
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2023

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: **001-5532-99**

PORTLAND GENERAL ELECTRIC COMPANY

(Exact name of registrant as specified in its charter)

Oregon
(State or other jurisdiction of
incorporation or organization)

93-0256820
(I.R.S. Employer
Identification No.)

**121 SW Salmon Street
Portland, Oregon 97204
(503) 464-8000**

(Address of principal executive offices, including zip code,
and registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

(Title of class)
Common Stock, no par value

(Trading Symbol)
POR

(Name of exchange on which registered)
New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [x] Yes [] No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). [x] Yes [] No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standard provided pursuant to Section 13(a) of the Exchange Act. []

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [x] No

Number of shares of common stock outstanding as of October 20, 2023 is 101,123,903 shares.

**PORTLAND GENERAL ELECTRIC COMPANY
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2023**

TABLE OF CONTENTS

Definitions	3
PART I — FINANCIAL INFORMATION	
Item 1. Financial Statements (Unaudited)	4
Condensed Consolidated Statements of Income and Comprehensive Income	4
Condensed Consolidated Balance Sheets	5
Condensed Consolidated Statements of Cash Flows	7
Notes to Condensed Consolidated Financial Statements	9
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	34
Item 3. Quantitative and Qualitative Disclosures About Market Risk	65
Item 4. Controls and Procedures	65
PART II — OTHER INFORMATION	
Item 1. Legal Proceedings	65
Item 1A. Risk Factors	66
Item 6. Exhibits	66
SIGNATURE	
	67

DEFINITIONS

The following abbreviations and acronyms are used throughout this document:

Abbreviation or Acronym	Definition
AFUDC	Allowance for funds used during construction
AUT	Annual Power Cost Update Tariff
Colstrip	Colstrip Units 3 and 4 coal-fired generating plant
EFSA	Equity Forward Sale Agreement
EPA	United States Environmental Protection Agency
FERC	Federal Energy Regulatory Commission
FMBs	First Mortgage Bonds
GAAP	Accounting principles generally accepted in the United States of America
GRC	General Rate Case
IRP	Integrated Resource Plan
Moody's	Moody's Investors Service
MW	Megawatts
MWa	Average megawatts
MWh	Megawatt hour
Nasdaq	National Association of Securities Dealers Automated Quotations
NVPC	Net Variable Power Costs
NYSE	New York Stock Exchange
OPUC	Public Utility Commission of Oregon
PCAM	Power Cost Adjustment Mechanism
RPS	Renewable Portfolio Standard
S&P	S&P Global Ratings
SEC	United States Securities and Exchange Commission

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

**PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
AND COMPREHENSIVE INCOME**

(Dollars in millions, except per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues:				
Revenues, net	\$ 801	\$ 742	\$ 2,192	\$ 1,955
Alternative revenue programs, net of amortization	1	1	6	5
Total revenues	<u>802</u>	<u>743</u>	<u>2,198</u>	<u>1,960</u>
Operating expenses:				
Purchased power and fuel	386	337	910	707
Generation, transmission and distribution	85	83	279	258
Administrative and other	89	84	262	257
Depreciation and amortization	116	108	340	310
Taxes other than income taxes	41	39	124	118
Total operating expenses	<u>717</u>	<u>651</u>	<u>1,915</u>	<u>1,650</u>
Income from operations	85	92	283	310
Interest expense, net	42	39	127	115
Other income:				
Allowance for equity funds used during construction	5	4	12	10
Miscellaneous income, net	5	13	22	13
Other income, net	10	17	34	23
Income before income tax expense	53	70	190	218
Income tax expense	6	12	30	36
Net income	47	58	160	182
Other comprehensive income	—	—	1	1
Net income and Comprehensive income	\$ 47	\$ 58	\$ 161	\$ 183
Weighted-average common shares outstanding (in thousands):				
Basic	<u>100,849</u>	<u>89,263</u>	<u>96,625</u>	<u>89,294</u>
Diluted	<u>101,103</u>	<u>89,447</u>	<u>96,830</u>	<u>89,448</u>
Earnings per share:				
Basic	<u>\$ 0.47</u>	<u>\$ 0.65</u>	<u>\$ 1.65</u>	<u>\$ 2.04</u>
Diluted	<u>\$ 0.46</u>	<u>\$ 0.65</u>	<u>\$ 1.65</u>	<u>\$ 2.04</u>

See accompanying notes to condensed consolidated financial statements.

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in millions)
(Unaudited)

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 47	\$ 165
Accounts receivable, net	364	398
Inventories	109	95
Regulatory assets—current	55	54
Other current assets	149	498
Total current assets	724	1,210
Electric utility plant, net	9,078	8,465
Regulatory assets—noncurrent	546	473
Nuclear decommissioning trust	34	39
Non-qualified benefit plan trust	33	38
Other noncurrent assets	188	234
Total assets	\$ 10,603	\$ 10,459

See accompanying notes to condensed consolidated financial statements.

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS, continued

(Dollars in millions)
(Unaudited)

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts payable	\$ 187	\$ 457
Liabilities from price risk management activities—current	73	118
Current portion of long-term debt	—	260
Current portion of finance lease obligation	20	20
Accrued expenses and other current liabilities	356	641
Total current liabilities	636	1,496
Long-term debt, net of current portion	3,786	3,386
Regulatory liabilities—noncurrent	1,418	1,389
Deferred income taxes	445	439
Unfunded status of pension and postretirement plans	172	170
Liabilities from price risk management activities—noncurrent	120	75
Asset retirement obligations	261	257
Non-qualified benefit plan liabilities	78	83
Finance lease obligations, net of current portion	291	294
Other noncurrent liabilities	101	91
Total liabilities	7,308	7,680
Commitments and contingencies (see notes)		
Shareholders' Equity:		
Preferred stock, no par value, 30,000,000 shares authorized; none issued and outstanding as of September 30, 2023 and December 31, 2022	—	—
Common stock, no par value, 160,000,000 shares authorized; 101,123,903 and 89,283,353 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	1,744	1,249
Accumulated other comprehensive loss	(3)	(4)
Retained earnings	1,554	1,534
Total shareholders' equity	3,295	2,779
Total liabilities and shareholders' equity	\$ 10,603	\$ 10,459

See accompanying notes to condensed consolidated financial statements.

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)
(Unaudited)

	Nine Months Ended September 30,	
	2023	2022
Cash flows from operating activities:		
Net income	\$ 160	\$ 182
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	340	310
Deferred income taxes	(3)	9
Pension and other postretirement benefits	4	7
Other post retirement benefits settlement gain	—	(11)
Allowance for equity funds used during construction	(12)	(10)
Decoupling mechanism deferrals, net of amortization	(6)	(5)
Regulatory assets	10	(44)
Regulatory liabilities	17	8
2020 Labor Day wildfire earnings test reserve	—	15
Other non-cash income and expenses, net	46	41
Changes in working capital:		
Accounts receivable, net	23	(21)
Inventories	(14)	(14)
Margin deposits	87	(8)
Accounts payable and accrued liabilities	(181)	80
Margin deposits from wholesale counterparties	(133)	44
Other working capital items, net	20	24
Other, net	(27)	(33)
Net cash provided by operating activities	331	574

See accompanying notes to condensed consolidated financial statements.

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS, continued

(In millions)
(Unaudited)

	Nine Months Ended September 30,	
	2023	2022
Cash flows from investing activities:		
Capital expenditures	(931)	(541)
Sales of Nuclear decommissioning trust securities	1	3
Purchases of Nuclear decommissioning trust securities	(1)	(3)
Proceeds from sale of properties	2	13
Other, net	(3)	—
Net cash used in investing activities	(932)	(528)
Cash flows from financing activities:		
Proceeds from issuance of common stock	\$ 485	\$ —
Proceeds from issuance of long-term debt	400	—
Payments on long-term debt	(260)	—
Issuance of commercial paper, net	—	40
Proceeds from Pelton/Round Butte financing arrangement	—	25
Dividends paid	(131)	(117)
Repurchase of common stock	—	(18)
Other	(11)	(10)
Net cash provided by (used in) financing activities	483	(80)
Change in cash and cash equivalents	(118)	(34)
Cash and cash equivalents, beginning of period	165	52
Cash and cash equivalents, end of period	\$ 47	\$ 18
Supplemental cash flow information is as follows:		
Cash paid for interest, net of amounts capitalized	\$ 91	\$ 81
Cash paid for income taxes	25	18
Non-cash investing and financing activities:		
Assets obtained under leasing arrangements	—	29

See accompanying notes to condensed consolidated financial statements.

PORTLAND GENERAL ELECTRIC COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1: BASIS OF PRESENTATION**Nature of Business**

Portland General Electric Company (PGE or the Company) is a vertically-integrated electric utility engaged in the generation, purchase, transmission, distribution, and retail sale of electricity in the State of Oregon (State). The Company operates as a cost-based, regulated electric utility with revenue requirements and customer prices determined based on the forecasted cost to serve retail customers and a reasonable rate of return as determined by the Public Utility Commission of Oregon (OPUC). The Company participates in the wholesale market under the regulation and authority of the Federal Energy Regulatory Commission (FERC) by purchasing and selling electricity and natural gas, as well as buying and selling transmission products and services, in an effort to provide reasonably-priced power for its retail customers. PGE also performs portfolio management and wholesale market sales services for third parties in the region. In addition, PGE offers wholesale electricity transmission service pursuant to its Open Access Transmission Tariff, which contains rates, terms, and conditions of service, as filed with, and approved by, the FERC. PGE operates as a single segment, with revenues and costs related to its business activities recorded and analyzed on a total electric operations basis. The Company's corporate headquarters is located in Portland, Oregon and its approximately 4,000 square mile, State-approved service area, entirely within the State, encompasses 51 incorporated cities. As of September 30, 2023, PGE served 929,000 retail customers within a service area of 1.9 million residents.

Condensed Consolidated Financial Statements

These condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the United States Securities and Exchange Commission (SEC). Certain information and note disclosures normally included in financial statements prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) have been condensed or omitted pursuant to such regulations, although PGE believes that the disclosures provided are adequate to make the interim information presented not misleading.

The financial information included herein as of and for the three and nine months ended September 30, 2023 and 2022 is unaudited; however, in the opinion of management, such information reflects all adjustments necessary to fairly present the condensed consolidated financial position, condensed consolidated income and comprehensive income, and condensed consolidated cash flows of the Company for these interim periods. All such adjustments are of a normal recurring nature, unless otherwise noted. The financial information as of December 31, 2022 is derived from the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2022, included in Item 8 of PGE's Annual Report on Form 10-K, filed with the SEC on February 16, 2023, which should be read in conjunction with the interim unaudited Financial Statements.

Comprehensive Income

No material change occurred in Other comprehensive income in the three and nine months ended September 30, 2023 and 2022.

Miscellaneous Income, Net

Miscellaneous income, net was comprised of \$15 million and \$6 million in interest income from regulatory assets for the nine months ended September 30, 2023 and 2022, respectively, \$4 million realized and unrealized gains and \$6 million losses on the non-qualified benefit plan trust assets, and \$3 million and \$13 million in other miscellaneous income, which included an \$11 million settlement gain related to the buyout of the Non-represented Retiree Medical Plan in 2022. See Note 3, Balance Sheet Components, for further discussion of the settlement gain.

PORTLAND GENERAL ELECTRIC COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued
(Unaudited)

Use of Estimates

The preparation of condensed consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of gain or loss contingencies, as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results experienced by the Company could differ materially from those estimates.

Certain costs are estimated for the full year and allocated to interim periods based on estimates of operating time expired, benefit received, or activity associated with the interim period; accordingly, such costs may not be reflective of amounts to be recognized for a full year. Due to seasonal fluctuations in electricity sales, as well as the price of wholesale electricity and natural gas, interim financial results do not necessarily represent those to be expected for the year.

NOTE 2: REVENUE RECOGNITION**Disaggregated Revenue**

The following table presents PGE's revenue, disaggregated by customer type (in millions):

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Retail:				
Residential	\$ 301	\$ 283	\$ 942	\$ 841
Commercial	213	194	606	540
Industrial	89	74	258	216
Direct access customers	7	9	20	26
Subtotal	<u>610</u>	<u>560</u>	<u>1,826</u>	<u>1,623</u>
Alternative revenue programs, net of amortization	1	1	6	5
Other accrued revenues, net	1	6	(2)	6
Total retail revenues	<u>612</u>	<u>567</u>	<u>1,830</u>	<u>1,634</u>
Wholesale revenues*	173	160	323	281
Other operating revenues	17	16	45	45
Total revenues	<u>\$ 802</u>	<u>\$ 743</u>	<u>\$ 2,198</u>	<u>\$ 1,960</u>

* Wholesale revenues include \$96 million and \$67 million related to electricity commodity contract derivative settlements for the three months ended September 30, 2023 and 2022, respectively, and \$152 million and \$100 million for the nine months ended September 30, 2023 and 2022, respectively. Price risk management derivative activities are included within total revenues but do not represent revenues from contracts with customers as defined by GAAP. For further information, see Note 5, Risk Management.

Retail Revenues

The Company's primary revenue source is the sale of electricity to customers at regulated, tariff-based prices. Retail customers are classified as residential, commercial, or industrial. Residential customers include single-family housing, multiple-family housing (such as apartments, duplexes, and town homes), manufactured homes, and small farms. Residential demand is sensitive to the effects of weather, with demand highest during the winter heating and

PORTLAND GENERAL ELECTRIC COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued
(Unaudited)

summer cooling seasons. Commercial customers accept energy deliveries at voltages equivalent to those delivered to residential customers and are also sensitive to the effects of weather, although to a lesser extent than residential customers. Commercial customers include most businesses, small industrial companies, and public street and highway lighting accounts. Industrial customers consist of non-residential customers who accept delivery at higher voltages than commercial customers. Demand from industrial customers is primarily driven by economic conditions, with weather having little impact on energy use by this customer class.

In accordance with state regulations, PGE's retail customer prices are based on the Company's cost of service and determined through general rate case (GRC) proceedings and various tariff filings with the OPUC. Additionally, the Company offers pricing options that include a daily market price option, various time-of-use options, and several renewable energy options.

Retail revenue is billed based on monthly meter readings taken at various cycle dates throughout the month. At the end of each month, PGE estimates and records the revenue earned from energy deliveries that have not yet been billed to customers. This amount, which is classified as unbilled revenues and included in Accounts receivable, net in the Company's condensed consolidated balance sheets, is calculated based on actual net retail system load each month, the number of days from the last meter read date through the last day of the month, and current customer prices.

PGE's obligation to sell electricity to retail customers generally represents a single performance obligation representing a series of distinct services that are substantially the same and have the same pattern of transfer to the customer that is satisfied over time as customers simultaneously receive and consume the benefits provided. The Company applies the invoice method to measure its progress towards satisfactorily completing its performance obligations.

Pursuant to regulation by the OPUC, PGE is mandated to maintain several tariff schedules to collect funds from customers for programs that benefit the general public, such as conservation, low-income housing, energy efficiency, renewable energy programs, and privilege taxes. For such programs, the Company generally collects the funds and remits the amounts to third party agencies that administer the programs. In these arrangements, PGE is considered to be an agent, as the Company's performance obligation is to facilitate a transaction between customers and the administrators of these programs. Therefore, such amounts are presented on a net basis within Revenues, net on the condensed consolidated statements of income.

Wholesale Revenues

PGE participates in the wholesale electricity marketplace in order to balance its supply of power to meet the needs of its retail customers. Interconnected transmission systems in the western United States serve utilities with diverse load requirements and allow the Company to purchase and sell electricity within the region depending upon, among other things, the relative price and availability of power; hydro, solar and wind conditions; and daily and seasonal retail demand.

PGE's Wholesale revenues are primarily short-term electricity sales to utilities and power marketers that consist of single performance obligations that are satisfied as energy is transferred to the counterparty. The Company may choose to net certain purchase and sale transactions in which it would simultaneously receive and deliver physical power with the same counterparty; in such cases, only the net amount of those purchases or sales required to meet retail and wholesale obligations will be physically settled and recorded in Wholesale revenues.

Other Operating Revenues

Other operating revenues consist primarily of gains and losses on the sale of natural gas volumes purchased that exceeded what was needed to fuel the Company's generating facilities, as well as revenues from transmission

PORTLAND GENERAL ELECTRIC COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued
(Unaudited)

services, excess transmission capacity resales, excess fuel sales, utility pole attachment revenues, and other electric services provided to customers.

Arrangements with Multiple Performance Obligations

Certain contracts with customers, primarily wholesale, may include multiple performance obligations. For such arrangements, PGE allocates revenue to each performance obligation based on its relative standalone selling price. The Company generally determines standalone selling prices based on the prices charged to customers.

NOTE 3: BALANCE SHEET COMPONENTS

Inventories

PGE's inventories, which are recorded at average cost, consist primarily of materials and supplies for use in operations, maintenance, and capital activities, as well as fuel, which includes natural gas, coal, and oil, for use in the Company's generating plants. Periodically, PGE assesses whether inventories are recorded at the lower of average cost or net realizable value.

Accounts Receivable, Net

Accounts receivable, net includes \$110 million and \$131 million of unbilled revenues as of September 30, 2023 and December 31, 2022, respectively. Accounts receivable, net includes an allowance for credit losses of \$12 million as of both September 30, 2023 and December 31, 2022. The following summarizes activity in the allowance for credit losses (in millions):

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
Balance as of beginning of period	\$ 13	\$ 12
Increase in provision	2	6
Amounts written off	(4)	(10)
Recoveries	1	4
Balance as of end of period	<u>\$ 12</u>	<u>\$ 12</u>

Other Current Assets

Other current assets consist of the following (in millions):

	September 30, 2023	December 31, 2022
Prepaid expenses	\$ 45	\$ 69
Assets from price risk management activities	74	313
Margin deposits	30	116
Other current assets	<u>\$ 149</u>	<u>\$ 498</u>

Assets from price risk management activities and related unrealized gains as well as Margin deposits decreased during the nine months ended September 30, 2023 due to decreases in wholesale natural gas and electricity prices. For further information, see Note 5, Risk Management.

PORTLAND GENERAL ELECTRIC COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued
(Unaudited)

Electric Utility Plant, Net

Electric utility plant, net consists of the following (in millions):

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
Electric utility plant in-service	\$ 13,045	\$ 12,421
Construction work-in-progress	709	467
Total cost	13,754	12,888
Less: accumulated depreciation and amortization	(4,676)	(4,423)
Electric utility plant, net	<u>\$ 9,078</u>	<u>\$ 8,465</u>

Accumulated depreciation and amortization in the table above includes accumulated amortization related to intangible assets of \$541 million and \$499 million as of September 30, 2023 and December 31, 2022, respectively. Amortization expense related to intangible assets was \$16 million and \$15 million for the three months ended September 30, 2023 and 2022, respectively, and \$45 million and \$44 million for the nine months ended September 30, 2023 and 2022, respectively. The Company's intangible assets primarily consist of computer software development and hydro licensing costs.

Battery storage agreement—On April 26, 2023, PGE entered into a battery storage purchased power agreement (PPA) that will be accounted for as a lease upon commencement. The lease is expected to commence in December 2024 and has a term of 20 years. The total fixed contract consideration is expected to be \$737 million over the lease term.

PORTLAND GENERAL ELECTRIC COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued
(Unaudited)

Regulatory Assets and Liabilities

Regulatory assets and liabilities consist of the following (in millions):

	September 30, 2023		December 31, 2022	
	Current	Noncurrent	Current	Noncurrent
Regulatory assets:				
Price risk management	\$ —	\$ 96	\$ —	\$ 1
Pension and other postretirement plans	—	95	—	95
Debt issuance costs	—	20	—	21
Trojan decommissioning activities	—	137	—	133
February 2021 ice storm and damage	12	57	10	64
Power cost adjustment mechanism	16	3	14	14
2020 Labor Day wildfire	5	24	4	27
COVID-19	12	4	—	22
Wildfire mitigation	—	31	—	28
Other	10	79	26	68
Total regulatory assets	<u>\$ 55</u>	<u>\$ 546</u>	<u>\$ 54</u>	<u>\$ 473</u>
Regulatory liabilities:				
Asset retirement removal costs	\$ —	\$ 1,164	\$ —	\$ 1,136
Deferred income taxes	—	183	—	194
Asset retirement obligations	—	10	—	7
Price risk management	1	—	195	—
Boardman Refund	3	3	—	—
Other	29	58	39	52
Total regulatory liabilities	<u>\$ 33 *</u>	<u>\$ 1,418</u>	<u>\$ 234 *</u>	<u>\$ 1,389</u>

* Included in Accrued expenses and other current liabilities in the condensed consolidated balance sheets.

Wildfire Mitigation represents incremental costs and investments made by PGE under Oregon Senate Bill (SB) 762, which was passed in the 2021 legislative session with an effective date of July 19, 2021. SB 762 instructs public utilities to develop, implement, and execute a wildfire protection plan, in which reasonable costs can be recovered through prices to all customers. The outcome of PGE's 2022 GRC provided an annual amount of \$24 million to be collected in base rates for recovery of operating expenses related to wildfire mitigation efforts beginning May 9, 2022. As of September 30, 2023 and December 31, 2022, PGE's deferred balance related to incremental wildfire mitigation operating expenses was \$31 million and \$28 million, respectively.

On July 1, 2022, PGE filed an application for reauthorization of OPUC Docket UM 2019 to defer incremental wildfire mitigation costs that exceed the amount granted in base rates. On May 10, 2023, in Order No. 23-173, the OPUC approved an automatic adjustment clause mechanism to recover wildfire mitigation costs (capital and expense). PGE and certain parties agreed to a stipulation, which was adopted by the OPUC on October 18, 2023, that allows PGE to begin amortizing \$27 million comprised of \$23 million related to the September 30, 2023 deferred operating expense balance of \$31 million and \$4 million for capital related revenue requirement. The \$27 million will be amortized over a one-year period beginning October 20, 2023. PGE will recover the remaining deferred expense balance in future periods to be determined in a later proceeding.

Beginning January 1, 2024, and in conjunction with the Company's current GRC proceeding, PGE will remove collections related to wildfire mitigation costs (for both capital and operating expense) from base prices and include

PORTLAND GENERAL ELECTRIC COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued
(Unaudited)

the forecasted costs within the automatic adjustment clause. Differences between actual and forecasted costs will be recorded as regulatory assets or liabilities within the automatic adjustment clause balancing account, which will not be subject to an earnings test.

COVID-19—The COVID-19 pandemic led Oregon’s Governor to declare a state of emergency on March 8, 2020. Due to the adverse impacts of COVID-19 on economic activity, PGE experienced an increase in bad debt expense, lost revenue, and other incremental costs. In March 2020, PGE filed an application with the OPUC for deferral of lost revenue and certain incremental costs, such as bad debt expense, related to COVID-19. PGE’s deferral application was approved by the OPUC in October 2020 with final stipulations approved in November 2020.

As of September 30, 2023 and December 31, 2022, PGE’s deferred balance, net of amortization, was \$16 million and \$22 million, respectively, comprised primarily of bad debt expense in excess of what is currently considered and collected in customer prices. PGE filed a request for amortization of deferred amounts in December 2022, which reflected a \$12 million adjustment primarily related to bad debt write-offs being lower than estimated. During a March 14, 2023 public meeting, Staff recommended the OPUC approve PGE’s filing of Advice No. 22-45 associated with the recovery of the COVID-19 deferral. On March 21, 2023, Advice No. 22-45 was approved by the OPUC, allowing for amortization of deferred amounts over a two-year period, which began April 1, 2023.

Deferral of Boardman revenue requirement—In 2020, intervenors filed a deferral application with the OPUC that would have required PGE to defer and refund the revenue requirement associated with the Company’s Boardman coal-fired generating plant (Boardman) then included in customer prices as established in the Company’s 2019 GRC. The OPUC found that the deferral was warranted with amortization subject to an earnings test.

Subsequently, PGE and parties submitted stipulations to the OPUC reflecting agreements that resolved all matters related to this deferral and stated that PGE would refund \$6.5 million to customers. On June 5, 2023, the OPUC issued Order 23-195, which approved the stipulations. The refund amount, plus interest, is being amortized into customer prices over a two-year period that began July 1, 2023.

Establishing the Boardman refund deferral resulted in an increase to regulatory liabilities with an offsetting charge to the condensed consolidated statements of income during 2023. As of September 30, 2023, the liability balance was \$6 million.

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following (in millions):

	September 30, 2023	December 31, 2022
Accrued employee compensation and benefits	\$ 74	\$ 66
Accrued taxes payable	50	29
Accrued interest payable	47	31
Accrued dividends payable	50	42
Regulatory liabilities—current	33	234
Margin deposits from wholesale counterparties	7	140
Other	95	99
Total accrued expenses and other current liabilities	<u>\$ 356</u>	<u>\$ 641</u>

The current portion of Regulatory liabilities and Margin deposits from wholesale counterparties decreased during the nine months ended September 30, 2023 due to decreases in wholesale natural gas and electricity prices. For further information, see Note 5, Risk Management.

PORTLAND GENERAL ELECTRIC COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued
(Unaudited)

Credit Facilities

On August 18, 2023, PGE entered into an amendment of its existing revolving credit facility. As of September 30, 2023, PGE had a \$750 million revolving credit facility scheduled to expire in September 2028. The Company has the ability to expand the revolving credit facility to \$850 million, if needed, subject to the requirements of the agreement. Pursuant to the terms of the agreement, the revolving credit facility may be used for general corporate purposes, including as backup for commercial paper borrowings and to permit the issuance of standby letters of credit. PGE may borrow for one, three, or six months at a fixed interest rate established at the time of the borrowing, or at a variable interest rate for any period up to the then remaining term of the applicable credit facility. The revolving credit facility contains a provision that requires annual fees based on the Company's unsecured credit ratings, and contains customary covenants and default provisions, including a requirement that limits consolidated indebtedness, as defined in the agreement, to 65% of total capitalization. As of September 30, 2023, PGE was in compliance with this covenant with a 54.3% debt-to-total capital ratio and had no outstanding balance on the revolving credit facility. As a result of the policy to backup commercial paper borrowings, the aggregate unused available credit capacity under the credit facility was \$750 million. In addition, the credit facility offers the potential for adjustments to interest rate margins and fees based on PGE's achievement of certain annual sustainability-linked metrics related to its non-emitting generation capacity and the percentage of management comprised of women and employees who identify as black, indigenous, and people of color. The Company believes these potential adjustments will have an immaterial impact on PGE's results of operations.

The Company has a commercial paper program under which it may issue commercial paper for terms of up to 270 days. The Company has elected to limit its borrowings under the revolving credit facility in order to allow for coverage of any potential need to repay commercial paper that may be outstanding at the time. As of September 30, 2023, PGE had no commercial paper outstanding.

PGE typically classifies borrowings under the revolving credit facility and outstanding commercial paper as Short-term debt on the condensed consolidated balance sheets.

In addition, PGE has three letter of credit facilities that provide a total capacity of \$220 million under which the Company can request letters of credit for original terms not to exceed one year. The issuance of such letters of credit is subject to the approval of the issuing institution. Under these facilities, letters of credit for a total of \$92 million were outstanding as of September 30, 2023. Letters of credit issued are not reflected on the Company's condensed consolidated balance sheets.

Pursuant to an order issued by the FERC, the Company is authorized to issue short-term debt in an aggregate amount of up to \$900 million through February 6, 2024.

Long-term Debt

On August 29, 2023, PGE entered into a Bond Purchase Agreement related to the sale of \$500 million in First Mortgage Bonds (FMBs), the bonds consist of:

- a series, due in 2030, in the amount of \$50 million that bear interest at an annual rate of 5.44%;
- a series, due in 2033, in the amount of \$150 million that bear interest at an annual rate of 5.48%;
- a series, due in 2038, in the amount of \$100 million that bear interest at an annual rate of 5.68%;
- a series due in 2053, in the amount of \$100 million that bear interest at an annual rate of 5.78%; and
- a series due in 2059, in the amount of \$100 million that bear interest at an annual rate of 5.83%.

PORTLAND GENERAL ELECTRIC COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued
(Unaudited)

As of September 30, 2023, the 2030, 2033, and 2038 series, totaling \$300 million, were issued and funded in full. The 2053 and 2059 series, totaling \$200 million, are expected to be funded in November 2023.

