Portland General Electric Company

December 4, 2006

US Mail

Vikie Bailey-Goggins, Administrator
Oregon Public Utility Commission
550 Capitol Street NE, Suite 215
Salem, OR 97308-2148

Re: Affiliated Master Service Agreement
Docket No. **UI-248** (OPUC Order No. 06-250)

Dear Ms. Bailey-Goggins:

Enclosed is a signed copy of the Affiliated Master Service Agreement (MSA) between Portland General Electric Company (PGE) and its affiliates. The MSA was originally filed on March 24, 2006, in OPUC Docket No. UI-248 and approved by the Commission in Order No. 06-250, dated May 25, 2006.

For your information, a copy of the PGE/Affiliates Master Service Agreement with signatures is Attachment 1 to this letter. A copy of the list of active affiliates covered in the Master Service Agreement is included in Exhibit A to the Master Service Agreement.

Sincerely,

/s/ Patrick G. Hager
Manager, Regulatory Affairs

Encls.

c: Barbara Halle
David White
Jay Dudley

Attachment 1

Signed copies of

PGE/Affiliates Master Services Agreement

With

Addendum 1

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

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Attachment 1

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PGE/Affiliates Master Services Agreement

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Addendum 1

MASTER SERVICE AGREEMENT

THIS AGREEMENT, dated April 3, 2006, including addenda, is between PORTLAND GENERAL ELECTRIC COMPANY, an Oregon corporation ("PGE"), and its affiliates and subsidiaries ("Master Service Agreement"). PGE's affiliates include the affiliates and subsidiaries as listed in Exhibit A, which may be amended periodically. They are referred to herein as "Affiliated Interests," in accordance with the definition contained in ORS 757.015.

RECITALS

A. PGE is a regulated electric utility operating within the state of Oregon with its headquarters located in Portland, Oregon.

B. PGE employs certain expert personnel capable of performing needed management, analytical, professional, and administrative services in furtherance of the operations of its Affiliated Interests.

C. PGE's Affiliated Interests employ certain expert personnel capable of performing needed services in furtherance of PGE's operations.

D. PGE and its Affiliated Interests agree that in some cases it would be more economical for each to provide the other with management, administrative, and other professional services, rather than for each to obtain such services by employing additional staff or by retaining independent contractors or consultants.

E. PGE desires to make available to its Affiliated Interests such personnel and management, administrative, and other professional services as the Board of Directors or officers of those Affiliated Interests shall reasonably request in the future, without detriment to its utility functions.

F. PGE's Affiliated Interests desire to make available to PGE such personnel and management, administrative, and other professional services the board of directors or officers of PGE shall reasonably request in the future, without detriment to its corporate functions.

THEREFORE, the parties hereto agree as follows:

PGE Services

1. Upon the request of the Board of Directors, officers, or managers of PGE, PGE will furnish to its Affiliated Interests the following administrative services as required, given the terms and conditions as follows:

Services	Service Description
A. Office Support	Word Processing, secretarial services, communications, mail services, printing, records management, facilities management, office space, conference room services, office supplies, furniture and equipment, computer services for affiliates' employees located in the World Trade Center or other buildings.
B. Business Analysis	Tax, regulatory, accounting, budgeting, and financial reporting assistance. Also, tax planning, financial and strategic studies, internal auditing services, market intelligence, marketing and product development support, engineering.
C. Finance and Treasury Support	Cash management services, maintain banking relationships, oversee financing, manage corporate and pension investment funds, and provide analytical support.
D. Human Resources	Administration of human resources and management of payroll and benefits.
E. Investor Relations	Provide information for investors. Provide support for corporate communications with the public and the media.
F. Legal Services	Services provided by PGE's Legal Department for legal proceedings and other legal functions.
G. Construction and Engineering Services	Purchasing materials and supplies, hiring contractors and hiring engineering services.
H. Purchasing	Purchasing goods, materials and services through PGE's Service and Contracts Department.
I. Consulting/Training Services	Providing labor, materials and expertise for consulting/training.
J. Other Services	Other services as defined and priced in the Addenda, signed by PGE and appropriate entity, and approved by the OPUC.

2. **Affiliated Interest Services**

Upon the request of the Board of Directors, officers, or managers of PGE, PGE's Affiliated Interests will furnish to PGE services as required, upon the terms and conditions set forth herein and in the attached Addenda.

3. **Requests for Service**

All services provided will be based on a mutually agreeable work scope, specifying the scope of services, personnel, and budget for services. Changes in the scope of work will be agreed to by the parties.

4. **Basis of Charges**

If the service cost or benefit is intended for inclusion in PGE's retail revenue requirement, then

a. All billing by PGE to an Affiliated Interest will be at the higher of cost or market, unless otherwise specified and approved by the OPUC; and

b. All billings by an Affiliated Interest to PGE will be at the lower of cost or market, unless otherwise specified and approved by the OPUC.

c. For the purpose of this Master Service Agreement, "cost" shall include:

(i). All out-of-pocket expenses of the provider of services incurred in connection with the services rendered including an appropriate share of salaries and benefits; amounts paid for independent technical and professional services; and all overhead expenses, including but not limited to space utilization; and (ii). A reasonable return on any investment in assets, equipment, or plant supporting the provision of services ("tangible assets") in the following amounts:

(a) For services provided by PGE, the return on tangible assets employed, if any, will be no less than the authorized rate of return of PGE on its investment serving its electric ratepayers; and

(b) For services provided by an Affiliated Interest, the return on tangible assets employed, if any, will be no more than the authorized rate of return of PGE on its investment serving its Oregon electric ratepayers.

Costs shall include both direct and indirect costs of operation. Cost allocation is used where a cost incurred by an Affiliated Interest is attributed to related and/or unrelated third parties, including PGE. Exhibit B to this Master Service Agreement describes the method used for allocating common costs to be used by the Affiliated Interest.

5. **Method of Charging for Services**

Once the appropriate basis for charges is established in accordance with Section 4, accounting charges shall be made as follows:

a. PGE Charges to Affiliates

PGE will directly assign charges to Affiliated Interests for services involving labor provided to Affiliated Interests on the basis of the number of hours worked by PGE employees multiplied by the cost rate per hour applicable to those employees. The hourly rate will be adjusted to include all appropriate payroll loadings (for benefits, taxes, etc). In addition, the applicable Administration & General (A&G) allocation rate will be applied to derive the fully loaded cost of employee time associated with services provided. Materials, supplies, and other vouchered items will similarly be charged to Affiliated Interests on the basis of the full cost of the items supplied. Supporting documentation on the cost of non-labor items will be available to Affiliated Interests to substantiate the charges billed. Non-labor costs will not have an A&G allocation rate applied. The allocation of PGE indirect costs to Affiliated Interests is described in the Cost Allocation Manual provided annually with PGE's Affiliated Interest Report. The most current Cost Allocation Manual (as of the effective date of this Master Service Agreement) is attached hereto as part of Exhibit B. Any charges under this Section will be in accordance with PGE's most recent Cost Allocation Manual on file with the Commission.

b. Affiliated Interest Charges to PGE

Affiliated Interests will directly assign charges to PGE for services involving labor provided to PGE on the basis of the number of hours worked by employees of Affiliated Interests multiplied by the cost rate per hour applicable to those employees. The hourly rate will be adjusted to include all appropriate payroll loadings (for benefits, taxes, etc). In addition, the applicable Administration & General (A&G) allocation rate will be applied to derive the fully loaded cost of employee time associated with services provided.

Allocable costs which meet the four-point test described herein will be allocated based on methods described in Exhibit B to this Master Service Agreement. The four points that costs must meet for inclusion in rates are: (1) they must be a necessary, just and reasonable regulated utility expense; (2) they must be for functions that PGE would perform as a stand-alone utility; (3) they must not arise from non-regulated activities; and (4) they must not duplicate functions already performed at PGE.

Periodically, PGE will review the work functions supplied by Affiliated Interests. The review will include a determination of the functions supplied and the relationship between costs incurred (Direct and Allocable) and the entities creating those costs, and establish allocation factors for budgeting and for assigning any allocable costs in accordance with this Section and Section 4 above. In addition, any changes to Exhibit B concerning Affiliated Interest charges to PGE will be submitted to the Commission for approval.

6. **<u>Invoicing</u>**

a. As soon as practicable after the last day of each month, the provider of services will invoice the recipient for services and expenses for the month concluded, computed pursuant to Section 4 above.

b. All invoice charges will be supported by documentation satisfactory to the recipient. Charges for services will be entered into the accounting records in the month following the period in which services were rendered. However, if the invoice is less than $50,000, charges will not be entered until either (1) total invoices are more than $50,000 or (2) quarterly, whichever comes first.

7. **Billing Disputes**

Disputes on billings for services will be resolved through negotiations between an officer of the Affiliated Interest and the Vice President of the department at PGE responsible for providing services or their respective designees.

8. **Books and Records**

a. All transactions made under this Master Service Agreement will be recorded by PGE in accordance with the uniform system of accounts prescribed by the regulatory authorities having jurisdiction over PGE.

b. Each party shall have the right at all reasonable times to examine the books and records of the other for the purpose of verifying the cost of the services performed by the other party.

9. **Limitations on Service**

a. PGE shall render diligently and competently all services reasonably requested by Affiliated Interests to the extent it will not harm PGE's utility functions.

b. Affiliated Interests shall render diligently and competently all services reasonably requested by PGE to the extent those Affiliated Interests can make available their resources without detriment to its corporate functions, and to the extent that Affiliated Interest services to PGE are specified in the attached Addenda to this Master Service Agreement.

c. PGE and Affiliated Interests shall coordinate and administer all services being rendered under this Master Service Agreement in order that such services shall be furnished as efficiently and economically as possible.

d. Neither PGE nor its Affiliated Interests shall have priority over the other in obtaining services under this Master Service Agreement.

10. Limitation of Authority

The parties agree that no party shall assume nor create any obligation on behalf of the other party other than such as are specifically provided for herein. Each party reserves to itself the right to make commitments for loans, financing, mortgages, and other commitments necessary and proper for its corporate purposes.

11. Inspection and Reporting

All relevant books, records, and other data in possession of either of the parties relating to the operations under the administration of this Master Service Agreement shall at all times, during normal business hours, be made available in Portland, Oregon to any regulatory agency having jurisdiction when engaged in the performance of its lawful functions.

12. Regulatory Jurisdiction

It is recognized by the parties that PGE is a public utility subject to regulation and control by various state and federal governmental regulatory agencies. The provisions of this Master Service Agreement shall be construed in aid of and not in derogation of the lawful control and regulatory power of any such agency.

13. Damages

IN NO EVENT SHALL A PARTY BE LIABLE TO ANOTHER PARTY HERETO 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 MASTER SERVICE AGREEMENT OR FOR ANY FAILURE OF PERFORMANCE RELATED HERETO HOWSOEVER CAUSED, WHETHER OR NOT ARISING FROM THE PARTY'S SOLE, JOINT OR CONCURRENT NEGLIGENCE.

14. Governing Law

This Master Service Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Oregon.

15. **Waiver**

Any of the terms and conditions of this Master Service Agreement may be waived at any time and from time to time by the party entitled to the benefit thereof; but a waiver in one instance shall not be deemed to construe a waiver in any other instance. A failure to enforce any provision of this Master Service Agreement shall not operate as a waiver of such provision or of any other provision hereof. Notwithstanding any of the foregoing, Sections 4 and 5 of this MSA may not be waived without approval of the Commission.

16. **Assignment**

This Master Service Agreement shall be binding upon the parties and their representatives but shall not be subject to assignment.

17. **Termination**

PGE reserves the right at any time upon thirty (30) days' notice to its affiliates to terminate this Master Service Agreement in whole or part. PGE, or any affiliate, reserves the right at any time upon 30 days' notice to the other to terminate such affiliate's addendum to this Master Service Agreement. PGE shall notify the Commission at least 15 days prior to such termination.

18. **Integrated Agreement**

This Master Service Agreement embodies the entire agreement and understanding between the parties and supersedes all prior agreements between such parties, except for the January 1, 1993 PGE/WTCNW Service Agreement as amended. This Master Service Agreement may be executed by the parties in separate counterparts, each of which when executed and delivered shall be an original, but which together shall constitute but one and the same agreement.

Date as of April 3, 2006.

James Piro
(Name)

James Piro
(Signature)

PORTLAND GENERAL ELECTRIC
COMPANY

Exhibit A

List of PGE Affiliated Interests

The following is a comprehensive list of Affiliated Interests with which PGE intends to transact business. Each of these companies will provide services to and/or receive services from PGE in accordance with the Master Service Agreement or the Addenda thereto:

Addendum	Affiliated Interests	Status
1.	World Trade Center Northwest Corporation (WTCNW)	Active
2.	Salmon Springs Hospitality Group, Inc. (Salmon Springs)	Active
3.	Portland General Transport Corp. (PGT)	Inactive
4.	121 SW Salmon Corp. (121 Salmon)	Active
5.	Integrated Utility Solutions, Inc. (IUS)	Inactive
6.	Portland General Resource Development, Inc. (PGRD)	Active
7.	PGE Foundation	Active

Exhibit B

Allocation Methods

No costs are currently being allocated from Affiliated Interests to PGE. The allocation of PGE indirect costs to Affiliated Interests is described in the Cost Allocation Manual provided annually with PGE's Affiliated Interest Report, the most recent version of which is attached as part of this Exhibit B.

PORTLAND GENERAL ELECTRIC
COST ALLOCATION MANUAL
FOR THE YEAR 2004

Introduction

This document discusses PGE's loadings and allocations and the respective methodologies that are used to redistribute costs to non-regulated activities and affiliates. For some services, typically those that benefit various functional areas, it is not practicable to charge the cost directly. Costs that cannot be reasonably direct charged are captured either on the balance sheet through deferred ledgers or in specific income statement ledgers (base accounts). These costs are then redistributed to their ultimate distribution.

PGE uses a series of automated reclassifications and loadings to distribute administrative and overhead costs to end use accounts. There are four groups of these: 1) Labor Loadings, 2) Service Provider Allocations, 3) Administrative Allocations, and 4) Overhead Loadings.

