

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

FORM 10-Q

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

For the quarterly period ended September 30, 2022

or

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

For the transition period from _____ to _____

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

PORTLAND GENERAL ELECTRIC COMPANY

(Exact name of registrant as specified in its charter)

Oregon
(State or other jurisdiction of
incorporation or organization)

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

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

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

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

(Title of class)
Common Stock, no par value

(Trading Symbol)
POR

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

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

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

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

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

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

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

Number of shares of common stock outstanding as of October 20, 2022 is 89,272,904 shares.

**PORTLAND GENERAL ELECTRIC COMPANY
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2022**

TABLE OF CONTENTS

Definitions	3
PART I — FINANCIAL INFORMATION	
Item 1. Financial Statements (Unaudited)	4
Condensed Consolidated Statements of Income and Comprehensive Income	4
Condensed Consolidated Balance Sheets	5
Condensed Consolidated Statements of Cash Flows	7
Notes to Condensed Consolidated Financial Statements	9
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	35
Item 3. Quantitative and Qualitative Disclosures About Market Risk	65
Item 4. Controls and Procedures	65
PART II — OTHER INFORMATION	
Item 1. Legal Proceedings	66
Item 1A. Risk Factors	66
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	59
Item 6. Exhibits	66
SIGNATURE	
	67

DEFINITIONS

The following abbreviations and acronyms are used throughout this document:

Abbreviation or Acronym	Definition
AFUDC	Allowance for funds used during construction
AUT	Annual Power Cost Update Tariff
Colstrip	Colstrip Units 3 and 4 coal-fired generating plant
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 September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenues:				
Revenues, net	\$ 742	\$ 654	\$ 1,955	\$ 1,811
Alternative revenue programs, net of amortization	1	(12)	5	(23)
Total revenues	<u>743</u>	<u>642</u>	<u>1,960</u>	<u>1,788</u>
Operating expenses:				
Purchased power and fuel	337	259	707	613
Generation, transmission and distribution	83	80	258	236
Administrative and other	84	82	257	247
Depreciation and amortization	108	101	310	305
Taxes other than income taxes	39	37	118	110
Total operating expenses	<u>651</u>	<u>559</u>	<u>1,650</u>	<u>1,511</u>
Income from operations	92	83	310	277
Interest expense, net	39	33	115	100
Other income:				
Allowance for equity funds used during construction	4	4	10	13
Miscellaneous income, net	13	1	13	6
Other income, net	17	5	23	19
Income before income tax expense	70	55	218	196
Income tax expense	12	5	36	18
Net income	58	50	182	178
Other comprehensive income	—	1	1	1
Net income and Comprehensive income	\$ 58	\$ 51	\$ 183	\$ 179
Weighted-average common shares outstanding (in thousands):				
Basic	<u>89,263</u>	<u>89,407</u>	<u>89,294</u>	<u>89,505</u>
Diluted	<u>89,447</u>	<u>89,566</u>	<u>89,448</u>	<u>89,646</u>
Earnings per share:				
Basic	<u>\$ 0.65</u>	<u>\$ 0.56</u>	<u>\$ 2.04</u>	<u>\$ 1.99</u>
Diluted	<u>\$ 0.65</u>	<u>\$ 0.56</u>	<u>\$ 2.04</u>	<u>\$ 1.98</u>

See accompanying notes to condensed consolidated financial statements.

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in millions)
(Unaudited)

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 18	\$ 52
Accounts receivable, net	345	329
Inventories	91	78
Regulatory assets—current	13	24
Other current assets	283	205
Total current assets	<u>750</u>	<u>688</u>
Electric utility plant, net	8,292	8,005
Regulatory assets—noncurrent	506	533
Nuclear decommissioning trust	39	47
Non-qualified benefit plan trust	37	45
Other noncurrent assets	225	176
Total assets	<u>\$ 9,849</u>	<u>\$ 9,494</u>

See accompanying notes to condensed consolidated financial statements.

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

(Dollars in millions)
(Unaudited)

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 287	\$ 244
Liabilities from price risk management activities—current	68	47
Short-term debt	40	—
Current portion of finance lease obligation	21	20
Accrued expenses and other current liabilities	574	457
Total current liabilities	990	768
Long-term debt, net of current portion	3,286	3,285
Regulatory liabilities—noncurrent	1,402	1,360
Deferred income taxes	435	413
Unfunded status of pension and postretirement plans	204	206
Liabilities from price risk management activities—noncurrent	62	90
Asset retirement obligations	234	238
Non-qualified benefit plan liabilities	91	95
Finance lease obligations, net of current portion	296	273
Other noncurrent liabilities	89	59
Total liabilities	7,089	6,787
Commitments and contingencies (see notes)		
Shareholders' Equity:		
Preferred stock, no par value, 30,000,000 shares authorized; none issued and outstanding as of September 30, 2022 and December 31, 2021	—	—
Common stock, no par value, 160,000,000 shares authorized; 89,270,661 and 89,410,612 shares issued and outstanding as of September 30, 2022 and December 31, 2021, respectively	1,245	1,241
Accumulated other comprehensive loss	(9)	(10)
Retained earnings	1,524	1,476
Total shareholders' equity	2,760	2,707
Total liabilities and shareholders' equity	\$ 9,849	\$ 9,494

See accompanying notes to condensed consolidated financial statements.

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

(In millions)
(Unaudited)

	Nine Months Ended September 30,	
	2022	2021
Cash flows from operating activities:		
Net income	\$ 182	\$ 178
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	310	305
Deferred income taxes	9	17
Pension and other postretirement benefits	7	19
Other post retirement benefits settlement gain	(11)	—
Allowance for equity funds used during construction	(10)	(13)
Decoupling mechanism deferrals, net of amortization	(5)	23
Deferral of incremental storm costs	(4)	(58)
2020 Labor Day wildfire earnings test reserve	15	—
Other non-cash income and expenses, net	64	(1)
Changes in working capital:		
Increase in accounts receivable, net	(21)	(8)
Increase in inventories	(14)	(3)
(Increase)/decrease in margin deposits	(8)	3
Increase in accounts payable and accrued liabilities	80	61
Increase in margin deposits from wholesale counterparties	44	102
Other working capital items, net	24	22
Other, net	(88)	(65)
Net cash provided by operating activities	574	582

See accompanying notes to condensed consolidated financial statements.