On October 21, 2022, PGE obtained a 366-day term loan from lenders in the aggregate principal of \$260 million under a 366-Day Bridge Credit Agreement. The term loan bore interest for the relevant interest period at the Term Secured Overnight Financing Rate (SOFR) plus Term SOFR Adjustment Rate of 10 basis points and applicable margin of 87.5 basis points. The interest rate was subject to adjustment pursuant to the terms of the loan. On March 1, 2023, this term loan was repaid in full with proceeds from the Equity Forward Sale Agreement described in Note 7, Shareholders' Equity.

On November 30, 2022, PGE entered into a Bond Purchase Agreement related to the sale of \$200 million in First Mortgage Bonds (FMBs), the first half of which funded in 2022 and the remaining \$100 million funded in full on January 13, 2023.

Defined Benefit Retirement Plan Costs

Components of net periodic benefit cost under the defined benefit pension plan are as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Service cost	\$ 3	\$ 4	\$ 9	\$ 12
Interest cost*	9	7	27	21
Expected return on plan assets*	(11)	(12)	(33)	(36)
Amortization of net actuarial loss*	—	4	—	12
Net periodic benefit cost	<u>\$ 1</u>	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 9</u>

* The net expense portion of non-service cost components are included in Miscellaneous income, net within Other income on the Company's condensed consolidated statements of income and comprehensive income.

PGE sponsors a health and welfare plan, under which it offers medical and life insurance benefits, as well as health reimbursement arrangements. Retirees who participate in the Company's postretirement health insurance plans are eligible for a Defined Dollar Medical Benefit, which limits PGE's obligation pursuant to the postretirement health plan by establishing a maximum benefit per employee with employees responsible for the additional cost. In the third quarter of 2022, PGE executed a buyout of the Non-represented Retiree Medical Plan, resulting in an \$11 million settlement gain, which has been recorded in Miscellaneous income, net on the condensed consolidated statement of income and comprehensive income.

PORTLAND GENERAL ELECTRIC COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued
(Unaudited)

NOTE 4: FAIR VALUE OF FINANCIAL INSTRUMENTS

PGE estimated the fair value of financial asset and liability instruments as of September 30, 2023 and December 31, 2022, and classified these financial instruments based on a fair value hierarchy that is applied to prioritize the inputs to the valuation techniques used to measure fair value. The three levels of the fair value hierarchy and application to the Company are:

- | | |
|----------------|--|
| <i>Level 1</i> | Quoted prices are available in active markets for identical assets or liabilities as of the measurement date; |
| <i>Level 2</i> | Pricing inputs include those that are directly or indirectly observable in the marketplace as of the measurement date; and |
| <i>Level 3</i> | Pricing inputs include significant inputs that are unobservable for the asset or liability. |

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy. Assets measured at fair value using net asset value (NAV) as a practical expedient are not categorized in the fair value hierarchy. These assets are listed in the totals of the fair value hierarchy to permit the reconciliation to amounts presented in the financial statements.

Changes to market liquidity conditions, the availability of observable inputs, or changes in the economic structure of a security marketplace may require transfer of the securities between levels.

PORTLAND GENERAL ELECTRIC COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued
(Unaudited)

The Company's financial assets and liabilities whose values were recognized at fair value in the Company's condensed consolidated balance sheets are as follows by level within the fair value hierarchy (in millions):

	As of September 30, 2023				
	Level 1	Level 2	Level 3	Other ⁽²⁾	Total
Assets:					
Cash equivalents	\$ —	\$ —	\$ —	\$ —	\$ —
Nuclear decommissioning trust: ⁽¹⁾					
Debt securities:					
Domestic government	8	9	—	—	17
Corporate credit	—	8	—	—	8
Money market funds	—	—	—	9	9
Non-qualified benefit plan trust: ⁽³⁾					
Debt securities—domestic government	3	—	—	—	3
Money market funds	1	—	—	—	1
Equity securities	—	—	—	—	—
Price risk management activities: ⁽¹⁾⁽⁴⁾					
Electricity	—	18	13	—	31
Natural gas	—	64	3	—	67
	<u>\$ 12</u>	<u>\$ 99</u>	<u>\$ 16</u>	<u>\$ 9</u>	<u>\$ 136</u>
Liabilities:					
Price risk management activities: ⁽¹⁾⁽⁴⁾					
Electricity	\$ —	\$ 10	\$ 112	\$ —	\$ 122
Natural gas	—	50	21	—	71
	<u>\$ —</u>	<u>\$ 60</u>	<u>\$ 133</u>	<u>\$ —</u>	<u>\$ 193</u>

(1) Activities are subject to regulation, with certain gains and losses deferred pursuant to regulatory accounting and included in Regulatory assets or Regulatory liabilities as appropriate.

(2) Assets are measured at NAV as a practical expedient and not subject to hierarchy level classification disclosure.

(3) Excludes insurance policies of \$29 million, which are recorded at cash surrender value.

(4) For further information, see Note 5, Risk Management.

PORTLAND GENERAL ELECTRIC COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued
(Unaudited)

	As of December 31, 2022				
	Level 1	Level 2	Level 3	Other ⁽²⁾	Total
Assets:					
Cash equivalents	\$ 150	\$ —	\$ —	\$ —	\$ 150
Nuclear decommissioning trust: ⁽¹⁾					
Debt securities:					
Domestic government	9	10	—	—	19
Corporate credit	—	9	—	—	9
Money market funds	—	—	—	11	11
Non-qualified benefit plan trust: ⁽³⁾					
Debt securities—domestic government	3	—	—	—	3
Money market funds	1	—	—	—	1
Equity securities	3	—	—	—	3
Price risk management activities: ⁽¹⁾⁽⁴⁾					
Electricity	—	93	63	—	156
Natural gas	—	225	6	—	231
	<u>\$ 166</u>	<u>\$ 337</u>	<u>\$ 69</u>	<u>\$ 11</u>	<u>\$ 583</u>
Liabilities:					
Price risk management activities: ⁽¹⁾⁽⁴⁾					
Electricity	\$ —	\$ 53	\$ 93	\$ —	\$ 146
Natural gas	—	39	8	—	47
	<u>\$ —</u>	<u>\$ 92</u>	<u>\$ 101</u>	<u>\$ —</u>	<u>\$ 193</u>

(1) Activities are subject to regulation, with certain gains and losses deferred pursuant to regulatory accounting and included in Regulatory assets or Regulatory liabilities as appropriate.

(2) Assets are measured at NAV as a practical expedient and not subject to hierarchy level classification disclosure.

(3) Excludes insurance policies of \$31 million, which are recorded at cash surrender value.

(4) For further information, see Note 5, Risk Management.

Cash equivalents are highly liquid investments with maturities of three months or less at the date of acquisition and primarily consist of money market funds. Such funds seek to maintain a stable net asset value and are comprised of short-term, government funds. Policies of such funds require that the weighted average maturity of securities holdings of such funds not exceed 90 days and provide investors with the ability to redeem shares of the funds daily at their respective net asset value. Cash equivalents are classified as Level 1 in the fair value hierarchy due to the availability of quoted prices for identical assets in an active market as of the measurement date. Principal markets for money market fund prices include published exchanges such as the National Association of Securities Dealers Automated Quotations (Nasdaq) and the New York Stock Exchange (NYSE).

Assets held in the Nuclear decommissioning trust (NDT) and Non-qualified benefit plan (NQBP) trusts are recorded at fair value in PGE's condensed consolidated balance sheets and invested in securities that are exposed to interest rate, credit, and market volatility risks. These assets are classified within Level 1, 2, or 3 based on the following factors:

Debt securities—PGE invests in highly-liquid United States Treasury securities to support the investment objectives of the trusts. These domestic government securities are classified as Level 1 in the fair value hierarchy due to the availability of quoted prices for identical assets in an active market as of the measurement date.

PORTLAND GENERAL ELECTRIC COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued
(Unaudited)

Assets classified as Level 2 in the fair value hierarchy include domestic government debt securities, such as municipal debt, and corporate credit securities. Prices are determined by evaluating pricing data such as broker quotes for similar securities and adjusted for observable differences. Significant inputs used in valuation models generally include benchmark yields and issuer spreads. The external credit rating, coupon rate, and maturity of each security are considered in the valuation, as applicable.

Equity securities—Equity mutual fund and common stock securities are classified as Level 1 in the fair value hierarchy due to the availability of quoted prices for identical assets in an active market as of the measurement date. Principal markets for equity prices include published exchanges such as Nasdaq and the NYSE.

Money market funds—PGE invests in money market funds that seek to maintain a stable net asset value. These funds invest in high-quality, short-term, diversified money market instruments, short-term treasury bills, federal agency securities, certificates of deposits, and commercial paper. The Company believes the redemption value of these funds is likely to be the fair value, which is represented by the net asset value. Redemption is permitted daily without written notice.

The NQBP trust is invested in exchange-traded government money market funds and is classified as Level 1 in the fair value hierarchy due to the availability of quoted prices in published exchanges such as Nasdaq and the NYSE. The money market fund in the NDT is valued at NAV as a practical expedient and is not included in the fair value hierarchy.

Assets and liabilities from price risk management activities, recorded at fair value in PGE's condensed consolidated balance sheets, consist of derivative instruments entered into by the Company to manage its risk exposure to commodity price and foreign currency exchange rates and reduce volatility in net variable power costs (NVPC) for the Company's retail customers. For additional information regarding these assets and liabilities, see Note 5, Risk Management.

For those assets and liabilities from price risk management activities classified as Level 2, fair value is derived using present value formulas that utilize inputs such as forward commodity prices and interest rates. Substantially all of these inputs are observable in the marketplace throughout the full term of the instrument, can be derived from observable data, or are supported by observable levels at which transactions are executed in the marketplace. Instruments in this category include commodity forwards, futures, and swaps.

Assets and liabilities from price risk management activities classified as Level 3 consist of longer-term commodity forwards, futures, swaps, and options for which fair value is derived using one or more significant inputs that are not observable for the entire term of the instrument.

PORTLAND GENERAL ELECTRIC COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued
(Unaudited)

Quantitative information regarding the significant, unobservable inputs used in the measurement of Level 3 assets and liabilities from price risk management activities is presented below:

Commodity Contracts	Fair Value		Valuation Technique	Significant Unobservable Input	Price per Unit		
	Assets	Liabilities			Low	High	Weighted Average
(in millions)							
As of September 30, 2023							
Electricity physical forwards	\$ 12	\$ 111	Discounted cash flow	Electricity forward price (per MWh)	\$ 33.00	\$ 149.00	\$ 83.49
Natural gas financial swaps	3	21	Discounted cash flow	Natural gas forward price (per Decatherm)	2.37	11.43	3.60
Electricity financial futures	1	1	Discounted cash flow	Electricity forward price (per MWh)	52.00	120.00	91.88
	<u>\$ 16</u>	<u>\$ 133</u>					
As of December 31, 2022							
Electricity physical forwards	\$ 52	\$ 93	Discounted cash flow	Electricity forward price (per MWh)	\$ 35.00	\$ 270.00	\$ 101.27
Natural gas financial swaps	6	8	Discounted cash flow	Natural gas forward price (per Decatherm)	2.71	24.71	4.42
Electricity financial futures	11	—	Discounted cash flow	Electricity forward price (per MWh)	54.17	143.70	104.21
	<u>\$ 69</u>	<u>\$ 101</u>					

The significant unobservable inputs used in the Company's fair value measurement of price risk management assets and liabilities are long-term forward prices for commodity derivatives. For certain long-term contracts, observable, liquid market transactions are not available for the duration of the delivery period. In such instances, the Company uses internally-developed long-term price curves that utilize observable data when available. When not available, regression techniques are used to estimate unobservable future prices.

The Company's Level 3 assets and liabilities from price risk management activities are sensitive to market price changes in the respective underlying commodities. The significance of the impact is dependent upon the magnitude of the price change and PGE's position as either the buyer or seller under the contract. Sensitivity of the fair value measurements to changes in the significant unobservable inputs is as follows:

Significant Unobservable Input	Position	Change to Input	Impact on Fair Value
Market price	Buy	Increase (decrease)	Gain (loss)
Market price	Sell	Increase (decrease)	Loss (gain)

PORTLAND GENERAL ELECTRIC COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued
(Unaudited)

Changes in the fair value of net liabilities from price risk management activities (net of assets from price risk management activities) classified as Level 3 in the fair value hierarchy were as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Balance as of the beginning of the period	\$ 138	\$ 35	\$ 32	\$ 85
Net realized and unrealized losses/(gains)*	(21)	—	78	(56)
Transfers from Level 3 to Level 2	—	(5)	7	1
Balance as of the end of the period	<u>\$ 117</u>	<u>\$ 30</u>	<u>\$ 117</u>	<u>\$ 30</u>

* Both realized and unrealized losses/(gains), of which the unrealized portions are offset by the effects of regulatory accounting until settlement of the underlying transactions, are recorded in Revenues, net or Purchased power and fuel expense in the condensed consolidated statements of income and comprehensive income. Includes \$5 million and \$2 million in net realized losses for the three months ended September 30, 2023 and 2022, respectively. For the nine-month periods ended September 30, 2023 and 2022, includes \$8 million in net realized losses and \$1 million in net realized gains, respectively.

Transfers out of Level 3 occur when the significant inputs become more observable, such as when the time between the valuation date and the delivery term of a transaction becomes shorter.

Long-term debt is recorded at amortized cost in PGE's condensed consolidated balance sheets. The value of the Company's FMBs and Pollution Control Revenue Bonds is classified as a Level 2 fair value measurement.

As of September 30, 2023, the carrying amount of PGE's long-term debt was \$3,786 million, net of \$13 million of unamortized debt expense, and its estimated aggregate fair value was \$3,212 million. As of December 31, 2022, the carrying amount of PGE's long-term debt was \$3,646 million, net of \$13 million of unamortized debt expense, and its estimated aggregate fair value was \$2,984 million.

NOTE 5: RISK MANAGEMENT

PGE participates in the wholesale marketplace to balance its supply of power, which consists of its own generation combined with wholesale market transactions, to meet the needs of its retail customers, manage risk, and administer the Company's long-term wholesale contracts. Wholesale market transactions include purchases and sales of both power and fuel resulting from economic dispatch decisions with respect to Company-owned generation resources. The Company also performs portfolio management and wholesale market sales services for third parties in the region. As a result of this ongoing business activity, PGE is exposed to commodity price risk and foreign currency exchange rate risk, from which changes in prices and/or rates may affect the Company's financial position, results of operations, or cash flows.

PGE utilizes derivative instruments to manage its exposure to commodity price risk and foreign exchange rate risk in order to reduce volatility in NVPC for its retail customers. Such derivative instruments, recorded at fair value on the condensed consolidated balance sheets, may include forwards, futures, swaps, and options contracts for electricity, natural gas, and foreign currency, with changes in fair value recorded in the condensed consolidated statements of income and comprehensive income. In accordance with ratemaking and cost recovery processes authorized by the OPUC, PGE recognizes a regulatory asset or liability to defer the gains and losses from derivative activity until settlement of the associated derivative instrument. The Company may designate certain derivative instruments as cash flow hedges or may use derivative instruments as economic hedges. PGE does not intend to engage in trading activities for non-retail purposes.

PORTLAND GENERAL ELECTRIC COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued
(Unaudited)

PGE's Assets and Liabilities from price risk management activities consist of the following (in millions):

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
Current assets:		
Commodity contracts:		
Electricity	\$ 22	\$ 112
Natural gas	52	201
Total current derivative assets ⁽¹⁾	<u>74</u>	<u>313</u>
Noncurrent assets:		
Commodity contracts:		
Electricity	9	44
Natural gas	15	30
Total noncurrent derivative assets ⁽¹⁾	<u>24</u>	<u>74</u>
Total derivative assets ⁽²⁾	<u>\$ 98</u>	<u>\$ 387</u>
Current liabilities:		
Commodity contracts:		
Electricity	\$ 31	\$ 93
Natural gas	42	25
Total current derivative liabilities	<u>73</u>	<u>118</u>
Noncurrent liabilities:		
Commodity contracts:		
Electricity	91	53
Natural gas	29	22
Total noncurrent derivative liabilities	<u>120</u>	<u>75</u>
Total derivative liabilities ⁽²⁾	<u>\$ 193</u>	<u>\$ 193</u>

(1) Total current derivative assets are included in Other current assets, and Total noncurrent derivative assets are included in Other noncurrent assets on the condensed consolidated balance sheets.

(2) As of September 30, 2023 and December 31, 2022, no derivative assets or liabilities were designated as hedging instruments.

PGE's net volumes related to its Assets and Liabilities from price risk management activities resulting from its derivative transactions, which are expected to deliver or settle at various dates through 2035, were as follows (in millions):

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
Commodity contracts:		
Electricity	4 MWhs	6 MWhs
Natural gas	209 Decatherms	211 Decatherms
Foreign currency	\$ 11 Canadian	\$ 10 Canadian

PGE has elected to report positive and negative exposures resulting from derivative instruments pursuant to agreements that meet the definition of a master netting arrangement gross on the condensed consolidated balance sheets. In the case of default on, or termination of, any contract under the master netting arrangements, such agreements provide for the net settlement of all related contractual obligations with a given counterparty through a single payment. These types of transactions may include non-derivative instruments, derivatives qualifying for scope exceptions, receivables and payables arising from settled positions, and other forms of non-cash collateral, such as letters of credit. As of September 30, 2023, gross amounts included as Price risk management liabilities subject to master netting agreements were \$9 million, comprised of \$7 million for natural gas and \$2 million for

PORTLAND GENERAL ELECTRIC COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued
(Unaudited)

electricity, for which PGE has posted no collateral. As of December 31, 2022, gross amounts included as Price risk management liabilities subject to master netting agreements were \$5 million, entirely for natural gas, for which PGE has posted no collateral.

Net realized and unrealized losses (gains) on derivative transactions not designated as hedging instruments are classified in Revenues, net or Purchased power and fuel, as applicable, in the condensed consolidated statements of income and comprehensive income and were as follows (in millions):

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Commodity contracts:				
Electricity	\$ (85)	\$ (12)	\$ (32)	\$ (66)
Natural Gas	(33)	(42)	164	(280)
Foreign currency exchange	—	—	—	1

Net unrealized and certain net realized losses/(gains) presented in the table above are offset within the condensed consolidated statements of income and comprehensive income by the effects of regulatory accounting. Of the net amounts recognized in Net income for the three-month periods ended September 30, 2023 and 2022, net gains of \$74 million and net losses of \$45 million, respectively, have been offset. Net losses of \$289 million and net gains of \$138 million have been offset for the nine-month periods ended September 30, 2023 and 2022, respectively.

Assuming no changes in market prices and interest rates, the following table indicates the year in which the net unrealized loss/(gain) recorded as of September 30, 2023 related to PGE's derivative activities would become realized as a result of the settlement of the underlying derivative instrument (in millions):

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>Thereafter</u>	<u>Total</u>
Commodity contracts:							
Electricity	\$ (2)	\$ 15	\$ 16	\$ (2)	\$ (1)	\$ 65	\$ 91
Natural gas	(21)	9	5	11	—	—	4
Net unrealized loss/(gain)	<u>\$ (23)</u>	<u>\$ 24</u>	<u>\$ 21</u>	<u>\$ 9</u>	<u>\$ (1)</u>	<u>\$ 65</u>	<u>\$ 95</u>

PGE's secured and unsecured debt is currently rated at investment grade by Moody's Investors Service (Moody's) and S&P Global Ratings (S&P). Should Moody's or S&P reduce their rating on the Company's unsecured debt to below investment grade, PGE could be subject to requests by certain wholesale counterparties to post additional performance assurance collateral, in the form of cash or letters of credit, based on total portfolio positions with each of those counterparties. Certain other counterparties would have the right to terminate their agreements with the Company.

The aggregate fair value of derivative instruments with credit-risk-related contingent features that were in a liability position as of September 30, 2023 was \$183 million, for which PGE has posted \$42 million in collateral, consisting of \$24 million of letters of credit and \$18 million of cash. If the credit-risk-related contingent features underlying these agreements were triggered at September 30, 2023, the cash requirement to either post as collateral or settle the instruments immediately would have been \$113 million. As of September 30, 2023, PGE had \$8 million cash collateral posted for derivative instruments with no credit-risk-related contingent features. Cash collateral for derivative instruments is classified as Margin deposits included in Other current assets on the Company's condensed consolidated balance sheets.

PORTLAND GENERAL ELECTRIC COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued
(Unaudited)

As of September 30, 2023, PGE held from counterparties \$20 million in collateral, consisting of \$13 million of letters of credit and \$7 million of cash. Decreases in margin deposits received from wholesale counterparties is primarily due to the decrease in PGE's natural gas derivative asset positions from December 31, 2022. The obligation to return cash collateral held for derivative instruments is included in Accrued expenses and other current liabilities on the Company's condensed consolidated balance sheets.

PGE is exposed to credit risk in its commodity price risk management activities related to potential nonperformance by counterparties. Credit risk may be concentrated to the extent the Company's counterparties have similar economic, industry or other characteristics and due to direct or indirect relationships among the counterparties. PGE manages the risk of counterparty default according to its credit policies by performing financial credit reviews, setting limits and monitoring exposures, and requiring collateral (in the form of cash, letters of credit, and guarantees) when needed. The Company also uses standardized enabling agreements and, in certain cases, master netting agreements, which allow for the netting of positive and negative exposures under multiple agreements with counterparties.

See Note 4, Fair Value of Financial Instruments, for additional information concerning the determination of fair value for the Company's Assets and Liabilities from price risk management activities.

NOTE 6: EARNINGS PER SHARE

Basic earnings per share are computed based on the weighted average number of common shares outstanding during the period. Diluted earnings per share are computed using the weighted average number of common shares outstanding and the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Potential common shares consist of: i) employee stock purchase plan shares; ii) contingently issuable time-based and performance-based restricted stock units, along with associated dividend equivalent rights; and iii) shares issuable pursuant to the Equity Forward Sale Agreement (EFSA) and at the market offering program. See Note 7, Shareholders' Equity, for additional information on the EFSA and at the market offering program and the resulting impact on earnings per share. Unvested performance-based restricted stock units and associated dividend equivalent rights are included in dilutive potential common shares only after the performance criteria have been met.

For the three and nine months ended September 30, 2023, unvested performance-based restricted stock units and related dividend equivalent rights of 427 thousand shares were excluded from the dilutive calculation because the performance goals had not been met, with 315 thousand shares excluded for the three and nine months ended September 30, 2022.

Net income is the same for both the basic and diluted earnings per share computations. The denominators of the basic and diluted earnings per share computations are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Weighted-average common shares outstanding—basic	100,849	89,263	96,625	89,294
Dilutive effect of potential common shares	254	184	205	154
Weighted-average common shares outstanding—diluted	<u>101,103</u>	<u>89,447</u>	<u>96,830</u>	<u>89,448</u>

PORTLAND GENERAL ELECTRIC COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued
(Unaudited)

NOTE 7: SHAREHOLDERS' EQUITY

The activity in equity during the three- and nine-month periods ended September 30, 2023 and 2022 was as follows (dollars in millions, except per share amounts):

	Common Stock		Accumulated Other Comprehensive Loss	Retained Earnings	Total
	Shares	Amount			
Balances as of December 31, 2022	89,283,353	\$ 1,249	\$ (4)	\$ 1,534	\$ 2,779
Issuances of shares pursuant to equity-based plans	159,603	—	—	—	—
Issuances of shares pursuant to equity forward sales agreement	7,178,016	300	—	—	300
Stock-based compensation	—	(1)	—	—	(1)
Dividends declared (\$0.4525 per share)	—	—	—	(40)	(40)
Net income	—	—	—	74	74
Balances as of March 31, 2023	96,620,972	\$ 1,548	\$ (4)	\$ 1,568	\$ 3,112
Issuances of shares pursuant to equity-based plans	30,245	1	—	—	1
Issuances of shares pursuant to equity forward sales agreement	2,212,610	92	—	—	92
Stock-based compensation	—	6	—	—	6
Other comprehensive income	—	—	1	—	1
Dividends declared (\$0.4750 per share)	—	—	—	(51)	(51)
Net income	—	—	—	39	39
Balances as of June 30, 2023	98,863,827	\$ 1,647	\$ (3)	\$ 1,556	\$ 3,200
Issuances of shares pursuant to equity-based plans	35,702	—	—	—	—
Issuances of shares pursuant to equity forward sales agreement	2,224,374	93	—	—	93
Stock-based compensation	—	4	—	—	4
Dividends declared (\$0.4750 per share)	—	—	—	(49)	(49)
Net income	—	—	—	47	47
Balances as of September 30, 2023	101,123,903	\$ 1,744	\$ (3)	\$ 1,554	\$ 3,295

PORTLAND GENERAL ELECTRIC COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued
(Unaudited)

	Common Stock		Accumulated Other Comprehensive Loss	Retained Earnings	Total
	Shares	Amount			
Balances as of December 31, 2021	89,410,612	\$ 1,241	\$ (10)	\$ 1,476	\$ 2,707
Issuances of shares pursuant to equity-based plans	163,291	—	—	—	—
Repurchase of common stock	(350,000)	(5)	—	(13)	(18)
Dividends declared (\$0.4300 per share)	—	—	—	(40)	(40)
Net income	—	—	—	60	60
Balances as of March 31, 2022	89,223,903	\$ 1,236	\$ (10)	\$ 1,483	\$ 2,709
Issuances of shares pursuant to equity-based plans	18,769	1	—	—	1
Stock-based compensation	—	4	—	—	4
Other comprehensive income	—	—	1	—	1
Dividends declared (\$0.4525 per share)	—	—	—	(41)	(41)
Net income	—	—	—	64	64
Balances as of June 30, 2022	89,242,672	\$ 1,241	\$ (9)	\$ 1,506	\$ 2,738
Issuances of shares pursuant to equity-based plans	27,989	—	—	—	—
Stock-based compensation	—	4	—	—	4
Dividends declared (\$0.4525 per share)	—	—	—	(40)	(40)
Net income	—	—	—	58	58
Balances as of September 30, 2022	89,270,661	\$ 1,245	\$ (9)	\$ 1,524	\$ 2,760

At the Market Offering Program—On April 28, 2023, PGE entered into an equity distribution agreement under which it could sell up to \$300 million of its common stock through at the market offering programs. As of September 30, 2023, pursuant to the terms of the equity distribution agreement, PGE entered into separate forward sale agreements with forward counterparties and under such agreements, the Company could have physically settled by delivering 1,237,033 shares to the counterparties in exchange for cash of \$58 million. Any proceeds from the issuances of common stock will be used for general corporate purposes and investments in renewables and non-emitting dispatchable capacity.

Equity Forward Sale Agreement—In 2022, PGE entered into an EFSA in connection with a public offering of 10,100,000 shares of its common stock. In March 2023, the Company issued 7,178,016 shares pursuant to the EFSA and received net proceeds of \$300 million. In June 2023, the Company issued 2,212,610 shares pursuant to the EFSA and received net proceeds of \$92 million. On July 12, 2023, the Company issued 2,224,374 shares pursuant to the EFSA, settling the equity forward transaction, and received net proceeds of \$92 million.

Pursuant to the terms of the EFSA, the forward counterparties borrowed 11,615,000 shares of PGE's common stock, including 1,515,000 shares in connection with the underwriters' exercise of their option to purchase additional shares, from third parties in the open market and sold the shares to a group of underwriters for \$43.00 per share, less an underwriting discount equal to \$1.23625 per share. PGE receives proceeds from the sale of common stock when the EFSA is settled (described above), and at that time PGE records the proceeds, if any, in equity.

PORTLAND GENERAL ELECTRIC COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued
(Unaudited)

PGE concluded that the EFSA was an equity instrument and that it qualified for an exception from derivative accounting because the EFSA was indexed to its own stock.

Prior to settlement, the potentially issuable shares pursuant to the EFSA were reflected in PGE's diluted earnings per share calculations using the treasury stock method. Under this method, the number of shares of PGE's common stock used in calculating diluted earnings per share for a reporting period would be increased by the number of shares, if any, that would be issued upon physical settlement of the EFSA less the number of shares that could be purchased by PGE in the market with the proceeds received from issuance (based on the average market price during that reporting period). Share dilution occurs when the average market price of PGE's stock during the reporting period is higher than the average forward sale price during the reporting period. No such dilution occurred for the three and nine months ended September 30, 2023. For additional information concerning the Company's diluted earnings per share, see Note 6, Earnings Per Share.

NOTE 8: CONTINGENCIES

PGE is subject to legal, regulatory, and environmental proceedings, investigations, and claims that arise from time to time in the ordinary course of its business. Contingencies are evaluated using the best information available at the time the condensed consolidated financial statements are prepared. Legal costs incurred in connection with loss contingencies are expensed as incurred. The Company may seek regulatory recovery of certain costs that are incurred in connection with such matters, although there can be no assurance that such recovery would be granted.