Within the above allocations, costs are distributed to and from Administrative and General (A&G) ledgers. Most A&G costs are not fully allocated; some A&G accounts are not allocated at all, while others are only allocated in part. With the exception of paid time off (PTO), A&G allocations are made to capital, deferred (balance sheet) and non-utility accounts but not O&M accounts. Consequently, for these ledgers, the amounts remaining in A&G represent the unallocated costs related to O&M. The reason for this approach is to comply with FERC reporting requirements. Costs that should be directly assigned or allocated to capital are done so. Those costs remaining in A&G are recorded according to their FERC designation.

2004 Corporate Allocation Summary

Trojan	1.18%
Boardman	3.74%
Coyote Springs	0.71%
Pelton Round Butte	1.03%
Enron Microclimates	0.03%
Portland Energy Solutions	0.02%
Portland General Distribution Company	0.07%
Portland General Holdings	0.01%
Portland General Holdings II	0.05%
Portland General Resource Development	Less than .01%
Salmon Springs Hospitality Group	0.15%
World Trade Center Northwest	Less than .01%
Utility Capital	27.30%
Utility Expense	62.70%
Non-Utility	3.01%
Total	**100.00%**

The total pool of overhead dollars allocated through the 2004 allocations was $202,980,152.46.

PORTLAND GENERAL ELECTRIC
COST ALLOCATION MANUAL
FOR THE YEAR 2004

PGE'S Non-Regulated Activities

Non-Regulated Activities:

- Utility Asset Management
- Efficiency Services
- Electrical Equipment Services
- Power Quality Products
- Large Nonresidential Tradable Renewable Resources

PGE'S Affiliates and Subsidiaries

Affiliates:

- Enron Corporation – Holding company, parent of PGE.
- Enron North America, Inc. – Inactive, bankrupt subsidiary of Enron.
- Enron Broadband Services, Inc. – Inactive, bankrupt subsidiary of Enron.
- Enron Engineering and Operational Services – Inactive, bankrupt subsidiary of Enron.
- Microclimates, Inc. – Company sold November 2004.
- Portland General Holdings, Inc. – Holding company, subsidiary of Enron.
- Portland General Holdings II, Inc. – Holding company, subsidiary of PGH.
- Portland Energy Solutions – Company's assets sold; inactive subsidiary of PGH II.
- Portland General Distribution, LLC, dba Portland General Broadband – Company's assets sold; inactive subsidiary of PGH II.

Subsidiaries:

- 121 SW Salmon Street Corporation – PGE makes its WTC lease payments to 121 SW Salmon, which makes payments to the leaseholder. .
- Portland General Transport Corporation – Inactive.
- World Trade Center Northwest Corporation – Inactive except for holding the World Trade Center franchise.
- Salmon Springs Hospitality Group, Inc. – SSHG provides catering to WTC activities and does some catering outside of WTC as well. SSHG charges PGE its market rate less a discount for its catering. PGE charges SSHG according to a standard catering contract. All profits/losses from SSHG flow back to PGE (regulated).
- Portland General Resource Development, Inc. – PGRD is inactive except for the storage and future sale of a turbine.
- Integrated Utility Solutions – Inactive.

PORTLAND GENERAL ELECTRIC
COST ALLOCATION MANUAL
FOR THE YEAR 2004

Labor Loadings

There are seven categories of labor loadings: 1) Employee support, 2) Payroll Taxes; 3) Employee Benefits; 4) Corporate Incentives; 5) Injuries & Damages; 6) Paid Time Off (PTO); and 7) Pension Service Cost. The accounting entries created by the loading process are captured in accounts using Cost Elements (CE) specific to the loadings.

Employee Support

The Employee Support loading includes the cost of administering PGE's compensation program, EEO (Equal Employment Opportunity) and employee relations, employee training and development, and Human resources administration.

Payroll Taxes

The Payroll Tax loading consists of employer-paid, labor-related taxes such as FICA (Social Security & Medicare), federal unemployment, state unemployment, and SIAC (workers' compensation premiums).

Employee Benefits

The Employee Benefits loading includes the costs of retirement savings, health, dental, disability, and life insurance; and education and recreation programs.

Corporate Incentives

The incentive loading consists of the cost of PGE's general incentive pay program that is incurred in the Corporate Incentive Program ledger.

Injuries & Damages

The Injuries & Damages loading includes the cost of administering PGE's health and safety programs plus claims from general liability damages, workers' compensation injuries, and auto accidents.

Paid Time Off

Paid Time Off (PTO) consists of employee pay for vacation, holiday, sick leave, and funeral leave.

Pension Service Cost

Pension Service Cost is the actuarial estimate of the amount needed to fund the projected pension liability for current employees. The expected return on assets of the pension trust exceeds the projected pension costs, resulting in a net credit to expense that is posted each month. For cost allocation purposes, the effective pension service cost for regulated PGE is zero per UE-115.

Following is a table which includes the actual labor loading rates for 2004:

Labor Loading Rates	2004 Actuals
Employee Support	3.44%
Payroll Taxes	10.19%
Employee Benefits	28.70%
Corporate Incentives	4.77%
Injuries & Damages (PGE Only)	6.61%
Vacation (PTO)	17.79%
Pension Service Cost	8.26%

Affiliate Billing Rate

The affiliate billing rate includes labor loadings plus the allocations (Corporate Governance, WTC Floor Space and Service Provider costs). In each allocation calculation, a total amount to be allocated to affiliates is determined. This amount is divided by the estimated labor billed to affiliates resulting in that allocation's billing rate.

The actual rate used for straight time labor during 2004 was 91.01%.
The actual rate used for overtime labor during 2004 was 10.5%

PORTLAND GENERAL ELECTRIC
COST ALLOCATION MANUAL
FOR THE YEAR 2004

Service Provider Allocations

Overview

PGE has several departments that provide services to most areas of the company. These services include World Trade Center facilities, Information Technology, Production Services, the corporate Helicopter, and Fleet Services.

World Trade Center Facilities

The World Trade Center Allocation is used to allocate the cost (lease, operations and maintenance) between PGE (utility and non-utility) and non-PGE tenants. The amount allocated to PGE is apportioned by functional areas of PGE, including O&M, A&G, Capital and below-the-line accounts.

WTC Cost Distribution (Actual)	
PGE (Utility/Non-Utility Tenants)	68.15%
Non-PGE Tenants	31.85%

Total Cost Pool	$11,121,602.99
PGE's Share to be allocated	$7,578,892.79

Below is a table which lists the actual distribution of 2004 lease costs:

World Trade Center Allocation	**% Lease Cost**
Trojan	0.48%
Boardman	1.20%
Coyote Springs	0.42%
Pelton	0.29%
Round Butte	1.15%
Utility Capital	8.13%
Utility Expense	81.54%
Non-Utility	6.79%
2004 Actual Total	**100.00%**

PORTLAND GENERAL ELECTRIC
COST ALLOCATION MANUAL
FOR THE YEAR 2004

Information Technology

PGE's Information Technology department provides services to all functional areas of the company. The allocation of these costs is based on several methods. Some costs are allocated based on counts of equipment, some use historical analysis, and others use the results of the spread of all of the previous methods.

Production Services

The Production Services portion of Service Providers includes the Printing & Mail Services group. The allocation of these costs is based on historical usage of services provided, which is tracked by the Printing & Mail Services group. This in turn is used to allocate costs to end use accounts.

Helicopter

The costs to operate the corporate helicopter are charged to ledger accounts D22111 – Helicopter Operations, D22221 – Helicopter Maintenance, and D22311 – Helicopter Depreciation. The helicopter costs are allocated based on historical usage patterns.

Included below is a table which lists the 2004 actual percentages and costs for the Service Provider Allocations[1]:

Service Provider Allocations	**Information Technology**	**Production Services**	**Helicopter**
Trojan	2.75%	1.00%	N/A
Boardman	2.38%	1.57%	N/A
Coyote Springs	1.23%	0.45%	N/A
Pelton/Round Butte	0.40%	0.24%	N/A
Generation	2.92%	3.65%	N/A
Trading Floor	4.84%	0.00%	N/A
Transmission	2.23%	1.57%	66.00%
Distribution	24.00%	23.73%	22.00%
Marketing	2.16%	1.53%	N/A
Customer Service	32.75%	25.79%	N/A
Admin & General	18.55%	35.13%	12.00%
Non-Utility	5.79%	5.34%	N/A
Totals	**100.00%**	**100.00%**	**100.00%**
2004 Actual Totals	$25,381,183.71	$715,580.96	$539,593.52

[1] Generation includes Beaver, Bull Run, Faraday, North Fork, Oak Grove, River Mill, and Sullivan.

PORTLAND GENERAL ELECTRIC
COST ALLOCATION MANUAL
FOR THE YEAR 2004

Fleet Services Overview

PGE manages a fleet of vehicles and specialized equipment to support the wide variety of activities necessary to operate the company. The majority of these vehicles are dedicated to the work of PGE's line crews. In addition, PGE maintains a small pool of light-duty pickups and passenger vehicles which support meter readers and other employees. The fleet is segregated into 9 vehicle types:

Type 1 - Man-lift equipment
Type 2 - Digger derrick equipment
Type 3 - Cranes
Type 4 - Heavy-duty trucks
Type 5 - Medium-duty trucks
Type 6 - Light-duty trucks
Type 7 - Construction equipment
Type 8 - Trailers
Type 9 - Automobiles

Rates are determined for each vehicle class by analyzing historical cost and usage levels. For the Type 1 through 8 vehicles these rates are used to spread vehicle overhead costs to end-use accounting based on hours of usage. For Type 9 vehicles the costs are spread in two ways. Those vehicles which are assigned to specific departments are spread to end-use accounting based on mileage. Costs for vehicles located at the corporate headquarters are charged at market rates to end-use accounting provided by employees who use the vehicles.

The actual rates for Type 1-8 vehicles used during 2004 are included in the following table:

Transportation Rates

	Hourly Rate
Type 1 - Man-lift Equipment	$33.64
Type 2 - Digger Derrick Equipment	$62.92
Type 3 - Cranes	$76.53
Type 4 - Heavy Duty Trucks	$38.57
Type 5 - Medium Duty Trucks	$22.72
Type 6 - Light Duty Trucks	$30.92
Type 7 - Construction Equipment	$32.32
Type 8 - Trailers	$21.09

Actual costs associated with operating and maintaining the company vehicle fleet for 2004 total $12,548,207.59.

PORTLAND GENERAL ELECTRIC
COST ALLOCATION MANUAL
FOR THE YEAR 2004

Administrative Allocations

Corporate Governance

Certain A&G costs are distributed to PGE's capital, non-utility and the co-owned entities through the Corporate Governance allocation. These costs are incurred for activities such as Human Resources, Accounting, and other corporate functions that support all PGE activities. This is accomplished by pooling the corporate governance costs and allocating them to PGE capital, non-utility, and the co-owned entities capital and A&G accounts.

Activities charged to certain ledger segment have been identified as supporting all PGE, including the generating plant co-owners. The charges in these ledger segments are pooled together creating the "Corporate Governance Cost Pool". Certain RC's, however, are excluded from the Cost Pool since their activities do not support the co-owners, such as tax and legal.

The basis for this allocation is a comparison of total straight time labor for PGE and the co-owned entities (excluding PTO and other inapplicable labor costs). This provides the percentage share that is applicable to each area. For PGE, the allocation is made to capital and non-utility activity only. Costs remaining in A&G reflect amounts that are unallocated to PGE's O&M (income statement) expenses. For the co-owned entities, however, costs are distributed to capital, A&G, and decommissioning. After percent shares of labor are determined, the rates are applied to the Corporate Governance Cost Pool.

Included below is a table which shows the 2004 actual percentages and costs for the Corporate Governance Allocation:

Corporate Governance

	Capital	Decommissioning	Expense
Trojan	0.00%	3.15%	0.42%
Boardman	0.65%	N/A	5.85%
Pelton	0.06%	N/A	0.42%
Round Butte	0.31%	N/A	0.63%
Coyote Springs	0.02%	N/A	0.92%
Utility	25.99%	N/A	57.32%
Non-Utility	N/A	N/A	3.39%
Affiliates	N/A	N/A	0.54%
Billing Jobs	N/A	N/A	0.33%
Totals	**27.03%**	**3.15%**	**69.82%**

2004 Actual Total	$20,161,108.12

Distribution Operations Supervision Engineering (DOSE)

In this reclassification, O&M overhead expenses that provide administrative support for the line crews plus Plan, Analyze and Design (PAD) costs are allocated to capital ledgers. The administrative support activity is for timekeepers, service and design coordinators, supervision, engineering, management, and support personnel. The PAD costs are costs incurred exclusively for capital projects.

The allocation process is comprised of two steps. In the first step, the percentage allocation of overhead expenses is determined by comparing the actual division of line-crew labor between capital and O&M. This percentage split is applied to the overhead dollars to determine the amount to capitalize. The second step involves adding the PAD costs to the results of step one, which increases the capitalization percentage since all PAD costs are fully capitalizable. The resulting total is then divided by the total of the overhead and PAD costs to determine the effective rate to use in the DOSE allocation.

Included below is a table which lists the 2004 actual percentages for the DOSE Allocation:

DOSE	**Capital**	**Expense**
DOSE	58.50%	40.80%
Billing Jobs	0.70%	
Totals	**59.20%**	

Actual costs associated with Distribution Operations Supervision Engineering for 2004 total $33,282,609.99.

Generation Operations Supervision/Engineering (GOSE)

In this reclassification, certain Boardman O&M overhead, supervision, and engineering costs are allocated to Boardman-only capital ledgers. The allocation percent is determined by comparing actual costs in PGE ledgers N21991, N54411, and N54412 to ledgers A7xxxx. The allocation is to account A79109-XX-999.

The 2004 actual distribution for GOSE was 46.30%, which reclassed $330,619 from O&M to Capital at the 100% Plant Level. PGE's share of this was $214,902.

PSES Administrative Overhead Allocation (GGF)

The purpose of this allocation is to reclass charges from account N21991 (General Plant Support) to capital and O&M accounts for each of the plants (entities) that use PSES's services (Power Supply Engineering Services). The incurred charges are recorded in PGE account N21991 and are from RC 551 only. The allocation to specific O&M (N21112, N31015, N54411, and N55105) and capital (A79109) accounts is based on a composite percentage that consists of two equally weighted factors. The first factor is the percentage of dollars charged to each of the accounts and the second factor is the percent of number of jobs on which work is performed. The entities to which these charges are allocated are all PGE-operated plants, including hydro plants.