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

(In millions)
(Unaudited)

	Nine Months Ended September 30,	
	2022	2021
Cash flows from investing activities:		
Capital expenditures	(541)	(486)
Sales of Nuclear decommissioning trust securities	3	8
Purchases of Nuclear decommissioning trust securities	(3)	(6)
Proceeds from sale of properties	13	—
Other, net	—	(18)
Net cash used in investing activities	(528)	(502)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	—	400
Payments on long-term debt	—	(160)
Borrowings on short-term debt	—	200
Repayments of short-term debt	—	(350)
Issuance of commercial paper, net	40	—
Proceeds from Pelton/Round Butte financing arrangement	25	—
Dividends paid	(117)	(112)
Repurchase of common stock	(18)	(12)
Other	(10)	(9)
Net cash used in financing activities	(80)	(43)
(Decrease) Increase in cash and cash equivalents	(34)	37
Cash and cash equivalents, beginning of period	52	257
Cash and cash equivalents, end of period	\$ 18	\$ 294
Supplemental cash flow information is as follows:		
Cash paid for interest, net of amounts capitalized	\$ 81	\$ 75
Cash paid for income taxes	18	16
Non-cash investing and financing activities:		
Assets obtained under leasing arrangements	29	—

See accompanying notes to condensed consolidated financial statements.

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

NOTE 1: BASIS OF PRESENTATION

Nature of Business

Portland General Electric Company (PGE or the Company) is a vertically-integrated electric utility engaged in the generation, purchase, transmission, distribution, and retail sale of electricity in the State of Oregon. The Company participates in the wholesale market by purchasing and selling electricity and natural gas, as well as buying and selling transmission products and services, in an effort to provide reasonably-priced power for its retail customers. In addition, PGE offers wholesale electricity transmission service pursuant to its Open Access Transmission Tariff (OATT), which contains rates, terms, and conditions of service, as filed with, and approved by, the Federal Energy Regulatory Commission (FERC). PGE operates as a single segment, with revenues and costs related to its business activities recorded and analyzed on a total electric operations basis. The Company's corporate headquarters is located in Portland, Oregon and its 4,000 square mile, state-approved service area, entirely within the State of Oregon, encompasses 51 incorporated cities. As of September 30, 2022, PGE served 923,000 retail customers within a service area of 1.9 million residents.

Condensed Consolidated Financial Statements

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

The financial information included herein as of and for the three and nine months ended September 30, 2022 and 2021 is unaudited; however, in the opinion of management, such information reflects all adjustments necessary to fairly present the condensed consolidated financial position, condensed consolidated income and comprehensive income, and condensed consolidated cash flows of the Company for these interim periods. All such adjustments are of a normal recurring nature, unless otherwise noted. The financial information as of December 31, 2021 is derived from the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2021, included in Item 8 of PGE's Annual Report on Form 10-K, filed with the SEC on February 17, 2022, which should be read in conjunction with the interim unaudited Financial Statements.

Comprehensive Income

No material change occurred in Other comprehensive income in the three and nine months ended September 30, 2022 and 2021.

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

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

reflective of amounts to be recognized for a full year. Due to seasonal fluctuations in electricity sales, as well as the price of wholesale electricity and natural gas, interim financial results do not necessarily represent those to be expected for the year.

NOTE 2: REVENUE RECOGNITION

Disaggregated Revenue

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Retail:				
Residential	\$ 283	\$ 265	\$ 841	\$ 824
Commercial	194	186	540	518
Industrial	74	65	216	187
Direct access customers	9	11	26	35
Subtotal	560	527	1,623	1,564
Alternative revenue programs, net of amortization	1	(12)	5	(23)
Other accrued revenues, net	6	1	6	12
Total retail revenues	567	516	1,634	1,553
Wholesale revenues*	160	112	281	186
Other operating revenues	16	14	45	49
Total revenues	\$ 743	\$ 642	\$ 1,960	\$ 1,788

* Wholesale revenues include \$67 million and \$37 million related to electricity commodity contract derivative settlements for the three months ended September 30, 2022 and 2021, respectively, and \$100 million and \$46 million for the nine months ended September 30, 2022 and 2021, 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 (GRC) proceedings and various tariff filings with the Public Utility

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

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.

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

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

Wholesale Revenues

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

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

Other Operating Revenues

Other operating revenues consist primarily of gains and losses on the sale of natural gas volumes purchased that exceeded what was needed to fuel the Company's generating facilities, as well as revenues from transmission services, excess transmission capacity resales, utility pole attachment revenues, and other services provided to customers and other energy providers.

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 \$98 million and \$117 million of unbilled revenues as of September 30, 2022 and December 31, 2021, respectively. Accounts receivable, net is net of an allowance for credit losses of \$22 million and \$26 million as of September 30, 2022 and December 31, 2021, respectively. The following summarizes activity in the allowance for credit losses (in millions):

	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2022
Balance as of beginning of period	\$ 23	\$ 26
Increase in provision	2	6
Amounts written off	(4)	(14)
Recoveries	1	4
Balance as of end of period	<u>\$ 22</u>	<u>\$ 22</u>

Other Current Assets

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

	September 30, 2022	December 31, 2021
Prepaid expenses	\$ 38	\$ 66
Assets from price risk management activities	200	102
Margin deposits	45	37
Other current assets	<u>\$ 283</u>	<u>\$ 205</u>

Assets from price risk management activities and related unrealized gains increased during the nine months ended September 30, 2022 due to increases in wholesale natural gas and electricity prices. For further information, see Note 5, Risk Management.

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

Electric Utility Plant, Net

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Electric utility plant	\$ 12,273	\$ 11,838
Construction work-in-progress	376	313
Total cost	<u>12,649</u>	<u>12,151</u>
Less: accumulated depreciation and amortization	<u>(4,357)</u>	<u>(4,146)</u>
Electric utility plant, net	<u>\$ 8,292</u>	<u>\$ 8,005</u>

Accumulated depreciation and amortization in the table above includes accumulated amortization related to intangible assets of \$485 million and \$446 million as of September 30, 2022 and December 31, 2021, respectively. Amortization expense related to intangible assets was \$15 million and \$14 million for the three months ended September 30, 2022 and 2021, respectively and \$44 million for the nine months ended September 30, 2022 and 2021. The Company's intangible assets primarily consist of computer software development and hydro licensing costs.

