

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 June 30, 2021

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:

<u>(Title of class)</u>	<u>(Trading Symbol)</u>	<u>(Name of exchange on which registered)</u>
Common Stock, no par value	POR	New York Stock Exchange
9.31% Medium-Term Notes due 2021	POR 21	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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 July 26, 2021 is 89,405,455 shares.

PORTLAND GENERAL ELECTRIC COMPANY
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2021

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DEFINITIONS

The following abbreviations and acronyms are used throughout this document:

Abbreviation or Acronym	Definition
AFDC	Allowance for funds used during construction
AUT	Annual Power Cost Update Tariff
Colstrip	Colstrip Units 3 and 4 coal-fired generating plant
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
Wheatridge	Wheatridge Renewable Energy Facility

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 June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenues:				
Revenues, net	\$ 545	\$ 469	\$ 1,157	\$ 1,033
Alternative revenue programs, net of amortization	(8)	—	(11)	9
Total revenues	<u>537</u>	<u>469</u>	<u>1,146</u>	<u>1,042</u>
Operating expenses:				
Purchased power and fuel	185	109	354	262
Generation, transmission and distribution	76	77	156	150
Administrative and other	79	74	165	145
Depreciation and amortization	101	104	204	212
Taxes other than income taxes	35	34	73	69
Total operating expenses	<u>476</u>	<u>398</u>	<u>952</u>	<u>838</u>
Income from operations	61	71	194	204
Interest expense, net	33	34	67	67
Other income:				
Allowance for equity funds used during construction	5	4	9	7
Miscellaneous income (expense), net	3	3	5	(1)
Other income, net	8	7	14	6
Income before income tax expense	36	44	141	143
Income tax expense	4	5	13	23
Net income	32	39	128	120
Other comprehensive income	—	—	—	1
Comprehensive income	\$ 32	\$ 39	\$ 128	\$ 121
Weighted-average common shares outstanding (in thousands):				
Basic	<u>89,554</u>	<u>89,489</u>	<u>89,555</u>	<u>89,459</u>
Diluted	<u>89,672</u>	<u>89,625</u>	<u>89,687</u>	<u>89,602</u>
Earnings per share:				
Basic	<u>\$ 0.36</u>	<u>\$ 0.44</u>	<u>\$ 1.43</u>	<u>\$ 1.34</u>
Diluted	<u>\$ 0.36</u>	<u>\$ 0.43</u>	<u>\$ 1.43</u>	<u>\$ 1.34</u>

See accompanying notes to condensed consolidated financial statements.

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in millions)
(Unaudited)

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 17	\$ 257
Accounts receivable, net	274	271
Inventories	74	72
Regulatory assets—current	20	23
Other current assets	219	98
Total current assets	604	721
Electric utility plant, net	7,693	7,539
Regulatory assets—noncurrent	543	569
Nuclear decommissioning trust	43	45
Non-qualified benefit plan trust	46	42
Other noncurrent assets	170	153
Total assets	\$ 9,099	\$ 9,069

See accompanying notes to condensed consolidated financial statements.

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS, continued
(Dollars in millions)
(Unaudited)

	June 30, 2021	December 31, 2020
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 196	\$ 153
Liabilities from price risk management activities—current	55	14
Short-term debt	200	150
Current portion of long-term debt	20	160
Current portion of finance lease obligation	16	16
Accrued expenses and other current liabilities	369	322
Total current liabilities	856	815
Long-term debt, net of current portion	2,887	2,886
Regulatory liabilities—noncurrent	1,354	1,369
Deferred income taxes	402	374
Unfunded status of pension and postretirement plans	299	299
Liabilities from price risk management activities—noncurrent	69	136
Asset retirement obligations	263	270
Non-qualified benefit plan liabilities	100	101
Finance lease obligations, net of current portion	127	129
Other noncurrent liabilities	81	77
Total liabilities	6,438	6,456
Commitments and contingencies (see notes)		
Shareholders' Equity:		
Preferred stock, no par value, 30,000,000 shares authorized; none issued and outstanding as of June 30, 2021 and December 31, 2020	—	—
Common stock, no par value, 160,000,000 shares authorized; 89,401,722 and 89,537,331 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively	1,235	1,231
Accumulated other comprehensive loss	(11)	(11)
Retained earnings	1,437	1,393
Total shareholders' equity	2,661	2,613
Total liabilities and shareholders' equity	\$ 9,099	\$ 9,069

See accompanying notes to condensed consolidated financial statements.

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

(In millions)
(Unaudited)

	Six Months Ended June 30,	
	2021	2020
Cash flows from operating activities:		
Net income	\$ 128	\$ 120
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	204	212
Deferred income taxes	6	4
Pension and other postretirement benefits	12	12
Allowance for equity funds used during construction	(9)	(7)
Decoupling mechanism deferrals, net of amortization	11	(8)
Amortization of net benefits due to Tax Reform	—	(11)
Deferral of incremental storm costs	(52)	—
Other non-cash income and expenses, net	19	46
Changes in working capital:		
(Increase)/decrease in accounts receivable, net	(9)	40
(Increase) in inventories	(3)	(13)
(Increase) in margin deposits	(35)	(9)
Increase/(decrease) in accounts payable and accrued liabilities	13	(27)
Other working capital items, net	32	18
Other, net	(41)	(21)
Net cash provided by operating activities	276	356
Cash flows from investing activities:		
Capital expenditures	(326)	(370)
Sales of Nuclear decommissioning trust securities	7	4
Purchases of Nuclear decommissioning trust securities	(5)	(3)
Other, net	(13)	(1)
Net cash used in investing activities	(337)	(370)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	—	319
Payments on long-term debt	(140)	(98)
Borrowings on short-term debt	200	200
Repayments of short-term debt	(150)	(50)
Dividends paid	(73)	(69)
Repurchase of common stock	(12)	—
Other	(4)	(15)
Net cash provided by (used in) financing activities	(179)	287
Increase (Decrease) in cash and cash equivalents	(240)	273
Cash and cash equivalents, beginning of period	257	30
Cash and cash equivalents, end of period	\$ 17	\$ 303

Supplemental cash flow information is as follows:

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS, continued
(In millions)
(Unaudited)

	Six Months Ended June 30,			
	2021		2020	
Cash paid for interest, net of amounts capitalized	\$	61	\$	56
Cash paid for income taxes		11		5

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. The Company participates in the wholesale market by purchasing and selling electricity and natural gas in an effort to provide reasonably-priced power for its retail customers. 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 4,000 square mile, state-approved service area encompasses 51 incorporated cities entirely within the State of Oregon. As of June 30, 2021, PGE served 912,000 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 six months ended June 30, 2021 and 2020 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 normal recurring nature, unless otherwise noted. The financial information as of December 31, 2020 is derived from the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2020, included in Item 8 of PGE's Annual Report on Form 10-K, filed with the SEC on February 19, 2021, 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 six months ended June 30, 2021 and 2020.

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.

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

NOTE 2: REVENUE RECOGNITION
Disaggregated Revenue

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Retail:				
Residential	\$ 249	\$ 223	\$ 559	\$ 502
Commercial	170	140	332	299
Industrial	62	53	122	104
Direct access customers	13	12	24	23
Subtotal	494	428	1,037	928
Alternative revenue programs, net of amortization	(8)	—	(11)	9
Other accrued revenues, net	(2)	1	11	6
Total retail revenues	484	429	1,037	943
Wholesale revenues*	41	27	74	74
Other operating revenues	12	13	35	25
Total revenues	<u>\$ 537</u>	<u>\$ 469</u>	<u>\$ 1,146</u>	<u>\$ 1,042</u>

* Wholesale revenues include \$4 million and \$8 million related to electricity commodity contract derivative settlements for the three months ended June 30, 2021 and 2020, respectively, and \$9 million and \$24 million for the six months ended June 30, 2021 and 2020, 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 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 proceedings and various tariff filings with the Public Utility Commission of Oregon (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 the revenue earned from energy deliveries that have not yet been billed to customers. This amount, classified as Unbilled revenues, which is 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.

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

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 and are not reflected in Revenues, net within the condensed consolidated statements of income and comprehensive 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 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 services, excess transmission capacity resales, utility pole attachment revenues, and other 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.

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

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 \$99 million and \$97 million of unbilled revenues as of June 30, 2021 and December 31, 2020, respectively. Accounts receivable, net is net of an allowance for credit losses of \$22 million as of June 30, 2021. The following summarizes activity in the allowance for credit losses (in millions):

	Three Months Ended June 30, 2021	Six Months Ended June 30, 2021
Balance as of beginning of period	\$ 20	\$ 16
Increase in provision	8	15
Amounts written off	(8)	(12)
Recoveries	2	3
Balance as of end of period	<u>\$ 22</u>	<u>\$ 22</u>

Other Current Assets

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

	June 30, 2021	December 31, 2020
Prepaid expenses	\$ 51	\$ 57
Assets from price risk management activities	125	33
Margin deposits	43	8
Other current assets	<u>\$ 219</u>	<u>\$ 98</u>

Electric Utility Plant, Net

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

	June 30, 2021	December 31, 2020
Electric utility plant	\$ 11,168	\$ 10,974
Construction work-in-progress	510	429
Total cost	11,678	11,403
Less: accumulated depreciation and amortization	(3,985)	(3,864)
Electric utility plant, net	<u>\$ 7,693</u>	<u>\$ 7,539</u>

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

Accumulated depreciation and amortization in the table above includes accumulated amortization related to intangible assets of \$417 million and \$388 million as of June 30, 2021 and December 31, 2020, respectively. Amortization expense related to intangible assets was \$30 million and \$31 million for the six months ended June 30, 2021 and 2020, respectively and \$15 million and \$16 million for the three months ended June 30, 2021 and 2020, respectively. The Company's intangible assets primarily consist of computer software development and hydro licensing costs.

On June 30, 2021, PGE entered into a hydroelectric power purchase agreement (PPA) that the Company expects will be effective no later than December 31, 2021, after certain conditions precedent are met. On its effective date, the PPA is expected to modify an existing operating lease by effectively extending the term of the lease from 2024 to 2040 and increasing the capacity payments in the extension period. Upon modification, PGE anticipates the lease will be reclassified from operating to finance, and the Company will record an additional lease liability and right-of-use (ROU) asset of approximately \$140 million on PGE's condensed consolidated balance sheets, no later than December 31, 2021 if all conditions precedent are met. The energy portion of the PPA is considered variable and will not be included in the calculation of the lease liability and right-of-use asset. Any material differences between expense recognition and timing of payments will be deferred as a regulatory asset or liability in order to match what is anticipated to be recovered in customer prices for ratemaking purposes.

Regulatory Assets and Liabilities

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

	June 30, 2021		December 31, 2020	
	Current	Noncurrent	Current	Noncurrent
Regulatory assets:				
Price risk management	\$ —	\$ 35	\$ —	\$ 124
Pension and other postretirement plans	—	229	—	240
Debt issuance costs	—	24	—	25
Trojan decommissioning activities	—	98	—	95
Incremental storm costs	—	52	—	—
Other	20	105	23	85
Total regulatory assets	<u>\$ 20</u>	<u>\$ 543</u>	<u>\$ 23</u>	<u>\$ 569</u>
Regulatory liabilities:				
Asset retirement removal costs	\$ —	\$ 1,028	\$ —	\$ 1,016
Deferred income taxes	—	219	—	239
Asset retirement obligations	—	39	—	37
Price risk management	70	—	18	—
Other	21	68	5	77
Total regulatory liabilities	<u>\$ 91 *</u>	<u>\$ 1,354</u>	<u>\$ 23 *</u>	<u>\$ 1,369</u>

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

Incremental storm costs represents the costs not previously included for recovery in customer prices related to major storm damage incurred during the six months ended June 30, 2021. Such costs were incurred to repair damage to PGE's transmission and distribution systems and restore power to customers as a result of the historic storms that ultimately led Oregon's Governor to declare a state of emergency on February 13, 2021. On February 15, 2021, the Company filed an application for authorization to defer emergency restoration costs for the February storms (Docket UM 2156). PGE does not expect an OPUC decision on the February storm deferral until later in 2021 or 2022. While the Company believes the full amount of the deferral is probable of recovery as PGE's

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

prudently incurred costs were in response to the unique and unprecedented nature of the storms, the OPUC has significant discretion in making the final determination of recovery which could result in a portion or all of the Company's deferral being disallowed for recovery.

Accrued Expenses and Other Current Liabilities

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

	June 30, 2021		December 31, 2020	
Accrued employee compensation and benefits	\$	51	\$	67
Accrued taxes payable		33		36
Accrued interest payable		27		29
Accrued dividends payable		40		38
Regulatory liabilities—current		91		23
Other		127		129
Total accrued expenses and other current liabilities	\$	369	\$	322

Credit Facilities

As of June 30, 2021, PGE had a \$500 million revolving credit facility scheduled to expire in November 2023. The Company has the ability to expand the revolving credit facility to \$600 million, if needed. 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, two, 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 June 30, 2021, PGE was in compliance with this covenant with a 55.3% debt-to-total capital ratio. The aggregate unused available credit capacity under the revolving credit facility was \$500 million.

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 to cover any potential need to repay any commercial paper that may be outstanding at the time. As of June 30, 2021, 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 four 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 \$69 million were outstanding as of June 30, 2021. Letters of credit issued are not reflected on the Company's condensed consolidated balance sheets.

On April 9, 2020, PGE obtained a 364-day term loan from lenders in the aggregate principal of \$150 million. The term loan bore interest for the relevant interest period at LIBOR plus 1.25%. The interest rate was subject to adjustment pursuant to the terms of the loan. On March 31, 2021, this term loan was repaid in full with proceeds from the subsequent term loan described below.

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

On March 31, 2021, PGE obtained an unsecured 364-day term loan in the aggregate principal amount of \$200 million. The term loan will bear interest for the relevant interest period at LIBOR plus 0.70%, with the interest rate subject to adjustment pursuant to terms of the loan. The credit agreement expires on March 30, 2022, with any outstanding balance due and payable on such date. The Company used a portion of the proceeds to repay the prior 364-day term loan, with the remainder of the proceeds used for general corporate purposes.

Pursuant to an order issued by the Federal Energy Regulatory Commission (FERC), the Company is authorized to issue short-term debt in an aggregate amount of up to \$900 million through February 6, 2022.

Long-term Debt

On January 6, 2021, the Company made a scheduled \$140 million repayment on a 2.51% Series of First Mortgage Bonds with available cash.

Defined Benefit Retirement Plan Costs

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

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Service cost	\$ 5	\$ 4	\$ 10	\$ 8
Interest cost*	7	8	14	16
Expected return on plan assets*	(11)	(11)	(22)	(22)
Amortization of net actuarial loss*	5	4	10	8
Net periodic benefit cost	<u>\$ 6</u>	<u>\$ 5</u>	<u>\$ 12</u>	<u>\$ 10</u>

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

NOTE 4: FAIR VALUE OF FINANCIAL INSTRUMENTS

PGE estimated the fair value of financial asset and liability instruments as of June 30, 2021 and December 31, 2020, 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:

- Level 1* Quoted prices are available in active markets for identical assets or liabilities as of the measurement date;
- Level 2* Pricing inputs include those that are directly or indirectly observable in the marketplace as of the measurement date; and
- Level 3* 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

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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.

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 June 30, 2021				
	Level 1	Level 2	Level 3	Other ⁽²⁾	Total
Assets:					
Cash equivalents	\$ —	\$ —	\$ —	\$ —	\$ —
Nuclear decommissioning trust: ⁽¹⁾					
Debt securities:					
Domestic government	9	8	—	—	17
Corporate credit	—	13	—	—	13
Money market funds measured at NAV ⁽²⁾	—	—	—	13	13
Non-qualified benefit plan trust: ⁽³⁾					
Debt securities—domestic government	1	—	—	—	1
Money market funds	2	—	—	—	2
Equity securities	8	—	—	—	8
Price risk management activities: ^{(1) (4)}					
Electricity	—	33	7	—	40
Natural gas	—	111	8	—	119
	<u>\$ 20</u>	<u>\$ 165</u>	<u>\$ 15</u>	<u>\$ 13</u>	<u>\$ 213</u>
Liabilities:					
Price risk management activities: ^{(1) (4)}					
Electricity	\$ —	\$ 50	\$ 73	\$ —	\$ 123
Natural gas	—	1	—	—	1
	<u>\$ —</u>	<u>\$ 51</u>	<u>\$ 73</u>	<u>\$ —</u>	<u>\$ 124</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 \$35 million, which are recorded at cash surrender value.

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

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	As of December 31, 2020				
	Level 1	Level 2	Level 3	Other ⁽²⁾	Total
Assets:					
Cash equivalents	\$ 255	\$ —	\$ —	\$ —	255
Nuclear decommissioning trust: ⁽¹⁾					
Debt securities:					
Domestic government	9	11	—	—	20
Corporate credit	—	13	—	—	13
Money market funds measured at NAV ⁽²⁾	—	—	—	12	12
Non-qualified benefit plan trust: ⁽³⁾					
Debt securities—domestic government	1	—	—	—	1
Money market funds	1	—	—	—	1
Equity securities	7	—	—	—	7
Price risk management activities: ⁽¹⁾⁽⁴⁾					
Electricity	—	4	4	—	8
Natural gas	—	36	1	—	37
	<u>\$ 273</u>	<u>\$ 64</u>	<u>\$ 5</u>	<u>\$ 12</u>	<u>354</u>
Liabilities:					
Price risk management activities: ⁽¹⁾⁽⁴⁾					
Electricity	—	5	141	—	146
Natural gas	—	4	1	—	5
	<u>\$ —</u>	<u>\$ 9</u>	<u>\$ 142</u>	<u>\$ —</u>	<u>151</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 \$33 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.

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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 instruments for which fair value is derived using one or more significant inputs that are not observable for the entire term of the instrument. These instruments consist of longer-term commodity forwards, futures, and swaps.

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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 June 30, 2021							
Electricity physical forwards	\$ 5	\$ 72	Discounted cash flow	Electricity forward price (per MWh)	\$ 18.88	\$ 148.39	\$ 51.68
Natural gas financial swaps	8	—	Discounted cash flow	Natural gas forward price (per Decatherm)	1.86	5.01	2.51
Electricity financial futures	2	1	Discounted cash flow	Electricity forward price (per MWh)	21.78	96.00	47.47
	<u>\$ 15</u>	<u>\$ 73</u>					
As of December 31, 2020							
Electricity physical forwards	\$ —	\$ 141	Discounted cash flow	Electricity forward price (per MWh)	\$ 11.17	\$ 51.18	\$ 29.74
Natural gas financial swaps	1	1	Discounted cash flow	Natural gas forward price (per Decatherm)	1.52	4.33	2.29
Electricity financial futures	4	—	Discounted cash flow	Electricity forward price (per MWh)	8.78	58.42	43.71
	<u>\$ 5</u>	<u>\$ 142</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)

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 June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Balance as of the beginning of the period	\$ 117	\$ 134	\$ 137	\$ 97
Net realized and unrealized losses/(gains)*	(62)	17	(83)	56
Transfers from Level 3 to Level 2	3	—	4	(2)
Balance as of the end of the period	<u>\$ 58</u>	<u>\$ 151</u>	<u>\$ 58</u>	<u>\$ 151</u>

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* Both realized and unrealized losses/(gains), of which unrealized portion 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 \$1 million in net realized losses and \$3 million in net realized gains for the three-month periods ended June 30, 2021 and June 30, 2020, respectively. For the six-month periods ended June 30, 2021 and June 30, 2020, includes \$2 million in net realized losses and \$3 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 First Mortgage Bonds (FMBs) and Pollution Control Revenue Bonds is classified as a Level 2 fair value measurement.

As of June 30, 2021, the carrying amount of PGE's long-term debt was \$2,907 million, net of \$12 million of unamortized debt expense, and its estimated aggregate fair value was \$3,512 million. As of December 31, 2020, the carrying amount of PGE's long-term debt was \$3,046 million, net of \$13 million of unamortized debt expense, and its estimated aggregate fair value was \$3,808 million.

NOTE 5: RISK MANAGEMENT

Price 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 its existing long-term wholesale contracts. Wholesale market transactions include purchases and sales of both power and fuel resulting from economic dispatch decisions for Company-owned generation resources. 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 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 the ratemaking and cost recovery processes authorized by the OPUC, the Company recognizes a regulatory asset or liability to defer the gains and losses from derivative activity until settlement of the associated derivative instrument. PGE may designate certain derivative instruments as cash flow hedges or may use derivative instruments as economic hedges. The Company does not intend to engage in trading activities for non-retail purposes.

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

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	June 30, 2021	December 31, 2020
Current assets:		
Commodity contracts:		
Electricity	\$ 37	\$ 4
Natural gas	88	29
Total current derivative assets ⁽¹⁾	<u>125</u>	<u>33</u>
Noncurrent assets:		
Commodity contracts:		
Electricity	3	4
Natural gas	31	8
Total noncurrent derivative assets ⁽¹⁾	<u>34</u>	<u>12</u>
Total derivative assets ⁽²⁾	<u>\$ 159</u>	<u>\$ 45</u>
Current liabilities:		
Commodity contracts:		
Electricity	\$ 54	\$ 13
Natural gas	1	2
Total current derivative liabilities	<u>55</u>	<u>15</u>
Noncurrent liabilities:		
Commodity contracts:		
Electricity	69	133
Natural gas	—	3
Total noncurrent derivative liabilities	<u>69</u>	<u>136</u>
Total derivative liabilities ⁽²⁾	<u>\$ 124</u>	<u>\$ 151</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 June 30, 2021 and December 31, 2020, 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):

	June 30, 2021	December 31, 2020
Commodity contracts:		
Electricity	3 MWhs	6 MWhs
Natural gas	167 Decatherms	137 Decatherms
Foreign currency	\$ 19 Canadian	\$ 19 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 June 30, 2021 and December 31, 2020, gross amounts included as Price risk management liabilities subject to master netting agreements was an immaterial amount.

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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):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Commodity contracts:				
Electricity	\$ (44)	\$ 15	\$ (67)	\$ 47
Natural Gas	(89)	(13)	(114)	(4)
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 June 30, 2021 and 2020, net gains of \$112 million and net gains of \$1 million, respectively, have been offset. Net gains of \$151 million and net losses of \$41 million have been offset for the six-month periods ended June 30, 2021 and 2020, 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 June 30, 2021 related to PGE's derivative activities would become realized as a result of the settlement of the underlying derivative instrument (in millions):

	2021	2022	2023	2024	2025	Thereafter	Total
Commodity contracts:							
Electricity	\$ 23	\$ (4)	\$ 5	\$ 6	\$ 7	\$ 46	\$ 83
Natural gas	(61)	(46)	(9)	(2)	—	—	(118)
Net unrealized loss/(gain)	<u>\$ (38)</u>	<u>\$ (50)</u>	<u>\$ (4)</u>	<u>\$ 4</u>	<u>\$ 7</u>	<u>\$ 46</u>	<u>\$ (35)</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 June 30, 2021 was \$89 million, for which PGE has posted \$11 million in collateral, consisting of \$9 million of letters of credit and \$2 million of cash. If the credit-risk-related contingent features underlying these agreements were triggered at June 30, 2021, the cash requirement to either post as collateral or settle the instruments immediately would have been \$80 million. As of June 30, 2021, PGE had \$41 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.

As of June 30, 2021, PGE received from counterparties \$18 million in collateral, consisting of \$2 million of letters of credit and \$16 million of cash. 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.

Counterparties representing 10% or more of assets and liabilities from price risk management activities were as follows:

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	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Assets from price risk management activities:		
Counterparty A	10 %	12 %
Counterparty B	13	17
Counterparty C	21	21
Counterparty D	11	16
	<u>55 %</u>	<u>66 %</u>
Liabilities from price risk management activities:		
Counterparty E	<u>58 %</u>	<u>93 %</u>

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; and ii) contingently issuable time-based and performance-based restricted stock units, along with associated dividend equivalent rights. 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 six months ended June 30, 2021, unvested performance-based restricted stock units and related dividend equivalent rights of 367 thousand shares were excluded from the dilutive calculation because the performance goals had not been met, with 303 thousand shares excluded for the three and six months ended June 30, 2020.