The following is a table listing the actual distribution percents by plant for 2004:

Plant	Capital	Expense
Beaver	0%	1%
Boardman	14%	4%
Faraday	0%	1%
Oak Grove	0%	1%
Sullivan	0%	1%
Portland Hydro #1	0%	1%
Portland Hydro #2	0%	1%
Pelton	4%	0%
Round Butte	6%	1%
PGE	60%	5%
Total	84%	16%

$1,446,549.45 was redistributed in 2004.

Hydro Administrative Overhead Allocation (GGH)

This allocation spreads RC 932 (Hydro Admin) costs over all Hydro plants. It reclassifies charges from PGE account N21991 (General Plant Support) to capital and O&M accounts. The allocation is based on a composite percentage that consists of two equally weighted factors. The first factor is the percentage of dollars charged to O&M or capital and the second factor is the percentage of jobs on which work is performed. The entities to which these charges are allocated are all PGE-operated hydro plants.

The following is a table listing the actual distribution percents by plant for 2004:

Plant	Capital	Expense
North Fork	11%	0%
Oak Grove	30%	5%
Sullivan	0%	14%
Portland Hydro #1	0%	1%
Portland Hydro #2	0%	1%
Pelton	0%	18%
Pelton RegDam	0%	12%
Round Butte	0%	8%
Total	41%	59%

$213,800.83 was redistributed in 2004.

West Side Hydro Operations (Hydro/Hydro2)

This allocation spreads a percentage of the Hydro Control & Equipment Operators charges to all the West Side PGE Operated hydro plants. The incurred charges are recorded in account 181-N21112 (Plant Operations) and are from RC 121 (West Side Hydro Project) only. The allocation to specific Hydro entities is based on actual site specific percentages that are supplied by the West Side Hydro Plant Manager.

The following is a table listing the actual distribution percents by plant for 2004:

Plant	Expense
Bull Run	16%
Faraday	20%
North Fork	19%
Oak Grove	19%
River Mill	16%
Sullivan	2%
Portland Hydro #1	4%
Portland Hydro #2	4%
Total	100%

$639,036.14 was redistributed in 2004.

Overhead Loadings

Construction Loading

Overview

PGE uses nine construction loading rates; four for PGE, and one each for Boardman, Pelton / Round Butte, and Coyote Springs Common and two for Port Westward. The PGE rates are segregated into Transmission & Distribution, Production & General, Intangible, and Special Projects. The Boardman, Pelton / Round Butte, and Coyote Springs Common rates apply only to those operating trusts.

The pool of dollars used for the PGE construction loading rates is the result of the Corporate Governance, DOSE, and GGF administrative allocations. Costs allocated to construction are first recorded in PGE account A79109. From this account, they are loaded to individual construction jobs based on the amount of direct and contract labor dollars charged to the job.

PGE

	2004 Actual
Transmission & Distribution	167.35%
Production & General	106.69%
Intangible	30.60%
Special Projects	As required

Boardman

The pool of dollars used for the Boardman construction loading rate is the result of the Corporate Governance, GOSE, and GGF administrative allocations. Costs allocated to construction are first recorded in PGE account A79109. From this account, they are loaded to individual construction jobs based on the amount of direct and contract labor dollars charged to the job.

2004 Actual
92.36%

Pelton / Round Butte

The pool of dollars used for the Pelton / Round Butte construction loading rate is the result of the Corporate Governance, GGH, and GGF administrative allocations. Costs allocated to construction are first recorded in PGE account A79109. From this account, they are loaded to individual construction jobs based on the amount of direct and contract labor dollars charged to the job.

2004 Actual
88.15%

Coyote Springs Common

The pool of dollars used for the Coyote Springs construction loading rate is the result of the GGF administrative allocation. Costs allocated to construction are first recorded in PGE account A79109. From this account, they are loaded to individual construction jobs based on the amount of direct and contract labor dollars charged to the job.

2004 Actual
23.88%

Port Westward

The pool of dollars used for the Port Westward Springs construction loading rates is the result of the Corporate Governance and DOSE administrative allocation. Costs allocated to construction are first recorded in PGE account A79109. From this account, they are loaded to individual construction jobs based on the amount of direct and contract labor dollars charged to the job.

	2004 Actual
Transmission & Distribution	41.00%
Production & General	23.00%

Stores Loadings

Overview

PGE uses three stores loading rates: Boardman, Trojan and PGE general inventory. The Boardman and Trojan rates apply only to those operating trusts; the PGE general inventory rate is applied to all other stores issues and returns.

PGE General Inventory

The Stores loading (also referred to as the materials loading) is used to spread the cost of operating and maintaining material storerooms to the accounts that receive materials issues.

The costs incurred to operate each storeroom relate to both the maintenance of items in inventory and issuance of inventory to end-users. The balance remaining in stores overhead has a parallel relationship to the balance in stores inventory, so as the level of inventory increases, so would the balance in stores overhead. The calculation of the loading rate utilizes a 2-year rolling average of gross purchases, issues and returns divided into a 2-year rolling average of the operating costs. This ratio, multiplied by the dollar value of the physical inventory at a given point in time, determines the net amount of dollars that will remain in the stores overhead accounts (C53XXX series of accounts). The stores loading process keeps the overhead balance at this level.

The Stores Loading rate is determined by dividing the overhead costs by the total of stores issues net of returns. The resulting rate is applied to all PGE accounts with activity recorded in CE 31, stores issues. The loading entry charges the same account as the material costs but to CE 97, materials overhead. The offset to the loading entry is recorded in PGE account D25921. This methodology applies to all storerooms, including our co-owner storerooms (Boardman and Trojan). The 2004 actual loading rates are as follows:

PGE Materials	26.60%
Trojan	15.00%[2]
Boardman	29.47%

[2] The Trojan storeroom was permanently closed in June 2004.

Addendum 1

World Trade Center Northwest Corporation

(WTCNW is currently not providing any services to PGE.)

A. *PGE/WTCNW Services*

(Attached to this addendum. Included as part of the Master Services Agreement filed with the OPUC on 9-12-97, Docket No. UI-163; no order issued.)

B. *PGE/WTCNW Service Agreement**

(Filed, OPUC Docket UI-126; approved by Order No. 94-1954)

C. *PGE/WTC Sublease Agreement**

(Attached to this addendum. Included as part of the Amendment to the Master Services Agreement filed with the OPUC on 6-9-98, Docket No. UI-163; no order issued.)

**Included for convenience*

World Trade Center Northwest Corporation (WTCNW) agrees to become a party to the Master Service Agreement dated April 3, 2006 and receive from PGE the Services described in Section 1 of the Master Service Agreement at the prices calculated in accordance with Section 4 of the Master Service agreement and abide by all the terms and conditions thereof.

Dated as of April 3, 2006

By: James J. Piro

James J. Piro, Chairman of the Board
World Trade Center Northwest Corporation

By: Peggy Y. Fowler

Peggy Y. Fowler, CEO and President
Portland General Electric Company

PGE/WTCNW SERVICE AGREEMENT

THIS AGREEMENT, effective January 1, 1993, is between PORTLAND GENERAL ELECTRIC COMPANY, an Oregon corporation ("PGE"), and World Trade Center Northwest, an Oregon corporation ("WTCNW").

RECITALS

A. PGE is a regulated electric utility operating within the state of Oregon. Its headquarters' office is located in Portland, Oregon.

B. WTCNW is in the business of providing international trade services in conjunction with leasing activities of the World Trade Center.

C. PGE owns all of the issued and outstanding shares of common stock of 121 Salmon Street, the parent of WTCNW.

D. PGE employs certain expert personnel capable of performing needed management and administrative services in furtherance of WTCNW's operations.

E. WTCNW (PGC RC 400) employs certain expert personnel capable of performing needed services in furtherance of PGE's operations.

. PGE and WTCNW agree that in some cases it would be more economical for each to provide the other with management and administrative services, rather than for each to obtain such services by employing additional staff or by retaining independent contractors or consultants.

G. PGE desires to make available to WTCNW such personnel and administrative service as the board of directors or officers of WTCNW shall reasonably request in the future, with full cost recovery to PGE for services involving ratepayer-support costs and without detriment to its utility functions.

H. WTCNW desires to make available to PGE such personnel and administrative services as the board of directors or officers of PGE shall reasonably request in the future, with full cost recovery to WTCNW for services and without detriment to its corporate functions.

THEREFORE, the parties hereto agree as follows:

PGE Services

Upon the request of the board of directors, officers, or managers of WTCNW, PGE will furnish to WTCNW the following administrative services as required, upon the terms and conditions set forth herein:

Services	Service Description
A. Office Support	Word processing, communications, mail services, printing, office space, office supplies, furniture and equipment, computer services, and library services for WTCNW employees located in the World Trade Center.
B. Business Analysis	Tax, regulatory, accounting and financial reporting assistance. Also tax planning, financial and strategic studies, and internal auditing services.
C. Human Resources	Administration of human resources and management of payroll and benefits.
D. Conference Space	Use of PGE conference rooms during peak and/or off-peak hours.
Banking Services	Provide cash management services, maintain banking relationships, and provide analytical support.

WTCNW Services

Upon the request of the board of directors, officers, or managers of PGE, WTCNW will furnish to PGE the following administrative services as required, upon the terms and conditions set forth herein:

Services	Service Description
A. Office Support	Handle overflow calls from PGE scheduling for conference center; provide temporary secretarial help.
B. Training	Provide language training to PGE employees who interact with non-English speaking customers; provide cultural diversity training.
C. Purchasing	Bulk purchase of certain supplies.
D. Consulting	Provide cultural, language, and other services for visiting or prospective customers. Obtain Energy Efficiency and customer information from foreign utilities or from foreign parents of large PGE customers. Translate customer materials into other languages.

Requests for Service

services provided will be based on a mutually agreeable work scope, specifying the scope of services, personnel, and budget for services. Changes in the scope of work will be agreed to by the parties.

Basis of Charges

In consideration for the services to be performed by PGE and WTCNW herein provided where such services involve costs included in electric rate-making proceedings:

WTCNW agrees to pay PGE the cost, using actual time and expense incurred, of such services, with the exception of off-peak conference rooms; and
PGE agrees to pay WTCNW the lower of cost or market price for such services.

For the purpose of this agreement, "cost" shall include:

a. All direct and indirect expenses of the provider of services incurred in connection with the services rendered including salaries and benefits; amounts paid for independent technical and professional services; and all overhead expenses, including but not limited to space utilization; and

b. A reasonable return on any investment in assets, equipment, or plant supporting the provision of services in the following amounts:

   (i) For services provided by PGE, the return on tangible assets employed, if any, will be no less than the authorized rate of return of PGE on its investment serving its electric ratepayers; and
   (ii) For services provided by WTCNW, the return on tangible assets employed, if any, will be no more than the authorized rate of return of PGE on its investment serving its Oregon electric ratepayers.

Costs shall include both direct and indirect costs of operation. Where a cost incurred by WTCNW is allocable to several subsidiaries which include PGE, an allocation of total costs to all appropriate subsidiaries will be used.

For services provided between PGE and WTCNW where the service does not involve costs included in electric ratepayer revenue requirements, the consideration paid between the parties will be negotiated using the fair market value of the services provided as a basis for pricing.

Method of Charging for Services

..e the appropriate cost for a service has been determined in accordance with No. 4 above, a charge will be made between PGE and WTCNW on the basis of either a direct relationship between costs incurred and the entity creating the cost or on the basis of an allocation of common costs when several affiliates are responsible for creating a cost.

PGE Charges to WTCNW

PGE will directly assign charges to WTCNW for services involving labor provided to WTCNW on the basis of the number of hours worked by PGE employees multiplied by the cost rate per hour applicable to those employees. The hourly rate will be adjusted to include all appropriate payroll loadings for benefits, taxes, etc. In addition, the applicable Administrative and General (A&G) loading rate will be applied to derive the fully loaded cost of employee time associated with services provided. Materials, supplies, and other vouchered items will similarly be charged to WTCNW on the basis of the full cost of the items supplied. Supporting documentation on the cost of non-labor items will be available to WTCNW to substantiate the charges billed. Similar to labor costs, non-labor costs will have an A&G loading rate applied to derive the fully loaded cost of the items provided.

For off-peak conference rooms, PGE will charge market prices determined by a survey of appropriate other facilities. The survey will include no less than three other facilities and its design and scope must be agreed to by both PGE and WTCNW.

..TCNW Charges to PGE

WTCNW will assign charges to PGE both on the basis of direct assignment and allocation according to the service function provided. Periodically, WTCNW will review the specific functions supplied to all customers under each of the services described in No. 2 above. The review will include a determination of the specific functions supplied, the relationship between costs incurred, and the entity creating the costs (direct or allocable), and establish the specific allocation factor for budgeting and actual allocation of allocable costs.

6. Entry of Charges

a. As soon as practicable after the last day of each month, the provider of services will invoice the recipient for services and expenses for the month concluded, computed pursuant to Section 3 above.

b. All invoice charges will be supported by documentation satisfactory to the recipient. Charges for services will be entered into the accounting records in the month following the period in which services were rendered.

. Billing Disputes

sputes on billings for services will be resolved through negotiations between the President, World Trade Center Northwest, and the Vice President of the department at PGE responsible for providing services or their respective designees.

. Books and Records

a. All transactions made under this agreement will be recorded by PGE in accordance with the uniform system of accounts prescribed by the regulatory authorities having jurisdiction over PGE.

b. Each party shall have the right at all reasonable times to examine the books and records of the other for the purpose of verifying the cost of the services performed by the other party.

9. Limitations on Service

a. PGE shall render diligently and competently all services reasonably requested by WTCNW to the extent PGE can make available its resources without detriment to its utility functions.

b. WTCNW shall render diligently and competently all services reasonably requested by PGE to the extent WTCNW can make available its resources without detriment to its corporate functions.

c. PGE and WTCNW shall coordinate and administer all services being rendered under this agreement in order that such services shall be furnished as efficiently and economically as possible.

d. Neither PGE nor WTCNW shall have priority over the other in obtaining services under this agreement.

