense, electric service, gas service, water, and any other utility service of whatever kind or nature necessary to Cascade's maintenance and use of the Property.

**9.6 Relocation of Existing Tank Related Infrastructure.** PGE and Cascade acknowledge that taking the tanks out of caretaker status and making the tanks operational for Cascade's intended use will require some existing tank related infrastructure to be relocated and/or realigned. PGE agrees to comply with all reasonable written requests from Cascade to relocate and/or realign such existing infrastructure providing, however, Cascade shall pay the cost of any requested relocation or realignment which does not include any upgrade of capacity or quality for PGE's benefit.

**9.7 Compliance with Laws; Environmental Matters.** Cascade shall at all times maintain and operate the Property in compliance with all applicable environmental laws and regulations, including without limitation those relating to environmental matters. Cascade shall bear the responsibility and expense for all necessary permits and licenses for the operation and maintenance of the Property.

**9.10 Use.** In addition to any use restrictions incorporated from the Sublease, Cascade agrees that the Property and storage tanks will only be used for the transfer and storage of ethanol and for no other purpose without first obtaining the prior written consent of the Port and PGE.

**9.11 Right of First Refusal.** As part consideration for this Agreement, Cascade hereby grants to PGE the sole and exclusive first right of refusal to purchase the Property in the event the Property, or any part thereof, or any beneficial interest therein is sold, agreed to be sold, conveyed, assigned, leased or alienated by Cascade in any fashion, voluntarily or by operation of law, unless specifically authorized by this Agreement without Cascade first having obtained the written consent or approval of PGE. Any attempted sale, conveyance, transfer, assignment, or lease of the Property in violation of this paragraph shall be null and void. Cascade shall notify PGE in writing of all the details of and the terms and conditions of any proposed or pending transfer, assignment, or lease of the Property. PGE shall have the exclusive first right to acquire the Property from Cascade and the Port under the same terms and conditions as that of any third party or for the then current fair market value of the Property, which ever is less or more beneficial to PGE, for a period of ninety (90) days from and after the receipt of said notice by PGE. For the purposes of this Agreement, fair market value shall be determined by appraisal commissioned by PGE with a valuation determined in the same manner as the appraisal by Real Property Consultants dated August 30, 2006, which established the purchase price set forth in Article 2 hereof. The rights of all third parties acquiring any interest in the Property subsequent to the effective date hereof shall be inferior and subordinate to the rights of PGE. Notwithstanding anything to the contrary in the foregoing,

PGE's first right of refusal shall not apply to (i) any sale or transfer to an entity acquiring all or substantially all of the assets of Cascade, (ii) any foreclosure or transfer in lieu of foreclosure, (iii) any sale or transfer of the Property along with the Cascade Property following a foreclosure or transfer in lieu of a foreclosure, (iv) any transfer or sale of equity interests in Cascade, or (v) any lease of the Property to an entity that is also operating the Cascade Property.

**9.12 AS IS.** Other than PGE's representations, warranties and covenants contained in this Agreement, PGE shall have no further obligations and Cascade acknowledges that it otherwise acquiring the Property as is, with all faults, in reliance on Cascade's own investigation of the environmental, physical and legal condition of the Property and that Cascade is assuming the risk that adverse physical, economic, legal and environmental conditions may not have been revealed by its investigation. PGE disclaims the making of any representations or warranties, express or implied, regarding the Property, boundaries of the real property, the tanks, soil condition, hazardous waste, toxic substances or other environmental matters relating to the Property except as expressly provided in this Agreement.

The foregoing covenants and agreements will, without regard to technical classification and designation, be binding on and for the benefit of the Port, PGE, Cascade, and Cascade's successors and assigns, and any successor-in-interest to the Property, or any portion thereof.

## **ARTICLE 10 MISCELLANEOUS**

**10.1 Casualty; Condemnation.** If all or any part of the Property is substantially damaged by fire, casualty, the elements or any other cause prior to Closing, PGE shall immediately give notice to Cascade, and Cascade shall have the right to terminate this Agreement by giving notice within thirty (30) days after PGE's notice. If Cascade shall fail to give the notice, then the parties shall proceed to Closing, and PGE shall assign to Cascade all rights to insurance proceeds resulting from such event. If eminent domain proceedings are threatened or commenced against all or any part of the Property, PGE shall immediately give notice to Cascade, and Cascade shall have the right to terminate this Agreement by giving notice within thirty (30) days after PGE's notice. If Cascade shall fail to give the notice, then the parties shall proceed to Closing, and PGE shall assign to Cascade all rights to appear in and receive any award from such proceedings to the extent applicable to the Property and subject to the interests of the Port.

**10.2 Broker's Commission.** PGE and Cascade represent to each other that they have dealt with no brokers, finders or the like in connection with this transaction, and agree to indemnify and hold each other harmless from all claims, damages, costs or expenses of or for any other such fees or commissions resulting from their actions or agreements regarding the execution or performance of this Agreement, and will pay all costs of defending any action or lawsuit brought to recover any such fees or commissions incurred by the other party, including reasonable attorneys' fees.

**10.3 Survival.** All of the terms of this Agreement and warranties and representations herein contained shall survive and be enforceable after the Closing.

**10.4 Notices.** All notices and other communications to be given hereunder by either party to the other shall be in writing and sent by certified mail, return receipt requested, postage prepaid, addressed:

If to PGE: Portland General Electric Company  
Property Services Department, 1WTC0401  
Attention: Mike Livingston

121 SW Salmon Street  
Portland, OR 97204  
Fax No. (503) 464-2863

With a copy to: Portland General Electric Company  
Legal Department, 1WTC1301  
Attention: Mark R. Lindley  
121 SW Salmon Street  
Portland, Oregon 97204  
Fax No. (503) 464-2200

If to Cascade: Cascade Grain Products, LLC  
414 NW 214th Circle  
Ridgefield, Washington 98642-5629  
Attn: Charles Carson  
Fax No. (360) 887-1152

With a copy to: Perkins Coie LLP  
1120 N.W. Couch Street  
Tenth Floor  
Portland, Oregon 97209-4128  
Attn: Peter B. Archie  
Fax No. (503) 346 2009

To the Port: Port of St. Helens  
P.O. Box 598  
St. Helens, OR 97051  
Attn: Executive Director  
Fax No. (503) 397-6924

With a copy to: Harold L. Olsen  
Olsen, Horn L.L.C.  
P.O. Box ~~973~~ 688  
1510 St. Helens Street  
St. Helens, OR 97051  
Fax No. (503) 397-4224

or at such other address as either party may designate to the other by written notice in the manner

provided. Notices shall be deemed effective one day after deposit.

A copy of all notices required under Article 11.4 shall also be provided to the Mortgagee. The Mortgagee or Cascade shall notify PGE and the Port of the address of the Mortgagee.

**10.5 Miscellaneous.** The paragraph headings or captions appearing in this Agreement are for convenience only, are not a part of this Agreement, and are not to be considered in interpreting this Agreement. This written Agreement constitutes the complete agreement between the parties and supersedes any prior oral or written agreements between the parties regarding the Property. There are no oral agreements that change this Agreement, and no waiver of any of its terms will be effective unless in writing executed by the parties. This Agreement binds and benefits the parties and their successors and assigns. This Agreement has been made under the laws of the State of Oregon, and such laws will control its interpretation.

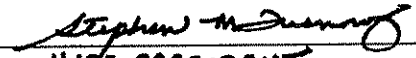
**10.6 Remedies.** If Cascade defaults under this Agreement, PGE shall have the right to terminate this Agreement by giving written notice to Cascade. If Cascade fails to cure such default within thirty (30) days of the date of such notice, this Agreement will terminate, and upon such termination PGE will retain the Earnest Money as liquidated damages, time being of the essence of this Agreement. The termination of this Agreement and retention of the Earnest Money will be the sole remedy available to PGE for such default by Cascade prior to Closing, and Cascade will not be liable for damages or specific performance. If PGE defaults under this Agreement, in addition to any other remedies Cascade may have, Cascade shall specifically be entitled to the remedy specific performance of this Agreement. If Cascade defaults under any obligation under this Agreement following Closing, in addition to any other remedies PGE may have, PGE shall specifically be entitled to the remedy specific performance of this Agreement. The foregoing agreements and covenants shall survive the closing of this transaction, shall not merge into any deed, and each shall be and remain fully enforceable at all times thereafter in accordance with their terms.

**10.7 Statutory Warning.** THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS THAT, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND THAT LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930 IN ALL ZONES. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 197.352. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES, THE EXISTENCE OF FIRE PROTECTION FOR STRUCTURES AND THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 197.352.

PGE and Cascade have executed this Agreement as of the date first written above.

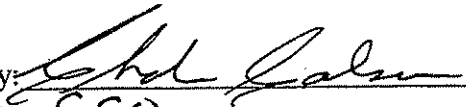
**PGE:**

**PORTLAND GENERAL ELECTRIC  
COMPANY**

By:   
Its: NICE PRESIDENT  
Tax ID No:

**Cascade:**

**CASCADE GRAIN PRODUCTS, LLC**

By:   
Its: CEO  
Tax ID No:

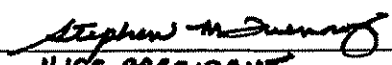
**PORT:**

**PORT OF ST. HELENS**

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Tax ID No:

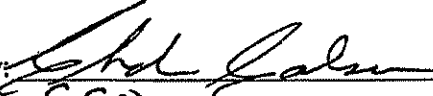
**PGE:**

**PORTLAND GENERAL ELECTRIC  
COMPANY**

By:   
Its: NICE PRESIDENT  
Tax ID No:

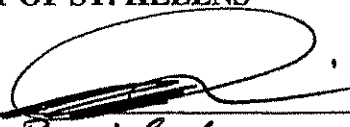
**Cascade:**

**CASCADE GRAIN PRODUCTS, LLC**

By:   
Its: CEO  
Tax ID No:

**PORT:**

**PORT OF ST. HELENS**

By:   
Its: President  
Tax ID No:

ESCROW RECEIPT

The undersigned, Chicago Title Insurance Company, Attn: Kelly M. Norton  
Pioneer Tower 888 SW Fifth Avenue, Suite 930, Portland, Oregon, 97204 ("Escrow Agent"), acknowledges receipt of One Hundred Dollars (\$100.00) (the "Deposit") to be held by it pursuant to the Purchase Agreement to which this Escrow Receipt is attached. Escrow Agent agrees to hold the Deposit in accordance with the terms of the Purchase Agreement and disburse the same strictly in accordance with such terms. Escrow Agent shall invest the Deposit in such interest-bearing accounts or instruments as shall be approved by Cascade. Interest shall accrue for the benefit of Cascade.

PGE and Cascade represent that their respective Tax I.D. Numbers are as follows:  
PGE, \_\_\_\_\_; Cascade, \_\_\_\_\_.

Escrow Agent shall have no responsibility for any decision concerning performance or effectiveness of the Purchase Agreement or to resolve any disputes concerning the Purchase Agreement. Escrow Agent shall be responsible only to act in accordance with the joint and mutual direction of both PGE and Cascade, or in lieu thereof, the direction of a court of competent jurisdiction. PGE and Cascade undertake to hold Escrow Agent harmless from all claims for damages arising out of this Escrow Receipt and do hereby agree to indemnify Escrow Agent for all costs and expenses in connection with this escrow, including court costs and attorneys' fees, except for Escrow Agent's failure to account for the funds held hereunder, or acting in conflict with the terms hereof.

The fees and charges of the Escrow Agent shall be divided between and equally payable by PGE and Cascade.

**ESCROW AGENT:**

By  
Name  
Its

**PGE:**

PORTLAND GENERAL ELECTRIC  
COMPANY, an Oregon corporation

By  
Name  
Its

**CASCADE**

CASCADE GRAIN PRODUCTS, LLC,  
an Oregon limited liability company

By  
Name  
Its



**EXHIBIT D  
BARGAIN AND SALE DEED**

**SEE ATTACHED**

RECORDING REQUESTED BY  
AND WHEN RECORDED RETURN TO:  
Perkins Coie LLP  
1120 NW Couch St., 10th Floor  
Portland, OR 97209  
Attention: Andrew Solomon

UP \_\_\_\_ - Attachment I,  
FORWARD ALL TAX Page 21 of 75

Cascade Grain Products, LLC  
414 NW 214th Circle  
Ridgefield, Washington 98642-5629

(Space above this line for Recorder's use.)

### BARGAIN AND SALE DEED

*PORTLAND GENERAL ELECTRIC COMPANY*, an Oregon Corporation ("**Grantor**"), grants, bargains sells and convey to *CASCADE GRAIN PRODUCTS, LLC*, an Oregon Limited Liability Company ("**Grantee**"), any and all right, title, and interest that Grantor may have in that certain real property located in Columbia County, Oregon and described and depicted in Exhibit "1" attached hereto and incorporated by this reference herein (the "Property").

Said interest is granted and accepted by Grantee, in its present condition, AS IS, WHERE IS, with all faults, latent and patent, known and unknown, and subject to all covenants, conditions, restrictions and/or easements, if any, affecting title, which may appear in the public record, including those shown on any recorded plat or survey.