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):

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Weighted-average common shares outstanding—basic	89,554	89,489	89,555	89,459
Dilutive effect of potential common shares	118	136	132	143
Weighted-average common shares outstanding—diluted	<u>89,672</u>	<u>89,625</u>	<u>89,687</u>	<u>89,602</u>

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NOTE 7: SHAREHOLDERS' EQUITY

The activity in equity during the three- and six-month periods ended June 30, 2021 and 2020 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, 2020	89,537,331	\$ 1,231	\$ (11)	\$ 1,393	\$ 2,613
Issuances of shares pursuant to equity-based plans	39,417	—	—	—	—
Stock-based compensation	—	2	—	—	2
Dividends declared (\$0.4075 per share)	—	—	—	(36)	(36)
Net income	—	—	—	96	96
Balances as of March 31, 2021	89,576,748	\$ 1,233	\$ (11)	\$ 1,453	\$ 2,675
Issuances of shares pursuant to equity-based plans	74,974	1	—	—	1
Stock-based compensation	—	4	—	—	4
Repurchase of common stock	(250,000)	(3)	—	(9)	(12)
Dividends declared (\$0.4300 per share)	—	—	—	(39)	(39)
Net income	—	—	—	32	32
Balances as of June 30, 2021	89,401,722	\$ 1,235	\$ (11)	\$ 1,437	\$ 2,661
Balances as of December 31, 2019	89,387,124	\$ 1,220	\$ (10)	\$ 1,381	\$ 2,591
Issuances of shares pursuant to equity-based plans	77,397	—	—	—	—
Other comprehensive income	—	—	1	—	1
Dividends declared (\$0.3850 per share)	—	—	—	(35)	(35)
Net income	—	—	—	81	81
Balances as of March 31, 2020	89,464,521	\$ 1,220	\$ (9)	\$ 1,427	\$ 2,638
Issuances of shares pursuant to equity-based plans	42,430	1	—	—	1
Stock-based compensation	—	3	—	—	3
Other comprehensive income	—	—	—	—	—
Dividends declared (\$0.3850 per share)	—	—	—	(35)	(35)
Net income	—	—	—	39	39
Balances as of June 30, 2020	89,506,951	\$ 1,224	\$ (9)	\$ 1,431	\$ 2,646

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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. 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.

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.

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The EPA finalized the feasibility study, along with the 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, which has 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. 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 have improved substantially over the past ten years. 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 EPA announced on February 12, 2021 that 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 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.

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 of Oregon, 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 (CTWS), 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. The Company believes that 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.

PORTLAND GENERAL ELECTRIC COMPANY
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(Unaudited)

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 and recover incurred estimated liabilities and environmental expenditures related to Portland Harbor through a combination of third-party proceeds, such as 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 general rate case. 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 recovering any Portland Harbor cost from the PHERA through customer prices.

Deschutes River Alliance Clean Water Act Claims

In 2016, the Deschutes River Alliance (DRA) filed a lawsuit against the Company (Deschutes River Alliance v. Portland General Electric Company, U.S. District Court of the District of Oregon) that sought injunctive and declaratory relief under the Clean Water Act (CWA) related to alleged past and continuing violations of the CWA. Specifically, DRA claimed PGE had violated certain conditions contained in PGE's Water Quality Certification for the Pelton/Round Butte Hydroelectric Project (Project) related to dissolved oxygen, temperature, and measures of acidity or alkalinity of the water. DRA alleged the violations were related to PGE's operation of the Selective Water Withdrawal (SWW) facility at the Project.

The SWW, located above Round Butte Dam on the Deschutes River in central Oregon, is, among other things, designed to blend water from the surface with water near the bottom of the reservoir and was constructed and placed into service in 2010, as part of the FERC license requirements, for the purpose of restoration and enhancement of native salmon and steelhead fisheries above the Project. DRA alleged that PGE's operation of the SWW had caused the above-referenced violations of the CWA, which in turn had degraded the fish and wildlife habitat of the Deschutes River below the Project and harmed the economic and personal interests of DRA's members and supporters.

In March and April 2018, DRA and PGE filed cross-motions for summary judgment and PGE and CTWS, which co-own the Project, filed separate motions to dismiss. CTWS initially appeared as a friend of the court, but subsequently was found to be a necessary party to the lawsuit and joined as a defendant.

In August 2018, the U.S. District Court of the District of Oregon (District Court) denied DRA's motions for partial summary judgment and granted PGE's and CTWS's cross-motions for summary judgment, ruling in favor of PGE and CTWS. The District Court found that DRA had not shown a genuine dispute of material fact sufficient to support its contention that PGE and CTWS were operating the Project in violation of the CWA, and accordingly dismissed the case.

In October 2018, DRA filed an appeal, and PGE and the CTWS filed cross-appeals, to the Ninth Circuit Court of Appeals. The appeals were fully briefed and oral argument occurred. On June 23, 2021, the Ninth Circuit Court of Appeals issued a decision to dismiss the case.

Securities Case

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

During September and October, 2020, three putative class action complaints were filed in U.S. District Court for the District of Oregon against PGE and certain of its officers, captioned *Hessel v. Portland General Electric Co.*, No. 20-cv-01523 (“*Hessel*”), *Cannataro v. Portland General Electric Co.*, No. 3:20-cv-01583 (“*Cannataro*”), and *Public Employees’ Retirement System of Mississippi v. Portland General Electric Co.*, No. 20-cv-01786 (“*PERS of Mississippi*”). Two of these actions were filed on behalf of purported purchasers of PGE stock between April 24, 2020, and August 24, 2020; a third action was filed on behalf of purported purchasers of PGE stock between February 13, 2020, and August 24, 2020.

During the fourth quarter of 2020, the plaintiff in *Hessel* voluntarily dismissed his case and the court consolidated *Cannataro* and *PERS of Mississippi* into a single case captioned *In re Portland General Electric Company Securities Litigation* (the “*Securities Action*”) and appointed Public Employees’ Retirement System of Mississippi lead plaintiff (“*Lead Plaintiff*”). On January 11, 2021, Lead Plaintiff filed an amended complaint asserting causes of action arising under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 for alleged misstatements and omissions regarding, among other things, PGE’s alleged lack of sufficient internal controls and risks associated with PGE’s trading activity in wholesale electric markets, purportedly on behalf of purchasers of PGE stock between February 13, 2020, and August 24, 2020 (“*the Amended Complaint*”). The Amended Complaint demands a jury trial and seeks compensatory damages of an unspecified amount and reimbursement of plaintiffs’ costs, and attorneys’ and expert fees. On March 12, 2021, the defendants filed a motion to dismiss the Amended Complaint.

On July 11, 2021, the parties entered into a Stipulation of Settlement (the “*Agreement*”) to fully resolve the Securities Action. The Agreement, which is subject to Court approval, provides for a settlement payment of \$6.75 million in exchange for the complete dismissal with prejudice and a release of all claims against the defendants in connection with the Securities Action, without any admission of fault or wrongdoing by the defendants. On July 16, 2021, the Lead Plaintiff filed an application for Court approval of the settlement, which is pending. The Company anticipates that the settlement payment will be paid by the Company’s insurance provider under its insurance policy. In light of the Agreement, the court removed the hearing on the defendants’ pending motion to dismiss from the calendar.

Putative Shareholder Derivative Lawsuits

On January 26, 2021, a putative shareholder derivative lawsuit was filed in Multnomah County Circuit Court, Oregon, captioned *Shimberg v. Pope*, No. 21- cv-02957, against one current and one former PGE executive and several members of the Company’s Board of Directors (collectively, the “*Individual Defendants*”) and naming the Company as a nominal defendant only. The plaintiff asserts a claim for alleged breaches of fiduciary duties, purportedly on behalf of PGE, arising from the energy trading losses the Company previously announced in August 2020. The plaintiff alleges that the Individual Defendants made material misstatements and omissions and allowed the Company to operate with inadequate internal controls. The complaint demands a jury trial and seeks damages to be awarded to the Company of not less than \$10 million, equitable relief to remedy the alleged breaches of fiduciary duty, and an award of plaintiff’s attorneys’ fees and costs. The court has entered an order staying the action until September 15, 2021, or until further order of the court reinstating the action. On June 1, 2021, the plaintiff filed an unopposed motion to consolidate this lawsuit with *Ashabraner v. Pope*, 21-cv-13698, described below. Since the lawsuit is in early stages, the Company is unable to predict outcomes or estimate a range of reasonably possible loss.

On March 17, 2021, a putative shareholder derivative lawsuit was filed in U.S. District Court for the District of Oregon, captioned *JS Halberstam Irrevocable Grantor Trust v. Davis*, No. 3:21-cv-00413-SI, against one current and one former PGE executive and certain current and former members of the Company’s Board of Directors. The plaintiff asserts claims for alleged breaches of fiduciary duties, waste of corporate assets, contribution and indemnification, aiding and abetting, and gross mismanagement, purportedly on behalf of PGE, arising from the

PORTLAND GENERAL ELECTRIC COMPANY
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energy trading losses the Company previously announced in August 2020. The plaintiff alleges that the defendants made material misstatements and omissions and allowed the Company to operate with inadequate internal controls. The complaint demands a jury trial and seeks equitable relief to remedy and prevent future alleged breaches of fiduciary duty, and an award of plaintiff's attorneys' fees and costs. The court has entered an order staying the action until September 15, 2021. Since the lawsuit is in early stages, the Company is unable to predict outcomes or estimate a range of reasonably possible loss.

On April 7, 2021, a putative shareholder derivative lawsuit was filed in Multnomah County Circuit Court, Oregon, captioned, *Ashabraner v. Pope*, 21-cv-13698, against one current and one former PGE executive and several members of the Company's Board of Directors. The plaintiff asserts a claim for alleged breaches of fiduciary duties, purportedly on behalf of PGE, arising from the energy trading losses the Company previously announced in August 2020. The plaintiff alleges that the defendants made material misstatements and omissions and allowed the Company to operate with inadequate internal controls. The complaint demands a jury trial and seeks damages to be awarded to the Company, equitable relief, and an award of plaintiff's attorneys' fees and costs. On April 30, 2021, the court entered an order staying the action until September 15, 2021. Since the lawsuit is in early stages, the Company is unable to predict outcomes or estimate a range of reasonably possible loss.

On May 21, 2021, a putative shareholder derivative lawsuit was filed in the U.S. District Court for the District of Oregon, Portland Division captioned *Berning v. Pope*, No. 3:21-cv-00783-SI, against one current and one former PGE executive and several members of the Company's Board of Directors and naming the Company as a nominal defendant only. The plaintiff asserts claims for alleged breaches of fiduciary duties, purportedly on behalf of PGE, arising from the energy trading losses the Company previously announced in August 2020. The plaintiff also asserts a claim against the two executives for contribution and indemnity based on alleged violations of Sections 10(b) and 21D of the Exchange Act. The complaint demands a jury trial and seeks multiple forms of relief, including, among other things: a declaration that defendants breached and/or aided and abetted the breach of their fiduciary duties to PGE; an order directing PGE to reform and improve its corporate governance and internal procedures; restitution; and an award of attorneys' fees, expenses, and costs. Since the lawsuit is in early stages, the Company is unable to predict outcomes or estimate a range of reasonably possible loss.

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 Federal Energy Regulatory Commission ("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, SEC, and FERC. Management cannot at this time predict the eventual scope or outcome of these matters.

Colstrip Litigation

The Company has a 20% ownership interest in the Colstrip Units 3 and 4 coal-fired generating plant (Colstrip), which is operated by one of the co-owners, Talen Montana, LLC (Talen). Various business disagreements have arisen amongst the co-owners regarding interpretation of the Ownership and Operation (O&O) Agreement and other matters, which are described below.

Petition to compel arbitration—On April 12, 2021, Avista Corporation, Puget Sound Energy Inc., PacifiCorp, and Portland General Electric Company (the Petitioners) petitioned in Spokane County Superior Court, Washington. Case No. 21201000-32, against Northwestern Corporation and Talen to compel the arbitration initiated by NorthWestern Corporation to determine whether owners representing 55% or more of the ownership shares can vote

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to close one or both units of Colstrip, or 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 appropriate expertise. On April 14, 2021, the Petitioners filed a petition to compel arbitration. On May 14, 2021, Talen removed the case to Federal Court (Eastern District of Washington Case No. 2:21-cv-00163-RMP). On May 21, 2021, Talen filed a motion to transfer the case to the U.S. District Court for the District of Montana, or dismiss. Petitioners filed a motion to remand on June 4, 2021.

Challenge to constitutionality of Montana Senate Bills 265 and 266 (SB 265 and SB 266)—On May 4, 2021, the Petitioners filed a claim against Northwestern Corporation and Talen in U.S. District Court - Montana, Billings Division, Case No. 1:21-cv-00047-SPW-KLD, based on the passage of SB 265 in Montana, which attempts to void contractual provisions within the co-owner agreement for Colstrip if they do not provide for three arbitrators or provide for venue outside of the county where the plant is located. The passage of SB 265 was supported by Defendants and purports to void the O&O Agreement between all parties, which provides for one arbitrator and venue in Spokane, Washington. The petitioners allege that SB 265 violates the contracts clause of the U.S. Constitution and the Montana Constitution, and is preempted by the Federal Arbitration Act (FAA). The Petitioners seek declaratory relief that SB 265 is unconstitutional as applied to the O&O Agreement and the FAA preempts the enforcement of SB 265.

Petitioners filed a First Amended Complaint on May 19, 2021, adding the Attorney General of Montana (Montana AG) as defendant and challenging the constitutionality of Montana Senate Bill 266 (SB 266), which purportedly gives the Montana AG authority to penalize and restrain any co-owner of Colstrip who takes steps to shut-down the plant without unanimous consent, or otherwise fails to pay the costs to maintain the plant. Defendant Northwestern filed an answer on June 2, 2021 and asked that the case Talen filed, as described in the “*Complaint to implement SB 265 and SB 266*” below, and this case be consolidated. On May 27, 2021, Petitioners filed a Motion for Preliminary Injunction, to enjoin the Attorney General from enforcing SB 266 against them. On June 17, 2021, defendants Northwestern Corporation and Talen filed their Oppositions to Motion for Preliminary Injunction (PI) and the Montana AG filed a response taking no position on the PI, stating the State of Montana does not envision enforcing SB 266 any time soon. The Court scheduled a hearing on the Petitioners’ Motion for PI August 6, 2021.

Complaint to implement SB 265 and SB 266—On May 4, 2021, Talen filed a complaint against the Petitioners and Northwestern Corporation, 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 SB 265, which purports to invalidate provisions of the co-owner operating agreement regarding arbitration, and SB 266, which purports to give the Montana AG authority to prosecute and levy a \$100,000 a day fine against any co-owner who takes steps to close Colstrip without unanimous consent of all co-owners. The case was subsequently removed to the U.S. District Court - Montana, Billings Division, Case No. 1:21-cv-00058-SPW-TJC.

Since these lawsuit are in early stages, the Company is unable to predict outcomes or estimate a range of reasonably possible loss.

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 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

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(Unaudited)

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 June 30, 2021, 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 U.S. Federal statutory tax rate and PGE's effective tax rate are reflected in the following table:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Federal statutory tax rate	21.0 %	21.0 %	21.0 %	21.0 %
Federal tax credits*	(11.7)	(14.4)	(9.6)	(12.0)
State and local taxes, net of federal tax benefit	8.3	10.9	8.7	8.5
Flow-through depreciation and cost basis differences	(3.0)	(2.6)	(0.5)	0.3
Amortization of excess deferred income tax	(3.4)	(2.5)	(3.3)	(2.1)
Local tax flow-through adjustment	—	—	(6.1)	—
Other	(0.1)	(1.0)	(1.0)	0.4
Effective tax rate	<u>11.1 %</u>	<u>11.4 %</u>	<u>9.2 %</u>	<u>16.1 %</u>

* 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 wind-powered generating facilities are eligible to earn PTCs until various dates through 2030.

PORTLAND GENERAL ELECTRIC COMPANY
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Local tax flow-through adjustment

The Company is subject to a local tax that is recovered through a supplemental tariff based on current tax expense, but for which the Company has also recognized deferred income tax expenses over time. Because it is probable that the local deferred taxes will be flowed through future customer prices in accordance with the supplemental tariff, PGE determined a corresponding regulatory asset should have been recorded. In the first quarter of 2021, PGE recognized a regulatory asset to defer previously recorded deferred income tax expenses in the amount of \$9 million with a corresponding credit to Income tax expense in the condensed consolidated statements of income for the six months ended June 30, 2021. The adjustment has no impact to the three months ended June 30, 2021, and is immaterial to prior periods.

Carryforwards

Federal tax credit carryforwards as of June 30, 2021 and December 31, 2020 were \$88 million and \$77 million, respectively. These credits primarily consist of PTCs, which will expire at various dates through 2041. PGE believes that it is more likely than not that its deferred income tax assets as of June 30, 2021 will be realized; accordingly, no valuation allowance has been recorded. As of June 30, 2021, and December 31, 2020, PGE had no material unrecognized tax benefits.

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, future 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,” 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 FERC and OPUC 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, and capital investments, 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;
- changing customer expectations and choices that may reduce customer demand for its services may impact PGE’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 community choice aggregators;
- the outcome of legal and regulatory proceedings and issues including, but not limited to, the matters described in Note 8, Contingencies, in the Notes to the Condensed Consolidated Financial Statements;
- 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 extreme 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, PGE’s ability to access the wholesale energy market, PGE’s ability to operate its generating facilities and transmission and distribution systems, 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;

- operational factors affecting PGE’s power generating facilities, including forced outages, 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;
- 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;
- failure to complete capital projects on schedule and within budget or the abandonment of capital projects, either of which could result in the Company’s inability to recover project costs;
- volatility in wholesale power and natural gas prices 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, 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, and the repayments of maturing debt;
- 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, including changes in the environment that may affect energy costs or consumption, increase the Company’s costs, or adversely affect its operations;
- changes in residential, commercial, or industrial customer demand, or demographic patterns, in PGE’s service territory;
- the effectiveness of PGE’s risk management policies and procedures;
- cybersecurity attacks, data 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, employee, or Company information;
- employee workforce factors, including potential strikes, work stoppages, transitions in senior management, and the ability to recruit and retain appropriate talent;
- new federal, state, and local laws that could have adverse effects on operating results;
- political and economic conditions;
- the impact of widespread health developments, including the global coronavirus (COVID-19) pandemic, 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; 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. The 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 of Oregon. In addition, 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. The Company generates revenues and cash flows primarily from the sale and distribution of electricity to retail customers in its service territory.

Company Strategy

PGE remains committed to achieving steady growth and returns as the Company transforms to meet the challenges of climate change and an ever-evolving energy grid. Customers, policy makers, and other stakeholders expect PGE to reduce greenhouse gas (GHG) emissions, keep the power grid reliable and secure, and ensure prices are affordable, especially for the most vulnerable customers. The Company's strategy strives to balance these interests. PGE plans to:

- Decarbonize the power supply by reducing GHG emissions associated with the power served to customers by at least 80% by 2030, and achieving zero GHG emissions associated with the power served to customers by 2040;
- Electrify other sectors of the economy like transportation and buildings that are also transforming to reduce GHG emissions; and
- Perform as a business, driving improvements to work efficiency, safety of our coworkers, and reliability of our systems and equipment, all while adhering to the Company's earnings per diluted share growth guidance of 4-6% on average.

Decarbonize the power supply—PGE partners with customers and local and state governments to advance a clean energy future. PGE continues to leverage these partnerships to pursue emission reductions using a diverse portfolio of clean and renewable energy resources, and promote economy-wide emission reductions through electrification and smart energy use to help meet its GHG emission reduction goals.

Clean Electricity and GHG Legislation and Administrative Actions—In June 2021, the Oregon legislature passed House Bill 2021 (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. The GHG 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. The bill was signed by the Governor on July 19, 2021. The baseline period for the investor-owned utilities is the average annual GHG emissions for the years 2010, 2011, and 2012 associated with the electricity sold to retail electricity consumers as reported to Oregon Department of Environmental Quality (ODEQ).

Utilities must develop a clean energy plan (CEP) for meeting the targets concurrent with the development of each Integrated Resource Plan (IRP). In reviewing the CEP, the OPUC must ensure that utilities demonstrate continual

progress and are taking actions as soon as practicable that facilitate rapid reduction of GHG emissions at reasonable costs to retail electricity consumers. The OPUC is also given authority to apply a performance incentive for early compliance with one or more of the clean energy targets.

Regulated entities will continue to report annual GHG emissions to ODEQ, as they do today. In compliance years, which are 2030, 2035, and 2040 and every year thereafter, the OPUC will use the data reported to ODEQ for that compliance year to determine whether the reduction targets are met. In determining compliance, if the utility has emissions in excess of the target, the OPUC must take into consideration emissions attributable to meeting load if the utility experienced unexpected challenges, such as transmission constraints or under-production from hydro and other renewable resources. The bill also includes certain compliance exceptions to protect customers, such as cost caps and mandatory reliability standards.

The legislation also:

- aligns with PGE decarbonization goals while protecting affordability and reliability;
- establishes clear decarbonization authority for the OPUC, including authority over electricity service suppliers (ESS);
- modernizes competition provisions of Oregon’s electricity restructuring law from 1999, Oregon Senate Bill 1149 (SB 1149),
- provides clear authority and process for a community-wide green tariff program for customers 30 kw and smaller with the ability to earn on program resources, and
- codifies non-bypassability of costs to ensure all customers pay their share of HB 2021 policy costs.

In March 2020, the Governor of Oregon issued an executive order directing state agencies to seek to reduce and regulate GHG emissions. As the Governor is limited by current statutory authority, the executive order does not include a market-based mechanism as envisioned by the cap and trade legislation introduced in prior legislative sessions.

Among other things, the executive order:

- Directed state agencies to integrate climate change and the State’s GHG reduction goals into their planning, budgets, investments, and decisions to the extent allowed by law.
- Directed the OPUC to—
 - determine whether utility portfolios and customer programs reduce risks and costs to utility customers by making rapid progress towards reducing GHG emissions consistent with Oregon’s reduction goals;
 - encourage electric companies to support transportation electrification infrastructure that supports GHG reductions and zero emission vehicle goals; and
 - prioritize proceedings and activities that advance decarbonization in the utility sector and exercise its broad statutory authority to reduce GHG emissions, mitigate energy burden on utility customers, and ensure reliability and resource adequacy.
- Directed the ODEQ to adopt a program to cap and reduce GHG emissions from large stationary sources, transportation fuels, and other liquid or gaseous fuels including natural gas; and
- More than doubled the reduction goals of the state’s Clean Fuels Program and extended the program, from the previous rule that required a 10 percent reduction in average carbon intensity of fuels from 2015 levels by 2025, to a 25 percent reduction below 2015 levels by 2035.

In 2016, Oregon Senate Bill 1547 (SB 1547) set a benchmark for how much electricity must come from renewable sources and required the elimination of coal from Oregon utility customers’ energy supply no later than 2030 (subject to an exception that allowed extension of this date until 2035 for PGE’s output from Colstrip).

Other provisions of the law include:

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

In response to SB 1547, the Company filed a tariff request in 2016 to accelerate recovery of PGE's investment in the Colstrip facility from 2042 to 2030. In January 2020, the owners of Colstrip Units 1 and 2 permanently retired those two units. Although PGE has no direct ownership interest in those two units, the Company does have a 20% ownership share in Colstrip Units 3 and 4, which utilize certain common facilities with Units 1 and 2.

Although PGE is currently scheduled to recover the costs of Colstrip generation by 2030, some co-owners of Units 3 and 4 have sought approval to recover their costs sooner in their respective jurisdictions. In its most recent depreciation study filed with the OPUC in January 2021, PGE proposed to accelerate depreciation on Colstrip generation assets through 2027. In late July 2021, certain parties to PGE's depreciation study docket, (OPUC Docket UM 2152) reached a stipulated settlement, which will accelerate depreciation on the Colstrip generation assets through December 31, 2025. If the settlement is approved by the OPUC, the resulting depreciation rates would be utilized in the Company's pending 2022 General Rate Case (2022 GRC). For further information on the 2022 GRC, see "*General Rate Case*" in the "Perform as a Business" section of this Overview. The Company continues to evaluate its ongoing investment in Colstrip, including the possibility of PGE's exit from these facilities. 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 capacity on the Colstrip Transmission facilities, which stretch from eastern Montana to near the western end of the state to serve markets in the Pacific Northwest and neighboring states. PGE has a 15% ownership interest in, and capacity on, the Colstrip Transmission facilities. Renewable energy development might benefit from any excess transmission capacity that may become available.

