



Portland General Electric
121 SW Salmon Street • Portland, OR 97204
portlandgeneral.com

August 31, 2021

Public Utility Commission of Oregon
Attn: Filing Center
201 High Street, S.E.
P.O. Box 1088
Salem, OR 97308-1088

RE: PGE's UM 1422 Division 38 Code of Conduct Compliance Report

Portland General Electric Company (PGE) hereby submits pursuant to Oregon Administrative Rule (OAR) 860-038-0640 and Commission Order No. 21-179, PGE's OAR Division 38 Code of Conduct Compliance (OAR 860-038-0500 through 860-038-0620) third party report that was prepared by Deloitte & Touche LLP.

Please direct questions to Mary Widman at mary.widman@pgn.com Please direct all formal correspondence and requests to the following email address pgc.opuc.filings@pgn.com

Sincerely,

\s\ Robert Macfarlane

Robert Macfarlane
Manager, Pricing and Tariffs

Enclosure

August 27, 2021

Rob Macfarlane,
Manager, Pricing and Tariffs
121 SW Salmon Street
Portland, OR 97204

Dear Mr. Macfarlane:

On behalf of Deloitte¹, please find attached our Summary Report related to the agreed-upon procedures to assist Portland General Electric Company (the “Company”, “PGE”, “Client” or “you”) in connection with the Company’s analysis of policies, procedures, and documentation as related to the Division 38 Code of Conduct requirements set forth by the Oregon Public Utility Commission (“OPUC”) with the enacted Code of Conduct rules found in the OAR 860-038-0500 through 860-038-0640 described in more detail below (the “Services”). This analysis was performed in accordance with the Work Order dated April 8, 2021 by Deloitte as requested by the Company for the calendar years 2019 and 2020.

This engagement to perform agreed-upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, subject to the terms and conditions set forth herein and in the accompanying appendices. The specific procedures that Deloitte performed are set forth in the accompanying Report. These procedures have been established based on discussions with you, and the sufficiency of the procedures is solely the responsibility of the Company, as discussed below.

We did not provide any legal advice regarding our services, nor did we provide any assurance regarding the outcome of any future audit or regulatory examination or other regulatory action. The responsibility for all legal issues with respect to these matters, such as reviewing all deliverables and work products for any legal implications to the Company, will be the Company’s. It is further understood that management is responsible for, among other things, identifying and ensuring compliance with laws and regulations applicable to the Company’s activities. The Company will have responsibility for approving any reports and/or deliverables.

Deloitte’s services may include advice and recommendations, but all decisions related to the implementation of such advice and recommendations shall be the responsibility of, and made by, the

¹ As used in this document, “Deloitte” means Deloitte & Touche LLP (“D&T”, “we”, “our”, “us”), a subsidiary of Deloitte LLP. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.

Mr. Rob Macfarlane
August 27, 2021
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Company. In connection with it providing the services described herein, Deloitte was entitled to rely on all decisions and approvals of the Company.

We are pleased to have had this opportunity to assist PGE. Do not hesitate to contact me if you have any questions regarding our services and/or any aspect of this Summary Report.

Sincerely,

A handwritten signature in black ink, appearing to read 'CJ Brennan', with a long horizontal flourish extending to the right.

CJ Brennan
Advisory Partner | Energy, Resources, & Industrials
Deloitte & Touche LLP
1111 Bagby St., Suite 4500 Houston, TX 77002
cjbrennan@deloitte.com



Portland General Electric Company

Agreed Upon Procedures Report
on Oregon Administrative Rules –
Division 38 Code of Conduct

August 27, 2021

Deloitte & Touche LLP

This report is intended solely for the use of Portland General Electric ("PGE") as part assessing the entity's policies and procedures as they relate to the Division 38 Code of Conduct requirements set forth by the Oregon Public Utility Commission ("OPUC"). This report is not intended to be and should not be used by any other person or entity. No other person or entity is entitled to rely, in any manner, or for any purpose, on this report.

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Summary Observations

The purpose of the assessment was for Deloitte & Touche LLP (“D&T”¹) to analyze Portland General Electric Company’s (“PGE” or “Company”) activities related to the Division 38 Code of Conduct rules (“Division 38 Rules”) during 2019 and 2020.

Our summary observations and recommendations, based solely on the documentation and information provided to us by PGE as compared to leading practices and our understanding of regulatory guidance as set forth in Division 38 Code of Conduct rules detailed in OAR 860-038-0500 through 860-038-0640, are provided below:

- *Sufficient program in place*
As compared to Division 38 assessments from 2011 to 2019 there have been no instances of PGE not meeting Division 38 requirements. PGE has not made major changes in how PGE complies with Division 38 Rules. PGE made incremental updates to the administration of Division 38 trainings to inspect that individuals in specific roles complete the trainings as related to Division 38 activities and standardized how information is shared on Direct Access Operations pertaining to Electricity Service Suppliers. Additionally, we noted no instances of a “Critical Missing Component” as a result of our analysis conducted on this engagement. See our detailed observations and summary of assessment documented below.
- *Active compliance monitoring with Division 38 Rules*
PGE effectively uses disclaimers to provide active awareness of competitive operations and PGE internal audit conducts periodic reviews of employee communications associated with providing competitive services subject to Division 38 Rules. PGE has processes in place to proactively review new service offerings to analyze applicability of Division 38 Rules to those services. Once PGE actively begins providing competitive services to customers, its Accounting and Rates and Regulatory Affairs functions actively monitor for the correct capture of costs and the allocation of those costs. Accounting does a regular review of accounts to prevent cross-subsidization.
- *Recommendations*
Our recommendations are provided in the Detailed Observations and Recommendations section of the report for consideration by PGE management. Our primary recommendation is for PGE to enhance the training materials with more customized scenarios as a tailored approach to the various Division 38 activities as they relate to each department. For example, training should better incorporate examples of both competitive and non-competitive services.

