



## Earnings Conference Call

Third Quarter 2014



A vertical image on the left side of the page shows a close-up of a white wind turbine against a clear blue sky. At the bottom of this image, a portion of a solar panel is visible.

## Information Current as of October 28, 2014

Except as expressly noted, the information in this presentation is current as of October 28, 2014 — the date on which PGE filed its Quarterly Report on Form 10-Q for the quarter ended September 30, 2014 — and should not be relied upon as being current as of any subsequent date. PGE undertakes no duty to update the presentation, except as may be required by law.

## Forward-Looking Statements

Statements in this news release that relate to future plans, objectives, expectations, performance, events and the like may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements regarding earnings guidance; statements regarding future load, hydro conditions and operating and maintenance costs; statements concerning implementation of the company's integrated resource plan; statements concerning future compliance with regulations limiting emissions from generation facilities and the costs to achieve such compliance; as well as other statements containing words such as "anticipates," "believes," "intends," "estimates," "promises," "expects," "should," "conditioned upon," and similar expressions. Investors are cautioned that any such forward-looking statements are subject to risks and uncertainties, including reductions in demand for electricity; the sale of excess energy during periods of low demand or low wholesale market prices; operational risks relating to the company's generation facilities, including hydro conditions, wind conditions, disruption of fuel supply, and unscheduled plant outages, which may result in unanticipated operating, maintenance and repair costs, as well as replacement power costs; failure to complete capital projects on schedule or within budget, or the abandonment of capital projects, which could result in the company's inability to recover project costs; the costs of compliance with environmental laws and regulations, including those that govern emissions from thermal power plants; changes in weather, hydroelectric and energy markets conditions, which could affect the availability and cost of purchased power and fuel; changes in capital market conditions, which could affect the availability and cost of capital and result in delay or cancellation of capital projects; the outcome of various legal and regulatory proceedings; and general economic and financial market conditions. As a result, actual results may differ materially from those projected in the forward-looking statements. All forward-looking statements included in this news release are based on information available to the company on the date hereof and such statements speak only as of the date hereof. The company assumes no obligation to update any such forward-looking statement. Prospective investors should also review the risks and uncertainties listed in the company's most recent annual report on form 10-K and the company's reports on forms 8-K and 10-Q filed with the United States Securities and Exchange Commission, including management's discussion and analysis of financial condition and results of operations and the risks described therein from time to time.



**Jim Piro**  
President & CEO



**Jim Lobdell**  
Senior VP  
of Finance,  
CFO & Treasurer

## On Today's Call

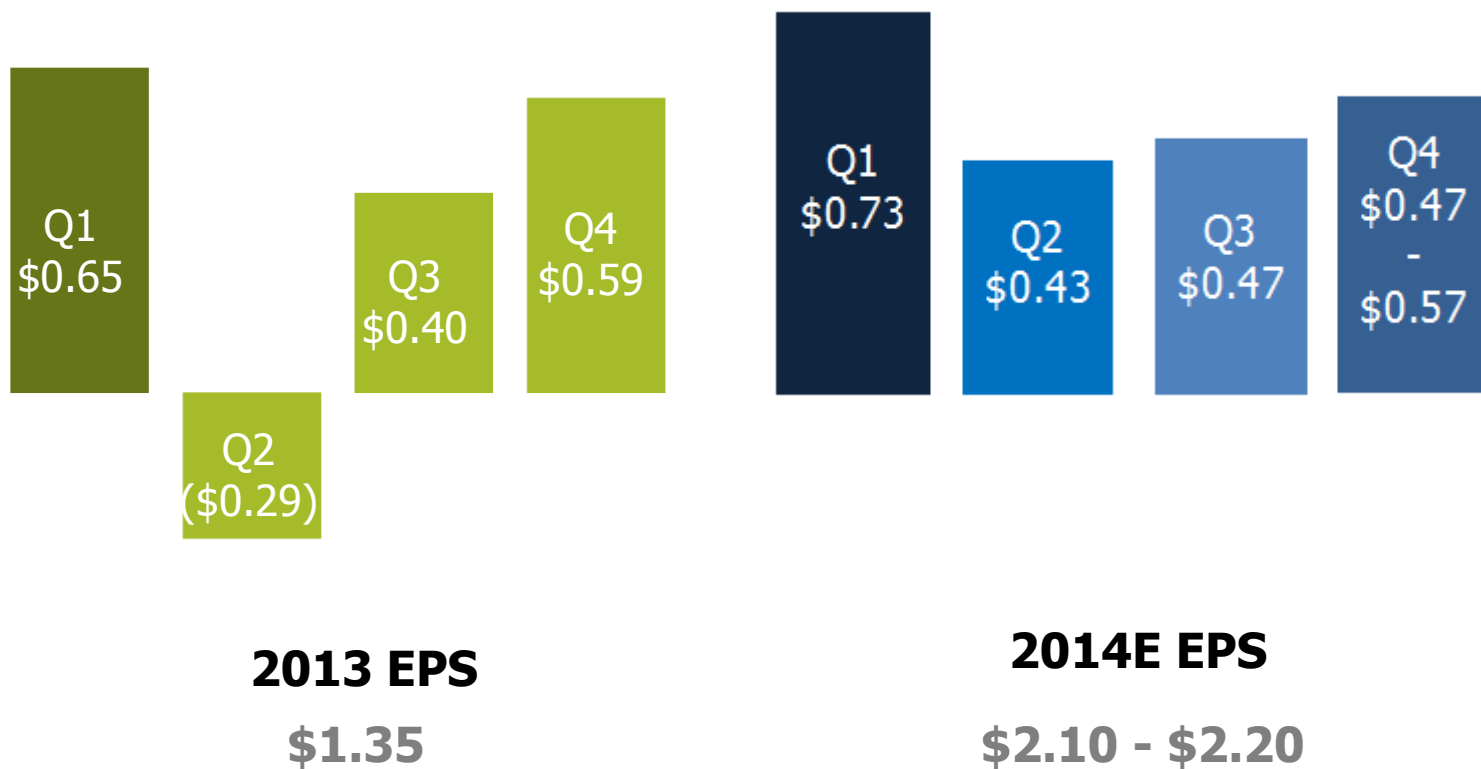
- Operational Update
- Economy and Customers
- Growth Initiatives
- Financial Update
- Regulatory Update