Loss contingencies are accrued, and disclosed if material, when it is probable that an asset has been impaired or a liability incurred as of the financial statement date and the amount of the loss can be reasonably estimated. If a reasonable estimate of probable loss cannot be determined, a range of loss may be established, in which case the minimum amount in the range is accrued, unless some other amount within the range appears to be a better estimate.

A loss contingency will also be disclosed when it is reasonably possible that an asset has been impaired, or a liability incurred, if the estimate or range of potential loss is material. If a probable or reasonably possible loss cannot be reasonably estimated, then PGE: i) discloses an estimate of such loss or the range of such loss, if the Company is able to determine such an estimate; or ii) discloses that an estimate cannot be made and the reasons why the estimate cannot be made.

If an asset has been impaired or a liability incurred after the financial statement date, but prior to the issuance of the financial statements, the loss contingency is disclosed, if material, and the amount of any estimated loss is recorded in either the current or the subsequent reporting period, depending on the nature of the underlying event.

PGE evaluates, on a quarterly basis, developments in such matters that could affect the amount of any accrual, as well as the likelihood of developments that would make a loss contingency both probable and reasonably estimable. The assessment as to whether a loss is probable or reasonably possible, and as to whether such loss or a range of such loss is estimable, often involves a series of complex judgments about future events. Management is often unable to estimate a reasonably possible loss, or a range of loss, particularly in cases in which: i) the damages sought are indeterminate or the basis for the damages claimed is not clear; ii) the proceedings are in the early stages; iii) discovery is not complete; iv) the matters involve novel or unsettled legal theories; v) significant facts are in dispute; vi) a large number of parties are represented (including circumstances in which it is uncertain how liability, if any, would be shared among multiple defendants); or vii) a wide range of potential outcomes exist. In such cases, there may be considerable uncertainty regarding the timing or ultimate resolution, including any possible loss, fine, penalty, or business impact.

PORTLAND GENERAL ELECTRIC COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued
(Unaudited)

EPA Investigation of Portland Harbor

An investigation by the United States Environmental Protection Agency (EPA) of a segment of the Willamette River known as Portland Harbor that began in 1997 revealed significant contamination of river sediments. The EPA subsequently included Portland Harbor on the National Priority List pursuant to the federal Comprehensive Environmental Response, Compensation, and Liability Act as a federal Superfund site. PGE has been included among more than one hundred Potentially Responsible Parties (PRPs), as it historically owned or operated property near the river.

A Portland Harbor site remedial investigation was completed pursuant to an agreement between the EPA and several PRPs known as the Lower Willamette Group (LWG), which did not include PGE. The LWG funded the remedial investigation and feasibility study and stated that it had incurred \$115 million in investigation-related costs. The Company anticipates that such costs will ultimately be allocated to PRPs as a part of the allocation process for remediation costs of the EPA's preferred remedy.

The EPA finalized a feasibility study, along with a remedial investigation, and the results provided the framework for the EPA to determine a clean-up remedy for Portland Harbor that was documented in a Record of Decision (ROD) issued in 2017. The ROD outlined the EPA's selected remediation plan for clean-up of Portland Harbor that had an undiscounted estimated total cost of \$1.7 billion, comprised of \$1.2 billion related to remediation construction costs and \$0.5 billion related to long-term operation and maintenance costs. Remediation construction costs were estimated to be incurred over a 13-year period, with long-term operation and maintenance costs estimated to be incurred over a 30-year period from the start of construction. Stakeholders have raised concerns that EPA's cost estimates are understated, and PGE estimates undiscounted total remediation costs for Portland Harbor per the ROD could range from \$1.9 billion to \$3.5 billion. The EPA acknowledged the estimated costs were based on data that was outdated and that pre-remedial design sampling was necessary to gather updated baseline data to better refine the remedial design and estimated cost.

A small group of PRPs performed pre-remedial design sampling to update baseline data and submitted the data in an updated evaluation report to the EPA for review. The evaluation report concluded that the conditions of Portland Harbor had improved substantially with the passage of time. In response, the EPA indicated that while it would use the data to inform implementation of the ROD, the EPA's conclusions remained materially unchanged. With the completion of pre-remedial design sampling, Portland Harbor is now in the remedial design phase, which consists of additional technical information and data collection to be used to design the expected remedial actions. Certain PRPs, not including PGE, have entered into consent agreements to perform remedial design and the EPA has indicated it will take the initial lead to perform remedial design on the remaining areas. The Company anticipates that remedial design costs will ultimately be allocated to PRPs as a part of the allocation process for remediation costs of the EPA's preferred remedy. The entirety of Portland Harbor is under an active engineering design phase.

PGE continues to participate in a voluntary process to determine an appropriate allocation of costs amongst the PRPs. Significant uncertainties remain surrounding facts and circumstances that are integral to the determination of such an allocation percentage, including conclusion of remedial design, a final allocation methodology, and data with regard to property specific activities and history of ownership of sites within Portland Harbor that will inform the precise boundaries for clean-up. It is probable that PGE will share in a portion of the costs related to Portland Harbor. Based on the above facts and remaining uncertainties in the voluntary allocation process, PGE does not currently have sufficient information to reasonably estimate the amount, or range, of its potential liability or determine an allocation percentage that would represent PGE's portion of the liability to clean-up Portland Harbor. However, the Company may obtain sufficient information, prior to the final determination of allocation percentages among PRPs, to develop a reasonable estimate, or range, of its potential liability that would require recording of the estimate, or low end of the range. The Company's liability related to the cost of remediating Portland Harbor could be material to PGE's financial position.

PORTLAND GENERAL ELECTRIC COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued
(Unaudited)

In cases in which injuries to natural resources have occurred as a result of releases of hazardous substances, federal and state natural resource trustees may seek to recover for damages at such sites, which are referred to as Natural Resource Damages (NRD). The EPA does not manage NRD assessment activities but does provide claims information and coordination support to the NRD trustees. NRD assessment activities are typically conducted by a Council made up of the trustee entities for the site. The Portland Harbor NRD trustees consist of the National Oceanic and Atmospheric Administration, the U.S. Fish and Wildlife Service, the State, the Confederated Tribes of the Grand Ronde Community of Oregon, the Confederated Tribes of Siletz Indians, the Confederated Tribes of the Umatilla Indian Reservation, the Confederated Tribes of the Warm Springs Reservation of Oregon, and the Nez Perce Tribe.

The NRD trustees may seek to negotiate legal settlements or take other legal actions against the parties responsible for the damages. Funds from such settlements must be used to restore injured resources and may also compensate the trustees for costs incurred in assessing the damages. PGE's portion of NRD liabilities related to Portland Harbor will not have a material impact on its results of operations, financial position, or cash flows.

The impact of costs related to EPA and NRD liabilities on the Company's results of operations is mitigated by the Portland Harbor Environmental Remediation Account (PHERA) mechanism. As approved by the OPUC in 2017, the PHERA allows the Company to defer estimated liabilities and recover incurred environmental expenditures related to Portland Harbor through a combination of third-party proceeds, including but not limited to insurance recoveries, and, if necessary, through customer prices. The mechanism established annual prudency reviews of environmental expenditures and third-party proceeds. Annual expenditures in excess of \$6 million, excluding expenses related to contingent liabilities, are subject to an annual earnings test and would be ineligible for recovery to the extent PGE's actual regulated return on equity exceeds its return on equity as authorized by the OPUC in PGE's most recent GRC. PGE's results of operations may be impacted to the extent such expenditures are deemed imprudent by the OPUC or ineligible per the prescribed earnings test. The Company plans to seek recovery of any costs resulting from EPA's determination of liability for Portland Harbor through application of the PHERA. At this time, PGE is not collecting any Portland Harbor cost from the PHERA through customer prices.

Governmental Investigations

In March, April, and May 2021, the Division of Enforcement of the Commodity Futures Trading Commission (the "CFTC"), the Division of Enforcement of the SEC, and the Division of Enforcement of the FERC, respectively, informed the Company they are conducting investigations arising out of the energy trading losses the Company previously announced in August 2020. The Company is cooperating with the CFTC, the SEC, and the FERC. Management cannot predict the eventual scope or outcome of these matters.

Colstrip-Related Litigation

The Company has a 20% ownership interest in the Colstrip Units 3 and 4 coal-fired generating plant (Colstrip), which is located in the state of Montana and operated by one of the co-owners, Talen Montana, LLC (Talen). In May 2022, Talen's parent company, Talen Energy Supply, LLC filed for chapter 11 bankruptcy protection, although Colstrip continues to operate and generate electricity for PGE customers and others. Various business disagreements have arisen amongst the co-owners regarding interpretation of the Ownership and Operation (O&O) Agreement and other matters. An arbitration process has been initiated to address such business disagreements and has resulted in several legal proceedings, which, along with other matters related to Colstrip, are summarized below.

Arbitration—In March 2021, co-owner NorthWestern Corporation (NorthWestern) initiated arbitration against all other co-owners of Colstrip to determine whether co-owners representing 55% or more of the ownership shares can vote to close one or both units of Colstrip, or, alternatively, whether unanimous consent is required. The O&O Agreement among the parties states that any dispute shall be submitted for resolution to a single arbitrator with

PORTLAND GENERAL ELECTRIC COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued
(Unaudited)

appropriate expertise. The arbitration has been stayed through January 12, 2024, by agreement of the parties. PGE cannot predict the ultimate outcome of the arbitration process.

Petition to compel arbitration—In April 2021, co-owners Avista Corporation, Puget Sound Energy Inc., PacifiCorp, and PGE (the Petitioners) petitioned in Spokane County Superior Court, Washington, Case No. 21201000-32, against NorthWestern and Talen to compel the arbitration initiated by NorthWestern that is described above. In May 2021, Talen removed the case to Federal Court (Eastern District of Washington Case No. 2:21-cv-00163-RMP). Following a hearing in July 2021, Talen's motion to transfer the case to the U.S. District Court for the District of Montana was granted. On August 10, 2023, the court dismissed the matter with prejudice pursuant to the parties' stipulation.

Complaint to implement Montana Senate Bill 265 (MSB 265)—On May 4, 2021, Talen filed a complaint against the Petitioners and NorthWestern, in the Thirteenth Judicial District Court in the State of Montana, as an attempt to implement Montana laws when determining the language of the O&O Agreement based on the recent enactment of MSB 265. The case was subsequently removed to the U.S. District Court - Montana, Billings Division, Case No. 1:21-cv-00058-SPW-TJC. On August 10, 2023, the court dismissed the matter with prejudice pursuant to the parties' stipulation.

Richard Burnett; Colstrip Properties Inc., et al v. Talen Montana, LLC; PGE, et al.—In December 2020, the original claim was filed in the Montana Sixteenth Judicial District Court, Rosebud County, Cause No. CV-20-58. The plaintiffs allege they have suffered adverse effects from the defendants' coal dust. In August 2021, the claim was amended to add PGE as a defendant. Plaintiffs are seeking economic damages, costs and disbursements, punitive damages, attorneys' fees, and an injunction prohibiting defendants from allowing coal dust to blow onto plaintiffs' properties, as determined by the Court. This matter was stayed for a time as a result of the bankruptcy filing of Talen's parent company, but litigation has resumed and the parties are working through discovery issues. The Court has entered a procedural schedule that leads to a trial, which would begin November 6, 2024. The Company is unable to predict outcome of this matter.

Westmoreland Mine Permits—Two lawsuits have been commenced by the Montana Environmental Information Center, challenging certain permits relating to the operation of the Westmoreland Rosebud Mine, which provides coal to Colstrip. In the first, the Montana District Court for Rosebud County issued an order vacating a permit for one area of the mine. In the second, the Montana Federal District Court issued findings and recommended that a decision approving expansion of the mine into a new area should be vacated, but recommending the decision not take effect for 365 days from the date of a final order. Both decisions may be subject to appellate review. PGE is not a party to either of these proceedings, but is continuing to monitor the progress of both lawsuits and assess the impact, if any, of the proceedings on Westmoreland's ability to meet its contractual coal supply obligations.

Regulatory Matters

Faraday—On February 15, 2023, PGE filed with the OPUC a General Rate Case based on a 2024 test year (2024 GRC) requesting an increase that included recovery of \$188 million in capital costs associated with the Faraday Resiliency and Repowering Project. The upgrade project was placed into service January 31, 2023. Certain parties to the 2024 GRC proceeding challenged the prudence of aspects of PGE's investment in the Faraday project and recommended rate base reductions and disallowances.

On August 21, 2023, PGE and certain stakeholder groups reached an agreement and filed a stipulation with the OPUC that resolves certain issues related to rate base additions in PGE's 2024 GRC. Capital-related items that were collectively settled include the Faraday Resiliency and Repowering Project, Transportation Electrification investments, Transmission and Distribution investments, and various other rate base associated items. Adjustments in the settlement are not attributable to any individual capital project. Parties agree that the collective settlement is inclusive of resolution of all issues concerning recovery of costs for the project to repower the original 1907

PORTLAND GENERAL ELECTRIC COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued
(Unaudited)

Faraday hydro facility. Although the stipulation is pending approval from the OPUC, which has significant discretion in making the final determination of the GRC that may result in the disallowance of certain costs for recovery in customer prices, PGE believes the probability of a disallowance related to Faraday is remote based on the settlements reached with parties.

Costs directly disallowed for recovery in customer prices, if any, would be charged to expense at the time such disallowance becomes probable and reasonably estimable. Regulatory review of the 2024 GRC (OPUC Docket UE 416) will continue, with a final order expected to be issued later this year, for new customer prices effective January 1, 2024.

Other Matters

PGE is subject to other regulatory, environmental, and legal proceedings, investigations, and claims that arise from time to time in the ordinary course of business that may result in judgments against the Company. Although management currently believes that resolution of such known matters, individually and in the aggregate, will not have a material impact on its financial position, results of operations, or cash flows, these matters are subject to inherent uncertainties, and management's view of these matters may change in the future.

NOTE 9: GUARANTEES

PGE enters into financial agreements for, and purchase and sale agreements involving physical delivery of, both power and natural gas that include indemnification provisions relating to certain claims or liabilities that may arise relating to the transactions contemplated by these agreements. Generally, a maximum obligation is not explicitly stated in the indemnification provisions and, therefore, the overall maximum amount of the obligation under such indemnifications cannot be reasonably estimated. PGE periodically evaluates the likelihood of incurring costs under such indemnities based on the Company's historical experience and the evaluation of the specific indemnities. As of September 30, 2023, management believes the likelihood is remote that PGE would be required to perform under such indemnification provisions or otherwise incur any significant losses with respect to such indemnities. The Company has not recorded any liability on the condensed consolidated balance sheets with respect to these indemnities.

NOTE 10: INCOME TAXES

Income tax expense for interim periods is based on the estimated annual effective tax rate, which includes tax credits, regulatory flow-through adjustments, and other items, applied to the Company's year-to-date, pre-tax income. The significant differences between the Federal statutory tax rate and PGE's effective tax rate are reflected in the following table:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Federal statutory tax rate	21.0 %	21.0 %	21.0 %	21.0 %
Federal tax credits*	(14.2)	(9.2)	(11.1)	(9.7)
State and local taxes, net of federal tax benefit	5.8	8.0	7.9	8.7
Flow-through depreciation and cost basis differences	(0.7)	1.6	0.1	0.9
Amortization of excess deferred income tax	(4.4)	(4.2)	(3.9)	(4.3)
Other	3.8	(0.1)	1.8	(0.1)
Effective tax rate	<u>11.3 %</u>	<u>17.1 %</u>	<u>15.8 %</u>	<u>16.5 %</u>

PORTLAND GENERAL ELECTRIC COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued
(Unaudited)

* Federal tax credits primarily consist of production tax credits (PTCs) earned from Company-owned wind-powered generating facilities. PTCs are earned based on a per-kilowatt hour rate and, as a result, the annual amount of PTCs earned will vary based on weather conditions and availability of the facilities. PTCs are earned for 10 years from the in-service dates of the corresponding facilities. PGE's PTC generation will end at various dates through 2033.

Carryforwards

Federal tax credit carryforwards as of September 30, 2023 and December 31, 2022 were \$91 million and \$102 million, respectively. These credits primarily consist of PTCs, which will expire at various dates through 2043. PGE believes that it is more likely than not that its deferred income tax assets as of September 30, 2023 will be realized; accordingly, no valuation allowance has been recorded. As of September 30, 2023, and December 31, 2022, PGE had no material unrecognized tax benefits.

Inflation Reduction Act of 2022

The Inflation Reduction Act of 2022 (IRA) was signed into law on August 16, 2022. There was no immediate impact of the IRA to PGE's results of operations for the three and nine months ended September 30, 2023. PGE is closely monitoring guidance from the IRS regarding the enhanced energy credits available under the IRA. PGE expects to be able to generate and utilize increased energy credits in future periods, and continues to hold that it is more likely than not that the deferred income tax assets will be realized.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward-Looking Statements

The information in this report includes statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include, but are not limited to, statements that relate to expectations, beliefs, plans, assumptions, and objectives concerning future results of operations, business prospects, loads, outcome of litigation and regulatory proceedings, capital expenditures, market conditions, events or performance, and other matters. Words or phrases such as "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "projects," "will likely result," "will continue," "should," "based on," "conditioned upon," "considers," "could," "expected," "forecast," "goals," "needs," "promises," "subject to," "targets," or similar expressions are intended to identify such forward-looking statements.

Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that could cause actual results or outcomes to differ materially from those expressed. PGE's expectations, beliefs, and projections are expressed in good faith and are believed by the Company to have a reasonable basis including, but not limited to, management's examination of historical operating trends and data contained either in internal records or available from third parties, but there can be no assurance that PGE's expectations, beliefs, or projections will be achieved or accomplished.

In addition to any assumptions and other factors and matters referred to specifically in connection with forward-looking statements, factors that could cause actual results or outcomes for PGE to differ materially from those discussed in such forward-looking statements include:

- governmental policies, legislative action, and regulatory audits, investigations, and actions, including those of the Federal Regulatory Energy Commission (FERC), the Public Utility Commission of Oregon, (OPUC), the United States Securities and Exchange Commission (SEC), and the Division of Enforcement of the Commodity Futures Trading Commission (CFTC) with respect to allowed rates of return, financings, electricity pricing and price structures, acquisition and disposal of facilities and other assets, construction

and operation of plant facilities, transmission of electricity, recovery of power costs, operating expenses, deferrals, timely recovery of costs and capital investments, energy trading activities, and current or prospective wholesale and retail competition;

- economic conditions that result in decreased demand for electricity, reduced revenue from sales of excess energy during periods of low wholesale market prices, impaired financial stability of vendors and service providers, and elevated levels of uncollectible customer accounts;
- inflation and volatility in interest rates;
- changing customer expectations and choices that may reduce customer demand for PGE's services may impact the Company's ability to make and recover its investments through rates and earn its authorized return on equity, including the impact of growing distributed and renewable generation resources, changing customer demand for enhanced electric services, and an increasing risk that customers procure electricity from registered Electricity Service Suppliers (ESSs) or the adoption of community choice aggregation;
- the timing or outcome of legal and regulatory proceedings and issues including, but not limited to, the matters described in Regulatory Matters of the "Overview" in this Item 2, and Note 8, Contingencies in the Notes to the Condensed Consolidated Financial Statements in Item 1. Financial Statements of this Quarterly Report on Form 10-Q;
- natural or human-caused disasters and other risks, including, but not limited to, earthquake, flood, ice, drought, extreme heat, lightning, wind, fire, accidents, equipment failure, acts of terrorism, computer system outages, and other events that disrupt PGE operations, damage PGE facilities and systems, cause the release of harmful materials, cause fires, and subject the Company to liability;
- unseasonable or severe weather and other natural phenomena, such as the greater size and prevalence of wildfires in Oregon in recent years, which could affect public safety, customers' demand for power, and PGE's ability and cost to procure adequate power and fuel supplies to serve its customers, access the wholesale energy market, or operate its generating facilities and transmission and distribution systems, and the Company's costs to maintain, repair, and replace such facilities and systems, and recovery of costs;
- PGE's ability to effectively implement a public safety power shutoff (PSPS) and de-energize its system in the event of heightened wildfire risk or implement effective system hardening programs, the inability of which could lead to potential liability if energized systems are involved in wildfires that cause harm, as well as the risk that damages from wildfires may not be recoverable through rates or insurance, resulting in impact to the financial condition or reputation of the Company;
- operational factors affecting PGE's power generating facilities and battery storage facilities, including forced outages, fires, unscheduled delays, hydro and wind conditions, and disruption of fuel supply, any of which may cause the Company to incur repair costs or purchase replacement power at increased costs;
- default or nonperformance on the part of any parties from whom PGE purchases fuel, capacity, or energy, which may cause the Company to incur costs to purchase replacement power and related renewable attributes at increased costs;
- complications arising from PGE's jointly-owned plant, including changes in ownership, adverse regulatory outcomes or legislative actions, or operational failures that result in legal or environmental liabilities or unanticipated costs related to replacement power or repair costs;
- delays in the supply chain and increased supply costs, failure to complete capital projects on schedule or within budget, inability to complete negotiations on contracts for capital projects, failure of counterparties to perform under agreements, or the abandonment of capital projects, any of which could result in the Company's inability to recover project costs or impact PGE's competitive position, market share, or results of operations in a material way;

- volatility in wholesale power and natural gas prices, including but not limited to volatility caused by macroeconomic and international issues, that could require PGE to post additional collateral or issue additional letters of credit pursuant to power and natural gas purchase agreements;
- changes in the availability and price of wholesale power and fuels, including natural gas and coal, and the impact of such changes on the Company's power costs;
- capital market conditions, including availability of capital, volatility of interest rates, reductions in demand for investment-grade commercial paper, volatility of equity markets as well as changes in PGE's credit ratings, any of which could have an impact on the Company's cost of capital and its ability to access the capital markets to support requirements for working capital, construction of capital projects, the repayments of maturing debt, and stock-based compensation plans, which are relied upon in part to retain key executives and employees;
- future laws, regulations, and proceedings that could increase the Company's costs of operating its thermal generating plants, or affect the operations of such plants by imposing requirements for additional emissions controls or significant emissions fees or taxes, particularly with respect to coal-fired generating facilities, in order to mitigate carbon dioxide, mercury, and other gas emissions;
- changes in, and compliance with, environmental laws and policies, including those related to threatened and endangered species, fish, and wildlife;
- the effects of climate change, whether global or local in nature, including unseasonable or extreme weather and other natural phenomena that may affect energy costs or consumption, increase the Company's costs, cause damage to PGE facilities and system, or adversely affect its operations;
- changes in residential, commercial, or industrial customer growth, or demographic patterns, including changes in load resulting in future transmission constraints, in PGE's service territory;
- the effectiveness of PGE's risk management policies and procedures;
- cybersecurity attacks, data security breaches, physical attacks and security breaches, or other malicious acts that cause damage to the Company's generation, transmission, or distribution facilities, information technology systems, inhibit the capability of equipment or systems to function as designed or expected, or result in the release of confidential customer, vendor, employee, or Company information;
- employee workforce factors, including potential strikes, work stoppages, transitions in senior management, the ability to recruit and retain key employees and other talent, and turnover due to macroeconomic trends such as voluntary resignation of large numbers of employees similar to that experienced by other employers and industries since the beginning of the COVID-19 pandemic;
- new federal, state, and local laws that could have adverse effects on operating results;
- failure to achieve the Company's greenhouse gas emission goals or being perceived to have either failed to act responsibly with respect to the environment or effectively respond to legislative requirements concerning greenhouse gas emission reductions, any of which could lead to adverse publicity and have adverse effects on the Company's operations and/or damage the Company's reputation;
- social attitudes regarding the electric utility and power industries;
- political and economic conditions;
- the impact of widespread health developments and responses to such developments (such as voluntary and mandatory quarantines, including government stay at home orders, as well as shut downs and other restrictions on travel, commercial, social and other activities), which could materially and adversely affect, among other things, demand for electric services, customers' ability to pay, supply chains, personnel, contract counterparties, liquidity, and financial markets;

- changes in financial or regulatory accounting principles or policies imposed by governing bodies;
- risks and uncertainties related to current or future All-Source Request For Proposals (RFP) projects, including, but not limited to regulatory processes, transmission capabilities, system interconnections, inflationary impacts, supply chain constraints, supply cost increases (including application of tariffs impacting solar module imports), permitting and construction delays, and legislative uncertainty; and
- acts of war or terrorism.

Any forward-looking statement speaks only as of the date on which such statement is made and, except as required by law, PGE undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for management to predict all such factors or assess the impact of any such factor on the business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

OVERVIEW

Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is intended to provide an understanding of the business environment, results of operations, and financial condition of PGE. MD&A should be read in conjunction with the Company’s condensed consolidated financial statements contained in this report, and other periodic and current reports filed with the SEC.

PGE is a vertically-integrated electric utility engaged in the generation, transmission, distribution, and retail sale of electricity in the State. The Company participates in wholesale markets by purchasing and selling electricity and natural gas in an effort to meet the needs of, and obtain reasonably-priced power for, its retail customers, manage risk, and administer its long-term wholesale contracts. The Company generates revenues and cash flows primarily from the sale and distribution of electricity to retail customers in its service territory. In addition, PGE continues to develop products and service offerings for the benefit of retail and wholesale customers.

Company Strategy

The Company exists to power the advancement of society. PGE energizes lives, strengthens communities, and fosters energy solutions that promote social, economic, and environmental progress. The Company is committed to being a clean energy leader and delivering steady growth and returns to shareholders. PGE is focused on working with customers, communities, policy makers, and other stakeholders to deliver affordable, safe, reliable electricity service to all, while increasing opportunities to deliver clean and renewable energy, reducing greenhouse gas emissions, and responding to evolving customer expectations. At the same time, the Company is building an increasingly smart, integrated, and interconnected grid that spans from residential customers to other utilities within the region. PGE is transforming all aspects of its business to empower its workforce to be even more results oriented to serve customers well. To create a clean energy future, PGE is focused on the following strategic initiatives:

- *Decarbonize Power*—Reduce greenhouse gas (GHG) emissions associated with electricity served to retail customers by at least 80% by 2030 and 100% by 2040;
- *Electrify the Economy*—Increase beneficial electricity use to capture the benefits of new technologies while building an increasingly clean, flexible, and reliable grid; and
- *Advance Performance*—Improve safety, efficiency, and system and equipment reliability while maintaining affordable energy service and growing earnings per share 5% to 7% annually.

Climate Change

State-mandated GHG emissions reduction targets—In June 2021, the Oregon legislature passed House Bill (HB) 2021, establishing a 100% clean electricity by 2040 framework for PGE and other investor-owned utilities and electric service suppliers in the State. A number of provisions in the bill align with PGE’s strategic direction and highlight Oregon’s ambitious, economy-wide goals to combat climate change. The GHG emissions reduction targets applicable to these regulated entities are an 80% reduction in GHG emissions by 2030, 90% by 2035, and 100% by 2040 and every year thereafter. For more information regarding HB 2021 and the baseline to which the target reductions apply, see “*HB 2021*” in the “Laws and Regulations” section of this Overview.

Empowering customers and communities—PGE’s customers have a desire for purchasing clean energy, as over 233 thousand residential and small commercial customers voluntarily participate in PGE’s Green Future Program, the largest renewable power program by participation in the nation. In 2017, Oregon’s most populous city, Portland, and most populous county, Multnomah, each passed resolutions to achieve 100 percent clean and renewable electricity by 2035 and 100 percent economy-wide clean and renewable energy by 2050. Other jurisdictions in PGE’s service area have similar goals and continue to consider similar goals for the future.

The Company implemented a customer subscription option, the Green Future Impact Program, which is a renewable energy program that allows large business and municipality customers to have a choice in how they source their electricity. Under the Green Future Impact Program, customers can enroll in a Customer-Supplied Option (CSO) or PGE-Supplied Option (PSO). Under the CSO, participants are responsible for finding a renewable energy facility that meets established requirements and bringing those resources to PGE. Under the PSO, customers who enrolled in Phase I can receive energy from PGE-provided purchased power agreements (PPAs) for renewable resources and customers who enroll in Phase II can receive energy from either PGE-provided PPAs for renewable resources or energy from renewable resources that are PGE owned, under certain conditions.