Pelton/Round Butte—Under terms of an agreement (the "Agreement") approved by the OPUC in 2000, PGE had a 66.67% ownership interest in the 455 Megawatt (MW) Pelton/Round Butte hydroelectric project on the Deschutes River (Pelton/Round Butte), with the remaining interest held by the Confederated Tribes of the Warm Springs Reservation of Oregon (CTWS). In the Agreement, the CTWS had 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 purchase option. Under the terms of the purchase option, on January 1, 2022, PGE completed the sale of the additional undivided interest in the project at a net book value of \$37 million, with no gain or loss recognized on the sale. Under terms of the Agreement, the CTWS has a second option in 2036 to purchase an undivided 0.02% interest in Pelton/Round Butte. If the second option is exercised, the CTWS' ownership percentage would exceed 50%. PGE remains the operator of the project.

PGE has agreed to purchase 100% of the CTWS' share of the project's output under a Power Purchase Agreement (PPA) through 2040. The exercise of the purchase option on January 1, 2022 was evaluated as a sale-leaseback arrangement, and PGE determined that the transaction did not qualify for sale-leaseback accounting. As a result, the transaction is accounted for as a financing arrangement. PGE will continue to record the tangible utility asset within Electric utility plant, net on the condensed consolidated balance sheets as if it were the legal owner and will continue to recognize depreciation expense over the estimated useful life. A financing obligation of \$25 million was recorded in Other noncurrent liabilities in the first quarter of 2022. Proceeds related to the financing obligation of \$25 million were recorded as a financing activity while proceeds from the sale of intangible property of \$11 million and from the sale of construction work-in-progress of \$1 million were recorded as an investing activity on the condensed consolidated statements of cash flow. The monthly PPA payments are split between interest expense and a reduction of the principal portion of the financing obligation. Any material differences between expense recognition and timing of payments is deferred as a regulatory asset or liability in order to match what is being recovered in customer prices for ratemaking purposes.

Battery storage agreement—In the first quarter of 2022, PGE commenced a finance lease for an energy storage agreement with a 20-year term, related to the Wheatridge Renewable Energy Facility. The Company recorded a lease liability and a corresponding right-of-use asset of \$29 million in PGE's condensed consolidated balance sheets.

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

Regulatory Assets and Liabilities

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

	September 30, 2022		December 31, 2021	
	Current	Noncurrent	Current	Noncurrent
Regulatory assets:				
Price risk management	\$ —	\$ —	\$ —	\$ 55
Pension and other postretirement plans	—	121	—	131
Debt issuance costs	—	22	—	23
Trojan decommissioning activities	—	101	—	90
February 2021 ice storm and damage	—	73	—	67
Power cost adjustment mechanism	—	30	—	29
2020 Labor Day wildfire	—	31	—	45
COVID-19	—	34	—	36
Wildfire mitigation	—	25	—	—
Other	13	69	24	57
Total regulatory assets	<u>\$ 13</u>	<u>\$ 506</u>	<u>\$ 24</u>	<u>\$ 533</u>
Regulatory liabilities:				
Asset retirement removal costs	\$ —	\$ 1,130	\$ —	\$ 1,047
Deferred income taxes	—	198	—	208
Asset retirement obligations	—	6	—	43
Price risk management	132	12	55	—
Other	28	56	51	62
Total regulatory liabilities	<u>\$ 160 *</u>	<u>\$ 1,402</u>	<u>\$ 106 *</u>	<u>\$ 1,360</u>

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

On April 25, 2022, the OPUC issued Order 22-129, which adopted all stipulations agreed to by the parties to the proceeding in PGE's 2022 GRC, including the annual revenue requirement, cost of capital, capitalization ratio, and the elimination of the decoupling mechanism, although deferral related to the decoupling mechanism will continue on a prorated basis through the end of 2022. In 2023 and forward, deferral related to the decoupling mechanism will cease. Key elements of the OPUC's Order also included:

- establishment of a balancing account for the Company's major storm damage recovery mechanism;
- denial of PGE's proposal for a secondary phase of the 2022 GRC regarding the Faraday capital improvement project under construction. PGE can pursue recovery in the Company's next GRC;
- approval of an intervenor request that would require PGE to defer and refund, subject to an earnings test, the revenue requirement associated with the Company's Boardman coal-fired generating plant included in customer prices following plant closure in 2020; and
- creation of an earnings test for the deferrals for the 2020 Labor Day wildfire and the February 2021 ice storm and damage that is to be applied on a year-by-year basis.

As a result of the earnings tests outlined in the OPUC's Order, the Company has released deferrals associated with the year ended 2020, resulting in a pre-tax, non-cash charge to earnings in the first quarter of 2022 in the amount of \$17 million. The amount recorded represents the Company's estimate based on its interpretation of the OPUC's

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

earnings test. PGE does not expect to exceed its regulated return on equity under the earnings test methodology approved by the OPUC and as a result, no release of deferrals or earnings test reserve is expected for 2021 and 2022. The OPUC has significant discretion in making the final determination of the application of the earnings test for 2020, 2021, and 2022 that could result in additional disallowances or refunds compared to the amount reserved by the Company as of September 30, 2022, which could be material.

Wildfire Mitigation represents incremental costs and investments made by PGE under Oregon Senate Bill 762 (SB 762), which was passed in the 2021 legislative session with an effective date of July 19, 2021. SB 762 instructs public utilities to develop, implement, and execute a wildfire protection plan, in which reasonable costs can be recovered through the prices to all customers. The outcome of PGE's 2022 GRC provided an annual amount of \$24 million to be collected in base rates in regards to wildfire mitigation efforts. On July 1, 2022, PGE filed an application for reauthorization of OPUC Docket UM 2019 to defer incremental wildfire mitigation costs which exceed the amount granted in base rates. As of September 30, 2022, PGE's deferred balance related to wildfire mitigation was \$25 million. While the Company believes the full amount of the deferral is probable of recovery, the OPUC has significant discretion in making the final determination of recovery. The OPUC's conclusions of overall prudence could result in a portion, or all, of PGE's deferral being disallowed for recovery. Such disallowance would be recognized as a charge to earnings.