As previously planned, in October 2020, PGE ceased coal-fired operation at its Boardman generating plant and has begun decommissioning activities.

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. This process includes consideration of customer expectations and legislative mandates to move away from fossil fuel generation and toward renewable sources of energy.

In 2018, the Company issued a request for proposals seeking to procure approximately 100 average megawatts (MWa) of qualifying renewable resources. The prevailing bid was Wheatridge, an energy facility in eastern Oregon that will combine 300 MW of wind generation and 50 MW of solar generation with 30 MW of battery storage. PGE owns 100 MW of the wind resource, which was placed into service in the fourth quarter of 2020. Subsidiaries of NextEra Energy Resources, LLC own the balance of the wind resource, along with the solar and battery components, and will sell their portion of the output to PGE. Construction continues on the solar and battery components, which are expected to be placed in service at the end of 2021.

In May 2020, the OPUC issued an order that acknowledged the Company's 2019 IRP and the Action Plan for PGE to undertake over the next four years to acquire the resources identified. The order also required that PGE consider

resources in the Renewable and Capacity RFPs in a co-optimized manner. PGE had requested authorization to pursue up to approximately 700 MW of capacity contribution by 2025 from a combination of renewables, existing resources, and new non-emitting dispatchable capacity resources, such as energy storage.

PGE and Douglas County Public Utility District (PUD) entered into an agreement during 2020 to supply the Company additional capacity from facilities including the Wells Hydroelectric Project, located on the Columbia River in central Washington. With a start date of January 1, 2021, the five-year agreement is expected to contribute between 100 and 160 MW toward a capacity need that PGE identified in its 2019 IRP.

PGE filed an IRP Update with the OPUC in January 2021. No changes were proposed to the 2019 IRP Action Plan in the IRP Update. However, based on the updated capacity need forecast reflecting the addition of the agreement with the Douglas County PUD and more sophisticated modeling, the updated capacity need in 2025 was 511 MW. At the April 20, 2021 special public meeting, the OPUC approved a motion to adopt, with supplements, the OPUC staff's recommendation to acknowledge PGE's 2019 IRP Update, with a written order to follow.

PGE has a 66.67% ownership interest in the 455 MW Pelton/Round Butte hydroelectric project on the Deschutes River, with the remaining interest held by the Confederated Tribes of the Warm Springs Reservation of Oregon (CTWS). The CTWS has an option to purchase an additional undivided 16.66% ownership interest in Pelton/Round Butte in 2021. On June 30, 2021, the CTWS notified PGE of their intent to exercise this first purchase option. Also on June 30, 2021, PGE executed a 16-year PPA with the CTWS that would commence in 2025 to purchase 100% of their current, and potential future, share of project's output. The Company currently expects all conditions precedent to the effectiveness of the PPA to be satisfied, and CTWS to close on the purchase of their increased ownership interest, by the end of 2021. The Company filed with the OPUC a request for a waiver of the OPUC's competitive bidding rules related to the PPA. The application requests that the OPUC make a decision on the waiver request prior to October 2021. PGE expects the PPA to reduce PGE's remaining capacity need in 2025 to approximately 287 MW. To meet this remaining capacity need, the Company is seeking to procure both renewable and non-emitting, dispatchable resources in an All-Source RFP.

Renewable resources in PGE's 2021 All-Source RFP must be RPS eligible, qualify for the federal PTC or the federal Investment Tax Credit and pass the cost-containment screen. All resources (dispatchable or renewable) must be online by the end of 2024, with certain exceptions for long-lead time pumped hydro resources.

Additionally, PGE expects to procure a resource or resources for the Company's Green Future Impact (GFI) Program through the 2021 All-Source RFP. Under the GFI Program, PGE can procure up to 100 MW of a new wind, solar, or hybrid renewable and battery storage resource to meet subscriber demand under the PGE supply option. The Company does not expect GFI Program resources considered in the 2021 All-Source RFP to contribute towards the cost-of-service 150 MWa energy cap envisioned under the 2019 IRP Action Plan, although that is subject to OPUC discretion.

PGE has proposed a timeline to the OPUC that would have the Company issue the 2021 All-Source RFP in November 2021 with acknowledgement of a final shortlist during the second quarter of 2022.

The Climate Pledge—On April 21, 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.

Customer Choice Programs—PGE's customers are committed to purchasing clean energy, as over 230,000 customers voluntarily participate in PGE's GFI 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 continue to consider similar goals.

In response, the Company implemented a new customer service option, the GFI Program, which allows for 100 MW of PGE-provided power purchase agreements for renewable resources and up to 200 MW of customer-provided renewable resources. Approved by the OPUC in the first quarter 2019, the program provides business customers access to bundled renewable attributes from those resources. On March 29, 2021, the OPUC issued an order that expanded the program by 200 MW and provided for the possibility of PGE ownership of the underlying renewable resources under certain conditions. Through this voluntary program, the Company seeks to align sustainability goals, cost and risk management, reliable integrated power, and a cleaner energy system.

Renewable Recovery Framework—As previously authorized by the OPUC, a primary method available to recover costs associated with renewable resources is the Renewable Adjustment Clause (RAC). The RAC allows PGE to recover prudently incurred costs of renewable resources through filings made by April 1st each year. In the 2019 General Rate Case (2019 GRC) Order, the OPUC authorized the inclusion of prudent costs of energy storage projects associated with renewables in future RAC filings to be made to the OPUC, under certain conditions. There have been no significant filings made under the RAC during 2021.

Electrify other sectors of the economy—PGE is working toward an equitable, safe, and clean energy future. Recent and future enhancements to the grid to enable a seamless platform include:

- The use of electricity in more applications such as electric vehicles and heat pumps;
- The integration of new, geographically-diverse energy markets;
- The deployment of new technologies like energy storage, communications networks, automation and control systems for flexible loads, and distributed generation;
- The development of connected neighborhood microgrids and smart communities; and
- The use of data and analytics to better predict demand and support energy-saving customer programs.

In July 2019, PGE's Board approved plans to construct an Integrated Operations Center (IOC) as a key step to supporting this strategy, at an estimated total cost of \$200 million, excluding AFDC. The IOC will centralize mission-critical operations, including those that are planned as part of the integrated grid strategy. This secure, resilient facility will include infrastructure to support and enhance grid operations and co-locate primary support functions. As of June 30, 2021, the Company has recorded \$152 million, including AFDC, in construction work-in-progress related to the IOC. The project is expected to be placed in-service in the fourth quarter of 2021.

The Company is also working to advance transportation electrification, with projects aimed at improving accessibility to electric vehicle charging stations and partnering with local mass transit agencies to transition to a greater use of electric vehicles. In June 2019, the Oregon Legislature enacted Oregon Senate Bill 1044 (SB 1044), which establishes Oregon's zero emissions vehicle goals in statute at 250 thousand zero emission vehicle sales by 2025 and 90% of all new vehicle sales to be zero emission 2035. In September 2019, PGE filed with the OPUC its first Transportation Electrification plan, which considers current and planned activities, along with both existing and potential system impacts, in relation to the State's carbon reduction goals. In October 2020, the OPUC approved the plan and the Company began deferral accounting for costs and revenues associated with the Transportation Electrification and Electric Vehicle Charging pilot programs. In 2021, the Oregon legislature enacted House Bill 2165, ensuring the OPUC has clear and broad authority to allow electric company investments in infrastructure to support transportation electrification.

Perform as a business—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 several such material matters.

General Rate Case—On July 9, 2021, PGE filed with the OPUC a general rate case based on a 2022 test year (GRC). The filing requests an increase in PGE's annual revenue requirement that, when combined with changes in supplemental schedules, results in an overall average increase of approximately 3.9% in customer prices for 2022. The net price increase and annual revenue requirement includes a 2.0% average price increase as a result of higher net variable power costs expected in 2022, as reflected in the Annual Power Cost Update Tariff (AUT) filed with the OPUC in April 2021. The GRC filing seeks recovery of base business investments in upgrading the grid to improve reliability, resiliency, and capability to deliver safe, reliable, clean electricity to customers.

PGE has invested heavily in its transmission and distribution system to meet the needs of customers by addressing new and growing load and strengthening the grid for new challenges with extreme weather and wildfires. These investments include needed pole and underground wire replacements, substation upgrades, and other additions.

The cornerstone of the transmission and distribution investments is a new IOC, set to open in the fourth quarter of 2021. Acting as the nerve center of PGE's system, the IOC will enable the Company to apply smart technologies to keep an increasingly complex set of clean energy resources operating efficiently. The IOC also will strengthen physical and cyber security of the system to meet critical infrastructure standards, such as seismic and other natural disaster readiness, with the aim of achieving greater reliability with fewer and shorter outages.

The Company also will deploy a new software platform called the Advanced Distribution Management System that is designed to allow the Company to reduce outages by proactively detecting and responding to issues before they impact customers and providing self-healing technology for restoring power.

The GRC also reflects significant investments geared toward protecting the lives and property of Oregonians. As Oregon's weather gets hotter and drier, increasing the risk of catastrophic wildfires, the Company is intensifying efforts to keep the system safe from wildfire-related events and resilient from weather and disaster-related crises. Key to these efforts are expansion of the vegetation management program and system hardening to help mitigate potential outages arising from wildfire and severe weather year-round.

The proposed net increase in annual revenue requirement in the GRC is based upon:

- A capital structure of 50% debt and 50% equity;
- A return on equity of 9.5%;
- A cost of capital of 6.94%; and
- A rate base of \$5.7 billion.

Regulatory review of the 2022 GRC will continue throughout 2021 and into 2022, with a final OPUC order expected to be issued by April 2022, if not settled sooner. PGE has proposed that new customer prices become effective May 2022. Price changes for the AUT and the supplemental schedule items are expected to occur January 1, 2022.

The 2022 GRC filing (Docket UE 394) is available on the OPUC website at www.oregon.gov/puc.

COVID-19 Impacts—The COVID-19 pandemic has had a variety of adverse impacts on economic activity. The Company has responded to the hardships many customers are facing and has taken steps to support its customers and communities, including temporarily suspending disconnections and late fees during the crisis, developing time payment arrangements, and partnering with local non-profits to soften the impacts on small businesses and low-income residential customers. As a result of these activities and economic hardships, PGE has experienced an increase in bad debt expense, lost revenue, and other incremental costs.

On March 20, 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. The application requested the ability to defer incremental

costs associated with the COVID-19 pandemic but did not specify the precise scope of the deferral, or the means by which PGE would recover deferred amounts. PGE, other utilities under the OPUC's jurisdiction, intervenors, and OPUC staff held discussions regarding the scope of costs incurred by utilities which may qualify for deferral under Docket UM2114, *Investigation into the Effects of the COVID-19 Pandemic on Utility Customers*. The result of such discussions was an Energy Term Sheet (Term Sheet), which dictates costs in scope for deferral but is silent to the timing of recovery of such costs. On September 24, 2020, the Commission adopted a proposed OPUC Staff motion for Staff to execute stipulations incorporating the terms of the Term Sheet. PGE's deferral application was approved by the Commission on October 20, 2020 with final stipulations for the Term Sheet approved on November 3, 2020.

For the three months ended June 30, 2021, PGE recorded a \$6 million increase to its COVID-19 deferral. As of June 30, 2021 and December 31, 2020, PGE's deferred balance was \$16 million and \$10 million, respectively, comprised primarily of bad debt expense in excess of what is currently considered and collected in customer prices. PGE expects incremental bad debt expense to be \$12 million to \$14 million for the year ended 2021, which includes the expected effect of billing assistance to be provided to customers during the remainder of the year. All other incremental expenses will be recognized in the results of operations, until a determination is made that cost recovery is probable. Amortization of any deferred costs will remain subject to OPUC review prior to amortization in customer prices and would be subject to an earnings test.

PGE believes the full amount of the 2020 and 2021 deferrals is probable of recovery as the Company's prudently incurred costs were in response to the unique nature of the COVID-19 pandemic health emergency. The OPUC has significant discretion in making the final determination of recovery and their conclusion of overall prudence, including an earnings review, could result in a portion, or all, of PGE's deferrals being disallowed for recovery. Such disallowance would be recognized as a charge to earnings.

On June 30, 2020 the FERC issued a waiver that provides that, for the 12-month period starting March 2020, jurisdictional utilities may apply an alternative AFDC calculation formula that excludes the actual outstanding short-term debt balance and replaces it with the simple average of the actual 2019 short-term debt balance. The purpose of the waiver is to allow relief to utilities that issued short-term debt in response to the COVID-19 emergency and the detrimental impacts the issuance of short-term debt has on the allowance for equity funds used during construction. PGE adopted the waiver in the second quarter of 2020 and retrospectively applied its provisions as of March 2020. On February 23, 2021, FERC issued an order extending the waiver an additional seven months, to be effective March 1, 2021 through September 30, 2021. PGE adopted the waiver extension.

Wildfire—In 2020, Oregon experienced one of the most destructive wildfire seasons on record, with over one million acres of land burned. PGE's wildfire mitigation planning includes regular system-wide risk assessment, which led to the identification and activation of a public safety power shutoff (PSPS) in a zone near Mt. Hood that was identified as a region at high risk of wildfire in 2020. Additionally, in response to wildfires across Oregon in 2020, PGE cut power to eight additional high-risk fire areas in partnership with local and regional agencies. The Company is intensifying efforts on its system to increase wildfire safety and resiliency to weather and other disaster-related crises. These efforts include enhanced tree and brush clearing, replacing 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. The Oregon Department of Forestry has opened an investigation into the causes of wildfires in Clackamas County. The Company has received a subpoena and is fully cooperating. The Company is not aware of any wildfires caused by PGE equipment.

PGE continues to incur costs to replace and rebuild PGE facilities damaged by the fires, as well as addressing fire-damaged vegetation and other resulting debris and hazards both in and outside of PGE's property and right-of-way. On October 20, 2020, the OPUC formally approved PGE's request for deferral of such costs. As of June 30, 2021 and December 31, 2020, PGE's cumulative deferred costs related to the wildfire response was \$30 million and \$15 million, respectively. PGE continues to assess the damage to its infrastructure and expects regulatory recovery of prudently incurred restoration costs. PGE believes the full amount of the 2020 and 2021 deferrals is probable of recovery as the Company's prudently incurred costs were in response to the unique and unprecedented nature of the wildfire events leading to the deferral. The OPUC has significant discretion in making the final determination of

recovery and their conclusion of overall prudence, including an earnings review, could result in a portion, or all, of PGE's deferrals being disallowed for recovery. Such disallowance would be recognized as a charge to earnings.

February 2021 Ice Storms and Damage—Beginning on February 11, 2021, an historic set of storms involving heavy snow, winds and ice impacted the United States, including PGE's service territory. On February 13, 2021, Oregon's Governor declared a state of emergency due to severe winter weather that resulted in heavy snow and ice accumulation, high winds, critical transportation failures, and loss of power and communications capabilities. The wind and ice from the storms caused significant damage to PGE's transmission and distribution systems, which resulted in over 750,000 outages, with many customers affected more than once. At peak activity during the recovery, PGE deployed over 400 repair crews across the service territory, with many of these crews provided through mutual aid arrangements from throughout the West.

Through June 30, 2021, PGE has incurred an estimated \$99 million in incremental costs due to the storms, of which \$36 million were capital and recorded to Electric utility plant, net and \$63 million were operating expenses associated with transmission and distribution. Beginning in 2019, the OPUC authorized the Company to collect \$4 million annually from retail customers to cover incremental expenses related to major storm damages, and to defer any amount not utilized in the current year. In response to the February storms, PGE exhausted its storm collection balance for 2021 of \$9 million, which was used to offset operating expenses. After accounting for storm deferral tracking mechanisms already in place, the cumulative incurred operating expenses from the February storm damage are estimated to be \$54 million as of June 30, 2021.

On February 15, 2021, PGE filed an application for authorization to defer emergency restoration costs for the February storms (Docket UM 2156) and as of June 30, 2021, the Company has deferred a total of \$52 million, including interest, related to incremental operating expenses due to the storms. PGE expects to incur and defer additional costs subsequent to the storms related to replacing and rebuilding PGE facilities damaged by the storms, as well as addressing vegetation and other resulting debris and hazards both in and outside of PGE's property and right-of-way. PGE does not expect an OPUC decision on the February storms deferral until sometime during 2022. While the Company believes the full amount of the deferral is probable of recovery as PGE's prudently incurred costs were in response to the unique and unprecedented nature of the storms, the OPUC has significant discretion in making the final determination of recovery which could result in a portion, or all, of PGE's deferral being disallowed for recovery.

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 2021 AUT included a final increase in power costs for 2021, and a corresponding increase in annual revenue requirement, of \$66 million from 2020 levels, which were reflected in customer prices effective January 1, 2021. See "Power Operations" within this Overview section of Item 2 for more information regarding the PCAM.

Portland Harbor Environmental Remediation Account (PHERA) Mechanism—The EPA has listed PGE as one of over one hundred PRPs related to the remediation of the Portland Harbor Superfund site. As of June 30, 2021, 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 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. 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 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. 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, such as 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 are 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, authorized by the OPUC through 2022, is 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 provides for collection from (or refund to) customers if weather-adjusted use per customer is less (or more) than that projected in the Company's most recent general rate case.

The Company recorded an estimated refund of \$2 million to customers for the six months ended June 30, 2021, which resulted from variances between actual weather-adjusted use per customer and that projected in the 2019 GRC. In the second quarter of 2021, the Company continued to see higher weather-adjusted use per customer from residential customers that are spending more time at home and lower use per customer from commercial customers that are adversely affected by COVID-19.

Collections under the decoupling mechanism are subject to an annual limitation of 2% of revenues for each eligible customer class, based on the net prices in effect for the applicable tariff schedule at the time of collection. For collections recorded in 2021, the 2% limit will be applied to the net prices for the applicable tariff schedules that will be in effect on January 1, 2023. The Company expects to reach its 2021 limit for collection from commercial customers during the third quarter of 2021. No limit exists for any potential refunds under the decoupling mechanism, thus increased demand from residential customers since the onset of the COVID-19 pandemic has resulted in larger estimated refunds under the decoupling mechanism, which have largely offset the revenue increases that have resulted from higher residential demand.

As of December 31, 2020, PGE had recorded an estimated net refund of \$6 million for 2020, which if approved by the OPUC, will be credited to customers over a one-year period beginning January 1, 2022.

Deferral of Boardman Revenue Requirement—In October 2020, intervenors filed a deferral application with the OPUC that would require PGE to defer and refund the revenue requirement associated with Boardman currently included in customer prices as established in the Company's last general rate case. The application states a deferral is required for customers to adequately capture the reduction in revenue requirement beginning on October 15, 2020, the date Boardman ceased operations. PGE estimates this amount could be up to \$14 million for the period ended December 31, 2020 and \$66 million for the year ending December 31, 2021. As of June 30, 2021 and December 31, 2020, PGE has not recorded a regulatory liability pursuant to this deferral application as the Company believes its current prices are just and reasonable in light of PGE's continued substantial investments in utility plant. The costs of these investments, which are not currently reflected in customer prices, more than offset the revenue requirement for Boardman. If the OPUC authorizes a refund, PGE would record a regulatory liability with a corresponding charge to earnings.

Operating Activities

In combination with electricity provided by its own generation portfolio, to meet its retail load requirements and balance its energy supply with customer demand, PGE purchases and sells electricity in the wholesale market. PGE also participates in the California Independent System Operator's Western Energy Imbalance Market, which allows the Company to, among other things, integrate more renewable energy into the grid by better matching the variable output of renewable resources. PGE also purchases natural gas in the United States and Canada to fuel its generation portfolio and sells excess gas back into the wholesale market.

The Company 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, although instances of peak deliveries have increased during the summer months, generally resulting from air conditioning demand. Retail customer price changes and customer usage patterns, which can be affected by the economy, also have an effect on revenues. Wholesale power availability and price, hydro and wind generation, and fuel costs for thermal and gas plants can also affect income from operations.

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 June 30,		% Increase (Decrease) in Energy Deliveries	Six Months Ended June 30,		% Increase (Decrease) in Energy Deliveries
	2021	2020		2021	2020	
Energy deliveries (MWhs in thousands):						
Retail:						
Residential	1,764	1,658	6 %	4,003	3,789	6 %
Commercial	1,601	1,374	17 %	3,165	3,000	6 %
Industrial	916	828	11 %	1,813	1,638	11 %
Subtotal	4,281	3,860	11 %	8,981	8,427	7 %
Direct access:						
Commercial	148	141	5 %	298	311	(4)%
Industrial	402	370	9 %	761	725	5 %
Subtotal	550	511	8 %	1,059	1,036	2 %
Total retail energy deliveries	4,831	4,371	11 %	10,040	9,463	6 %
Wholesale energy deliveries	1,259	1,287	(2)%	2,504	2,980	(16)%
Total energy deliveries	6,090	5,658	8 %	12,544	12,443	1 %

	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	2020		2021	2020	
Average number of retail customers:						
Residential	798,799	88 %	789,927	88 %	798,200	88 %
Commercial	110,825	12	110,158	12	110,764	12
Industrial	190	—	195	—	191	—
Direct access	584	—	633	—	593	—
Total	910,398	100 %	900,913	100 %	909,748	100 %

Retail energy deliveries for the six months ended June 30, 2021 increased 6% compared with the six months ended June 30, 2020, as reflected by increases in all customer classes. In the second quarter 2021, Total retail energy deliveries increased 11%, led by the commercial class, which suffered the largest contraction during 2020 due to the COVID-19 pandemic, posting a 15% gain.

During the pandemic, residential loads increased as a larger percentage of the population spent more time at home, whether working from home, providing child-care due to school closures, or lacking employment as commercial activity slowed. Conversely, commercial energy deliveries declined as many businesses were disrupted in an attempt to maintain social distancing or have closed as a result of the lack of business as residents followed directives from state and federal authorities. The industrial class as a whole experienced an increase in energy

deliveries, due primarily to continued growth in the high tech and digital services sectors, which saw lesser impacts from noted closures than other sectors. As the economy has reopened during 2021, PGE has experienced greater customer demand, particularly from the commercial class. Residential usage continues to be elevated as remote and hybrid work schedules remain in place across the service area.

The following table indicates the number of heating and cooling degree-days for the three and six months ended June 30, 2021 and 2020, 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		
	2021	2020	Avg.	2021	2020	Avg.
First Quarter	1,805	1,761	1,847	—	—	—
April	290	305	370	—	—	3
May	167	174	185	21	39	25
June	41	75	74	217	60	65
Second Quarter	498	554	629	238	99	93
Year-to-date	2,303	2,315	2,476	238	99	93
Increase/(Decrease) from the 15-year average	(7)%	(7)%		156 %	6 %	

In late June 2021, PGE's service territory experienced record breaking heat, with temperatures in Portland, Oregon exceeding all-time highs for three consecutive days. On the third day of the event, June 28, 2021, when the Portland temperature reached 116 degrees, the Company recorded a new all-time system peak load of 4,441 MW, which surpassed the previous all-time mark of 4,073 MW and the previous summer system peak load of 3,976 MW.

After adjusting for the effects of weather, retail energy deliveries for the six months ended June 30, 2021 increased 4.2% compared to the same period of 2020. The increase reflects increases of 9% in industrial deliveries, 3% in commercial energy deliveries, and 2% in residential energy deliveries. Residential average usage per customer saw an increase, which, combined with growth of 1.2% in the average number of residential customers, contributed to increased energy deliveries.

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 Electricity Service Suppliers (ESSs). This cap would have limited energy deliveries to these customers to an amount equal to approximately 13% of PGE's total retail energy deliveries for the first six months of 2021.

During 2018, the OPUC created a New Large Load Direct Access program for unplanned, large, new loads and large load growth at existing customer sites. In early February 2020, PGE began offering service to customers under this program, which is capped at 119 MWa, based on an order issued by the OPUC in January 2020. With the adoption of the New Large Load Direct Access program in 2020, as much as 18% of the Company's energy deliveries could have been supplied by ESSs. Actual energy deliveries to Direct Access customers by ESSs represented 11% of PGE's total retail energy deliveries for the first six months of 2021 and 2020.

Energy efficiency and conservation efforts by retail customers influence demand, although the financial effects of such efforts by residential and certain commercial customers are mitigated by the decoupling mechanism. See "Decoupling" in this Overview section of Item 7, for further information on the decoupling mechanism.