# Q3 2014 Earnings Results

A vertical photograph on the left side of the slide shows a utility worker in a yellow safety vest and white hard hat working on a power line structure.

<i>NI in millions</i>	<b>Q3 2013</b>		<b>Q3 2014</b>	
Net Income	\$	31	\$	39
Diluted EPS	\$	0.40	\$	0.47



## Top Quartile

residential customer satisfaction

## Top Decile

general business customer satisfaction

## Top Decile

key customer satisfaction



## Economic Outlook

- Customer count growth of 1%
- New connects up 15% year-to-date compared with 2013
- Unemployment of 6.0% in our operating area
- Weather-normalized 2014 load growth forecast of approximately 1%<sup>(1)</sup> (excluding a low-margin large paper customer)

(1) Net of approximately 1.5% of energy efficiency

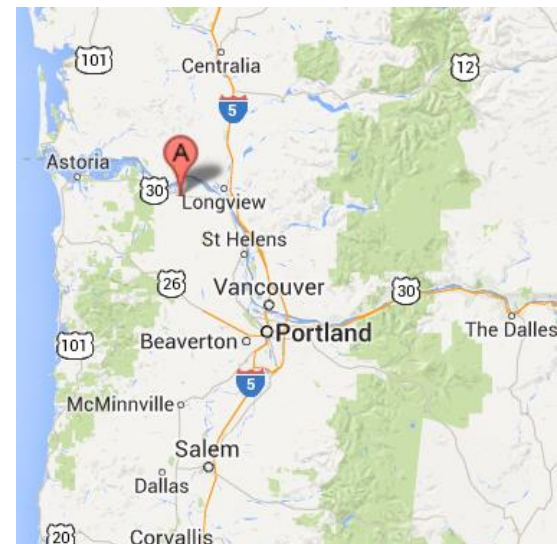


# New Generation: Capacity Resource

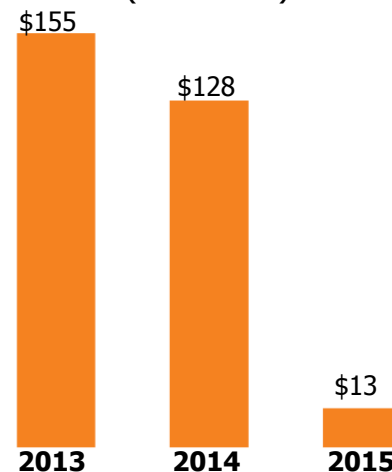


## Port Westward Unit 2

Project Location	Clatskanie, OR
Capacity / Fuel	220 MW / Natural Gas
Technology	12 Natural Gas Wärtsilä Reciprocating Engines
EPC Contractor	Black & Veatch, Harder Mechanical
Estimated In-Service Date	Q1 2015
Customer Price Impact	~2.8%
Next Steps	<ul style="list-style-type: none"><li>Final construction</li><li>Complete unit testing</li></ul>