February 2021 ice storm and damage represents the costs 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 in February 2021. The Company filed an application for authorization to defer emergency restoration costs for the February storms (OPUC Docket UM 2156). PGE received OPUC Order No. 22-020 approving the February storms deferral in the first quarter of 2022. On July 27, 2022, PGE made a request for amortization with the OPUC that would allow the company to collect the deferred costs in customer prices over a seven year amortization period beginning November 1, 2022. On October 24, 2022, PGE and parties submitted a stipulation with the OPUC reflecting an agreement that resolved all matters related to 2021 under this deferral and would allow PGE full recovery of the deferred amounts with amortization over a seven-year period, to begin as soon as practicable and allowed by the OPUC. The stipulation is subject to OPUC approval. The OPUC has significant discretion in making the final determination of recovery. The OPUC's conclusion of overall prudence and application of the earnings test could result in a portion, or all, of PGE's deferral being disallowed for recovery. Such disallowance would be recognized as a charge to earnings.

Power Cost Adjustment Mechanism—PGE is subject to a Power Cost Adjustment Mechanism (PCAM), as approved by the OPUC. Pursuant to the PCAM, future customer prices can be adjusted to reflect a portion of the difference between: i) net variable power costs (NVPC) forecast each year and included in customer prices via the Company's Annual Power Cost Update Tariff (baseline NVPC); and ii) actual NVPC for the year. NVPC consists of 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, all of which is classified as Purchased power and fuel in the Company's condensed consolidated statements of income, and is net of wholesale sales, which are classified as Revenues, net in the condensed consolidated statements of income. The Company is subject to a portion of the business risk or benefit associated with the difference between actual and baseline NVPC by application of an asymmetrical deadband, 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. Any estimated refund to customers pursuant to the PCAM is recorded as a reduction in Revenues, net, while any estimated collection from customers is recorded as a reduction in Purchased power and fuel expense in PGE's condensed consolidated statements of income. For the year ended December 31, 2021, actual

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

NVPC was \$62 million above baseline NVPC, and therefore PGE deferred \$30 million, which represents 90% of the excess variance, expected to be collected from customers for the year ended December 31, 2021. In conjunction with the OPUC's annual review of the Company's PCAM filing, parties reached a settlement and on October 24, 2022, PGE and parties submitted a stipulation with the OPUC reflecting an agreement that resolved all matters related to this deferral and would allow PGE full recovery except for \$2 million, which will be recorded as a charge to earnings. Amortization would occur over a two-year period beginning January 1, 2023. The stipulation is subject to OPUC approval. The OPUC's conclusion of overall prudence and application of the earnings test could result in a portion, or all, of PGE's deferral being disallowed for recovery. Such disallowance would be recognized as a charge to earnings.

2020 Labor Day Wildfire—In 2020, the state of Oregon experienced the most destructive wildfire season on record, with over one million acres of land burned that ultimately led Oregon's Governor to declare a state of emergency. PGE has incurred costs to replace and rebuild PGE facilities damaged by the fires, as well as address 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 (Docket UM 2115). As of September 30, 2022 and December 31, 2021, PGE's cumulative deferred costs related to the wildfire response was \$31 million and \$45 million, respectively. Among the provisions of Order 22-129, the OPUC established an earnings test for the 2020 Labor Day wildfire deferral. Pursuant to the earnings test outlined in the OPUC's Order, the Company has released deferrals associated with the year ended 2020, resulting in a pre-tax charge to earnings for the three months ended March 31, 2022 in the amount of \$15 million. The amount recorded represents the Company's estimate based on its interpretation of the OPUC's earnings test. The charge was recorded to Generation, transmission and distribution expenses in the condensed consolidated statements of income. On July 27, 2022, PGE made a request for amortization with the OPUC that would allow collection in customer prices over a seven year amortization period beginning November 1, 2022. On October 24, 2022, PGE and parties submitted a stipulation with the OPUC reflecting an agreement that resolved all matters related to 2021 under this deferral and would allow PGE full recovery of the amounts deferred as of September 30, 2022, with amortization over a seven-year period to begin as soon as practicable and allowed by the OPUC. The stipulation is subject to OPUC approval. The OPUC has significant discretion in making the final determination of recovery. The OPUC's conclusion of overall prudence and application of the earnings test could result in a portion, or all, of PGE's deferral being disallowed for recovery. Such disallowance would be recognized as a charge to earnings.

COVID-19—The COVID-19 pandemic led Oregon's Governor to declare a state of emergency on March 8, 2020. Due to the adverse impacts of COVID-19 on economic activity, PGE 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. PGE, other utilities under the OPUC's jurisdiction, intervenors, and OPUC staff held discussions regarding the scope of costs incurred by utilities that may qualify for deferral under Docket UM 2114, *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 was silent on 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. As of September 30, 2022 and December 31, 2021, PGE's deferred balance was \$34 million and \$36 million, respectively, comprised primarily of bad debt expense in excess of what is currently considered and collected in customer prices. The Company has released deferrals associated with the year ended 2020, resulting in a pre-tax charge to earnings for the first quarter of 2022 in the amount of \$2 million. The amount recorded represents the Company's estimate based on its understanding of the OPUC's intent to apply an earnings test to certain elements of utility COVID deferrals. 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 amounts deferred are 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. The OPUC's conclusion of overall prudence

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

and the application of 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. PGE plans to file an amortization request for the COVID-19 deferral in late 2022 or early 2023.

Accrued Expenses and Other Current Liabilities

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Accrued employee compensation and benefits	\$ 66	\$ 67
Accrued taxes payable	65	46
Accrued interest payable	43	29
Accrued dividends payable	42	40
Regulatory liabilities—current	160	106
Margin deposits from wholesale counterparties	102	58
Other	96	111
Total accrued expenses and other current liabilities	<u>\$ 574</u>	<u>\$ 457</u>

Credit Facilities

As of September 30, 2022, PGE had a \$650 million revolving credit facility scheduled to expire in September 2027. The Company has the ability to expand the revolving credit facility to \$750 million, if needed, subject to the requirements of the agreement. Pursuant to the terms of the agreement, the revolving credit facility may be used for general corporate purposes, including as backup for commercial paper borrowings and to permit the issuance of standby letters of credit. PGE may borrow for one, three, or six months at a fixed interest rate established at the time of the borrowing, or at a variable interest rate for any period up to the then remaining term of the applicable credit facility. The revolving credit facility contains a provision that requires annual fees based on the Company's unsecured credit ratings, and contains customary covenants and default provisions, including a requirement that limits consolidated indebtedness, as defined in the agreement, to 65% of total capitalization. As of September 30, 2022, PGE was in compliance with this covenant with a 54.8% debt-to-total capital ratio and the aggregate unused available credit capacity under the revolving credit facility was \$650 million. In addition, the credit facility offers the potential for adjustments to interest rate margins and fees based on PGE's achievement of certain annual sustainability-linked metrics related to its non-emitting generation capacity and the percentage of management comprised of women and employees who identify as black, indigenous, and people of color. The Company believes these potential adjustments will have an immaterial impact on PGE's results of operations.