As of September 30, 2023, the Green Future Impact Program has an approved capacity of 750 Megawatts (MW) nameplate. Through this voluntary program, the Company seeks to support the customers' clean energy acceleration, achieve PGE sustainability goals, mitigate cost and manage risk, and reliably integrate power.

The Climate Pledge—In 2021, PGE joined The Climate Pledge, a commitment to be net-zero annual carbon emissions by 2040, which is a decade ahead of the Paris Agreement's goal of 2050. As a signatory to The Climate Pledge, PGE agrees to: i) measure and report GHG emissions on a regular basis; ii) implement decarbonization strategies in line with the Paris Agreement through real business changes and innovations, including efficiency improvements, renewable energy, materials reductions, and other carbon emission elimination strategies; and iii) neutralize any remaining emissions with additional, quantifiable, real, permanent, and socially-beneficial offsets.

Severe weather—In recent years, PGE's territory has experienced unprecedented heat, historic ice and snowstorms, and wildfires. August 2023 experienced a record-breaking heat wave with temperatures in the region reaching all-time recorded highs for the month. This resulted in a peak load demand of 4,498 MW, beating the Company's previous all-time peak load demand, and surpassing the prior summer peak load by nearly 6%. The increase and severity of extreme weather events highlights the importance of combating the effects of climate change through decarbonizing the power supply and investing in a more reliable and resilient grid.

Investing in a Clean Energy Future

The Resource Planning Process—PGE's resource planning process includes working with customers, stakeholders, and regulators to chart the course toward a clean, affordable, and reliable energy future. With the passage of HB 2021, PGE prepared a Clean Energy Plan (CEP), which articulates the Company's strategy to meet the 2030, 2035, and 2040 emission reduction targets through an equitable transition to a decarbonized grid. The CEP is based on, and was filed in connection with, the Company's 2023 IRP. PGE filed its first combined IRP and CEP with the OPUC on March 31, 2023. That filing projects PGE's resource and capacity needs over the next 20 years and proposes an Action Plan to meet near-term needs, subject to the new HB 2021 emissions reduction requirements.

PGE filed an Addendum to the 2023 CEP and IRP with the OPUC on July 7, 2023. This addendum includes a portfolio analysis refresh. As part of the CEP and IRP refresh, PGE estimates a total resource need of approximately 3,500 to 4,500 MW of renewable energy and non-emitting capacity in order to meet the Company's 2030 emissions reduction target. Through the 2021 All-Source RFP, PGE procured 311 MW of wind resources and 475 MW of capacity, leaving a remaining need to procure approximately 2,700 to 3,700 MW.

2021 All-Source RFP

In 2021, PGE initiated its 2021 All-Source RFP public process, seeking approximately 1,000 MW of renewable resources and non-emitting dispatchable capacity, to fill the need identified in the 2019 IRP action plan and to meet a portion of the Company's estimated 2030 need.

Pursuant to the 2021 All-Source RFP process, PGE has entered into agreements to acquire the following:

- *Clearwater Wind Development*—PGE and NextEra Energy Resources, LLC, a subsidiary of NextEra Energy, Inc. entered into agreements to construct a 311 MW wind energy facility, which will be part of the larger Clearwater Wind development in Eastern Montana. PGE will own 208 MW of production capacity of the 311 MW in these agreements, with an initial expected investment of approximately \$415 million, excluding an allowance for funds used during construction (AFUDC). Subsidiaries of NextEra Energy Resources, LLC will own the remaining 103 MW of production capacity and will sell their portion of the output to PGE under a 30-year PPA. Subsidiaries of NextEra Energy Resources, LLC will design, build, and operate the facility. The project has an estimated commercial operation date of December 31, 2023. As of September 30, 2023, the Company has recorded \$107 million, including the AFUDC, in construction work-in-progress (CWIP) related to Clearwater.
- *Seaside Grid*—PGE entered into an agreement to construct a 200 MW Battery Energy Storage System (BESS) in Portland, Oregon. PGE will own the resource, with an investment of approximately \$360 million, excluding AFUDC. The project has an estimated commercial operation date of June 30, 2025.
- *Troutdale Grid*—PGE entered into a storage capacity agreement for a 200 MW BESS in Troutdale, Oregon. The project was subsequently acquired by NextEra Energy Resources, LLC, who will own the resource and will sell the capacity to PGE under a 20-year storage capacity agreement. The project has an estimated commercial operation date of December 31, 2024.
- *Constable BESS (formerly Evergreen)*—PGE entered into an agreement to construct a 75 MW BESS in Hillsboro, Oregon. PGE will own the resource, with an investment of approximately \$150 million, excluding AFUDC. The project has an estimated commercial operation date of December 31, 2024.

The Clearwater agreements and all BESS agreements represent the final projects to be procured from the 2021 All-Source RFP. Resources required to meet the remaining 2030 need are anticipated to be procured through future acquisition processes, including, but not limited to, the 2023 All-Source RFP and future RFPs.

All BESS projects will be emissions-free dispatchable capacity resources directly interconnected to PGE's system. BESS agreements will qualify for the federal investment tax credit (ITC). The Clearwater agreements will qualify for the federal production tax credit (PTC) and will be eligible under Oregon's Renewable Portfolio Standard (RPS). The agreements will be subject to prudence review by the OPUC.

In February 2022, NewSun Energy LLC (NewSun) filed a petition for judicial review in the Marion County Circuit Court against the OPUC challenging the scoring methodology in the 2021 All-Source RFP. PGE joined in the case as an intervenor. NewSun also filed a motion to stay the 2021 All-Source RFP process, which the Court subsequently denied. The OPUC filed a motion to dismiss the case and PGE joined the OPUC's motion to dismiss. NewSun opposed the motion. In May 2022, the Court granted the motion to dismiss to which NewSun responded in June 2022 by filing a notice of appeal with the Court of Appeals of the State of Oregon. After receiving multiple extensions, NewSun filed its opening brief in the appeal in February 2023 and PGE filed a response brief on June 1, 2023. On August 1, 2023, PGE filed a notice asking the Court to dismiss the case. That motion remains pending. PGE cannot predict the outcome of the proceedings or potential impact, if any.

On October 28, 2022, NewSun filed a petition in Deschutes County Circuit Court seeking review of the OPUC order acknowledging, with conditions, PGE's 2021 All-Source RFP shortlist. PGE intervened in this case and, on March 16, 2023, filed a motion to dismiss. On September 7, 2023, the judge granted PGE's motion to dismiss.

2023 All-Source RFP

PGE filed notice with the OPUC on January 31, 2023 that an RFP in 2023 is needed to procure resources to meet a forecasted 2026 capacity shortfall and to make continued progress toward HB 2021's decarbonization targets. These actions are consistent with the 2023 IRP Action Plan and CEP. The filing includes PGE's request for a partial

waiver of the OPUC's competitive bidding rules, which was approved by the OPUC on April 18, 2023, and outlines PGE's recommended timeline for obtaining necessary regulatory approvals. PGE expects to seek and receive regulatory approvals and to issue the RFP to the market in the fourth quarter of 2023. PGE desires to select a final shortlist and submit a request for acknowledgment to the OPUC simultaneously with potential Commission acknowledgment of an energy or capacity need within the IRP/CEP, which is currently projected to be in the first half of 2024. PGE filed the draft 2023 All-Source RFP with the OPUC on May 19, 2023.

Building a resilient grid—To serve communities with clean energy, PGE's grid of the future will need to be smart and adaptive. Highlights of PGE's key investments and plans for building a resilient grid include:

- **Wildfire Mitigation**—PGE's Wildfire Mitigation & Resiliency organization plans and implements the Wildfire Mitigation Program, developing and coordinating activities across the company and with state-wide stakeholders. PGE strives to improve regional safety by reducing the risk that PGE's electric utility infrastructure could cause a wildfire, while limiting the impacts of PSPS events and other mitigation activities on customers and increasing the resiliency of PGE assets to wildfire damage. As of September 30, 2023, PGE completed approximately \$26 million in capital projects related to wildfire mitigation and resiliency and utility asset management in the current year, consistent with the 2023 Wildfire Mitigation Plan.
- **Virtual Power Plant (VPP)**—PGE's customer offerings related to energy efficiency and flexible load programs, rooftop solar, battery storage, and electric vehicle charging solutions aim to support grid reliability and increase portfolio flexibility and resource diversity. These distributed energy resources are the foundation of PGE's VPP that will provide a growing suite of grid and system services over time. When coordinated through a VPP platform, distributed energy resources and flexible loads can help the Company achieve cost-effective decarbonization, advance customer and community energy resiliency, promote customer engagement with the energy system, and unlock additional grid services that enable PGE's distribution system plan (DSP) vision of a dynamic two-way system.
- **Distribution System Plan**—In 2021, PGE filed its inaugural DSP, which lays out plans to build a grid that empowers customers to make energy management choices to support decarbonization and supports a two-way energy ecosystem with resources like batteries, EV charging, and solar panels where communities, especially underserved Oregonians, need them. The Plan consists of two parts, the first of which was accepted by the OPUC on March 8, 2022. Part Two was filed on August 15, 2022 and accepted by the OPUC on February 28, 2023.

Electrify the economy—To help Oregon reach its decarbonization goals, PGE is working to build a safe, reliable, and affordable, economy-wide, clean energy future. The Company is committed to increasing electrification of buildings and supports the accelerating pace of vehicle electrification for our customers, as well as its own vehicle fleet.

Transportation electrification is one of the most significant ways to reduce GHG emissions in Oregon. PGE is engaged with customers and communities to develop infrastructure projects aimed at improving accessibility to electric vehicle charging stations, build fleet partnerships, and offer programs to encourage customers to advance transportation electrification.

In 2019, PGE filed with the OPUC its first Transportation Electrification (TE) plan, which considers current and planned activities, along with both existing and potential system impacts, in relation to Oregon's GHG emissions reduction goals. In 2020, the OPUC accepted the plan and related costs and revenues associated with the Transportation Electrification and Electric Vehicle Charging pilot programs. In 2021, the Oregon legislature enacted HB 2165, ensuring the OPUC has clear and broad authority to allow electric company investments in infrastructure to support transportation electrification.

On August 25, 2023, PGE filed with the OPUC its final 2023 TE plan, which represents a continuation of the approach and programmatic efforts found within PGE's 2019 TE plan while also outlining the Company's current strategy to integrate TE into utility business in order to plan, serve and manage EV load. In the 2023-2025 period covered by the 2023 TE Plan, capital expenditures are expected to be approximately \$25 million, pending regulatory approval. The final 2023 TE plan was accepted by the OPUC on October 17, 2023.

Businesses and families continue to turn to electricity to serve their home and workplace needs. PGE continues to pursue advanced technologies to enhance the grid, pursue distributed generation and energy storage, and develop microgrids and the use of data and analytics to better predict demand and support energy-saving customer programs.

Laws and Regulations

Federal Grants—In November 2021, the \$1.2 trillion Infrastructure Investment and Jobs Act (IIJA), which includes approximately \$550 billion of new federal spending, was signed into law. PGE is pursuing multiple areas under the IIJA for potential grant funding of projects. These projects target improvements in electrical system reliability and resiliency, wildfire situational awareness and mitigation, greater communications capabilities, advancements in customer usage analytics using artificial intelligence, renewable resources and advanced electrical grid support, hydro generation operations, hydrogen production, and regional transmission capacity constraints.

As of September 30, 2023, PGE has submitted ten full federal grant applications and has been awarded three grants totaling \$7.5 million. PGE cannot predict the ultimate timing and success of securing funding from federal programs.

In October 2023, PGE and its partners were awarded the following:

- **U.S. Department of Energy (DOE) Regional Clean Hydrogen Hub**—The U.S. DOE selected the Pacific Northwest Hydrogen Association's PNWH2 Hub for award negotiations as one of the Regional Clean Hydrogen Hubs following a competitive nationwide process. PGE and partner organizations' project concept proposed as part of the PNWH2 Hub would utilize the site of the former Boardman Coal Plant, which was demolished in 2022, to locate a potential new facility to produce green hydrogen to generate clean electricity. DOE and the Pacific Northwest Hydrogen Association will negotiate the final funding and scope for the hub beginning this fall as part of a multi-year process.
- **U.S. DOE Bethel-Round Butte Transmission Line Upgrade**—The U.S. DOE selected the Confederated Tribes of Warm Springs (CTWS), in partnership with PGE, for a \$250 million grant to upgrade the existing 230 kV Bethel-Round Butte Transmission line to 500 kV. The project will accelerate the development of transmission capacity, enabling new carbon-free generation in Central and Eastern Oregon to reach customer demand loads in Western Oregon. The added capacity and associated upgrades will also increase resiliency of the transmission system as well as resiliency of the CTWS Tribal communities by increasing resources available to the Tribes to support adaptation and response strategies.
- **U.S. DOE Smart Grid Chip**—The U.S. DOE selected a PGE led consortium for a \$50 million grant for the Smart Grid Chip project. The project will enable real-time information at each meter to improve the visibility of the electrical system to grid operators, providing detection of potential operational problems and shorten outage times, ultimately helping to anticipate and mitigate the impacts of extreme weather on grid resiliency.

PGE is in the process of assessing the impacts of these federal grants on the Company's results of operations.

Inflation Reduction Act of 2022—The Inflation Reduction Act of 2022 (IRA) was signed into law in August 2022 with a majority of the provisions effective for tax years beginning after December 31, 2022. Among other provisions, the bill includes:

- an excise tax of 1% of the fair market value of any stock which is repurchased, reduced by any stock issued during the taxable year; and
- significant tax incentives for energy and climate initiatives, including:
 - A three-year extension and modification of PTCs for facilities that begin construction before December 31, 2024;
 - An opt-out of ITC normalization requirements on certain stand-alone storage projects;
 - The ability to transfer or sell PTCs and ITCs to other taxpayers;
 - Reestablishment of solar PTCs; which would allow PGE the opportunity to be competitive in owning solar resources in renewable RFPs;
 - Replacement of the traditional resource-specific PTCs and ITCs beginning January 1, 2025, with technology-neutral clean electricity credits, which would retain critical normalization alternatives; and
 - Several provisions supporting expanded transportation electrification.

The Company does not expect the excise tax on stock repurchases and the new corporate alternative minimum tax to have an impact on the Company's results of operations. PGE will closely monitor guidance from the IRS regarding the enhanced energy credits available under the IRA. Compared to previous resource planning processes, the Company believes the new tax incentives will provide additional investment opportunities for PGE and result in lower customer prices. Increased capital expenditures in such investment opportunities would likely result in additional financing needs through debt and equity instruments.

On June 14, 2023, the United States Treasury and the Internal Revenue Service released extensive rules addressing credit transfer eligibility and application, including but not limited to, required registration, filing, and documentation for transferors and transferees to elect and claim a credit transfer. PGE believes it has qualified credits that can be transferred and intends to monetize them in line with options available under the IRA. However, PGE cannot currently estimate the impact it may have to 2023 and future periods.

On August 21, 2023, PGE and certain stakeholder groups reached an agreement and filed a stipulation with the OPUC that resolves certain issues in PGE's general rate case, including treatment of PTC sales. The 2023 PTCs currently included in PGE's rate base as a deferred tax asset (DTA) will be removed and parties agreed to support or not oppose a property sales application filed by PGE to sell the 2023 PTCs for no less than 90% of the PTC value, which would allow the Company to defer the cost of discounts on sales of PTCs as a regulatory asset. For more information regarding the settlement, see "*General Rate Case*" in the "*Regulatory Matters*" section of this Overview.

HB 3143—In June 2023, the Oregon Legislature passed HB 3143, which was signed by the Governor on August 1, 2023. HB 3143 allows the OPUC to authorize the State's investor-owned utilities, including PGE, to issue bonds and securitize debt for expenses associated with declared emergency events. The bill enables PGE, after a public process and rigorous review and approval by the OPUC, to issue the highest-rated, lowest-interest bonds to pay for the unexpected costs of declared emergencies.

HB 2021—In June 2021, the Oregon Legislature passed HB 2021, which, among other things, requires retail electricity providers to reduce GHG emissions associated with serving Oregon retail electricity consumers 80% by 2030, 90% by 2035, and 100% by 2040, compared to their baseline emissions levels. For PGE, the baseline levels

are the average annual emissions for the years 2010, 2011, and 2012 associated with the electricity sold to its retail electricity consumers as reported to the Oregon Department of Environmental Quality (ODEQ).

HB 2021 requires utilities to develop a CEP for meeting the targets, concurrent with each IRP, and to develop a DSP that establishes reasonable costs for retail electricity consumers. In reviewing a CEP, the OPUC must ensure that utilities plan for equitable implementation, demonstrate continual progress, and take actions as soon as practicable that facilitate rapid reduction of GHG emissions. Regulated entities will continue to report annual GHG emissions to the ODEQ, as they are required to do today. In threshold years, and every year thereafter, the OPUC will use the data reported to the ODEQ for that compliance year to determine whether the reduction targets are met.

Utilizing the methodology per the ODEQ's Greenhouse Gas Reporting Protocol for investor-owned utilities, PGE's preliminary percentage of 2023 retail load served by non-emitting resources is 37 percent as of September 30, 2023.

Governor executive order—In 2020, the Governor of Oregon issued Executive Order 20-04 that directed State agencies to integrate climate change and the State's GHG emissions reduction goals into their plans, budgets, investments, and decisions to the extent allowed by law. Among other things, Executive Order 20-04, which remains in place until withdrawn or superseded:

- directed the OPUC to encourage electric companies to support transportation electrification infrastructure;
- directed the ODEQ to adopt a program to cap and reduce GHG emissions within the State from large stationary sources, transportation fuels, and other liquid or gaseous fuels including natural gas. In response, in 2021, the ODEQ adopted the Climate Protection Plan, which among various provisions, included an exemption for electricity generation from the Company's natural gas-fired resources; and
- modified the reduction goals of the State's Clean Fuels Program and extended the program while increasing the required reduction in average carbon intensity of transportation fuels.

PGE continues to monitor activities of State agencies that have utilized Executive Order 20-04 to shape State policy or seek to implement it through their own regulatory authority.

RPS standards and other laws—In 2016, Oregon Senate Bill (SB) 1547 set a benchmark for the percentage of electricity that must come from renewable sources and required the elimination of coal as a fuel for generation of electricity used to serve Oregon utility customers no later than 2030.

PGE ceased coal fired operation at its Boardman generating facility (Boardman) in 2020 and continues the process of decommissioning the plant. The Company has a 20% ownership share in Colstrip Units 3 and 4 coal-fired generation plant (Colstrip) and, in response to SB 1547, PGE filed a tariff request in 2016 with the OPUC and received approval to accelerate recovery of the Company's investment in Colstrip from 2042 to 2030.

Effective May 9, 2022, PGE's depreciation rates and associated customer prices changed as approved by the OPUC in the Company's 2022 General Rate Case (GRC) to reflect further accelerated depreciation of Colstrip from 2030 to December 31, 2025. In order to meet PGE's regulatory and legislative requirements, the Company continues to evaluate the possibility of exiting ownership in Colstrip. See Note 8, Contingencies, in the Notes to Condensed Consolidated Financial Statements in Item 1.—“Financial Statements” for information regarding legal proceedings related to Colstrip.

Any reduction in generation from Colstrip has the potential to provide additional capacity availability on the Colstrip transmission facilities, which stretch from eastern Montana to near the western end of that state to serve markets in the Pacific Northwest and neighboring states. PGE has an approximate 15% ownership interest in, and capacity on, the Colstrip transmission facilities. See “*Investing in a Clean Energy Future*” in this Overview for information regarding development in eastern Montana.

Other provisions of SB 1547:

- establish RPS thresholds of 27% by 2025, 35% by 2030, 45% by 2035, and 50% by 2040;
- limit the life of renewable energy credits (RECs) generated from facilities that become operational after 2022 to five years, but continue unlimited lifespan for all existing RECs and allow for the generation of additional unlimited RECs for a period of five years for projects online before December 31, 2022; and
- provide opportunity to pursue recovery of energy storage costs related to renewable energy in the Company's Renewable Adjustment Clause (RAC) filings.

Regulatory Matters

PGE focuses on providing reliable, clean power to customers at affordable prices while providing a fair return to investors. To achieve this goal the Company must execute effectively within its regulatory framework and maintain prudent management of key financial, regulatory, and environmental matters that may affect customer prices and investor returns. The following discussion provides detail on such matters.

General Rate Case—On February 15, 2023, PGE filed with the OPUC a GRC based on a 2024 test year (2024 GRC) requesting an annual revenue requirement increase of \$340 million. The Company's 2024 GRC filing sought recovery of capital investments made across the business to meet growing demand, improve reliability, resiliency, and capability to deliver safe, reliable, clean electricity to customers. A significant portion of the Company's capital investments is related to continued improvement in the transmission and distribution system to meet evolving customer expectations and growing demand while also replacing aging infrastructure. PGE requested recovery of operations and maintenance expenses critical for preserving the ability to deliver safe, reliable, affordable power amid a period of record inflation.

The Company also proposed key changes to its power cost adjustment mechanism (PCAM) and modifications to the Annual Power Cost Update Tariff (AUT) to better address highly dynamic and volatile power market uncertainties and evolving regional fundamental drivers.

The proposed net increase in annual revenue requirement in the 2024 GRC was based upon a:

- capital structure of 50% debt and 50% equity;
- return on equity of 9.8%;
- cost of capital of 7.06%, which reflected updates for actual and forecasted debt costs; and
- rate base of \$6.3 billion.

On August 21, 2023, PGE and certain stakeholder groups reached an agreement and filed a stipulation with the OPUC that resolves certain issues in PGE's general rate case, including:

- rate base reduction from the amount requested of \$27.5 million and a revenue requirement reduction of another \$4.25 million annually until January 1, 2040; and
- treatment of Production Tax Credit (PTC) sales.

On October 6, 2023, the Company and certain stakeholder groups reached a settlement that resolves remaining issues in PGE's general rate case not yet addressed in any prior stipulation. Terms of the agreement and the resulting stipulation were submitted to the OPUC in Docket UE 416.

As agreed among the various stipulations in the 2024 GRC, the overall settlement calls for a:

- capital structure of 50% debt and 50% equity;
- return on equity of 9.5%;

- cost of capital of 6.993%, which reflects updates for actual and forecasted debt costs; and
- rate base of \$6.2 billion.

After adjusting for the effects of settled items, PGE's adjusted annual revenue requirement increase is \$391 million, which consists of the following changes (in millions):

As filed (includes \$109 million related to Net Variable Power Cost (NVPC))	\$	340
NVPC Updates⁽¹⁾		74
Base Business Revenue Requirement Updates:		
Load Forecast Update		18
Unspecified Rate Base items ⁽²⁾		(9)
Unspecified Operations & Maintenance (O&M) items ⁽³⁾		(17)
Cost of debt settlement to reflect actual financing costs		5
Return on Equity		(13)
Production Tax Credits (PTCs) DTA ⁽⁴⁾		(3)
Other miscellaneous		(4)
Subtotal		(23)
As updated (includes \$183 million related to NVPC)	\$	391

(1) Final customer rate impacts cannot be assessed absent the mid-November NVPC update coupled with the OPUC's final order. Certain amounts included in this line item are subject to change based on execution of final contracts with counterparties.

(2) Items settled include Faraday Resiliency and Repowering Project, Transportation Electrification investments, Transmission and Distribution investments, fuel stock, and various other rate base associated items. Such adjustments are not attributable to any individual item. Parties to this settlement agree that this resolves all issues concerning recovery of costs included in the 2024 GRC for the Faraday Resiliency and Repowering Project (Faraday project). See Note 8.

(3) Contingencies, in the Notes to Condensed Consolidated Financial Statements in Item 1.—“Financial Statements” for information regarding the Faraday project, (3) Items settled include employee benefits, labor costs, other revenue, property insurance, taxes, fixed O&M, and various other operating expenses. Such adjustments are not attributable to any individual item.

(4) The 2023 PTCs currently included in PGE's rate base as a DTA will be removed and parties agree to support or not oppose a property sales application filed by PGE to sell the 2023 PTCs for no less than 90% of the PTC value.

Other key issues resolved between PGE, OPUC staff, and certain customer groups in the final settlement include:

- provision, which will sunset after December 31, 2025, to recover 80% of costs for Reliability Contingency Events (as defined in the settlement) above amounts forecast in the AUT without application of an earnings test, and allowance for the remaining 20% to flow through the existing PCAM;
- inclusion of incremental NVPC associated with the procurement of additional capacity that was not contemplated in the original AUT filing;
- establishment of a balancing account that will sunset after December 31, 2026, for recovery of routine vegetation management expenses with an initial baseline of \$52 million, included in the annual revenue requirement, with any variance above or below the baseline subject to an earnings test at the Company's authorized return on equity. Parties have agreed to engage in a subsequent process to establish metrics that can be applicable going forward to PGE's routine vegetation management spending;
- a tariff filing no later than 90 days after the OPUC order on the 2024 GRC that proposes for residential and small non-residential customers weather-normalized decoupling that would sunset after December 31, 2025;
- withdrawal of the proposal for associated storage from the Renewable Automatic Adjustment Clause; and
- updates to PGE's Income Qualified Bill Discount program to reflect increased discount tiers and completion of a Low Income Needs Assessment by June 30, 2024.

The stipulations remain subject to OPUC approval. Regulatory review of the 2024 GRC will continue with a final OPUC order expected to be issued later this year, for new customer prices to be effective January 1, 2024. PGE will submit its final planned update to NVPC in mid-November. The OPUC has significant discretion in making the final determination of the GRC that may result in the disallowance of certain costs for recovery in customer prices, which could be material to PGE's financial position, results of operations, and cash flows. Costs directly disallowed for recovery in customer prices, if any, would be charged to expense at the time such disallowance becomes probable and reasonably estimable. Management cannot predict the outcome of the case.

Stipulating parties agree that this stipulation is in the public interest, and will result in customer prices that are fair, just, and reasonable. More information about the 2024 GRC filing (OPUC Docket UE 416) is available on the OPUC Internet website at www.oregon.gov/puc.

COVID-19 impacts—In March 2020, PGE filed an application with the OPUC for deferral of lost revenue and certain incremental costs, such as bad debt expense, related to COVID-19. PGE's deferral application was approved by the OPUC in October 2020 with final stipulations approved in November 2020.

As of September 30, 2023 and December 31, 2022, PGE's deferred balance was \$16 million and \$22 million, respectively, comprised primarily of bad debt expense in excess of what was collected in customer prices. PGE filed a request for amortization of deferred amounts on December 16, 2022, which reflected a \$12 million adjustment primarily related to bad debt write-offs being lower than estimated. During the March 14, 2023 public meeting, Staff recommended the OPUC approve PGE's filing of Advice No. 22-45 associated with the recovery of the COVID-19 deferral. On March 21, 2023, Advice No. 22-45 was approved by the OPUC, allowing for amortization of deferred amounts over a two-year period beginning April 1, 2023.

Wildfire mitigation—Represents incremental costs and investments made by PGE related to intensifying efforts on its system to mitigate the risk of wildfire and improve resiliency to wildfire damage under SB 762, enacted in July 2021. These efforts include enhanced tree and brush clearing, hardening equipment, and making emergency plans in close partnership with local, state, and federal land and emergency management agencies to further expand the use of a PSPS, if the need should arise. Pursuant to SB 762, PGE submitted its 2023 risk-based wildfire mitigation plan to the OPUC in December 2022 and it was approved in Order 23-221 on June 26, 2023. The outcome of PGE's 2022 GRC provided an annual amount of \$24 million to be collected in base rates in regard to wildfire mitigation efforts beginning May 9, 2022. As of September 30, 2023 and December 31, 2022, PGE's deferred balance related to wildfire mitigation was \$31 million and \$28 million, respectively.

On July 1, 2022, PGE filed an application for reauthorization of OPUC Docket UM 2019 to defer incremental wildfire mitigation costs that exceed the amount granted in base rates. On May 10, 2023, in Order No. 23-173, the OPUC approved an automatic adjustment clause mechanism to recover wildfire mitigation costs (capital and expense). PGE and certain parties agreed to a stipulation, which was adopted by the OPUC on October 18, 2023, that allows PGE to begin amortizing \$27 million comprised of \$23 million related to the September 30, 2023 deferred operating expense balance of \$31 million and \$4 million for capital related revenue requirement. The \$27 million will be amortized over a one-year period beginning October 20, 2023. PGE will recover the remaining deferred expense balance in future periods to be determined in a later proceeding.

Beginning January 1, 2024, and in conjunction with the Company's current GRC proceeding, PGE will remove collections related to wildfire mitigation costs (for both capital and operating expense) from base prices and include the forecasted costs within the automatic adjustment clause. Differences between actual and forecasted costs will be recorded as regulatory assets or liabilities within the automatic adjustment clause balancing account, which will not be subject to an earnings test.