This conveyance is made pursuant to that certain Agreement For Purchase of Storage Tanks and Real Property Between Grantor and Grantee, dated effective as of the 19<sup>th</sup> day of March, 2007 (the "Sale Agreement"). It is intended by Grantor and Grantee that the delivery and recording of this Deed shall not effect a merger of any obligations or indemnities designated in the Sale Agreement as intended to survive Closing.

The true consideration for this conveyance is Non-Monetary (other property or value given or promised).

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 197.352. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930 AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 197.352.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2007.

**GRANTOR:**  
**PORTLAND GENERAL ELECTRIC COMPANY**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

STATE OF OREGON                    )  
  ) ss.  
County of \_\_\_\_\_            )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2007, personally appeared  
\_\_\_\_\_ who is the authorized agent of *PORTLAND GENERAL ELECTRIC COMPANY*  
("Grantor") who acknowledged that he executed the same freely and voluntarily.

\_\_\_\_\_  
NOTARY PUBLIC FOR OREGON  
My Commission Expires: \_\_\_\_\_

EXHIBIT "1"  
Legal Description

SITUATED IN THE SOUTHEAST QUARTER OF SECTION 16, TOWNSHIP 8  
NORTH, RANGE 4 WEST, WILLAMETTE MERIDIAN, COLUMBIA COUNTY,  
OREGON AND BEING DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT (NORTH 925417.375, EAST 7523646.223) LOCATED  
NORTH 88' 30' 47" WEST, A DISTANCE OF 485.74 FEET AND NORTH 01' 29'  
13" EAST, A DISTANCE OF 3618.34 FEET FROM THE EAST QUARTER  
CORNER OF SEC110N 21, TOWNSHIP 8 NORTH, RANGE 4 WEST,  
WILLAMETTE MERIDIAN, COLUMBIA COUNTY, OREGON, AND RUNNING  
THENCE SOUTH 70' 28' 33" WEST, A DISTANCE OF 560.16 FEET; THENCE  
NORTH 19' 31' 27" WEST, A DISTANCE OF 370.25 FEET; THENCE NORTH 70'  
28' 33" EAST, A DISTANCE OF 560.16 FEET; THENCE SOUTH 19' 31' 27"  
EAST, A DISTANCE OF 370.25 FEET TO THE POINT OF BEGINNING.

**EXHIBIT E  
BILL OF SALE**

**(Personal Property)**

**EXHIBIT E  
BILL OF SALE**

KNOW ALL PERSONS BY THESE PRESENTS, that PORTLAND GENERAL ELECTRIC COMPANY, INC., an Oregon Corporation ("Seller"), for good and valuable consideration, the current receipt, reasonable equivalence, and sufficiency of which is hereby acknowledged by the parties hereto, does hereby sell, assign, quitclaim, transfer, release, and set over unto CASCADE GRAIN PRODUCTS, LLC, an Oregon Limited Liability Company ("Purchaser"), any and all right, title, and interest of Seller in and to that certain property described on Exhibit "A" attached hereto and incorporated by this reference herein (the "Property"), upon the terms and conditions set forth herein (including without limitation Exhibit "A").

PURCHASER ACKNOWLEDGES THAT SELLER IS TRANSFERRING AND PURCHASER IS ACCEPTING THE PROPERTY "AS IS". SELLER MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY TYPE OR NATURE WITH RESPECT TO THE PROPERTY, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, THE CONDITION, LOCATION, OR INSTALLATION OF THE PROPERTY; ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE; AND/OR CONFORMITY TO ANY REPRESENTATION OR DESCRIPTION.

Risk of loss and the obligation to insure and maintain the Property shall pass to and are assumed by Purchaser on the effective date of this Bill of Sale.

EXCEPT AS OTHERWISE PROVIDED HEREIN, IN NO EVENT SHALL SELLER OR PURCHASER BE LIABLE TO ONE ANOTHER OR TO ANY THIRD PARTY FOR ANY LOST OR PROSPECTIVE PROFITS OR ANY OTHER SPECIAL, PUNITIVE, EXEMPLARY, CONSEQUENTIAL, INCIDENTAL OR INDIRECT LOSSES OR DAMAGES (IN TORT, CONTRACT OR OTHERWISE) UNDER OR IN RESPECT OF THIS BILL OF SALE OR FOR ANY FAILURE OF PERFORMANCE RELATED HERETO HOWSOEVER CAUSED, WHETHER OR NOT ARISING FROM SUCH PARTY'S SOLE, JOINT OR CONCURRENT NEGLIGENCE. SELLER SHALL NOT BE LIABLE FOR THE LOSS OF THE USE OF THE PROPERTY, INCONVENIENCE, LOSS OR ANY OTHER DAMAGES, DIRECT OR CONSEQUENTIAL, ARISING OUT OF THE USE OF, OR INABILITY TO USE, THE PROPERTY.

IN WITNESS WHEREOF, Seller has executed this Bill of Sale effective as of the \_\_\_\_ day of \_\_\_\_\_, 2007.

**PORTLAND GENERAL ELECTRIC COMPANY, INC.,**  
an Oregon Corporation

By: \_\_\_\_\_  
(Signature)  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ACCEPTED SUBJECT TO THE TERMS & CONDITIONS SET FORTH ABOVE:**

**CASCADE GRAIN PRODUCTS, LLC**  
an Oregon Limited Liability Company

By: \_\_\_\_\_  
(Signature)  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT F**

**ASSIGNMENT OF INTANGIBLE PERSONAL PROPERTY**

**EXHIBIT F**

**FORM OF ASSIGNMENT OF INTANGIBLE PROPERTY**

THIS ASSIGNMENT OF INTANGIBLE PROPERTY (this "Assignment") is made as of March 19, 2007 by and between PORTLAND GENERAL ELECTRIC COMPANY, an Oregon corporation ("Assignor"), and CASCADE GRAIN PRODUCTS, LLC, an Oregon limited liability company ("Assignee").

**WITNESSETH:**

WHEREAS, pursuant to the terms of that certain Agreement for Purchase of Storage Tanks and Real Property, dated as of March 19, 2007, by and between Assignor and Assignee (the "Sale Agreement"), Assignor agreed to sell to Assignee, *inter alia*, certain real property, the improvements located thereon and certain rights appurtenant thereto (collectively, the "Real Property") and certain tangible personal property located on the Real Property (the "Personal Property"), all as more particularly described in the Sale Agreement. Initially capitalized terms not otherwise defined herein shall have the respective meanings ascribed to such terms in the Sale Agreement; and

WHEREAS, the Sale Agreement provides, *inter alia*, that Assignor shall assign to Assignee rights to certain intangible property and that Assignor and Assignee shall enter into this Assignment.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto hereby agree as follows:

1. Assignment. Assignor hereby assigns, sets over and transfers to Assignee all of Assignor's right, title and interest in, to and under the following, if and only to the extent the same may be assigned or quitclaimed by Assignor without expense to Assignor:

That certain transferable intangible personal property owned by Assignor and used in the ownership, operation or maintenance of the Real Property or the Personal Property. The intangible personal property includes, but is not limited to, licenses, permits, certificates and franchises issued by any federal, state or local authorities relating to the use, maintenance, occupancy or operation of the Real Property and the Personal Property, reports and studies, including, but not limited to, physical and engineering inspections, soil studies,

utility and zoning studies, traffic studies and wetland studies, plans and specifications, correspondence surveys, and any other documented information relating exclusively to the Real Property, Assignor's interest in all service contracts covering the Real Property, and copies of business records pertaining to the use, maintenance, occupancy or operation of the Real Property and the Personal Property.

Assignee hereby accepts the foregoing assignment of the interests described in this Section 1 and agrees to perform the obligations thereunder to the extent that performance is due on or after the date hereof.

2. Miscellaneous. This Assignment and the obligations of the parties hereunder shall survive the closing of the transaction referred to in the Sale Agreement and shall not be merged therein; shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns; shall be governed by and construed in accordance with the laws of the State of Oregon applicable to agreements made and to be wholly performed within said State; and may not be modified or amended in any manner other than by a written agreement signed by the party to be charged therewith.

3. Severability. If any term or provision of this Assignment or the application thereof to any persons or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Assignment or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of this Assignment shall be valid and enforced to the fullest extent permitted by law.

4. Counterparts. This Assignment may be executed in counterparts, each of which shall be an original and all of which counterparts taken together shall constitute one and the same agreement.

**[signatures on following page]**



IN WITNESS WHEREOF, the undersigned have executed this Assignment as of the date first set forth hereinabove.

**ASSIGNOR:**

PORTLAND GENERAL ELECTRIC  
COMPANY, an Oregon corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ASSIGNEE**

CASCADE GRAIN PRODUCTS, LLC,  
an Oregon limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT G**

**FIRE SUPPRESSION FOAM BUILDING EASEMENT**

**EXHIBIT G**

**FIRE SUPPRESSION EASEMENT AGREEMENT**

THIS FIRE SUPPRESSION EASEMENT AGREEMENT ("Agreement") is made effective as of the \_\_\_\_ day of \_\_\_\_\_, 2007, between the PORT OF ST. HELENS, an Oregon municipal corporation ("Port"), PORTLAND GENERAL ELECTRIC COMPANY, an Oregon corporation ("PGE"), and CASCADE GRAIN PRODUCTS, LLC, an Oregon limited liability company ("Cascade").

**RECITALS:**

A. The Port owns and leases to PGE that certain land located in Columbia County, Oregon which is legally described on Exhibit A attached to and made a part of this Agreement, and PGE owns that certain land located in Columbia County, Oregon legally described on Exhibit B attached to and made a part of this Agreement (the land described on Exhibit B is the "Burdened Property").

B. Cascade has entered into a sublease with PGE dated as of the 31<sup>st</sup> day of May, 2006 (as it may be amended from time to time, the "Sublease"), and now subleases the land located in Columbia County, Oregon, that is legally described on Exhibit C attached to and made a part of this Agreement (the "Benefited Property"). The Sublease was subsequently converted into a direct lease from the Port to Cascade.

C. To effectuate the Sublease, and as part of the consideration of the Sublease, the Port and PGE grant an easement over and in a portion of the Burdened Property to Cascade and the Benefited Property, for purposes of installing, constructing, using, maintaining, accessing, repairing and replacing Fire Suppression utilities, on the terms and conditions in this Agreement.

**AGREEMENTS:**

For good, fair and valuable consideration, the receipt and sufficiency of which is acknowledged, the Port, PGE and Cascade agree as follows:

**1. Grant of Easement.** The Port and PGE grant to Cascade, for the benefit of the Benefited Property a non-exclusive, irrevocable, easement for access and use ("Easement"), to the extent of the Port's and PGE's respective interests, over, in, and under that portion of the Burdened Property legally described on Exhibit D and depicted on Exhibit E, each of which is attached hereto and made a part of this Agreement ("Fire Suppression Service Access Area"). Such Easement shall continue throughout the term of the Sublease. Notwithstanding anything to the contrary contained herein, this Easement, and the rights of Cascade or any party claiming by or through Cascade shall be coterminous with the Sublease and any extension thereof. Upon termination Cascade shall promptly execute and deliver such documents as PGE and/or the Port may reasonably request for recording to document the termination of the easement(s).

2. **Use of Easement.** Cascade, its agents, assigns, and invitees may use the Fire Suppression Service Access Area for purposes of installation, construction, use, maintenance, access, repair and replacement of Fire Suppression service necessary or desirable to provide fire suppression support to storage tank no. 13 and storage tank no. 14 ("Permitted Uses"); all subject however to the rights of PGE. Cascade acknowledges that portions of the Fire Suppression Service Access Area are used by PGE and the Port for various purposes. Notwithstanding anything to the contrary contained herein, in no event shall Cascade, its agents, assigns, or invitees, disrupt or interfere with such use, including without limitation, disruption or interference with regular traffic flow on the any of the roads within the Fire Suppression Service Access Area or use of any such roads for the staging of any materials.

3. **Compliance with Laws and Regulations.** Cascade will use, and will use reasonable efforts to cause its employees, agents and invitees to exercise the Easement in compliance with all applicable laws and regulations. The Port, PGE and Cascade will not do or allow to be done anything using or entering upon the Fire Suppression Services Access Area which results in another party to this Agreement becoming liable, as a result of any violation of any applicable law or regulation, for any increased costs, damages, fines or penalties.

4. **Duration.** The Easement granted under this Agreement will run with the Burdened Property and the Benefited Property during the term of the Sublease and will be binding upon the Port, PGE, and Cascade and their respective successors and assigns. If at any time either of the parties sells or otherwise conveys the Burdened Property or the Benefited Property, the selling or conveying party will be released from all personal obligations under this Agreement except for those obligations arising before the date that the respective property was sold or conveyed.

The Easement is non-exclusive and irrevocable, commencing on the commencement date as described in the Sublease and expiring August 1, 2066, subject, however, (1) to earlier termination upon the occurrence of an event of default by Cascade and the exercise by PGE of its right to terminate the Sublease pursuant to the provisions thereof, and (2) to Cascade's option to renew the term of the Sublease as described in the Sublease.