The Company has a commercial paper program under which it may issue commercial paper for terms of up to 270 days. The Company has elected to limit its borrowings under the revolving credit facility in order to allow for coverage of any potential need to repay any commercial paper that may be outstanding at the time. As of September 30, 2022, PGE had \$40 million commercial paper outstanding.

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

In addition, PGE has three letter of credit facilities that provide a total capacity of \$220 million under which the Company can request letters of credit for original terms not to exceed one year. The issuance of such letters of credit is subject to the approval of the issuing institution. Under these facilities, letters of credit for a total of \$91 million were outstanding as of September 30, 2022. Letters of credit issued are not reflected on the Company's condensed consolidated balance sheets.

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

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

Long-term Debt

On October 21, 2022, PGE obtained a 366-day term loan from lenders in the aggregate principal of \$260 million under a 366-Day Bridge Credit Agreement. The term loan bears interest for the relevant interest period at the Term Secured Overnight Financing Rate (SOFR) plus Term SOFR Adjustment Rate of 10 basis points and applicable margin of 87.5 basis points. The interest rate is subject to adjustment pursuant to the terms of the loan. The loan is prepayable, in whole or in part, without penalty, at any time. The credit agreement expires on October 22, 2023, with any outstanding balance due and payable on such date. The term loan will be classified as long-term debt on PGE's condensed consolidated balance sheet.

Defined Benefit Retirement Plan Costs

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Service cost	\$ 4	\$ 5	\$ 12	\$ 15
Interest cost*	7	6	21	20
Expected return on plan assets*	(12)	(12)	(36)	(34)
Amortization of net actuarial loss*	4	6	12	16
Net periodic benefit cost	<u>\$ 3</u>	<u>\$ 5</u>	<u>\$ 9</u>	<u>\$ 17</u>

* The net 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.

PGE sponsors a health and welfare plan, under which it offers medical and life insurance benefits, as well as health reimbursement arrangements. Retirees who participate in the Company's postretirement health insurance plans are eligible for a Defined Dollar Medical Benefit, which limits PGE's obligation pursuant to the postretirement health plan by establishing a maximum benefit per employee with employees responsible for the additional cost. In the third quarter of 2022, PGE executed a buyout of the Non-represented Retiree Medical Plan, resulting in a \$11 million settlement gain, which has been recorded in Miscellaneous income, net on the condensed consolidated statement 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 September 30, 2022 and December 31, 2021, 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:

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

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

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

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

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

	As of September 30, 2022				
	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	—	11	—	—	11
Money market funds	—	—	—	11	11
Non-qualified benefit plan trust: ⁽³⁾					
Debt securities—domestic government	3	—	—	—	3
Money market funds	1	—	—	—	1
Equity securities	3	—	—	—	3
Price risk management activities: ⁽¹⁾⁽⁴⁾					
Electricity	—	25	16	—	41
Natural gas	—	205	28	—	233
	<u>\$ 16</u>	<u>\$ 249</u>	<u>\$ 44</u>	<u>\$ 11</u>	<u>\$ 320</u>
Liabilities:					
Price risk management activities: ⁽¹⁾⁽⁴⁾					
Electricity	\$ —	\$ 44	\$ 69	\$ —	\$ 113
Natural gas	—	12	5	—	17
	<u>\$ —</u>	<u>\$ 56</u>	<u>\$ 74</u>	<u>\$ —</u>	<u>\$ 130</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.

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

(3) Excludes insurance policies of \$30 million, which are recorded at cash surrender value.

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

	As of December 31, 2021				
	Level 1	Level 2	Level 3	Other ⁽²⁾	Total
Assets:					
Cash equivalents	\$ 44	\$ —	\$ —	\$ —	\$ 44
Nuclear decommissioning trust: ⁽¹⁾					
Debt securities:					
Domestic government	9	10	—	—	19
Corporate credit	—	14	—	—	14
Money market funds	—	—	—	14	14
Non-qualified benefit plan trust: ⁽³⁾					
Debt securities—domestic government	4	—	—	—	4
Money market funds	1	—	—	—	1
Equity securities	4	—	—	—	4
Price risk management activities: ⁽¹⁾⁽⁴⁾					
Electricity	—	16	1	—	17
Natural gas	—	115	5	—	120
	<u>\$ 62</u>	<u>\$ 155</u>	<u>\$ 6</u>	<u>\$ 14</u>	<u>\$ 237</u>
Liabilities:					
Price risk management activities: ⁽¹⁾⁽⁴⁾					
Electricity	\$ —	\$ 33	\$ 90	\$ —	\$ 123
Natural gas	—	13	1	—	14
	<u>\$ —</u>	<u>\$ 46</u>	<u>\$ 91</u>	<u>\$ —</u>	<u>\$ 137</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 \$36 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

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

hierarchy due to the availability of quoted prices for identical assets in an active market as of the measurement date.

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 NVPC for the Company's retail customers. For additional information regarding these assets and liabilities, see Note 5, Risk Management.