Additionally, PGE should consider a formal and rigorous protocol for proactively determining the applicability of Division 38 Rules to new employees and rotating employees. The employee on-boarding process should be a focus of enhancement. It is important to note that PGE continues to be receptive to feedback for enhancing Division 38 activities.

Finally, D&T recommends an annual review of filed Schedules and internal communications that contain Division 38 references to monitor that applicable Division 38 Rules updates are reflected.

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Background

D&T analyzed PGE's policies, procedures, and practices as they relate to the Division 38 Code of Conduct requirements set forth by the Oregon Public Utility Commission ("OPUC") with the enacted Code of Conduct rules found in the OAR 860-038-0500 through 860-038-0640².

Scope

D&T performed an objective assessment of PGE's compliance with Division 38 Rules using an agreed upon approach to conduct outreach with relevant stakeholders, analyze policies, procedures, and documentation related to Division 38 activities. The scope of this assessment includes the Company's interactions and transactions among the electric company, the Company, its Oregon affiliates that engage in electricity services, as well as the in-house departments engaged in competitive operations against requirements outlined by OPUC as captured in OAR 860-038-0500 through 860-038-0640. D&T also assessed the Company's activities for minimizing the risk of engaging in market abuses and anti-competitive practices by electric companies in the Oregon retail electricity market. Finally, D&T analyzed whether recommended enhancements from prior Division 38 assessments have been actioned in 2019 and 2020.

D&T analyzed the Company's activities as related to the following specific sections of OPUC's Code of Conduct rules:

- 860-038-0500: Code of Conduct Purpose
- 860-038-0520: Electric Company Name and Logo
- 860-038-0560: Treatment of Competitors
- 860-038-0580: Prevention of Cross-Subsidization Between Competitive Operations and Regulated Operations
- 860-038-0590: Transmission and Distribution Access
- 860-038-0600: Joint Marketing and Referral Arrangements
- 860-038-0620: Access to Books and Records
- 860-038-0640: Compliance Filings

The Time Period considered for the evaluation of compliance with the Division 38 Code of Conduct requirements will be calendar years 2019 and 2020.

Methodology

To gain an understanding of the Company's current practices and compliance with the Division 38 Code of Conduct requirements, D&T used the following approach to assess the compliance of the Company's activities.

D&T's approach included a combination of (1) assessing PGE's documentation, policies, processes, and procedures as related to the Division 38 Rules and (2) assessing reporting practices and activities through interviews conducted with PGE personnel. The assessment was conducted regarding activities for the calendar years 2019 and 2020.

Our approach consisted of two phases:

Phase I – Data Gathering & Testing

D&T sought to understand PGE's Division 38 activities by:

² The performance of the agreed-upon procedures will not constitute an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion on the elements, accounts, or the objective of which is the expression of an opinion on the applicability of Division 38 Code of Conduct requirements.

- Assessing documents provided to us by PGE, including, but not limited to: (1) Sample of corporate communications such as marketing materials, brochures, bill inserts, letterhead, order forms, invoices, and other print and electronic communications mediums (2) Sample of consumer's/company's contractual arrangements and list of customers (3) Organizational Chart; Affiliated Interest Transactions Policy (4) Training materials supporting Code of Conduct and Cross-Subsidization Prevention (5) Electricity Service Supplier's Guide (6) OPUC reported consumer incidents (7) Approved tariffs outlining offered services and products and nondiscriminatory access.
- Conducting interviews with relevant personnel, as identified by PGE management, who were responsible for establishing and maintaining compliance with the Division 38 Code of Conduct requirements as well as those whose activities may impact compliance with Division 38 Rules.
- Analyzing the relevant Division 38 processes such as sharing of customer information, cost allocation methodologies, billing and invoicing, evaluation of novel competitive services, and training material development across the Company including relevant business units and PGE Affiliates. The following are the list of affiliate entities evaluated for the applicability of Division 38:
 - Salmon Springs Hospitality Group, Inc.
 - 121 SW Salmon Street Corporation
 - World Trade Center Northwest Corporation

D&T obtained listing of affiliate entities from Rates and Regulatory Affairs group and assessed the significance of each entity to PGE. Additionally, D&T confirmed the finding using Affiliate information provided to the 10-K filed for years ended 2019 and 2020 without exception. With regards to the Affiliates entities listed, there were none which were defined as an affiliate engaged in Competitive Operations or "Oregon Affiliates". As such, D&T passed on further Affiliate review for consideration in the Division 38 assessment.

Phase II – Document Observations & Recommendations

Upon completion of our assessment, we prepared this report to document the results of our assessment of PGE's policies, procedures, and analyzed documentation as related to the Division 38 Code of Conduct requirements. D&T captured findings from interviews, analyzed existing processes against knowledge of leading practices, and provided documentation in a summary report. As part of the assessment D&T also provided recommendations using agreed upon criteria for management to consider in addressing opportunities to strengthen PGE's compliance activities.

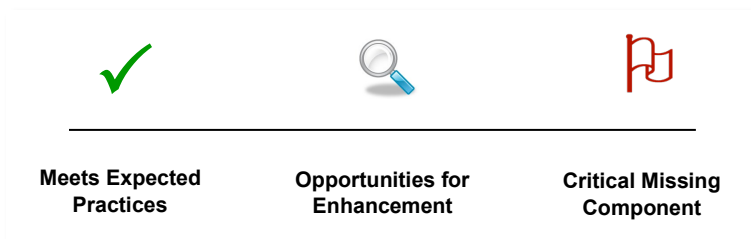
This represents the summary of our observations and recommendations for the Program³.