5. **Indemnification by Cascade.** Cascade will indemnify, defend and save the Port and PGE harmless from and against any and all suits, demands, liabilities, costs and other expenses, including reasonable attorney fees (whether incurred at trial, on appeal, in any bankruptcy or arbitration proceeding, or otherwise), incurred by the Port or PGE in connection with or arising out of (1) Cascade's breach of this Agreement and (2) any third-party claims arising out of Cascade or its employees or agents' exercise of the Easement or use of the Fire Suppression Access Area; except that Cascade shall have no obligation to so indemnify the Port or PGE to the extent that such suits, demands, liabilities, costs and other expenses occur as a result of the Port's or PGE's negligence, recklessness or intentional misconduct.

6. **Indemnification by the Port.** The Port will indemnify, defend and save Cascade and PGE harmless from and against any and all suits, demands, liabilities, costs and other expenses, including reasonable attorneys fees (whether incurred at trial, on appeal, in any bankruptcy or arbitration proceeding, or otherwise), incurred by Cascade or PGE in connection with or arising out of (1) the Port's breach of this Agreement and (2) any exercise of rights in the Burdened Property by the Port or its employees or agents; except that the Port shall have no

obligation to so indemnify Cascade or PGE to the extent that such suits, demands, liabilities, costs and other expenses occur as a result of Cascade's or PGE's negligence, recklessness or intentional misconduct.

**7. Indemnification by PGE.** PGE will indemnify, defend and save Cascade and the Port harmless from and against any and all suits, demands, liabilities, costs and other expenses, including reasonable attorneys fees (whether incurred at trial, on appeal, in any bankruptcy or arbitration proceeding, or otherwise), incurred by Cascade or the Port in connection with or arising out of (1) PGE's breach of this Agreement and (2) any exercise of rights in the Burdened Property by PGE or its customers, invitees; except that PGE shall have no obligation to so indemnify Cascade or the Port to the extent that such suits, demands, liabilities, costs and other expenses occur as a result of Cascade's or the Port's negligence, recklessness or intentional acts.

**8. Insurance.** The commercial general liability insurance policy required of Cascade under the Sublease shall include coverage for Cascade's use of the Fire Suppression Service Access Area.

**9. Representations and Warranties.** The Port represents and warrants that it is the owner of a fee simple interest in the Burdened Property and has full power and authority to enter into this Agreement. PGE represents and warrants that it is the owner of a fee simple interest in or a lessee of the Burdened Property and has full power and authority to enter into this Agreement.

**10. Limitations of Master Lease.** Cascade acknowledges that certain portions of the Fire Suppression Service Access Area are subject to a Master Lease from the Port to PGE and a reversionary interest in favor of the Port. Cascade agrees that the Port is granting its respective Easement subject to the limitations of the Master Lease imposed by PGE. Cascade agrees that PGE is granting its respective Easement to Cascade subject to the limitations in the Master Lease imposed by the Port. PGE and the Port each agree that it will give force and effect to this Agreement and not impose limitations of the Master Lease in a manner contrary to this Agreement.

**11. Enforcement.** The Port, PGE, and Cascade will each have the right to enforce the rights and agreements contained herein through all legal action available at law or in equity, including injunctive relief and consequential claims. In any proceeding for the enforcement of rights under this Agreement or for the breach of this Agreement, the prevailing party in any such proceeding, including but not limited to appellate and bankruptcy proceedings, will be entitled to recover from the other party its reasonable attorneys' fees in any such proceeding.

**12. No Waiver.** No waiver of any default by any party hereto will be implied from the failure by the non-defaulting party to take any action in respect of the default. No waiver of any default in the performance of any provision of this Agreement will be deemed a waiver of any subsequent default in the performance of the same provision or any other provision. No consent to or approval of any act or request by the Port, PGE, or Cascade will be deemed to waive or render unnecessary the consent to or approval of any subsequent similar act or request.

**13. No Partnership.** Nothing contained in this Agreement and no action by either PGE or Cascade will be deemed to create the relationship of principal and agent, or a partnership, joint venture, or any association between the parties.

**14. Counterparts.** This Agreement may be executed in counterparts; each when considered together shall be deemed one document.

**15. Short Form Memorandum of Agreement.** At the request of any party, the Port, PGE and Cascade shall promptly execute and record, at the cost of the requesting party, a short form memorandum of this Agreement in the form attached hereto as Exhibit F.

**16. Miscellaneous.** All provisions of this Agreement are severable and the invalidity or unenforceability of any provision of this Agreement will not affect the validity or unenforceability of any other provision. This Agreement will be governed by and construed in accordance with the laws of the State of Oregon. This Agreement may only be amended by a written agreement signed by the Port, PGE, and Cascade, or their respective successors or assigns.

The Port, PGE, and Cascade have executed and delivered this Agreement as of the date stated above.

**PORT OF ST. HELENS,  
an Oregon municipal corporation**

By \_\_\_\_\_  
Its \_\_\_\_\_

**PORTLAND GENERAL ELECTRIC  
COMPANY, an Oregon corporation**

By \_\_\_\_\_  
Its \_\_\_\_\_

**CASCADE GRAIN PRODUCTS, LLC,  
an Oregon limited liability company**

By \_\_\_\_\_  
Its \_\_\_\_\_



**EXHIBIT A**

**Legal Description  
of the  
Port Owned and PGE Leased Property**

A parcel of land in Sections 15, 16, 21, 22 and 23, Township 8 North, Range 4 West, Willamette Meridian, Columbia County, Oregon, described as follows:

Beginning at the East quarter corner of said Section 21; thence South 89°37' West, 1780.20 feet to the centerline of a County Road; thence North 16°36' West, 1188.39 feet along the said centerline; thence North 45°39' West, 1928.31 feet; thence North 5°23' West, 1472.77 feet; thence North 6°09' East, 385.00 feet; thence North 55°05' West, 128.00 feet; thence Northwesterly to the low water line of the Columbia River; thence Northeasterly and Southeasterly in the low water line, 11,300 feet, more or less, to the East line of said Section 22, which is 2,400 feet North of the East quarter corner of said Section 22; thence South along the said East line, 1109.60 feet to the Northeasterly right of way line of a railroad spur to the ammunition storage area; thence South 45°39' East, 2141.95 feet along said right of way; thence along a 5679.65 foot radius curve to the left, through a central angle of 5°00' for a distance of 495.64 feet; thence South 50°39' East 300.00 feet; thence along a 769.02 foot radius curve to the left, through a central angle of 66°42'10" for a distance of 895.28 feet; thence North 62°38'50" East 95.00 feet, to the Northwesterly right of way of the Spokane Portland and Seattle Railway; thence Southwesterly 367.60 feet along said Northwesterly right of way; thence from a tangent of South 81°13'10" West along a 869.02 foot radius curve to the right, through a central angle of 48°07'50" for a distance of 730.00 feet; thence North 50°39' West 300.00 feet; thence along a 5779.65 foot radius curve to the right, through a central angle of 5°00' for a distance of 504.37 feet; thence North 45°39' West 865.95 feet; thence West 86.95 feet to a point 300.00 feet North and 760.00 feet East of the West quarter corner of said Section 23; thence North 85.16 feet; thence North 45°39' West, 1707.40 feet; thence South 89°37' West, 1795.60 feet; thence South 0°04' East 454.00 feet; thence South 89°37' West 960.00 feet; thence South 0°04' East, 1148.00 feet; thence South 89°37' West, 2113.80 feet to the point of beginning.



**EXHIBIT B**

**Legal Description  
of the  
PGE Owned Property**

A parcel of land in Sections 15, 16, 21 and 22, Township 8 North, Range 4 West, Willamette Meridian, Columbia County, Oregon.

Said parcel lying entirely within a tract of land conveyed to the Port of St. Helens, a municipal corporation, by the United States of America, recorded March 31, 1966, in Book 161 at Page 292, Deed Records, hereinafter referred to as the "Port Tract".

Beginning at a point which bears North 31 degrees 25 minutes 41 seconds East, 3,915.81 feet from the east quarter corner of said Section 21, (said quarter corner being the point of beginning of the deed description of the Port Tract). Said point of beginning also bears North 45 degrees 39 minutes 00 seconds West, 2,877.10 feet and South 68 degrees 37 minutes 00 seconds West, 835.15 feet from a 3 inch iron pipe set in concrete (said pipe being an original boundary corner of the Port Tract). Thence from said point of beginning; South 68 degrees 37 minutes 00 seconds West, 2,725.50 feet; thence North 45 degrees 39 minutes 00 seconds West, 2,112.00 feet; thence North 68 degrees 37 minutes 00 seconds East, 2,725.50 feet; thence South 45 degrees 39 minutes 00 seconds East, 2,112.00 feet to the point of beginning.

**EXHIBIT C**

**Legal Description  
of the  
Benefited Property**

A parcel of land in the southwest quarter (SW 1/4) of Section 15, T.8 N., R.4W., Willamette Meridian, Columbia County, Oregon, being more particularly described as follows:

COMMENCING AT a 1/2 inch, inside diameter iron pipe, 2 feet above ground level, which marks the most easterly corner of an 120.47 acre, more or less, parcel of land recorded in book 196, page 122, deed records, said County; THENCE, South 64 degrees 01 minutes 20 seconds East for a distance of 1139.29 feet to a 5/8 inch rebar monument and THE POINT OF BEGINNING of the parcel to be described; THENCE, North 43 degrees 47 minutes 31 seconds West for a distance of 2703.11 feet to a 5/8 inch rebar monument; THENCE, North 46 degrees 12 minutes 29 seconds East for a distance of 794.99 feet to a 5/8 inch rebar monument; THENCE, South 40 degrees 28 minutes 00 seconds East for a distance of 404.17 feet to a 5/8 inch rebar monument; THENCE, South 35 degrees 48 minutes 19 seconds East for a distance of 1226.73 feet to a 5/8 inch rebar monument; THENCE, South 44 degrees 57 minutes 31 seconds East for a distance of 621.68 feet to a 5/8 inch rebar monument; THENCE, South 50 degrees 17 minutes 46 seconds East for a distance of 696.83 feet to a 5/8 inch rebar monument; THENCE, South 64 degrees 30 minutes 35 seconds West for a distance of 729.59 feet to a 5/8 inch rebar monument and the point of beginning.

The above described parcel contains 43.62, more or less, acres and is shown on Portland General Electric Company drawing E-10007, attached hereto, which by reference thereto is made a part hereof.



DAVID EVANS  
AND ASSOCIATES INC.

CAGP0000-0008  
DGH  
3/19/07

Legal Description for Foam/MCC Building Easement  
Between Cascade Grain Products, LLC And  
Portland General Electric Company



Situated in the Southeast Quarter of Section 16, Township 8 North, Range 4 West, Willamette Meridian, Columbia County, Oregon, and being described as follows:

Beginning at a point (North 9254417.375, East 7523646.223) located North 88° 30' 47" West, a distance of 485.74 feet and North 01° 29' 13" East, a distance of 3618.34 feet from the East Quarter Corner of Section 21, Township 8 North, Range 4 West, Willamette Meridian, Columbia County, Oregon, and being the Southeast Corner of the Cascade Grain Products, LLC Fuel Tank Property and running thence North 70° 28' 33" East, a distance of 165.60 feet; thence South 19° 31' 27" West; a distance of 73.00 feet; thence South 70° 28' 33" West, a distance of 465.76 feet; thence North 19° 31' 27" East, a distance of 73.00 feet to the southerly line of the said Fuel Tank Property; thence on the said southerly line North 70° 28' 33" East, a distance of 300.16 feet to the point of beginning, containing 340,001 square feet or 0.781 acres, more or less.

SUBJECT to any easements and restrictions of record.

The basis of bearings for this legal description is based on the Oregon Coordinate System of NAD 83/91, North Zone as per Survey Number 4771, Columbia County Survey Records, Columbia County, Oregon.