Power Operations—PGE utilizes a combination of its own generating resources and wholesale market transactions to meet the energy needs of its retail customers. Based on numerous factors, including plant availability, customer demand, river flows, wind conditions, and current wholesale prices, the Company continuously makes economic dispatch decisions to obtain reasonably-priced power for its retail customers. PGE also purchases wholesale natural

gas in the United States and Canada to fuel its generating portfolio and sells excess gas back into the wholesale market. 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 six months ended June 30, 2021 and 2020:

	Plant availability ⁽¹⁾		Actual energy provided compared to projected levels ⁽²⁾		Actual energy provided as a percentage of total retail load	
	2021	2020	2021	2020	2021	2020
Generation:						
Thermal:						
Natural gas	87 %	91 %	175 %	77 %	45 %	39 %
Coal ⁽³⁾	—	100	105	104	9	17
Wind	85	96	112	127	13	13
Hydro	94	90	76	77	6	8

(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 excludes Colstrip, which PGE does not operate. Colstrip availability was 72% during the six months ended June 30, 2021, compared with 78% in 2020. Boardman ceased coal-fired generation on October 15, 2020.

Energy received from PGE-owned and jointly-owned thermal plants increased 4% during the six months ended June 30, 2021 compared to 2020, primarily as a result of increased production at the Company's natural gas-fired plants to meet retail load demands, partially offset by a decrease in coal production. 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, increased 56% during the six months ended June 30, 2021 compared to 2020. Energy received from mid-Columbia and other regional hydroelectric projects increased 100% in the six months ended June 30, 2021 due to new PPAs in place in 2021 as compared to 2020. The energy generated by the Company-owned facilities decreased 15%, due to less favorable hydro conditions in 2021. 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 23% during the six months ended June 30, 2021 compared to 2020 primarily due to the addition of Wheatridge, and more favorable wind conditions. 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. As a result of the generation increase in comparison to projected levels, more PTCs were produced in 2021 than what was contemplated in the Company's prices.

For Wheatridge, wind generation studies were used to develop NVPC cost forecasts, which were included in the RAC filing for the facility, and included in customer prices when the facility went into service. The RAC tariff included NVPC in 2020 along with all other aspects of the revenue requirement. Beginning January 1, 2021, the

NVPCs were included in the Company's AUT, although the other aspects of the RAC tariff will remain in effect until they are included in customer prices as a result of a future general rate case.

Under the PCAM, PGE 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 six months ended June 30, 2021 and 2020, respectively:

- For the six months ended June 30, 2021, actual NVPC was \$6 million above baseline NVPC. Based on forecast data, NVPC for the year ending December 31, 2021 is currently estimated to be below the baseline, but within the established deadband range. Accordingly, no estimated refund to customers is expected under the PCAM for 2021.
- For the six months ended June 30, 2020, actual NVPC was \$38 million below baseline NVPC. For the year ended December 31, 2020, actual NVPC, excluding certain trading losses totaling \$127 million, was \$13 million below baseline NVPC, which was within the established deadband range. Accordingly, no estimated collection to customers was recorded pursuant to the PCAM for 2020. A final determination regarding the 2020 PCAM results will be made by the OPUC through a public filing and review in 2021.

Critical Accounting Policies

The Company's critical accounting policies are outlined in Item 7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on February 19, 2021.

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.

PGE defines Gross margin as Total revenues less Purchased power and fuel. Gross margin is considered a non-GAAP measure as it excludes depreciation, amortization, and other operation and maintenance expenses. The presentation of Gross margin is intended to supplement an understanding of PGE's operating performance in relation to changes in customer prices, fuel costs, impacts of weather, customer counts and usage patterns, and impact from regulatory mechanisms such as decoupling. The Company's definition of Gross margin may be different from similar terms used by other companies and may not be comparable to their measures.

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

	Three Months Ended June 30,		% Increase (Decrease)	Six Months Ended June 30,		% Increase (Decrease)
	2021	2020		2021	2020	
Total revenues	\$ 537	\$ 469	14 %	\$ 1,146	\$ 1,042	10 %
Purchased power and fuel	185	109	70 %	354	262	35 %
Gross margin⁽¹⁾	352	360	(2)%	792	780	2 %
Other operating expenses:						
Generation, transmission and distribution	76	77	(1)%	156	150	4 %
Administrative and other	79	74	7 %	165	145	14 %
Depreciation and amortization	101	104	(3)%	204	212	(4)%
Taxes other than income taxes	35	34	3 %	73	69	6 %
Total other operating expenses	291	289	1 %	598	576	4 %
Income from operations	61	71	(14)%	194	204	(5)%
Interest expense, net⁽²⁾	33	34	(3)%	67	67	— %
Other income:						
Allowance for equity funds used during construction	5	4	25 %	9	7	29 %
Miscellaneous income, net	3	3	— %	5	(1)	600 %
Other income, net	8	7	14 %	14	6	(133)%
Income before income tax expense	36	44	(18)%	141	143	(1)%
Income tax expense	4	5	(20)%	13	23	(43)%
Net income	\$ 32	\$ 39	(18)%	\$ 128	\$ 120	7 %

(1) Gross margin agrees to Total revenues less Purchased power and fuel as reported on PGE's Condensed Consolidated Statements of Income.

(2) Includes an allowance for borrowed funds used during construction of \$2 million and \$1 million for the three months ended June 30, 2021 and 2020, and \$4 million and \$3 million for the six months ended June 30, 2021 and 2020, respectively.

Net income for the three months ended June 30, 2021 declined \$7 million from the comparable period of 2020 as higher purchased power and fuel expenses due in part to lower hydro and wind production in the region more than offset increases in revenues resulting from higher retail energy deliveries with the economy reopening as well as increased customer demand during the historic heat wave in late June 2021. Retail revenues were also impacted by a slightly lower average price mix due to the return of commercial demand from the contraction in that sector that occurred in the second quarter of 2020. Wholesale revenues increased primarily due to higher market prices. Operating expenses increased, driven by preparations in advance of wildfire season and higher legal and benefits expenses.

Net income for the six months ended June 30, 2021 increased \$8 million from the first six months of 2020. While customer growth continues, increases in revenues from retail energy deliveries and wholesale sales were largely offset by higher purchased power and fuel expenses. The Company benefited from the sale of excess natural gas back into the wholesale market, the addition of Wheatridge to the generation portfolio, and the performance of the assets held in the Nonqualified benefit trust, all of which were offset by higher Administrative and general expenses.

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

	Three Months Ended June 30,				Six Months Ended June 30,			
	2021		2020		2021		2020	
Retail ⁽¹⁾ :								
Residential	\$ 249	46 %	\$ 223	48 %	\$ 559	49 %	\$ 502	48 %
Commercial	170	32	140	30	332	29	299	29
Industrial	62	11	53	11	122	11	104	10
Direct Access	13	2	12	3	24	2	23	2
Subtotal	494	91	428	91	1,037	91	928	89
Alternative revenue programs, net of amortization	(8)	(1)	—	—	(11)	(1)	9	1
Other accrued revenues, net ⁽²⁾	(2)	—	1	—	11	1	6	1
Total retail revenues	484	90	429	91	1,037	91	943	91
Wholesale revenues	41	8	27	6	74	6	74	7
Other operating revenues	12	2	13	3	35	3	25	2
Total revenues	\$ 537	100 %	\$ 469	100 %	\$ 1,146	100 %	\$ 1,042	100 %

(1) Includes both revenues from customers who purchase their energy supplies from the Company and revenues from the delivery of energy to those customers that purchase their energy from ESSs.

(2) Amounts for the six months ended June 30, 2021, included \$10 million that resulted from use of the storm cost deferral to partially offset expenses related to the January and February storms. Amount for the six months ended June 30, 2020 included \$12 million in amortization, including interest, related to the net tax benefits due to the change in corporate tax rate under the United States Tax Cuts and Jobs Act of 2017 (TCJA).

Total retail revenues—The following items contributed to the increase in Total retail revenues for the three and six months ended June 30, 2021 compared to the same period in 2020 as follows (dollars in millions):

	Three Months Ended	Six Months Ended
June 30, 2020	\$ 429	\$ 943
Increase from higher retail energy deliveries driven by the impact of COVID-19 on residential customers in the first quarter 2021 and higher demand from all classes in the second quarter 2021	44	55
Increase as a result of the AUT, approved by the OPUC, with an expected offset in Purchased power and fuel	16	32
Increase resulting from the combination of various supplemental tariffs and adjustments, the largest of which pertains to Wheatridge being placed into service	9	20
Recovery in Revenues of Storm related expenses in 2021	—	12
Decrease as a result of the change in the average price of energy deliveries due primarily to shift in mix among customer classes resulting from COVID-19	(6)	(5)
Decrease attributed to alternative revenue programs related to the decoupling mechanism due to increased residential use per customer	(8)	(20)
June 30, 2021	\$ 484	\$ 1,037
Change in Total retail revenues	\$ 55	\$ 94

Wholesale revenues result from sales of electricity to utilities and power marketers made in the Company's efforts to secure reasonably priced power for its retail customers, manage risk, and administer its current 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 June 30, 2021 wholesale revenues increased \$14 million, or 52%, from the three months ended June 30, 2020, as a result of a \$14 million increase from a 54% increase in average wholesale sales prices, partially offset by a minimal decrease related to 2% lower wholesale sales volume. Poor hydro conditions, reduced regional thermal generation capacity and the unprecedented heat event that occurred late in the second quarter of 2021 in combination with increased retail load requirements drove prices higher.

Wholesale revenues for the six months ended June 30, 2021 were unchanged from the six months ended June 30, 2020, as sales volumes were reduced period over period 16%, the effect of which was materially offset by a 19% increase in the average wholesale sales price. The price increase was due to weaker than average regional hydro production in 2021, reduced regional capacity, and the demand impact resulting from the extreme heat event experienced in June 2021.

Other operating revenues for the three months ended June 30, 2021 decreased \$1 million from the three months ended June 30, 2020.

Other operating revenue for the six months ended June 30, 2021 increased \$10 million from the six months ended June 30, 2020 driven primarily by market conditions that provided more revenue from the sale of natural gas, in excess of amounts needed for the Company's generation portfolio, back into the wholesale market. Natural gas prices were significantly higher in the first quarter of 2021 after being depressed in 2020 due to milder than average winter temperatures in North America in 2020 that resulted in an oversupply of natural gas and lower prices.

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 increase in Purchased power and fuel for the three and six months ended June 30, 2021 compared to the same period in 2020 as follows (dollars in millions, except for average variable power cost per MWh):

	Three Months Ended	Six Months Ended
June 30, 2020	\$ 109	\$ 262
Increase related to average variable power cost per MWh	75	91
Increase related to total system load	1	1
June 30, 2021	\$ 185	\$ 354
Change in Purchased power and fuel	\$ 76	\$ 92
Average variable power cost per MWh:		
June 30, 2020	\$ 20.35	\$ 21.98
June 30, 2021	\$ 32.08	\$ 29.51
Total system load (MWhs in thousands):		
June 30, 2020	5,364	11,950
June 30, 2021	5,754	11,991

For the three months ended June 30, 2021, the \$75 million increase related to the change in average variable power cost per MWh (which includes PGE-generated power and market purchases), was driven by a 112% increase on the

average cost of purchased power, and a 5% increase on the average cost for the Company's own generation. The \$1 million increase related to total system load was primarily due to a 38% increase in the Company's own generation, driven largely by increased production on the Company's natural gas-fired plants to meet retail load demands, offset by a 15% decrease in purchased power.

For the six months ended June 30, 2021 the \$91 million increase related to the change in average variable power cost per MWh (which includes PGE-generated power and market purchases), was driven by a 62% increase on the average cost of purchased power, offset by a 3% decrease on the average cost for the Company's own generation. The \$1 million decrease related to total system load was primarily due to a 1% decrease in purchased power, offset by a 1% increase in the Company's own generation.

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

	Three Months Ended June 30,				Six Months Ended June 30,			
	2021		2020		2021		2020	
Sources of energy (MWhs in thousands):								
Generation:								
Thermal:								
Natural gas	1,906	33 %	1,044	19 %	4,289	36 %	3,477	29 %
Coal	313	5	318	6	895	7	1,504	13
Total thermal	2,219	38	1,362	25	5,184	43	4,981	42
Hydro	264	5	317	6	581	5	686	6
Wind	665	12	608	11	1,197	10	1,193	10
Total generation	3,148	55	2,287	42	6,962	58	6,860	58
Purchased power:								
Term *	1,318	23	2,371	45	2,353	20	3,821	32
Hydro *	1,036	18	592	11	2,185	18	1,091	9
Wind	252	4	114	2	491	4	178	1
Total purchased power	2,606	45	3,077	58	5,029	42	5,090	42
Total system load	5,754	100 %	5,364	100 %	11,991	100 %	11,950	100 %
Less: wholesale sales	(1,259)		(1,287)		(2,504)		(2,980)	
Retail load requirement	4,495		4,077		9,487		8,970	

* PGE has reclassified sources of energy previously reported as purchased from Term resources to Hydro resources in the amounts of 155 MWhs for the three months ended March 31, 2020, 133 MWhs for the three months ended June 30, 2020, and 809 MWhs for the three months ended March 31, 2021.

The following table presents the forecasted April-to-September 2021 and the actual 2020 runoff at particular points of major rivers relevant to PGE's hydro resources:

Location	Runoff as a Percent of Normal*	
	2021 Forecast	2020 Actual
Columbia River at The Dalles, Oregon	83 %	104 %
Mid-Columbia River at Grand Coulee, Washington	89	109
Clackamas River at Estacada, Oregon	68	75
Deschutes River at Moody, Oregon	85	86

* 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, the following items contributed to the increase in Actual NVPC for the three and six months ended June 30, 2021 compared to the same period in 2020 as follows (dollars in millions):

	Three Months Ended	Six Months Ended
June 30, 2020	\$ 82	\$ 188
Increase in Purchased power and fuel expense	76	92
Decrease (Increase) in Wholesale revenues	(14)	—
June 30, 2021	\$ 144	\$ 280
Change in NVPC	\$ 62	\$ 92

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 June 30, 2021 and 2020, actual NVPC was \$19 million above and \$18 million below baseline NVPC, respectively. For the six months ended June 30, 2021 and 2020, actual NVPC was \$6 million above and \$38 million below baseline NVPC, respectively.

Based on forecast data, NVPC for the year ending December 31, 2021 is currently estimated to be below the baseline, but within the deadband. Accordingly, no estimated refund to customers is expected under the PCAM for 2021.

Generation, transmission and distribution - The following items contributed to the increase in Generation, transmission and distribution for the three and six months ended June 30, 2021 compared to the same period in 2020 (dollars in millions):

	Three Months Ended	Six Months Ended
June 30, 2020	\$ 77	\$ 150
January and February storm costs recovered via the Company’s storm cost recovery mechanism	—	12
Decrease primarily due to lower maintenance expense and lower general maintenance costs at some of the Company’s generation facilities	—	(5)
Miscellaneous expenses	(1)	(1)
June 30, 2021	\$ 76	\$ 156
Change in Generation, transmission and distribution	\$ (1)	\$ 6

PGE deferred \$10 million and \$51 million of incremental costs for the three and six months ended June 30 2021, respectively, related to February 2021 ice storm damage in PGE’s service territory. See “*February 2021 Ice Storm*” within “*Perform as a Business*” under the “*Overview*” section of this Item 2. for more information.

Administrative and other - The following items contributed to the increase in Administrative and other for the three and six months ended June 30, 2021 compared to the same period in 2020 as follows (dollars in millions):

	Three Months Ended	Six Months Ended
June 30, 2020	\$ 74	\$ 145
Higher legal and other professional service expenses	3	8
Higher employee compensation and benefits expenses	4	7
Decrease due to deferral of bad debt expense	(6)	(3)
Miscellaneous expenses	4	8
June 30, 2021	\$ 79	\$ 165
Change in Administrative and other	\$ 5	\$ 20

Depreciation and amortization expense decreased \$3 million and \$8 million in the three and six months ended June 30, 2021 compared to the same period in 2020, largely as a result of asset retirements, which were partially offset by capital additions.

Taxes other than income taxes expense increased \$1 million and \$4 million in the three and six months ended June 30, 2021 compared with 2020, primarily due to higher Oregon property taxes.

Interest expense, net decreased \$1 million and remained consistent in the three and six months ended June 30, 2021 compared to the same period in 2020.

Other income, net increased \$1 million for the three months ended June 30, 2021 compared to the same period in 2020 driven by higher AFDC equity income on higher construction work-in-progress balances. Other income, net increased \$8 million for the six months ended June 30, 2021 compared to the same period in 2020. The increase was primarily due to market changes on the non-qualified benefit trust and higher AFDC equity income on higher construction work-in-progress balances.

Income tax expense decreased \$1 million and \$10 million for three and six months ended June 30, 2021, compared to the same period in 2020. The decrease for the three months ended June 30, 2021 was driven by lower pre-tax business income and regulatory amortizations, partially offset by lower production tax credits. The decrease for the six months ended June 30, 2021 was driven by a cumulative catch-up adjustment to defer and recognize a regulatory asset for previously recorded deferred income tax expenses on a certain local flow-through tax, as well as regulatory amortizations, partially offset by lower production tax credits. See Note 10, Income Taxes in the Notes to Condensed Consolidated Financial Statements in Item 1.—"Financial Statements," for more information.

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 (dollars in millions):

	Six Months Ended June 30,	
	2021	2020
Cash and cash equivalents, beginning of period	\$ 257	\$ 30
Net cash provided by (used in):		
Operating activities	276	356
Investing activities	(337)	(370)
Financing activities	(179)	287
Increase (decrease) in cash and cash equivalents	(240)	273
Cash and cash equivalents, end of period	<u>\$ 17</u>	<u>\$ 303</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 six months ended June 30, 2021 compared with the six months ended June 30, 2020 (dollars in millions):

	Increase/ (Decrease)
Net income	\$ 8
Deferral of incremental storm costs	(52)
Accounts payable and accrued liabilities	40
Accounts receivable, net	(49)
Margin deposits	(26)
Decoupling	19
Deferred income tax	2
Depreciation and amortization	(8)
Other	(14)
Net change in cash flow from operations	<u>\$ (80)</u>

PGE estimates that non-cash charges for depreciation and amortization in 2021 will range from \$410 million to \$430 million. Combined with other sources, total cash expected to be provided by operations is estimated to range from \$575 million to \$625 million. For additional information, see “*Contractual Obligations*” in this Liquidity and Capital Resources section of Item 2.

Cash Flows from Investing Activities—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. Net cash used in investing activities for the six months ended June 30, 2021 decreased \$33 million when compared with the six months ended June 30, 2020, due to Wheatridge being constructed and placed in-service in 2020, partially offset by an increase in capital expenditures related to the IOC and winter storm restoration .

Excluding AFDC, the Company plans to make capital expenditures of \$700 million in 2021, which it expects to fund with cash to be generated from operations during 2021, as discussed above, and the issuance of short- and long-term debt securities. For additional information, see “*Debt and Equity Financings*” in this Liquidity and Capital Resources section of Item 2.

Cash Flows from Financing Activities—Financing activities provide supplemental cash for both day-to-day operations and capital requirements as needed. During the six months ended June 30, 2021, net cash used in financing activities was primarily the result of a \$140 million payment on long-term debt, the issuance of a new

364-day term loan of \$200 million, repayment of prior 364-day term loan of \$150 million, payment of \$73 million of dividends, and repurchase of common stock of \$12 million.

Capital Requirements

The following table presents PGE's estimated capital expenditures and contractual maturities of long-term debt for 2021 through 2025 (dollars in millions, excluding AFDC).

	2021	2022	2023	2024	2025
Ongoing capital expenditures*	\$ 600	\$ 550	\$ 550	\$ 550	\$ 550
Integrated Operations Center	100	—	—	—	—
Total capital expenditures	<u>\$ 700</u>	<u>\$ 550</u>	<u>\$ 550</u>	<u>\$ 550</u>	<u>\$ 550</u>
Long-term debt maturities	<u>\$ 160</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 80</u>	<u>\$ —</u>

* Consists primarily of upgrades to, and replacement of, generation, transmission, and distribution infrastructure, as well as new customer connections. Includes preliminary engineering and removal 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, its credit ratings, its capital expenditure requirements, alternatives available to investors, market conditions, and other factors, such as the volatility in the capital markets in response to COVID-19. 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 2021, PGE expects to fund estimated capital requirements with cash from operations, which is expected to range from \$575 million to \$625 million, issuances of long-term debt securities of up to \$400 million, and the issuance of short-term debt or commercial paper, as needed. The actual timing and amount of any such issuances of debt 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 Federal Energy Regulatory Commission on January 16, 2020, PGE has authorization to issue short-term debt up to a total of \$900 million through February 6, 2022. The following table shows available liquidity as of June 30, 2021 (in millions):

	As of June 30, 2021		
	Capacity	Outstanding	Available
Revolving credit facility ⁽¹⁾	\$ 500	\$ —	\$ 500
Letters of credit ⁽²⁾	220	69	151
Total credit	<u>\$ 720</u>	<u>\$ 69</u>	<u>\$ 651</u>
Cash and cash equivalents			17
Total liquidity			<u>\$ 668</u>

(1) Scheduled to expire November 2023.

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

As of June 30, 2021, PGE had a \$500 million unsecured revolving credit facility scheduled to expire in November 2023. 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. 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, two, 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.

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 June 30, 2021, PGE had no commercial paper outstanding. The aggregate unused available credit capacity under the revolving credit facility was \$500 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.

On March 31, 2021, PGE obtained an unsecured 364-day term loan in the aggregate principal amount of \$200 million. The term loan will bear interest for the relevant interest period at LIBOR plus 0.70%, with the interest rate subject to adjustment pursuant to the terms of the loan. The credit agreement expires on March 30, 2022, with any outstanding balance due and payable on such date. The Company used a portion of the proceeds to repay the prior 364-day \$150 million term loan that was issued on April 9, 2020, with the remainder of the proceeds used for general corporate purposes.

Long-term Debt. As of June 30, 2021, total long-term debt outstanding, net of \$12 million of unamortized debt expense, was \$2,907 million. On January 6, 2021, the Company made a \$140 million scheduled repayment on a 2.51% Series of FMBs with available cash.

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 46.1% and 45.0% as of June 30, 2021 and December 31, 2020, 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>
First Mortgage Bonds	A1	A
Senior unsecured debt	A3	BBB+
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, which is included in Other current assets on the Company's condensed consolidated balance sheets, while any letters of credit issued are not reflected on the condensed consolidated balance sheets.

As of June 30, 2021, PGE had posted \$53 million of collateral with these counterparties, consisting of \$44 million in cash and \$9 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 June 30, 2021, the amount of additional collateral that could be requested upon a single agency downgrade to below investment grade is \$72 million, and decreases to \$20 million by December 31, 2021. The amount of additional collateral that could be requested upon a dual agency downgrade

to below investment grade is \$150 million and decreases to \$89 million by December 31, 2021 and to \$83 million by December 31, 2022.

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 June 30, 2021, under the most restrictive issuance test in the Indenture, the Company could have issued up to \$644 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 and 364-term contain 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 June 30, 2021, the Company's debt-to-total capital ratio, as calculated under the credit agreement, was 55.3%.

Off-Balance Sheet Arrangements

PGE has no off-balance sheet arrangements, other than surety bonds and outstanding letters of credit, that have, or are reasonably likely to have, a material current or future effect on its consolidated financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources.

PGE's surety bond and letter of credit arrangements are described in Part II, Item 7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on February 19, 2021, there have been no material changes outside the ordinary course of business as of June 30, 2021.

Contractual Obligations

PGE's contractual obligations for 2021 and beyond are set forth in Part II, Item 7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on February 19, 2021. For such obligations, there have been no material changes outside the ordinary course of business as of June 30, 2021.

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, 2020, filed with the SEC on February 19, 2021.

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 June 30, 2021, 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 period covered by this quarterly report 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 in Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on February 19, 2021.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

On February 17, 2021, the Company's Board of Directors authorized a share repurchase program, under which the Company is authorized to repurchase up to \$17.5 million of its outstanding common stock through 2022. As of June 30, 2021, the Company had repurchased 250,000 shares at an average price of \$48.67 per share for a total cost of \$12.2 million under this program.