³ D&T's observations and recommendations are based solely on the information and documentation provided to us by PGE. Other professionals may perform procedures concerning the same information or data, and reach different findings than D&T for a variety of reasons, including the possibilities that additional or different information or data might be provided to them that was not provided to D&T, that they might perform different procedures than did D&T, or that professional judgments concerning complex, unusual, or poorly documented transactions may differ.

Detailed Observations and Recommendations




The detailed results of our assessment are included in this section. Each component of the Division 38 Code of Conduct requirements is treated separately to highlight both individual requirements and our understanding of the expectations that the OPUC has for addressing each component. In cases where PGE's current policies and procedures are consistent with Division 38 Rules, notation is stated as such. Where deficiencies were identified, suggestions have been offered to PGE for consideration.




The rating scale below was used as the basis for classifying each of PGE's current practices relative to Division 38 guidelines provided in the OAR 860-038-0500 through 860-038-0640 and was agreed upon by PGE management. Please refer to the subsequent pages below for further details.




⁴ Client management is responsible for the final determination of the appropriate categorization used, the definitions for each category on the scale, and the assignment of prioritization to each recommended action item. Deliverables that include any prioritization, categorization or rating will not be considered an opinion expressed by Advisor.

Assessment Summary



860-038-0500: Code of Conduct Purpose	
1	
1.1	<i>Availability of the Code of Conduct</i> The Code of Conduct reflects rules (OAR 860-038-0500 through 860-038-0640) and is readily available
1.2	<i>Code of Conduct Training</i> Formal training around adherence to the approved Code of Conduct.
1.3	<i>Code of Conduct Training</i> The Company has procedures in place to determine whether employees are aware of, and understand, the Code of Conduct.
1.4	<i>Code of Conduct Training</i> The Company has demonstrated and communicated its intention and efforts for all employees to comply with Division 38 Rules.
1	Summary of Findings
	Meets Expected Practices
	Opportunities for Enhancement
	Critical Missing Components
	TOTAL
	2
	2
	0

860-038-0520: Electric Company Name and Logo	
2	
2.1	<i>Use of Corporate name, trademark, brand, or logo</i> The Company may allow its Oregon affiliates and its competitive operations the use of its corporate marketing materials as defined in 860-038-0520.
2.2	<i>Affiliates</i> The disclaimer for an Oregon affiliate must state affiliate mandated language in accordance with 860-038-0520
2.3	<i>Competitive Operations</i> The disclaimer for a competitive operation must state the competitive operations mandated language in accordance with 860-038-0520.
2	Summary of Findings
	Meets Expected Practices
	Opportunities for Enhancement
	Critical Missing Components
	TOTAL
	3
	0
	0

860-038-0560: Treatment of Competitors	
3	✓
3.1	<p><i>Treatment of Competitors</i> The Company shall treat the competitors of its Oregon affiliates and its competitive operations fairly in all respects and in a manner consistent with the treatment it affords any of its Oregon affiliates or competitive operations</p>
3.2	✓
3	<p><i>Treatment of Competitors</i> The Company shall not condition or otherwise tie the provision of any regulated services provided nor the availability of discounts of rates or other charges or fees, rebates, or waivers of terms to the taking of any electricity services or directly related products from its Oregon affiliates or competitive operations; and shall not assign a consumer its services to any of its affiliates or competitive operations.</p> <p>Summary of Findings</p> <p>Meets Expected Practices 2</p> <p>Opportunities for Enhancement 0</p> <p>Critical Missing Components 0</p>






860-038-0580: Prevention of Cross-Subsidization Between Competitive Operations and Regulated Operations	
4	
4.1	<p><i>Operational or Marketing Information</i> The Company must not provide operational or marketing information to its competitive operations unless it makes such information available to ESSs and other entities that provide electricity services or directly related products on identical terms and conditions.</p>
4.2	✓
4	<p><i>Accounting</i> The Company must identify and separately account for revenues and costs of its competitive operations.</p> <p>Summary of Findings</p> <p>Meets Expected Practices 1</p> <p>Opportunities for Enhancement 1</p> <p>Critical Missing Components 0</p>





860-038-0590: Transmission and Distribution Access	
5	✓
5.1	<p><i>General</i> The Company may be relieved of some or all of the requirements of this rule by placing its transmission facilities under the control of a regional transmission organization consistent with Federal Energy</p>

	Regulatory Commission ("FERC") FERC Order No. 2000 and obtaining Commission approval of an exemption.	
5.2	<i>Electric Service Suppliers (ESS)</i> An ESS may request transmission service, distribution service or ancillary services under standard Commission tariffs and FERC-approved tariffs. The Company shall coordinate the filings of these tariffs to ensure that all retail and direct access consumers are offered comparable services at comparable prices.	✓
5.3	<i>Treatment</i> The Company shall provide nondiscriminatory access to transmission, distribution, and ancillary services to serve all retail consumers.	✓
5.4	<i>General</i> If adherence to OAR 860-038-0590 requires FERC approval of tariff or contract provisions, the Company must petition FERC for the approval of the tariff or contract provisions within 90 days of the effective date of this rule.	✓
5	Summary of Findings	TOTAL
✓	Meets Expected Practices	4
	Opportunities for Enhancement	0
	Critical Missing Components	0