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

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

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

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

Commodity Contracts	Fair Value		Valuation Technique	Significant Unobservable Input	Price per Unit		
	Assets	Liabilities			Low	High	Weighted Average
(in millions)							
As of September 30, 2022							
Electricity physical forwards	\$ 5	\$ 69	Discounted cash flow	Electricity forward price (per MWh)	\$ 26.74	\$ 176.00	\$ 71.44
Natural gas financial swaps	28	5	Discounted cash flow	Natural gas forward price (per Decatherm)	2.86	6.94	3.52
Electricity financial futures	11	—	Discounted cash flow	Electricity forward price (per MWh)	37.94	103.00	81.94
	<u>\$ 44</u>	<u>\$ 74</u>					
As of December 31, 2021							
Electricity physical forwards	\$ —	\$ 90	Discounted cash flow	Electricity forward price (per MWh)	\$ 16.66	\$ 129.75	\$ 43.73
Natural gas financial swaps	5	1	Discounted cash flow	Natural gas forward price (per Decatherm)	2.02	8.02	2.81
Electricity financial futures	1	—	Discounted cash flow	Electricity forward price (per MWh)	26.76	68.43	52.46
	<u>\$ 6</u>	<u>\$ 91</u>					

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

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

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

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Balance as of the beginning of the period	\$ 35	\$ 58	\$ 85	\$ 137
Net realized and unrealized losses/(gains)*	—	11	(56)	(72)
Transfers from Level 3 to Level 2	(5)	(15)	1	(11)
Balance as of the end of the period	<u>\$ 30</u>	<u>\$ 54</u>	<u>\$ 30</u>	<u>\$ 54</u>

* Both realized and unrealized losses/(gains), of which the unrealized portions are offset by the effects of regulatory accounting until settlement of the underlying transactions, are recorded in Revenues, net or Purchased power and fuel expense in the condensed consolidated statements of income and comprehensive income. Includes \$2 million in net realized losses for the three-month periods ended September 30, 2022 and 2021. For the nine-month periods ended September 30, 2022 and 2021, includes \$1 million in net realized gains and \$4 million in net realized losses, 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 September 30, 2022, the carrying amount of PGE's long-term debt was \$3,286 million, net of \$13 million of unamortized debt expense, and its estimated aggregate fair value was \$2,831 million. As of December 31, 2021, the carrying amount of PGE's long-term debt was \$3,285 million, net of \$14 million of unamortized debt expense, and its estimated aggregate fair value was \$3,831 million.

NOTE 5: RISK MANAGEMENT

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

PGE utilizes derivative instruments to manage its exposure to commodity price risk and foreign exchange rate risk in order to reduce volatility in NVPC for its retail customers. Such derivative instruments, recorded at fair value on the condensed consolidated balance sheets, may include forwards, future, swap, 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. PGE also enters into non-exchange-traded weather contract options, which are accounted for using the intrinsic value method. In accordance with 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.

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

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Current assets:		
Commodity contracts:		
Electricity	\$ 29	\$ 16
Natural gas	171	86
Total current derivative assets ⁽¹⁾	<u>200</u>	<u>102</u>
Noncurrent assets:		
Commodity contracts:		
Electricity	12	1
Natural gas	62	34
Total noncurrent derivative assets ⁽¹⁾	<u>74</u>	<u>35</u>
Total derivative assets ⁽²⁾	<u>\$ 274</u>	<u>\$ 137</u>
Current liabilities:		
Commodity contracts:		
Electricity	\$ 60	\$ 36
Natural gas	8	11
Total current derivative liabilities	<u>68</u>	<u>47</u>
Noncurrent liabilities:		
Commodity contracts:		
Electricity	53	87
Natural gas	9	3
Total noncurrent derivative liabilities	<u>62</u>	<u>90</u>
Total derivative liabilities ⁽²⁾	<u>\$ 130</u>	<u>\$ 137</u>

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

(2) As of September 30, 2022 and December 31, 2021, no derivative assets or liabilities were designated as hedging instruments.

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Commodity contracts:		
Electricity	6 MWhs	4 MWhs
Natural gas	187 Decatherms	181 Decatherms
Foreign currency	\$ 14 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,

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

such as letters of credit. As of September 30, 2022, gross amounts included as Price risk management liabilities subject to master netting agreements were \$2 million, entirely for natural gas, for which PGE has posted no collateral. As of December 31, 2021, gross amounts included as Price risk management liabilities subject to master netting agreements were \$3 million, for which PGE posted no collateral. Of the gross amounts recognized as of December 31, 2021, \$1 million was for electricity and \$2 million was for natural gas.

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 September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Commodity contracts:				
Electricity	\$ (12)	\$ 11	\$ (66)	\$ (56)
Natural Gas	(42)	(142)	(280)	(256)
Foreign currency exchange	—	—	1	—

Net unrealized and certain net realized losses/(gains) presented in the table above are offset within the condensed consolidated statements of income and comprehensive income by the effects of regulatory accounting. Of the net amounts recognized in Net income for the three-month periods ended September 30, 2022 and 2021, net losses of \$45 million and net gains of \$114 million, respectively, have been offset. Net gains of \$138 million and \$265 million have been offset for the nine-month periods ended September 30, 2022 and 2021, respectively.

Assuming no changes in market prices and interest rates, the following table indicates the year in which the net unrealized loss/(gain) recorded as of September 30, 2022 related to PGE's derivative activities would become realized as a result of the settlement of the underlying derivative instrument (in millions):

	2022	2023	2024	2025	2026	Thereafter	Total
Commodity contracts:							
Electricity	\$ 2	\$ 24	\$ 10	\$ 12	\$ 2	\$ 22	\$ 72
Natural gas	(62)	(127)	(21)	(7)	1	—	(216)
Net unrealized loss/(gain)	<u>\$ (60)</u>	<u>\$ (103)</u>	<u>\$ (11)</u>	<u>\$ 5</u>	<u>\$ 3</u>	<u>\$ 22</u>	<u>\$ (144)</u>

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

The aggregate fair value of derivative instruments with credit-risk-related contingent features that were in a liability position as of September 30, 2022 was \$119 million, for which PGE has posted \$38 million in collateral, consisting of \$17 million of letters of credit and \$21 million of cash. If the credit-risk-related contingent features underlying these agreements were triggered at September 30, 2022, the cash requirement to either post as collateral or settle the instruments immediately would have been \$76 million. As of September 30, 2022, PGE had no cash collateral posted for derivative instruments with no credit-risk-related contingent features. Cash collateral for derivative instruments is classified as Margin deposits included in Other current assets on the Company's condensed consolidated balance sheets.

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

As of September 30, 2022, PGE received from counterparties \$120 million in collateral, consisting of \$18 million of letters of credit and \$102 million of cash. Increases in margin deposits received from wholesale counterparties is primarily due to the increase in PGE's natural gas derivative asset positions. The obligation to return cash collateral held for derivative instruments is included in Accrued expenses and other current liabilities on the Company's condensed consolidated balance sheets.

