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PGE Assumes Control of Carty Generating Station Construction

Removal of general contractor clears way for project completion

PORTLAND, Ore.--(BUSINESS WIRE)-- Portland General Electric (NYSE:POR) has declared the contractor responsible for engineering, procurement and construction of the company's Carty Generating Station in default of their construction agreement with PGE and removed them from the project. The contractor had ceased construction activities on the project on Monday, December 14. The utility assumed control of the construction site on Friday, December 18.

PGE is building a team comprised of engineering companies and contractors to establish a new construction management team and update work plans at Carty before putting crews back to work on the 440-megawatt, natural gas-fired power plant. Initial work has begun to prepare the site for construction to resume.

"We've been monitoring progress at Carty carefully throughout the project," said Jim Piro, PGE's president and CEO. "The plant is in an advanced state of construction, with all major components on site and installed or being installed. Our responsibility to our customers and our investors requires us to step in now and assume control so construction can get back underway."

PGE announced selection of the Carty project in 2013 after a rigorous competitive bidding process. Abeinsa Abener Teyma General Partnership, an affiliate of Abengoa S.A., won the contract as a turn-key project and began construction in January 2014. However, Abengoa S.A. recently initiated a process to seek restructuring of its debt under the bankruptcy law of Spain, where it is headquartered.

PGE has initiated discussions with Liberty Mutual Surety and Zurich North America, the sureties who provided a performance bond of \$145.6 million under the original construction agreement, and with contractors to enter into agreements to complete work on construction of the project.

Carty is estimated to be about 75 percent complete, and was expected to be online during the second quarter of 2016 at a cost of up to \$514 million. Once construction has resumed and PGE has completed an assessment of the current status of the project, the company will provide an update on the expected costs and completion date for the project.

PGE's own team of onsite project managers and engineers will continue to monitor progress at the site, focusing on continuity, quality, safety and timely project completion.

About Portland General Electric Company: *Portland General Electric, headquartered in Portland, Ore., is a fully integrated electric utility that serves approximately 852,000 residential, commercial and industrial customers in Oregon. Visit our website at PortlandGeneral.com.*

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