Power costs—Pursuant to the AUT process, PGE annually files an estimate of power costs for the following year. As approved by the OPUC, the 2023 AUT included a final increase in power costs for 2023, and a corresponding increase in annual revenue requirement, of \$186 million from 2022 levels, which were reflected in customer prices effective January 1, 2023.

Portland Harbor Environmental Remediation Account (PHERA) mechanism—The EPA has listed PGE as one of over one hundred Potentially Responsible Parties (PRPs) related to the remediation of the Portland Harbor Superfund site. As of September 30, 2023, significant uncertainties still remained concerning the precise boundaries for clean-up, the assignment of responsibility for clean-up costs, the final selection of a proposed remedy by the EPA, and the method of allocation of costs amongst PRPs. It is probable that PGE will share in a portion of these costs. In a Record of Decision (ROD) issued in 2017, the EPA outlined its selected remediation plan for clean-up of the Portland Harbor site, which had an estimated total cost of \$1.7 billion. Stakeholders have raised concerns that EPA’s cost estimates are understated, and PGE estimates undiscounted total remediation costs for Portland Harbor per the ROD could range from \$1.9 billion to \$3.5 billion. The Company does not currently have sufficient information to reasonably estimate the amount, or range, of its potential costs for investigation or remediation of Portland Harbor. However, the Company may obtain sufficient information, prior to the final determination of allocation percentages among PRPs, to develop a reasonable estimate, or range, of its potential liability that would require recording an estimate, or low end of the range. The Company’s liability related to the cost of remediating Portland Harbor could be material to PGE’s financial position. The impact of such costs to the Company’s results of operations is mitigated by the PHERA mechanism. As approved by the OPUC, the Company’s recovery mechanism allows the Company to defer and recover estimated liabilities and incurred environmental expenditures related to the Portland Harbor Superfund Site through a combination of third-party proceeds, including, but not limited to, insurance recoveries, and customer prices, as necessary. The mechanism established annual prudency reviews of environmental expenditures and third-party proceeds, and annual expenditures in excess of \$6 million, excluding contingent liabilities, are subject to an annual earnings test. PGE’s results of operations may be impacted to the extent such expenditures were to be deemed imprudent by the OPUC or disallowed per the prescribed earnings test. For further information regarding the PHERA mechanism, see “EPA Investigation of Portland Harbor” in Note 8, Contingencies in the Notes to Condensed Consolidated Financial Statements in Item 1.—“Financial Statements.”

Decoupling—The decoupling mechanism, previously authorized by the OPUC through 2022, was intended to provide for recovery of margin lost as a result of a reduction in electricity sales attributable to energy efficiency, customer-owned generation, and conservation efforts by residential and certain commercial customers. The mechanism provided for collection from (or refund to) customers if weather-adjusted use per customer was less (or more) than that projected in the Company’s most recent GRC.

In the 2022 GRC, parties reached an agreement that eliminated PGE’s decoupling mechanism upon the effective date of new customer prices that resulted in May 2022. Pursuant to the 2022 GRC Order, the OPUC adopted the agreement such that deferrals would not occur after 2022, although amortization of then previously recorded deferrals is to continue as scheduled until collected or refunded in future customer prices. For the year ended December 31, 2022, PGE had recorded a total estimated collection of \$3 million that, subject to OPUC approval, is expected to be refunded to customers over a one-year period beginning January 1, 2024.

In the 2024 GRC filing, the Company included a concept proposal that could lead to resuming decoupling January 1, 2024, with certain modifications. As stipulated in the settlement agreement, PGE is to make a tariff filing no later than 90 days after the OPUC order on the 2024 GRC that proposes weather-normalized decoupling, which would sunset after December 31, 2025, for residential and small non-residential customers.

Deferral of Boardman revenue requirement—In 2020, intervenors filed a deferral application with the OPUC that would have required PGE to defer and refund the revenue requirement associated with the Company’s Boardman coal-fired generating plant (Boardman) then included in customer prices as established in the Company’s 2019 GRC. The OPUC found that the deferral was warranted with amortization subject to an earnings test.

Subsequently, PGE and parties submitted stipulations to the OPUC reflecting agreements that resolved all matters related to this deferral and stated that PGE would refund \$6.5 million to customers. On June 5, 2023, the OPUC issued Order 23-195, which approved the stipulations. The refund amount, plus interest, is being amortized into customer prices over a two-year period that began July 1, 2023.

Renewable recovery framework—As previously authorized by the OPUC, the RAC is a primary method available to recover costs associated with renewable resources. The RAC allows PGE to recover prudently incurred costs of renewable resources through filings made each year, outside of a GRC. Although no significant filings have been made under the RAC during 2023, the Company expects to submit a RAC filing for the Clearwater Wind Development before the end of 2023.

In the 2019 GRC Order, the OPUC authorized the inclusion of prudent costs of energy storage projects associated with renewables in future RAC filings, under certain conditions. PGE request within its 2024 GRC that the OPUC clarify that standalone energy storage used to integrate renewables on a utility's system qualifies as associated energy storage. In the settlement agreement for the 2024 GRC, the proposal for associated storage was withdrawn, leaving the existing language unchanged.

Operating Activities

In addition to electricity provided by PGE's own generation portfolio, to meet retail load requirements and balance energy supply with customer demand, the Company purchases and sells electricity in the wholesale market. PGE also performs portfolio management and wholesale market sales services for third parties in the region. The Company participates in the western Energy Imbalance Market, which allows, among other things, more renewable energy integration into the grid by better complementing the variable output of renewable resources. In its ongoing effort to benefit retail and wholesale customers, PGE is now engaged in a non-binding phase of the Western Power Pool's Western Resource Adequacy Program (WRAP). The non-binding phase includes data exchange and voluntary transactions. The binding period for the WRAP will begin in 2026 at the earliest. The WRAP represents an effort to increase reliability and clean energy in the region through resource diversification and capacity sharing during critical load hours while managing overall costs. The Company also purchases natural gas in the United States and Canada to fuel its generation portfolio and sells excess gas back into the wholesale market.

PGE generates revenues and cash flows primarily from the sale and distribution of electricity to its retail customers. The impact of seasonal weather conditions on demand for electricity can cause the Company's revenues, cash flows, and income from operations to fluctuate from period to period. Historically, PGE has experienced its highest MWh deliveries and retail energy sales during the winter heating season and did record a new winter peak load in December 2022. Summer peak deliveries have continued to exceed those of the winter months for several years, generally resulting from air conditioning demand and the trend toward a warmer overall climate. In August 2023, demand reached a new all-time high, surpassing the previous mark, which was set in summer 2021. Retail customer price changes and customer usage patterns, which can be affected by the economy and recently, by changes resulting from COVID-19, also have an effect on revenues. Wholesale power availability and price, hydro and wind generation, and fuel costs for thermal plants can also affect income from operations. PGE has taken measures to help ensure the availability of supply chain-constrained items that are needed to serve new and existing customers, such as advance ordering of critical materials, pre-securing manufacturing capacity with strategic partners, and evaluating availability with established and new suppliers. PGE has also taken measures to help mitigate cost increases through long-term agreements, supplier engagement, and expanding the supply base.

Customers and Demand—The following tables present total energy deliveries and the average number of retail customers by customer type for the periods indicated:

	Three Months Ended September 30,		% Increase (Decrease) in Energy Deliveries	Nine Months Ended September 30,		% Increase (Decrease) in Energy Deliveries
	2023	2022		2023	2022	
Energy deliveries (MWhs in thousands):						
Retail:						
Residential	1,892	1,940	(2)%	5,949	5,880	1 %
Commercial	1,743	1,795	(3)%	4,995	4,981	— %
Industrial	1,169	1,100	6 %	3,380	3,072	10 %
Subtotal	4,804	4,835	(1)%	14,324	13,933	3 %
Direct access:						
Commercial	159	148	7 %	442	412	7 %
Industrial	441	471	(6)%	1,307	1,325	(1)%
Subtotal	600	619	(3)%	1,749	1,737	1 %
Total retail	5,404	5,454	(1)%	16,073	15,670	3 %
Wholesale	2,446	1,875	30 %	5,295	4,807	10 %
Total	7,850	7,329	7 %	21,368	20,477	4 %

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2022		2023		2022	
Average number of retail customers:								
Residential	815,944	88 %	810,341	88 %	814,773	88 %	808,632	88 %
Commercial	111,963	12	112,289	12	112,210	12	112,015	12
Industrial	195	—	192	—	195	—	192	—
Direct access	536	—	554	—	538	—	552	—
Total	928,638	100 %	923,376	100 %	927,716	100 %	921,391	100 %

Total retail energy deliveries for the nine months ended September 30, 2023 increased 3% compared with the nine months ended September 30, 2022, driven by continued growth in demand from the industrial customer class.

The impact of weather on Total Retail deliveries was positive with colder than normal temperatures experienced in the three-month period ended March 31, 2023 compared to the same three months of 2022. In the three-month period ended June 30, 2023, weather again increased deliveries, as a greater number of cooling degree-days more than offset the decline in heating degree-days, compared to the same three months of 2022. For the three-month period ended September 30, 2023, temperatures, which while warmer than average, were not as warm as the prior year. The industrial class continues to show growth in energy deliveries, up 6% in the three months ended September 30 compared to the same period in 2022, reflecting strength in the digital services sector.

The following table indicates the number of heating and cooling degree-days for the three and nine months ended September 30, 2023 and 2022, along with the current 15-year averages based on weather data provided by the National Weather Service, as measured at Portland International Airport:

	Heating Degree-days			Cooling Degree-days		
	2023	2022	Avg.	2023	2022	Avg.
First Quarter	1,927	1,761	1,840	—	—	—
Second Quarter	554	761	629	195	75	101
July	—	—	7	269	279	192
August	1	—	5	327	321	216
September	44	6	52	91	145	85
Third Quarter	45	6	64	687	745	493
Year-to-date	2,526	2,528	2,533	882	820	594
Increase from the 15-year average	— %	— %		48 %	38 %	

After adjusting for the effects of weather, total retail energy deliveries for the nine months ended September 30, 2023 increased 1.6% compared to the same period of 2022. The increase reflects 6.3% higher industrial delivery volumes, commercial delivery volumes that were up 0.2%, and are partially offset by 0.7% lower residential deliveries when compared to the prior year. Residential weather-adjusted deliveries saw average usage per customer 1.4% lower during the first nine months of 2023 compared with 2022, while the average number of residential customers was 0.8% greater during 2023 than 2022.

The Company's cost-of-service opt-out program caps participation by customers in the fixed three-year and minimum five-year opt-out programs, which account for the majority of energy delivered to Direct Access customers who purchase their energy from ESSs. Had the cap limit been fully subscribed and utilized, 12% of PGE's total retail energy deliveries for the first nine months of 2023 would have been to these customers.

In 2020, PGE began offering service to customers under an OPUC created New Large Load Direct Access program for unplanned, large, new loads and large load growth at existing customer sites. With the adoption of the New Large Load Direct Access program, which is capped at 119 MWA, as much as 17% of the Company's energy deliveries could have been supplied by ESSs to Direct Access customers. Actual deliveries to Direct Access customers of energy supplied by ESSs represented 11% of PGE's total retail energy deliveries for the first nine months of 2023 and 2022.

Power Operations—PGE utilizes a combination of its own generating resources and wholesale market transactions to meet the energy needs of its retail customers. The Company participates in wholesale markets by purchasing and selling electricity and natural gas in an effort to meet the needs of, and obtain reasonably-priced power for, its retail customers. PGE continuously makes economic dispatch decisions based on numerous factors, such as plant availability, customer demand, river flows, wind conditions, and current wholesale prices. As a result, the amount of power generated and purchased in the wholesale market to meet the Company's retail load requirement can vary from period to period and impacts NVPC and income from operations.

The following table provides information regarding the performance of the Company's generating resources for the nine months ended September 30, 2023 and 2022:

	Plant availability ⁽¹⁾		Actual energy provided compared to projected levels ⁽²⁾		Actual energy provided as a percentage of total retail load	
	2023	2022	2023	2022	2023	2022
Generation:						
Thermal:						
Natural gas	84 %	88 %	95 %	75 %	51 %	38 %
Coal ⁽³⁾	90	87	98	97	11	11
Wind ⁽⁴⁾	98	79	96	81	11	10
Hydro	88	97	67	81	6	5

- (1) Plant availability represents the percentage of the period plants were available for operations, which is impacted by planned maintenance and forced, or unplanned, outages.
- (2) Projected levels of energy are included as part of PGE's AUT. Such projections establish the power cost component of retail prices for the following calendar year. Any shortfall is generally replaced with power from higher cost sources, while any excess generally displaces power from higher cost sources.
- (3) Plant availability reflects Colstrip, which PGE does not operate.
- (4) Plant availability includes Wheatridge Renewable Energy Facility, which PGE does not operate.

Energy received from PGE-owned and jointly-owned thermal plants during the nine months ended September 30, 2023 compared to 2022 increased 30%. This increase is primarily driven by economic dispatch decisions. Energy expected to be received from thermal resources is projected annually in the AUT based on forecast market prices, variable costs to run the plant, and the constraints of the plant. PGE's thermal generating plants require varying levels of annual maintenance, which is generally performed during the second quarter of the year.

Total energy received from hydroelectric generation sources, both PGE-owned generation and purchased, decreased 24% during the nine months ended September 30, 2023 compared to 2022 primarily due to less favorable hydro conditions in the current period. Energy purchased from mid-Columbia and other regional hydroelectric projects decreased 29% while energy generated by the Company-owned facilities increased 14% during the nine months ended September 30, 2023. Energy expected to be received from hydroelectric resources is projected annually in the AUT based on a modified hydro study, which utilizes 80 years of historical stream flow data. See "*Purchased power and fuel*" in the Results of Operations section in this Item 2, for further detail on regional hydro results.

Energy received from PGE-owned wind resources and under contracts increased 14% during the nine months ended September 30, 2023 compared to 2022 primarily due to unplanned plant outages in 2022 that did not reoccur. Energy expected to be received from wind generating resources is projected annually in the AUT based on historical generation. Wind generation forecasts are developed using a 5-year rolling average of historical wind levels or forecast studies when historical data is not available.

Under PGE's PCAM, the Company may share with customers a portion of cost variances associated with NVPC. Customer prices can be adjusted annually to absorb a portion of the difference between the forecasted NVPC included in customer prices (baseline NVPC) and actual NVPC for the year, if such differences exceed a prescribed "deadband" limit, which ranges from \$15 million below to \$30 million above baseline NVPC. To the extent actual NVPC, subject to certain adjustments, is outside the deadband range, the PCAM provides for 90% of the excess variance to be collected from, or refunded to, customers. Pursuant to a regulated earnings test, a refund will occur only to the extent that it results in PGE's actual regulated return on equity (ROE) for the given year being no less than 1% above the Company's latest authorized ROE, while a collection will occur only to the extent that it results in PGE's actual regulated ROE for that year being no greater than 1% below the Company's authorized ROE. The

following is a summary of the results of the Company's PCAM as calculated for regulatory purposes for the nine months ended September 30, 2023 and 2022, respectively:

- For the nine months ended September 30, 2023, actual NVPC was \$28 million above baseline NVPC. Based on forecast data, NVPC for the year ending December 31, 2023 is currently estimated to be below the baseline, and within the established deadband range. Accordingly, there is no estimated refund to customers expected under the PCAM for 2023.
- For the nine months ended September 30, 2022, actual NVPC was \$2 million below baseline NVPC. For the year ended December 31, 2022, actual NVPC was \$23 million above baseline NVPC, which was within the established deadband range. Accordingly, no estimated collection from customers was recorded for 2022.

Results of Operations

The following tables provide financial and operational information to be considered in conjunction with management's discussion and analysis of results of operations.

The results of operations are as follows for the periods presented (dollars in millions):

	Three Months Ended September 30,		% Increase (Decrease)	Nine Months Ended September 30,		% Increase (Decrease)
	2023	2022		2023	2022	
Total revenues	\$ 802	\$ 743	8 %	\$ 2,198	\$ 1,960	12 %
Operating expenses:						
Purchased power and fuel	386	337	15	910	707	29
Generation, transmission and distribution	85	83	2	279	258	8
Administrative and other	89	84	6	262	257	2
Depreciation and amortization	116	108	7	340	310	10
Taxes other than income taxes	41	39	5	124	118	5
Total operating expenses	717	651	10	1,915	1,650	16
Income from operations	85	92	(8)	283	310	(9)
Interest expense, net*	42	39	8	127	115	10
Other income:						
Allowance for equity funds used during construction	5	4	25	12	10	20
Miscellaneous income, net	5	13	(62)	22	13	69
Other income, net	10	17	(41)	34	23	48
Income before income tax expense	53	70	(24)	190	218	(13)
Income tax expense	6	12	(50)	30	36	(17)
Net income	47	58	(19)	160	182	(12)
Other comprehensive income	—	—	—	1	1	—
Net income and Comprehensive income	\$ 47	\$ 58	(19)%	\$ 161	\$ 183	(12)%

* Includes an allowance for borrowed funds used during construction of \$4 million and \$2 million for the three months ended September 30, 2023 and 2022, respectively, and \$9 million and \$5 million for the nine months ended September 30, 2023 and 2022, respectively.

Net income for the three months ended September 30, 2023 declined \$11 million compared to the three months ended September 30, 2022. Retail revenues were up as a result of several factors, including an increase in customer prices to cover anticipated higher net variable power costs, as authorized by the OPUC in the AUT. Total operating expenses increased compared to the prior year, reflecting higher Purchased power and fuel expense and more run hours at PGE's generation facilities. An increase in Depreciation and amortization expense resulted from higher depreciable asset balances. Interest expense, net increased primarily due to higher long-term debt and commercial paper balances. Other income, net reflects a decrease in 2023, due to the execution of a buyout of the Non-represented Retiree Medical Plan in the third quarter of 2022 that resulted in an \$11 million settlement gain.

Net income for the nine months ended September 30, 2023 was \$22 million lower than during the same period of 2022. Retail revenues increased due to both higher prices and a 3% increase in Total Retail deliveries. In 2023, increases in Retail revenues reflect the increase in customer prices to cover anticipated higher net variable power costs, as authorized by the OPUC in the AUT, which were anticipated to be offset by higher power costs. The impact of higher natural gas and electricity prices coupled with increased customer demand also drove Purchased power and fuel expense up. In 2022, Operating expenses reflect the additional charges that resulted pursuant to the earnings tests outlined in OPUC Order 22-129 related to prior deferrals.

Total revenues consist of the following for the periods presented (dollars in millions):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2022		2023		2022	
Retail:								
Residential	\$ 301	37 %	\$ 283	38 %	\$ 942	43 %	\$ 841	43 %
Commercial	213	27	194	26	606	27	540	29
Industrial	89	11	74	10	258	12	216	11
Subtotal	603	75	551	74	1,806	82	1,597	83
Direct access:								
Commercial	2	—	3	—	6	—	9	—
Industrial	5	1	6	1	14	1	17	1
Subtotal	7	1	9	1	20	1	26	1
Subtotal Retail	610	76	560	75	1,826	83	1,623	84
Alternative revenue programs, net of amortization	1	—	1	—	6	—	5	—
Other accrued revenues, net	1	—	6	1	(2)	—	6	—
Total retail revenues	612	76	567	76	1,830	83	1,634	84
Wholesale revenues	173	22	160	22	323	15	281	14
Other operating revenues	17	2	16	2	45	2	45	2
Total revenues	\$ 802	100 %	\$ 743	100 %	\$ 2,198	100 %	\$ 1,960	100 %

Total retail revenues—The following items contributed to the increase in Total retail revenues for the three and nine months ended September 30, 2023 compared to the same periods in 2022 as follows (in millions):

	Three Months Ended	Nine Months Ended
September 30, 2022	\$ 567	\$ 1,634
Change in prices as a result of the AUT, approved by the OPUC (partially offset in Purchased power and fuel)	64	131
Retail energy deliveries driven by changes in customer load	(4)	38
Recovery of deferrals for 2020 Wildfire and 2021 ice storm	8	19
PCAM collection, offset in Purchased power and fuel expense	4	11
Colstrip depreciation life adjustment	1	9
Wildfire mitigation revenue (offset in Generation, transmission and distribution)	—	8
Boardman settlement refund	—	(7)
Average price of energy deliveries due primarily to customer price increases and the relative mix of deliveries among customer classes	(26)	(20)
Combination of various supplemental tariffs and adjustments	(2)	7
September 30, 2023	\$ 612	\$ 1,830
Change in Total retail revenues	<u>\$ 45</u>	<u>\$ 196</u>

Wholesale revenues result from sales of electricity to utilities and power marketers made in the Company's efforts to obtain reasonably priced power for its retail customers, manage risk, and administer its long-term wholesale contracts. Such sales can vary significantly from year to year as a result of economic conditions, power and fuel prices, hydro and wind availability, and customer demand.

For the three months ended September 30, 2023, Wholesale revenues increased \$13 million, or 8%, from the three months ended September 30, 2022 based on a \$49 million increase due to a 30% increase in sales volume that was partially offset by a \$36 million decrease from a 17% decline in average wholesale sales price. Economic dispatch decisions have led to greater wholesale sales volumes during 2023 compared to 2022.

Wholesale revenues for the nine months ended September 30, 2023 increased \$42 million, or 15%, from the nine months ended September 30, 2022, as a 10% increase in sales volumes added \$29 million to revenues and the average wholesale sales price was up 4%, contributing another \$13 million toward the increase. Higher sales prices during 2023 have resulted from several factors, including reduced hydro generation in the region, the economic recovery, strong demand, and ongoing capacity limitations in the region.

Other operating revenues for both the three and nine months ended September 30, 2023 were relatively unchanged from the same periods of 2022.

Purchased power and fuel expense includes the cost of power purchased and fuel used to generate electricity to meet PGE's retail load requirements, as well as the cost of settled electric and natural gas financial contracts.

The following items contributed to the change in Purchased power and fuel for the three and nine months ended September 30, 2023 compared to the same periods in 2022 (dollars in millions, except for average variable power cost per Megawatt hour (MWh)):

	Three Months Ended	Nine Months Ended
September 30, 2022	\$ 337	\$ 707
Average variable power cost per MWh	74	266
Total system load	(29)	(74)
2021 PCAM deferral amortization	4	11
September 30, 2023	386	910
Change in Purchased power and fuel	\$ 49	\$ 203
Average variable power cost per MWh:		
September 30, 2022	\$ 47.75	\$ 36.01
September 30, 2023	\$ 50.73	\$ 43.92
Total system load (MWhs in thousands):		
September 30, 2022	7,054	19,648
September 30, 2023	7,535	20,457

For the three months ended September 30, 2023, the \$74 million increase related to the change in average variable power cost per MWh was driven by a 6% increase in the average cost of purchased power and a 127% increase in the average cost for the Company's own generation. In August 2023, demand reached a new all-time high, resulting in the purchase of additional wholesale energy at extremely high prices. The \$29 million decrease resulting from the overall mix of purchased power and generation used to meet total system load was primarily due to a 12% decrease in deliveries of energy obtained from purchased power, offset by a 24% increase in the Company's own generation.

For the nine months ended September 30, 2023, the \$266 million increase related to the change in average variable power cost per MWh was driven by a 26% increase in the average cost of purchased power and an 102% increase in the average cost for the Company's own generation, driven primarily by higher natural gas costs. The \$74 million decrease related to total system load was primarily due to a 17% decrease in deliveries of energy obtained from purchased power, offset by a 27% increase in the Company's own generation.

PGE's sources of energy, total system load, and retail load requirement are as follows for the periods presented:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2022		2023		2022	
Sources of energy (MWhs in thousands):								
Generation:								
Thermal:								
Natural gas	3,226	43 %	2,375	34 %	7,746	38 %	5,610	29 %
Coal	601	8	610	8	1,629	8	1,576	8
Total thermal	3,827	51	2,985	42	9,375	46	7,186	37
Hydro	196	3	196	3	865	4	762	4
Wind	561	7	502	7	1,644	8	1,410	7
Total generation	4,584	61	3,683	52	11,884	58	9,358	48
Purchased power:								
Hydro	1,130	15	1,543	22	3,622	18	5,107	26
Wind	223	3	195	3	699	3	640	3
Solar	396	5	256	4	935	4	585	3
Natural Gas	134	2	25	—	145	1	27	—
Waste, Wood, and Landfill Gas	35	—	43	1	116	1	122	1
Source not specified	1,033	14	1,309	18	3,056	15	3,809	19
Total purchased power	2,951	39	3,371	48	8,573	42	10,290	52
Total system load	7,535	100 %	7,054	100 %	20,457	100 %	19,648	100 %
Less: wholesale sales	(2,446)		(1,875)		(5,295)		(4,807)	
Retail load requirement	5,089		5,179		15,162		14,841	

Purchased power in the table above includes power received from qualifying facilities under the Public Utility Regulatory Policies Act of 1978 (PURPA) as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Sources of energy (MWhs in thousands):				
PURPA purchased power:				
Hydro	3	—	22	15
Wind	8	7	22	21
Solar	218	202	522	484
Waste, Wood, and Landfill Gas	27	27	85	72
Total	256	236	651	592

The following table presents the actual April-to-September 2023 and 2022 runoff at particular points of major rivers relevant to PGE’s hydro resources:

<u>Location</u>	<u>Runoff as a Percent of Normal*</u>	
	<u>2023 Actual</u>	<u>2022 Actual</u>
Columbia River at The Dalles, Oregon	83 %	107 %
Mid-Columbia River at Grand Coulee, Washington	79	110
Clackamas River at Estacada, Oregon	101	139
Deschutes River at Moody, Oregon	98	92

* Volumetric water supply forecasts and historical averages for the Pacific Northwest region are prepared by the Northwest River Forecast Center, with the Natural Resources Conservation Service and other cooperating agencies.

Actual NVPC for the three and nine months ended September 30, 2023 increased compared to the same periods in 2022 as follows (in millions):

	<u>Three Months Ended</u>	<u>Nine Months Ended</u>
September 30, 2022	\$ 177	\$ 426
Purchased power and fuel expense	45	192
Wholesale revenues	(13)	(42)
2021 PCAM deferral amortization	\$ 4	11
September 30, 2023	\$ 213	\$ 587
Change in NVPC	\$ 36	\$ 161

For further information regarding NVPC in relation to the PCAM, see “*Purchased power and fuel expense*” and “*Revenues*” within this “Results of Operations” for more details.

For the three months ended September 30, 2023 and 2022, actual NVPC was \$10 million above and \$30 million above baseline NVPC, respectively. For the nine months ended September 30, 2023 and 2022, actual NVPC was \$28 million above and \$2 million below baseline NVPC, respectively.

Based on forecast data, NVPC for the year ending December 31, 2023 is currently estimated to be below the baseline, and within the deadband. Accordingly, there is no estimated refund to customers expected under the PCAM for 2023.

Generation, transmission and distribution increased as follows for the three and nine months ended September 30, 2023 compared to the same periods in 2022 (in millions):

	<u>Three Months Ended</u>	<u>Nine Months Ended</u>
September 30, 2022	\$ 83	\$ 258
Generating facility expenses driven by increased run hours and major maintenance activities	2	15
Amortizations of previously deferred 2020 wildfire and 2021 ice storm costs	4	13
Vegetation management, inspection, wildfire mitigation, and distribution maintenance expenses	(1)	9
Service restoration and storm response costs	(4)	(5)
Release of deferred amounts pursuant to earnings test in 2022	—	(16)
Miscellaneous expenses	1	5
September 30, 2023	<u>\$ 85</u>	<u>\$ 279</u>
Change in Generation, transmission and distribution	<u>\$ 2</u>	<u>\$ 21</u>

Administrative and other increased as follows for the three and nine months ended September 30, 2023 compared to the same periods in 2022 (in millions):

	<u>Three Months Ended</u>	<u>Nine Months Ended</u>
September 30, 2022	\$ 84	\$ 257
Amortization of COVID-19 bad debt expense deferral	3	6
Professional services	—	(3)
Employee compensation and benefits	—	(4)
Miscellaneous expenses	2	6
September 30, 2023	<u>\$ 89</u>	<u>\$ 262</u>
Change in Administrative and other	<u>\$ 5</u>	<u>\$ 5</u>

PGE commenced amortization of previously deferred COVID-19 related bad debt expenses on April 1, 2023. PGE amortized \$3 million and \$6 million of COVID-19 related bad debt expense for the three and nine months ended September 30, 2023, respectively. See Note 3, Regulatory Assets and Liabilities, in the Notes to Condensed Consolidated Financial Statements in Item 1.—“Financial Statements,” for more information.