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

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 nine months ended September 30, 2022, unvested performance-based restricted stock units and related dividend equivalent rights of 315 thousand shares were excluded from the dilutive calculation because the performance goals had not been met, with 365 thousand shares excluded for the three and nine months ended September 30, 2021.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Weighted-average common shares outstanding—basic	89,263	89,407	89,294	89,505
Dilutive effect of potential common shares	184	159	154	141
Weighted-average common shares outstanding—diluted	<u>89,447</u>	<u>89,566</u>	<u>89,448</u>	<u>89,646</u>

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

NOTE 7: SHAREHOLDERS' EQUITY

The activity in equity during the three- and nine-month periods ended September 30, 2022 and 2021 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, 2021	89,410,612	\$ 1,241	\$ (10)	\$ 1,476	\$ 2,707
Issuances of shares pursuant to equity-based plans	163,291	—	—	—	—
Repurchase of common stock	(350,000)	(5)	—	(13)	(18)
Dividends declared (\$0.4300 per share)	—	—	—	(40)	(40)
Net income	—	—	—	60	60
Balances as of March 31, 2022	89,223,903	\$ 1,236	\$ (10)	\$ 1,483	\$ 2,709
Issuances of shares pursuant to equity-based plans	18,769	1	—	—	1
Stock-based compensation	—	4	—	—	4
Other comprehensive income	—	—	1	—	1
Dividends declared (\$0.4525 per share)	—	—	—	(41)	(41)
Net income	—	—	—	64	64
Balances as of June 30, 2022	89,242,672	\$ 1,241	\$ (9)	\$ 1,506	\$ 2,738
Issuances of shares pursuant to equity-based plans	27,989	—	—	—	—
Stock-based compensation	—	4	—	—	4
Other comprehensive income	—	—	—	—	—
Dividends declared (\$0.4525 per share)	—	—	—	(40)	(40)
Net income	—	—	—	58	58
Balances as of September 30, 2022	89,270,661	\$ 1,245	\$ (9)	\$ 1,524	\$ 2,760

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

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
Issuances of shares pursuant to equity-based plans	7,290	—	—	—	—
Stock-based compensation	—	2	—	—	2
Other comprehensive income	—	—	1	—	1
Dividends declared (\$0.4300 per share)	—	—	—	(39)	(39)
Net income	—	—	—	50	50
Balances as of September 30, 2021	89,409,012	\$ 1,237	\$ (10)	\$ 1,448	\$ 2,675

NOTE 8: CONTINGENCIES

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

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

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

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

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.

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

A small group of PRPs performed pre-remedial design sampling to update baseline data and submitted the data in an updated evaluation report to the EPA for review. The evaluation report concluded that the conditions of Portland Harbor had improved substantially with the passage of time. In response, the EPA indicated that while it would use the data to inform implementation of the ROD, the EPA's conclusions remained materially unchanged. With the completion of pre-remedial design sampling, Portland Harbor is now in the remedial design phase, which consists of additional technical information and data collection to be used to design the expected remedial actions. Certain

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

PRPs, not including PGE, have entered into consent agreements to perform remedial design and the EPA has indicated it will take the initial lead to perform remedial design on the remaining areas. The Company anticipates that remedial design costs will ultimately be allocated to PRPs as a part of the allocation process for remediation costs of the EPA's preferred remedy. The 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 conclusion of remedial design, a final allocation methodology, and data with regard to property specific activities and history of ownership of sites within Portland Harbor that will inform the precise boundaries for clean-up. It is probable that PGE will share in a portion of the costs related to Portland Harbor. Based on the above facts and remaining uncertainties in the voluntary allocation process, PGE does not currently have sufficient information to reasonably estimate the amount, or range, of its potential liability or determine an allocation percentage that would represent PGE's portion of the liability to clean-up Portland Harbor. However, the Company may obtain sufficient information, prior to the final determination of allocation percentages among PRPs, to develop a reasonable estimate, or range, of its potential liability that would require recording of the estimate, or low end of the range. The Company's liability related to the cost of remediating Portland Harbor could be material to PGE's financial position.

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.

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

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

Governmental Investigations

In March, April, and May 2021, the Division of Enforcement of the Commodity Futures Trading Commission (the "CFTC"), the Division of Enforcement of the SEC, and the Division of Enforcement of the FERC, respectively, informed the Company they are conducting investigations arising out of the energy trading losses the Company previously announced in August 2020. The Company is cooperating with the CFTC, the SEC, and the FERC. Management cannot 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 located in the state of Montana and operated by one of the co-owners, Talen Montana, LLC (Talen). On May 10, 2022, Talen's parent company, Talen Energy Supply, LLC filed for chapter 11 bankruptcy protection, although Colstrip continues to operate and generate electricity for PGE customers and others. Various business disagreements have arisen amongst the co-owners regarding interpretation of the Ownership and Operation (O&O) Agreement and other matters. An arbitration process has been initiated to address such business disagreements, and has resulted in several legal proceedings. These legal proceedings, as well as other matters related to Colstrip, have been summarized below.

Petition to compel arbitration—On April 14, 2021, co-owners 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 another co-owner, NorthWestern Corporation (NorthWestern), and Talen to compel the arbitration initiated by NorthWestern to determine whether co-owners representing 55% or more of the ownership shares can vote to close one or both units of Colstrip, or whether unanimous consent is required. The O&O Agreement states that any dispute shall be submitted for resolution to a single arbitrator with appropriate expertise. That arbitration was stayed as a result of the bankruptcy filing of Talen's parent company. In May 2021, Talen removed the case to Federal Court (Eastern District of Washington Case No. 2:21-cv-00163-RMP). Following a hearing in July 2021, Talen's motion to transfer the case to the U.S. District Court for the District of Montana was granted. This matter is stayed, because of the bankruptcy filing of Talen's parent company. The voluntary stipulation described below (see "*Challenge to constitutionality of Montana Senate Bills 265 and 266 (SB 265 and SB 266)*") did not lift the stay on this court action, although the stay was lifted as to the arbitration itself, and the arbitration process has begun pursuant to the voluntary stipulation and the Court's order. PGE cannot predict the ultimate outcome of the arbitration process.