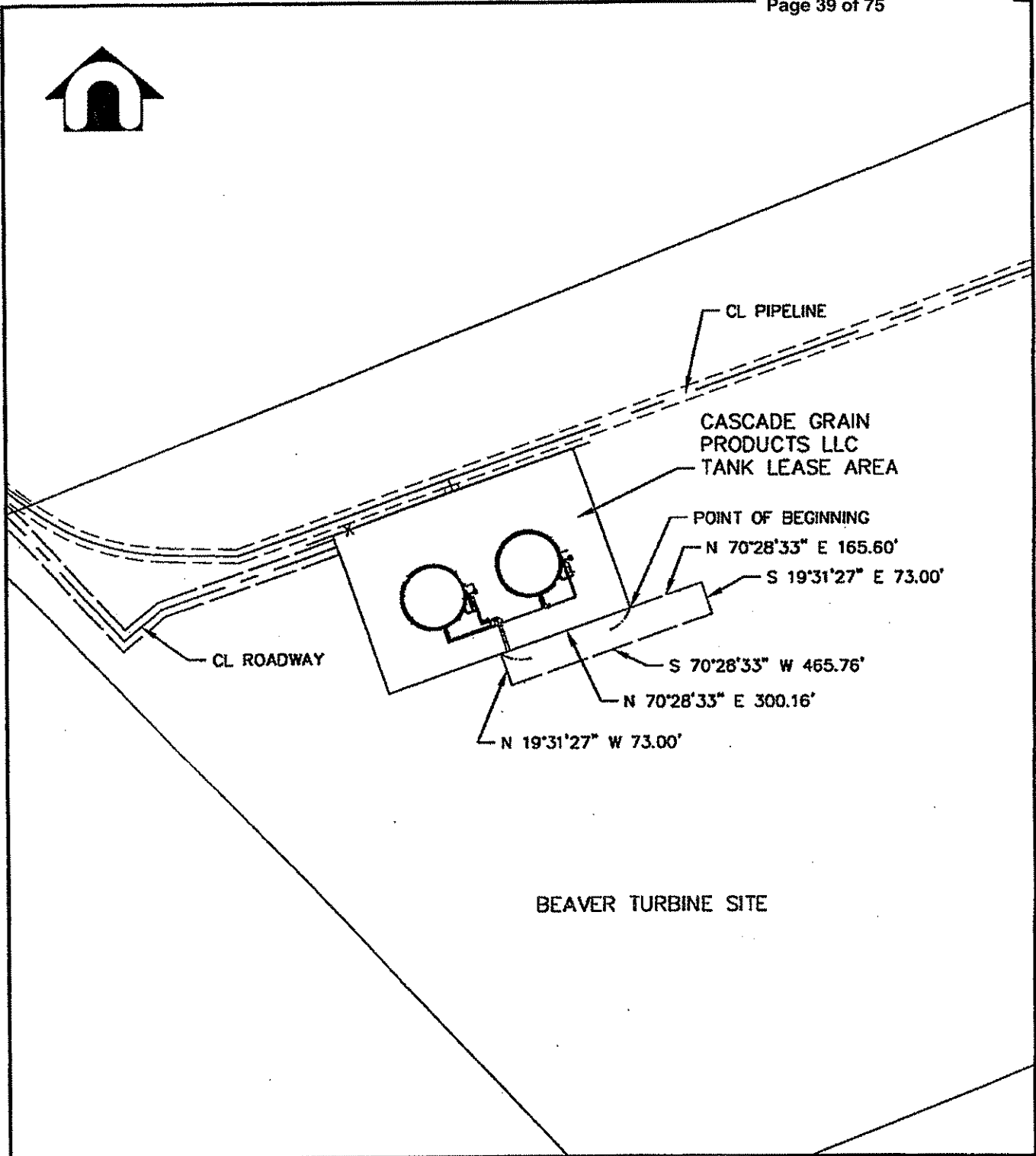
REGISTERED  
PROFESSIONAL  
LAND SURVEYOR

OREGON 3-20-07  
DECEMBER 2, 1983  
D. GARY HUTCHESON  
2072

RENEWAL 6/30/07

EXHIBIT E

UP \_\_\_ - Attachment I,  
Page 39 of 75



**DAVID EVANS  
AND ASSOCIATES INC.**

2100 Southwest River Parkway  
Portland Oregon 97201  
Phone: 503.223.6663

PROJECT

TITLE

**FOAM/MCC BUILDING EASEMENT  
FOR CASCADE GRAIN PRODUCTS, LLC**

SHEET

**1  
OF  
1**

DWG. REF.

SVEM02CAGP0008

PROJECT

CAGP0008

SCALE

1" = 300'

AMENDMENT NO.

0.0

DRAWN BY

NST

DESIGN BY

DGH

APPROVED BY

DGH

DATE

03/20/07

**EXHIBIT F**

**Memorandum of Agreement**

WHEN RECORDED RETURN TO:  
Perkins Coie LLP  
1120 NW Couch St.,  
10th Floor  
Portland, OR 97209  
Attention: Andrew Solomon

SPACE ABOVE THIS LINE  
RESERVED FOR RECORDER'S  
USE ONLY

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**MEMORANDUM OF FIRE SUPPRESSION EASEMENT**

THIS MEMORANDUM OF FIRE SUPPRESSION EASEMENT AGREEMENT ("Memorandum") is made as of the \_\_\_\_ day of \_\_\_\_\_, 2007 between the PORT OF ST. HELENS, an Oregon municipal corporation (the "Port"), PORTLAND GENERAL ELECTRIC COMPANY, an Oregon corporation ("PGE"), and CASCADE GRAIN PRODUCTS, LLC, an Oregon limited liability company ("Cascade").

**RECITALS:**

The Port owns that certain real property in Columbia County, Oregon, which is legally described on the attached Exhibit A (the "Port Property").

PGE is the tenant of the Port Property pursuant to a Lease Agreement between the Port and Westward Properties, Inc., dated August 10, 1967 (the "Lease"), which Lease was assigned to PGE pursuant to an Assignment dated June 6, 1973.

PGE owns that certain real property in Columbia County, Oregon, which is legally described on the attached Exhibit B ("PGE Property").

A. Cascade is the lessee of a portion of the Port Property pursuant to a sublease agreement with PGE dated as of the 31<sup>st</sup> day of May, 2006 (the "Sublease"), which portion is legally described on the attached Exhibit C (the "Benefited Property"). The Sublease was subsequently converted into a direct lease from the Port to Cascade.

The PGE Property is the "Burdened Property".

The Port, PGE, and Cascade have entered into that certain Fire Suppression Easement Agreement dated as of the date of this Memorandum (the "Agreement"), pursuant to which the Port and PGE have granted to Cascade an easement (the "Easement") install, construct, use, access, maintain, repair, and replace a fire suppression system pertaining to storage tank 13 and storage tank 14 over and in those portions of the Burdened Property which are legally described on the attached Exhibit D and depicted on the attached Exhibit E ("Fire Suppression Area").

The Easement is non-exclusive and irrevocable, commencing on the commencement date as described in the Sublease and expiring August 1, 2066, subject, however, (1) to earlier termination upon the occurrence of an event of default by Cascade and the exercise by PGE of its right to terminate the Sublease pursuant to the provisions thereof, and (2) to Cascade's option to renew the term of the Sublease as described in the Sublease.

**AGREEMENT**

NOW, THEREFORE, the Port, PGE, and Cascade make this Memorandum to set forth certain provisions of the Agreement. Reference is made to the Agreement for a full statement of the terms and conditions of the Agreement, all of which are hereby incorporated by reference.

IN AGREEMENT, the Port, PGE, and Cascade have executed this Memorandum as of the date first above written.

**PORT OF ST. HELENS, an Oregon  
municipal corporation**

By \_\_\_\_\_  
Its \_\_\_\_\_

**PORTLAND GENERAL ELECTRIC  
COMPANY, an Oregon corporation**

By \_\_\_\_\_  
Its \_\_\_\_\_

**CASCADE GRAIN PRODUCTS, LLC,  
an Oregon limited liability company**

CASCADE GRAIN TANK SALE AGREEMENT  
FIRE SUPPRESSION EASEMENT

By \_\_\_\_\_ UP \_\_\_\_ - Attachment I,  
Its \_\_\_\_\_ Page 43 of 75

STATE OF OREGON        )  
                                  ) SS.  
COUNTY OF \_\_\_\_\_)

The foregoing Memorandum was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2007 by \_\_\_\_\_, the \_\_\_\_\_ of the **PORT OF ST. HELENS**, an Oregon municipal corporation, on behalf of the corporation.

\_\_\_\_\_  
Notary Public

STATE OF OREGON        )  
                                  ) SS.  
COUNTY OF \_\_\_\_\_)

The foregoing Memorandum was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2007 by \_\_\_\_\_, the \_\_\_\_\_ of **PORTLAND GENERAL ELECTRIC COMPANY**, an Oregon corporation, on behalf of the corporation.

\_\_\_\_\_  
Notary Public

STATE OF OREGON        )  
                                  ) SS.  
COUNTY OF \_\_\_\_\_)

The foregoing Memorandum was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2007 by \_\_\_\_\_, the \_\_\_\_\_ of **CASCADE GRAIN PRODUCTS, LLC**, an Oregon limited liability company, on behalf of the company.

\_\_\_\_\_  
Notary Public



**Exhibit A**

**Legal Description  
of the  
Port Property**

A parcel of land in Sections 15, 16, 21, 22 and 23, Township 8 North, Range 4 West, Willamette Meridian, Columbia County, Oregon, described as follows:

Beginning at the East quarter corner of said Section 21; thence South 89°37' West, 1780.20 feet to the centerline of a County Road; thence North 16°36' West, 1188.39 feet along the said centerline; thence North 45°39' West, 1928.31 feet; thence North 5°23' West, 1472.77 feet; thence North 6°09' East, 385.00 feet; thence North 55°05' West, 128.00 feet; thence Northwesterly to the low water line of the Columbia River; thence Northeasterly and Southeasterly in the low water line, 11,300 feet, more or less, to the East line of said Section 22, which is 2,400 feet North of the East quarter corner of said Section 22; thence South along the said East line, 1109.60 feet to the Northeasterly right of way line of a railroad spur to the ammunition storage area; thence South 45°39' East, 2141.95 feet along said right of way; thence along a 5679.65 foot radius curve to the left, through a central angle of 5°00' for a distance of 495.64 feet; thence South 50°39' East 300.00 feet; thence along a 769.02 foot radius curve to the left, through a central angle of 66°42'10" for a distance of 895.28 feet; thence North 62°38'50" East 95.00 feet, to the Northwesterly right of way of the Spokane Portland and Seattle Railway; thence Southwesterly 367.60 feet along said Northwesterly right of way; thence from a tangent of South 81°13'10" West along a 869.02 foot radius curve to the right, through a central angle of 48°07'50" for a distance of 730.00 feet; thence North 50°39' West 300.00 feet; thence along a 5779.65 foot radius curve to the right, through a central angle of 5°00' for a distance of 504.37 feet; thence North 45°39' West 865.95 feet; thence West 86.95 feet to a point 300.00 feet North and 760.00 feet East of the West quarter corner of said Section 23; thence North 85.16 feet; thence North 45°39' West, 1707.40 feet; thence South 89°37' West, 1795.60 feet; thence South 0°04' East 454.00 feet; thence South 89°37' West 960.00 feet; thence South 0°04' East, 1148.00 feet; thence South 89°37' West, 2113.80 feet to the point of beginning.

**Exhibit B**

UP \_\_\_ - Attachment I,  
Page 45 of 75

**Legal Description  
of the  
PGE Property**

A parcel of land in Sections 15, 16, 21 and 22, Township 8 North, Range 4 West, Willamette Meridian, Columbia County, Oregon.

Said parcel lying entirely within a tract of land conveyed to the Port of St. Helens, a municipal corporation, by the United States of America, recorded March 31, 1966, in Book 161 at Page 292, Deed Records, hereinafter referred to as the "Port Tract".

Beginning at a point which bears North 31degrees 25 minutes 41 seconds East, 3,915.81 feet from the east quarter corner of said Section 21, (said quarter corner being the point of beginning of the deed description of the Port Tract). Said point of beginning also bears North 45 degrees 39 minutes 00 seconds West, 2,877.10 feet and South 68 degrees 37 minutes 00 seconds West, 835.15 feet from a 3 inch iron pipe set in concrete (said pipe being an original boundary corner of the Port Tract). Thence from said point of beginning; South 68 degrees 37 minutes 00 seconds West, 2,725.50 feet; thence North 45 degrees 39 minutes 00 seconds West, 2,112.00 feet; thence North 68 degrees 37 minutes 00 seconds East, 2,725.50 feet; thence South 45 degrees 39 minutes 00 seconds East, 2,112.00 feet to the point of beginning.

**Exhibit C**

UP \_\_\_\_ - Attachment I,  
Page 46 of 75

**Legal Description  
of the  
Benefited Property**

A parcel of land in the southwest quarter (SW 1/4) of Section 15, T.8 N., R.4W., Willamette Meridian, Columbia County, Oregon, being more particularly described as follows:

COMMENCING AT a 1/2 inch, inside diameter iron pipe, 2 feet above ground level, which marks the most easterly corner of an 120.47 acre, more or less, parcel of land recorded in book 196, page 122, deed records, said County; THENCE, South 64 degrees 01 minutes 20 seconds East for a distance of 1139.29 feet to a 5/8 inch rebar monument and THE POINT OF BEGINNING of the parcel to be described; THENCE, North 43 degrees 47 minutes 31 seconds West for a distance of 2703.11 feet to a 5/8 inch rebar monument; THENCE, North 46 degrees 12 minutes 29 seconds East for a distance of 794.99 feet to a 5/8 inch rebar monument; THENCE, South 40 degrees 28 minutes 00 seconds East for a distance of 404.17 feet to a 5/8 inch rebar monument; THENCE, South 35 degrees 48 minutes 19 seconds East for a distance of 1226.73 feet to a 5/8 inch rebar monument; THENCE, South 44 degrees 57 minutes 31 seconds East for a distance of 621.68 feet to a 5/8 inch rebar monument; THENCE, South 50 degrees 17 minutes 46 seconds East for a distance of 696.83 feet to a 5/8 inch rebar monument; THENCE, South 64 degrees 30 minutes 35 seconds West for a distance of 729.59 feet to a 5/8 inch rebar monument and the point of beginning.

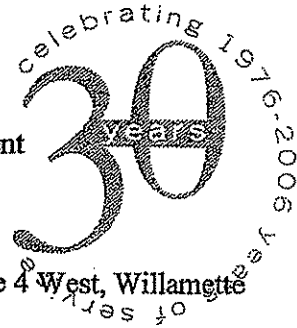
The above described parcel contains 43.62, more or less, acres and is shown on Portland General Electric Company drawing E-10007, attached hereto, which by reference thereto is made a part hereof.