Depreciation and amortization expense increased \$8 million for three months ended September 30, 2023 compared to the same period in 2022. The increase was primarily due to higher utility plant balances. The \$30 million increase for the nine months ended September 30, 2023, compared to the same period in 2022, was driven by \$12 million in higher expense from higher utility plant balances, \$10 million in higher regulatory amortization and deferral activity, and \$9 million from accelerated depreciation of the Colstrip facility as approved by the OPUC’s 2022 GRC Order and commenced in May 2022.

Taxes other than income taxes increased \$2 million and \$6 million, respectively, in the three and nine months ended September 30, 2023, compared to the same periods in 2022. The increases were driven by higher property taxes and franchise fees.

Interest expense, net increased \$3 million and \$12 million, respectively, in the three and nine months ended September 30, 2023 compared to the same periods in 2022 primarily due to higher long-term debt and commercial paper balances.

Other income, net decreased \$7 million and increased \$11 million for the three and nine months ended September 30, 2023, respectively, compared to the same periods in 2022. The three-month decrease was primarily driven by the execution of a buyout of the Non-represented Retiree Medical Plan in the third quarter of 2022, resulting in a \$11 million settlement gain. See Note 3, Defined Benefit Retirement Plan Costs, in the Notes to Condensed Consolidated Financial Statements in Item 1.—“Financial Statements,” for more information. The nine-month increase was primarily driven by \$11 million in favorable market changes on the non-qualified benefit trust, the recognition of \$5 million of previously deferred equity interest income in conjunction with amortization of regulatory deferrals that began in 2023, and \$4 million in higher other regulatory interest income. The nine-month increase was partially offset by the prior year \$11 million settlement gain discussed above.

Income tax expense decreased \$6 million for the three and nine months ended September 30, 2023, compared to the same periods in 2022, driven by lower pre-tax income.

Critical Accounting Policies and Estimates

There have been no material changes to the Company’s critical accounting policies and estimates as previously disclosed in Item 7 of the Company’s Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on February 16, 2023.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

PGE’s access to short-term debt markets, including revolving credit from banks, helps provide necessary liquidity to support the Company’s current operating activities, including the purchase of power and fuel. Long-term capital requirements are driven largely by capital expenditures for distribution, transmission, and generation facilities to support both new and existing customers, repairs from major storm damage, information technology systems, and debt refinancing activities. PGE’s liquidity and capital requirements can also be significantly affected by other working capital needs, including margin deposit requirements related to wholesale market activities, which can vary depending upon the Company’s forward positions and the corresponding price curves.

The following summarizes PGE’s cash flows for the periods presented (in millions):

	Nine Months Ended September 30,	
	2023	2022
Cash and cash equivalents, beginning of period	\$ 165	\$ 52
Net cash provided by (used in):		
Operating activities	331	574
Investing activities	(932)	(528)
Financing activities	483	(80)
(Decrease) increase in cash and cash equivalents	(118)	(34)
Cash and cash equivalents, end of period	<u>\$ 47</u>	<u>\$ 18</u>

Cash Flows from Operating Activities—Cash flows from operating activities are generally determined by the amount and timing of cash received from customers and payments made to vendors, as well as the nature and amount of non-cash items, including depreciation and amortization, deferred income taxes, and pension and other postretirement benefit costs included in net income during a given period. The following items contributed to the net

change in cash flows from operations for the nine months ended September 30, 2023 compared with the nine months ended September 30, 2022 (in millions):

	Increase/ (Decrease)
Net income	\$ (22)
Accounts receivable and Unbilled revenue	44
Margin deposits activity	(82)
Accounts payable	(261)
Regulatory deferral activity	63
Depreciation and amortization	30
Other miscellaneous changes	(15)
Net change in cash flow from operations	\$ (243)

For the nine months ended September 30, 2023 operating cash flows were significantly impacted by changes in working capital from December 31, 2022, primarily related to Accounts payable for purchased power and fuel costs and related margin deposits activity. In December 2022, PGE experienced elevated natural gas and power prices due to volatility in the wholesale markets, which led to increased cash used in operating activities for 2023 as cash payments for physical commodity purchases and related margin activity were made.

PGE estimates that non-cash charges for depreciation and amortization in 2023 will range from \$445 million to \$465 million. Combined with other sources, total cash expected to be provided by operations is estimated to range from \$500 million to \$550 million.

Cash Flows from Investing Activities—Net cash used in investing activities for the nine months ended September 30, 2023 increased \$404 million when compared with the nine months ended September 30, 2022. Cash flows used in investing activities consist primarily of capital expenditures related to new construction and improvements to PGE’s distribution, transmission, and generation facilities, which increased \$390 million due primarily to the Clearwater Wind and BESS projects, and \$11 million related to proceeds from the sale of property.

Excluding AFUDC, the Company plans to make capital expenditures of \$1.5 billion in 2023, which it expects to fund with cash to be generated from operations during 2023, as discussed above, the issuance of short- and long-term debt securities, and issuances of shares pursuant to the at the market offering program and the EFSA. For additional information, see “*Debt and Equity Financings*” in this Liquidity and Capital Resources section of Item 2.

Cash Flows from Financing Activities—During the nine months ended September 30, 2023, net cash provided by financing activities was primarily the result of \$485 million in proceeds from the issuance of common stock pursuant to the EFSA and funding of \$400 million in First Mortgage Bonds (FMBs), partially offset by a \$260 million repayment of a term loan and payment of \$131 million of dividends.

Capital Requirements

The following table presents PGE's estimated capital expenditures and contractual maturities of long-term debt for 2023 through 2027, excluding AFUDC (in millions):

	2023	2024	2025	2026	2027
Ongoing capital expenditures ⁽¹⁾	\$ 945	\$ 810	\$ 800	\$ 800	\$ 800
Clearwater Wind project	415	—	—	—	—
BESS projects	115	240	155	—	—
Total capital expenditures ⁽²⁾	<u>\$ 1,475</u>	<u>\$ 1,050</u>	<u>\$ 955</u>	<u>\$ 800</u>	<u>\$ 800</u>
Long-term debt maturities	<u>\$ 260</u>	<u>\$ 80</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 160</u>

(1) Consists primarily of upgrades to, and replacement of, generation, transmission, and distribution infrastructure, as well as new customer connections. Includes accrued capital additions, preliminary engineering, removal costs, and certain intangible working capital assets.

(2) Amounts are estimates as of the date of this report and may be affected by economic conditions, including but not limited to, impacts of inflation, changes to the cost of materials and labor, and financing costs.

Debt and Equity Financings

PGE's ability to secure sufficient short- and long-term capital at a reasonable cost is determined by its financial performance and outlook, credit ratings, capital expenditure requirements, alternatives available to investors, market conditions, and other factors, such as the volatility in the capital markets in response to inflationary pressures and interest rate increases by the federal reserve. Management believes that the availability of its revolving credit facility, the expected ability to issue short- and long-term debt and equity securities, and cash expected to be generated from operations provide sufficient cash flow and liquidity to meet the Company's anticipated capital and operating requirements for the foreseeable future.

For 2023, PGE expects to fund estimated capital requirements with cash from operations, which is expected to range from \$500 million to \$550 million, and issuances of long-term debt securities of up to \$600 million. PGE plans to fund any shortfall through the combination of issuance of common stock and the issuance of short-term debt or commercial paper, as needed. The actual timing and amount of any such issuances of debt, equity, and commercial paper will be dependent upon the timing and amount of capital expenditures and debt payments.

Short-term Debt. Pursuant to an order issued by the FERC in January 2022, PGE has authorization to issue short-term debt up to a total of \$900 million through February 6, 2024. The following table shows available liquidity as of September 30, 2023 (in millions):

	As of September 30, 2023		
	Capacity	Outstanding	Available
Revolving credit facility ⁽¹⁾	\$ 750	\$ —	\$ 750
Letters of credit ⁽²⁾	220	92	128
Total credit	<u>\$ 970</u>	<u>\$ 92</u>	<u>\$ 878</u>
Cash and cash equivalents			47
Total liquidity			<u>\$ 925</u>

(1) Scheduled to expire September 2028.

(2) PGE has three letter of credit facilities under which the Company can request letters of credit for an original term not to exceed one year.

On August 18, 2023, PGE entered into an amendment of its existing revolving credit facility. As of September 30, 2023, PGE had a \$750 million unsecured revolving credit facility scheduled to expire in September 2028. The facility allows for unlimited extension requests, provided that lenders with a pro-rata share of more than 50% of the facility approve the extension request. The revolving credit facility supplements operating cash flows and provides a primary source of liquidity. In addition, the credit facility offers the potential for adjustments to interest rate margins and fees based on PGE's achievement of certain annual sustainability-linked metrics related to its non-emitting generation capacity and the percentage of management comprised of women and employees who identify as black, indigenous, and people of color. Pursuant to the terms of the agreement, the revolving credit facility may be used as backup for commercial paper borrowings, to permit the issuance of standby letters of credit, and to provide cash for general corporate purposes. PGE may borrow for one, three, or six months at a fixed interest rate established at the time of the borrowing, or at a variable interest rate for any period up to the remaining term of the applicable credit facility. As of September 30, 2023, PGE had no outstanding balance on the revolving credit facility.

The Company has a commercial paper program under which it may issue commercial paper for terms of up to 270 days, limited to the unused amount of credit under the revolving credit facility. As of September 30, 2023, PGE had no of commercial paper outstanding. The aggregate unused available credit capacity under the revolving credit facility was \$750 million. The Company has elected to limit its borrowings under the revolving credit facility in order to allow coverage for the potential need to repay any commercial paper that may be outstanding at the time.

Long-term Debt. As of September 30, 2023, PGE's total long-term debt outstanding, net of \$13 million of unamortized debt expense, was \$3,786 million.

In August 2023, PGE entered into a Bond Purchase Agreement related to the sale of \$500 million in FMBs. The Bonds consist of:

- a series, due in 2030, in the amount of \$50 million that bear interest at an annual rate of 5.44%;
- a series, due in 2033, in the amount of \$150 million that bear interest at an annual rate of 5.48%;
- a series, due in 2038, in the amount of \$100 million that bear interest at an annual rate of 5.68%;
- a series due in 2053, in the amount of \$100 million that bear interest at an annual rate of 5.78%; and
- a series due in 2059, in the amount of \$100 million that bear interest at an annual rate of 5.83%.

As of September 30, 2023, the 2030, 2033, and 2038 series, totaling \$300 million, were issued and funded in full. The 2053 and 2059 series, totaling \$200 million, are expected to fund in November 2023.

In November 2022, PGE entered into a Bond Purchase Agreement related to the sale of \$200 million in FMBs. The Bonds consist of:

- a series, due in 2029, in the amount of \$100 million that bear interest at an annual rate of 5.47%; and
- a series, due in 2033, in the amount of \$100 million that bear interest at an annual rate of 5.56%.

The 2029 and the 2033 series were issued in 2022 and funded in full on November 30, 2022 and January 13, 2023, respectively.

On October 21, 2022, PGE obtained a 366-day term loan from lenders in the aggregate principal of \$260 million under a 366-Day Bridge Credit Agreement. The term loan bore interest for the relevant interest period at the Term Secured Overnight Financing Rate (SOFR) plus Term SOFR Adjustment Rate of 10 basis points and Applicable Margin of 87.5 basis points. The interest rate was subject to adjustment pursuant to the terms of the loan. On March 1, 2023, this term loan was repaid in full with proceeds from the Equity Forward Sale Agreement described below.

Equity—On April 28, 2023, PGE entered into an equity distribution agreement under which it could sell up to \$300 million of its common stock through at the market offering programs. As of September 30, 2023, pursuant to the terms of the equity distribution agreement, PGE entered into separate forward sale agreements with forward

counterparties and under such agreements, the Company could have physically settled by delivering 1,237,033 shares to the counterparty in exchange for cash of \$58 million. Any proceeds from the issuances of common stock will be used for general corporate purposes and investments in renewables and non-emitting dispatchable capacity.

In 2022, PGE entered into an EFSA in connection with the public offering of 10,100,000 shares of its common stock. Effective October 28, 2022, pursuant to the terms of the EFSA, the forward counterparties borrowed 11,615,000 shares of PGE's common stock with an initial value of \$499 million, including 1,515,000 shares in connection with the underwriters' exercise of their option to purchase additional shares, from third parties in the open market and sold the shares to a group of underwriters. PGE receives proceeds from the sale of the common stock when the EFSA is physically settled. In March 2023, the Company issued 7,178,016 shares pursuant to the EFSA and received net proceeds of \$300 million. In June 2023, the Company issued 2,212,610 shares pursuant to the EFSA and received net proceeds of \$92 million. On July 12, 2023, the Company issued 2,224,374 shares pursuant to the EFSA, settling the equity forward transaction, and received net proceeds of \$92 million.

For additional information on the EFSA, see Note 7, Shareholders' Equity, in the Notes to Condensed Consolidated Financial Statements in Item 1. —“Financial Statements.”

Capital Structure. PGE's financial objectives include maintaining a common equity ratio (common equity to total consolidated capitalization, including current debt maturities and excluding lease obligations) of approximately 50% over time. Achievement of this objective helps the Company maintain investment grade credit ratings and provides access to long-term capital at favorable interest rates. The Company's common equity ratio was 46.5% and 43.3% as of September 30, 2023 and December 31, 2022 respectively.

Credit Ratings and Debt Covenants

PGE's secured and unsecured debt is rated investment grade by Moody's Investors Service (Moody's) and S&P Global Ratings (S&P), with current credit ratings and outlook as follows:

	<u>Moody's</u>	<u>S&P</u>
Issuer credit rating	A3	BBB+
Senior secured debt	A1	A
Commercial paper	P-2	A-2
Outlook	Stable	Stable

In the event Moody's or S&P reduce their credit rating on PGE's unsecured debt below investment grade, the Company could be subject to requests by certain of its wholesale, commodity, and transmission counterparties to post additional performance assurance collateral in connection with its price risk management activities. The performance assurance collateral can be in the form of cash deposits or letters of credit, depending on the terms of the underlying agreements, are based on the contract terms and commodity prices, and can vary from period to period. Cash deposits that PGE provides as collateral are classified as Margin deposits in PGE's condensed consolidated balance sheets, while any letters of credit issued are not reflected on the condensed consolidated balance sheets.

As of September 30, 2023, PGE had posted \$52 million of collateral with these counterparties, consisting of \$26 million in cash and \$26 million in letters of credit. Based on the Company's energy portfolio, estimates of energy market prices, and the level of collateral outstanding as of September 30, 2023, the amount of additional collateral that could be requested upon a single agency downgrade to below investment grade is \$22 million, and decreases to \$9 million by December 31, 2023. The amount of additional collateral that could be requested upon a dual agency downgrade to below investment grade is \$130 million and decreases to \$116 million by December 31, 2023 and to \$78 million by December 31, 2024.

PGE's financing arrangements do not contain ratings triggers that would result in the acceleration of required interest and principal payments in the event of a ratings downgrade. However, the cost of borrowing and issuing letters of credit under the credit facilities would increase.

The indenture securing PGE's outstanding FMBs constitutes a direct first mortgage lien on substantially all regulated utility property, other than expressly excepted property. Interest is payable semi-annually on FMBs. The issuance of FMBs requires that PGE meet earnings coverage and security provisions set forth in the Indenture of Mortgage and Deed of Trust (Indenture) securing the bonds. PGE estimates that on September 30, 2023, under the most restrictive issuance test in the Indenture, the Company could have issued up to \$351 million of additional FMBs. Any issuances of FMBs would be subject to market conditions and amounts could be further limited by regulatory authorizations or by covenants and tests contained in other financing agreements. PGE also has the ability to release property from the lien of the Indenture under certain circumstances, including bond credits, deposits of cash, or certain sales, exchanges, or other dispositions of property.

PGE's revolving credit facility contains customary covenants and credit provisions, including a requirement that limits consolidated indebtedness, as defined in the credit agreements, to 65.0% of total capitalization (debt-to-total capital ratio). As of September 30, 2023, the Company's debt-to-total capital ratio, as calculated under the credit agreement, was 54.3%.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

PGE is exposed to various forms of market risk, consisting primarily of fluctuations in commodity prices, foreign currency exchange rates, and interest rates, as well as credit risk. Any variations in the Company's market risk or credit risk may affect its future financial position, results of operations, or cash flows. There have been no material changes to market risks, or credit risk, affecting the Company from those set forth in Part II, Item 7A of the Company's Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on February 16, 2023.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

PGE's management, under the supervision and with the participation of its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as required by Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. Based on that evaluation, PGE's Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2023, these disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no changes in PGE's internal control over financial reporting that occurred during the quarter ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

See Note 8, Contingencies in the Notes to Condensed Consolidated Financial Statements in Item 1.—“Financial Statements,” for information regarding legal proceedings.

Item 1A. Risk Factors.

There have been no material changes to PGE's risk factors set forth in Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on February 16, 2023.

Item 6. Exhibits.

Exhibit Number	Description
3.1	Third Amended and Restated Articles of Incorporation of Portland General Electric Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed May 9, 2014).
3.2	Twelfth Amended and Restated Bylaws of Portland General Electric Company .
10.1	Portland General Electric Company Agreement Concerning Indemnification and Related Matters .
31.1	Certification of Chief Executive Officer .
31.2	Certification of Chief Financial Officer .
32	Certifications of Chief Executive Officer and Chief Financial Officer .
101.INS	XBRL Instance Document. The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover page information from Portland General Electric Company's Quarterly Report on Form 10-Q filed October 27, 2023, formatted in iXBRL (Inline Extensible Business Reporting Language).

Certain instruments defining the rights of holders of other long-term debt of the Company are omitted pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K because the total amount of securities authorized under each such omitted instrument does not exceed 10% of the total consolidated assets of the Company and its subsidiaries. The Company hereby agrees to furnish a copy of any such instrument to the SEC upon request.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PORTLAND GENERAL ELECTRIC COMPANY
(Registrant)

Date: October 26, 2023

By: /s/ Joseph R. Trpik
Joseph R. Trpik
*Senior Vice President, Finance
and Chief Financial Officer*
(duly authorized officer and principal financial officer)

**TWELFTH AMENDED AND RESTATED BYLAWS
OF
PORTLAND GENERAL ELECTRIC COMPANY**

An Oregon Corporation

Amended and Restated October 23, 2023

TWELFTH AMENDED AND RESTATED BYLAWS

OF

**PORTLAND GENERAL ELECTRIC COMPANY
(An Oregon corporation)**

**ARTICLE I
OFFICES**

1.1 Registered Office. The registered office of the corporation required by the Oregon Business Corporation Act (the "Act") to be maintained in the State of Oregon shall be the office of the General Counsel, Portland General Electric Company, 121 SW Salmon Street, Portland, Oregon 97204, or such other office as may be designated from time to time by the Board of Directors in the manner provided by law.

1.2 Other Offices. The corporation may also have offices at such other places both within and without the State of Oregon as the Board of Directors may from time to time determine or the business of the corporation may require.

**ARTICLE II
SHAREHOLDERS**

2.1 Annual Meeting. The annual meeting of the shareholders shall be held on the date and at the time as fixed by the Board of Directors and stated in the notice of the meeting.

2.2 Special Meetings. Special meetings of the shareholders may be called by the Chairman of the Board, the Chief Executive Officer, the President or by the Board of Directors.

2.3 Place of Meetings. Meetings of the shareholders shall be held at the principal business office of the corporation or at such other places within or without the State of Oregon as may be determined by the Board of Directors. The Board of Directors may determine that a meeting of the shareholders shall not be held at any place but shall instead be held solely by means of remote communication.

2.4 Notice of Meetings. Written notices stating the date, time and place of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be mailed to each shareholder

entitled to vote at the meeting at the shareholder's address shown in the corporation's current record of shareholders, with postage thereon pre-paid, not less than 10 nor more than 60 days before the date of the meeting and to nonvoting shareholders as required by law. Any previously scheduled meeting of the shareholders called by or at the direction of Board of Directors may be postponed, and (unless the Articles of Incorporation or applicable law otherwise provide) any such meeting of the shareholders may be cancelled, by resolution of the Board of Directors upon public notice given prior to the date previously scheduled for such meeting of shareholders.

2.5 Waiver of Notice. A shareholder may at any time waive any notice required by law, the Articles of Incorporation or these Bylaws. The waiver must be in writing, be signed by the shareholder entitled to the notice and be delivered to the corporation for inclusion in the minutes for filing with the corporate records. A shareholder's attendance at a meeting waives objection to lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting objects to holding the meeting or transacting business at the meeting. The shareholder's attendance also waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

2.6 Record Date.

(a) For the purpose of determining shareholders entitled to notice of a shareholders' meeting or to vote or to take any other action at such meeting, the Board of Directors of the corporation may fix a future date as the record date for any such determination of shareholders, such date in any case to be not more than 70 days nor less than ten days before the meeting. The record date shall be the same for all voting groups.

(b) A determination of shareholders entitled to notice of or to vote at a shareholders' meeting is effective for any adjournment of the meeting unless the Board of Directors fixes a new record date, which it must do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.

(c) If a court orders a meeting adjourned to a date more than 120 days after the date fixed for the original meeting, it may provide that the original record date continue in effect or it may fix a new record date.

(d) For the purpose of determining shareholders entitled to take action without a meeting under Section 2.15, the Board of Directors of the corporation may fix a future date as the record date for such determination,

such date in any case not to precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than ten days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. Any shareholder of record seeking to have the shareholders authorize or take corporate action without a meeting shall, by written notice to the Secretary of the corporation, request the Board of Directors to fix a record date. The Board of Directors shall promptly, but in all events within ten days after the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board of Directors within ten days of the date on which such a request is received, the record date for determining shareholders entitled to take action without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Secretary of the corporation by delivery to the corporation's principal place of business. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, the record date for determining shareholders entitled to take action without a meeting shall be at the close of business on the date on which the Board of Directors adopts the resolution taking such prior action.

2.7 Shareholders' List for Meeting. After a record date for a meeting is fixed, the corporation shall prepare an alphabetical list of the names of all its shareholders entitled to notice of a shareholders' meeting. The list must be arranged by voting group and within each voting group by class or series of shares and show the address of and number of shares held by each shareholder. The shareholders' list must be available for inspection by any shareholder, beginning two business days after notice of the meeting is given for which the list was prepared and continuing through the meeting, at the corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held. The corporation shall make the shareholders' list available at the meeting, and any shareholder or the shareholder's agent or attorney is entitled to inspect the list at any time during the meeting or any adjournment. Refusal or failure to prepare or make available the shareholders' list does not affect the validity of action taken at the meeting.

2.8 Quorum; Adjournment. Shares entitled to vote may take action on a matter at a meeting only if a quorum of those shares exists with respect to that matter. A majority of the votes entitled to be cast on the matter constitutes a quorum for action on that matter. If, however, such quorum is not present or represented at any meeting of the shareholders, then either: (i) the chairman of the meeting, or (ii) the shareholders by the vote of the holders of a majority of votes present in person or represented by proxy at the meeting, shall have

power to adjourn the meeting to a different time and place without further notice to any shareholder of any adjournment except that notice is required if a new record date is or must be set for the new meeting. At such adjourned meeting at which a quorum is present, any business may be transacted that might have been transacted at the meeting originally held. Once a share is represented for any purpose at a meeting, it shall be deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is set for the adjourned meeting.

2.9 Voting Requirements. If a quorum exists, action on a matter, other than the election of directors, is approved if the votes cast by the shares entitled to vote favoring the action exceed the votes cast opposing the action, unless a greater number of affirmative votes is required by law or the Articles of Incorporation. Except as otherwise provided under the Articles of Incorporation and applicable law, in any election of directors at a shareholders' meeting at which a quorum is present, each director shall be elected if the number of votes cast "for" the director exceeds the number of votes cast "against" the director; provided, however, that directors shall be elected by a plurality of the votes cast at any shareholders' meeting for which the Secretary determines that the number of nominees exceeds the number of directors to be elected as of the date seven days prior to the scheduled mailing date of the proxy statement for such meeting. Except as provided in the Act, or unless the Articles of Incorporation provide otherwise, each outstanding share is entitled to one vote on each matter voted on at a shareholders' meeting. Unless otherwise provided in the Articles of Incorporation, cumulative voting for the election of directors shall be prohibited.

2.10 Proxies.

(a) A shareholder may vote shares in person or by proxy by signing an appointment, either personally or by the shareholder's designated officer, director, employee, agent, or attorney-in-fact. An appointment of a proxy shall be effective when received by the Secretary or other officer of the corporation authorized to tabulate votes. An appointment is valid for 11 months unless a longer period is expressly provided for in the appointment form. An appointment is revocable by the shareholder unless the appointment form conspicuously states that it is irrevocable and the appointment is coupled with an interest that has not been extinguished.

(b) The death or incapacity of the shareholder appointing a proxy shall not affect the right of the corporation to accept the proxy's authority unless notice of the death or incapacity is received by the Secretary or other officer authorized to tabulate votes before the proxy exercises the proxy's authority under the appointment.

2.11 Organization. Meetings of shareholders shall be presided over by the Chairman of the Board, or in his or her absence by the Vice Chairman of the Board of Directors, if any, or in his or her absence by the Chief Executive Officer, or in his or her absence by the President. The Secretary, or in his or her absence, an Assistant Secretary, or, in the absence of the Secretary and all Assistant Secretaries, a person whom the chairman of the meeting shall appoint shall act as secretary of the meeting and keep a record of the proceedings thereof.

The Board of Directors of the corporation shall be entitled to make such rules or regulations for the conduct of meetings of shareholders as it shall deem necessary, appropriate or convenient. Subject to such rules and regulations of the Board of Directors, if any, the chairman of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are necessary, appropriate or convenient for the proper conduct of the meeting, including, without limitation, establishing an agenda or order of business for the meeting, rules and procedures for maintaining order at the meeting and the safety of those present, limitations on participation in such meeting to shareholders of record of the corporation and their duly authorized and constituted proxies, and such other persons as the chairman shall permit, restrictions on entry to the meeting after the time fixed for the commencement thereof, limitations on the time allotted to questions or comments by participants, and regulation of the opening and closing of the polls for balloting and matters which are to be voted on by ballot. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of shareholders shall not be required to be held in accordance with rules of parliamentary procedure.

2.12 Inspectors of Election. Before any meeting of shareholders, the Board of Directors shall appoint one or more inspectors of election to act at the meeting or its adjournment. If any person appointed as inspector fails to appear or fails or refuses to act, then the chairman of the meeting may, and upon the request of any shareholder or a shareholder's proxy shall, appoint a person to fill that vacancy.

Such inspectors shall:

- (a) determine the number of shares outstanding and the voting power of each, the number of shares represented at the meeting, the existence of a quorum, and the authenticity and validity of proxies and ballots;
- (b) receive votes, ballots or consents;

- (c) hear and determine all challenges and questions in any way arising in connection with the right to vote;
- (d) count and tabulate all votes or consents;
- (e) determine the result; and
- (f) do any other acts that may be proper to conduct the election or vote with fairness to all shareholders.

The inspector(s) of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical. If there is more than one (1) inspector of election, the decision, act or certificate of a majority is effective in all respects as the decision, act or certificate of all. Any report or certificate made by the inspectors of election is prima facie evidence of the facts stated therein.

2.13 Business to be Brought before Annual Shareholder Meeting.

(a) Only such business (other than nominations for election to the Board of Directors, which must comply with the provisions of Section 2.14) may be transacted at an annual meeting of shareholders as is either (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (ii) otherwise properly brought before the meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof), or (iii) otherwise properly brought before the meeting by any shareholder of the corporation (A) who is a shareholder of record on the date of the giving of notice provided for in this Section 2.13 and on the record date for the determination of shareholders entitled to vote at such meeting and (B) who complies with the notice procedures in this Section 2.13.

(b) In addition to any other applicable requirements, for business to be properly brought before an annual meeting of shareholders by a shareholder, such shareholder must have given timely notice thereof in proper written form to the Secretary of the corporation.

(c) To be timely, a shareholder's notice must be delivered to or mailed and received at the principal executive offices of the corporation, not less than one hundred twenty (120) days nor more than one hundred fifty (150) days prior to the first anniversary of the date of the prior year's annual meeting of shareholders; provided, however, that in the event that the annual meeting is called for a date that is not within twenty-five (25) days before or after the

first anniversary of the date of the prior year's annual meeting of shareholders, notice by the shareholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which notice of the date of the annual meeting was mailed or public disclosure of the date of the annual meeting was made, whichever first occurs. In no event shall the adjournment or postponement of an annual meeting, or the public announcement of such an adjournment or postponement, commence a new time period (or extend any time period) for the giving of a shareholder's notice as described above.