6	860-038-0600: Joint Marketing and Referral Arrangements	
6.1	<i>Joint Marketing and Referral Arrangements</i> For joint marketing, advertising, and promotional activities the Company shall not (a) Provide or acquire leads on behalf of its Oregon affiliates and (b) Solicit business or acquire information on behalf of its Oregon affiliates	✓
6.2	<i>Joint Marketing and Referral Arrangements</i> The Company shall not engage in joint marketing, advertising, or promotion of its electricity services or directly related products with those of its Oregon affiliates in a manner that favors the electricity services or directly related products of the affiliate.	✓
6.3	<i>Communication</i> The Company may participate in meetings with its Oregon affiliates to discuss technical or operational subjects regarding the electric company's provision of transmission or distribution services to the consumer; but only in the same manner and to the same extent The Company participates in such meetings with unaffiliated entities and their consumers.	✓
6	Summary of Findings	TOTAL
✓	Meets Expected Practices	3


	Opportunities for Enhancement	0
	Critical Missing Components	0

7 860-038-0620: Access to Books and Records		
7.1	<i>Access to Books and Records</i> The Company and its competitive operations shall maintain sufficient records to allow for an audit of the transactions between an electric company and its competitive operations.	
7.2	<i>Access to Books and Records</i> The Company must provide the Commission with full access to all of the electric company's and affiliates' books and records in order to review all transactions between an electric company and its Oregon affiliates.	
7	Summary of Findings	TOTAL
	Meets Expected Practices	2
	Opportunities for Enhancement	0
	Critical Missing Components	0

8 860-038-0640: Compliance Filings		
8.1	<i>Compliance Filings</i> By June 1 of each odd numbered year, The Company must file a verified report prepared by an independent third-party regarding the electric company's compliance with OAR 860-038-0500 through 860-038-0620 for the prior two calendar years.	
8	Summary of Findings	TOTAL
	Meets Expected Practices	1
	Opportunities for Enhancement	0
	Critical Missing Components	0

Detailed Observations

Ref.	Area	Division 38 Guidance Summary	Rating	Summary of Observations
1	860-038-0500: Code of Conduct Purpose			
1.1	Availability of the Code of Conduct	The Code of Conduct reflects rules (OAR 860-038-0500 through 860-038-0640) and is readily available.		<p>Current Practice:</p> <p>PGE has an up to date Code of Business Ethics and Conduct effective March 2020 posted on its public facing company website and is also easily accessible on PGE’s intranet. PGE’s Code of Conduct echoes Division 38 principles of not engaging in anti-competitive behavior and market abuse.</p> <p>Based on discussions with various PGE personnel and the processes identified, D&T noted employees who were responsible for communicating applicability and providing information on Division 38 Rules were aware of the location of the Division 38 Code of Conduct rules and were able to access these Rules without limitations as maintained with the Public Utility Commission on the Oregon Secretary of State Administrative Rules website.</p> <p>Recommendation: Current practice appears to be consistent with the Division 38 Rules.</p>
1.2	Code of Conduct Training	Formal training around adherence to the approved Code of Conduct.		<p>Current Practice:</p> <p>The Company has procedures in place to determine whether employees are aware of, and understand, the Division 38 Rules. Procedures include but are not limited to email communications from the Rates and Regulatory Affairs group on assigned Division 38 training. Additionally, per inspection of employee training master listing provided by the Rates and Regulatory Affairs group, D&T noted there is a review process in place to track and evaluate that employees complete relevant trainings. Furthermore, at the guidance of its Legal Department, the Rates and Regulatory Affairs and the Corporate Compliance departments work collectively to identify PGE personnel across relevant business units where Division 38 Rules apply to assign relevant modules of the training using PGE’s WorkDay training system.</p>


Ref.	Area	Division 38 Guidance Summary	Rating	Summary of Observations
1	860-038-0500: Code of Conduct Purpose			
				<p>Recommendation:</p> <p>Current practice appears to be consistent with the Division 38 Rules.</p>
1.3	Code of Conduct Training	The Company has procedures in place to determine whether employees are aware of, and understand, the Code of Conduct.		<p>Current Practice:</p> <p>D&T analyzed training modules utilized for calendar year 2019 and 2020. Training material was analyzed for content applicability and delivery approach. Current training material captured applicable Division 38 Code of Conduct rules and provided some business examples. Based on our discussions, it was noted that business examples lack relevance in certain instances with the training providing detailed policy language. Stakeholders expressed a need for additional examples on competitive services to enhance their understanding of the Division 38 Rules. It was also noted that some of the material has not been updated in the last two cycles of the training with plans to update for the 2022 training cycle. Additionally, D&T noted there was no formal examples in training content regarding competitive and non-competitive services.</p> <p>Based on stakeholder discussions, there were inconsistencies across departments regarding the understanding of the training cadence, and some employees did not receive the training due to role changes outside of the biannual training cycle when transitioning between groups. D&T discovered Division 38 training is not provided during onboarding for functions overseeing competitive services.</p> <p>Additionally, training enhancement recommendations in the 2019 Division 38 Assessment conducted by PGE internal audit team have focused only on limited key roles for completion of the training to upper management.</p> <p>Recommendation:</p> <p>D&T recommends including contents in the training modules particularly around 860-038-0560, 860-038-0590, and 860-038-0600. D&T also recommends a centralized onboarding</p>


Ref.	Area	Division 38 Guidance Summary	Rating	Summary of Observations
1	860-038-0500: Code of Conduct Purpose			
				<p>toolkit that can easily be administered across the various departments involved in Division 38 matters. To facilitate training coordination, D&T recommends providing the appropriate Managers in each respective department a set of standardized reviews to properly identify and evaluate their teams for relevant Division 38 training modules.</p>