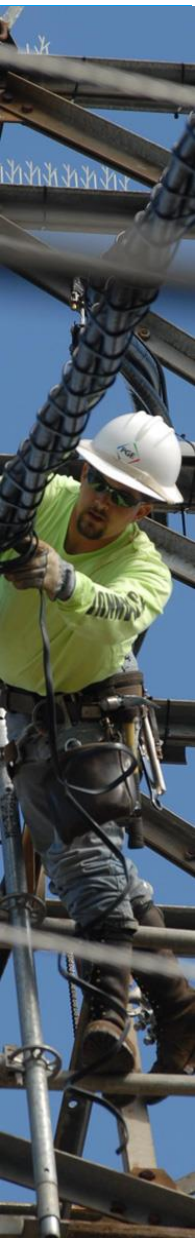


## PW2 CapEx: \$296M (in millions)





# New Generation: Renewable Resource



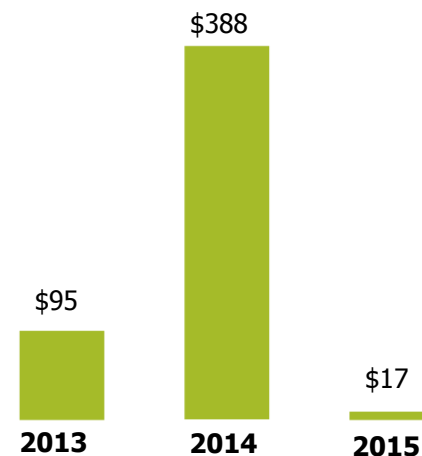
## Tucannon River Wind Farm

Project Location	Columbia County, WA
Capacity / Fuel	267 MW / Wind
Technology	116 2.3 MW Siemens Turbines
EPC Contractor	RES Americas
Estimated In-Service Date	December 2014 - Early Q1 2015
Customer Price Impact	~2.4%
Next Steps	<ul style="list-style-type: none"><li>▪ Turbine testing</li><li>▪ Commissioning</li></ul>



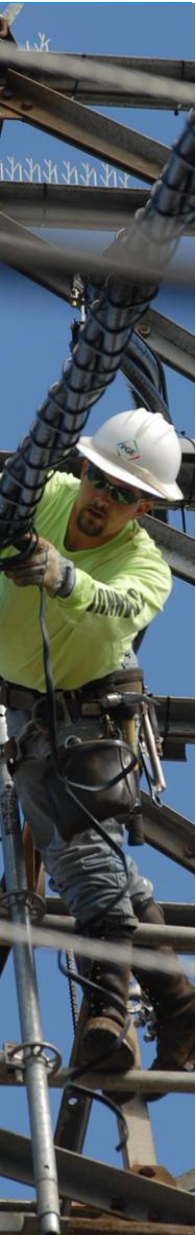
## Tucannon River CapEx: \$500M

(in millions)