10. Limitation of Authority

The parties agree that neither party shall assume nor create any obligation on behalf of the other party other than such as are specifically provided for herein. Each party reserves to itself the right to make commitments for loans, financing, mortgages, and other commitments necessary and proper for its corporate purposes. The authority of each party shall be limited to the negotiation of such matters subject to the approval of the officers or board of directors of the other party.

1. Inspection and Reporting

All relevant books, records, and other data in possession of either of the parties relating to the operations under the administration of this agreement shall at all times, during normal business hours, be made available to any regulatory agency having jurisdiction when engaged in the performance of its lawful functions.

b. WTCNW and PGE will timely furnish to the other such information with regard to its operations as shall be reasonably required.

12. Regulatory Jurisdiction

It is recognized by the parties that PGE is a public utility company subject to regulation and control by various state and federal governmental regulatory agencies. The provisions of this agreement shall be construed in aid of and not in derogation of the lawful control and regulatory power of any such agency.

13. Liability

Each party shall indemnify and hold harmless the other party, its directors, officers, employees, and agents from any and all losses, suits, actions, or claims, including costs and attorneys' fees · reason of injury, including death, to any person, or damage to property, arising from or in connection with services provided by the indemnifying party for the other party pursuant to this agreement, except for such injury or damage arising from the sole negligence of the other party.

14. Governing Law

This agreement shall be governed by and construed and enforced in accordance with the laws of the State of Oregon.

15. Waiver

Any of the terms and conditions of this agreement may be waived at any time and from time to time by the party entitled to the benefit thereof; but a waiver in one instance shall not be deemed to construe a waiver in any other instance. A failure to enforce any provision of this agreement shall not operate as a waiver of such provision or of any other provision hereof.

6. Assignment

.is agreement shall be binding upon the parties and their representatives but shall not be subject to assignment.

17. Termination

Each party hereto reserves the right at any time upon 30 days' notice to the other to terminate this agreement in whole or part.

18. Integrated Agreement

This agreement embodies the entire agreement and understanding between the parties and supersedes all prior agreements between such parties. This agreement may be executed by the parties in separate counterparts, each of which when executed and delivered shall be an original, but which together shall constitute but one and the same agreement.

Date as of __________.

by President
Portland General Electric Company

by
World Trade Center Northwest

THIRD ADDENDUM TO LEASE

THIS THIRD ADDENDUM TO LEASE entered into this 15th day of February, 1998, between PORTLAND GENERAL ELECTRIC COMPANY, dba WORLD TRADE CENTER PROPERTIES, as Landlord, and WORLD TRADE CENTER NORTHWEST CORPORATION, dba THE INTERNATIONAL SUITE, as Tenant.

WHEREAS, Landlord and Tenant entered into a lease for premises located on the 11th Floor in One World Trade Center, dated as of May 15, 1990, which contains an Exhibit B Addendum to Lease of even date ("Addendum"), and which was amended by that certain Second Addendum to Lease dated May 31, 1993 ("Second Addendum") (the lease, Addendum and Second Addendum shall be referred to collectively as "Lease"); and

WHEREAS, Landlord and Tenant desire to amend the Lease to, among other things, increase the size of the Premises and adjust the Rent.

NOW, THEREFORE, Landlord and Tenant agree and amend the Lease as follows:

1. Premises. Effective as of September 1, 1998, the term "Premises" shall consist of an additional 3,789 square feet located on the 11th floor of One World Trade Center of the World Trade Center Portland so that the total square footage shall be approximately 13,790 square feet, as defined and outlined on the ZGF drawing dated January 14, 1998 attached as Exhibit "A."

2. Rental. Beginning September 1, 1998, Tenant shall pay as base rent, the sum of Twenty-Three Thousand, Three Hundred Ninety-Two and 30/100ths Dollars ($23,392.30) per month for the period from September 1, 1998 through May 31, 2003.

3. Additional Rent. For purposes of calculating additional rent due under the terms of the Lease, Paragraph 18.1(c) of the Lease is modified to change the applicable percentage to .0555374% which is 13,790 square feet divided by 258,592 square feet.

4. Improvements: Landlord, at its expense, will provide improvements to the additional 3,789 square feet of space as described in the attached Exhibit A, dated January 14, 1998, including a maximum of 46 electric outlets, 17 phone/data boxes and 4 dedicated circuits.

5. No Further Modifications. Except as set forth in this Third Addendum to Lease, the terms and conditions of the Lease shall remain unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Third Addendum to Lease, effective as of the date first set forth above.

LANDLORD: PORTLAND GENERAL ELECTRIC COMPANY, dba WORLD TRADE CENTER PROPERTIES

By: [signature]

Title: Gen Mgr, WTC

TENANT: WORLD TRADE CENTER NORTHWEST CORPORATION dba THE INTERNATIONAL SUITE

By: [signature]

Title: President

FOURTH AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE is entered into effective as of September 1, 1999, between PORTLAND GENERAL ELECTRIC COMPANY, dba WORLD TRADE CENTER PROPERTIES, as Landlord, and WORLD TRADE CENTER NORTHWEST CORPORATION, an Oregon corporation, dba THE INTERNATIONAL EXECUTIVE SUITE, as Tenant.

RECITALS

WHEREAS Landlord and Tenant entered into a lease for premises located on the 11th Floor in One World Trade Center, dated as of May 15, 1990, which contains an Exhibit A and Exhibit B, Addendum to Lease, of even date, and a Second Addendum to Lease dated March 31, 1993 and a Third Addendum to Lease dated February 15, 1998, (collectively the "Lease"); and

WHEREAS, Landlord and Tenant desire to amend the Lease to change the term of the Lease.

AGREEMENT

NOW, THEREFORE, Landlord and Tenant agree and amend the Lease as follows:

1. Term. Section 1 of the Lease is hereby amended to provide that the termination date for the Lease is October 1, 1999, or such earlier date as the parties agree, based upon the Closing of the sale of Tenant's business to Regus Business Centre Corp., instead of May 31, 2003.

2. No Further Modifications. Except as set forth in this First Amendment to Lease, the terms and conditions of the Lease shall remain unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties have executed this First Amendment to Lease, effective as of the date first set forth above.

LANDLORD: PORTLAND GENERAL ELECTRIC COMPANY, dba WORLD TRADE CENTER PROPERTIES

By: Fred D. Miller
Name: Fred D. Miller
Title: Senior Vice President

TENANT: WORLD TRADE CENTER NORTHWEST CORPORATION

By: Fred D. Miller
Name: Fred D. Miller
Title: President

Addendum 2

Salmon Springs Hospitality Group, Inc.

A. *PGE/Salmon Springs Services*
(Attached to this addendum. Included as part of the Amendment to the Master Services Agreement filed with the OPUC on 6-9-98, Docket No. UI-163; no order issued.)

B. *PGE/Salmon Springs Agreement for Catering Services*
(Attached to this addendum. Included as part of the Amendment to the Master Services Agreement filed with the OPUC on 6-9-98, Docket No. UI-163; no order issued.) Sublease 1st Amendment executed May 1, 2003.

Salmon Springs Hospitality Group, Inc. (Salmon Springs) agrees to become a party to the Master Service Agreement dated April 3, 2006 and receive from PGE the Services described in Section 1 of the Master Service Agreement at the prices calculated in accordance with Section 4 of the Master Service Agreement and abide by all the terms and conditions thereof. Salmon Springs Hospitality Group, Inc. agrees to offer PGE the goods and services listed in Table A at the prices listed subject to the terms and conditions in the Master Service Agreement.

TABLE A

Description	Price Paid by PGE
1. Catering Services. Salmon Springs Hospitality Group, Inc. will provide PGE with catering services	Discount to market price. All Salmon Springs' profit will be credit to PGE utility accounts

Dated as of April 3, 2006

By: J.A. Buechler

J.A. Buechler, President
Salmon Springs Hospitality Group, Inc.

By: Peggy Y. Fowler

Peggy Y. Fowler, CEO and President
Portland General Electric Company

AGREEMENT FOR CATERING SERVICES

PORTLAND GENERAL ELECTRIC COMPANY, d.b.a. World Trade Center Properties (WTC) and Salmon Springs Hospitality Group, Inc., an Oregon corporation, dba World Trade Center Catering (Caterer), whose address is 121 SW Salmon Street, Suite 2-350, Portland, Oregon 97204, hereby agree as follows:

WTC and Caterer, collectively known as the Parties, wish to enter into this Agreement whereby Caterer will provide exclusive catering services for WTC upon WTC's premises as defined below. The premises consists of the kitchen area, located on the Mezzanine Level, Two World Trade Center, 26 SW Salmon Street, Portland, Oregon (Premises).

Now, therefore, WTC and Caterer agree that the terms of this Agreement are as follows:

ARTICLE 1. TERM OF AGREEMENT. The term of this Agreement shall be from May 1, 1998 through April 30, 2003.

ARTICLE 2. OPTION TO RENEW. A five (5) year option may go into effect after a review session with both Parties, which shall be concluded at least six (6) month before the end of this Agreement. If Caterer determines not to renew, it will submit written notice to WTC at least one hundred twenty (120) days before the expiration of this Agreement.

ARTICLE 3. TERMINATION. Within the term of this Agreement, either Party has the option of terminating this Agreement upon one hundred eighty (180) days written notice with or without cause. Within five (5) days after termination Caterer shall submit a report of its gross sales and WTC shall construct a pertinent revenue statement. Payment by either Party shall be made within 15 days of the termination date. Business between Caterer and WTC shall be deemed completed as of the termination date.

ARTICLE 4. STATUS OF CATERER. Caterer shall be and act as a separate corporation and not as the agent or representative of WTC with regard to the catering services Caterer provides pursuant to this Agreement (Services). Caterer undertakes performance of the Services as an independent contractor. Nothing herein shall create a relationship of employer and employee, or partnership between Caterer and WTC, its agents, employees, representatives or subcontractors. Neither party shall have the authority to bind or obligate the other in any manner as a result of the relationship created hereby. WTC shall not have the right to control the manner(s) or prescribe the method(s) by which Caterer performs the Services. Caterer shall be wholly responsible for supervision and the methods of performance. Caterer is entirely and solely responsible for its acts and the acts of its agents, employees, representatives and subcontractors engaged in the performance of the Services.

ARTICLE 5. EXCLUSIVE CATERING CONTRACT. WTC shall give Caterer the exclusive right to cater all functions at Two World Trade Center, which consists of the conference and banquet facilities located in Two World Trade Center, 26 SW Salmon Street, Portland. Oregon. including 2 WTC Plaza. Mezzanine. Bridge. and the former restaurant area located on the Plaza level of Two World Trade Center (2WTC). This exclusive right to cater shall include all food and beverage catering requirements at 2WTC, meeting rooms, any other food requested on the 2WTC grounds. including beer gardens, other sidewalk vendors, and any off-Premises catering. when applicable. However, WTC cannot guarantee that customers or tenants of WTC shall not bring unauthorized food on the Premises. WTC reserves the right to sponsor company events where WTC or its affiliates' employees may bring their own meals and if any catering is needed. WTC shall purchase it from Caterer.

ARTICLE 6. TERMS OF PAYMENT.

6.1 REVENUE STATEMENT. Caterer will submit a Revenue Statement to WTC no later than five (5) days after the end of each month. It will include:

A. Itemized Revenues Received
B. Itemized Expenses
C. Itemized Net Income

6.2 FINANCIAL RETURN. Caterer shall, annually as soon as possible after the close of the Caterer's books, declare a dividend payable to its sole Shareholder, Portland General Electric Company, and shall distribute such dividend to its Shareholder.

6.3 REVENUE EXPLANATIONS.

A. Audio Visual Equipment - Caterer to utilize Portland General Electric Company's (PGE) audio visual equipment currently located at the World Trade Center. Caterer understands PGE does not pay rental for use of its own equipment, if brought and returned by PGE staff.

B. Caterer is to utilize miscellaneous equipment now used by WTC to rent to its clients. Caterer will maintain and/or replace inventoried audio visual equipment during its term. Caterer will return to WTC, at termination of this Agreement, said inventoried equipment in the same condition, normal wear and tear excluded.

6.4 RIGHT TO AUDIT. Caterer shall maintain complete and accurate records, kept in accordance with generally accepted accounting standards, of all Caterer's sales and shall retain such records for at least two (2) years after completion or termination of this Agreement. WTC shall have the right, at any reasonable time, to inspect and audit those records during the course of this Agreement and throughout the two (2) year retention period. Caterer shall accommodate such review at no additional cost to WTC. This information will be at Caterer's principal place of business address.

ARTICLE 7. BOOKINGS. All meetings, catering, equipment and audio-visual rentals for the Premises will be completed by Caterer sales staff. Caterer sales staff will handle customers throughout all selling stages. WTC staff shall cooperate with Caterer sales staff as reasonably necessary to close the sale.

ARTICLE 8. MENUS. Menus shall be the sole responsibility of Caterer.

ARTICLE 9. UTILITIES. Caterer will be responsible for cost of electricity for the Plaza Level and Mezzanine Level kitchens. Caterer will pay their share of HVAC and garbage costs each month to WTC.

ARTICLE 10. EQUIPMENT.

10.1 KITCHEN USE. Caterer is authorized to utilize the kitchens located on the Mezzanine Level and Plaza level of 2 WTC and the equipment provided by WTC, as is, for the operation of the food and beverage service. At the end of the Agreement all equipment provided by WTC will be returned by Caterer in clean and working condition, normal wear and tear excluded.

10.2 CLEANING AND MAINTENANCE RESPONSIBILITIES. Caterer will provide service maintenance to all equipment in both kitchens. Caterer will be responsible for the cost of repair or replacement of all WTC equipment that Caterer uses through the term of this Agreement. Caterer will clean both kitchen and food preparation areas, garbage area applicable to the food/conference service, banquet hall and meeting room areas and storage rooms also applicable to the food and beverage service so as to comply with all state and county health regulations.

10.3 WTC JANITORIAL SERVICES. WTC shall provide regularly scheduled janitorial services for cleaning of 2 WTC, including the bridge and plaza. Caterer is to provide janitorial services for the restaurant (if used) and both kitchens nightly. Caterer is responsible for cleaning after each catered function, removing food and beverages, spot-cleaning and restoring area to original condition. Caterer will be responsible for cleaning 2 WTC meeting areas between each function. Caterer will be responsible to always have rooms clean and set for possible site inspection. Caterer will never leave a room "unset" overnight.