All share repurchases were made under PGE's publicly announced program and there are no other programs under which the Company repurchases shares. The following table presents a summary of share repurchases made during the three-month period ended June 30, 2021:

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs (in millions)
April 1 - April 30, 2021	—	\$ —	—	\$ —
May 1 - May 31, 2021	—	—	—	—
June 1 - June 30, 2021	250,000	48.67	250,000	5.3
Total	250,000	\$ 48.67	250,000	\$ 5.3

Item 5. Other Information.

On July 27, 2021, the Compensation and Human Resources Committee (the "Committee") of the Board of Directors of the Company approved the Portland General Electric Company Amended and Restated Severance Pay Plan for Executive Employees (the "Amended Plan"), effective July 27, 2021. The Amended Plan supersedes the Severance Pay Plan for Executive Employees previously filed by the Company as Exhibit 10.2 to the Company's Annual Report on Form 10-K filed on February 17, 2017 (the "Prior Plan"). The amendments to the Prior Plan were adopted by the Committee after reviewing information provided by an independent compensation consultant and are designed to better align the plan with current industry practice.

Like the Prior Plan, the Amended Plan provides for the payment of severance benefits to eligible employees in the event of an involuntary termination of employment with the Company without Cause or a voluntary termination of employment for Good Reason, each as defined in the Amended Plan (a "Qualifying Termination"). The benefits to which eligible officers are entitled depend on whether or not the Qualifying Termination occurs within a 24-month period following a Change in Control of the Company, as defined in the Amended Plan (the "Protection Period").

The Amended Plan increases the severance benefits payable to eligible officers as described below:

Timing of Qualifying Termination	Benefits Under Prior Plan	Benefits Under Amended Plan
Outside Protection Period	All eligible officers: 1 x annual base salary	<ul style="list-style-type: none"> a. Chief Executive Officer (“CEO”): 1.5 x annual base salary b. All other eligible officers: 1 x annual base salary c. All eligible officers: pro-rata portion of annual cash incentive award based on target performance and the period of the award year served d. A lump sum payment equal to the monthly payment for COBRA health care continuation coverage multiplied by 18 for the CEO and 12 for all other eligible officers
Inside Protection Period	All eligible officers: 1 x annual base salary plus target annual cash incentive award	<ul style="list-style-type: none"> a. CEO: 2.5 x (annual base salary plus target annual cash incentive award) b. Senior vice presidents (“SVPs”) or the Chief Financial Officer (“CFO”): 2 x (annual base salary plus target annual cash incentive award) c. Other eligible officers: 1.5 x (annual base salary plus target annual cash incentive award) d. All eligible officers: pro-rata portion of annual cash incentive award based on target performance and the period of the award year served e. A lump sum payment equal to the monthly payment for COBRA health care continuation coverage multiplied by 18 for vice presidents, 24 for SVPs or the CFO, and 30 for the CEO

Other changes to the Prior Plan include (i) revisions to the definitions of “Cause,” “Good Reason” and “Change in Control”; (ii) the inclusion of a provision that requires that the Amended Plan be administered by a third party following a Change in Control; (iii) the addition of provisions with respect to advancement and reimbursement of legal fees; and (iv) modifications to the form of employee release officers must sign to be eligible for benefits under the Amended Plan, including the addition of non-competition and non-solicitation covenants.

The above description is subject to and qualified in its entirety by the terms of the Amended Plan, a copy of which is attached hereto as Exhibit 10.1 and incorporated herein by reference.

The Committee also adopted conforming amendments to the definition of “Change in Control” in the Company’s Annual Cash Incentive Plan and Stock Incentive Plan, copies of which are attached hereto as Exhibits 10.2 and 10.3, respectively.

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	Eleventh Amended and Restated Bylaws of Portland General Electric Company (incorporated by reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K filed February 15, 2019).
10.1	Portland General Electric Company Amended and Restated Severance Pay Plan for Executive Employees (the "Amended Plan"), effective July 27, 2021.
10.2	Portland General Electric Company Annual Cash Incentive Plan as amended and restated effective July 27, 2021.
10.3	Portland General Electric Company Stock Incentive Plan as amended and restated effective July 27, 2021.
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 30, 2020, 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: July 29, 2021

By: /s/ James A. Ajello
James A. Ajello
Senior Vice President of Finance,
Chief Financial Officer and Treasurer
(duly authorized officer and principal financial officer)

**PORTLAND GENERAL ELECTRIC COMPANY
SEVERANCE PAY PLAN FOR EXECUTIVE EMPLOYEES**

**Amended and Restated
Effective July 27, 2021**

**PORTLAND GENERAL ELECTRIC COMPANY
SEVERANCE PAY PLAN
FOR EXECUTIVE EMPLOYEES**

PURPOSE

This Portland General Electric Company Severance Pay Plan for Executive Employees, as amended from time to time (the “Plan”) defines the benefits provided to executive employees whose employment is permanently terminated by Portland General Electric Company (the “Company”) under certain circumstances.

ARTICLE I. EFFECTIVE DATE

1.1 The Plan, as amended and restated, shall be effective July 27, 2021 (the “Effective Date”).

ARTICLE II. DEFINED TERMS

The following terms are defined in this Plan, as described below.

2.1 “Base Pay” shall mean the Employee’s base salary from the Company (excluding bonuses, special awards, commissions, severance pay, and other non-regular forms of compensation).

2.2 “Board” shall mean the Board of Directors of the Company.

2.3 “Cause” shall mean conduct involving one or more of the following:

(i) the substantial and continuing failure of the Employee to perform substantially all of his or her duties to the Company in accordance with the Employee’s obligations and position with the Company (other than any such failure resulting from incapacity due to physical or mental illness), after 30 days’ notice from the Company, such notice setting forth in reasonable detail the nature of such failure, and in the event the Employee fails to cure such breach or failure within 30 days of notice from the Company, if such breach or failure is capable of cure;

(ii) the material breach of law or written Company policy applicable to the Covered Employee, including, but not limited to, the Company’s Code of Business Ethics and Conduct, that could result in significant reputational or financial harm to the Company;

(iii) dishonesty, gross negligence, breach of fiduciary duty;

(iv) the commission by the Employee of an act of fraud or embezzlement, as found by a court of competent jurisdiction;

(v) the conviction of the Employee of a felony;

(vi) a material breach of the terms of an agreement with the Company, provided that the Company provides the Employee with adequate notice of such breach and the Employee fails to cure such breach, if the breach is reasonably curable, within thirty (30) days after receipt of such notice; or

(vii) any other misconduct by the Employee that would justify the recoupment or cancellation of compensation under the Company's Amended and Restated Incentive Compensation Clawback and Cancellation Policy, as it may be amended from time to time, or similar successor policy adopted by the Board.

2.4 "Change in Control" shall mean any of the following events:

(i) Any person (as such term is used in Section 14(d) of the Securities Exchange Act of 1934) becomes the "beneficial owner" (as determined pursuant to Rule 14d-3 under the Securities Exchange Act of 1934), directly or indirectly, of securities of the Company representing more than thirty percent (30%) of the combined voting power of the Company's then outstanding voting securities; or

(ii) During any period of two (2) consecutive years (not including any period prior to the Effective Date), individuals who at the beginning of such period (the "Incumbent Board") cease to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the beginning of such two (2)-year period whose election to the Board, or nomination for election to the Board by the Company's stockholders, was approved by a vote of at least two-thirds (2/3) of the directors then comprising the Incumbent Board shall be considered as though such individual was a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs in connection with or as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents; or

(iii) There occurs a consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company or any of its subsidiaries, other than a merger or consolidation which would result in the holders of the voting securities of the Company outstanding immediately prior thereto holding immediately thereafter securities representing, directly or indirectly, more than fifty percent (50%) of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or

(iv) The stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

Notwithstanding the foregoing, a Change in Control shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the holders of common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate

ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions.

2.5 “COBRA” shall mean the health care continuation coverage requirements set forth in Section 4980B of the Code.

2.6 “Code” shall mean the Internal Revenue Code of 1986, as amended.

2.7 “Committee” shall have the meaning set forth in Article IX of the Plan.

2.8 “Company” shall have the meaning set forth in the Purpose section of the Plan. As used in this Plan, “Company” shall also mean any successor to its business and/or assets which assumes and agrees to perform this Plan by operation of law or otherwise.

2.9 “Divested Employer” shall have the meaning set forth in Article III of the Plan.

2.10 “Effective Date” shall have the meaning set forth in Article I of the Plan.

2.11 “Employee” shall mean any regular employee of the Company, or any such affiliate of the Company as the Board may determine from time to time may participate in the Plan, who is employed on the payroll of the Company or any such affiliate, and whose position with the Company is at the level of vice president or above.

2.12 “ERISA” shall have the meaning set forth in Article VIII of the Plan.

2.13 “Good Reason” shall mean the occurrence of any of the following conditions: (i) a material adverse change in the nature of the Employee’s duties or responsibilities; for the avoidance of doubt, ceasing to be the Chief Executive Officer, Chief Financial Officer, Chief Legal Officer, or Chief Human Resources Officer of a public company shall constitute a material adverse change for purposes of this provision; (ii) a material reduction in the Employee’s base compensation or short-term cash incentive compensation opportunities, or as they respectively may be increased thereafter from time to time; or (iii) a mandatory relocation of Employee’s principal place of work in excess of 50 miles. Notwithstanding the foregoing, a condition shall not constitute “Good Reason” for purposes of the Plan unless (a) within 30 days following the first occurrence of such condition, the Employee delivers written notice to the Company of his or her intent to terminate employment for Good Reason based on such condition, and (b) within 30 days following its receipt of such notice, the Company has not substantially cured such condition.

2.14 “Incumbent Board” shall have the meaning set forth in Article II of the Plan.

2.15 “Key Employee” shall mean an Employee treated as a “specified employee” as of his Separation from Service under Code section 409A(a)(2)(B)(i), *i.e.*, a key employee (as defined in Code section 416(i) without regard to paragraph (5) thereof) of the Company or its affiliates if the Company’s or its affiliate’s stock is publicly traded on an established securities market or otherwise. Key Employees shall be determined in accordance with Code section 409A using a December 31 identification date. A listing of Key Employees as of an identification date shall be effective for the 12-month period beginning on the April 1 following the identification date.

2.16 “Plan” shall have the meaning set forth in the Purpose section of the Plan.

2.17 “Protection Period” shall mean the 24-month period beginning on the date of the first instance of a Change in Control following the Effective Date.

2.18 “Retirement” shall mean an Employee’s voluntary termination of employment (except for a voluntary termination of employment for Good Reason within 90 days following the first occurrence of the condition constituting Good Reason) on or after an “early retirement date” (as such term is defined in Section 5.3 of the Portland General Electric Company Pension Plan, as amended from time to time).

2.19 “Section 409A” shall have the meaning set forth in Article XII of the Plan.

2.20 “Separation from Service” shall mean a “separation from service” as defined under Code section 409A and regulations issued thereunder.

ARTICLE III. TERMINATION OUTSIDE PROTECTION PERIOD

3.1 Eligibility to Participate. Outside the Protection Period, all Employees are eligible to participate in the Plan, other than any Employee: (i) who is covered under the provisions of another severance pay plan that provides for a form of severance remuneration upon termination of employment; (ii) who has a written employment contract that provides for a form of severance remuneration upon termination of employment; (iii) who is not designated as a full time active employee of the Company or a participating affiliate (including an Employee on an unpaid personal leave of absence, unless the Employee’s reemployment rights are protected by applicable law, in which case he shall be treated as a full time active employee for purposes of this Plan), or (iv) who is designated as a temporary employee or contract employee on the payroll of the Company or a participating affiliate.

3.2 No Benefits Unless Involuntary Termination by Company or Voluntary Termination for Good Reason. Outside the Protection Period, no Employee who voluntarily terminates employment with the Company or a participating affiliate (including due to Retirement) or whose employment terminates due to death or disability shall receive a severance benefit under the Plan, unless the Employee voluntarily terminates employment for Good Reason within 90 days following the first occurrence of the condition constituting Good Reason.

3.3 Additional Exclusions. Outside the Protection Period, an Employee will not be eligible to receive a severance benefit under this Plan if:

- (a) Termination for Cause. The Employee’s employment is terminated for Cause;
- (b) Short Term Layoff with Potential of Recall. The Employee is laid off for a period of short duration and subject to recall within a reasonable time, as determined by the Company;

- (c) Offer of Position. In connection with an Employee's removal from a position, the Employee (i) receives an offer of employment from the Company or a Divested Employer or any of their respective affiliates, provided that the conditions of such offer would not have constituted Good Reason, or (ii) accepts an offer of employment at any salary or location from the Company or a Divested Employer or any of their respective affiliates, regardless of whether the requirements of (i) above are satisfied;
- (d) Other Severance or Termination Benefits. The Employee receives extra or additional consideration outside of the Plan in connection with the Employee's termination of, or retirement from, employment (including by way of example, but not limited to, enhanced retirement benefits or incentive remuneration), and the Committee makes a determination that a severance benefit under the Plan should not be paid; or
- (e) Other Special Circumstances. Special circumstances exist for which the Chief Executive Officer of the Company makes a written determination that a severance benefit will not be paid.

"Divested Employer" means (i) a division, subsidiary, venture or partnership, or other business segment of the Company or an affiliate of the Company, which has been or is proposed to be divested, or (ii) the proposed or actual purchaser or acquirer thereof, by reason of ownership or acquisition of stock, assets or otherwise, and includes any affiliate of such Divested Employer.

3.4 Entitlement to Severance Benefits Outside the Protection Period; Waiver and Release Required. Except as provided in Section 3.3, an Employee whose employment is permanently terminated by the Company or a participating affiliate without Cause, or who voluntarily terminates employment for Good Reason within 90 days following the first occurrence of the condition constituting Good Reason, in either case outside the Protection Period, will receive the severance benefits provided for in Section 3.5 of the Plan, provided that the Employee timely executes and delivers to the Company a general release of claims and restrictive covenant agreement substantially in the form set forth in Appendix A hereto, which release may be supplemented by additional provisions as determined in the Committee's discretion, and any revocation period for such release expires, in each case within sixty (60) days of the date of termination, and the Employee complies with the restrictive covenants set forth therein.

3.5 Description of Severance Benefits. An Employee eligible for benefits under Section 3.4 of the Plan will receive the following benefits:

- (a) A cash severance benefit, as follows:
 - (i) If the Employee holds the position of Vice President, Senior Vice President or Chief Financial Officer, one (1) times the highest annualized rate of the Employee's Base Pay in effect immediately prior to termination; and
 - (ii) If the Employee holds the position of Chief Executive Officer, one and a half (1.5) times the highest annualized rate of the Employee's Base Pay in effect immediately prior to termination.

- (b) To the extent the Employee would otherwise forfeit payment of an annual cash incentive award due to his or her termination of employment, a pro-rata portion of the Employee's annual cash incentive award in effect immediately prior to termination, based on the target level of performance and the period of the Employee's service during the award year.
- (c) If the Employee is eligible for and timely elects COBRA health care continuation coverage, the Company shall pay a lump sum cash payment equal to the applicable monthly COBRA premium (both the employer and employee portions and any administrative fee applicable to COBRA recipients) *multiplied by*:
 - (i) twelve (12), if the Employee held the position of Vice President, Senior Vice President or Chief Financial Officer; or
 - (ii) eighteen (18), if the Employee held the position of Chief Executive Officer.

ARTICLE IV. TERMINATION DURING PROTECTION PERIOD

4.1 Eligibility to Participate. During the Protection Period, all Employees are eligible to participate in the Plan, other than any Employee who has a written employment contract that provides for a form of severance remuneration upon termination of employment.

4.2 No Benefits Unless Involuntary Termination by Company or Voluntary Termination for Good Reason. During the Protection Period, no Employee who voluntarily terminates employment with the Company or a participating affiliate (including due to Retirement) or whose employment terminates due to death or disability shall receive a severance benefit under the Plan, unless the Employee voluntarily terminates employment for Good Reason within 90 days following the first occurrence of the condition constituting Good Reason.

4.3 Termination for Cause. During the Protection Period, an Employee will not be eligible to receive a severance benefit under this Plan if the Employee's employment is terminated for Cause.

4.4 Entitlement to Severance Benefits During the Protection Period; Waiver and Release Required. An Employee whose employment is permanently terminated by the Company or a participating affiliate without Cause, or who voluntarily terminates employment for Good Reason within 90 days following the first occurrence of the condition constituting Good Reason or such longer period as the Company and the Employee may agree to, in either case during the Protection Period, will receive the severance benefit provided for in Section 4.5 of the Plan, provided that the Employee timely executes and delivers to the Company a general release of claims and restrictive covenants agreement substantially in the form set forth in Appendix A hereto, and any revocation period for such release expires, in each case within sixty (60) days of the date of termination, and the Employee complies with the restrictive covenants set forth therein.

4.5 Description of Severance Benefits. An Employee eligible for benefits under Section 4.4 of the Plan will receive the following benefits:

- (a) A cash severance benefit, as follows:
 - (i) If the Employee holds the position of Vice President, one and a half (1.5) times the sum of (x) the highest annualized rate of the Employee's Base Pay in effect immediately prior to or during the Protection Period, plus (y) the target annual cash incentive award in effect immediately prior to the start of the Protection Period or as it may be increased thereafter;
 - (ii) If the Employee holds the position of Senior Vice President or Chief Financial Officer, two (2) times the sum of (x) the highest annualized rate of the Employee's Base Pay in effect in effect immediately prior to or during the Protection Period, plus (y) the target annual cash incentive award in effect immediately prior to the start of the Protection Period or as it may be increased thereafter; and
 - (iii) If the Employee holds the position of Chief Executive Officer, two and a half (2.5) times the sum of (x) the highest annualized rate of the Employee's Base Pay in effect immediately prior to or during the Protection Period, plus (y) the target annual cash incentive award in effect immediately prior to the start of the Protection Period or as it may be increased thereafter.
- (b) To the extent the Employee would otherwise forfeit payment of an annual cash incentive award due to his or her termination of employment, a pro-rata portion of the Employee's annual cash incentive award in effect immediately prior to termination, based on the target level of performance and the period of the Employee's service during the award year.
- (c) If the Employee is eligible for and timely elects COBRA health care continuation coverage, the Company shall pay a lump sum cash payment equal to the applicable monthly COBRA premium (both the employer and employee portions and any administrative fee applicable to COBRA recipients) *multiplied by*:
 - (i) eighteen (18), if the Employee held the position of Vice President;
 - (ii) twenty-four (24), if the Employee holds the position of Senior Vice President or Chief Financial Officer; or
 - (iii) thirty (30), if the Employee holds the position of Chief Executive Officer.

ARTICLE V. PAYMENT OF SEVERANCE BENEFIT

5.1 Payment of Benefit. The cash severance benefits to which an Employee becomes entitled under Section 3.5(a),(c) or Section 4.5(a)-(c) shall be paid in a lump sum on the 60th day following the date of termination. The pro-rata award provided under Section 3.5(b) will be distributed at the same time as awards are distributed to active incentive award plan participants.

5.2 Income Taxes. The payment of benefits under the Plan is subject to all applicable federal, state and local tax withholding and generally constitutes taxable income to the recipient. Employees are advised to consult with their personal tax advisor for more information.

5.3 Treatment of Parachute Payments. Notwithstanding anything in this Plan to the contrary, if any payment or benefit to which an Employee is entitled under this Plan or otherwise would, either alone or together with all other payments and benefits to which such Employee is entitled, but for the application of this Section 5.3, result in an excise tax to the Employee under Section 4999 of the Code, then such payments and benefits shall be payable either (a) in full or (b) in such lesser amount as would result in no portion of any payments or benefits to such Employee being subject to the excise tax under Section 4999 of the Code, whichever of the foregoing options (a) or (b) results in the Employee's receipt, on an after-tax basis, of the greater amount of payments and benefits. To the extent the Employee would receive a reduced amount pursuant to this Section 5.3, the Employee's payments and benefits shall be reduced, to the extent necessary, by first cancelling cash payments under this Plan, then any other cash payments, and then cancelling the acceleration of vesting of equity awards.

The Company shall select a nationally recognized accounting firm to perform any calculations and other determinations required by this Section 5.3, which calculations and determinations shall be final, conclusive and binding on the Company, the Employee and all other interested parties.

5.4 No Duplication of Severance Benefits. In addition to the eligibility requirements set forth in Section 3.1 and 4.1, an Employee who receives severance benefits under this Plan shall not be entitled to receive severance benefits under any other plan of the Company or any of its affiliates.

ARTICLE VI. REEMPLOYMENT OF TERMINATED EMPLOYEE

6.1 In the event an Employee who receives a cash severance benefit under Section 3.5(a)-(c) or 4.5(a)-(c) of the Plan is reemployed by the Company or any affiliate or is employed by a Divested Employer or any affiliate within one (1) year after the Employee's termination of employment, the Employee shall be required to refund to the Company an amount equal to the amount of the cash severance benefit less the amount of Base Pay the Employee would have received had the Employee remained employed at the Employee's rate of Base Pay at termination until the date of the Employee's reemployment or employment.

ARTICLE VII. MALFEASANCE IS BREACH OF PORTLAND GENERAL ELECTRIC COMPANY POLICY

7.1 Any officer or employee of the Company or a participating affiliate, including an Employee who receives a severance benefit under the Plan, who intentionally participates in a mischaracterization of the reason for an Employee's termination of employment, whereby an Employee receives a greater severance benefit under the Plan or any other compensatory plan, program or policy of the Company or any affiliate, than such Employee would otherwise be entitled, shall work a malfeasance against the Company and the Plan, and the Company and the Plan may seek any remedy available in equity or at law due to such malfeasance.

ARTICLE VIII. ERISA PROVISIONS

8.1 ERISA. The Plan is established pursuant to, and governed by, the Employee Retirement Income Security Act, as amended (“ERISA”). The Plan is intended to constitute a “severance pay arrangement” within the meaning of Section 3(2)(B)(i) of ERISA so as to be excepted from the definitions of “employee pension benefit plan” and “pension plan” set forth under section 3(2) of ERISA, and is intended to meet the descriptive requirements of a plan constituting a “severance pay plan” within the meaning of regulations published by the Secretary of Labor at Title 29, Code of Federal Regulations § 2510.3-2(b). In the event that the Plan does not meet the requirements a “severance pay arrangement” or “severance pay plan” as described above, the Plan is intended to be “a plan which is unfunded and maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensation employees,” within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA.

8.2 Funding. The benefits provided herein shall be funded by the Company’s general assets. The Plan shall constitute an unfunded mechanism for the Company to pay Plan benefits to Employees determined to be eligible for payments hereunder. No fund or trust is created with respect to the Plan, and no Employee shall have any security or other interest in the assets of the Company.

8.3 Fiscal Year. The Fiscal Year of the Plan shall be the same fiscal year adopted by the Company for accounting purposes.

8.4 Cost of Plan. The entire cost of the Plan shall be borne by the Company and no contributions shall be required of the eligible Employees, except as specifically provided herein.

8.5 Named Fiduciary. The Company is the sponsor and the named fiduciary of the Plan.

ARTICLE IX. ADMINISTRATION OF THE PLAN

9.1 Appointment of Committee. The general administration of the Plan shall be vested in the Compensation and Human Resources Committee of the Board (the “Committee”). For purposes of ERISA, the Committee shall be the Plan “administrator” and shall be a “fiduciary” with respect to the administration of the Plan.

9.2 Compensation, Bonding and Expenses of Members. The Members of the Committee shall not receive compensation with respect to their services for the Committee in respect of this Plan. To the extent required by ERISA or other applicable law, or required by the Company, members of the Committee shall furnish bond or security for the performance of their duties hereunder. Any expenses properly incurred by the Committee incident to the administration, termination or protection of the Plan, including the cost of furnishing any bond or security, shall be paid by the Company.