Ref.	Area	Division 38 Guidance Summary	Rating	Summary of Observations
1	860-038-0500: Code of Conduct Purpose			
1.4	Code of Conduct Training	The Company has demonstrated and communicated its intention and efforts for all employees to comply with Division 38 Rules.		<p>Current Practice:</p> <p>Per discussion with Rates and Regulatory Affairs, PGE has a 99% target for completion of the Division 38 Code of Conduct training. The analyst responsible for Division 38 training monitors completion rates after training is launched and provides periodic reminders to employees who have Division 38 trainings still outstanding. Identified instances of non-compliance are escalated to the employee's line-manager for immediate remediation and if required, the Rates & Regulatory Affairs group, for handling. Prolonged periods of non-compliance will result in the employee's computer being turned off.</p> <p>D&T obtained from PGE a list of relevant employees and their required Division 38 Compliance training modules, along with completion status. Per evaluation of the list and discussion with Rates and Regulatory Affairs, D&T noted inconsistencies with tracking employees transitioning across groups, new hires, and completion status among employees designated as contractors. Per discussion with training personnel, contractors are not required to take the Division 38 training, however during the evaluation of the training master listing D&T observed a split between contractors who completed Division 38 training and those who did not. Furthermore, contractors and their managers could be providing High Voltage Services (HVS) and subject to Division 38 activities and therefore should have been assigned the training.</p> <p>Recommendation:</p> <p>D&T notes while the training master listing was detailed in its identification of employees' titles, required training, date completed, and immediate reporting manager, it did not provide sufficient detail to provide information on why certain employees were either excluded or manually waived from specific sections of Division 38 training. D&T recommends further documentation in the "Waive Reason" section of the WorkDay Status log used to track employee completed training. This should assist the Rate and Regulatory Affairs group's analysis as well as facilitate streamlined assessment of their compliance with Division 38 Rules.</p>



Ref.	Area	Division 38 Guidance Summary	Rating	Summary of Observations
2 860-038-0520: Electric Company Name and Logo				
2.1	Use of Corporate name, trademark, brand, or logo	The Company may allow its Oregon affiliates and its competitive operations the use of its corporate marketing materials as defined in 860-038-0520.	✓	<p>Current Practice:</p> <p>The PGE Brand Group maintains ownership of company logo and branding.</p> <p>Per discussions with the appropriate personnel in PGE Branding, Marketing and Communications and analysis of supporting materials, D&T noted no instances of non-compliance with all sections of 806-038-0520 for calendar years 2019 and 2020.</p> <p>To assess usage of PGE logo across competitive and non-competitive operations, D&T obtained samples of invoices and contracts for competitive services provided in 2019 and 2020 of PGE doing business as Portland General Distribution Services (PGDS) in which the PGE company logo was utilized. However, D&T notes it was clearly stated that PGE was doing business as PGDS and PGDS was the service provider.</p> <p>Recommendation:</p> <p>Current practice appears to be consistent with the Division 38 Rules.</p>
2.2	Affiliates	<p>The disclaimer for an Oregon affiliate must state the following: {Name of Oregon affiliate} is not the same company as {name of electric company} and is not regulated by the Public Utility Commission of Oregon. You do not have to buy</p> <p>{name of Oregon affiliate}'s products or services to continue to receive your current electricity service from {name of electric company}.</p>	✓	<p>Current Practice:</p> <p>D&T analyzed listings of affiliate entities from the Rates and Regulatory Affairs group and compared the significance of each entity to PGE. With regards to the affiliate entities listed, none were defined as an affiliate entity engaged in competitive operations. As such, D&T passed on further review for consideration in the Division 38 assessment. See above Methodology/Approach section for further considerations of affiliates.</p> <p>Recommendation:</p> <p>Current practice appears to be consistent with the Division 38 Rules.</p>

Ref.	Area	Division 38 Guidance Summary	Rating	Summary of Observations
2	860-038-0520: Electric Company Name and Logo			
2.3	Competitive Operations	The disclaimer for a competitive operation must state the following: `You do not have to buy {product/service name} to continue to receive your current electricity service from {name of electric company}.		<p>Current Practice:</p> <p>PGE personnel is aware of the requirement, understands the use, and has a process in place (i.e. email signature, contracts for HVS services) to notify customers of choice in providers and reaffirm non-competitiveness.</p> <p>D&T obtained and inspected a sample of marketing materials and assessed them in accordance to 860-038-0520 with no deviations identified. D&T also analyzed the logo and concluded that the logo met applicable OPUC regulations on "structure" and usage. D&T did not note any instances in which the logo was not used appropriately in sampled data.</p> <p>Furthermore, D&T observed the following disclaimer is used: "As required by OAR 860-038-0500-0640, PGE Customers do not have to buy this product and/or service to continue to receive their current electricity services from PGE. They may purchase this product and/or service from other providers."</p> <p>Recommendation:</p> <p>Current practice appears to be consistent with the Division 38 Rules.</p>


Ref.	Area	Division 38 Guidance Summary	Rating	Summary of Observations
3	860-038-0560: Treatment of Competitors			
3.1	Treatment of Competitors	The Company shall treat the competitors of its Oregon affiliates and its competitive operations fairly in all respects and in a manner consistent with the treatment it affords any of its Oregon affiliates or competitive operations		<p>Current Practice:</p> <p>PGE published an Electronic Service Suppliers ("ESS") guide which identifies the policies in place to ensure that the provision of electricity services to competitors within Oregon's restricted marketplace. PGE also lists registered ESSs as well as supporting documentation and procedures for receiving services from an ESS.</p> <p>D&T discussed with Senior Manager Rates and Regulatory Affairs and Rates and Regulatory Affairs group, the Division 38 courses contains training around the understanding of on Treatment of Competitors and explains the relevant Oregon Administrative Rules. Additionally, professionals take bi-annual training on how to engage in new product development/strategy as they relate to competitive operations and new business.</p> <p>D&T analyzed training materials around Treatment of Competitors and noted the Division 38 training materials explained the relevant rulesets. D&T also independently obtained PGE's ESS guide and noted the following:</p> <ul style="list-style-type: none"> • OPUC Codes of Conduct was clearly documented at section 13.5 • Provision of information was clearly outlined for both the provision of electric service to its non-direct access customers and transmission and distribution services to direct access customers • D&T conducted outreach and noted applicable stakeholders were aware and knowledgeable of the relevant guidance. <p>Additionally, D&T analyzed applicability of training for the following PGE departments listed in the ESS guide to cross-reference with the training master listing:</p> <ul style="list-style-type: none"> • Direct Access Operations • Transmission and Reliability Services (ref. as Transmission in training master listing) • End-Use Customer Service (ref. Customer Contact Operations in training master listing) • Outage and Emergency Response (ref. Business Continuity and Emergency Management in training master listing)


