

April 18, 2005

Michael Dougherty
Senior Affiliated Interest Analyst
Public Utility Commission of Oregon
550 Capitol St. NE #215
P.O. Box 2148
Salem OR 97308-2148

Re: Term Sheet for UP-220 (Earth Advantage)

Michael:

PGE agrees to the following terms and conditions:

1. Earth Advantage Inc. is a non-profit organization operating in Oregon and Southwest Washington. Earth Advantage, Inc. territory shall mean the entire State of Oregon and the State of Washington counties of Clark, Cowlitz, Skamania, Lewis, Klickitat, and Wahkiakum.
2. Royalties shall mean gross revenue received by PGE from licensing the use of the Earth Advantage brand.
3. This agreement shall be exclusive to PGE's use of the Earth Advantage brand.
4. PGE has the right to market, outside of the Earth Advantage Inc. territory referenced above, the Earth Advantage brand and receive royalty payments with no compensation to Earth Advantage, Inc.. PGE will pay into an above-the-line interest-bearing deferred account, for later return to customers, a portion of its royalties received after May 1, 2005, for its licensing of the Earth Advantage brand outside of the Earth Advantage, Inc. territory. The portion that PGE will record in the deferred account is as follows:
 - a. 50% of the first \$700,000 in royalties, if any;
 - b. 10% of royalties, if any, thereafter.

5. PGE shall establish an appropriate mechanism to track and account for the sale of Earth Advantage licenses. PGE will provide an annual report of this activity.
6. PGE shall provide the Commission access to all books of account, as well as documents, data, and records that pertain to the Earth Advantage Inc. royalty payments to PGE.

Please let me know if you have any questions.

Sincerely,

Patrick G. Hager
Manager, Regulatory Affairs