CAGP0000-0008  
DGH  
3/19/07

DAVID EVANS  
AND ASSOCIATES INC.

Legal Description for Foam/MCC Building Easement  
Between Cascade Grain Products, LLC And  
Portland General Electric Company



Situated in the Southeast Quarter of Section 16, Township 8 North, Range 4 West, Willamette Meridian, Columbia County, Oregon, and being described as follows:

Beginning at a point (North 9254417.375, East 7523646.223) located North 88° 30' 47" West, a distance of 485.74 feet and North 01° 29' 13" East, a distance of 3618.34 feet from the East Quarter Corner of Section 21, Township 8 North, Range 4 West, Willamette Meridian, Columbia County, Oregon, and being the Southeast Corner of the Cascade Grain Products, LLC Fuel Tank Property and running thence North 70°28' 33" East, a distance of 165.60 feet; thence South 19° 31' 27" West; a distance of 73.00 feet; thence South 70° 28' 33" West, a distance of 465.76 feet; thence North 19° 31' 27" East, a distance of 73.00 feet to the southerly line of the said Fuel Tank Property; thence on the said southerly line North 70° 28' 33" East, a distance of 300.16 feet to the point of beginning, containing 340,001 square feet or 0.781 acres, more or less.

SUBJECT to any easements and restrictions of record.

The basis of bearings for this legal description is based on the Oregon Coordinate System of NAD 83/91, North Zone as per Survey Number 4771, Columbia County Survey Records, Columbia County, Oregon.

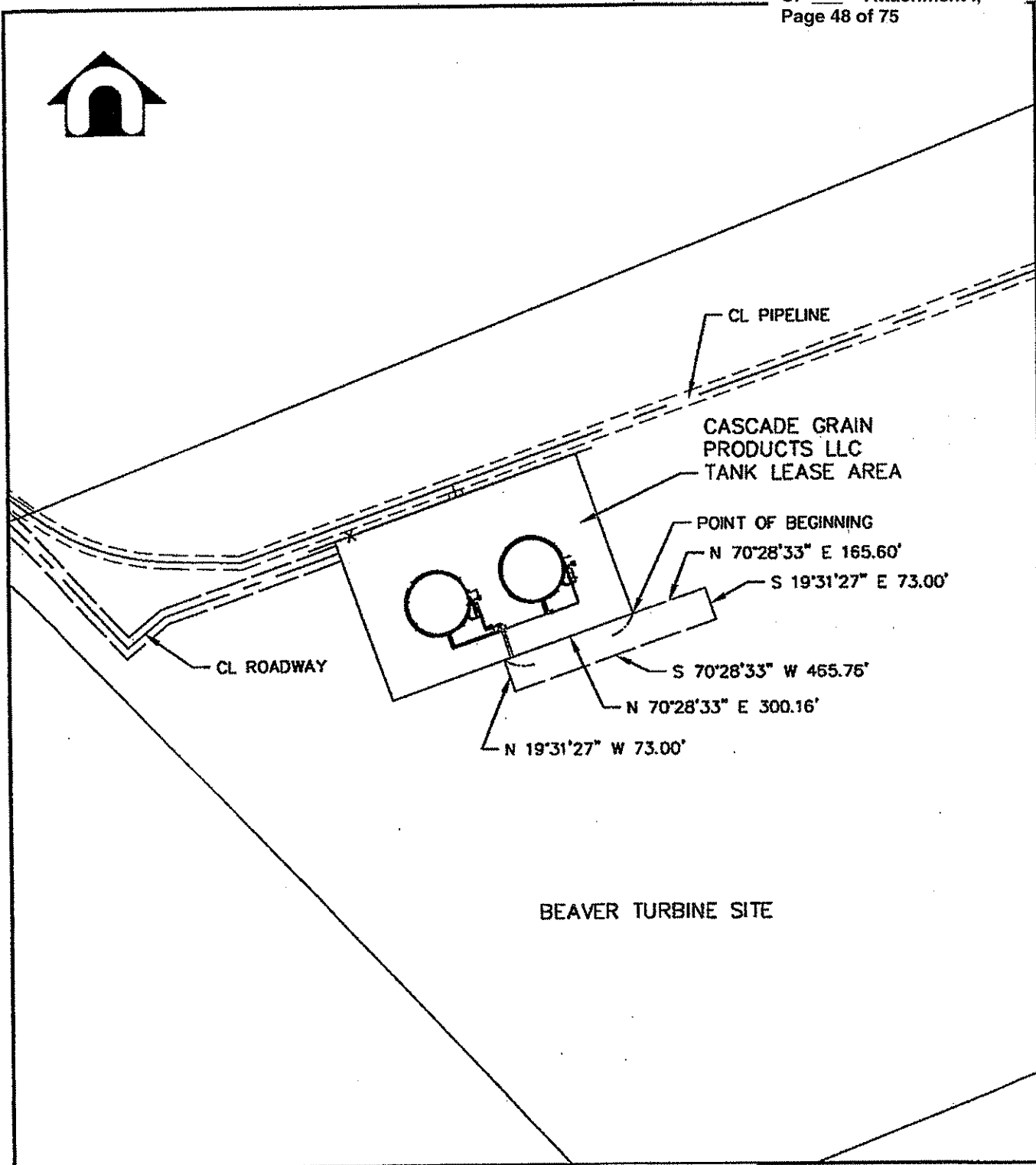
REGISTERED  
PROFESSIONAL  
LAND SURVEYOR

OREGON 3-20-07  
DECEMBER 2, 1983  
D. GARY HUTCHESON  
2072

RENEWAL 6/30/07

EXHIBIT E

UP \_\_\_\_ - Attachment I,  
Page 48 of 75



BEAVER TURBINE SITE

**DAVID EVANS AND ASSOCIATES INC.**  
2100 Southwest River Parkway  
Portland Oregon 97201  
Phone: 503.223.6663

PROJECT				SHEET
TITLE	FOAM/MCC BUILDING EASEMENT FOR CASCADE GRAIN PRODUCTS, LLC			1
DWG. REF.	PROJECT	SCALE	AMENDMENT NO.	OF
SVEM02CAGP0008	CAGP0008	1" = 300'	0.0	1
DRAWN BY	DESIGN BY	APPROVED BY	DATE	
NST	DGH	DGH	03/20/07	

**EXHIBIT H**  
**PIPELINE EASEMENT**

**PIPE LINE EASEMENT**

THIS PIPE LINE EASEMENT AGREEMENT ("Agreement") is made effective as of this 19<sup>th</sup> day of March, 2007, between the PORT OF ST. HELENS, an Oregon municipal corporation, ("the Port"), PORTLAND GENERAL ELECTRIC COMPANY, an Oregon corporation ("PGE"), and CASCADE GRAIN PRODUCTS, LLC, an Oregon limited liability company ("Cascade").

**RECITALS:**

A. The Port owns and leases to PGE that certain land located in Columbia County, Oregon which is legally described on Exhibit A attached to and made a part of this Agreement, and PGE owns that certain land located in Columbia County, Oregon legally described on Exhibit B attached to and made a part of this Agreement (together, the land described on Exhibits A and B less the Benefited Property as defined below, is the "Burdened Property").

B. Cascade has entered into a sublease with PGE dated as of the 31<sup>st</sup> day of May, 2006 (as it may be amended from time to time, the "Sublease"), and now subleases the land located in Columbia County, Oregon, that is legally described on Exhibit C attached to and made a part of this Agreement ("Benefited Property"). The Sublease was subsequently converted into a direct lease from the Port to Cascade.

C. To effectuate the Sublease and as part of the consideration of the Sublease, the Port and PGE grant an easement over and in a corridor of the Burdened Property to Cascade and the Benefited Property, for purposes of installing, constructing, using, maintaining, accessing, repairing and replacing a pipe line and related equipment necessary or desirable for transfer and loading of ethanol to and from the Benefited Property on the terms and conditions in this Agreement.

**AGREEMENTS:**

For good, fair and valuable consideration, the receipt and sufficiency of which is acknowledged, the Port, PGE, and Cascade agree as follows:

**1. Grant of Easement.** The Port and PGE grant to Cascade, for the benefit of the Benefited Property a non-exclusive, irrevocable, easement for access and use ("Easement"), to the extent of the Port's and PGE's respective interests, over, in, and under that portion of the Burdened Property legally described on Exhibit D and depicted on Exhibit E, each of which is attached hereto and made a part of this Agreement ("Pipe Line Area"). Such Easement shall continue throughout the term of the Sublease. Notwithstanding anything to the contrary contained herein, this Easement, and the rights of Cascade or any party claiming by or through Cascade shall be coterminous with the Sublease, including any extension thereof. Upon termination Cascade shall promptly execute and deliver such documents as PGE and/or the Port may reasonably request for recording to document the termination of the easement(s).

2. **Use of Easement.** Cascade, its agents, assigns, and invitees may use the Pipe Line Area for purposes of installation, construction, use, access, maintenance, repair and replacement of pipelines and equipment necessary or desirable to transfer and load ethanol ("Permitted Uses").

3. **Construction and Maintenance.** Cascade shall be entitled to cause to be constructed, or construct, in the Pipe Line Area pipe line and equipment necessary or desirable to transfer and load ethanol. The Port and PGE shall reasonably cooperate with Cascade in securing any required governmental permits and approval for such construction. Cascade shall cause the pipe line and equipment necessary to transfer and load ethanol to be maintained and kept in good repair. Cascade shall be specifically entitled to construct or install its pipe line and equipment on any pilings or other structures currently located in the Pipe Line Area. Cascade shall be responsible for all repair and maintenance of such pilings unless and until PGE uses the pilings for any purpose, whereupon Cascade and PGE shall be jointly responsible for repair and maintenance in accordance with their respective percentage of use, except that if any repair or maintenance of the pilings is necessitated solely by the use of either party, that party shall be solely responsible for any such repair or maintenance.

4. **Compliance with Laws and Regulations.** Cascade will use, and will use reasonable efforts to cause its employees, agents and invitees to exercise the Easement in compliance with all applicable laws and regulations. The Port, PGE and Cascade will not do or allow to be done anything using or entering upon the Pipe Line Area which results in another party to this agreement becoming liable, as a result of any violation of any applicable law or regulation, for any increased costs, damages, fines or penalties.

5. **Duration.** The Easement granted under this Agreement will run with the Burdened Property and the Benefited Property during the term of the Sublease and will be binding upon the Port, PGE, and Cascade and their respective successors and assigns. If at any time any of the parties sells or otherwise conveys the Burdened Property or the Benefited Property, the selling or conveying party will be released from all personal obligations under this Agreement except for those obligations arising before the date that the respective property was sold or conveyed.

6. **Indemnification by Cascade.** Cascade will indemnify, defend and save the Port and PGE harmless from and against any and all suits, demands, liabilities, costs and other expenses, including reasonable attorney fees (whether incurred at trial, on appeal, in any bankruptcy or arbitration proceeding, or otherwise), incurred by the Port or PGE in connection with or arising out of (1) Cascade's breach of this Agreement and (2) any third-party claims arising out of Cascade or its employees or agents' exercise of the Easement or use of the Pipe Line Area; except that Cascade shall have no obligation to so indemnify the Port or PGE to the extent that such suits, demands, liabilities, costs and other expenses occur as a result of the Port's or PGE's negligence, recklessness or intentional misconduct.

7. **Indemnification by the Port.** The Port will indemnify, defend and save Cascade and PGE harmless from and against any and all suits, demands, liabilities, costs and other expenses, including reasonable attorneys fees (whether incurred at trial, on appeal, in any bankruptcy or arbitration proceeding, or otherwise), incurred by Cascade or PGE in connection



with or arising out of (1) the Port's breach of this Agreement and (2) any exercise of rights in the Burdened Property by the Port or its employees or agents; except that the Port shall have no obligation to so indemnify Cascade or PGE to the extent that such suits, demands, liabilities, costs and other expenses occur as a result of Cascade's or PGE's negligence, recklessness or intentional misconduct.

**8. Indemnification by PGE.** PGE will indemnify, defend and save Cascade and the Port harmless from and against any and all suits, demands, liabilities, costs and other expenses, including reasonable attorneys fees (whether incurred at trial, on appeal, in any bankruptcy or arbitration proceeding, or otherwise), incurred by Cascade or the Port in connection with or arising out of (1) PGE's breach of this Agreement and (2) any exercise of rights in the Burdened Property by PGE or its employees, agents or invitees; except that PGE shall have no obligation to indemnify Cascade or the Port to the extent that such suits, demands, liabilities, costs and other expenses occur as a result of Cascade's or the Port's negligence, recklessness or intentional acts.

**9. Insurance.** The commercial general liability insurance policy required of Cascade under the Sublease shall include coverage for Cascade's use of the Pipe Line Area.

**10. Representations and Warranties.** The Port represents and warrants that it is an owner of a fee simple interest in the Burdened Property and has full power and authority to enter into this Agreement. PGE represents and warrants that it is the owner of a fee simple interest in or a lessee of the Burdened Property and has full power and authority to enter into this Agreement.