10.4 CONFERENCE FACILITIES. Caterer will do all set up and break down of the conference facilities in conjunction with all events. In the event Caterer fails to restore the conference facilities to a clean condition, WTC will charge Caterer for the cost of restoring the conference facilities, normal wear and tear excluded. Caterer will be financially responsible for the replacement cost of any conference center equipment damaged during Caterer's use of the conference center, unless damaged by WTC employees. Any inventory of conference facility equipment will be done before the effective date of this Agreement noting any deficiencies or repairs needed.

ARTICLE 11. PROFESSIONAL RESPONSIBILITY.

11.1 PERFORMANCE OF WORK. Caterer shall perform the work hereunder using the standards of care, skill and diligence normally provided by a professional in the performance of such services in respect to work similar to that contemplated hereunder, and shall comply with all codes and standards applicable to the work. Caterer shall perform the work in accordance with its own methods in an orderly and workmanlike manner, enforce strict discipline and order among its employees, and not employ on the work any person who is incompetent or unskilled in the work assigned.

11.2 PERSONNEL AND PRODUCT. Caterer will provide a Catering Manager to communicate with WTC as needed. Caterer will procure and pay for all food, beverage and related supplies necessary for Caterer to provide catering services at a standard usually exercised in providing excellent catering services.

ARTICLE 12. CONFIDENTIALITY. During the term of this Agreement Caterer may come into contact with confidential or proprietary information of WTC. Caterer shall not use any such information for its own purposes and will not, without the express written consent of WTC, disclose such information to any third party or to anyone other than its own employees and affiliates having need for such information for purposes of this Agreement. Caterer further agrees to make all reasonable efforts to maintain the confidentiality and security of such information. All financial, statistical, operating and personnel revenue data, including, but not limited to, receipts, catering contracts and invoices, will be kept confidential.

ARTICLE 13. USE OF PREMISES. The Premises shall be used by Caterer in accordance with providing catering services and for no other use. The parties do not intend nor does this Agreement convey or create any real property interest in the Premises for Caterer. WTC retains all rights and interest in the Premises.

No action shall be done in or about the Premises that is unlawful or that will increase the existing rate of insurance on the Premises. In the use of the Premises, Caterer shall not commit or allow to be committed any waste upon the Premises, or any public or private nuisance or other act or thing which disturbs the quiet enjoyment of the tenants in the World Trade Center buildings.

ARTICLE 14. NON-SMOKING BUILDING. All the buildings in the World Trade Center are non-smoking buildings. Caterer, its agents, employee and invitees are prohibited from smoking within the World Trade Center Complex. Caterer shall be solely liable for all costs and expenses associated with cleaning or maintenance required because of smoke damage of any kind caused by Caterer's employees smoking.

ARTICLE 15. LICENSE FEES AND TAXES. Caterer will secure and pay for federal state and local licenses, concerning the food and beverage services, as required for the operation of such service. Caterer shall pay all sales, excise, state and local taxes attributable to the food and beverage service it provides.

ARTICLE 16. LAWS AND REGULATIONS. Caterer shall at all times comply with all applicable laws, statutes, rules, regulations and ordinances, including without limitation those governing wages, hours, desegregation, employment discrimination, health and safety. Caterer shall comply with equal opportunity laws and regulations to the extent that they are applicable.

Caterer shall indemnify, defend and hold harmless WTC, its directors, officers, employees and agents from all losses, costs and damages by reason of any violation thereof, and from any liability including without limitation fines, penalties and other costs arising out of Caterer's failure to so comply.

ARTICLE 17. INDEMNIFICATION. Caterer shall indemnify, defend and hold harmless WTC, its directors, officers, employees, agents and affiliates, their respective officers, directors, agents and employees, (hereinafter collectively "indemnitees") from and against: (i) any and all losses and damages to persons or property, injuries or deaths of persons, liability, claims, liens, demands, and causes of action of every kind and character, including environmental liability and claims arising out of Workers' Compensation, Unemployment Compensation or similar such laws or obligations applicable to employees of Caterer, including all governmental fines and penalties, and interest thereon, if any; and (ii) amounts of judgments, penalties, interest, court costs, and legal fees, whether or not suit is commenced and at trial and on appeal and review, incurred by indemnitees in defense of same arising out of or in anyway incident to or in connection with the services provided under this Agreement. It is the intention of WTC and Caterer that such indemnity shall apply regardless of whether the claims arise in whole or in part from the actual or alleged sole, comparative concurrent, active, passive or contributory or gross negligence of indemnitees. The parties hereby agree and Caterer affirmatively states and warrants to WTC that its indemnity obligations will be supported by liability insurance to be furnished by Caterer; provided that recovery under or in respect of this indemnity shall not be limited to the proceeds of any such insurance.

ARTICLE 18. WORKERS' COMPENSATION. Caterer shall comply with all applicable Workers' Compensation Acts in the states having jurisdiction and shall furnish proof thereof satisfactory to WTC prior to commencing work.

ARTICLE 19. INSURANCE. Caterer shall furnish WTC with a Certificate of Insurance in a form acceptable to WTC, certifying that Caterer carries Comprehensive Bodily Injury, Property Damage Liability and Liquor Liability Insurance in an amount not less than $1,000,000. All policies required by this Article 19 shall include provisions that such insurance is primary insurance with respect to the interests of WTC and that any other insurance maintained by WTC is excess and not contributory insurance with the insurance required hereunder, and provisions that such policies shall not be canceled or their limits of liability reduced without ten (10) days prior written notice to WTC if canceled for any reason. For all commercial general liability coverage written on a "claims-made" basis, the certificate shall also identify the retroactive date(s) and all later endorsements, if any. If requested by WTC, a copy of each insurance policy, certified as a true copy by an authorized representative of the issuing insurance company, shall be furnished to WTC.

ARTICLE 20. PERSONNEL/DRUGS ALCOHOL AND FIREARMS. Caterer shall employ in the performance of the work only persons properly qualified for same.

Caterer shall at all times enforce strict discipline and good order among its employees and the employees of any subcontractor of any tier. Caterer shall not permit or suffer the introduction or use of any firearms, illegal drugs or liquor upon the employees or subcontractors performing the services under this Agreement, or upon the Premises.

Caterer shall immediately remove from the work, whenever requested by WTC, any person considered by WTC to be incompetent, insubordinate, careless, disorderly, in violation of the above restriction on firearms, drugs or liquor, or under the influence of illegal drugs or intoxicating liquor, and such person shall not again be employed in the performance of the work herein without the written consent of WTC.

ARTICLE 21. ASSIGNMENT and SUCCESSORS/ASSIGNS. Caterer shall not assign this Agreement or any rights or responsibilities hereunder without the express written consent of WTC, and any such attempted assignment shall be void. If assignment is done with such consent, it shall not relieve Caterer from its responsibility for the performance of any of its obligations hereunder. This Agreement will be binding on the Parties' successors.

ARTICLE 22. NONWAIVER. The failure of WTC to insist upon or enforce strict performance by Caterer of any of the terms of this Agreement or to exercise any rights herein shall not be construed as a waiver or relinquishment to any extent of WTC's right to assert or rely upon such terms or rights on any future occasion. None of the provisions of this Agreement will be considered waived by WTC unless such waiver is given in writing by WTC. No such waiver shall be a waiver of any past or future default of any of the provisions of this Agreement unless expressly stipulated in such waiver. The remedies specified herein shall be cumulative and in addition to any other remedies available at law or equity.

ARTICLE 23. NOTICES. Any notice by either party to the other hereunder shall be served, if delivered in person or by confirmed facsimile to the office of the representative authorized and designated in writing to act for the respective party, or deposited in the mail, properly stamped with the required postage and addressed to the office of such representative. Either party may change its representative or address by giving the other party written notice of such change. The initial representatives and office addresses are as follows:

WTC:
World Trade Center
Dwight Trahin
121 SW Salmon Street, 1-WTC, Portland, OR 97204

Caterer:
Salmon Springs Hospitality Group, Inc..
dba, World Trade Center Catering
Tom Pollock, Manager
121 SW Salmon Street, Ste 2-350, Portland, OR 97204

ARTICLE 24. SEVERABILITY. Any provisions of this Agreement prohibited or rendered unenforceable by local, state or federal law shall be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement.

ARTICLE 25. APPLICABLE LAW. This Agreement shall be governed by the laws of the State of Oregon, and within the venue of any state or federal court within Multnomah County, Oregon.

ARTICLE 26. LEGAL REPRESENTATION. WTC and Caterer acknowledge that each has had the opportunity to obtain the advice of legal counsel and that copies of this Agreement have been provided to them or to their counsel for review and approval prior to execution of this Agreement. The parties agree that each of them understands the terms, provisions and legal effect of this Agreement and that the terms of this Agreement shall not be construed against either party based upon that party's authorship of any or any portion of this document.

ARTICLE 27. COMPLETE AGREEMENT AND EFFECTIVE DATE. This Agreement and any referenced attachments constitute the complete agreement between the parties. It is subject to change only by an instrument executed in writing by WTC. The effective date of this Agreement is the date it is June 1, 1998.

IN WITNESS WHEREOF, the parties have signed this Agreement effective as of June 1, 1998.

SALMON SPRINGS HOSPITALITY GROUP, INC.
dba World Trade Center Catering

By: Lee C. Hodges

Print Name: LEE C. HODGES

Title: President

PORTLAND GENERAL ELECTRIC COMPANY
dba World Trade Center Properties

By: Fred D. Miller

Print Name: FRED D. Miller

Title: SR. V.P

corp book

AMENDMENT TO AGREEMENT FOR CATERING SERVICES

THIS FIRST AMENDMENT TO AGREEMENT FOR CATERING SERVICES is entered into effective as of the 1st day of May, 2003, by and between *WORLD TRADE CENTER PROPERTIES*, an assumed business name of Portland General Electric Company ("WTC") and *SALMON SPRINGS HOSPITALITY GROUP, INC.*, an Oregon Corporation dba *WORLD TRADE CENTER CATERING* ("Caterer").

RECITALS

A. WTC and Caterer entered into that certain Agreement for Catering Services, dated as of the 1st day of June, 1998 ("Agreement for Catering Services").

B. WTC and Caterer have agreed to extend the Term of the Agreement for Catering Services on the Premises, upon the terms and conditions set forth herein.

C. Capitalized terms not defined herein shall have the same meaning as set forth in the Agreement for Catering Services.

NOW, THEREFORE, for valuable consideration, the current receipt, reasonable equivalence, and sufficiency of which are hereby acknowledged by each of the parties, the parties each agree as follows:

1. **Recitals.** The Recitals are true and correct and incorporated herein by this reference.

2. **Term.** Section 2 of the Agreement for Catering Services is hereby amended to provide that the Term of the Agreement for Catering Services shall expire on the 30th day of April, 2008. Thereafter the Term will be automatically extended for successive five (5) year terms, unless either party provides written notice of non-renewal to the other party not less than ninety (90) days prior to the then existing Term.

3. **Status of Caterer.** Caterer shall have the exclusive right to schedule and cater all functions at Two World Trade Center as provided in Section 5 of the Agreement for Catering Services. Notwithstanding any provision in the Agreement for Catering Services or in this Addendum Caterer does not have and is not acquiring by this Agreement any interest in any aspect of the World Trade Center properties, including without limitation any real property interest, leasehold or otherwise.

4. **Status of Agreement.** Caterer represents, covenants, and warrants that except as provided herein, this Agreement for Catering Services remains unmodified and in full force and effect and that WTC has not breached any duty or obligation to Caterer to date.

5. **Financial Return.** Section 6.2 of the Agreement for Catering Services is hereby amended in its entirety to read as follows, "Caterer shall, annually as soon as possible after the close of Caterer's books, promptly pay and/or distribute to WTC an amount equal to the net income of Caterer for the prior year in the manner determined by WTC."

6. **Laws and Regulations.** The following sentence is hereby added to the end of the first paragraph of Section 16 of the Agreement for Catering Services, "Caterer shall comply with the *Immigration Reform and Control Act*, as amended."

7. **Termination.** Notwithstanding anything provided in the Agreement for Catering Services or this Addendum, WTC shall have the right to terminate the Agreement for Catering Services at any time, with or without cause, upon not less than ninety (90) days written notice to Caterer.

8. **Default.** In the event of a default by Caterer WTC shall be entitled to injunctive relief in addition to any and all remedies available to WTC at law or in equity; all such remedies being cumulative and not exclusive. WTC shall only be deemed to be in default under the terms of the Agreement for Catering Services, as amended, in the event WTC shall fail to perform an obligation of WTC within sixty (60) days after the receipt by WTC of written notice from Caterer of such failure, which notice shall specifically set out the failure. WTC shall not be considered in default so long as WTC commences to cure the failure in a diligent manner and shall thereafter be allowed such additional time as reasonably necessary to correct the failure. In no event shall WTC be liable to Caterer, or to any third party for any damages claimed or allegedly incurred by third parties nor shall WTC be liable to Caterer for damages exceeding the maximum compensation due and actually paid to WTC under the current Term of this Agreement for Catering Services, as amended. The parties agree that any action against WTC (whether for breach of contract or a related strict liability or tort

claim) by or on behalf of Caterer must be commenced within two (2) years after the cause of action has accrued. As used herein, the term "WTC" means the entity hereinabove named as such, and its successors and assigns (each of whom shall have the same rights, remedies, powers, authorities and privileges as it would have had, had it originally signed this Agreement for Catering Services as the WTC). No entity holding WTC's interest hereunder (whether or not such entity is named as "WTC" herein) shall have any liability hereunder after such entity ceases to hold such interest.

9. **Limitation on Remedies/Damages.** The obligations of WTC under this Agreement for Catering Services shall not be personally binding on, nor shall any resort be had to the private properties of, any of its trustees or board of directors and officers, as the case may be, any beneficiaries, stockholders, employees, or agents of WTC, or its property managers.

10. **Third Parties.** Nothing contained herein nor the transactions contemplated hereby, express or implied, shall be deemed to inure to the benefit of any person or entity not a party to this Agreement, nor shall it confer upon any such person or entity any right or remedy of any nature whatsoever.