Ref.	Area	Division 38 Guidance Summary	Rating	Summary of Observations
3	860-038-0560: Treatment of Competitors			
				<ul style="list-style-type: none"> Power Coordination <p>Our analysis found that employees within each department were assigned the relevant trainings.</p> <p>Recommendation:</p> <p>Current practice appears to be consistent with the Division 38 Rules.</p>
3.2	Treatment of Competitors	The Company shall not condition or otherwise tie the provision of any regulated services provided nor the availability of discounts of rates or other charges or fees, rebates, or waivers of terms to the taking of any electricity services or directly related products from its Oregon affiliates or competitive operations; and shall not assign a consumer it services to any of its affiliates or competitive operations.		<p>Current Practice:</p> <p>PGE does not offer any condition or otherwise tie the provision of any regulated services provided to the taking of any electricity services from its Oregon affiliates or competitive operations. Per discussion with the Manager of Corporate Communications and Manager of Direct Access Operations there is a secondary review of all billings and contracts to value exceptions and ensure no prohibitive conditions exist within the language.</p> <p>PGE competitive operations include Large Nonresidential Renewable Energy Certificates Rider - Schedule 54, Meter Information Services - Schedule 320, and Electrical Equipment Services - Schedule 715. Per discussion with Project Manager of Customer Specialized Programs Portland General Distribution Services (PGDS) supporting Electrical Equipment Services these are further categorized into 3 primary competitive operations: Construction, Maintenance, Emergency Outage Restoration services.</p> <p>D&T analyzed a sample of executed third party agreements and invoices among the three Electrical Equipment Services competitive operations for both 2019 and 2020 to analyze any preferential clauses or terms to preclude from fair treatment across customers. D&T then analyzed the documents to identify instances whether any such stipulations or conditions related to the provision of regulated services existed. None were identified, as such D&T passed on any further investigation. Agreements also state a "Marketing Disclaimer" reconfirming competitiveness of provided services and independence of said service from receipt of electricity services from PGE.</p>



Ref.	Area	Division 38 Guidance Summary	Rating	Summary of Observations
3	860-038-0560: Treatment of Competitors			
				<p>D&T also noted based on discussions with the Legal Department, Resource and Regulatory Strategy & Engagement personnel, and Rates and Regulatory Affairs, all new or proposed services are reviewed by relevant groups and assessed for applicability of Division 38 competitive operations requirements with discussion of service classification documented in meeting minutes for record. Furthermore, Rates and Regulatory Affairs proactively solicits OPUC's input on service classification before filing.</p> <p>Recommendation:</p> <p>Current practice appears to be consistent with the Division 38 Rules.</p>

Ref.	Area	Division 38 Guidance Summary	Rating	Summary of Observations
4	860-038-0580: Prevention of Cross-Subsidization Between Competitive Operations and Regulated Operations			
4.1	Operational or Marketing Information	The Company must not provide operational or marketing information to its competitive operations unless it makes such information available to ESSs and other entities that provide electricity services or directly related products on identical terms and conditions.		<p>Current Practice:</p> <p>Per discussion with Customer Specialized Programs group there is segregation of duties between regulated and non-regulated units which prevents disclosure of sensitive information such as rates, customer account information, and transmission profile between groups.</p> <p>Furthermore, customers of competitive services are managed separately from large contracts/customer through the Key Customer Manager (KCMs). KCMs are assigned as a control for working with PGE’s Brand & Marketing group and ensuring operational or marketing information comply with the Division 38 requirements.</p> <p>D&T obtained a sample of bill inserts for analysis from PGE’s Brand & Marketing group. Per examination of the inserts provided, D&T noted no reference to activities of Competitive Operations thus complying with 860-038-0580. As such, D&T observed that PGE practices are reflective of Division 38 requirements and no further inquiry was needed.</p> <p>D&T also analyzed Division 38 training modules and noted they sufficiently contained information around prevention of cross-subsidization and information sharing.</p> <p>D&T noted select instances when documentation reflected outdated information as related to Division 38 Rules. During the document review process, D&T obtained a Tariff Information Bulletin 48 (TIB-48) and identified the TIB to contain outdated information on Division 38 Rules. While current practices do appear to be consistent with the Division 38 Rules, the bulletin used for internal distribution by PGE to inform employees of current Division 38 Rules does not reflect the latest information. D&T also noted that the latest approved Schedule 320 on Meter Information Services references a no longer active OAR 860-38-0540 and should be administratively filed with an update.</p> <p>Recommendation:</p> <p>D&T recommends a systematic review of documentation and filings that contain information related to Division 38 Rules. D&T recommends an annual review of communications such as TIBs and of filed Schedules to ensure employees have the most up-to-date information to perform their duties effectively and customers have updated Schedules for reference.</p>