(d) To be in proper written form, a shareholder's notice to the Secretary must set forth the following information: (i) as to each matter such shareholder proposes to bring before the annual meeting, a brief description of the business desired to be brought before the annual meeting and the proposed text of any proposal regarding such business (including the text of any resolutions proposed for consideration and, if such business includes a proposal to amend these bylaws, the text of the proposed amendment), and the reasons for conducting such business at the annual meeting, and (ii) as to the shareholder giving notice and the beneficial owner, if any, on whose behalf the proposal is being made, (A) the name and address of such person, (B)(I) the class or series and number of shares of capital stock of the corporation which are owned beneficially or of record by such person and any affiliates or associates of such person, (II) the name of each nominee holder of shares of all shares of stock of the corporation owned beneficially but not of record by such person or any affiliates or associates of such person, and the number of such shares of stock of the corporation held by each such nominee holder, (III) whether and the extent to which any derivative instrument, swap, option, warrant, short interest, hedge or profit interest or other transaction has been entered into by or on behalf of such person, or any affiliates or associates of such person, with respect to stock of the corporation and (IV) whether and the extent to which any other transaction, agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock of the corporation) has been made by or on behalf of such person, or any affiliates or associates of such person, the effect or intent of any of the foregoing being to mitigate loss to, or to manage risk or benefit of stock price changes for, such person, or any affiliates or associates of such person, or to increase or decrease the voting power or pecuniary or economic interest of such person, or any affiliates or associates of such person, with respect to stock of the corporation, (C) a description of all agreements, arrangements or understandings (whether written or oral) between or among such person, or any affiliates or associates of such person, and any other person or persons (including their names) in connection with or relating to (I) the corporation or (II) the proposal, including any material interest in, or anticipated benefit from, the proposal to such person, or any affiliates or associates of such person, (D) a

representation that the shareholder giving notice intends to appear in person or by proxy at the annual meeting to bring such business before the meeting, and (E) any other information relating to such person that would be required to be disclosed in a proxy statement or other filing required to be made in connection with the solicitation of proxies by such person with respect to the proposed business to be brought by such person before the annual meeting pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder.

(e) A shareholder providing notice of business proposed to be brought before an annual meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 2.13 shall be true and correct as of the record date for determining the shareholders entitled to receive notice of the annual meeting and such update and supplement shall be delivered to or be mailed and received by the Secretary at the principal executive offices of the corporation not later than five business days after the record date for determining the shareholders entitled to receive notice of the annual meeting.

(f) No business shall be conducted at any annual meeting of shareholders except business brought before such meeting in accordance with the procedures set forth in this Section 2.13; provided, however, that unless limited by the procedural rules adopted by the meeting or established by the presiding officer, once business has been properly brought before the annual meeting in accordance with such procedures, nothing in this Section 2.13 shall be deemed to preclude discussion by any shareholder of any such business. If the presiding officer of an annual meeting determines that business was not properly brought before such meeting in accordance with the procedures in this Section 2.13, the presiding officer shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

(g) Nothing contained in this Section 2.13 shall be deemed to affect any rights of shareholders to request inclusion of proposals in the corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act (or any successor provision of law).

2.14 Nomination of Directors.

(a) Only persons who are nominated in accordance with the procedures in this Section 2.14 shall be eligible for election as directors of the corporation, except as may be otherwise provided in the articles of incorporation with respect to the right of holders of preferred stock of the

corporation to nominate and elect a specified number of directors in certain circumstances. Nominations of persons for election to the Board of Directors may be made at any annual meeting of shareholders, or any special meeting of shareholders called for the purpose of electing directors, (i) by or at the direction of the Board of Directors or (ii) by any shareholder of the corporation (A) who is a shareholder of record on the date of the giving of notice provided for in this Section 2.14 and on the record date for the determination of shareholders entitled to vote at such meeting and (B) who complies with the notice procedures in this Section 2.14. In addition to any other applicable requirements, for a nomination to be made by a shareholder, such shareholder must have given timely notice thereof in proper written form to the Secretary. The number of nominees a shareholder may nominate for election at the annual meeting (or in the case of a shareholder giving the notice on behalf of a beneficial owner, the number of nominees a shareholder may nominate for election at the annual meeting on behalf of the beneficial owner) shall not exceed the number of directors to be elected at such annual meeting.

(b) To be timely, a shareholder's notice must be delivered to or mailed and received at the principal executive offices of the corporation (i) in the case of an annual meeting, not less than one hundred twenty (120) days nor more than one hundred fifty (150) days prior to the first anniversary of the date of the prior year's annual meeting of shareholders; provided, however, that in the event that the annual meeting is called for a date that is not within twenty-five (25) days before or after the first anniversary of the date of the prior year's annual meeting of shareholders, notice by the shareholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which notice of the date of the annual meeting was mailed or public disclosure of the date of the annual meeting was made, whichever first occurs; and (ii) in the case of a special meeting of shareholders called for the purpose of electing directors, not later than the close of business on the tenth (10th) day following the day on which notice of the date of such special meeting was mailed or public disclosure of the date of such special meeting was made, whichever first occurs. In no event shall the adjournment or postponement of any annual meeting or special meeting called for the purpose of electing directors, or the public announcement of such an adjournment or postponement, commence a new time period (or extend any time period) for the giving of a shareholder's notice as described above.

(c) To be in proper written form, a shareholder's notice to the Secretary must set forth the following information:

(i) as to each person whom the shareholder proposes to nominate for election as a director, (A) the name, age, business address and residence address of such person, (B) the principal

occupation or employment of such person, (C)(I) the class or series and number of shares of capital stock of the corporation which are owned beneficially or of record by such person and any affiliates or associates of such person, (II) the name of each nominee holder of shares of all shares of stock of the corporation owned beneficially but not of record by such person or any affiliates or associates of such person, and the number of such shares of stock of the corporation held by each such nominee holder, (III) whether and the extent to which any derivative instrument, swap, option, warrant, short interest, hedge or profit interest or other transaction has been entered into by or on behalf of such person, or any affiliates or associates of such person, with respect to stock of the corporation and (IV) whether and the extent to which any other transaction, agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock of the corporation) has been made by or on behalf of such person, or any affiliates or associates of such person, the effect or intent of any of the foregoing being to mitigate loss to, or to manage risk or benefit of stock price changes for, such person, or any affiliates or associates of such person, or to increase or decrease the voting power or pecuniary or economic interest of such person, or any affiliates or associates of such person, with respect to stock of the corporation, (D) such person's written representation and agreement that such person (I) is not or will not become a party to any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the corporation, will act or vote on any issue or question, (II) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with the service or action as a director of the corporation that has not been disclosed to the corporation in such representation and agreement and (III) in such person's individual capacity, would be in compliance, if elected as a director of the corporation, and will comply with, all applicable publicly disclosed confidentiality, corporation governance, conflict of interest, Regulation FD, code of conduct and ethics, and stock ownership and trading policies and guidelines of the corporation, (E) any other information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to

Section 14 of the Exchange Act, and the rules and regulations promulgated thereunder (F) a representation that the shareholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such nomination, and (G) in the case of a solicitation subject to Rule 14a-19 of the Exchange Act, a representation that the shareholder will (I) solicit proxies from shareholders of the Company's outstanding capital stock representing at least 67% of the voting power of the shares of capital stock entitled to vote on the election of directors; (II) include a statement to that effect in its proxy statement and/or the form of proxy; (III) otherwise comply with Rule 14a-19 of the Exchange Act and (IV) provide the Secretary of the Corporation not less than five business days prior to the meeting or any adjournment or postponement thereof, with reasonable documentary evidence that such shareholder complies with such representations, and; and

(ii) as to the shareholder giving the notice, and the beneficial owner, if any, on whose behalf the nomination is being made, (A) the name and record address of the shareholder giving the notice and the name and principal place of business of such beneficial owner, (B)(I) the class or series and number of shares of capital stock of the corporation which are owned beneficially or of record by such person and any affiliates or associates of such person, (II) the name of each nominee holder of shares of all shares of stock of the corporation owned beneficially but not of record by such person or any affiliates or associates of such person, and the number of shares of stock of the corporation held by each such nominee holder, (III) whether and the extent to which any derivative instrument, swap, option, warrant, short interest, hedge or profit interest or other transaction has been entered into by or on behalf of such person, or any affiliates or associates of such person, with respect to stock of the corporation and (IV) whether and the extent to which any other transaction, agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock of the corporation) has been made by or on behalf of such person, or any affiliates or associates of such person, the effect or intent of any of the foregoing being to mitigate loss to, or to manage risk or benefit of stock price changes for, such person, or any affiliates or associates of such person, or to increase or decrease the voting power or pecuniary or economic interest of such person, or any affiliates or associates of such person, with respect to stock of the

corporation, (C) a description of (I) all agreements, arrangements, or understandings (whether written or oral) between or among such person, or any affiliates or associates of such person, and any proposed nominee, or any affiliates or associates of such proposed nominee, (II) all agreements, arrangements, or understandings (whether written or oral) between or among such person, or any affiliates or associates of such person, and any other person or persons (including their names) pursuant to which the nomination(s) are being made by such person, or otherwise relating to the corporation or their ownership of capital stock of the corporation, and (III) any material interest of such person, or any affiliates or associates of such person, in such nomination, including any anticipated benefit therefrom to such person, or any affiliates or associates of such person, (D) a representation that the shareholder giving notice intends to appear in person or by proxy at the annual meeting to nominate the persons named in the notice and (E) any other information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a signed written consent of each proposed nominee to being named in the proxy statement and form of proxy as a nominee and to serve as a director if elected.

(d) A shareholder providing notice of any nomination proposed to be made at an annual meeting or special meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 2.14 shall be true and correct as of the record date for determining the shareholders entitled to receive notice of the annual meeting or special meeting, and such update and supplement shall be delivered to or be mailed and received by the Secretary at the principal executive offices of the corporation not later than five business days after the record date for determining the shareholders entitled to receive notice of such annual meeting or special meeting. If a shareholder that provided notice to solicit proxies in support of director nominees other than the Company's nominees no longer intends to solicit proxies, such shareholder shall inform the Corporation of this change by delivering a writing to the Secretary of the Corporation no later than two business days after such change in intention.

(e) No person shall be eligible for election as a director of the corporation unless nominated in accordance with the procedures set forth in

this Section 2.14. If the presiding officer at a meeting of the shareholders determines that a nomination was not made in accordance with the procedures set forth in this Section 2.14, the presiding officer shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

2.15 Action Without a Meeting. Except as otherwise provided under the Articles of Incorporation and applicable law, and subject to restrictions on the taking of shareholder action without a meeting under applicable law or the rules of a national securities association or exchange, action required or permitted by law to be taken at a shareholders' meeting may be taken without a meeting if the action is taken by shareholders having not less than the minimum number of votes that would be necessary to take such action at a meeting at which all shareholders entitled to vote on the action were present and voted. The action must be evidenced by one or more written consents describing the action taken, signed by shareholders holding not less than the requisite number of shares required by this Section 2.15 and delivered to the corporation for inclusion in the minutes or filing with the corporate records. No written consent shall be effective to take the action referred to therein unless, within seventy days of the record date for such action, written consents signed by a sufficient number of holders to take action are delivered to the Secretary. Action taken under this Section 2.15 is effective when the consent or consents bearing sufficient signatures are delivered to the corporation, unless the consent or consents specify an earlier or later effective date. If not otherwise determined by law, the record date for determining shareholders entitled to take action without a meeting under this Section 2.15 shall be determined pursuant to Section 2.6. A consent signed under this Section 2.15 has the effect of a meeting vote and may be described as such in any document.

ARTICLE III BOARD OF DIRECTORS

3.1 Duties of Board of Directors. All corporate powers shall be exercised by or under the authority of and the business and affairs of the corporation shall be managed by its Board of Directors. In addition to the powers and authorities these Bylaws expressly confer upon them, the Board of Directors may exercise all such powers of the corporation and do all such lawful acts and things as are not required by the Act, the Articles of Incorporation, or these Bylaws to be exercised or done by the shareholders.

3.2 Number, Election and Qualification. The number of directors of the corporation shall be determined from time to time by the Board of Directors. The Board of Directors may periodically change the number of

directors by resolution, provided that no decrease shall have the effect of shortening the term of any incumbent director. The directors shall hold office until the next annual meeting of shareholders, and until their successors shall have been elected and qualified, until earlier death, resignation or removal or until there is a decrease in the number of directors. Directors need not be residents of the State of Oregon or shareholders of the corporation, except as otherwise required by the Board of Directors.

3.3 Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this Bylaw immediately after, and at the same place as, the annual meeting of shareholders. The Board of Directors may provide, by resolution, the time and place, either within or without the State of Oregon, for the holding of additional regular meetings without other notice than the resolution.

3.4 Election of Chairman. At the regular meeting held after the annual meeting of shareholders, or as soon thereafter as is convenient, the Board of Directors shall elect one of its members as Chairman of the Board to serve until his or her successor shall have been elected and qualified, or until earlier death, resignation or removal, or until he or she ceases to be a director. The Chairman of the Board shall not be an officer of the corporation unless so designated by the Board of Directors. The Chairman of the Board shall preside at all meetings of the Board of Directors and shall perform such other duties as may be prescribed from time to time by the Board of Directors. In the absence of the Chairman of the Board at any meeting, the directors then present shall select one member to preside at such meeting.

3.5 Special Meetings. Special meetings of the Board of Directors may be called by a majority of the directors, or at the request of the Chairman of the Board, or, if the Chief Executive Officer is a director, by the Chief Executive Officer, or, if the President is a director, by the President. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Oregon, as the place for holding any special meeting of the Board of Directors called by them.

3.6 Notice. Notice of the date, time and place of any special meetings of the Board of Directors shall be given in any manner reasonably likely to be received at least 24 hours prior to the meeting orally or in writing by mail, telephone, voice mail or any other means provided by law. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

3.7 Waiver of Notice. A director may at any time waive any notice required by law, the Articles of Incorporation or these Bylaws. A director's attendance at or participation in a meeting waives any required notice to the director of the meeting unless the director at the beginning of the meeting, or promptly upon the director's arrival, objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

3.8 Quorum; Majority Vote. Unless otherwise set forth in these Bylaws or the Articles of Incorporation, a majority of the number of directors established by the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless a greater number is required by law, the Articles of Incorporation or these Bylaws. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

3.9 Meeting by Telephone Conference; Action Without Meeting.

(a) Members of the Board of Directors may hold a board meeting by conference telephone or other communications equipment by means of which all persons participating in the meeting can simultaneously hear each other. Participation in such a meeting shall constitute presence in person at the meeting.

(b) Any action that is required or permitted to be taken by the directors at a meeting may be taken without a meeting if one or more written consents setting forth the action so taken shall be signed by each director entitled to vote on the matter. The action shall be effective on the date when the last director signs the consent, unless the consent specifies an earlier or later time. Such consent, which shall have the same effect as a unanimous vote of the directors, shall be filed with the minutes of the corporation.

3.10 Vacancies. Any vacancy, including a vacancy resulting from an increase in the number of directors, occurring on the Board of Directors may be filled by the shareholders, the Board of Directors or the affirmative vote of a majority of the remaining directors if less than a quorum of the Board of Directors or by a sole remaining director. If the vacancy is filled by the shareholders and was held by a director elected by a voting group of shareholders, then only the holders of shares of that voting group are entitled to vote to fill the vacancy. Any vacancy not so filled by the directors may be filled by election at an annual meeting or at a special meeting of shareholders

called for that purpose. A director elected to fill a vacancy shall be elected to serve until the next annual meeting of shareholders and until a successor shall be elected and qualified. A vacancy that will occur at a specific later date, by reason of a resignation or otherwise, may be filled before the vacancy occurs, and the new director shall take office when the vacancy occurs.

3.11 Compensation. By resolution of the Board of Directors, the directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid such compensation as the Board of Directors from time to time shall determine to be appropriate.

3.12 Presumption of Assent. A director of the corporation who is present at a meeting of the Board of Directors or a committee of the Board of Directors shall be deemed to have assented to the action taken unless: (a) the director's dissent to, or abstention from, the action is entered in the minutes of the meeting, (b) a written dissent or abstention to the action is filed with the presiding officer of the meeting before the adjournment thereof or forwarded by certified or registered mail to the Secretary of the corporation immediately after the adjournment of the meeting, or (c) the director objects at the beginning of the meeting, or promptly upon arrival, to the holding of the meeting or transacting business at the meeting. The right to dissent or abstention shall not apply to a director who voted in favor of the action.

3.13 Director Conflict of Interest.

(a) A transaction in which a director of the corporation has a direct or indirect interest shall be valid notwithstanding the director's interest in the transaction if: (1) the material facts of the transaction and the director's interest are disclosed or known to the Board of Directors or a committee thereof and it authorizes, approves or ratifies the transaction, (2) the material facts of the transaction and the director's interest are disclosed or known to shareholders entitled to vote and they authorize, approve or ratify the transaction, or (3) the transaction is fair to the corporation.

(b) For purposes of Section 3.13(a)(1) above, a conflict of interest transaction may be authorized, approved or ratified if it receives the affirmative vote of a majority of directors or committee members thereof, who have no direct or indirect interest in the transaction. If such a majority of such members vote to authorize, approve or ratify the transaction, a quorum is present for the purpose of taking action.

(c) For purposes of Section 3.13(a)(1) above, a conflict of interest transaction may be authorized, approved or ratified by a majority vote of shareholders entitled to vote thereon. Shares owned by or voted under the

control of a director, or an entity controlled by a director, who has a direct or indirect interest in the transaction may be counted in a vote of shareholders to determine whether to authorize, approve or ratify a conflict of interest transaction under Section 3.13(a)(1) above.

(d) A director has an indirect interest in a transaction if another entity in which the director has a material financial interest or in which the director is a general partner is a party to the transaction or another entity of which the director is a director, officer or trustee is a party to the transaction and the transaction is or should be considered by the Board of Directors of the corporation.

3.14 Removal. The shareholders may remove one or more directors with or without cause at a meeting called expressly for that purpose, unless the Articles of Incorporation provide for removal for cause only. A director may be removed only if the number of votes cast to remove a director exceeds the number cast not to remove the director. If a director is elected by a voting group of shareholders, only those shareholders may participate in the vote to remove the director.

3.15 Resignation. Any director may resign by delivering written notice to the Board of Directors, the Chairman of the Board or the Secretary of the corporation. Such resignation shall be effective: (a) on receipt, (b) five days after its deposit in the United States mails, if mailed postpaid and correctly addressed, or (c) on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by addressee, unless the notice specifies a later effective date. Once delivered, a notice of resignation is irrevocable unless revocation is permitted by the Board of Directors.

ARTICLE IV COMMITTEES OF THE BOARD

4.1 Appointment. Unless the Articles of Incorporation provide otherwise, the Board of Directors may create one or more committees and appoint members of the Board of Directors to serve on them. Each committee shall have one or more members who serve at the pleasure of the Board of Directors. A majority of all directors in office must approve the creation of a committee and the appointment of its members. The Board of Directors shall have the power at any time to increase or decrease the number of members of any committee, to fill vacancies thereon, to change any member thereof and to change the functions or terminate the existence thereof.

4.2 Limitation on Powers of a Committee. A committee shall not have or exercise any power or authority of the Board of Directors prohibited by the Act.

4.3 Conduct of Meetings. Each committee shall conduct its meetings in accordance with the applicable provisions of these Bylaws relating to meetings and action without meetings of the Board of Directors. Each committee shall adopt any further rules regarding its conduct, keep minutes and other records and appoint subcommittees and assistants as it deems appropriate and in accordance with the Act.

4.4 Compensation. By resolution of the Board of Directors, committee members may be paid reasonable compensation for services on committees and their expenses of attending committee meetings.

ARTICLE V OFFICERS

5.1 Number. The Board of Directors shall appoint a Chief Executive Officer, a President and a Secretary, with such powers and duties as set forth in these Bylaws and as prescribed by the Board of Directors. The Board of Directors may appoint such other officers and assistant officers as may be deemed necessary or desirable, with such powers and duties as set forth in these Bylaws and as prescribed by the Board of Directors. A duly appointed officer may appoint one or more officers or assistant officers and may prescribe the powers and duties of officers or assistant officers if such appointment and authority is authorized by the Board of Directors. Any two or more offices may be held by the same person.

5.2 Appointment and Term of Office. The officers of the corporation shall be appointed by the Board of Directors from time to time as determined by the Board of Directors or, if authorized pursuant to Section 5.1 of this Article V, shall be appointed at such time as determined by a duly authorized officer. Each officer shall hold office at the pleasure of the Board of Directors and until a successor shall have been duly appointed and qualified or until the officer's death, resignation or removal in the manner hereinafter provided.

5.3 Qualification. No officer need be a director, shareholder or Oregon resident, except as otherwise required by the Board of Directors.

5.4 Resignation and Removal. An officer may resign at any time by delivering notice to the corporation. A resignation is effective on receipt unless the notice specifies a later effective date. If the corporation accepts a specified later effective date, the Board of Directors may fill the pending

vacancy before the effective date but the successor may not take office until the effective date. Once delivered, a notice of resignation is irrevocable unless revocation is permitted by the Board of Directors. Any officer appointed by the Board of Directors or, as allowed in Section 5.1 of this Article V, by another officer may be removed from the officer position by the Board of Directors at any time with or without cause. Appointment of an officer shall not of itself create contract rights. Removal or resignation of an officer shall not affect the contract rights, if any, of the corporation or the officer.

5.5 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

5.6 Chief Executive Officer. Subject to the control of the Board of Directors, the Chief Executive Officer shall be in general charge of the business and affairs of the corporation and shall have supervision, direction, and control of the officers of the corporation. The Chief Executive Officer shall have such other authority and perform such other duties as may be prescribed by the Board of Directors.

5.7 President. Unless otherwise designated by the Board of Directors, the Chief Executive Officer shall also be the President. The President shall have the authority and perform the duties and responsibilities prescribed by the Board of Directors.

5.8 Secretary. The Secretary shall keep the minutes of all meetings of the directors and shareholders and shall have custody of the minute books and other records pertaining to the corporate business. The Secretary shall have the usual power and authority of such office. The Secretary shall have such other authority and perform such other duties as may be prescribed by the Board of Directors.

ARTICLE VI INDEMNIFICATION

6.1 Directors and Officers. The corporation shall indemnify to the fullest extent not prohibited by applicable law each current or former officer or director who is made, or threatened to be made, a party to an action, suit or proceeding, whether civil, criminal, administrative, investigative or otherwise (including an action, suit or proceeding by or in the right of the corporation) by reason of the fact that the person is or was acting as a director, officer or agent of the corporation or as a fiduciary within the meaning of the Employee Retirement Income Security Act of 1974 with respect to any employee benefit plan of the corporation, or serves or served at the request of the corporation as

a director or officer, or as a fiduciary of an employee benefit plan, of another corporation, partnership, joint venture, trust or other enterprise. The indemnification specifically provided hereby shall not be deemed exclusive of any other rights to which such person may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in the official capacity of the person indemnified and as to action in another capacity while holding such office.

6.2 Employees and Other Agents. The corporation shall have power to indemnify its employees and other agents as set forth in the Act.

6.3 No Presumption of Bad Faith. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal proceeding, that the person had reasonable cause to believe that the conduct was unlawful.

6.4 Advances of Expenses. The expenses incurred by a director or officer in any proceeding shall be paid by the corporation in advance at the written request of the director or officer, if the director or officer:

(a) furnishes the corporation a written affirmation of such person's good faith belief that such person has met the standard of conduct required by the Act and is entitled to be indemnified by the corporation; and

(b) furnishes the corporation a written undertaking to repay such advance to the extent that it is ultimately determined by a court that such person is not entitled to be indemnified by the corporation. Such advances shall be made without regard to the person's ability to repay such expenses, and without regard to the person's ultimate entitlement to indemnification under this Article VI or otherwise.

6.5 Enforcement. Without the necessity of entering into an express contract, all rights to indemnification and advances under this Article VI shall be deemed to be contractual rights and to be effective to the same extent and as if provided for in a contract between the corporation and the director or officer who serves in such capacity at any time while this Article VI and relevant provisions of the Act and other applicable law, if any, are in effect. Any right to indemnification or advances granted by this Article VI to a director or officer shall be enforceable by or on behalf of the person holding such right in any court of competent jurisdiction if: (a) the claim for indemnification or advances is denied, in whole or in part, or (b) no disposition of such claim is made within

ninety (90) days of request therefor. The claimant in such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense of prosecuting a claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in connection with any proceeding in advance of its final disposition when the required affirmation and undertaking have been tendered to the corporation) that the claimant has not met the standards of conduct which make it permissible under the Act for the corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the corporation. Neither the failure of the corporation (including its Board of Directors, independent legal counsel or its shareholders) to have made a determination prior to a commencement of such action that indemnification of the claimant is proper in the circumstances because the claimant has met the applicable standard of conduct set forth in the Act, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel or its shareholders) that the claimant has not met such applicable standard of conduct, shall create a presumption that the claimant has not met the applicable standard of conduct.

6.6 Non-Exclusivity of Rights. The right conferred on any person by this Article VI shall not be exclusive of any other right which such person may have or hereafter acquire under any statute, provision of the Articles of Incorporation, bylaws, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in the person's official capacity and as to action in another capacity while holding office. The corporation is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advances, to the fullest extent permitted by applicable law.

6.7 Survival of Rights. The right conferred on any person by this Article VI shall continue as to a person who has ceased to be a director, officer, employee or other agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

6.8 Insurance. To the fullest extent permitted by the Act, the corporation, upon approval by the Board of Directors, may purchase insurance on behalf of any person required or permitted to be indemnified pursuant to this Article VI.

6.9 Amendments. Any repeal of or modification or amendment to this Article VI shall only be prospective and no repeal or modification hereof shall adversely affect the rights under this Article VI in effect at the time of the alleged occurrence of any action or omission to act that is the cause of any proceeding against any agent of the corporation.

6.10 Savings Clause. If this Article VI or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, the corporation shall indemnify each director and officer to the fullest extent permitted by any applicable portion of this Article VI that shall not have been invalidated, or by any other applicable law.

6.11 Certain Definitions. For the purposes of this Article VI, the following definitions shall apply:

(a) The term "proceeding" shall be broadly construed and shall include, without limitation, the investigation, preparation, prosecution, defense, settlement and appeal of any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative;

(b) The term "expenses" shall be broadly construed and shall include, without limitation, expense of investigations, judicial or administrative proceedings or appeals, attorneys' fees and disbursements and any expenses of establishing a right to indemnification under Section 6.5 of this Article VI, but shall not include amounts paid in settlement by the indemnified party or the amount of judgments or fines against the indemnified party;

(c) The term "corporation" shall include, in addition to the resulting or surviving corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article VI with respect to the resulting or surviving corporation as the person would have with respect to such constituent corporation if its separate existence had continued;

(d) References to a "director," "officer," "employee," or "agent" of the corporation shall include, without limitation, situations where such person is serving at the request of the corporation as a director, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise; and

(e) References to "other enterprises" shall include employee benefit plans; references to "fines" in the Act shall include any excise taxes

assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the corporation" shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involved services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner the person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation" as referred to in this Article VI.

ARTICLE VII ISSUANCE OF SHARES

7.1 Certificate for Shares.

(a) Shares of the corporation may be represented by certificates or may be uncertificated. Certificates representing shares of the corporation shall be in such form as shall be determined by the Board of Directors. Such certificates shall be signed, either manually or in facsimile, by two officers of the corporation, at least one of whom shall be the Chief Executive Officer or President and the other of whom shall be the Secretary or an Assistant Secretary and may be sealed with the seal of the corporation or a facsimile thereof. All certificates or shares shall be consecutively numbered or otherwise identified.

(b) Every certificate for shares of stock that are subject to any restriction on transfer pursuant to the Articles of Incorporation, the Bylaws, applicable securities laws, agreements among or between shareholders or any agreement to which the corporation is a party shall have conspicuously noted on the face or back of the certificate either the full text of the restriction or a statement of the existence of such restriction and that the corporation retains a copy of the restriction. Every certificate issued when the corporation is authorized to issue more than one class or series of stock shall set forth on its face or back either the full text of the designations, relative rights, preferences and limitations of the shares of each class and series authorized to be issued and the authority of the Board of Directors to determine variations for future series or a statement of the existence of such designations, relative rights, preferences and limitations and a statement that the corporation will furnish a copy thereof to the holder of such certificate upon written request and without charge.