**11. Limitations of Master Lease.** Cascade acknowledges that certain portions of the Pipe Line Area are subject to a Master Lease from the Port to PGE. Cascade agrees that the Port is granting its respective Easement subject to the limitations of the Master Lease imposed by PGE. Cascade agrees that PGE is granting its respective Easement to Cascade subject to the limitations in the Master Lease imposed by the Port. PGE and the Port each agree that it will give force and effect to this Agreement and not impose limitations of the Master Lease in a manner contrary to this Agreement.

**12. Enforcement.** The Port, PGE, and Cascade will each have the right to enforce the rights and agreements contained herein through all legal action available at law or in equity, including injunctive relief and consequential claims. In any proceeding for the enforcement of rights under this Agreement or for the breach of this Agreement, the prevailing party in any such proceeding, including but not limited to appellate and bankruptcy proceedings, will be entitled to recover from the other party its reasonable attorneys' fees in any such proceeding.

**13. No Waiver.** No waiver of any default by any party hereto will be implied from the failure by the non-defaulting party to take any action in respect of the default. No waiver of any default in the performance of any provision of this Agreement will be deemed a waiver of any subsequent default in the performance of the same provision or any other provision. No consent to or approval of any act or request by the Port, PGE, or Cascade will be deemed to waive or render unnecessary the consent to or approval of any subsequent similar act or request.

**14. No Partnership.** Nothing contained in this Agreement and no action by the Port, PGE, or Cascade will be deemed to create the relationship of principal and agent, or a partnership, joint venture, or any association between the parties.

**15. Counterparts.** This Agreement may be executed in counterparts; each when considered together shall be deemed one document.

**16. Short Form Memorandum of Agreement.** At the request of any party, the Port, PGE, and Cascade shall promptly execute and record, at the cost of the requesting party, a short form memorandum of this Agreement in the form attached as Exhibit F.

**17. Miscellaneous.** All provisions of this Agreement are severable and the invalidity or unenforceability of any provision of this Agreement will not affect the validity or unenforceability of any other provision. This Agreement will be governed by and construed in accordance with the laws of the State of Oregon. This Agreement may only be amended by a written agreement signed by the Port, PGE, and Cascade, or their respective successors or assigns.

The Port, PGE, and Cascade have executed and delivered this Agreement as of the date stated above.

**PORT OF ST. HELENS,  
an Oregon municipal corporation**

By \_\_\_\_\_  
Its \_\_\_\_\_

**PORTLAND GENERAL ELECTRIC  
COMPANY, an Oregon corporation**

By \_\_\_\_\_  
Its \_\_\_\_\_

**CASCADE GRAIN PRODUCTS, LLC,  
an Oregon limited liability company**

By \_\_\_\_\_  
Its \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
  ) SS.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_ day of \_\_\_\_\_, 2007, by \_\_\_\_\_, the \_\_\_\_\_ of the **PORT OF ST. HELENS**, an Oregon municipal corporation, on behalf of the corporation.

---

Notary Public

STATE OF \_\_\_\_\_ )  
  ) SS.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_ day of \_\_\_\_\_, 2007, by \_\_\_\_\_, the \_\_\_\_\_ of **PORTLAND GENERAL ELECTRIC COMPANY**, an Oregon corporation, on behalf of the corporation.

---

Notary Public

STATE OF \_\_\_\_\_ )  
  ) SS.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_ day of \_\_\_\_\_, 2007, by \_\_\_\_\_, the \_\_\_\_\_ of **CASCADE GRAIN PRODUCTS, LLC**, an Oregon limited liability, on behalf of the company.

---

Notary Public

**EXHIBIT A****Legal Description  
of the  
Port Owned and PGE Leased Property**

A parcel of land in Sections 15, 16, 21, 22 and 23, Township 8 North, Range 4 West, Willamette Meridian, Columbia County, Oregon, described as follows:

Beginning at the East quarter corner of said Section 21; thence South 89°37' West, 1780.20 feet to the centerline of a County Road; thence North 16°36' West, 1188.39 feet along the said centerline; thence North 45°39' West, 1928.31 feet; thence North 5°23' West, 1472.77 feet; thence North 6°09' East, 385.00 feet; thence North 55°05' West, 128.00 feet; thence Northwesterly to the low water line of the Columbia River; thence Northeasterly and Southeasterly in the low water line, 11,300 feet, more or less, to the East line of said Section 22, which is 2,400 feet North of the East quarter corner of said Section 22; thence South along the said East line, 1109.60 feet to the Northeasterly right of way line of a railroad spur to the ammunition storage area; thence South 45°39' East, 2141.95 feet along said right of way; thence along a 5679.65 foot radius curve to the left, through a central angle of 5°00' for a distance of 495.64 feet; thence South 50°39' East 300.00 feet; thence along a 769.02 foot radius curve to the left, through a central angle of 66°42'10" for a distance of 895.28 feet; thence North 62°38'50" East 95.00 feet, to the Northwesterly right of way of the Spokane Portland and Seattle Railway; thence Southwesterly 367.60 feet along said Northwesterly right of way; thence from a tangent of South 81°13'10" West along a 869.02 foot radius curve to the right, through a central angle of 48°07'50" for a distance of 730.00 feet; thence North 50°39' West 300.00 feet; thence along a 5779.65 foot radius curve to the right, through a central angle of 5°00' for a distance of 504.37 feet; thence North 45°39' West 865.95 feet; thence West 86.95 feet to a point 300.00 feet North and 760.00 feet East of the West quarter corner of said Section 23; thence North 85.16 feet; thence North 45°39' West, 1707.40 feet; thence South 89°37' West, 1795.60 feet; thence South 0°04' East 454.00 feet; thence South 89°37' West 960.00 feet; thence South 0°04' East, 1148.00 feet; thence South 89°37' West, 2113.80 feet to the point of beginning.

**EXHIBIT B****Legal Description  
of the  
PGE Owned Property**

A parcel of land in Sections 15, 16, 21 and 22, Township 8 North, Range 4 West, Willamette Meridian, Columbia County, Oregon.

Said parcel lying entirely within a tract of land conveyed to the Port of St. Helens, a municipal corporation, by the United States of America, recorded March 31, 1966, in Book 161 at Page 292, Deed Records, hereinafter referred to as the "Port Tract".

Beginning at a point which bears North 31 degrees 25 minutes 41 seconds East, 3,915.81 feet from the east quarter corner of said Section 21, (said quarter corner being the point of beginning of the deed description of the Port Tract). Said point of beginning also bears North 45 degrees 39 minutes 00 seconds West, 2,877.10 feet and South 68 degrees 37 minutes 00 seconds West, 835.15 feet from a 3 inch iron pipe set in concrete (said pipe being an original boundary corner of the Port Tract). Thence from said point of beginning; South 68 degrees 37 minutes 00 seconds West, 2,725.50 feet; thence North 45 degrees 39 minutes 00 seconds West, 2,112.00 feet; thence North 68 degrees 37 minutes 00 seconds East, 2,725.50 feet; thence South 45 degrees 39 minutes 00 seconds East, 2,112.00 feet to the point of beginning.

**EXHIBIT C****Legal Description  
of the  
Benefited Property**

A parcel of land in the southwest quarter (SW 1/4) of Section 15, T.8 N., R.4W., Willamette Meridian, Columbia County, Oregon, being more particularly described as follows:

COMMENCING AT a 1/2 inch, inside diameter iron pipe, 2 feet above ground level, which marks the most easterly corner of an 120.47 acre, more or less, parcel of land recorded in book 196, page 122, deed records, said County; THENCE, South 64 degrees 01 minutes 20 seconds East for a distance of 1139.29 feet to a 5/8 inch rebar monument and THE POINT OF BEGINNING of the parcel to be described; THENCE, North 43 degrees 47 minutes 31 seconds West for a distance of 2703.11 feet to a 5/8 inch rebar monument; THENCE, North 46 degrees 12 minutes 29 seconds East for a distance of 794.99 feet to a 5/8 inch rebar monument; THENCE, South 40 degrees 28 minutes 00 seconds East for a distance of 404.17 feet to a 5/8 inch rebar monument; THENCE, South 35 degrees 48 minutes 19 seconds East for a distance of 1226.73 feet to a 5/8 inch rebar monument; THENCE, South 44 degrees 57 minutes 31 seconds East for a distance of 621.68 feet to a 5/8 inch rebar monument; THENCE, South 50 degrees 17 minutes 46 seconds East for a distance of 696.83 feet to a 5/8 inch rebar monument; THENCE, South 64 degrees 30 minutes 35 seconds West for a distance of 729.59 feet to a 5/8 inch rebar monument and the point of beginning.

The above described parcel contains 43.62, more or less, acres and is shown on Portland General Electric Company drawing E-10007, attached hereto, which by reference thereto is made a part hereof.

**EXHIBIT D**  
**Legal Description of the Pipe Line Area**



**DAVID EVANS  
AND ASSOCIATES INC.**

CAGP0000-0008  
DGH  
3/19/07

Exhibit "A"  
Legal Description for Pipe Line Easement  
Between Cascade Grain Products, LLC And  
Portland General Electric Company

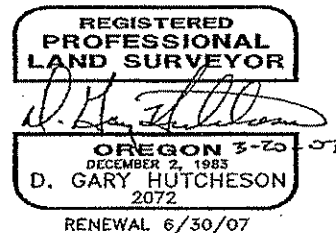


Situated in the Southeast Quarter of Section 16, Township 8 North, Range 4 West, Willamette Meridian, Columbia County, Oregon, and lying 20.00 feet to the left and 20.00 feet to the right of the following described centerline:

Beginning at a point (North 925659.340, East 7523220.730) located North 88° 30' 47" West, a distance of 917.37 feet and North 01° 29' 13" East, a distance of 3849.18 feet from the East Quarter Corner of Section 21, Township 8 North, Range 4 West, Willamette Meridian, Columbia County, Oregon, located on the Northerly line of the Cascade Grain Products, LLC Fuel Tank Property and being located North 70° 28' 33" East, a distance of 240.00 feet from the Northeast Corner of said Fuel Tank Property and running thence North 19° 31' 27" West, a distance of 28.58 feet and the terminus of said easement.

SUBJECT to any easements and restrictions of record.

The basis of bearings for this legal description is based on the Oregon Coordinate System of NAD 83/91, North Zone as per Survey Number 4771, Columbia County Survey Records, Columbia County, Oregon.

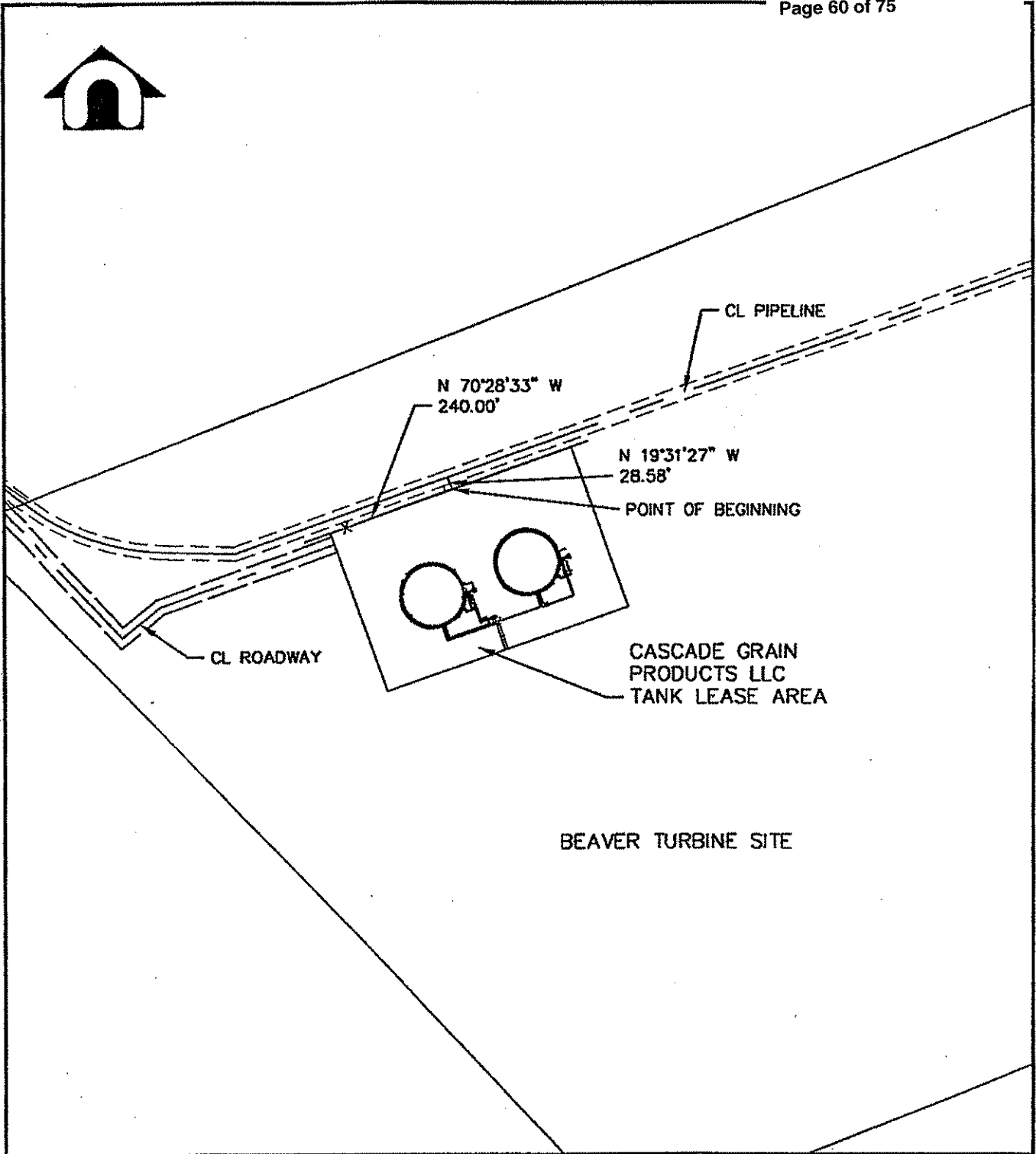


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2100 Southwest River Parkway Portland Oregon 97201 Telephone: 503.223.6663 Facsimile: 503.223.2701

2100 Southwest River Parkway Portland Oregon 97201 Telephone: 503.223.6663 Facsimile: 503.223.2701





**DAVID EVANS  
AND ASSOCIATES INC.**  
2100 Southwest River Parkway  
Portland Oregon 97201  
Phone: 503.223.6669

PROJECT

SHEET

TITLE

PIPE LINE EASEMENT

FOR CASCADE GRAIN PRODUCTS, LLC

1  
OF  
1

DWG. REF.