11. **Controlling Agreement.** In the event of any conflict between any other part of the Agreement for Catering Services and this Amendment, the terms and conditions of this Amendment shall control. To the extent that the Agreement for Catering Services and/or this Amendment may have been executed following any effective dates set forth herein, said effective dates are hereby ratified, confirmed, and approved. This Amendment may be executed in counterparts, and such counterparts together shall constitute but one original of the Amendment. Each counterpart shall be equally admissible in evidence, and each original shall fully bind each party who has executed it.

12. **Entire Agreement.** This instrument, along with any exhibits and attachments or other documents affixed hereto or referred to herein, constitute the entire and exclusive agreement between WTC and Caterer relative to the Agreement for Catering Services, as amended, may be altered and/or revoked only by an instrument in writing signed by both WTC and Caterer. WTC and Caterer hereby agree that all prior written and oral agreements, understandings and/or practices relative to the Agreement for Catering Services are superseded by this instrument. Except as set forth in this Amendment of Agreement for Catering Services, the terms and conditions of the Agreement for Catering Services shall remain unmodified and in full force and effect.

The parties have executed this Amendment effective as of the 1st day of May, 2003. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns.

WTC: PORTLAND GENERAL ELECTRIC COMPANY, dba WORLD TRADE CENTER PROPERTIES

By: James J. Piro

Printed Name and Title: JAMES J. PIRO EVP & CFO PGE

CATERER: SALMON SPRINGS HOSPITALITY GROUP, INC.

By: Jay Buechler

Printed Name and Title: Jay Buechler, President

Addendum 3

Portland General Transport Corp.

(PGT is currently inactive)

A. *PGE/PGT Services*
(No services between PGE and PGT)

B. *PGE release (and potential repurchase) of interstate pipeline capacity to PGT**
(Filed February 2, 1999; UI-175, UM-814, UP-156; Approved by the OPUC, Order No. 99-543)

** Included for convenience.*

ORDER NO. 99-543

ENTERED SEP 17 1999

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UI 175/UP 156/UM 814

In the Matter of the Application of Portland General Electric Company for Approval of the Transfer of Rights to Segmented Pipeline Capacity and Repurchase Thereof from Portland General Transport Corp., an Affiliated Interest.	))))))	ORDER

DISPOSITION: APPLICATION APPROVED WITH CONDITIONS

On February 3, 1999, the Commission received an application from Portland General Electric Company (PGE or the Company), filed pursuant to ORS 757.480 and 757.495, requesting approval of the disposition of property and affiliated interest transactions between PGE and its wholly-owned subsidiary, Portland General Transport Corp. (PGT), involving the release and potential repurchase of interstate pipeline capacity. PGE and PGT are affiliated interests under ORS 757.015. PGE also requested limited waiver of merger condition 15 established in Order No. 97-196, docket UM 814. On July 27, 1999, Commission Staff and PGE entered into a stipulation regarding the waiver of merger conditions 15 and 16.

Based on a review of the application and the Commission's records, the Commission finds that the application satisfies applicable statutes and administrative rules. At its Public Meeting on September 7, 1999, the Commission adopted the Staff's recommendation to approve the application with conditions. Staff's recommendation is attached as Appendix A and is incorporated by reference.

OPINION

Jurisdiction

ORS 757.005 defines a public utility as anyone providing heat, light, water, or power service to the public in Oregon. The Company is a public utility subject to the Commission's jurisdiction.

Affiliation

An affiliated interest relationship exists under ORS 757.015.

Applicable Law

ORS 757.495 requires public utilities to seek approval of contracts with affiliated interests within 90 days after execution of the contract. The intent of the statute is to protect ratepayers from abuses which may arise from less than arm's length transactions.

ORS 757.480 provides that a public utility doing business in Oregon shall first obtain Commission approval for any transaction to sell, lease, assign or otherwise dispose of property of such public utility necessary or useful in the performance of its duties to the public or any part thereof of a value in excess of $10,000.

PGE is a public utility subject to the Commission's jurisdiction. The proposed transaction involves the transfer of rights to PGT. There is no indication that the proposed transfer will impair the Company's ability to provide public utility service in Oregon.

CONCLUSIONS

1. PGE is a public utility subject to the jurisdiction of the Public Utility Commission of Oregon.
2. The Company's proposed transaction meets the requirements of ORS 757.480.
3. An affiliated interest relationship exists between PGE and PGT.
4. The application should be granted subject to conditions.

ORDER

IT IS ORDERED that the application of Portland General Electric Company for approval of the transfer of rights to segmented pipeline capacity and repurchase thereof from Portland General Transport, Corp., an affiliated interest, is granted, subject to the conditions stated in Appendix A.

Made, entered and effective SEP 17 1999

PUBLIC UTILITY COMMISSION OF OREGON

BY THE COMMISSION:

Vikie Bailey-Goggins

Vikie Bailey-Goggins
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A party may appeal this order pursuant to ORS 756.580.

UI175-up 156.doc

ORDER NO. 99 543

ITEM NO. CA 2

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: SEPTEMBER 7, 1999

REGULAR AGENDA___ CONSENT AGENDA X EFFECTIVE DATE_______________

RECEIVED

SEP 2 1999

Public Utility Commission of Oregon
Administrative Hearings Division

DATE: August 11, 1999

TO: Bill Warren through Marc Hellman and Mike Myers

FROM: Marion Anderson

SUBJECT: UI 175/UM 814/UP 156 – Portland General Electric Company (PGE) Application for Approval of the Transfer of Rights to Segmented Pipeline Capacity and Repurchase Thereof from Portland General Transport Corporation (PGT), an Affiliated Interest

SUMMARY RECOMMENDATION:

I recommend approval with conditions.

DISCUSSION:
PERTINENT ISSUES:

I have investigated the following issues to determine if the agreement is fair and reasonable, and not contrary to the public interest.

1. Scope of Services
2. Transfer Pricing Methods and Cost Allocations
3. Determination of Public Interest Compliance
4. Records Availability, Audit Procedures and Reporting Requirements

A discussion and consideration of the pertinent issues are presented in the attached stipulation.

CONCLUSIONS:

Based on an investigation and review of this application, my conclusions are as follows:

1. Portland General Electric Company is a regulated electric company subject to the jurisdiction of the Public Utility Commission of Oregon.
2. An affiliated interest relationship exists between Portland General Electric Company and Portland General Transport Corporation.
3. The application appears to be fair and reasonable and not contrary to the public interest.

DETAILED RECOMMENDATION:

Based on the preceding discussion and conclusions, I recommend that the application presenting the agreement between Portland General Electric Company and Portland General Transport Corporation be approved with the conditions listed in the attached stipulation.

Attachment

cc: Lee Sparling

UI 175

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UI 175

In the Matter of the Application of PORTLAND GENERAL ELECTRIC COMPANY for: (1) Approval to Transfer Its Right to Segmented Pipeline Capacity To, and Repurchase Pipeline Capacity from, Portland General Transport Corp.; and (2) Limited Waiver of Merger Condition)

STIPULATION

RECITALS

1. On February 2, 1999, Portland General Electric Company ("PGE") filed an application for approval of an affiliate transaction.

2. In the application, PGE requested permission to release gas transportation capacity on the Williams Gas Pipeline – West to an affiliate, Portland General Transport Corp. ("PGT"), in the same way and the same fashion as approved for Northwest Natural Gas in Docket UP 95/UI 133, OPUC Order No. 94-665.

3. Based on the conditions set forth below, staff will recommend in favor of Commission approval.

TERMS OF STIPULATION

PGE and Staff hereby agree as follows:

1. Merger condition 15 (Appendix A to Order No. 97-196) shall not apply to PGE pipeline capacity releases to PGT. PGE may release capacity from Williams Gas Pipeline – West . PGT shall comply with merger conditions 15 and 16 as if such conditions were fully applicable to PGT.

2. PGE shall, on or before July, 2000, submit a report to the Commission regarding transactions of PGT demonstrating compliance with merger conditions Nos. 15 and 16.

3. The Commission approval of the application shall be for the period ending October 1, 2000, with PGE retaining the right to request annual renewals. PGE shall be granted necessary waivers to apply for renewals of Commission approval by letter request received by August 1st of each year.

4. PGE will inform the Staff which FERC accounts will be charged with transactions regarding PGT. PGE will initially charge FERC account 456, Other Electric Revenues, for revenues received from PGT.

5. PGT shall provide staff access to all books of account as well as all documents, data, and records of PGT and PGT's affiliated interests which pertain to transactions between PGT and its affiliated interest, PGE.

6. The Commission reserves the right to review for reasonableness all financial aspects of this arrangement in any subsequent rate proceeding.

7. The parties have negotiated this Stipulation as an integrated document. Accordingly, if the Commission rejects all or any material part of this Stipulation, or adds elements to any final order which are not contemplated by this Stipulation, each party reserves the right to withdraw from the Stipulation upon written notice to the Commission and the other party within five (5) business days of service of the final order rejecting or changing the Stipulation.

8. This Stipulation may be signed in any number of counterparts, each of which will be an original for all purposes, but all of which taken together will constitute only one

agreement.

9. The parties agree to submit this Stipulation to the Commission and recommend that the Commission adopt this Stipulation in its entirety and approve PGE's application.

EXECUTED this 27th day of July, 1999.

Attorney for the Staff of the
Public Utility Commission

J. Jeffrey Dudley, Assistant General Counsel
Legal Department
Portland General Electric Company
121 SW Salmon, 1WTC1301
Portland, OR 97204
503-464-8860 (telephone)
503-464-2200 (facsimile)
Jay_Dudley@pgn.com

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C: Patrick Hager

PGE

Portland General Electric Company
Legal Department
121 SW Salmon Street • Portland, OR 97204
503-464-7037 • facsimile 503-464-2200

Robin Tompkins
Assistant General Counsel

February 2, 1999

Diane Davis
Administrative Hearings Division
Oregon Public Utility Commission
550 Capitol Street NE
Salem, OR 97310-1380

Re: **In the matter of the Application of Portland General Electric Company.**

Enclosed for filing is an original plus five (5) copies of Portland General Electric Company's Application for Approval of Transfer its Application of Right to Segmented Pipeline Capacity to Portland General Electric Company and Repurchase Pipeline Capacity from Portland General Transport Corp and Limited Waiver of Merger Condition. In addition, we have enclosed an extra copy of this cover letter. Kindly date stamp and return the extra copy in the envelope provided.

Please call me if you have any questions.

Sincerely,

Robin Tompkins

Robin Tompkins

RT:fst
Enclosure

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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UI 175 UM 814 UP 156

In the Matter of the Application of PORTLAND GENERAL ELECTRIC COMPANY for: 1) Approval to Transfer Its Right to Segmented Pipeline Capacity to, and Repurchase Pipeline Capacity from, Portland General Transport Corp.; 2) and Limited Waiver of Merger Condition	)))))))	Application of Portland General Electric Company

I. INTRODUCTION

Portland General Electric Company (PGE or the Company) requests Commission approval, pursuant to ORS 757.480 and 757.495, of proposed disposition of property and affiliated interest transactions between PGE and its wholly-owned subsidiary, Portland General Transport Corp. (PGT), involving the release and potential repurchase of interstate pipeline capacity. PGE also requests limited waiver of merger condition 15 established in Order No. 97-196.

II. DISCUSSION

A. Transfer of Right to Segmented Pipeline Capacity to, and Repurchase of Pipeline Capacity from, PGT

PGT is a wholly-owned subsidiary of PGE. It was created specifically to take advantage of pipeline capacity segmentation opportunities, pursuant to Federal Energy Regulatory Commission (FERC) Order No. 636 and applicable pipeline tariffs, which are not available to PGE except through an affiliate.

PGE currently owns firm capacity rights on the interstate system of Northwest Pipeline Corporation (NW Pipeline). Order No. 636 provides that firm capacity holders may release firm capacity rights in whole or in segments through the pipeline's electronic bulletin board system. Under NW Pipeline's rules, a firm capacity holder may not bid directly on releases of its own segmented capacity, but this prohibition does not apply to an affiliate of the capacity holder.

Pursuant to Order No. 636, PGE will release capacity segments to PGT in prearranged transactions at NW Pipeline's tariff rate. PGE will retain the right to immediately terminate any capacity release should FERC or NW Pipeline change the release process in a manner adversely impacting PGE, or if PGE needs the capacity. PGE will also retain the right to repurchase capacity from PGT at cost. PGT will not profit from sales to PGE of PGE's previously held and released capacity rights, although it may profit from sales to third parties.

The proposed arrangement between PGE and PGT will allow PGE to make the best use of its pipeline capacity rights, to the benefit of both customers and shareholders. Without PGT, PGE would be limited to the alternatives of either retaining all its pipeline capacity, whether or not it was of immediate use, or releasing all of it and being denied its use in the event of unforeseen need. PGT's intermediary role allows PGE to more conservatively release limited portions of its pipeline capacity, while retaining the right to repurchase that capacity should the need arise. This allows PGE to manage its resources more efficiently.

The Commission approved a similar arrangement between Northwest Natural Gas Company (NW Natural) and its affiliate, Northwest Natural Gas Capacity Corporation, in Order No. 94-665, Docket Nos. UP 95 and UI 133. In all material respects, Staff's analysis and the Commission's conclusions in that case apply here.

B. Limited Waiver of Merger Condition 15

PGE requests a limited waiver of merger condition 15 established in Order No. 97-196. This condition limits pre-arranged releases of pipeline capacity with affiliates. The purpose of this condition is to prevent preferential treatment of Enron marketing affiliates compared to other competitors. In contrast to the situation this merger condition was intended to preclude, the benefits from the releases to PGT all flow back to PGE and will allow PGE to more fully realize the value of its pipeline capacity for its ratepayers. PGE agrees that subsequent releases from PGT will be governed by merger condition 15, unless an additional waiver is applied for and received from the Commission.

C. Guarantee of the Financial Performance of PGT

NW Pipeline's capacity release rules require PGE to guarantee the financial performance of PGT. PGE will accordingly enter into a guaranty agreement with PGT. PGE believes, however, that Commission approval of the guaranty agreement is not required by ORS 757.440, as PGE will guarantee PGT's performance only from month to month, and never for a period of more than two months.