Ref.	Area	Division 38 Guidance Summary	Rating	Summary of Observations
4	860-038-0580: Prevention of Cross-Subsidization Between Competitive Operations and Regulated Operations			
4.2	Accounting	The Company must identify and separately account for revenues and costs of its competitive operations.		<p>PGE maintains separate account for revenues and costs of its competitive operations, services provided by PGDS. In accordance with FERC Accounting, revenues flow into one account while costs flow into another account which are subsequently netted in total with profits flowing to 'other-revenue' line.</p> <p>To prevent cross-subsidization between Competitive Operations and Regulated Operations, separate accounts are utilized for competitive operations. As a sample, D&T analyzed invoices for Electrical Equipment Services with PGE's accounting. When a competitive service is provided by PGE dba PGDS, a work order number is assigned to the invoices that is tracked through the accounting string to identify the associated revenues. Based on our observation of PGE's Allocation manuals, D&T noted competitive services were clearly identified and documented as follows:</p> <ul style="list-style-type: none"> • Large Nonresidential Tradable Renewable Credit Rider (Schedule 54) • Meter Information Services (Schedule 320) • Electrical Equipment Services (Schedule 715) <p>D&T also noted PGE uses a series of automated reclassifications and loadings to distribute administrative and overhead costs to end use accounts. There are four groups: 1) Labor Loadings, 2) Service Provider Allocations, 3) Administrative Allocations, and 4) Overhead Stores Loadings. Within the above allocations, numerous costs are distributed to and from Administrative and General ledgers, generally FERC Accounts 920 and 921.</p> <p>Per discussion with both the Corporate Senior Accountant and the General Accounting Manager, during budget process cycle in the 3rd quarter an analysis is performed on each allocation to provide insight if any adjustments to the allocation percentages is needed. Any allocation that requires adjustment is documented and approved by both the General Accounting Manager and Operations group prior to implementation.</p> <p>Additionally, on a monthly basis, there is a budget to actuals review control for the total cost pool being allocated. Per discussion with Corporate Senior Accountant, this ensures cost allocation rates are in line with business activities and competitive services are tracked separately.</p>


Ref.	Area	Division 38 Guidance Summary	Rating	Summary of Observations
4	860-038-0580: Prevention of Cross-Subsidization Between Competitive Operations and Regulated Operations			
4.2 (con't)	Accounting	The Company must identify and separately account for revenues and costs of its competitive operations.		<p>On a quarterly basis, there is a review for regulatory assets and deferral programs with the Rates and Regulatory Affairs group in order to assess what costs are included and determine if they are still appropriate or need adjustment in accordance with PGE's allocation methodology.</p> <p>D&T obtained and inspected the Cost Allocation Manual for calendar years 2019 and 2020, respectively. The purpose of the manual as documented by PGE's allocations and the respective methodologies that are used to redistribute costs to non-regulated activities and affiliates. D&T noted each respective Cost Allocation Manual was affixed to the appropriate Annual Affiliated Interest Report and filed within the parameters as set forth in OAR 60-027-0048(6).</p> <p>D&T also analyzed the allocations and noted no deviations in methodology per our discussions with the Corporate Senior Accountant and the General Accounting Manager. D&T passed on further investigation.</p> <p>Recommendation:</p> <p>Current practice appears to be consistent with the Division 38 Rules.</p>

Ref.	Area	Division 38 Guidance Summary	Rating	Summary of Observations
5 860-038-0590: Transmission and Distribution Access				
5.1	General	The Company may be relieved of some or all of the requirements of this rule by placing its transmission facilities under the control of a regional transmission organization consistent with FERC Order No. 2000 and obtaining Commission approval of an exemption.		<p>Current Practice:</p> <p>Per discussion with the Rates and Regulatory Affairs group, no transmission facilities have been placed under the control of a Regional Transmission Organization (RTO). As this component of the Division 38 rulesets does not apply D&T passes on further investigation.</p> <p>Recommendation:</p> <p>Current practice appears to be consistent with the Division 38 Rules.</p>
5.2	Electric Service Suppliers	An ESS may request transmission service, distribution service or ancillary services under standard Commission tariffs and FERC-approved tariffs. The Company shall coordinate the filings of these tariffs to ensure that all retail and direct access consumers are offered comparable services at comparable prices.		<p>Current Practice:</p> <p>D&T obtained and inspected PGE’s Electric Service Supplier’s (“ESS”) Guide which states, "In its Transmission Service Agreement and OASIS [Open Access Same-Time Information System] request, the ESS must list the ancillary services it will purchase from PGE and which ancillary services the ESS will provide for itself." D&T corroborated this by independently accessing PGE’s OASIS web site at http://www.oatioasis.com/pge/index.html and locating the FERC approved Open Access Transmission Tariff (OATT).</p> <p>Furthermore, D&T observes that PGE has a standard ESS agreement online and an application process with clear requirements and instructions and safeguards around transferring customer information from PGE to an ESS.</p> <p>D&T also noted following ESSs are registered to do business with PGE:</p> <ul style="list-style-type: none"> • Avangrid Renewables, LLC • Calpine Energy Solutions, LLC • Constellation NewEnergy • Shell Energy North America <p>D&T compared its observations with Senior Direct Access Operations Analyst existing services agreements with the above-mentioned entities without exception and noted no other applications for service were received in 2019 and 2020.</p> <p>Lastly, D&T analyzed tariff filings to evidence that retail and direct access consumers are offered comparable services at comparable</p>