9.3 Committee Powers and Duties. The Committee shall supervise the administration and enforcement of the Plan according to the terms and provisions hereof and shall have the sole discretionary authority and all powers necessary to accomplish these purposes, including, but not by way of limitation, the right, power, authority and duty to:

- (a) make rules, regulations and procedures for the administration of the Plan which are not inconsistent with the terms and provisions hereof, provided such rules, regulations and procedures are evidenced in writing and copies thereof are delivered to the Company;
- (b) construe and interpret all terms, provisions, conditions and limitations of the Plan;
- (c) correct any defect, supply any omission, construe any ambiguous or uncertain provisions, or reconcile any inconsistency that may appear in the Plan, in such manner and to such extent as it shall deem expedient to carry the Plan into effect;
- (d) employ and compensate such accountants, attorneys, investment advisors and other agents and employees as the Committee may deem necessary or desirable in the proper and efficient administration of the Plan;
- (e) determine all questions relating to eligibility;
- (f) determine the amount of any benefits hereunder and to prescribe procedures to be followed by distributees in obtaining benefits;
- (g) prepare, file and distribute, in such manner as the Committee determines to be appropriate, such information and material as is required by the reporting and disclosure requirements of ERISA; and
- (h) make a determination as to the right of any person to receive a benefit under the Plan.

9.4 Standard of Review. Any decision, determination, or other action by the Committee shall be final and binding upon the parties, and it is intended that a court will give deference to any discretionary determination of the Committee when adjudicating any action or claim that challenges such Committee determination.

9.5 Information to Committee. The Company shall supply full and timely information to the Committee relating to Employees and such pertinent facts as the Committee may require. When making a determination in connection with the Plan, the Committee shall be entitled to rely upon the aforesaid information furnished by the Company.

9.6 Appointment of Plan Administrator Following a Change in Control. Prior to the occurrence of any Change in Control event, the Committee shall appoint an independent third-party to act as the plan administrator following such Change in Control event during the Protection Period. Such third-party administrator shall have the same powers and perform the same duties as prescribed in Section 9.3 and may not be removed or replaced by the Company during the Protection Period.

ARTICLE X. CLAIMS PROCEDURE

10.1 Claim for Benefits. If an Employee is not paid benefits under the Plan at the time of termination of his or her employment, any claim for benefits payable under the Plan must be made in

writing and received by the Company within ninety (90) days of the Employee's termination of employment. Claims for benefits under the Plan shall be made in writing to the Company.

10.2 Denial of Claim. If a claim for benefits is wholly or partially denied, the Company shall notify the claimant of the Plan's adverse benefit determination within a reasonable period of time, but not later than ninety (90) days after receipt of the claim by the plan, unless the Company determines that special circumstances require an extension of time for processing the claim. If the Company determines that an extension of time for processing is required, written notice of the extension shall be furnished to the claimant prior to the termination of the initial ninety-day period. In no event shall such extension exceed a period of ninety (90) days from the end of such initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Plan expects to render the benefit determination. The period of time within which a benefit determination is required to be made shall begin at the time a claim is filed in accordance with the reasonable procedures established by the Committee, without regard to whether all the information necessary to make a benefit determination accompanies the filing.

10.3 Notice of Claim Denial. The Company shall provide a claimant with written or electronic notification of any adverse benefit determination. Any electronic notification shall comply with the standards imposed by 29 CFR 2520.104b-1(c)(1)(i), (iii), and (iv). The notification shall set forth, in a manner calculated to be understood by the claimant: (i) the specific reason or reasons for the adverse determination; (ii) reference to the specific plan provisions on which the determination is based; (iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and (iv) a description of the Plan's review procedures and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on review. Such notification shall provide the claimant the opportunity to submit written comments, documents, records, and other information relating to the claim for benefits. The claimant shall be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits. A document, record, or other information shall be considered "relevant" to a claimant's claim if such document, record, or other information: (i) was relied upon in making the benefit determination; (ii) was submitted, considered, or generated in the course of making the benefit determination, without regard to whether such document, record, or other information was relied upon in making the benefit determination; or (iii) demonstrates compliance with the administrative processes and safeguards established by the Committee to ensure and to verify that benefit claim determinations are made in accordance with governing plan documents and that, where appropriate, the Plan provisions have been applied consistently with respect to similarly situated claimants.

10.4 Review of Denial. Within sixty (60) days of the receipt by the claimant of written or permitted electronic notification of an adverse benefit determination, the claimant may file a written request with the Committee that it conduct a full and fair review of the denial of the claimant's claim for benefits. A review by the Committee shall take into account all comments, documents, records, and other information submitted by the claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The period of time within which a benefit determination on review is required to be made shall begin at the time an appeal is filed in accordance with the reasonable procedures

established by the Committee, without regard to whether all the information necessary to make a benefit determination on review accompanies the filing. In the event that a period of time is extended due to a claimant's failure to submit information necessary to decide a claim, the period for making the benefit determination on review shall be tolled from the date on which the notification of the extension is sent to the claimant until the date on which the claimant responds to the request for additional information.

10.5 Decision on Review. The Committee shall notify a claimant, in accordance with Section 10.6 of the Plan, of its benefit determination on review of a claimant's appeal of an adverse benefit determination within a reasonable period of time, but not later than sixty days after receipt of the claimant's request for review by the Committee, unless the Committee determines that special circumstances (such as the need to hold a hearing, if the Plan's procedures provide for a hearing) require an extension of time for processing the claim. If the Committee determines that an extension of time for processing is required, written notice of the extension shall be furnished to the claimant prior to the termination of the initial sixty-day period. In no event shall such extension exceed a period of sixty days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the determination on review.

10.6 Notice of Decision on Review. The Committee shall notify the claimant of the benefit determination as soon as possible, but not later than five (5) days after the benefit determination is made with written or electronic notification of the Committee's benefit determination of the claimant's appeal of the benefit denial. Any electronic notification shall comply with the standards imposed by 29 CFR 2520.104b-1(c)(I)(i), (iii), and (iv). In the case of an adverse benefit determination, the notification shall set forth, in a manner calculated to be understood by the claimant: (i) the specific reason or reasons for the adverse determination; (ii) reference to the specific plan provisions on which the benefit determination is based; (iii) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits; and (iv) a statement of the claimant's right to bring an action under section 502(a) of ERISA.

10.7 Reimbursement of Reasonable Legal Expenses. The provisions of the Plan (including this Section 10) shall not be construed as prohibiting an Employee from commencing an action, suit or proceeding in any court of competent jurisdiction with respect to such Employee's rights under the Plan. The Company shall pay to each Employee all reasonable legal fees and expenses incurred by such Employee in seeking, in good faith, to obtain or enforce any benefit or right provided by the Plan or in connection with any tax audit or proceeding to the extent attributable to the application of Section 4999 of the Code to any payment or benefit provided hereunder. Such payments shall be made as soon as practicable after delivery of the Employee's written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require; provided, however, that in no event shall payments be made later than the last day of the Employee's taxable year following the taxable year in which the fee or expense was incurred. Notwithstanding the preceding provisions of this Section 10.7, in the event that the Employee does not prevail on at least one material issue in the relevant dispute or other proceeding, the Employee shall repay any amount previously paid by the Company pursuant

to this Section 10.7 in respect of such dispute or other proceeding within ten (10) days of the final resolution thereof.

ARTICLE XI. TERMINATION AND AMENDMENT OF PLAN

11.1 Termination of Plan. The Company, by action of the Committee, may terminate the Plan at any time outside the Protection Period, without prior notice. The Company may not terminate the Plan during the Protection Period.

11.2 Benefit upon Termination of Plan. Upon termination of the Plan, except with respect to benefits then in pay status, all rights to benefits hereunder, if any, shall cease.

11.3 Amendment of Plan. The severance benefits provided for in the Plan are not vested benefits. Accordingly, the Company reserves the right in its sole and absolute discretion, to amend or modify the Plan, in whole or in part, including any or all of the provisions of the Plan, by action of the Committee, without prior notice; provided that the Plan may not be amended during the Protection Period if such amendment would adversely affect the rights of an Employee hereunder without such Employee's consent. The Plan supersedes any severance benefit policies, plans, practices or arrangements applicable to the Employees that may have been in force prior to the Effective Date.

ARTICLE XII. MISCELLANEOUS

12.1 No Contract of Employment. The Plan does not constitute or imply the existence of an employment contract between the Company or any participating affiliate and any Employee. Employment with the Company is "at will".

12.2 Governing Law; Venue. To the extent not governed by federal law, the Plan shall be interpreted under the laws of the State of Oregon notwithstanding any conflict of law principles. Venue for all claims and actions related to or arising under the Plan shall be exclusively in the courts of the State of Oregon.

12.3 Gender. Wherever in this instrument words are used in the masculine or neuter gender, they shall be read and construed as in the masculine, feminine or neuter gender whenever they would so apply, and vice versa. Wherever words appear in the singular or plural, they shall be read and construed as in the plural or singular, respectively, wherever they would so apply.

12.4 Auxiliary Documents. Each Employee does, by his acceptance of potential benefits under the Plan, agree to execute any documents that may be necessary or proper in the carrying out of the purpose and intent of the Plan.

12.5 Code Section 409A. The intent of the Plan is that payments and benefits under this Plan comply with Code section 409A, and the regulations and guidance promulgated thereunder ("Section 409A"), to the extent subject thereto, and accordingly, to the maximum extent permitted, this Plan shall be interpreted and administered to be in compliance therewith. Each amount to be paid or benefit to be provided under this Plan shall be construed as a separate and distinct payment for purposes of Section 409A. Without limiting the foregoing and notwithstanding anything

contained herein to the contrary, to the extent required to avoid accelerated taxation and/or tax penalties under Section 409A:

- (a) An Employee shall not be considered to have terminated employment with the Company for purposes of any payments under this Plan which are subject to Section 409A until the Employee would be considered to have incurred a Separation from Service.
- (b) Amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Plan during the six (6)-month period immediately following the Employee's Separation from Service shall instead be paid on the first business day after the date that is six (6) months following the Employee's Separation from Service (or, if earlier, Employee's date of death).
- (c) Amounts reimbursable to the Employee under this Plan shall be paid to the Employee on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in-kind benefits provided to the Employee) during one year may not affect amounts reimbursable or provided in any subsequent year.

The Company makes no representation that any or all of the payments described in this Plan will be exempt from or comply with Section 409A and makes no undertaking to preclude Section 409A from applying to any such payment. The Employee shall be solely responsible for the payment of any taxes, penalties, interest or other expenses incurred by the Employee on account of non-compliance with Section 409A.

PORTLAND GENERAL ELECTRIC COMPANY

By: /S/ Anne Mersereau
Anne Mersereau
Vice President, Human Resources, Diversity,
Equity & Inclusion

APPENDIX A

Form of Release Agreement

This Release Agreement (this "Release") is entered into between [NAME] ("Former Executive") and Portland General Electric Company ("PGE") (collectively referred to herein as the "Parties").

WHEREAS, the Former Executive is eligible to participate in the Portland General Electric Company Severance Pay Plan for Executive Employees (the "Severance Pay Plan");

WHEREAS, the Parties agree that the Former Executive is entitled to certain severance benefits under and in accordance with the Severance Pay Plan as a result of the termination of the Former Executive's employment with PGE and its affiliates, subject to the Former Executive's timely execution, delivery and non-revocation of this Release and continued compliance with the restrictive covenants set forth herein; and

WHEREAS, PGE and the Former Executive now wish to fully and finally resolve all matters between them.

NOW, THEREFORE, in consideration of, and subject to, the benefits payable to the Former Executive pursuant to the Severance Pay Plan, the adequacy of which is hereby acknowledged by the Former Executive, and which the Former Executive acknowledges that the Former Executive would not otherwise be entitled to receive, the Former Executive and PGE hereby agree as follows:

1. General Release of Claims by Former Executive.

a. Former Executive, on behalf of Former Executive and Former Executive's executors, heirs, administrators, representatives and assigns (collectively, the "Releasors"), hereby voluntarily, knowingly and willingly releases, waives and forever discharges PGE, together with each of its past, present and future owners, parents, subsidiaries and affiliates, together with each of their current, former and future directors, officers, partners, agents, members, employees, contractors, insurers, trustees, stockholders, investors, joint ventures, representatives and attorneys, and each of their respective subsidiaries, affiliates, estates, predecessors, successors and assigns, both individually and in their official capacities (collectively, the "Released Parties"), from, and does fully waive any obligations of any of the Released Parties to Releasors for, any and all rights, actions, charges, causes of action, demands, damages, claims for relief, complaints, remuneration, sums of money, suits, debts, covenants, contracts, agreements, promises, obligations, demands, accounts, expenses (including attorneys' fees and costs) and liabilities of any kind whatsoever, whether in law or equity, known or unknown, suspected or unsuspected (collectively, "Claims"), which Former Executive or any of the other Releasors ever had, now has, or may hereafter claim to have by reason of any matter, cause, act, omission or thing whatsoever: (i) arising from the beginning of time up to the date the Former Executive executes this Release, including but not limited to, any such claims (A) relating in any way to the Former Executive's employment with PGE or any of the other Released Parties, (B) arising out of or relating to tort, fraud, or defamation, and (C) arising under

any federal, local, or state statute, regulation or ordinance, including, without limitation, the Age Discrimination in Employment Act (as amended by the Older Workers Benefit Protection Act) (“ADEA”); Title VII of the Civil Rights Act of 1964; the Civil Rights Acts of 1866 and 1871 (42 U.S.C. § 1981); the Civil Rights Act of 1991; the National Labor Relations Act; the Employee Retirement Income Security Act of 1974; the Rehabilitation Act of 1973; the Equal Pay Act of 1963; the Genetic Information Nondiscrimination Act of 2008; the Vietnam Era Veterans Readjustment Assistance Act of 1974; Uniformed Services Employment and Reemployment Rights Act of 1994; the Energy Reorganization Act of 1974; the Americans With Disabilities Act of 1990; the Worker Adjustment and Retraining Notification Act; and Executive Order 11246, the Oregon Family Leave Act, the Oregon Military Family Leave Act; Oregon’s Unlawful Discrimination Against Injured Workers Law; Oregon’s Initiating or Aiding Administrative, Criminal, or Civil Proceeding Law; Oregon’s Unlawful Discrimination Against Persons with Disabilities Law; Chapter 659A of the Oregon Revised Statutes; each as amended and including each of their respective implementing regulations and/or any other federal, state, local, or foreign law (statutory, regulatory, or otherwise) that may be legally waived or released; (ii) arising out of or relating to the termination of the Former Executive’s employment relationship with PGE or any other Released Parties; (iii) relating to wrongful discharge, constructive discharge, or breach of contract; or (iv) arising under or relating to any policy, agreement, understanding, or promise, written or oral, formal or informal, between PGE or any other Released Parties and the Former Executive (including, without limitation, the Severance Pay Plan).

b. Notwithstanding anything herein to the contrary, the Former Executive does not release, and this general release of claims does not apply to and shall not be construed to apply to: (i) any rights or Claims the Former Executive may have, from and after the date the Release is executed; (ii) any rights to indemnification by PGE in accordance with PGE’s applicable governance documentation; (iii) any rights the Former Executive may have under any applicable general liability and/or directors and officers insurance policy maintained by PGE or its affiliates with respect to similarly-situated former executives; (iv) any rights the Former Executive may have as a general shareholder of PGE; (v) any rights or Claims the Former Executive may have that cannot be waived under applicable law, such as the right to make a claim for unemployment, workers’ compensation, or disability benefits; (vi) the Former Executive’s ability to bring proceedings to enforce this Release or to challenge the validity of the release of ADEA claims set forth in this Release; (vii) any rights or Claims to continuation of health plan coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 (or similar law); (viii) any rights or Claims the Former Executive may have to vested benefits under PGE’s or its affiliates’ health, welfare and qualified retirement plans maintained by PGE in the course of the Former Executive’s employment; or (ix) any rights or Claims against PGE for unpaid benefits under the Management Deferred Compensation Plan or the Supplemental Executive Retirement Program, if applicable.

c. The Former Executive agrees that neither this Release, nor the furnishing of the consideration for this Release, shall be deemed or construed at any time to be an admission by PGE, any of the other Released Parties or the Former Executive of any improper or unlawful conduct. The Former Executive acknowledges and agrees PGE and the other Released Parties have fully satisfied any and all obligations owed to the Former Executive arising out of or relating to the Former Executive’s employment with or service to PGE or any of the other Released Parties, and that, other than as expressly provided in this Release, no further sums,

payments, wages or benefits are owed to the Former Executive by PGE or any of the other Released Parties in respect of such service.

2. Restrictive Covenants.

a. *Confidentiality.* The Former Executive acknowledges that during the course of the Former Executive's employment with PGE and its affiliates the Former Executive became familiar with trade secrets and other Confidential Information of PGE and its affiliates. The Former Executive represents that the Former Executive has held, and the Former Executive agrees that the Former Executive will at all times hereafter hold, in strictest confidence, all Confidential Information, and that the Former Executive has not and will not, directly or indirectly, disclose, use, disseminate, reveal, lecture upon or publish any of PGE's Confidential Information, without PGE's written consent. The term "Confidential Information" means any and all information relating to PGE, its affiliates or any of their businesses, clients, customers, accounts, suppliers, vendors, investors, or employees that is not publicly known or available; provided, however, that Confidential Information shall not include information which is generally known or available to the public through no breach of this agreement by the Former Executive. By way of illustration, but not limitation, Confidential Information includes: information about PGE's or its affiliates' trade secrets, products, processes, machines, materials and services, including research, planning, development, manufacturing, purchasing, finances, strategic plans, investments, potential investments, acquisitions, potential acquisitions, data processing, engineering, marketing, merchandising, selling practices, manufacturing and sales costs and margins, and personal information of existing or future customers, clients, accounts, vendors, investors or employees of PGE or its affiliates. Notwithstanding any other provision of this Release, in accordance with the Defend Trade Secrets Act of 2016 (18 U.S.C. § 1833(b)): (a) Former Executive will not be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that: (i) is made: (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding; (b) if Former Executive files a lawsuit for retaliation by PGE or its affiliates for reporting a suspected violation of law, Former Executive may disclose PGE's or its affiliates' trade secrets to Former Executive's attorney and use the trade secret information in the court proceeding if Former Executive: (i) files any document containing the trade secret under seal; and (ii) does not disclose the trade secret, except pursuant to court order. Former Executive hereby irrevocably grants and assigns to PGE all of Former Executive's right, title and interest in and to all PGE Inventions and agrees that all such PGE Inventions shall be PGE's sole and exclusive property to the maximum extent permitted by law. "PGE Inventions" means any all Inventions (including Confidential Information) conceived or reduced to practice by Former Executive while an employee of PGE or its affiliates, either solely or jointly with others and whether or not during regular working hours, that resulted from or relates to Former Executive's work with PGE or its affiliates, or at any time before or thereafter to the extent contemplated by or created with reference to or use of any Confidential Information. "Inventions" means all inventions (whether patentable or unpatentable), systems, machines, software, code, ideas, computer programs, methods, formulas, improvements, techniques, processes, apparatuses, compositions of matter, trade secrets, know-how, works of authorship, and designs of any kind, together with all intellectual property rights embodied therein. Former Executive shall at the request of PGE (but without additional

compensation from PGE): (i) execute any and all papers and perform all lawful acts that PGE deems necessary for the preparation, filing, prosecution, and maintenance of applications for United States and foreign patents or copyrights on any PGE Inventions; (ii) execute such instruments as are necessary to assign to PGE or to PGE's nominee, all of Former Executive's rights, title and interest in and to any PGE Inventions so as to establish or perfect in PGE or in PGE's nominee, the entire right, title and interest in and to such PGE Inventions; and (iii) execute any instruments necessary or that PGE may deem desirable in connection with any continuation, renewal or reissue of any patents included in any PGE Inventions, renewal of any copyright registrations for any PGE Inventions, waiver of moral rights, or in the conduct of any proceedings or litigation relating to any PGE Inventions. Former Executive shall list on Exhibit [●] (Other Inventions) attached hereto all Inventions relating in any way to PGE's business or demonstrably anticipated research and development or business, that were conceived or reduced to practice by Former Executive outside of or prior to employment with PGE ("**Other Inventions**"). Former Executive represents and warrants that Former Executive has no rights in any such Inventions other than those Other Innovations listed in Exhibit [●] (Other Inventions). If nothing is listed on Exhibit [●] (Other Inventions), Former Executive represents and warrants that there are no Other Inventions at the time of signing this Release. Former Executive hereby grants to PGE and PGE's nominees a royalty-free, transferable, perpetual, irrevocable, worldwide, fully paid-up license (with rights to sublicense through multiple tiers of sublicensees) to fully use, practice and exploit all patent, copyright, moral right, trade secret and other intellectual property rights relating to any Other Inventions that Former Executive incorporated, or permitted to be incorporated, in any PGE Inventions.

b. *Non-Competition.* The Former Executive agrees that, for the one (1) year period following the termination of the Former Executive's employment with PGE and its affiliates (the "Restricted Period"), the Former Executive shall not, without the express written consent of PGE, directly or indirectly, whether as an employee, officer, member, partner, director, owner, stockholder, investor, principal, lender, consultant, advisor, agent or otherwise, render advice or provide services that are the same as or similar in function or purpose as those provided during the Former Executive's employment with PGE or its affiliates to any individual or entity engaged in or preparing to engage in the business of power generation, transmission or distribution (a "Competitive Business") or otherwise engage in or prepare to engage in a Competitive Business operating in any city or county in which PGE or its affiliates engage in or have definitive plans to engage in such businesses; provided, however, that it shall not be a violation of this Section 2(b) for the Former Executive to make passive investments of not more than one percent (1%) of the capital stock or other ownership or equity interest, or voting power, in a public company, registered under the Securities Exchange Act of 1934, as amended.

c. *Non-Solicitation.* The Former Executive agrees that, during the Restricted Period, the Former Executive shall not, directly or indirectly, whether for the Former Executive's own account or for any other individual or entity, (i) call upon or solicit for competitive purposes, divert, take away or attempt to solicit for competitive purposes any then-current customers of PGE and its affiliates with whom the Former Executive had material contact during the Former Executive's employment with PGE and its affiliates; or (ii) solicit, retain, hire, offer to hire, entice away or in any manner persuade or attempt to persuade any officer, employee or agent of PGE or its affiliates who was employed or engaged by PGE or its affiliates during the Former Executive's employment with PGE and its affiliates to discontinue his or her relationship with

PGE or its affiliates. Notwithstanding the foregoing, non-targeted, general, solicitations to the public shall be deemed not to breach this Section 2(c).

d. *Non-Disparagement.* The Former Executive agrees that the Former Executive shall not make, or solicit others to make, critical, negative or disparaging remarks, comments, statements or the like, whether to the media, on the internet, on social media platforms, or otherwise, about PGE or its affiliates that could reasonably be expected to result in material harm to, or are otherwise intended to harm, PGE or its affiliates, including, but not limited to, comments about any of their respective products, services, management, business, or employment practices; provided, however, that nothing in this Section 2(d) shall prohibit the Former Executive from engaging in, or in any way limit the activities and disclosures described in Section 2(i) below.

e. *Cooperation.* Subject to Section 2(i), the Former Executive shall cooperate with PGE with respect to all matters arising during or related to the Former Executive's employment with PGE or any other Released Parties, including, but not limited to, cooperation in connection with any governmental investigation, litigation or regulatory or other proceeding which may have arisen or which may arise following the signing of this Release. PGE will reimburse the Former Executive for reasonable expenses incurred in providing such cooperation as long as the Former Executive obtains PGE's written authorization prior to incurring such expenses.

f. *Return of Property.* The Former Executive agrees that the Former Executive shall, by no later than the date on which the Former Executive executes this Release, return to PGE all originals and copies of PGE files and documents, tapes, disks and other tangible items containing PGE's Confidential Information that are in the Former Executive's possession or control. Any and all such documents contained on the Former Executive's personal computer or devices (including any "cloud" services or other data storage devices) shall be printed, delivered to PGE and thereafter deleted from the personal computer/device. These documents and items must be returned whether in the Former Executive's possession, work area, home, vehicle or in the wrongful possession of any third party with the Former Executive's knowledge or acquiescence, and whether prepared by the Former Executive or any other person or entity. The Former Executive agrees to sign a certification, affidavit, or such other document representing that the Former Executive has fulfilled the obligations of this Section 2(f), as PGE may request, and deliver it to PGE.

g. *Modification.* The Parties agree and acknowledge that the duration, scope and geographic area of the covenants described in this Section 2 are fair, reasonable and necessary in order to protect the goodwill and other legitimate interests of PGE and its affiliates, that adequate consideration has been, or will be, received by the Former Executive for such obligations, and that these obligations do not prevent the Former Executive from earning a livelihood. If, however, for any reason any court of competent jurisdiction determines that the restrictions in this Section 2 are not reasonable, that consideration is inadequate, or that the Former Executive has been prevented unlawfully from earning a livelihood, such restrictions will be interpreted, modified or rewritten to include as much of the duration, scope and geographic area identified in this Section 2 as will render such restrictions valid and enforceable.

h. *Remedies for Breach.* The Parties agree that the restrictive covenants contained in

this Release are severable and separate, and the unenforceability of any specific covenant herein will not affect the validity of any other covenant set forth herein. The Former Executive acknowledges that PGE will suffer irreparable harm as a result of a breach of such restrictive covenants by the Former Executive for which an adequate monetary remedy does not exist and a remedy at law may prove to be inadequate. Accordingly, in the event of any actual or threatened breach by the Former Executive of any provision of this Section 2, PGE will, in addition to any other remedies permitted by law, be entitled to seek to obtain remedies in equity, including, without limitation, specific performance, injunctive relief, a temporary restraining order, and/or a permanent injunction in any court of competent jurisdiction, to prevent or otherwise restrain a breach of this Section 2, without the necessity of proving damages, posting a bond or other security. Such relief will be in addition to and not in substitution of any other remedies available to PGE.

i. *Permitted Disclosures.* Nothing in this Release or any other agreement that the Former Executive may have with PGE is intended to, nor shall, prohibit or restrict the Former Executive from (A) voluntarily communicating with or testifying before any law enforcement or government agency, including the Securities and Exchange Commission (“SEC”), the Equal Employment Opportunity Commission, a state or local commission on human rights or any self-regulatory organization, or otherwise initiating, assisting with, or participating in any manner with an investigation conducted by such government agency, in each case, regarding possible violations of law and without advance notice PGE, (B) recovering a SEC whistleblower award as provided under Section 21F of the Securities Exchange Act of 1934, or (C) disclosing any information (including, without limitation, Confidential Information) to a court or other administrative or legislative body in response to a subpoena, provided that the Former Executive first promptly notifies (to the extent legally permissible) PGE and, with respect to any subpoena on behalf of any non-governmental person or entity, uses commercially reasonable efforts to cooperate with any effort by PGE to seek to challenge the subpoena on behalf of any non-governmental person or entity or obtain a protective order limiting its disclosure, or other appropriate remedy.

j. Further, nothing in this Release or any other agreement that the Former Executive may have with PGE is intended to, nor shall, conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such section. Pursuant to 18 U.S.C. § 1833(b), the Former Executive acknowledges and understands that the Former Executive will not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret of PGE that (A) is made (I) in confidence to a Federal, State or local government official, either directly or indirectly, or to the Former Executive’s attorney and (II) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. If the Former Executive files a lawsuit for retaliation by PGE for reporting a suspected violation of law, the Former Executive may disclose the trade secret to the Former Executive’s attorney and use the trade secret information in the court proceeding, if the Former Executive (x) files any document containing the trade secret under seal, and (y) does not disclose the trade secret, except pursuant to court order.