(c) The name and mailing address of the person to whom the shares represented thereby are issued, with the number of shares and date of

issue, shall be entered on the stock transfer books of the corporation. Each shareholder shall have the duty to notify the corporation of his or her mailing address. All certificates surrendered to the corporation for transfer shall be canceled, and no new certificates shall be issued until a former certificate for a like number of shares shall have been surrendered and canceled, except that in case of a lost, destroyed or mutilated certificate a new one may be issued therefor upon such terms and indemnity to the corporation as the Board of Directors prescribes.

7.2 Transfer of Shares. Transfer of shares of the corporation shall be made only on the stock transfer books of the corporation by the holder of record thereof or by the holder's legal representative, who shall furnish proper evidence of authority to transfer, or by the holder's attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the corporation. The person in whose name shares stand on the books of the corporation shall be deemed by the corporation to be the owner thereof for all purposes.

7.3 Transfer Agent and Registrar. The Board of Directors may from time to time appoint one or more Transfer Agents and one or more Registrars for the shares of the corporation, with such powers and duties as the Board of Directors determines by resolution. The signature of officers upon a certificate may be facsimiles if the certificate is manually signed on behalf of a Transfer Agent or by a Registrar other than the corporation itself or an employee of the corporation.

7.4 Officer Ceasing to Act. If the person who signed a share certificate, either manually or in facsimile, no longer holds office when the certificate is issued, the certificate is nevertheless valid.

7.5 Fractional Shares. The corporation shall not issue certificates for fractional shares.

ARTICLE VIII
CONTRACTS, EVIDENCE OF INDEBTEDNESS,
CHECKS AND OTHER INSTRUMENTS

8.1 Contracts. In addition to any authority provided in these Bylaws, the Board of Directors may authorize any officer or officers and agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

8.2 Evidence of Indebtedness. Notwithstanding any other provision of these Bylaws, no indebtedness for borrowed money shall be contracted on behalf of the corporation and no evidence of indebtedness for borrowed money shall be issued in its name unless authorized by the Board of Directors. Such authority may be general or confined to specific instances.

8.3 Checks, Drafts, Etc. Checks, drafts or other orders for the payment of money issued in the name of the corporation shall be signed by such officer or officers and agent or agents of the corporation and in such manner as shall from time to time be determined by the Board of Directors. Such authority may be general or confined to specific instances.

ARTICLE IX MISCELLANEOUS PROVISIONS

9.1 Seal. The seal of the corporation, if any, shall be circular in form and shall have inscribed thereon the name of the corporation and the state of incorporation and the words "Corporate Seal."

9.2 Severability. Any determination that any provision of these Bylaws is for any reason inapplicable, invalid, illegal or otherwise ineffective shall not affect or invalidate any other provision of these Bylaws.

9.3 Signatures. For purposes of any provision of these Bylaws, or any other document or instrument that requires or contemplates the signature of a director, unless otherwise required by law, the terms "signs" or "signed," or any similar term, shall include any manual, facsimile, conformed or electronic signature.

ARTICLE X AMENDMENTS

These Bylaws may be amended or repealed and new Bylaws may be adopted by the Board of Directors or the shareholders of the corporation.

PORTLAND GENERAL ELECTRIC COMPANY**AGREEMENT CONCERNING INDEMNIFICATION AND RELATED MATTERS**

This Agreement Concerning Indemnification and Related Matters (this "Agreement") is made as of _____, _____, by and between PORTLAND GENERAL ELECTRIC COMPANY, an Oregon corporation (the "Corporation"), and _____ (the "Indemnitee"), an officer or member of the Board of Directors ("director") of the Corporation.

WHEREAS, it is essential to the Corporation to retain and attract as directors, officers and employees of the Corporation the most capable persons available and persons who have significant experience in business, corporate and financial matters; and

WHEREAS, the Corporation has identified the Indemnitee as a person possessing the background and abilities desired by the Corporation and desires the Indemnitee to serve as an officer or director of the Corporation; and

WHEREAS, the substantial increase in corporate litigation may, from time to time, subject corporate officers, directors and certain employees to burdensome litigation, the risks of which frequently far outweigh the advantages of serving in such capacity; and

WHEREAS, in recent times the cost of liability insurance has increased and the availability of such insurance is, from time to time, severely limited; and

WHEREAS, the Corporation and the Indemnitee recognize that serving as an officer, director or employee of a corporation at times calls for subjective evaluations and judgments upon which reasonable persons may differ and that, in that context, it is anticipated and expected that officers, directors and employees of corporations will and do from time to time commit actual or alleged errors or omissions in the good faith exercise of their corporate duties and responsibilities; and

WHEREAS, it is the express policy of the Corporation to indemnify designated officers, directors and employees to the fullest extent permitted by law; and

WHEREAS, the articles of incorporation of the Corporation permit, and the bylaws of the Corporation require, indemnification of the officers and directors of the Corporation to the fullest extent permitted by law, including but not limited to the Oregon Business Corporation Act (the "OBCA"), and the OBCA expressly provides that the indemnification provisions set forth therein are not exclusive, and thereby contemplates that contracts may be entered into between the Corporation and its officers and employees with respect to indemnification; and

WHEREAS, the Corporation and the Indemnitee desire to articulate clearly in contractual form their respective rights and obligations with regard to the Indemnitee's service on behalf of the Corporation as an officer or director and with regard to claims for loss, liability, expense or damage which, directly or indirectly, may arise out of or relate to such service; and

NOW THEREFORE, in consideration of the foregoing and the Indemnitee's agreement to provide services to the Corporation, the Corporation and the Indemnitee agree as follows:

1. Definitions.

As used in this Agreement:

- (a) The term "Proceeding" includes any threatened, pending or completed action, suit or proceeding, whether brought in the right of the Corporation or otherwise, and whether of a civil, criminal, administrative or investigative nature, whether formal or informal, in which the Indemnitee may be or may have been involved as a party, witness or otherwise, by reason of the fact that the Indemnitee is or was an officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, partner, trustee, manager, employee or agent of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, for which exculpation, indemnification or reimbursement can be provided under this Agreement.
- (b) The term "Expenses" includes, without limitation, direct or indirect expenses of investigations, judicial or administrative proceedings or appeals, including attorney, accountant, expert and other professional fees, costs, disbursements and any expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with investigating, defending, being a witness in or preparing to be a witness in or participating in or preparing to participate in any Proceeding and establishing a right to indemnification under Section 13 of this Agreement, but does not include amounts paid in settlement by the Indemnitee or the amount of judgments or fines against the Indemnitee.
- (c) References to "other enterprise" include, without limitation, employee benefit plans; references to "fines" include, without limitation, any excise taxes assessed on a person with respect to any employee benefit plan; references to "serving at the request of the Corporation" include, without limitation, any service as a director, officer, partner, trustee, manager, employee or agent which imposes duties on, or involves services by, such director, officer, partner, trustee, manager, employee or agent with respect to an employee benefit plan, its participants, or its beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Agreement.
- (d) References to "the Corporation" include, in addition to the resulting entity, any constituent corporation or other entity (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, partners, trustees, managers, employees or agents, so that any person

who is or was a director, officer, partner, trustee, manager, employee or agent of such constituent entity, or is or was serving at the request of such constituent entity as a director, officer, partner, trustee, manager, employee or agent of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, shall stand in the same position under this Agreement with respect to the resulting or surviving entity as such person would have with respect to such constituent entity if its separate existence had continued.

- (e) For purposes of this Agreement, the meaning of the phrase “to the fullest extent permitted by law” includes, but is not limited to:
 - (i) to the fullest extent authorized or permitted by any amendments to or replacements of the OBCA adopted after the date of this Agreement that increase the extent to which a corporation may indemnify or exculpate its officers, directors or employees; and
 - (ii) to the fullest extent permitted by the provision of the OBCA that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the OBCA.

2. Limitation of Liability.

- (a) To the fullest extent permitted by law, the Indemnitee shall have no monetary liability of any kind or nature whatsoever, and the Corporation shall indemnify Indemnitee in respect of the Indemnitee’s errors or omissions (or alleged errors or omissions) in serving the Corporation or any of its subsidiaries, their respective shareholders or any other enterprise at the request of the Corporation, so long as such errors or omissions (or alleged errors or omissions), if any, are not shown by clear and convincing evidence to have involved:
 - (i) any breach of the Indemnitee’s duty of loyalty to such entities, shareholders or enterprises;
 - (ii) any act or omission not in good faith or which involved intentional misconduct or a knowing violation of law;
 - (iii) any transaction from which the Indemnitee derived an improper personal benefit;
 - (iv) any unlawful distribution (including, without limitation, dividends, stock repurchases and stock redemptions), as defined in the OBCA or, as applicable, in the limited liability company act of the state where the Corporation’s subsidiary is organized; or

- (v) profits made from the purchase and sale by the Indemnitee of securities of the Corporation within the meaning of Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provision of any state statutory law or common law.
- (b) Without limiting the generality of subparagraph (a) above and to the fullest extent permitted by law, the Indemnitee shall have no personal liability to the Corporation or any of its subsidiaries, their respective shareholders or any other person claiming derivatively through the Corporation, regardless of the theory or principle under which such liability may be asserted, for:
 - (i) punitive, exemplary or consequential damages;
 - (ii) treble or other damages computed based upon any multiple of damages actually and directly proved to have been sustained;
 - (iii) fees of attorneys, accountants, expert witnesses or professional consultants; or
 - (iv) civil fines or penalties of any kind or nature whatsoever.

3. Indemnity in Third Party Proceedings.

The Corporation shall indemnify the Indemnitee in accordance with the provisions of this Section 4 if the Indemnitee was or is a party to or a participant in (as a witness or otherwise), or is threatened to be made a party to or a participant in (as a witness or otherwise), any Proceeding (other than a Proceeding by or in the right of the Corporation to procure a judgment in its favor), against all Expenses, judgments, fines and amounts paid in settlement, actually and reasonably incurred by the Indemnitee in connection with such Proceeding if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed was in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, the Indemnitee, in addition, had no reasonable cause to believe that the Indemnitee's conduct was unlawful. However, the Indemnitee shall not be entitled to indemnification under this Section 3 in connection with any Proceeding charging improper personal benefit to the Indemnitee in which the Indemnitee is adjudged liable on the basis that personal benefit was improperly received by the Indemnitee, unless and only to the extent that the court conducting such Proceeding, or any other court of competent jurisdiction, determines upon application that, despite the adjudication of liability, the Indemnitee is fairly and reasonably entitled to indemnification in view of all the relevant circumstances.

4. Indemnity in Proceedings by or in the Right of the Corporation.

The Corporation shall indemnify the Indemnitee in accordance with the provisions of this Section 4 if the Indemnitee was or is a party to or a participant in (as a witness or otherwise), or is threatened to be made a party to or a participant in (as a witness or otherwise), any Proceeding

by or in the right of the Corporation to procure a judgment in its favor, against all Expenses actually and reasonably incurred by the Indemnitee in connection with the defense or settlement of such Proceeding if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed was in or not opposed to the best interests of the Corporation. However, the Indemnitee shall not be entitled to indemnification under this Section 4 in connection with any Proceeding in which the Indemnitee has been adjudged liable to the Corporation unless and only to the extent that the court conducting such Proceeding, or any other court of competent jurisdiction, determines upon application that, despite the adjudication of liability, the Indemnitee is fairly and reasonably entitled to indemnification under this Agreement or applicable law in view of all the relevant circumstances.

5. Indemnification of Expenses of Successful Party.

Notwithstanding any other provisions of this Agreement other than Section 7, to the extent that the Indemnitee has been successful, in whole or in part, on the merits or otherwise, in defense of any Proceeding that it is a party to or a participant in (as a witness or otherwise) or in defense of any claim, issue or matter therein, including the dismissal of an action without prejudice, the Corporation shall indemnify the Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

6. Additional Indemnification.

Notwithstanding any limitation in Sections 3, 4 or 5, the Corporation shall indemnify the Indemnitee to the fullest extent permitted by law with respect to any Proceeding (including a Proceeding by or in the right of the Corporation to procure a judgment in its favor), against all Expenses, judgments, fines and amounts paid in settlement, actually and reasonably incurred by the Indemnitee in connection with such Proceeding.

7. Exclusions.

Notwithstanding any provision in this Agreement, the Corporation shall not be obligated under this Agreement to make any indemnification or reimbursement of Expenses in connection with any claim made against the Indemnitee:

- (a) for which payment has been made to or on behalf of the Indemnitee under any insurance policy, contract, agreement or otherwise, except with respect to any excess amount to which the Indemnitee is entitled under this Agreement beyond the amount of payment under such insurance policy;
- (b) brought by the Company for recovery of compensation pursuant to the clawback policy adopted by the Company effective February 15, 2017, as such policy may be amended from time to time, or pursuant to any other clawback or similar policy that may be adopted by the Company from time to time.

- (c) if a final decision by a court of competent jurisdiction determines that such indemnification is not lawful under any applicable statute, regulation or public policy;
- (d) in connection with any Proceeding (or part of any Proceeding) initiated by the Indemnitee, or any Proceeding by the Indemnitee against the Corporation or its directors, officers, employees or other persons entitled to be indemnified by the Corporation, unless:
 - (i) the Corporation is expressly required by law to make the indemnification;
 - (ii) the Proceeding was authorized by the Board of Directors of the Corporation; or
 - (iii) the Indemnitee initiated the Proceeding pursuant to Section 11 of this Agreement and the Indemnitee is successful in whole or in part in such Proceeding;
- (e) for an accounting of profits made from the purchase and sale by the Indemnitee of securities of the Corporation within the meaning of Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provision of any state statutory law or common law; or
- (f) in connection with any proceeding by the Corporation or an affiliate of the Corporation against the Indemnitee in respect of a breach of the provisions of the Indemnitee's employment agreement with the Corporation or such affiliate.

8. Event of Joint Liability.

- (a) The Corporation shall not be liable to the Indemnitee under this Agreement for any amounts paid in settlement of any Proceeding without the Corporation's prior written consent, which shall not be unreasonably withheld. The Corporation shall not settle any claim, action or proceeding to which Indemnitee is entitled to indemnification and reimbursement of expenses under this Agreement in any manner that would impose any liability on Indemnitee without the Indemnitee's prior written consent.

9. Advances of Expenses.

The Corporation shall pay the Expenses incurred by the Indemnitee in any Proceeding (other than a Proceeding brought for an accounting of profits made from the purchase and sale by the Indemnitee of securities of the Corporation within the meaning of Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provision of any state statutory law or

common law) in advance of the final disposition of the Proceeding at the written request of the Indemnatee, if the Indemnatee:

- (a) furnishes the Corporation a written affirmation of the Indemnatee's good faith belief that the Indemnatee is entitled to be indemnified under this Agreement; and
- (b) furnishes the Corporation a written undertaking to repay the advance to the extent that it is ultimately determined that the Indemnatee is not entitled to be indemnified by the Corporation. Such undertaking shall be an unlimited general obligation of the Indemnatee but need not be secured.

Advances pursuant to this Section 9 shall be made no later than ten days after receipt by the Corporation of the affirmation and undertaking described in Sections 9(a) and 9(b) above, and shall be made without regard to the Indemnatee's ability to repay the amount advanced and without regard to the Indemnatee's ultimate entitlement to indemnification under this Agreement. Advances shall be unsecured and interest free. The Corporation may establish a trust, escrow account or other secured funding source for the payment of advances made and to be made pursuant to this Section 9 or of other liability incurred by the Indemnatee in connection with any Proceeding.

10. Nonexclusivity and Continuity of Rights.

The indemnification, advancement of Expenses, and exculpation from liability provided by this Agreement shall not be deemed exclusive of any other rights to which the Indemnatee may be entitled under any other agreement, any articles of incorporation, bylaws, or vote of shareholders or directors, the OBCA, any other law, or otherwise, both as to action in the Indemnatee's official capacity and as to action in another capacity while holding such office or occupying such position. The indemnification, advancement of Expenses and exculpation under this Agreement shall continue as to the Indemnatee even though the Indemnatee may have ceased to be an officer of the Corporation or a director, officer, partner, trustee, manager, employee or agent of an enterprise related to the Corporation and shall inure to the benefit of the heirs, executors, administrators and personal representatives of the Indemnatee. However, no amendment or alteration of the Corporations articles of incorporation, bylaws or any other agreement shall adversely affect the rights provided to Indemnatee under this Agreement.

11. Procedure Upon Application for Indemnification.

Any indemnification under Sections 3, 4, 5 or 6 shall be made no later than 45 days after receipt of the written request of the Indemnatee, which Indemnatee shall promptly submit to the Corporation including therein or therewith such documentation and information as is reasonably available to Indemnatee and is reasonably necessary to determine whether and to what extent Indemnatee is entitled to indemnification, upon a determination that the Indemnatee is entitled to indemnification:

- (a) by the Board of Directors by a majority vote of a quorum consisting of directors who are not parties to the applicable Proceeding;
- (b) if a quorum cannot be obtained under paragraph (a) of this Section 11, then by a majority vote of a committee of the Board of Directors that is (i) duly designated by the Board of Directors, with the participation of directors who are parties to the applicable Proceeding and (ii) consists solely of two or more directors not parties to the applicable Proceeding;
- (c) by independent legal counsel selected by the Board of Directors or its committee in the in the manner prescribed by paragraph (a) or paragraph (b) of this Section 11, or if a quorum of the Board of Directors cannot be obtained under paragraph (a) of this Section 11 or a committee cannot be designated under paragraph (b) of this Section 11, the independent legal counsel shall be selected by a majority vote of the full Board of Directors, including directors who are parties to the applicable Proceeding; or
- (d) by the shareholders of the Corporation.

Authorization of indemnification and evaluation as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible, except that if the Corporation selects independent legal counsel to make the determination whether Indemnitee is entitled to Indemnification pursuant to this Section 11, the Corporation will pay the reasonable fees and expenses of such independent counsel and agrees to indemnify such independent counsel against any and all Expenses, claims, liabilities and damages arising out of its engagement pursuant under this Section 11.

12. Enforcement.

The Indemnitee may enforce any right to indemnification, advances or exculpation provided by this Agreement in any court of competent jurisdiction in compliance with Section 25 if:

- (a) the Corporation denies the claim for indemnification, advances or exculpation, in whole or in part; or
- (b) the Corporation does not dispose of such claim within the time period required by this Agreement.

It shall be a defense to any such enforcement action (other than an action brought to enforce a claim for advancement of Expenses pursuant to, and in compliance with, Section 9 of this Agreement) that the Indemnitee is not entitled to indemnification or exculpation under this Agreement. However, except as provided in Section 13 of this Agreement, the Corporation shall not assert any defense to an action brought to enforce a claim for advancement of Expenses

pursuant to Section 9 of this Agreement if the Indemnitee has tendered to the Corporation the affirmation and undertaking required thereunder.

The burden of proving by clear and convincing evidence that indemnification or exculpation is not appropriate shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, a committee thereof, or independent legal counsel) to have made a determination prior to the commencement of such action that indemnification or exculpation is proper in the circumstances because the Indemnitee has met the applicable standard of conduct nor an actual determination by the Corporation (including its Board of Directors, a committee thereof, or independent legal counsel) that indemnification or exculpation is improper because the Indemnitee has not met such applicable standard of conduct, shall be asserted as a defense to the action or create a presumption that the Indemnitee is not entitled to indemnification or exculpation under this Agreement or otherwise.

For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is taken in good faith reliance on the records or books of account of the Corporation, including financial statements, or on information supplied to Indemnitee by the directors and officers of the Corporation in the course of their duties, or on the advice of legal counsel for the Corporation, its Board of Directors, any committee of the Board of Directors, or on information or records given or reports made to the Corporation, its Board of Directors, or any committee of the Board of Directors, by an independent certified public accountant or by an appraiser or other expert selected by the Corporation, its Board of Directors, or any committee of the Board of Directors.

The knowledge and/or actions, or failure to act, of any other officer, director, agent or employee of the Corporation shall not be imputed to the Indemnitee for purposes of determining the right to indemnification under this Agreement.

The Indemnitee's Expenses incurred in connection with successfully establishing the Indemnitee's right to indemnification, advances or exculpation, in whole or in part, in any Proceeding shall also be paid or reimbursed by the Corporation.

The termination of any Proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not, of itself, create a presumption that:

- (i) the Indemnitee is not entitled to indemnification under Sections 3, 4 or 6 of this Agreement because the Indemnitee did not act in good faith and in a manner which the Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the Indemnitee's conduct was unlawful; or
- (ii) the Indemnitee is not entitled to exculpation under Section 2 of this Agreement.

13. Notification and Defense of Claim.

As a condition precedent to indemnification under this Agreement, not later than 30 days after receipt by the Indemnitee of notice of the commencement of any Proceeding the Indemnitee shall, if a claim in respect of the Proceeding is to be made against the Corporation under this Agreement, notify the Corporation in writing of the commencement of the Proceeding. The failure to properly notify the Corporation shall not relieve the Corporation from any liability which it may have to the Indemnitee otherwise than under this Agreement. With respect to any Proceeding as to which the Indemnitee so notifies the Corporation of the commencement:

- (a) The Corporation shall be entitled to participate in the Proceeding at its own expense;
- (b) Except as otherwise provided in this Section 13, the Corporation may, at its option and jointly with any other indemnifying party similarly notified and electing to assume such defense, assume the defense of the Proceeding, with legal counsel reasonably satisfactory to the Indemnitee. The Indemnitee shall have the right to use separate legal counsel in the Proceeding, but the Corporation shall not be liable to the Indemnitee under this Agreement, including Section 9 above, for the fees and expenses of separate legal counsel incurred after notice from the Corporation of its assumption of the defense, unless (i) Indemnitee's employment of its own legal counsel has been authorized by the Corporation, (ii) the Indemnitee reasonably concludes that there may be a conflict of interest between the Corporation and the Indemnitee in the conduct of the defense of the Proceeding, or (iii) the Corporation does not use legal counsel to assume the defense of such Proceeding. The Corporation shall not be entitled to assume the defense of any Proceeding brought by or on behalf of the Corporation or as to which the Indemnitee has made the conclusion provided for in (ii) above;
- (c) Indemnitee shall provide the Corporation such information and cooperation in connection with the Proceeding as may be reasonably appropriate;
- (d) If two or more persons who may be entitled to indemnification from the Corporation, including the Indemnitee, are parties to any Proceeding, the Corporation may require the Indemnitee to use the same legal counsel as the other parties. The Indemnitee shall have the right to use separate legal counsel in the Proceeding, but the Corporation shall not be liable to the Indemnitee under this Agreement, including Section 9 above, for the fees and expenses of separate legal counsel incurred after notice from the Corporation of the requirement to use the same legal counsel as the other parties, unless the Indemnitee reasonably concludes that there may be a conflict of interest between the Indemnitee and any of the other parties required by the Corporation to be represented by the same legal counsel; and
- (e) The Corporation shall not be liable to indemnify the Indemnitee under this Agreement for any amounts paid in settlement of any Proceeding effected without

its written consent, which shall not be unreasonably withheld. The Indemnitee shall permit the Corporation to settle any Proceeding that the Corporation assumes the defense of, except that the Corporation shall not settle any action or claim in any manner that would impose any penalty or limitation on the Indemnitee without the Indemnitee's written consent.

14. Partial Indemnification.

If the Indemnitee is entitled under any provision of this Agreement to indemnification by the Corporation for some or a portion of the Expenses, judgments, fines or amounts paid in settlement, actually and reasonably incurred by the Indemnitee in connection with such Proceeding, but not, however, for the total amount thereof, the Corporation shall nevertheless indemnify the Indemnitee for the portion of such Expenses, judgments, fines or amounts paid in settlement to which the Indemnitee is entitled. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Corporation shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or on his behalf in connection with each successfully resolved claim, issue or matter. If the Indemnitee is not wholly successful in such Proceeding, the Corporation also shall indemnify Indemnitee against all Expenses reasonably incurred in connection with a claim, issue or matter related to any claim, issue or matter on which the Indemnitee was successful. For purposes of this Section 14 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

15. Interpretation and Scope of Agreement.

Nothing in this Agreement shall be interpreted to constitute a contract of service for any particular period or pursuant to any particular terms or conditions. The Corporation retains the right, in its discretion, to terminate the service relationship of the Indemnitee, with or without cause, or to alter the terms and conditions of the Indemnitee's service all without prejudice to any rights of the Indemnitee which may have accrued or vested prior to such action by the Corporation. It is understood that the parties hereto intend this Agreement to be interpreted and enforced so as to provide indemnification to Indemnitee to the fullest extent now or hereafter permitted by law.

16. Severability.

If this Agreement or any portion thereof shall be invalidated on any ground by any court of competent jurisdiction, the remainder of this Agreement shall continue to be valid and the Corporation shall nevertheless indemnify the Indemnitee as to Expenses, judgments, fines and amounts paid in settlement with respect to any Proceeding to the fullest extent permitted by any applicable portion of this Agreement that shall not have been invalidated.

17. Insurance.

The Corporation may purchase and maintain insurance on behalf of Indemnitee who is or was or has agreed to serve at the request of the Corporation as a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against, and incurred by, Indemnitee or on Indemnitee's behalf in any such capacity, or arising out of Indemnitee's status as such, whether or not the Corporation would have the power to indemnify Indemnitee against such liability under the provisions of this Agreement. If the Corporation has such insurance in effect at the time the Corporation receives from Indemnitee any notice of the commencement of a proceeding, the Corporation shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the policy. The Corporation shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policy.

18. Subrogation.

In the event of payment under this Agreement, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee. In the event of any payment by the Corporation under this Agreement, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee with respect to any insurance policy. The Indemnitee shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Corporation effectively to bring suit to enforce such rights.

19. Notices.

All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given upon delivery by hand to the party to whom the notice or other communication shall have been directed, or on the third business day after the date on which it is mailed by United States mail with first-class postage prepaid, addressed as follows:

- (a) If to the Indemnitee, to the address indicated on the signature page of this Agreement.
- (b) If to the Corporation, to

Portland General Electric Company
Attn: General Counsel
121 SW Salmon, 1 WTC 1715
Portland, OR 97204

or to any other address as either party may designate to the other in writing.

20. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall constitute the original.

21. Applicable Law.

This Agreement shall be governed by and construed in accordance with the internal laws of the state of Oregon without regard to the principles of conflict of laws.

22. Successors and Assigns.

This Agreement shall be binding upon the Corporation and its successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Corporation). The Corporation shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part of the business and/or assets of the Corporation, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Corporation would be required to perform if no such succession had taken place.

23. Period of Limitations.

No legal action shall be brought and no cause of action shall be asserted by or in the right of the Corporation against Indemnitee, Indemnitee's spouse, heirs, executors or personal or legal representatives after the expiration of two years from the date of accrual of such cause of action, and any claim or cause of action of the Corporation shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such two-year period; provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action, such shorter period shall govern.

24. Attorney Fees.

If any suit, action (including, without limitation, any bankruptcy proceeding) or arbitration is instituted to enforce or interpret any provision of this Agreement, the prevailing party shall be entitled to recover from the party not prevailing, in addition to other relief that may be provided by law, an amount determined reasonable as attorney fees at trial and on any appeal of such suit or action.

CERTIFICATION

I, Maria M. Pope, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Portland General Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the period presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2023 By: /s/ Maria M. Pope
Maria M. Pope
President and Chief Executive Officer

CERTIFICATION

I, Joseph R. Trpik, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Portland General Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the period presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2023

By: /s/ Joseph R. Trpik

Joseph R. Trpik
Senior Vice President, Finance
and Chief Financial Officer

**CERTIFICATIONS PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

We, Maria M. Pope, President and Chief Executive Officer, and Joseph R. Trpik, Senior Vice President, Finance and Chief Financial Officer, of Portland General Electric Company (the “Company”), hereby certify that the Company’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023, as filed with the Securities and Exchange Commission on October 27, 2023 pursuant to Section 13(a) of the Securities Exchange Act of 1934 (the “Report”), fully complies with the requirements of that section.

We further certify that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Maria M. Pope
Maria M. Pope
*President and
Chief Executive Officer*

/s/ Joseph R. Trpik
Joseph R. Trpik
*Senior Vice President, Finance
and Chief Financial Officer*

Date: _____
October 26, 2023

Date: _____
October 26, 2023