Ref.	Area	Division 38 Guidance Summary	Rating	Summary of Observations
5	860-038-0590: Transmission and Distribution Access			
				<p>prices without any deviations. As such, D&T passes on further investigation.</p> <p>Recommendation:</p> <p>Current practice appears to be consistent with the Division 38 Rules.</p>
5.3	Treatment	The Company shall provide nondiscriminatory access to transmission, distribution, and ancillary services to serve all retail consumers.	✓	<p>Current Practice:</p> <p>D&T analyzed the ESS and noted that procedures are outlined for disputes. Additionally, D&T analyzed complaints regarding discriminatory treatment for the review period (2019 and 2020); no complaints were identified as it relates to discriminatory access to 860-038-0590.</p> <p>Recommendation:</p> <p>Current practice appears to be consistent with the Division 38 Rules.</p>
5.4	General	If adherence to OAR 860-038-0590 requires FERC approval of tariff or contract provisions, the Company must petition FERC for the approval of the tariff or contract provisions within 90 days of the effective date of this rule.	✓	<p>Current Practice:</p> <p>PGE filed the following with the FERC to comply with Division 38 Rules:</p> <ul style="list-style-type: none"> • Revisions to the PGE OATT – Attachment N filing to modify for New Load Direct Access (NLDA) under docket ER19-1055 – effective April 16, 2019 • Revisions to the PGE OATT – Show Cause filing to prove PGE current transmission rates are just and reasonable under the Tax Cut and Jobs Act under dockets ER20-523 and EL18-109 – effective March 23, 2020 • Revisions to the PGE OATT – Order 845 compliance filing to comply with FERC’s interconnection reform under docket ER19-1927 – effective May 22, 2019, with revisions accepted for filing, effective May 22, 2019 <p>Recommendation:</p> <p>Current practice appears to be consistent with the Division 38 Rules.</p>

Ref.	Area	Division 38 Guidance Summary	Rating	Summary of Observations
6	860-038-0600: Joint Marketing and Referral Arrangements			
6.1	Joint Marketing and Referral Arrangements	For joint marketing, advertising, and promotional activities The Company shall not (a) Provide or acquire leads on behalf of its Oregon affiliates and (b) Solicit business or acquire information on behalf of its Oregon affiliates		<p>Current Practice:</p> <p>D&T analyzed the listing of affiliate entities from the Rates and Regulatory Affairs group and compared the significance of each entity to PGE. Of the affiliates entities listed, none were defined as an affiliate engaged in competitive operations. As such, D&T passed on further review for consideration in the Division 38 assessment. See above Methodology/Approach section for further considerations of affiliates</p> <p>Recommendation:</p> <p>Current practice appears to be consistent with the Division 38 Rules.</p>
6.2	Joint Marketing and Referral Arrangements	The Company shall not engage in joint marketing, advertising, or promotion of its electricity services or directly related products with those of its Oregon affiliates in a manner that favors the electricity services or directly related products of the affiliate.		<p>Current Practice:</p> <p>D&T analyzed PGE's primary website (www.portlandgeneral.com) and noted no advertisements, links or other marketing for its Affiliates' products or services.</p> <p>D&T analyzed the website of the PGE Foundation (www.pgefoundation.org) and did not identify any information that appeared to be related to marketing electricity services and noted that there were no direct links to PGE's website or direct marketing for PGE services.</p> <p>Recommendation:</p> <p>Current practice appears to be consistent with the Division 38 Rules.</p>
6.3	Communication	The Company may participate in meetings with its Oregon affiliates to discuss technical or operational subjects regarding the electric company's provision of transmission or distribution services to the consumer; but only in the same manner and to the same extent The Company participates in such meetings with unaffiliated entities and their consumers.		<p>Current Practice:</p> <p>D&T analyzed the listing of affiliate entities from the Rates and Regulatory Affairs group and compared the significance of each entity to PGE. Of the affiliate entities listed, none engaged in competitive operations. As such, D&T passed on further review for consideration in the Division 38 assessment. See above Methodology/Approach section for further considerations of affiliates.</p> <p>Recommendation:</p> <p>Current practice appears to be consistent with the Division 38 Rules.</p>

Ref.	Area	Division 38 Guidance Summary	Rating	Summary of Observations
7	860-038-0620: Access to Books and Records			
7.1	Access to Books and Records	The Company and its competitive operations shall maintain sufficient records to allow for an audit of the transactions between an electric company and its competitive operations.	✓	<p>Current Practice:</p> <p>Per discussion with the Manager of Rates and Regulatory Affairs, all PGE departments maintain records in accordance with corporate policy for records retention. Furthermore, per discussion with the Manager of General Accounting, all accounting and records are periodically audited by the Internal Audit function and subject to external audits.</p> <p>Recommendation:</p> <p>Current practice appears to be consistent with the Division 38 Rules.</p>
7.2	Access to Books and Records	The Company must provide the Commission with full access to all of the electric company's and affiliates' books and records in order to review all transactions between an electric company and its Oregon affiliates.	✓	<p>Current Practice:</p> <p>As part of the Assessment, D&T inspected a sample of agreements and invoices related to competitive operations. Based on the observed sample D&T concluded current practices to be sufficient.</p> <p>Additionally, upon request D&T was provided supporting documents in a complete and timely manner.</p> <p>Recommendation:</p> <p>Current practice appears to be consistent with the Division 38 Rules.</p>

Ref.	Area	Division 38 Guidance Summary	Rating	Summary of Observations
8	860-038-0640: Compliance Filings			
8.1	Compliance Filings	By June 1 of each odd numbered year, The Company must file a verified report prepared by an independent third-party regarding the electric company's compliance with OAR 860-038-0500 through 860-038-0620 for the prior two calendar years.		<p>Current Practice:</p> <p>The Company filed an application waiver; compliance filing requirement Docket No. UM 1422 dated May 24, 2021 to the Public Utility Commission of Oregon.</p> <p>Per the filed application waiver D7T observed, D&T noted the commission extended the due date of the report filing from June 1, 2021 to September 1, 2021.</p> <p>Recommendation:</p> <p>Current practice appears to be consistent with the Division 38 Rules.</p>