# New Generation: Baseload Resource



## Carty Generating Station

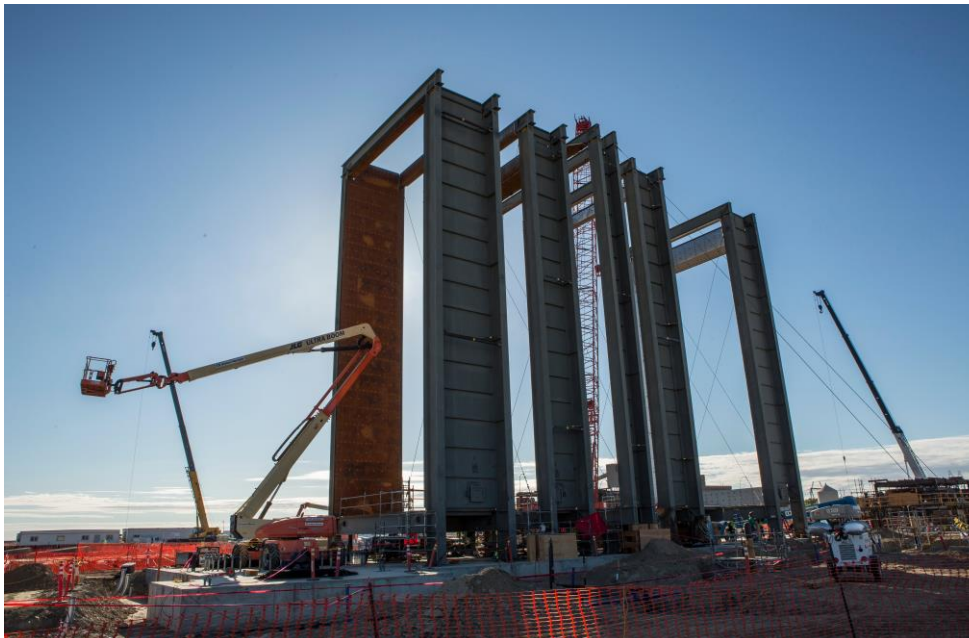
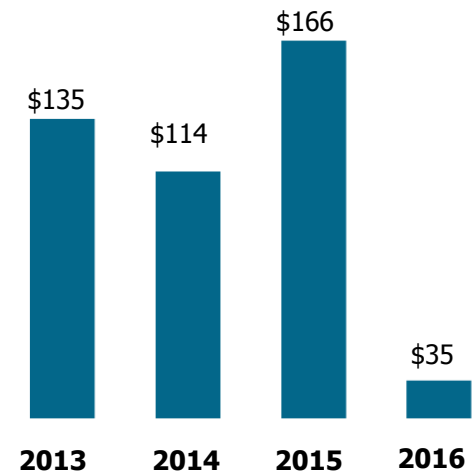
Project Location	Boardman, OR
Capacity / Fuel	440 MW / Natural Gas
Technology	Mitsubishi Turbine
EPC Contractor	Abener/Abengoa
Estimated In-Service Date	Mid 2016
Customer Price Impact	~4-6%
Next Steps	<ul style="list-style-type: none"><li>Continued foundation work</li><li>Equipment delivery</li><li>Installation of HRSG and cooling tower</li></ul>



## Carty CapEx:

**\$450M**

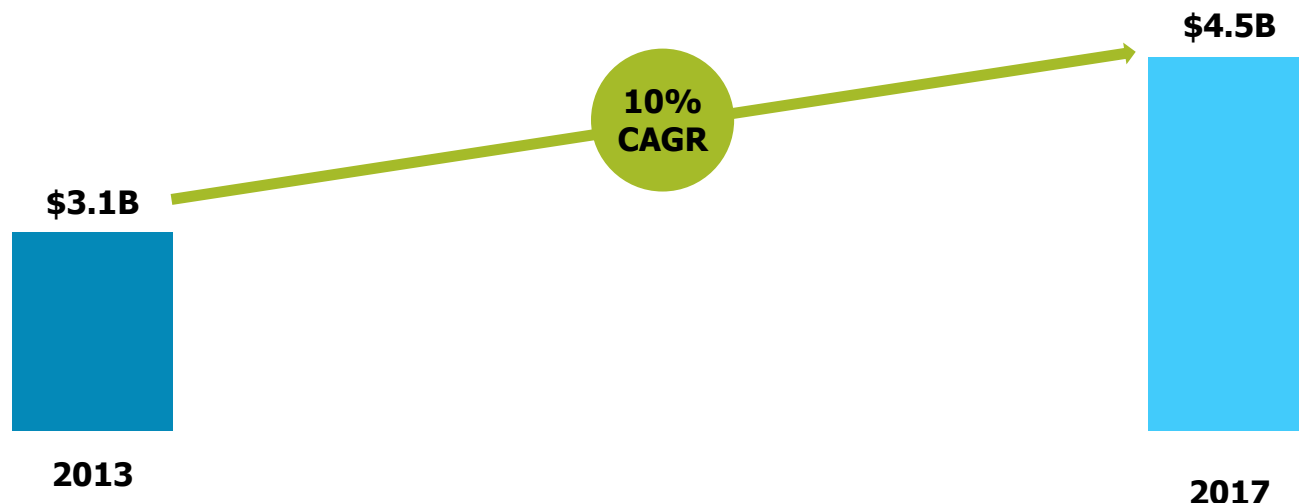
(in millions)



# Expected Rate Base and Capital Expenditures



## \$1.4B of Expected Increase in Rate Base



## Expected Capital Expenditures

(in millions)	2013	2014E	2015E	2016E	2017E	2018E	TOTAL
Base Capital Spending <sup>(1)</sup>	\$335	\$350	\$389	\$346	\$324	\$281	\$2,025
Port Westward Unit 2	\$155	\$128	\$13				\$296
Tucannon River Wind Farm	\$95	\$388	\$17				\$500
Carty Generating Station	\$135	\$114	\$166	\$35			\$450
<b>TOTAL (Rounded)</b>	<b>\$720</b>	<b>\$980</b>	<b>\$585</b>	<b>\$381</b>	<b>\$324</b>	<b>\$281</b>	<b>\$3,271</b>