III. OAR 860-027-0025 REQUIREMENTS

In regard to the above-described disposition of property, i.e., the capacity release, PGE provides the following information pursuant to OAR 860-27-0025(1), although it does not appear that unused pipeline capacity is properly defined as "property . . . necessary or useful in the performance of [PGE's] duties to the public . . . ," under ORS 757.480.

(a) The name and address of the Applicant is Portland General Electric Company, 121 SW Salmon Street, Portland, Oregon 97204.

(b) The Applicant is a corporation organized and existing under and by virtue of the laws of the State of Oregon, and the date of its incorporation is July 25, 1930. The Applicant is authorized to transact business in the states of Oregon, Arizona, California, Montana, and Washington and in the District of Columbia, but conducts utility business only in the State of Oregon.

(c) The name and address of the persons authorized on behalf of the Applicant to receive notices and communications in respect of this Application are:

Robin Tompkins, Esquire
Portland General Electric Company
121 SW Salmon Street, 1WTC1301
Portland, OR 97204
503-464-7037 (voice)
503-464-2200 (telecopier)
robin_tompkins@pgn.com

Pat Scherzinger
Portland General Electric Company
121 SW Salmon Street, 3WTCBR06
Portland, OR 97204
503-464-7165 (voice)
503-464-7157 (telecopier)
pat_scherzinger@pgn.com

(d) The names and titles of the officers of PGE who maintain offices at 121 SW Salmon Street, Portland, Oregon 97204, are as follows:

Ken L. Harrison, Chairman & Chief Executive Officer
Peggy Y. Fowler, President & Chief Operating Officer
Alvin L. Alexanderson, Senior Vice President, General Counsel & Secretary
Fred D. Miller, Senior Vice President, Public Policy & Administrative Services
Walter E. Pollock, Senior Vice President, Power Supply
Bradley K. Alford, Vice President, Chief Financial Officer & Treasurer
Arlene Barnett, Vice President, Human Resources
Dave K. Carboneau, Vice President, Products & Services
Stephen R. Hawke, Vice President, Delivery System Planning & Engineering

Pamela G. Lesh, Vice President, Rates & Regulatory Affairs
Joe A. McArthur, Vice President, Substation & Line Operations
James J. Piro, Vice President, Business Development
Stephen M. Quennoz, Vice President, Nuclear & Thermal Operations
Christopher D. Ryder, Vice President, Distribution & Customer Services
Mary K. Turina, Controller, Chief Accounting Officer & Assistant Treasurer
William Valach, Assistant Treasurer
J. Mack Shively, Assistant Secretary

The following officers maintain offices at 1400 Smith Street, Houston, Texas 77002:

Robert J. Hermann, Vice President and General Tax Counsel
Jeffrey McMahon, Vice President, Finance
Peggy B. Menchaca, Assistant Secretary
Kate B. Cole, Assistant Secretary
Geneva H. Hiroms, Assistant Secretary

(e) PGE is engaged in the generation, purchase, transmission, distribution, and sale of electric energy for public use in Oregon in Clackamas, Columbia, Hood River, Jefferson, Marion, Morrow, Multnomah, Polk, Washington, and Yamhill counties.

(f) The capital stock as of September 30, 1998, is as follows:

	Outstanding Shares	Outstanding Amount ($000s)
Cumulative Preferred Stock: $100 Par Value (2,500,000 shares authorized):	(No Shares Outstanding)	
No Par Value (30,000,000 shares authorized): 7.75% Series	300,000	30,000
	300,000	$ 30,000

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\\

\\

Common Stock: $3.75 Par Value (100,000,000 shares authorized):	42,758,877*	$160,346

* Held by Enron Corp., parent corporation of the Applicant.

None of the capital stock is held as reacquired securities, pledged, held by affiliated corporations, or held in any fund, except as noted above.

(g) The long-term debt as of September 30, 1998, is as follows:

Description	Authorized ($000's)	Outstanding ($000s)
First Mortgage Bonds:		
MTN Series I due January 13, 1999 7.28%	24,000	24,000
MTN Series due August 12, 1999 8.88%	20,000	20,000
MTN Series V due August 31, 1999 6.625%	50,000	50,000
MTN Series IV due June 15, 2000 6.75%	25,000	25,000
MTN Series III due Sept 15, 2001 7.40%	45,000	45,000
MTN Series I due January 14, 2002 7.66%	15,000	15,000
MTN Series II due August 15, 2003 6.47%	40,000	40,000
MTN Series due August 15, 2005 9.07%	18,000	18,000
MTN Series I due August 14, 2004 7.61%	11,000	11,000
MTN Series I due August 20, 2004 7.61%	26,000	26,000
MTN Series I due August 21, 2004 7.60%	8,000	8,000
MTN Series IV due June 15, 2007 7.15%	50,000	50,000
MTN Series due August 11, 2021 9.31%	20,000	20,000
MTN Series due August 12, 2021 9.46%	25,000	25,000
7-3/4% Series due April 15, 2023	150,000	125,100
Total First Mortgage Bonds	$527,000	$502,100
Pollution Control Bonds:		
Port of Morrow, Oregon, Fixed & Variable Rate:		
Due May 1, 2033, 4.60%	$ 23,600	$ 23,600
Due December 1, 2031, Variable	5,800	5,800
City of Forsyth, Montana, Fixed Rate:		
Due May 1, 2033, 4.60%	97,800	97,800
Due May 1, 2033, 4.75%	21,000	21,000

Port of St. Helens, Oregon, Fixed Rate:		
Due April 1, 2010, 4.80%	20,200	20,200
Due June 1, 2010, 4.80%	16,700	16,700
Due August 1, 2014, 5.25%.	9,600	9,600
Due December 15, 2014, 7.125%	5,100	5,100
Total Pollution Control Bonds	$199,800	$199,800
Other Long-Term Debt:		
8.25% Junior Subordinated Deferrable Interest Debentures	75,000	75,000
Capital Lease Obligations	--	2,069
6.91% Conservation Bonds	80,731	69,238
Unamortized Debt Discount and Other		(550)
Total Other Long-Term Debt	$155,731	$145,757
Less Maturities and Sinking Funds Included in Current Liabilities		(0)
Total Long-Term Debt	$917,531	$847,657

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

(h) The proposed disposition of property is limited to the release of pipeline capacity rights described in Section II, above.

(i) PGE is proposing to release capacity rights on NW Pipeline's interstate pipeline system.

(j) The original cost of the pipeline capacity PGE proposes to release is set at NW Pipeline's tariff rates. By releasing the capacity, PGE is relieved of the obligation to pay NW Pipeline for that capacity. PGT assumes the responsibility to pay NW Pipeline for the capacity that is released by PGE. The capacity release does not involve a sale by PGE to PGT.

(k) PGE is not required to file any other application with respect to the proposed transaction with any federal or other state regulatory body.

(l) The facts relied on by PGE to show that the proposed release of pipeline capacity rights will be consistent with the public interest are as follows:

1) The proposed capacity release is lawful and within PGE's corporate purposes as a public utility and participant in the western energy markets.

2) The proposed capacity release is compatible with the interests of PGE's retail customers and shareholders.

3) The proposed capacity release is reasonably necessary for PGE's proper and least-cost performance as a public utility.

4) The proposed capacity release is appropriate and necessary if PGE is to take advantage of NW Pipeline's capacity release program, and is substantially similar to NW Natural's release of pipeline capacity, previously approved by the Commission.

(m) The reasons relied upon by PGE for exercising its capacity release option, and the benefits to be derived by PGE's customers and the general public, are described in Section II, above.

(n) OAR 860-027-0025(n) is not applicable, as PGE is not proposing to acquire the securities of another utility.

(o) OAR 860-027-0025(o) is not applicable, as the proposed capacity release does not involve any transfer of franchises or customers.

The following exhibits are made a part of this application, pursuant to OAR 860-027-0025(2):

Exhibit A Articles of Incorporation, as amended (filed in Docket No. UP 79; incorporated by reference herein)

Exhibit B Bylaws, as amended (filed in Docket No. UP 151; incorporated by reference herein)

Exhibit C There are no resolutions of directors specifically authorizing the proposed capacity release.

Exhibit D Not applicable.

Exhibit E A balance sheet as of September 30, 1998 (attached)

Exhibit F A statement of contingent liabilities as of September 30, 1998 (attached)

Exhibit G An income statement for the three months ended September 30, 1998 (attached)

Exhibit H An analysis of retained earnings for the three months ended September 30, 1998 (attached)

Exhibit I The transactional documents relating to the capacity release will be delivered to Commission staff when the approval requested herein is granted and the transaction is completed.

Exhibit J A copy of each proposed journal entry to be used to record the proposed transaction (attached)

Exhibit K Not applicable

IV. OAR 860-027-0040 REQUIREMENTS

In regard to its request for approval, pursuant to ORS 757.495, of proposed affiliated interest transactions involving the purchase of previously released pipeline capacity by PGE from PGT, PGE provides the following information in compliance with OAR 860-27-0040(2).

(a) The information required by OAR 860-027-0040(2)(a) is provided in Section III, above.

(b) The information required by OAR 860-027-0040(2)(b) is provided in Section III, above.

(c) PGT is a wholly-owned subsidiary of PGE, formed to allow PGE to take advantage of the pipeline capacity release program.

(d) PGE owns and controls all of the common stock of PGT.

(e) The following officers of PGT are also officers of PGE:

Walter E. Pollock, Chairman of the Board and President
Jeffrey McMahon, Vice President, Finance
Robert H. Hermann, Vice President & General Tax Counsel
Alvin Alexanderson, General Counsel
Peggy B. Menchaca, Vice President and Secretary
William Valach, Assistant Treasurer
Kate B. Cole, Assistant Secretary
Geneva H. Hiroms, Assistant Secretary
J. Mack Shively, Assistant Secretary

The following director of PGT is also a director of PGE:

James V. Derrick, Jr.

(f) No officer or director of PGT or PGE has a private pecuniary interest in the proposed affiliated interest transactions.

(g) PGT will purchase pipeline capacity from NW Pipeline at NW Pipeline's tariff rate; sales by PGT to PGE will be at NW Pipeline's tariff rate. PGT will not profit from these affiliate transactions.

(h) It is difficult to estimate the annual amount of payments PGE will make to PGT because the level of expenditure is directly related to the frequency and amount of capacity that can be segmented and released at any given time during the year, and the amount of capacity PGE may choose to purchase from PGT. PGE will be credited at NW Pipeline's tariff rate for capacity it releases to PGT, PGT will pay NW Pipeline at the tariff rate for the capacity it thus acquires, and PGE will pay a price equal to PGT's acquisition cost to repurchase any of the released capacity.

(i) See Sections II and III above for the reasons relied upon by PGE for proposing to purchase previously released pipeline capacity from PGT.

(j) The proposed transactions are not dependent on a competitive procurement process. PGE would not be able to enter into this type of beneficial arrangement with a non-affiliate.

(k) OAR 860-027-0040(2)(k) is inapplicable.

(l) Transactional documents relating to the proposed affiliate transactions will be delivered to Commission staff when the approval requested herein is granted and the documents are produced and executed.

(m) There are no resolutions of directors specifically authorizing the proposed transactions.

V. CONCLUSION

Accordingly, PGE requests that the Commission approve the proposed pipeline capacity release and affiliated interest transactions, and grant limited waiver of merger condition 15.

DATED: February 2, 1999.

Respectfully submitted,

Robin Tompkins

Robin Tompkins
Assistant General Counsel
Portland General Electric Company

Exhibit E

Portland General Electric Company and Subsidiaries
Consolidated Balance Sheet
as of September 30, 1998
(Unaudited)

	September 30, 1998 ($ Millions)	Adjustments	Adjusted Total
Assets			
Electric Utility Plant - Original Cost			
Utility plant (includes Construction Work in Progress of $31 and $27)	$ 3,167		3,167
Accumulated depreciation and amortization	(1,350)		(1,350)
	1,817	-	1,817
Other Property and Investments			
Contract termination receivable	97		97
Receivable from parent	99		99
Trojan decommissioning trust, at market value	76	-	76
Corporate owned life insurance, less loans of $0 and $30	92		92
Miscellaneous	16		16
	380	-	380
Current Assets			
Cash and cash equivalents	28		28
Accounts and notes receivable	108		108
Unbilled and accrued revenues	33		33
Inventories, at average cost	28		28
Prepayments and other	40		40
	237	-	237
Deferred Charges			
Unamortized regulatory assets	756		756
Miscellaneous	18		18
	774	-	774
	$ 3,208	-	3,208
Capitalization and Liabilities			
Capitalization			
Common stock equity			
Common stock, $3.75 par value per share, 100,000,000 shares authorized, 42,758,877 shares outstanding	$ 160		160
Other paid-in capital - net	480		480
Retained earnings	323	1 [1]	324
Cumulative preferred stock Subject to mandatory redemption	30		30
Long-term obligations	990		990
	1,983	1	1,984
Current Liabilities			
Accounts payable and other accruals	129	(2) [1]	127
Accrued interest	14		14
Dividends payable	17		17
Accrued taxes	38	1 [1]	39
	198	(1)	197
Other			
Deferred income taxes	363	-	363
Deferred investment tax credits	40	-	40
Trojan decommissioning and transition costs	289		289
Unamortized regulatory liabilities	249	-	249
Miscellaneous	86	-	86
	1,027	-	1,027
	$ 3,208	-	3,208

Note 1: Refers to the journal entries in Exhibit J.

Portland General Electric Company and Subsidiaries
Statement of Contingent Liabilities
As of September 30, 1998
(Unaudited)

Trojan Investment Recovery – On June 24, 1998, the Oregon Court of Appeals ruled that the OPUC does not have the authority to allow PGE to recover a return on its undepreciated investment in the Trojan generating facility. The court upheld the OPUC's authorization of PGE's recovery of its undepreciated investment in Trojan.

The Court of Appeals decision was a result of combined appeals from earlier circuit court rulings. In April 1996, a Marion County Circuit Court judge ruled that the OPUC could not authorize PGE to collect a return on its undepreciated investment in Trojan, contradicting a November 1994 ruling from the same court upholding the OPUC's authority. The 1996 ruling was the result of an appeal of PGE's 1995 general rate order which granted PGE recovery of, and a return on, 87 percent of its remaining investment in Trojan.