PROJECT

SCALE

AMENDMENT NO.

SVEM01CAGP0008

CAGP0008

1" = 300'

0.0

DRAWN BY

DESIGN BY

APPROVED BY

DATE

NST

DGH

DGH

03/20/07

**Exhibit F**

**Memorandum of Agreement**

WHEN RECORDED RETURN TO:  
Perkins Coie LLP  
1120 NW Couch St.,  
10th Floor  
Portland, OR 97209  
Attention: Andrew Solomon

UP \_\_\_ - Attachment I,  
Page 62 of 75

SPACE ABOVE THIS LINE  
RESERVED FOR RECORDER'S  
USE ONLY

**MEMORANDUM OF PIPE LINE EASEMENT**

THIS MEMORANDUM OF PIPE LINE EASEMENT AGREEMENT ("Memorandum") is made as of the 19<sup>th</sup> day of March, 2007 between the PORT OF ST. HELENS, an Oregon municipal corporation (the "Port"), PORTLAND GENERAL ELECTRIC COMPANY, an Oregon corporation ("PGE"), and CASCADE GRAIN PRODUCTS, LLC, an Oregon limited liability company ("Cascade").

**RECITALS:**

The Port owns that certain real property in Columbia County, Oregon, which is legally described on the attached Exhibit A (the "Port Property").

PGE is the tenant of the Port Property pursuant to a Lease Agreement between the Port and Westward Properties, Inc., dated August 10, 1967 (the "Lease"), which Lease was assigned to PGE pursuant to an Assignment dated June 6, 1973.

PGE owns that certain real property in Columbia County, Oregon, which is legally described on the attached Exhibit B ("PGE Property").

A. Cascade is the lessee of a portion of the Port Property pursuant to a sublease agreement with PGE dated as of the 31<sup>st</sup> day of May, 2006 (the "Sublease"), which portion is legally described on the attached Exhibit C (the "Benefited Property"). The Sublease was subsequently converted into a direct lease from the Port to Cascade.

The PGE Property is the "Burdened Property".

The Port, PGE, and Cascade have entered into that certain Pipe Line Easement Agreement dated as of the date of this Memorandum (the "Agreement"), pursuant to which the Port and PGE have granted to Cascade an easement (the "Easement") for purposes of installation, construction, use, access, maintenance, repair and replacement of pipelines and equipment necessary or desirable to transfer and load ethanol over and in those portions of the Burdened Property which are legally described on the attached Exhibit D and depicted on the attached Exhibit E ("Pipe Line Area").

The Easement is non-exclusive and irrevocable, commencing on the commencement date as described in the Sublease and expiring August 1, 2066, subject, however, (1) to earlier termination upon the occurrence of an event of default by Cascade and the exercise by PGE of its right to terminate the Sublease pursuant to the provisions thereof, and (2) to Cascade's option to renew the term of the Sublease as described in the Sublease.

**AGREEMENT**

NOW, THEREFORE, the Port, PGE, and Cascade make this Memorandum to set forth certain provisions of the Agreement. Reference is made to the Agreement for a full statement of the terms and conditions of the Agreement, all of which are hereby incorporated by reference.

IN AGREEMENT, the Port, PGE, and Cascade have executed this Memorandum as of the date first above written.

**PORT OF ST. HELENS, an Oregon  
municipal corporation**

By \_\_\_\_\_  
Its \_\_\_\_\_

**PORTLAND GENERAL ELECTRIC  
COMPANY, an Oregon corporation**

By \_\_\_\_\_  
Its \_\_\_\_\_

**CASCADE GRAIN PRODUCTS, LLC,  
an Oregon limited liability company**

By \_\_\_\_\_  
Its \_\_\_\_\_

STATE OF OREGON        )  
                                  ) SS.  
COUNTY OF \_\_\_\_\_)

The foregoing Memorandum was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_,  
2007 by \_\_\_\_\_, the \_\_\_\_\_ of the **PORT OF ST. HELENS**, an Oregon  
municipal corporation, on behalf of the corporation.

\_\_\_\_\_  
Notary Public

STATE OF OREGON        )  
                                  ) SS.  
COUNTY OF \_\_\_\_\_)

The foregoing Memorandum was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_,  
2007 by \_\_\_\_\_, the \_\_\_\_\_ of **PORTLAND GENERAL ELECTRIC  
COMPANY**, an Oregon corporation, on behalf of the corporation.

\_\_\_\_\_  
Notary Public

STATE OF OREGON        )  
                                  ) SS.  
COUNTY OF \_\_\_\_\_)

The foregoing Memorandum was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_,  
2007 by \_\_\_\_\_, the \_\_\_\_\_ of **CASCADE GRAIN PRODUCTS, LLC**,  
an Oregon limited liability company, on behalf of the company.

\_\_\_\_\_  
Notary Public

**Exhibit A**

**Legal Description  
of the  
Port Property**

A parcel of land in Sections 15, 16, 21, 22 and 23, Township 8 North, Range 4 West, Willamette Meridian, Columbia County, Oregon, described as follows:

Beginning at the East quarter corner of said Section 21; thence South 89°37' West, 1780.20 feet to the centerline of a County Road; thence North 16°36' West, 1188.39 feet along the said centerline; thence North 45°39' West, 1928.31 feet; thence North 5°23' West, 1472.77 feet; thence North 6°09' East, 385.00 feet; thence North 55°05' West, 128.00 feet; thence Northwesterly to the low water line of the Columbia River; thence Northeasterly and Southeasterly in the low water line, 11,300 feet, more or less, to the East line of said Section 22, which is 2,400 feet North of the East quarter corner of said Section 22; thence South along the said East line, 1109.60 feet to the Northeasterly right of way line of a railroad spur to the ammunition storage area; thence South 45°39' East, 2141.95 feet along said right of way; thence along a 5679.65 foot radius curve to the left, through a central angle of 5°00' for a distance of 495.64 feet; thence South 50°39' East 300.00 feet; thence along a 769.02 foot radius curve to the left, through a central angle of 66°42'10" for a distance of 895.28 feet; thence North 62°38'50" East 95.00 feet, to the Northwesterly right of way of the Spokane Portland and Seattle Railway; thence Southwesterly 367.60 feet along said Northwesterly right of way; thence from a tangent of South 81°13'10" West along a 869.02 foot radius curve to the right, through a central angle of 48°07'50" for a distance of 730.00 feet; thence North 50°39' West 300.00 feet; thence along a 5779.65 foot radius curve to the right, through a central angle of 5°00' for a distance of 504.37 feet; thence North 45°39' West 865.95 feet; thence West 86.95 feet to a point 300.00 feet North and 760.00 feet East of the West quarter corner of said Section 23; thence North 85.16 feet; thence North 45°39' West, 1707.40 feet; thence South 89°37' West, 1795.60 feet; thence South 0°04' East 454.00 feet; thence South 89°37' West 960.00 feet; thence South 0°04' East, 1148.00 feet; thence South 89°37' West, 2113.80 feet to the point of beginning.

**Exhibit B**

UP \_\_\_\_ - Attachment I,  
Page 66 of 75

**Legal Description  
of the  
PGE Property**

A parcel of land in Sections 15, 16, 21 and 22, Township 8 North, Range 4 West, Willamette Meridian, Columbia County, Oregon.

Said parcel lying entirely within a tract of land conveyed to the Port of St. Helens, a municipal corporation, by the United States of America, recorded March 31, 1966, in Book 161 at Page 292, Deed Records, hereinafter referred to as the "Port Tract".

Beginning at a point which bears North 31degrees 25 minutes 41 seconds East, 3,915.81 feet from the east quarter corner of said Section 21, (said quarter corner being the point of beginning of the deed description of the Port Tract). Said point of beginning also bears North 45 degrees 39 minutes 00 seconds West, 2,877.10 feet and South 68 degrees 37 minutes 00 seconds West, 835.15 feet from a 3 inch iron pipe set in concrete (said pipe being an original boundary corner of the Port Tract). Thence from said point of beginning; South 68 degrees 37 minutes 00 seconds West, 2,725.50 feet; thence North 45 degrees 39 minutes 00 seconds West, 2,112.00 feet; thence North 68 degrees 37 minutes 00 seconds East, 2,725.50 feet; thence South 45 degrees 39 minutes 00 seconds East, 2,112.00 feet to the point of beginning.

**Exhibit C**

UP \_\_\_ - Attachment I,  
Page 67 of 75

**Legal Description  
of the  
Benefited Property**

A parcel of land in the southwest quarter (SW 1/4) of Section 15, T.8 N., R.4W., Willamette Meridian, Columbia County, Oregon, being more particularly described as follows:

COMMENCING AT a 1/2 inch, inside diameter iron pipe, 2 feet above ground level, which marks the most easterly corner of an 120.47 acre, more or less, parcel of land recorded in book 196, page 122, deed records, said County; THENCE, South 64 degrees 01 minutes 20 seconds East for a distance of 1139.29 feet to a 5/8 inch rebar monument and THE POINT OF BEGINNING of the parcel to be described; THENCE, North 43 degrees 47 minutes 31 seconds West for a distance of 2703.11 feet to a 5/8 inch rebar monument; THENCE, North 46 degrees 12 minutes 29 seconds East for a distance of 794.99 feet to a 5/8 inch rebar monument; THENCE, South 40 degrees 28 minutes 00 seconds East for a distance of 404.17 feet to a 5/8 inch rebar monument; THENCE, South 35 degrees 48 minutes 19 seconds East for a distance of 1226.73 feet to a 5/8 inch rebar monument; THENCE, South 44 degrees 57 minutes 31 seconds East for a distance of 621.68 feet to a 5/8 inch rebar monument; THENCE, South 50 degrees 17 minutes 46 seconds East for a distance of 696.83 feet to a 5/8 inch rebar monument; THENCE, South 64 degrees 30 minutes 35 seconds West for a distance of 729.59 feet to a 5/8 inch rebar monument and the point of beginning.

The above described parcel contains 43.62, more or less, acres and is shown on Portland General Electric Company drawing E-10007, attached hereto, which by reference thereto is made a part hereof.



**Exhibit D**  
**Legal Description**  
**of the Tank Pipeline Access Area**



DAVID EVANS  
AND ASSOCIATES INC.

CAGP0000-0008  
DGH  
3/19/07

Exhibit "A"  
Legal Description for Pipe Line Easement  
Between Cascade Grain Products, LLC And  
Portland General Electric Company



Situated in the Southeast Quarter of Section 16, Township 8 North, Range 4 West, Willamette Meridian, Columbia County, Oregon, and lying 20.00 feet to the left and 20.00 feet to the right of the following described centerline:

Beginning at a point (North 925659.340, East 7523220.730) located North 88° 30' 47" West, a distance of 917.37 feet and North 01° 29' 13" East, a distance of 3849.18 feet from the East Quarter Corner of Section 21, Township 8 North, Range 4 West, Willamette Meridian, Columbia County, Oregon, located on the Northerly line of the Cascade Grain Products, LLC Fuel Tank Property and being located North 70° 28' 33" East, a distance of 240.00 feet from the Northeast Corner of said Fuel Tank Property and running thence North 19° 31' 27" West, a distance of 28.58 feet and the terminus of said easement.

SUBJECT to any easements and restrictions of record.