(1) Consists of board-approved ongoing capex and hydro relicensing per the Quarterly 2014 Form 10-Q filed on October 28, 2014  
 Note: Amounts exclude AFDC debt and equity

# Third Quarter Financial Results



<i>NI in Millions</i>	<b>Q3 2013</b>	<b>Q3 2014</b>
Net Income	\$31	\$39
Diluted EPS	\$0.40	\$0.47

## Key Quarter over Quarter Drivers

Increased price and energy deliveries



Lower net variable power costs



Equity AFDC related to construction of three new resources



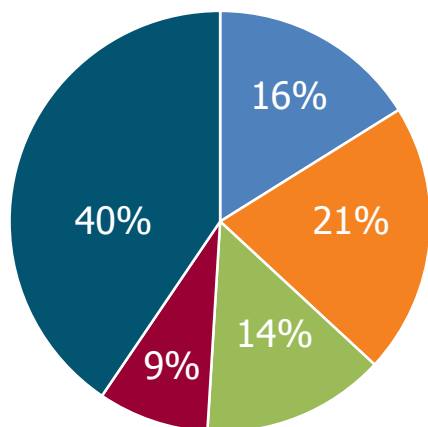


# Total Revenues and Power Costs

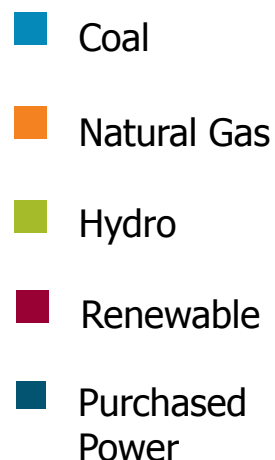


<i>In Millions</i>	<b>Q3 2013</b>	<b>Q3 2014</b>
Retail Revenues	\$403	\$434
Purchase Power & Fuel	\$190	\$202
Less: Wholesale Revenues	\$22	\$39
<b>Net Variable Power Costs</b>	<b>\$168</b>	<b>\$163</b>

**Q3 2013  
Sources of Power**



**Q3 2014  
Sources of Power**



# Operating Expenses



In Millions	Q3 2013	Q3 2014
Production & Distribution	\$54	\$60
Administrative & General	\$49	\$54
Total O&M	\$103	\$114
Depreciation & Amortization	\$62	\$76
Interest Expense, Net	\$25	\$23
Other Income, Net	\$7	\$12
Income Taxes	\$4	\$16



# General Rate Case: 2015 Test Year



## Rate Case Settlement

- 9.68% allowed return on equity
- 50% debt and 50% equity capital structure
- Cost of Capital of 7.56%
- A rate base of \$3.8 billion - (which is based on a stipulated in-service amount of \$323 million for Port Westward 2 and \$525 million for Tucannon River Wind Farm)

## Annual Revenue Increase (\$mm)

Date	As Filed 2/13/2014	Depreciation Stipulation	Other Updates and Stipulations	As Revised 7/16/2014	Additional Stipulations	As Revised 9/2/2014
New Generation Plants:						
Port Westward 2	\$51	(\$5)	\$3	\$49	(\$1)	\$48
Tucannon River	\$47	(\$3)	(\$4)	\$40	(\$1)	\$39
Base Business Cost Change	\$12	(\$11)	(\$30)	(\$29)	(\$12)	(\$41)
(Less): Customer Credits	(\$29)	-	-	(\$29)	-	(\$29)
<b>Annual Revenue Increase</b>	<b>\$81</b>	<b>(\$19)</b>	<b>(\$31)</b>	<b>\$31</b>	<b>(\$14)</b>	<b>\$17</b>



# Liquidity and Financing



## Total Liquidity

as of 9/30/2014  
(in millions)

Credit Facilities	\$760
Commercial Paper	--
Letters of Credit	\$(64)
Cash	\$97
<b>Available</b>	<b>\$793</b>

	Senior Secured	Senior Unsecured	Outlook
<b>S&amp;P</b>	A-	BBB	Stable
<b>Moody's</b>	A1	A3	Stable



## Expected 2014-2015 Financing Plans

	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
Bank Loan Proceeds	<b>\$305 million</b>				
First Mortgage Bonds		<b>\$280 million</b>			
Settle Equity Forward				<b>\$275 million</b>	

## 2014 EPS Guidance: \$2.10 - \$2.20

- Normal levels of hydro, wind and thermal generation for the remainder of the year
- Operating and maintenance costs between \$475 and \$495 million
- Depreciation and amortization expense between \$295 and \$305 million
- Capital expenditures of approximately \$980 million