3. Prospective Employer Inquiries. The Former Executive shall direct any inquiries from prospective employers to the Human Resources Department. In the event PGE receives any such inquiries from a prospective employer, PGE shall respond by providing the Former Executive’s

term of employment and last position held, and by advising the prospective employer that it is PGE's policy to provide information only as to service dates and last position held.

4. Confidentiality of the Release. Subject to Section 2(i), the Former Executive agrees that the Former Executive shall maintain the existence and terms of this Release confidential to the extent permitted by law; provided, however, that the Former Executive may disclose the existence and terms of this Release to the Former Executive's immediate family members, attorneys, accountants, financial advisors, or tax advisors, so long as the Former Executive instructs them, and they agree, to maintain such terms as confidential.

5. Knowing and Voluntary Release. The Former Executive acknowledges that this Release was first presented to the Former Executive for the Former Executive's consideration on **[DATE]**. The Former Executive acknowledges and agrees that the Former Executive has been advised to consult with an attorney of the Former Executive's choosing prior to signing the Release. The Former Executive represents that the Former Executive has had the opportunity to review this Release with an attorney of the Former Executive's choice. The Former Executive agrees that the Former Executive has entered into the Release freely and voluntarily. The Former Executive further acknowledges and agrees that the Former Executive has had at least **[twenty-one (21)/forty-five (45)]** calendar days to consider the Release, although the Former Executive may sign it sooner if the Former Executive wishes. The Former Executive agrees that changes to this Release, whether material or immaterial, do not restart the running of the **[twenty-one (21)/forty-five (45)]** calendar day period. In addition, once the Former Executive has signed the Release, the Former Executive shall have seven (7) additional days from the date of execution to revoke the Former Executive's consent and may do so by delivering a signed revocation notice to **[●]**. The Release shall not be effective, and no payments shall be due hereunder, earlier than the eighth (8th) day after the Former Executive shall have executed the Release and returned it to PGE, assuming that the Former Executive had not revoked the Former Executive's consent to the Release prior to such date. If the Former Executive does not execute the Release within **[twenty-one (21)/forty-five (45)]** calendar days from receipt, or if the Former Executive executes and subsequently revokes the Release, Executive shall forfeit all rights the Former Executive may have to receive the severance benefits set forth in the Severance Pay Plan.

6. Each Party the Drafter. This Release, and the provisions contained in it, shall not be construed or interpreted for, or against, any party to this Release because that party drafted or caused that party's legal representatives to draft any of its provisions. The Former Executive agrees that the terms of this Release, including the economic terms, have been individually negotiated.

7. Legal Fees and Expenses. Following the Former Executive's execution of this Release and the expiration of the 7-day revocation period described in Section 5 above, PGE shall pay or reimburse the Former Executive for reasonable attorneys' fees and expenses incurred in connection with the Former Executive's termination, former employment or the business affairs of PGE or its affiliates, provided that such payment or reimbursement is consistent with the requirements on indemnification of officers contained in Oregon Revised Statutes Chapter 60. Such amounts will be paid by PGE promptly (but in no event more than ten (10) business days) following receipt of a written request for payment or reimbursement, as the case may be, together with such written documentation of the fees and/or expenses as PGE may reasonably

request. The payments or reimbursements shall be in addition to any amount to which the Former Executive may be entitled under Section 10.7 of the Severance Pay Plan and Section 2(e) of this Release; provided, however, that PGE's obligations under this Section 7 shall cease on the sixth (6th) anniversary of the last day of the Former Executive's employment with PGE and its affiliates.

8. Counterparts. This Release may be executed in counterparts, and each counterpart, when so executed and delivered, shall be deemed to be an original and both counterparts, taken together, shall constitute one and the same Release. A faxed or .pdf-ed signature shall operate the same as an original signature.

9. No Waiver. A failure of any of the Released Parties to insist on strict compliance with any provision of this Release shall not be deemed a waiver of such provision or any other provision hereof.

10. Assignment. This Release is personal to the Former Executive and may not be assigned by the Former Executive. This Release shall be assignable by PGE, in whole or in part, and will inure to the benefit of and be binding upon PGE and any successor organization which shall succeed to PGE by merger or consolidation or operation of law, or by acquisition of assets of PGE.

11. Entire Agreement. This Release, together with the Severance Pay Plan, contains the entire agreement between PGE and the Former Executive relating to the matters contained herein and amends, supersedes and restates all prior agreements and understandings, oral or written, between PGE and the Former Executive.

12. No Oral Modifications. This Release may not be changed or modified except by an agreement in writing, signed by the Parties.

13. Governing Law. This Release shall be interpreted and construed in accordance with the laws of Oregon, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this provision to the substantive law of another jurisdiction.

IN WITNESS WHEREOF, the Former Executive and PGE have executed the Release as of the date and year provided below.

By: _____ Date _____
Name:
Title:

By: _____ Date _____
[FORMER EXECUTIVE]

PORTLAND GENERAL ELECTRIC COMPANY
ANNUAL CASH INCENTIVE PLAN

Amended and Restated
Effective July 27, 2021

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PORTLAND GENERAL ELECTRIC COMPANY

ANNUAL CASH INCENTIVE PLAN

SECTION 1

Purpose

The purpose of the Portland General Electric Company Annual Cash Incentive Plan is to motivate, reward and retain executive officers and key employees of the Company for achieving individual, department and/or corporate goals and objectives.

SECTION 2

Definitions

2.1. “Affiliate” means any entity that controls, is controlled by or is under common control with the Company.

2.2. “Annual Incentive Program” means the terms and conditions pursuant to which a Participant may receive an Award under the Plan for a particular Award Year based upon achievement of pre-established performance goals and/or assessment of individual contribution.

2.3. “Award” means a contingent right to receive cash following the end of an Award Year.

2.4. “Award Year” means any fiscal year of the Company for which the Company adopts an Annual Incentive Program under this Plan.

2.5. “Board” means the Board of Directors of the Company.

2.6. “CEO” means the Chief Executive Officer of the Company.

2.7. “Change in Control” shall mean any of the following events:

(i) Any person (as such term is used in Section 14(d) of the Securities Exchange Act of 1934) becomes the “beneficial owner” (as determined pursuant to Rule 14d-3 under the Securities Exchange Act of 1934), directly or indirectly, of securities of the Company representing more than thirty percent (30%) of the combined voting power of the Company’s then outstanding voting securities; or

(ii) During any period of two (2) consecutive years (not including any period prior to the execution of this Plan), individuals who at the beginning of such period (the “Incumbent Board”) cease to constitute at least a majority of the Board provided, however that any individual becoming a director subsequent to the beginning of such two (2)-year period whose election to the Board, or nomination for election to the Board by the Company’s

- stockholders, was approved by a vote of at least two-thirds (2/3) of the directors then comprising the Incumbent Board shall be considered as though such individual was a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs in connection with or as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents; or
- (iii) There occurs a consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company or any of its subsidiaries, other than a merger or consolidation which would result in the holders of the voting securities of the Company outstanding immediately prior thereto holding immediately thereafter securities representing, directly or indirectly, more than fifty percent (50%) of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or
- (iv) The stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

Notwithstanding the foregoing, a Change in Control shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the holders of common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions.

2.8. "Company" means Portland General Electric Company.

2.9. "Committee" means the Compensation and Human Resources Committee of the Board or, to the extent directed by the Board, the members of the Board who are independent, as determined pursuant to the Company's Director Independence Standards.

2.10. "Disability" means a disability under the Company's long-term disability program or, if no such program exists, a disability as determined by the Committee for purposes of the Plan.

2.11. "Employee" means any employee of the Company or an Affiliate, excluding any person characterized on the Company's or an Affiliate's payroll records as a temporary or contract employee.

2.12. "Participant" means an Employee selected to participate in the Annual Incentive Program for an Award Year.

2.13. "Plan" means the Portland General Electric Company Annual Cash Incentive Plan as set forth herein, as amended from time to time.

2.14. "Retirement" means a Participant's termination of employment at age 55 or older with five or more years of service for the Company or its Affiliates.

2.15. "Section 409A" means Section 409A of the Internal Revenue Code of 1986, as amended.

SECTION 3

Administration

3.1. Administrative Duties and Authority of the Committee and the CEO. The Committee and the CEO shall be responsible for the administration of the Plan according to the terms and provisions hereof and shall have discretionary authority and all powers necessary to accomplish this purpose, including without limitation the right, power, authority and duty to make rules, regulations and procedures for the administration of the Plan which are not inconsistent with the terms and provisions hereof.

3.2. Plan Interpretation. The Committee shall have sole discretionary authority to construe and interpret all terms, provisions, conditions and limitations of the Plan and to correct any defect, supply any omission, construe any ambiguous or uncertain provisions, or reconcile any inconsistency that may appear in the Plan, in such manner and to such extent as it shall deem expedient to carry the Plan into effect. All decisions, determinations, and interpretations of the Committee will be final and binding.

3.3. Liability. No member of the Board, officer of the Company, or delegate of any thereof shall be personally liable for any action, failure to act, determination, or interpretation made in good faith with respect to the Plan or any transaction under the Plan.

SECTION 4

Eligibility and Participation

4.1. Selection of Participants.

- (a) The Committee in its discretion will select any Executives who will participate in the Annual Incentive Program for an Award Year.
- (b) The CEO in his or her discretion will select any individuals other than Executives who will participate in the Annual Incentive Program for an Award Year.
- (c) No Employee has a right to participation in the Plan, and participation in the Annual Incentive Program for any Award Year shall not cause any entitlement to participate in any later Annual Incentive Program.

4.2. Persons Ineligible. Members of the Board who are not Employees are not eligible to participate in the Plan.

4.3. Participation in Other Annual Incentive Plans. Participants in an Annual Incentive Program for an Award Year are not eligible to participate in any other annual incentive plan of the Company for such Award Year without the specific approval of the Committee.

SECTION 5

Establishment and Calculation of Awards

5.1. Establishment of Annual Incentive Program for Executives. For each Award Year, the Committee will establish in writing the material terms and conditions applicable to the Annual Incentive Program for Executives, including without limitation the relevant performance goals, Award amounts payable based on the extent to which the performance goals are met, and the potential effect of individual Participant contributions during the Award Year for the Employees selected to participate in the Annual Incentive Program for the Award Year.

5.2. Establishment of Annual Incentive Program for Non-Executives. For each Award Year, the Committee will establish in writing any material terms and conditions applicable to the Annual Incentive Program for Participants other than Executives it deems appropriate. The CEO may then establish any additional terms and conditions applicable to such Annual Incentive Program that are not inconsistent with the terms and conditions established by the Committee.

5.3. Determination at Year End. Following the end of each Award Year the Committee shall determine the extent to which Company performance goals were met for the Award Year. In making such determination, the Committee may include or exclude the impact of any nonrecurring, unusual events that occur during the Award Year, including without limitation (i) asset write-downs; (ii) litigation or claim judgments or settlements; (iii) the effect of changes in tax laws and other laws, accounting principles, or provisions affecting reported results; (iv) any reorganization or restructuring programs; (v) extraordinary, nonrecurring items as described in Accounting Principles Board Opinion No. 30 (or any successor thereto) or in management's discussion and analysis of financial condition and results of operations appearing in the Company's annual report to shareholders for the applicable year; (vi) acquisitions or divestitures; and (vii) foreign exchange gains and losses.

5.4. Calculating Executive Award Amounts. The Committee shall determine the Award amounts payable to each Executive in respect of an Award Year based on the extent to which the relevant performance goals were achieved during the Award Year. The Committee, in its discretion, may further increase or decrease (or eliminate) an Award to reflect individual Participant or Company performance during the Award Year.

5.5. Calculating Non-Executive Award Amounts. The CEO shall determine the Award amounts payable to each Participant who is not an Executive in respect of an Award Year, consistent as applicable with the Committee's determination of Company performance in respect of Awards to Executives. The CEO, in his or her discretion, may further increase or decrease (or eliminate) an Award to reflect individual Participant or Company performance during the Award Year.

5.6. Discretionary Bonus Amounts. If the minimum performance goals established for an Award are not achieved, no payment will be made under the Award; provided, however, that the Board, in its sole discretion, may establish a separate discretionary amount distributable as Awards to Participants under the Plan, which shall be allocated at the discretion of the Committee.

SECTION 6

Payment of Awards Earned

6.1. Timing of Payment. Awards earned by each Participant shall be paid in cash as soon as administratively possible following the date the amounts are determined but in no event later than two and one-half months after the end of the Award Year.

6.2. Set-Off. The Company shall have the right to set off against any Award payable hereunder, the amount of any loan or advance made by the Company or an Affiliate to the Participant.

SECTION 7

Termination of Employment

7.1. Forfeiture of Award. In the event of a Participant's termination of employment for any reason other than the Participant's death, Disability, or Retirement prior to payment being made under an Award, the Participant will forfeit all rights to any payment under the Award.

7.2. Death, Disability and Retirement. If a Participant's employment terminates prior to payment being made under an Award due to the Participant's death, Disability, or Retirement, the Company shall pay an Award to the Participant (or the Participant's estate, as the case may be) at such time as Awards are payable generally to other Participants, pro-rated to reflect the number of full and partial months during the Award Year in which the Participant was employed by the Company or an Affiliate.

SECTION 8

Adjustments Upon Changes in Capitalization

8.1. Change in Control. In the event of a Change in Control, then unless the documents effecting such Change in Control provide for different treatment, Awards outstanding under the Plan shall be paid to Participants upon consummation of such Change in Control based on the greater of actual or target levels of performance as determined by the Committee, pro-rated to reflect the number of full and partial months during the Award Year prior to the Change in Control.

8.2. Changes to Subsidiary. In the event of the disposition of a subsidiary of the Company or of substantially all of the subsidiary's assets to an entity that is not an Affiliate, any Award to a Participant who is an employee of such subsidiary shall be treated in the manner determined by the Committee in its discretion.

8.3. Authority Under this Section. Any adjustments under this Section 8 will be made by the Committee or the Board, whose determination as to what adjustments will be made and the extent thereof will be final, binding, and conclusive.

SECTION 9

General Provisions

9.1. No Employment Right. The Plan does not constitute or imply the existence of an employment contract between the Company or an Affiliate and any person. Participation in the Plan shall not be construed as constituting a commitment, guarantee, agreement, or understanding of any kind that the Company or an Affiliate will continue to employ any individual.

9.2. Nontransferability. Neither a Participant nor any other person has any right to assign, transfer, attach, or hypothecate any benefits or payments under the Plan. Payments held by the Company before distribution shall not be liable for the debts, contracts, or obligations of any Participant or any other person, or be taken in execution by attachment or garnishment, or by any other legal or equitable proceeding

9.3. Withholding. The Company has the right to deduct any sums which federal, state, or local tax law requires to be withheld with respect to the payment of any Award.

9.4. Plan Unfunded. All payments to be made hereunder shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts. A Participant's right to payment under the Plan is that of an unsecured general creditor of the Company. The Plan is not subject to the Employee Retirement Income Security Act of 1974, as amended from time to time.

9.5. Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction, or as to any Participant or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Participant, or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.

9.6. Choice of Law. The Plan shall be interpreted under the laws of the State of Oregon notwithstanding any conflict of law principles. Venue for all claims and actions related to or arising under the Plan shall be exclusively in the courts of the State of Oregon.

9.7. Code Section 409A. The Plan as well as payments under the Plan are intended to be exempt from or, to the extent subject thereto, to comply with, Section 409A and, accordingly, to the maximum extent permitted, the Plan shall be interpreted in accordance therewith. Notwithstanding anything contained in the Plan to the contrary, to the extent required to avoid accelerated taxation and/or tax penalties under Section 409A, a Participant shall not be considered to have terminated employment or service with the Company or an Affiliate for purposes of the Plan until the Participant would be considered to have incurred a "separation from service" from the Company and its affiliates within the meaning of Section 409A. Any payments described in the Plan that are due within the "short term deferral period" as defined in Section 409A shall not be treated as deferred compensation unless applicable law requires otherwise. Notwithstanding anything to the

contrary in the Plan, to the extent that any Awards (or any other amounts payable under any plan, program or arrangement of the Company or any of its Affiliates) are payable upon a separation from service and such payment would result in the imposition of any individual tax and penalty interest charges imposed under Section 409A, the settlement and payment of such awards (or other amounts) shall instead be made on the first business day after the date that is six months following such separation from service (or death, if earlier). Each amount to be paid or benefit to be provided under the Plan shall be construed as a separate identified payment for purposes of Section 409A. The Company makes no representation that any or all of the payments or benefits described in the Plan will be exempt from or comply with Section 409A and makes no undertaking to preclude Section 409A from applying to any such payment. Each Participant shall be solely responsible for the payment of any taxes and penalties incurred under Section 409A.

9.8. Recoupment Policy. Notwithstanding any other provisions in this Plan, any Award which is subject to recovery under any law, government regulation, stock exchange listing requirement or Company policy, including without limitation the Company's Incentive Clawback and Cancellation Policy will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation, stock exchange listing requirement or policy adopted by the Company pursuant to any such law, government regulation, stock exchange listing requirement or otherwise.

SECTION 10

Amendment, Suspension, or Termination of Plan

The Committee may amend, suspend, or terminate the Plan at any time. In addition, the Committee may amend, suspend, or terminate any or all unpaid Awards under the Plan upon a finding of current or threatened financial hardship for the Company, which shall be final and binding upon all Participants.

SECTION 11

Effective Date

This Plan, as amended and restated, is effective July 27, 2021.

Executed as of the 27th day of July, 2021.

PORTLAND GENERAL ELECTRIC COMPANY

By: /S/ Anne Mersereau

Name: Anne Mersereau

Title: Vice President, Human Resources, Diversity, Equity & Inclusion

PORTLAND GENERAL ELECTRIC COMPANY

STOCK INCENTIVE PLAN

**Originally Effective March 31, 2006
(As Amended and Restated Effective July 27, 2021)**

1. **Purpose.** The Portland General Electric Company Stock Incentive Plan, as amended and restated (the “Plan”), is intended to provide incentives which will attract, retain and motivate highly competent persons as officers, directors and key employees of Portland General Electric Company (the “Company”) and its subsidiaries and Affiliates, by providing them with appropriate incentives and rewards in the form of rights to earn shares of the common stock of the Company (“Common Stock”) and cash equivalents.

2. **Definitions.** A listing of the defined terms utilized in the Plan is set forth in Appendix A.

3. **Effective Date of Plan.** The Plan was originally effective as of March 31, 2006, and was most recently amended and restated effective July 27, 2021.

4. **Administration.**

(a) *Committee.* The Plan will be administered by a committee (the “Committee”) appointed by the Board of Directors of the Company (the “Board of Directors”) from among its members (which may be the Compensation and Human Resources Committee) and shall be comprised, solely of not less than two (2) members who shall be (i) “non-employee directors” within the meaning of Rule 16b-3(b)(3) (or any successor rule) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), (ii) in respect of any “Grandfathered Awards” (as defined in Section 13), “outside directors” within the meaning of Treasury Regulation Section 1.162-27(e)(3) under Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”), and (iii) to the extent the Board of Directors may direct in respect of Awards granted to the Chief Executive Officer and determining amounts payable under such Awards, non-employee directors who satisfy the standards of the New York Stock Exchange (the “NYSE”) and other applicable standards for an independent director.

(b) *Authority.* The Committee is authorized, subject to the provisions of the Plan, to establish such rules and regulations as it deems necessary for the proper administration of the Plan and, in its sole discretion, to make such determinations, valuations and interpretations and to take such action in connection with the Plan and any Awards (as hereinafter defined) granted hereunder as it deems necessary or advisable. All determinations and interpretations made by the Committee shall be binding and conclusive on all participants and their legal representatives.

(c) *Indemnification.* No member of the Committee and no employee of the Company shall be liable for any act or failure to act hereunder, or for any act or failure to act hereunder by any other member or employee or by any agent to whom duties in connection with the administration of this Plan have been delegated, except in circumstances involving his or her

bad faith or willful misconduct. The Company shall indemnify members of the Committee and any agent of the Committee who is an employee of the Company, or of a subsidiary or an Affiliate against any and all liabilities or expenses to which they may be subjected by reason of any act or failure to act with respect to their duties on behalf of the Plan, except in circumstances involving such person's bad faith or willful misconduct. For purposes of this Plan, "Affiliate(s)" means any entity that controls, is controlled by or is under common control with the Company.

(d) *Delegation and Advisers.* The Committee may delegate to one or more of its members, or to one or more employees or agents, such duties and authorities as it may deem advisable including the authority to make grants as permitted by applicable law, the rules of the Securities and Exchange Commission and any requirements of the NYSE, and the Committee, or any person to whom it has delegated duties or authorities as aforesaid, may employ one or more persons to render advice with respect to any responsibility the Committee or such person may have under the Plan. The Committee may employ such legal or other counsel, consultants and agents as it may deem desirable for the administration of the Plan and may rely upon any opinion or computation received from any such counsel, consultant or agent. Expenses incurred by the Committee in the engagement of such counsel, consultant or agent shall be paid by the Company, or the subsidiary or Affiliate whose employees have benefited from the Plan, as determined by the Committee.

5. **Type of Awards.** Awards under the Plan may be granted in any one or a combination of (a) Stock Options, (b) Stock Appreciation Rights, (c) Restricted Stock Awards, and (d) Stock Units (each as described below, and collectively, the "Awards"). Grandfathered Awards may, as determined by the Committee in its discretion, constitute Performance-Based Awards, as described in Section 13 hereof.