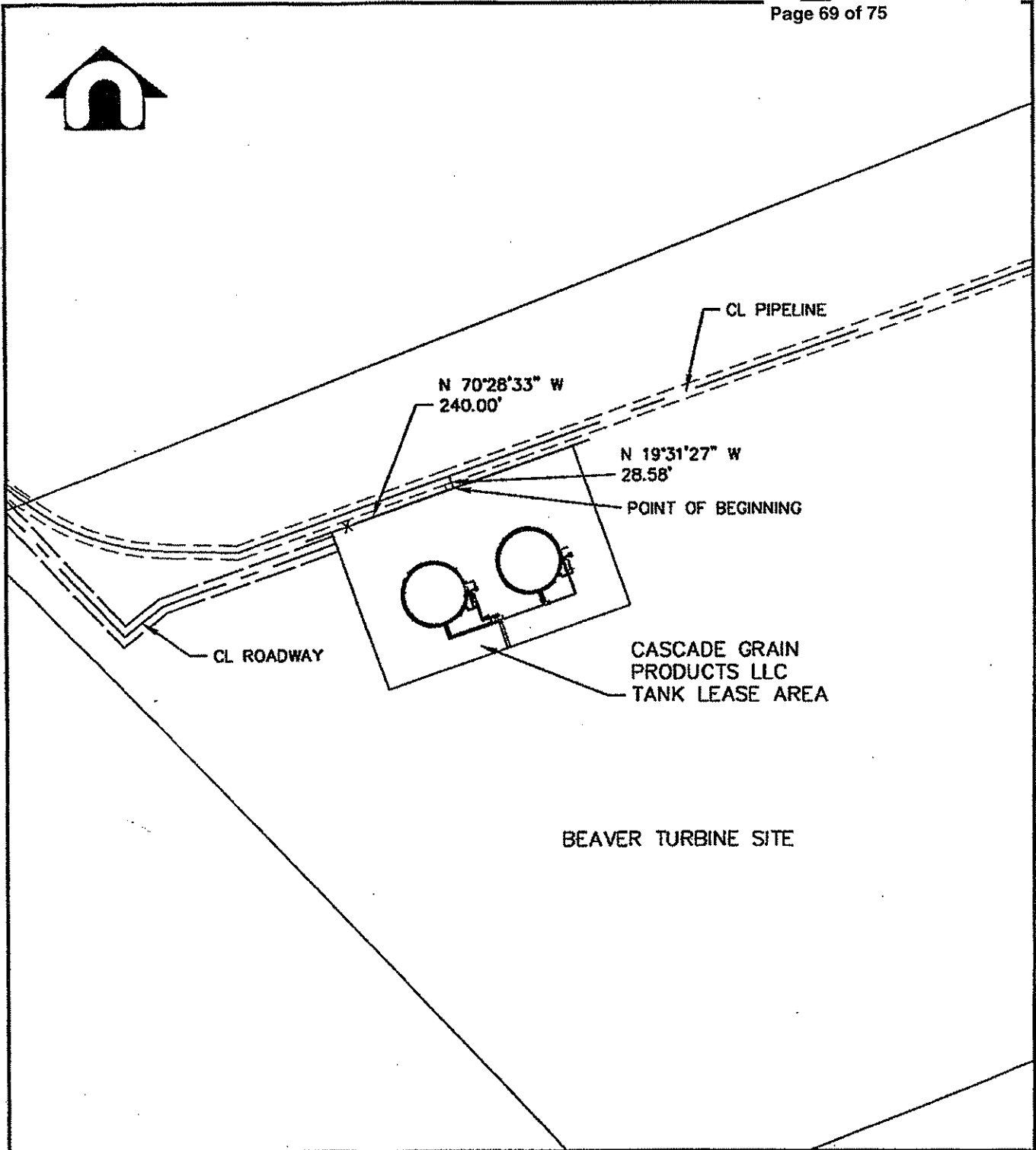
The basis of bearings for this legal description is based on the Oregon Coordinate System of NAD 83/91, North Zone as per Survey Number 4771, Columbia County Survey Records, Columbia County, Oregon.

REGISTERED  
PROFESSIONAL  
LAND SURVEYOR

OREGON 3-23-07  
DECEMBER 2, 1983  
D. GARY HUTCHESON  
2072

RENEWAL 6/30/07

P:\C\CAGP00000008\0600\INFO\SV\Legal Descriptions and Easements\Pipeline.doc



**DAVID EVANS  
AND ASSOCIATES INC.**

2100 Southwest River Parkway  
Portland Oregon 97201  
Phone: 503.223.8683

PROJECT

TITLE

**PIPE LINE EASEMENT  
FOR CASCADE GRAIN PRODUCTS, LLC**

DWG. REF.

SVEM01CAGP0008

PROJECT

CAGP0008

SCALE

1" = 300'

AMENDMENT NO.

0.0

DRAWN BY

NST

DESIGN BY

DGH

APPROVED BY

DGH

DATE

03/20/07

SHEET

1  
OF  
1

**EXHIBIT A-1**  
**LEGAL DESCRIPTION OF THE LAND**

**TANK PARCEL**

SITUATED IN THE SOUTHEAST QUARTER OF SECTION 16, TOWNSHIP 8 NORTH, RANGE 4 WEST, WILLAMETTE MERIDIAN, COLUMBIA COUNTY, OREGON AND BEING DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT (NORTH 925417.375, EAST 7523646.223) LOCATED NORTH 88' 30' 47" WEST, A DISTANCE OF 485.74 FEET AND NORTH 01' 29' 13" EAST, A DISTANCE OF 3618.34 FEET FROM THE EAST QUARTER CORNER OF SEC110N 21, TOWNSHIP 8 NORTH, RANGE 4 WEST, WILLAMETTE MERIDIAN, COLUMBIA COUNTY, OREGON, AND RUNNING THENCE SOUTH 70' 28' 33" WEST, A DISTANCE OF 560.16 FEET; THENCE NORTH 19' 31' 27" WEST, A DISTANCE OF 370.25 FEET; THENCE NORTH 70' 28' 33" EAST, A DISTANCE OF 560.16 FEET; THENCE SOUTH 19' 31' 27" EAST, A DISTANCE OF 370.25 FEET TO THE POINT OF BEGINNING.

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**EXHIBIT A-2**

**PURCHASED EQUIPMENT**

Storage tank number thirteen (13) and Storage tank number fourteen (14) along with all of the Equipment located on the Land which is not specifically retained by PGE pursuant hereto.

**EXHIBIT B**

**PERSONAL PROPERTY**

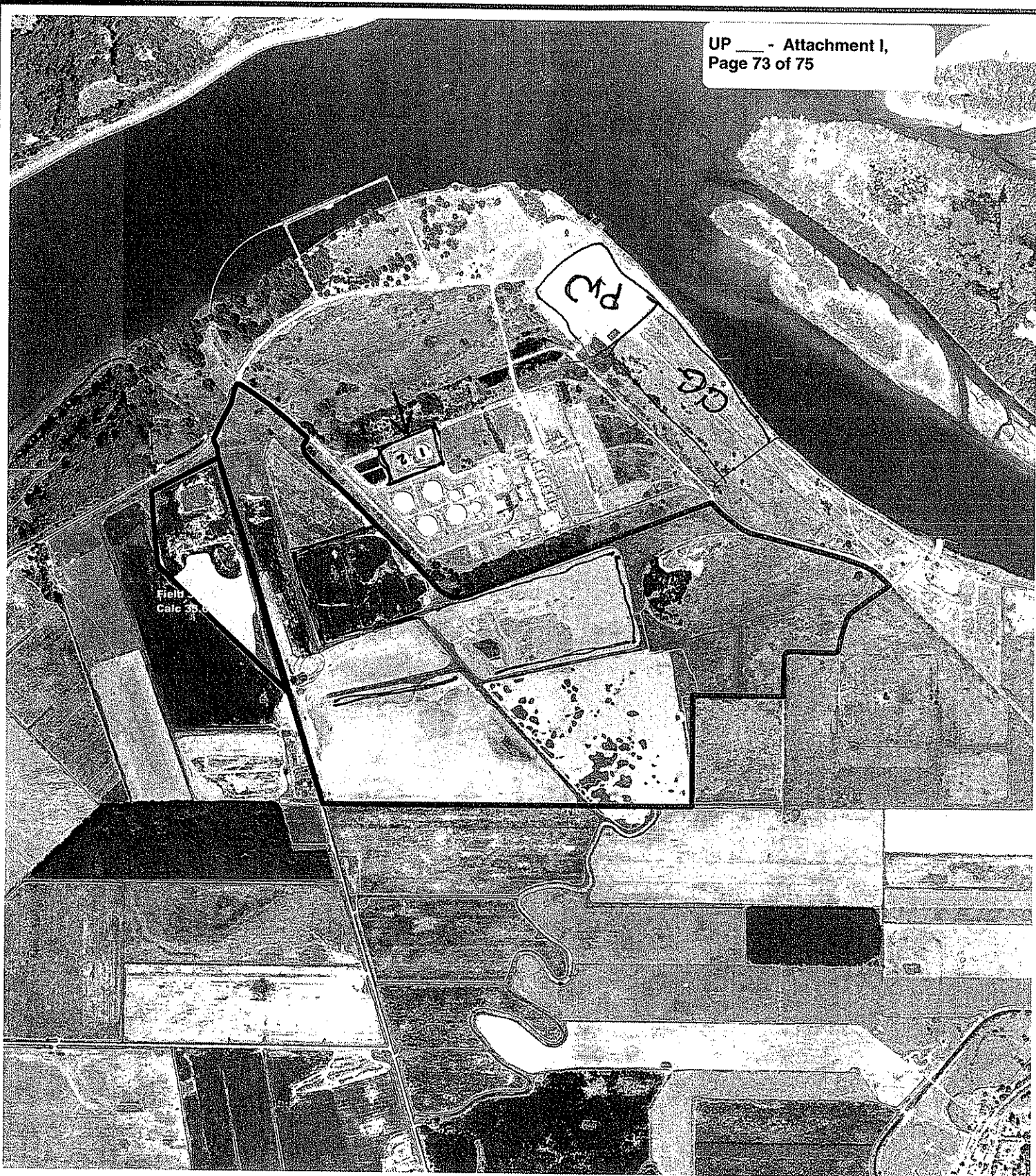
All of the Personal Property located on the Land which is not specifically retained by PGE pursuant hereto.

**EXHIBIT C**  
**SUBLEASED PROPERTY**

A parcel of land in the southwest quarter (SW 1/4) of Section 15, T.8 N., R.4W., Willamette Meridian, Columbia County, Oregon, being more particularly described as follows:

COMMENCING AT a 1/2 inch, inside diameter iron pipe, 2 feet above ground level, which marks the most easterly corner of an 120.47 acre, more or less, parcel of land recorded in book 196, page 122, deed records, said County; THENCE, South 64 degrees 01 minutes 20 seconds East for a distance of 1139.29 feet to a 5/8 inch rebar monument and THE POINT OF BEGINNING of the parcel to be described; THENCE, North 43 degrees 47 minutes 31 seconds West for a distance of 2703.11 feet to a 5/8 inch rebar monument; THENCE, North 46 degrees 12 minutes 29 seconds East for a distance of 794.99 feet to a 5/8 inch rebar monument; THENCE, South 40 degrees 28 minutes 00 seconds East for a distance of 404.17 feet to a 5/8 inch rebar monument; THENCE, South 35 degrees 48 minutes 19 seconds East for a distance of 1226.73 feet to a 5/8 inch rebar monument; THENCE, South 44 degrees 57 minutes 31 seconds East for a distance of 621.68 feet to a 5/8 inch rebar monument; THENCE, South 50 degrees 17 minutes 46 seconds East for a distance of 696.83 feet to a 5/8 inch rebar monument; THENCE, South 64 degrees 30 minutes 35 seconds West for a distance of 729.59 feet to a 5/8 inch rebar monument and the point of beginning.

The above described parcel contains 43.62, more or less, acres and is shown on Portland General Electric Company drawing E-10007, attached hereto, which by reference thereto is made a part hereof.



**Columbia County**  
**Farm 819**  
**Tract 01429**

- Legend**
- ▬ Tract/Field Boundary
  - Wetland



May 12, 2006  
 T8N R4W SEC16  
 SW¼, SE¼

400 0 4008001200 Feet

This acreage is for FSA program purposes only.  
 No warranty is made for any other use.

## SUMMARY OF SALIENT FACTS AND CONCLUSIONS

**OWNER:** Portland General Electric Company  
121 SW Salmon Street  
Portland, Oregon 97204

**PROPERTY ADDRESS:** 80997 Kallunki Road  
Clatskanie, Oregon 97016

**PROPERTY LOCATION:** The subject site is located on the westerly periphery of the developed Beaver Generating site at Port Westward, Clatskanie, Oregon.

**LEGAL DESCRIPTION:** The subject includes a portion of Tax Lot 400, Map 8-4 in Section 16, within Columbia County, Oregon. The complete metes and bounds description is included in the Addenda of this report.

**SITE SIZE:** 207,399 square feet or 4.76 acres.

**EXISTING IMPROVEMENTS:** The subject site is improved with two 100,000 barrel fuel storage tanks known as Tanks 13 and 14.

**ZONING:** RIPD, Rural Industrial Planned Development.

**HIGHEST AND BEST USE:** Industrial redevelopment with salvage to existing tanks or possible reuse by an adjacent owner.

**VALUE ESTIMATE:**

Cost Approach:	\$1,700,000
Income Approach:	\$ N/A
Market Approach:	<u>\$ N/A</u>

**VALUE CONCLUSION:** **\$1,700,000**

**DATE OF VALUE:** August 30, 2006

**DATE OF APPRAISAL:** October 23, 2006