On August 26, 1998, PGE and the OPUC filed a Petition for Review with the Oregon Supreme Court, supported by amicus briefs filed by three other major utilities seeking review of that portion of the Oregon Court of Appeals decision relating to PGE's return on its undepreciated investment in Trojan. If the Supreme Court declines to hear the case, it would be referred back to the OPUC. Due to uncertainties in the regulatory process, management cannot predict, with certainty, what ultimate rate making action the OPUC will take regarding PGE's recovery of a rate of return on its Trojan investment.

Also on August 26, 1998, the Utility Reform Project filed a Petition for Review with the Oregon Supreme Court seeking review of that portion of the Oregon Court of Appeals decision relating to PGE's recovery of its undepreciated investment in Trojan.

At September 30, 1998, PGE's after-tax Trojan plant investment was $174 million. PGE is presently collecting annual revenues of approximately $23 million which represent a return on its undepreciated investment. Revenue amounts reflecting a recovery of a return on the Trojan investment decline through the recovery period which ends in 2011.

Management believes that the ultimate outcome will not have a material adverse impact on the financial condition of the Company. However, it may have a material impact on the results of operations for a future reporting period.

Other Legal Matters – PGE is party to various other claims, legal actions and complaints arising in the ordinary course of business. These claims are not considered material.

Exhibit G

Portland General Electric Company and Subsidiaries
Consolidated Statements of Income for the Three Months Ended September 30, 1998
(Unaudited)

	Three Months Ended September 30, 1998 (Millions of Dollars)	Adjustments	Adjusted Total
Operating Revenues	$ 274		274
Operating Expenses			
Purchased power and fuel	101		101
Production and distribution	32	(2) [1]	30
Administrative and other	29		29
Depreciation and amortization	40		40
Taxes other than income taxes	14		14
Income taxes	17	1 [1]	18
	233	(1)	232
Net Operating Income	41	1	42
Other Income (Deductions)			
Other	2		2
Income taxes	1		1
	3	-	3
Interest Charges			
Interest on long-term debt and other	17		17
Interest on short-term borrowings	2		2
Allowance for borrowed funds used during construction	(1)		(1)
	18	-	18
Net Income	26	1	27
Preferred Dividend Requirement	1		1
Income Available for Common Stock	$ 25	1	26

Note 1: Refers to the journal entries in Exhibit J.

Exhibit H

Portland General Electric Company and Subsidiaries
Consolidated Statements of Retained Earnings for the
Three Months Ended September 30, 1998
(Unaudited)

	Three Months Ended September 30, 1998 (Millions of Dollars)	Adjustments	Adjusted Total
Balance at Beginning of Period	$ 314		314
Net Income	26	1	27
Miscellaneous	-		-
	340	1	341
Dividends Declared			
Common stock	16		16
Preferred stock	1		1
	17	-	17
Balance at End of Period	$ 323	1	324

Exhibit J

PORTLAND GENERAL ELECTRIC COMPANY

PROFORMA JOURNAL ENTRIES

(000's)

The following journal entries illustrate the net effect on financial statements for the proposed transaction with PGT. Amounts reflect a two month savings on-capacity costs.

Account	Description	Debit	Credit
	(1)		
232	Accounts Payable	$1,585	
549	Misc. other power generation expenses		$1,585
	To reflect savings of pipe line capacity costs		
	(2)		
409.1	Current Tax Expense	$634	
236	Accrued Taxes Payable		$634
	To reflect income tax impact from the savings of pipe line capacity costs.		

Addendum 4

121 SW Salmon Corp.

A. *PGE/121 Salmon Services*

(No services between PGE and 121 Salmon)

B. *PGE/121 Salmon sublease of World Trade Center*

(Amended sublease application filed with the OPUC on 12-19-97, UI-169; approved by OPUC Order No. 98-193)

FIRST AMENDMENT TO SUBLEASE

THIS FIRST AMENDMENT TO SUBLEASE entered into effective this ______ day of December, 1997, between and 121 SW SALMON STREET CORPORATION, an Oregon corporation, as Sublessor, and PORTLAND GENERAL ELECTRIC COMPANY, an Oregon corporation, as Sublessee.

WHEREAS, Sublessor and Sublessee entered into that certain Sublease, a copy of which is attached as Exhibit A, for that certain real property currently known as the World Trade Center Portland ("Leased Premises") dated September 11, 1978.

WHEREAS, AMERICAN REAL ESTATE HOLDINGS LIMITED PARTNERSHIP, a Delaware limited partnership, the successor in interest to the original landlord, AMERICAN PROPERTY INVESTORS VIII, a California limited partnership, as Landlord, and 121 SW SALMON STREET CORPORATION, an Oregon corporation, as Tenant, have executed that certain First Amendment to Lease of even date amending the terms of that certain lease dated September 11, 1978 ("Lease") in connection with the refinancing of the Leased Premises with Principal Mutual Life Insurance Company and its successors and assigns (collectively, "Lender").

WHEREAS, Sublessor and Sublessee have agreed to modify the Sublease to make it consistent with the terms of the Lease, as amended.

NOW, THEREFORE, Sublessor and Sublessee agree and amend the Sublease as follows:

1. The Sublease is revised so that all references to the term "Lease" throughout the Sublease shall mean the Lease, as amended by that certain First Amendment of Lease of even date.

2. Except as set forth in this First Amendment to Sublease, the terms and conditions of the Sublease shall remain unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties have executed this First Amendment to Sublease, effective as of the date first set forth above.

SUBLESSOR:

121 SW SALMON STREET CORPORATION

By: [signature]
Steven N. Elliott, Treasurer

State of Oregon)
) ss.
County of Multnomah)

On the 3rd day of December, 1997 personally appeared before me Steven N. Elliott, personally known to me to be the person whose name is subscribed to this instrument, and Steven N. Elliott stated to me that he is the Treasurer of 121 SW Salmon Street Corporation, and he acknowledged that he executed the foregoing document.

OFFICIAL SEAL
ROSALIE M. DURON
NOTARY PUBLIC-OREGON
COMMISSION NO.057408
MY COMMISSION EXPIRES SEP 5, 2000

Rosalie M Duron
Notary Public for Oregon
My Commission Expires: Sept 5, 2000

SUBLESSEE:

PORTLAND GENERAL ELECTRIC COMPANY

By: [signature]
Steven N. Elliott
Vice President, Finance and Treasurer

State of Oregon)
) ss.
County of Multnomah)

On the 3rd day of December, 1997 personally appeared before me Steven N. Elliott, personally known to me to be the person whose name is subscribed to this instrument, and Steven N. Elliott stated to me that he is the Vice President, Finance and Treasurer of Portland General Electric Company, and he acknowledged that he executed the foregoing document.

OFFICIAL SEAL
ROSALIE M. DURON
NOTARY PUBLIC-OREGON
COMMISSION NO.057408
MY COMMISSION EXPIRES SEP 5, 2000

Rosalie M Duron
Notary Public for Oregon
My Commission Expires: Sept 5, 2000

Landlord hereby consents to this First Amendment of Sublease:

LANDLORD:

AMERICAN REAL ESTATE HOLDINGS LIMITED PARTNERSHIP, a Delaware limited partnership

By: American Property Investors, Inc.,
a Delaware corporation, General Partner

By: ______________________
Martin Hirsch, Vice President

State of New York)
) ss.
County of New York)

The foregoing instrument was acknowledged before me this ________ day of December, 1997, by Martin Hirsch as Vice President of American Property Investors, Inc., a Delaware corporation, in its capacity as general partner of American Real Estate Holdings Limited Partnership, a Delaware limited partnership, on behalf of said company.

____
Notary Public for New York
My Commission Expires: __________

Lender hereby consents to this First Amendment of Sublease:

LENDER: PRINCIPAL MUTUAL LIFE INSURANCE COMPANY

By:_______________________________

Title:_______________________________

State of _______________)
) ss.
County of _______________)

On the ____ day of December, 1997 personally appeared before me ____________________, personally known to me to be the person whose name is subscribed to this instrument, and ____________________ stated to me that he/she is the ____________________ of ____________________, and he/she acknowledged that he/she executed the foregoing document.

____
Notary Public for _______________
My Commission Expires: _____________

By:_______________________________

Title:_______________________________

State of _______________)
) ss.
County of _______________)

On the ____ day of December, 1997 personally appeared before me ____________________, personally known to me to be the person whose name is subscribed to this instrument, and ____________________ stated to me that he/she is the ____________________ of ____________________, and he/she acknowledged that he/she executed the foregoing document.

____
Notary Public for _______________
My Commission Expires: _____________

Addendum 5

Integrated Utility Solutions, Inc.

(IUS is currently inactive)

A. *PGE/IUS*
(No services between PGE and IUS)

B. *PGE purchase of computer hardware from IUS**
(Filed with the OPUC 4-7-03, Waiver pursuant to OAR 860-027-0043 granted 4-9-03)

** Included for convenience.*

BILL OF SALE FOR PERSONAL PROPERTY

For and in consideration of the purchase price of Eight-thousand, Two hundred, Dollars ($8,200.00), and other valuable consideration, receipt of which is hereby acknowledged, EFFICIENCY SERVICES GROUP, INC., an Oregon corporation ("Seller") does hereby grant, bargain, sell, and deliver to PORTLAND GENERAL ELECTRIC COMPANY, an Oregon corporation ("Buyer") all of Seller's right, title and interest in and to the items of personal property ("Property") AS IS, WHERE IS, without further representations or warranties, listed on Schedule A attached to this bill of sale.

DATED: February 28, 2003.

EFFICIENCY SERVICES GROUP, INC.

By: Stephen R. Hawke
Stephen R. Hawke

Its: PRESIDENT
President

SCHEDULE A TO BILL OF SALE FOR PERSONAL PROPERTY - PAGE 1

	Original	2 years amortization	Net Value	Sale Price	Project #
HARDWARE					
Switch (Computer	1,374.60	549.84	824.76	writeoff	
Router (Ethernet	2,132.84	853.14	1,279.70	1,675.00	19639
CSUDSU Device (Used w/Router)	689.32	275.73	413.59	part of above	
Firewall (Computer)Miscellaneous Peripherals Associated with Firewall Computer	6,341.76	2,536.70	3,805.06	2,325.00	19639
Miscellaneous Peripherals Associated with Firewall Computer	2,050.85	820.34	1,230.51	part of above	
Compaq P3 833 MHZ BackUp Server	6,560.00	2,624.00	3,936.00	800.00	20218
Compaq P3 833 MHZ Web Server	6,560.00	2,624.00	3,936.00	800.00	20218
Compaq P3 833 MHZ Applications Server	6,560.00	2,624.00	3,936.00	800.00	21327
Compaq P3 833 MHZ Database Server	6,560.00	2,624.00	3,936.00	800.00	21327
Compaq P3 833 MHZ Email Server	6,560.00	2,624.00	3,936.00	800.00	20891
Compaq P3 833 MHZ Network Administration Server (workstation)	2,474.00	989.60	1,484.40	200.00	
Miscellaneous Peripherals M8004 Basic phone from PGE stock	45.00	18.00	27.00	writeoff	
PGE Labor and Loadings	150.24	60.10	90.14	writeoff	
	48,058.61	19,223.44	28,835.17	8,200.00	
SOFTWARE					
Database	24,000.00				
General Ledger	5,000.00				
T1 Connection Install	2,200.00				
Ecommerce Engine	45,000.00				
Web Application	20,000.00				
Intellectual Property (Grant of the General License)	160,000.00				
	256,200.00				

SCHEDULE A TO BILL OF SALE FOR PERSONAL PROPERTY - PAGE 2

HARDWARE	Sale Price
Router (Ethernet	1,675.00
CSUDSU Device (Used w/Router)	incl. above
Firewall (Computer)Miscellaneous Peripherals Associated with Firewall Computer	2,325.00
Miscellaneous Peripherals Associated with Firewall Computer	incl. above
Compaq P3 833 MHZ BackUp Server	800.00
Compaq P3 833 MHZ Web Server	800.00
Compaq P3 833 MHZ Applications Server	800.00
Compaq P3 833 MHZ Database Server	800.00
Compaq P3 833 MHZ Email Server	800.00
Compaq P3 833 MHZ Network Administration Server (workstation)	200.00
TOTAL SALE PRICE	8,200.00

EFFICIENCY SERVICES GROUP, INC.

Action by Sole Shareholder

The undersigned, being the sole owner of record of all the outstanding shares of common stock of Efficiency Services Group, Inc., an Oregon corporation (the "Company"), does hereby consent in writing to the sale of certain computer hardware and software assets as described in the Bill of Sale for Transferred Assets dated February 28, 2003, a copy of which is attached hereto.

Dated as of February 28, 2003.

Portland General Electric Company, being the owner of all the shares of said Company

By: Peggy Y. Fowler
Peggy Y. Fowler
Chairman of the Board and President

By: ______________________
Douglas R. Nichols, Vice President,
General Counsel and Secretary

Addendum 6

Portland General Resource Development, Inc.

(PGRD is currently not providing any services to PGE.)

A. *PGE/PGRD*

(Attached to this addendum. Included as part of the Amendment to the Master Services Agreement filed with the OPUC on 3-24-00, Docket No. UI-181; no order issued.)

Portland General Resource Development, Inc. (PGRD) agrees to become a party to the Master Service Agreement dated April 3, 2006 and receive from PGE the Services described in Section 1 of the Master Service Agreement at the prices calculated in accordance with Section 4 of the Master Service Agreement and abide by all the terms and conditions thereof.

Dated as of April 3, 2006

By: Stephen M Quennoz
Stephen M. Quennoz, President
Portland General Resource Development, Inc.

By: Peggy Y. Fowler
Peggy Y. Fowler, CEO and President
Portland General Electric Company

Addendum 7

PGE Foundation

A. *PGE/PGE Foundation Services*

(Attached to this addendum. Included as part of the Master Services Agreement filed with the OPUC on 9-12-97, Docket No. UI-163; no order issued.)

PGE Foundation agrees to become a party to the Master Service Agreement dated April 3, 2006 and receive from PGE the Services described in Section 1 of the Master Service Agreement at the prices calculated in accordance with Section 4 of the Master Service Agreement and abide by all the terms and conditions thereof.

Dated as of April 3, 2006

By: Carole Morse
Carole Morse, President
PGE Foundation

By: Peggy Y Fowler
Peggy Y. Fowler, CEO and President
Portland General Electric Company