6. **Participants.** Participants will consist of (i) such officers and key employees of the Company and its subsidiaries and Affiliates as the Committee in its sole discretion determines to be significantly responsible for the success and future growth and profitability of the Company and whom the Committee may designate from time to time to receive Awards under the Plan and (ii) each director of the Company who is not otherwise an employee of the Company or any of its subsidiaries and whom the Committee may designate from time to time to receive Awards under the Plan. Designation of a participant in any year shall not require the Committee to designate such person to receive an Award in any other year or, once designated, to receive the same type or amount of Award as granted to the participant in any other year. The Committee shall consider such factors as it deems pertinent in selecting participants and in determining the type and amount of their respective Awards.

7. **Grant Agreements.**

(a) Awards granted under the Plan shall be evidenced by an agreement ("Grant Agreement") that shall provide such terms and conditions, as determined by the Committee in its sole discretion, provided, however, that in the event of any conflict between the provisions of the Plan and any such Grant Agreement, the provisions of the Plan shall prevail.

(b) The Grant Agreement will determine the effect on an Award of the disability, death, retirement, involuntary termination, termination for cause or other termination of employment or service of a participant and the extent to which, and the period during which, the participant's legal representative, guardian or beneficiary may receive payment of an Award or exercise rights thereunder. If the relevant Grant Agreement does not provide otherwise, however, the following default rules shall apply:

(i) vested Stock Option and Stock Appreciation Rights held by a participant shall be exercisable for a period of 90 days following the date the participant ceases to be an employee or director of the Company, its subsidiaries and Affiliates;

(ii) unvested Stock Option, Stock Appreciation Rights, Restricted Stock Awards and Stock Units held by a participant shall be forfeited on the date the participant ceases to be an employee or director of the Company, its subsidiaries and Affiliates.

(c) Subject to Section 13(e), the Committee, in its sole discretion, may modify a Grant Agreement, provided any such modification will not materially adversely affect the economic interests of the participant unless the Committee shall have obtained the written consent of the participant. Subject to Section 15, the Committee shall not have the authority to reprice or cancel and regrant any Award at a lower exercise, base or purchase price or cancel any Award with an exercise, base or purchase price of less than "Fair Market Value" (as defined in Section 8(g)) in exchange for cash, property or other Awards without first obtaining the approval of the Company's shareholders.

(d) Notwithstanding any provision of the Plan or a Grant Agreement to the contrary, no dividends will be payable with respect to a share of Common Stock underlying an Award unless and until the Award vests in respect of such share of Common Stock.

(e) Grant Agreements under the Plan need not be identical.

8. **Stock Options.**

(a) *Generally.* At any time, the Committee may grant, in its discretion, awards of stock options that will enable the holder to purchase a number of shares of Common Stock from the Company, at set terms (a "Stock Option"). Stock Options may be incentive stock options ("Incentive Stock Options"), within the meaning of Section 422 of the Code, or Stock Options which do not constitute Incentive Stock Options ("Nonqualified Stock Options"). The Committee will have the authority to grant to any participant one or more Incentive Stock Options and/or Nonqualified Stock Options. Each Stock Option shall be subject to such terms and conditions, including vesting, consistent with the Plan as the Committee may provide in the Grant Agreement, subject to the following limitations:

(b) *Exercise Price.* Each Stock Option granted hereunder shall have such per-share exercise price as the Committee may determine in the Grant Agreement, but such exercise price may not be less than "Fair Market Value" on the date the Stock Option is granted, except as provided in Section 11(c).

(c) *Payment of Exercise Price.* The option exercise price may be paid in cash or, in the discretion of the Committee and in accordance with any requirements established by the Committee, by the delivery of shares of Common Stock of the Company then owned by the participant. In the discretion of the Committee and in accordance with any requirements established by the Committee, payment may also be made by (i) delivering a properly executed exercise notice to the Company together with a copy of irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds to pay the exercise price or (ii) by means of consideration received under any cashless exercise procedure approved by the Committee (including the withholding of shares of Common Stock otherwise issuable upon exercise).

(d) *Exercise Period.* Stock Options granted under the Plan shall be exercisable at such time or times and subject to such terms and conditions, including vesting, as shall be determined by the Committee in the Grant Agreement.

(e) *Limitations on Incentive Stock Options.* Incentive Stock Options may be granted only to participants who are employees of the Company or of a “Parent Corporation” or “Subsidiary Corporation” (as defined in Sections 424(e) and (f) of the Code, respectively) at the date of grant. The aggregate Fair Market Value (determined as of the time the Stock Option is granted in accordance with Section 8(g)) of the Common Stock with respect to which Incentive Stock Options are exercisable for the first time by a participant during any calendar year (under all option plans of the Company and of any Parent Corporation or Subsidiary Corporation) shall not exceed one hundred thousand dollars (\$100,000). For purposes of the preceding sentence, Incentive Stock Options will be taken into account in the order in which they are granted. The per-share exercise price of an Incentive Stock Option shall not be less than one hundred percent (100%) of the Fair Market Value of the Common Stock on the date of grant, and no Incentive Stock Option may be exercised later than ten (10) years after the date it is granted.

(f) *Additional Limitations on Incentive Stock Options for Ten Percent Shareholders.* Incentive Stock Options may not be granted to any participant who, at the time of grant, owns stock possessing (after the application of the attribution rules of Section 424(d) of the Code) more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent Corporation or Subsidiary Corporation, unless the exercise price of the option is fixed at not less than one hundred ten percent (110%) of the Fair Market Value of the Common Stock on the date of grant and the exercise of such option is prohibited by its terms after the expiration of five (5) years from the date of grant of such option.

(g) *Fair Market Value.* For purposes of this Plan and any Awards granted hereunder, “Fair Market Value” shall be the closing price of the Common Stock on the relevant date (or on the last preceding trading date if Common Stock was not traded on such date) if the Common Stock is readily tradable on a national securities exchange or other market system, and if the Common Stock is not readily tradable, Fair Market Value shall mean the amount determined in good faith by the Committee as the fair market value of the Common Stock.

9. **Stock Appreciation Rights.**

(a) *Generally.* At any time, the Committee may, in its discretion, grant stock appreciation rights with respect to Common Stock (“Stock Appreciation Rights”), including a concurrent grant of Stock Appreciation Rights in tandem with any Stock Option grant. A Stock Appreciation Right means a right to receive a payment in cash or in Common Stock of an amount equal to the excess of (i) the Fair Market Value of a share of Common Stock on the date the right is exercised over (ii) the Fair Market Value of a share of Common Stock on the date the right is granted, all as determined by the Committee. Each Stock Appreciation Right shall be subject to such terms and conditions, including vesting, as the Committee shall impose in the Grant Agreement.

(b) *Exercise Period.* Stock Appreciation Rights granted under the Plan shall be exercisable at such time or times and subject to such terms and conditions, including vesting, as shall be determined by the Committee in the Grant Agreement.

10. **Restricted Stock Awards.**

(a) *Generally.* At any time, the Committee may, in its discretion, grant Awards of Common Stock, subject to restrictions determined by the Committee (a “Restricted Stock Award”). Such Awards may include mandatory payment of any bonus in stock consisting of Common Stock issued or transferred to participants with or without other payments therefor and may be made in consideration of services rendered to the Company or its subsidiaries or Affiliates. A Restricted Stock Award shall be construed as an offer by the Company to the participant to purchase the number of shares of Common Stock subject to the Restricted Stock Award at the purchase price, if any, established therefore.

(b) *Payment of the Purchase Price.* If the Restricted Stock Award requires payment therefor, the purchase price of any shares of Common Stock subject to a Restricted Stock Award may be paid in any manner authorized by the Committee, which may include any manner authorized under the Plan for the payment of the exercise price of a Stock Option.

(c) *Restrictions.* Restricted Stock Awards shall be subject to such terms and conditions, including without limitation time based vesting and/or performance based vesting, restrictions on the sale or other disposition of such shares, and/or the right of the Company to reacquire such shares for no consideration upon termination of the participant’s employment within specified periods, as the Committee determines appropriate. The Committee may require the participant to deliver a duly signed stock power, endorsed in blank, relating to the Common Stock covered by such an Award. The Committee may also require that the stock certificates evidencing such shares be held in custody or bear restrictive legends until the restrictions thereon shall have lapsed.

(d) *Rights as a Shareholder.* The Restricted Stock Award shall specify whether the participant shall have, with respect to the shares of Common Stock subject to a Restricted Stock Award, all of the rights of a holder of shares of Common Stock of the Company, including the right to accrue dividends and to vote the shares.

11. **Common Stock Available Under the Plan.**

(a) *Basic Limitations.* The aggregate number of shares of Common Stock that may be subject to Awards over the entire term of the Plan since its original effective date (subject to the remainder of this Section 11 and to Section 15) shall be 4,687,500, subject to any adjustments made in accordance with Section 15 hereof. The maximum number of shares of Common Stock that may be:

(i) the subject of an Award with respect to any individual participant under the Plan during the term of the Plan shall not exceed 2,000,000 (subject to adjustments made in accordance with Section 15 hereof);

(ii) covered by Awards issued under the Plan during a year shall be limited during the first calendar year of the Plan to 1,250,000 and during any year thereafter to 1% of the Company's outstanding Common Stock at the beginning such year; and

(iii) issued pursuant to Incentive Stock Options awarded under the Plan shall be 1,000,000.

Shares of Common Stock issued under the Plan may, in whole or in part, be authorized but unissued shares or shares held in treasury that shall have been or may be reacquired by the Company in the open market, in private transactions or otherwise.

(b) *Additional Shares.* Any shares of Common Stock subject to a Stock Option or Stock Appreciation Right which for any reason is cancelled or terminated without having been exercised and any shares of Common Stock subject to Restricted Stock Awards or Stock Units which are forfeited shall again be available for Awards under the Plan. The preceding sentence shall apply only for purposes of determining the aggregate number of shares of Common Stock subject to Awards but shall not apply for purposes of determining the maximum number of shares of Common Stock with respect to which Awards may be granted to any individual participant under the Plan. Notwithstanding any provision of the Plan or a Grant Agreement to the contrary, shares of Common Stock that are exchanged by a Participant or withheld by the Company as full or partial payment in connection with any Stock Option or Stock Appreciation Right under the Plan, as well as any shares of Common Stock exchanged by a Participant or withheld by the Company or any Subsidiary Corporation to satisfy the tax withholding obligations related to any Award, shall not be available for subsequent Awards under the Plan, and notwithstanding that a Stock Appreciation Right may be settled by the delivery of a net number of shares of Common Stock, the full number of shares of Common Stock underlying such Stock Appreciation Right shall not be available for subsequent Awards under the Plan.

(c) *Acquisitions.* In connection with the acquisition of any business by the Company or any of its subsidiaries or Affiliates, any outstanding grants or awards of options, restricted stock or other equity-based compensation pertaining to such business may be assumed or replaced by Awards under the Plan upon such terms and conditions as the Committee

determines, including granting of Stock Options or Stock Appreciation Rights with an exercise price below Fair Market Value at the date of the replacement grant.

12. **Stock Units.**

(a) *Generally.* The Committee may, in its discretion, grant “Stock Units” (as defined in Section 12(c)) to participants hereunder. Stock Units may be subject to such terms and conditions, including time based vesting and/or performance based vesting, as the Committee determines appropriate. A Stock Unit granted by the Committee shall provide payment in shares of Common Stock at such time as the Grant Agreement shall specify. Shares of Common Stock issued pursuant to this Section 12 may be issued with or without other payments therefor as may be required by applicable law or such other consideration as may be determined by the Committee. The Committee shall determine whether a participant granted a Stock Unit shall be entitled to a Dividend Equivalent Right (as defined in Section 12(c)).

(b) *Settlement of Stock Units.* Shares of Common Stock representing the Stock Units shall be distributed to the participant upon settlement of the Award pursuant to the Grant Agreement.

(c) *Definitions.* A “Stock Unit” means a notional account representing one (1) share of Common Stock. A “Dividend Equivalent Right” means the right to receive the amount of any dividend paid on the share of Common Stock underlying a Stock Unit, which shall be payable in cash or in the form of additional Stock Units, in the discretion of the Committee.

13. **Performance-Based Awards.**

(a) *Generally.* In the sole discretion of the Committee, any “Grandfathered Awards” granted under the Plan may be administered in a manner such that the Award qualifies for the performance-based compensation exemption of Section 162(m) of the Code (each, a “Performance-Based Award”). Notwithstanding any other provision of the Plan and except as determined by the Committee, any Grandfathered Award which is intended to qualify as a Performance-Based Award shall be subject to any additional limitations imposed under Section 162(m) of the Code that are requirements for qualification as a Grandfathered Award, and the Plan and Grant Agreement shall be deemed amended to the extent necessary to conform to such requirements. A “Grandfathered Award” means an Award which is provided pursuant to a written binding contract in effect on November 2, 2017, and which was not modified in any material respect on or after November 2, 2017, within the meaning of Section 13601(e)(2) of P.L. 115.97, as may be amended from time to time (including any rules and regulations promulgated thereunder).

(b) *Modification of Performance-Based Awards.* Subject to Section 15(b), with respect to any Performance-Based Awards, the Committee shall not revise any performance goal thereunder or increase the amount of compensation payable thereunder upon the attainment of such performance goal (in accordance with the requirements of Section 162(m) of the Code and the regulations thereunder). Notwithstanding the preceding sentence, (i) the Committee may reduce or eliminate the number of shares of Common Stock or cash granted or the number of

shares of Common Stock vested upon the attainment of such performance goal, and (ii) the Committee shall disregard or offset the effect of “Extraordinary Items” in determining the attainment of performance goals. For this purpose, “Extraordinary Items” means extraordinary, unusual and/or non-recurring items, including but not limited to, (i) regulatory disallowances or other adjustments, (ii) restructuring or restructuring-related charges, (iii) gains or losses on the disposition of a business or major asset, (iv) changes in regulatory, tax or accounting regulations or laws, (v) resolution and/or settlement of litigation and other legal proceedings or (vi) the effect of a merger or acquisition.

14. **Foreign Laws.** The Committee may grant Awards to individual participants who are subject to the tax laws of nations other than the United States, which Awards may have terms and conditions as determined by the Committee as necessary to comply with applicable foreign laws. The Committee may take any action which it deems advisable to obtain approval of such Awards by the appropriate foreign governmental entity; *provided, however*, that no such Awards may be granted pursuant to this Section 14 and no action may be taken which would result in a violation of the Exchange Act, the Code or any other applicable law.

15. **Adjustment Provisions.**

(a) *Adjustment Generally.* If there shall be any change in the Common Stock of the Company, through merger, consolidation, reorganization, recapitalization, stock dividend, stock split, reverse stock split, split up, spin-off, combination of shares, exchange of shares, dividends or other changes in capital structure, an adjustment shall be made as provided below in (b) to each outstanding Award.

(b) *Modification of Awards.* In the event of any change or distribution described in subsection (a) above, the Committee shall appropriately adjust the number of shares of Common Stock which may be issued pursuant to the Plan, the other limits on Common Stock issuable under the Plan under Section 11, and the number of shares covered by, and the exercise price of, each outstanding Award.

(c) Notwithstanding the above, no adjustment to a Stock Option or Stock Appreciation Right shall be made under this Section 15 in a manner that will be treated under Section 409A of the Code as the grant of a new Stock Option or Stock Appreciation Right.

16. **Nontransferability, Title and Other Restrictions.** Except as otherwise specifically provided by the Committee in a Grant Agreement or modification of a Grant Agreement that provides for transfer, each Award granted under the Plan to a participant shall not be transferable otherwise than by will or the laws of descent and distribution, and shall be exercisable, during the participant’s lifetime, only by the participant. In the event of the death of a participant, each Award granted to him or her shall be exercisable during such period after his or her death as the Committee shall in its discretion set forth in the Grant Agreement at the date of grant and then only by the executor or administrator of the estate of the deceased participant or the person or persons to whom the deceased participant’s rights under the Stock Option or Stock Appreciation Right shall pass by will or the laws of descent and distribution.

17. **Acceleration of Awards.**

(a) In order to preserve a participant's rights under an Award in the event of a Change in Control of the Company or in the event of a fundamental change in the business condition or strategy of the Company, the Committee, in its sole discretion, may, at the time an Award is made or at any time thereafter, take one or more of the following actions: (i) provide for the acceleration of any time period relating to the exercise or payment of the Award, (ii) provide for payment to the participant of cash or other property with a fair market value equal to the amount that would have been received upon the exercise or payment of the Award had the Award been exercised or paid upon such event, (iii) adjust the terms of the Award in a manner determined by the Committee to reflect such event, (iv) cause the Award to be assumed, or new rights substituted therefor, by another entity, or (v) make such other adjustments in the Award as the Committee may consider equitable to the participant and in the best interests of the Company. Further, any Award shall be subject to such conditions as necessary to comply with federal and state securities laws, the performance based exception of Section 162(m) of the Code, or understandings or conditions as to the participant's employment in addition to those specifically provided for under the Plan.

(b) A "Change in Control" shall mean any of the following events:

(i) Any person (as such term is used in Section 14(d) of the Exchange Act) becomes the "beneficial owner" (as determined pursuant to Rule 14d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than thirty percent (30%) of the combined voting power of the Company's then outstanding voting securities; or

(ii) During any period of two (2) consecutive years (not including any period prior to the execution of this Plan), individuals who at the beginning of such period (the "Incumbent Board") cease to constitute at least a majority of the Board provided, however that any individual becoming a director subsequent to the beginning of such two (2)-year period whose election to the Board, or nomination for election to the Board by the Company's stockholders, was approved by a vote of at least two-thirds (2/3) of the directors then comprising the Incumbent Board shall be considered as though such individual was a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs in connection with or as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents; or

(iii) There occurs a consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company or any of its subsidiaries, other than a merger or consolidation which would result in the holders of the voting securities of the Company outstanding immediately prior thereto holding immediately thereafter securities representing, directly or indirectly, more than fifty percent (50%) of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or

(iv) The stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

Notwithstanding the foregoing, a Change in Control shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the holders of Common Stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions.

(c) If all or a portion of an Award constitutes deferred compensation under Section 409A of the Code and such Award (or portion thereof) is to be settled, distributed or paid on an accelerated basis due to a Change in Control event that is not a "change in control event" described in Treasury Regulation Section 1.409A-3(i)(5) or successor guidance, if such settlement, distribution or payment would result in additional tax under Section 409A of the Code, such Award (or the portion thereof) shall vest at the time of the Change in Control (provided such accelerated vesting will not result in additional tax under Section 409A of the Code), but settlement, distribution or payment, as the case may be, shall not be accelerated.

18. **Withholding.** All payments or distributions of Awards made pursuant to the Plan shall be net of any amounts required to be withheld pursuant to applicable federal, state and local tax withholding requirements. If the Company proposes or is required to distribute Common Stock pursuant to the Plan, it may require the recipient to remit to it or to the corporation or entity that employs such recipient an amount sufficient to satisfy such tax withholding requirements prior to the delivery of any certificates for such Common Stock. In lieu thereof, the Company or the employing corporation or entity shall have the right to withhold the amount of such taxes from any other sums due or to become due from such corporation to the recipient as the Committee shall prescribe. The Committee may, in its discretion and subject to such rules as it may adopt (including any as may be required to satisfy applicable tax and/or non-tax regulatory requirements), permit an optionee or award or right holder to pay all or a portion of the federal, state and local withholding taxes arising in connection with any Award consisting of shares of Common Stock by electing to have the Company withhold shares of Common Stock having a Fair Market Value equal to the applicable amount of tax to be withheld.

19. **Employment.** A participant's right, if any, to continue to serve the Company or any of its subsidiaries or Affiliates as a director, officer, employee, or otherwise, shall not be enlarged or otherwise affected by his or her designation as a participant under the Plan.

20. **Unfunded Plan.** Participants shall have no right, title, or interest whatsoever in or to any investments which the Company may make to aid it in meeting its obligations under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any participant, beneficiary, legal representative or any other person. To the extent that any person acquires a right to receive payments from the Company under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments to be

made hereunder shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth in the Plan. The Plan is not intended to be subject to the Employee Retirement Income Security Act of 1974, as amended.

21. **No Fractional Shares.** No fractional shares of Common Stock shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, or Awards, or other property shall be issued or paid in lieu of fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

22. **Duration, Amendment and Termination.** The Plan shall terminate on March 31, 2024, but all outstanding Awards as of the date of termination shall remain in effect and the terms of the Plan shall apply until each such Award terminates as provided in the applicable Grant Agreement. The Committee may amend the Plan from time to time or suspend or terminate the Plan at any time. No amendment of the Plan may be made without approval of the stockholders of the Company if such approval is required under the Code, the rules of a stock exchange, or any other applicable laws or regulations.

23. **Award Deferrals.** Participants may elect to defer receipt of shares of Common Stock or amounts payable under an Award in accordance with procedures established by the Committee.

24. **Section 409A of the Code.** The Plan as well as payments and benefits under the Plan are intended to be exempt from or, to the extent subject thereto, to comply with, Section 409A of the Code, and, accordingly, to the maximum extent permitted, the Plan shall be interpreted in accordance therewith. Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, a Participant shall not be considered to have terminated employment or service with the Company for purposes of the Plan and no payment shall be due to the Participant under the Plan or any Award until the Participant would be considered to have incurred a “separation from service” from the Company and its Affiliates within the meaning of Section 409A of the Code. Any payments described in the Plan that are due within the “short term deferral period” as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. Notwithstanding anything to the contrary in the Plan, to the extent that any Awards (or any other amounts payable under any plan, program or arrangement of the Company or any of its Affiliates) are payable upon a separation from service and such payment would result in the imposition of any individual tax and penalty interest charges imposed under Section 409A of the Code, the settlement and payment of such awards (or other amounts) shall instead be made on the first business day after the date that is six (6) months following such separation from service (or death, if earlier). Each amount to be paid or benefit to be provided under this Plan shall be construed as a separate identified payment for purposes of Section 409A of the Code. The Company makes no representation that any or all of the payments or benefits described in this Plan will be exempt from or comply with Section 409A of the Code and makes no undertaking to preclude Section 409A of the Code from applying to any such payment. Each Participant shall be solely responsible for the payment of any taxes and penalties incurred under Section 409A of the Code.

25. **Compliance with Securities Laws.** Notwithstanding any other provision of the Plan, the Company shall have no liability to deliver any shares of Common Stock under the Plan or make any other distribution of benefits under the Plan unless such delivery or distribution would comply with all applicable laws (including, without limitation, the requirements of the Securities Act of 1933), and the applicable requirements of any securities exchange or similar entity.

26. **Certain Additional Considerations.**

(a) In the event that the Company establishes, for itself or using the services of a third party, an automated system for the documentation, granting or exercise of Awards, such as a system using an internet website or interactive voice response, then the paperless documentation, granting or exercise of Awards by a participant may be permitted through the use of such an automated system.

(b) If any provision of the Plan is held to be invalid or unenforceable, the other provisions of the Plan shall not be affected but shall be applied as if the invalid or unenforceable provision had not been included in the Plan.

(c) Notwithstanding any other provisions in this Plan, any Award which is subject to recovery under any law, government regulation, stock exchange listing requirement or Grant Agreement or Company policy, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation or stock exchange listing requirement (or any Grant Agreement or policy adopted by the Company pursuant to any such law, government regulation, stock exchange listing requirement or otherwise).

27. **Governing Law.** This Plan, Awards granted hereunder and actions taken in connection herewith shall be governed and construed in accordance with the laws of the state of Oregon.

Executed as of the 27th day of July, 2021.

PORTLAND GENERAL ELECTRIC COMPANY

By: _____/S/ Anne Mersereau
Name: Anne F. Mersereau
Title: Vice President, Human Resources,
Diversity, Equity & Inclusion

Appendix A

Index of Defined Terms

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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:

July 29, 2021

By:

/s/ Maria M. Pope

Maria M. Pope

President and Chief Executive Officer

CERTIFICATION

I, James A. Ajello, 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:

July 29, 2021

By:

/s/ James A. Ajello

James A. Ajello

Senior Vice President of Finance,

Chief Financial Officer and Treasurer

**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 James A. Ajello, Senior Vice President of Finance, Chief Financial Officer and Treasurer, of Portland General Electric Company (the "Company"), hereby certify that the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021, as filed with the Securities and Exchange Commission on July 30, 2021 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/ James A. Ajello
James A. Ajello
*Senior Vice President of Finance,
Chief Financial Officer and Treasurer*

Date: _____ July 29, 2021

Date: _____ July 29, 2021