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 and Talen (the Defendants) in U.S. District Court - Montana, Billings Division, Case No. 1:21-cv-00047-SPW-KLD, based on the passage of SB 265, which attempted to void contractual provisions within the co-owner agreement for Colstrip if they did 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 the Defendants and purports to void the O&O Agreement between all parties, which provides for one arbitrator and venue in Spokane, Washington. The Petitioners alleged that SB 265 violated the contracts clause of the U.S. Constitution and the Montana Constitution, and is preempted by the Federal Arbitration Act (FAA). The Petitioners sought declaratory relief that SB 265 was unconstitutional as applied to the O&O Agreement and that 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 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, and authority to penalize any co-owner who fails or refuses to pay the costs to maintain the

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

plant. The Court held a hearing on August 6, 2021, and on October 13, 2021, the Court issued an order that granted the Petitioners' Motion for Preliminary Injunction, enjoining the Montana AG from enforcing SB 266 against them.

On August 17, 2021, the Petitioners filed for partial summary judgment on their claim to declare SB 265 preempted by the Federal Arbitration Act and unconstitutional. A decision on this matter had been stayed as a result of the bankruptcy filing of Talen's parent company, but the stay was lifted by a voluntary stipulation filed by Petitioners, Talen, and NorthWestern, and ordered by the bankruptcy court on August 25, 2022. On September 29, 2022, the Magistrate Judge issued Findings and Recommendations, which were adopted in full by the Court on October 19, 2022, granting both of the Petitioners' motions for summary judgment regarding the constitutionality of SB 265 and SB 266.

Complaint to implement Montana SB 265—On May 4, 2021, Talen filed a complaint against the Petitioners and NorthWestern, in the Thirteenth Judicial District Court in the State of Montana, as an attempt to implement Montana laws when determining the language of the O&O agreement based on the recent enactment of SB 265. The case was subsequently removed to the U.S. District Court - Montana, Billings Division, Case No. 1:21-cv-00058-SPW-TJC. This matter is stayed, because of the bankruptcy filing of Talen's parent company. On October 19, 2022, the District Court Judge in U.S. District Court - Montana, Billings Division, Case No. 1:21-cv-00047-SPW-KLD, granted the Petitioners' motions for summary judgment in the litigation regarding the legal proceeding in "*Challenge to constitutionality of Montana Senate Bills 265 and 266 (SB 265 and SB 266)*" the different matter referenced above.

Richard Burnett; Colstrip Properties Inc., et al v. Talen Montana, LLC; PGE, et al. On December 14, 2020, the original claim was filed in the Montana Sixteenth Judicial District Court, Rosebud County, Cause No. CV-20-58. The plaintiffs allege they have suffered adverse effects from the defendants' coal dust. On August 26, 2021, the claim was amended to add PGE as a defendant. Plaintiffs are seeking economic damages, costs and disbursements, punitive damages, attorneys' fees, and an injunction prohibiting defendants from allowing coal dust to blow onto plaintiffs' properties, as determined by the Court. The Court set a trial to begin September 26, 2023. This matter is stayed, because of the bankruptcy filing of Talen's parent company.

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

Other Matters

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

NOTE 9: GUARANTEES

PGE enters into financial agreements for, and purchase and sale agreements involving physical delivery of, both power and natural gas that include indemnification provisions relating to certain claims or liabilities that may arise relating to the transactions contemplated by these agreements. Generally, a maximum obligation is not explicitly stated in the indemnification provisions and, therefore, the overall maximum amount of the obligation under such indemnifications cannot be reasonably estimated. PGE periodically evaluates the likelihood of incurring costs under such indemnities based on the Company's historical experience and the evaluation of the specific indemnities. As of September 30, 2022, management believes the likelihood is remote that PGE would be required to perform under

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

such indemnification provisions or otherwise incur any significant losses with respect to such indemnities. The Company has not recorded any liability on the condensed consolidated balance sheets with respect to these indemnities.

NOTE 10: INCOME TAXES

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Federal statutory tax rate	21.0 %	21.0 %	21.0 %	21.0 %
Federal tax credits*	(9.2)	(11.2)	(9.7)	(10.1)
State and local taxes, net of federal tax benefit	8.0	8.9	8.7	8.7
Flow-through depreciation and cost basis differences	1.6	(1.5)	0.9	(1.0)
Amortization of excess deferred income tax	(4.2)	(4.6)	(4.3)	(3.7)
Local tax flow-through adjustment	—	—	—	(4.2)
Other	(0.1)	(3.5)	(0.1)	(1.5)
Effective tax rate	<u>17.1 %</u>	<u>9.1 %</u>	<u>16.5 %</u>	<u>9.2 %</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.

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 reflected in the condensed consolidated statements of income for the first quarter of 2021. The adjustment has no impact to the three or nine months ended September 30, 2022.

Carryforwards

Federal tax credit carryforwards as of September 30, 2022 and December 31, 2021 were \$95 million and \$98 million, respectively. These credits primarily consist of PTCs, which will expire at various dates through 2030. PGE believes that it is more likely than not that its deferred income tax assets as of September 30, 2022 will be realized; accordingly, no valuation allowance has been recorded. As of September 30, 2022, and December 31, 2021, PGE had no material unrecognized tax benefits.

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

Inflation Reduction Act of 2022

The Inflation Reduction Act of 2022 (“IRA”) was signed into law by President Biden on August 16, 2022 with a majority of the provisions effective for tax years beginning after December 31, 2022. Among other provisions, the bill includes: i) implementation of a new corporate alternative minimum tax (CAMT) for applicable corporations with average adjusted financial statement income over a three-year period in excess of \$1 billion; ii) an excise tax of 1% of the fair market value of any stock which is repurchased, reduced by any stock issued during the taxable year; and iii) significant tax incentives for energy and climate initiatives, including: a three-year extension and modification of PTCs for facilities that begin construction before December 31, 2024, the ability to transfer or sell PTCs to other taxpayers, reestablished solar PTCs, an opt-out of Investment Tax Credit (ITC) normalization requirements on certain stand-alone storage projects; and beginning January 1, 2025, the traditional resource-specific PTCs and ITCs are replaced with technology-neutral clean electricity credits (critical normalization alternatives are retained with these credits).

There is no immediate impact of the IRA to the three or nine months ended September 30, 2022. PGE cannot reasonably estimate the potential impact the IRA’s tax incentives will have to its results of operations in future periods. The excise tax on stock repurchases and the new CAMT and are not expected to have a material impact on the Company’s results of operations.

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. Expectations, beliefs, and projections of Portland General Electric Company (PGE or the Company) are expressed in good faith and are believed by the Company to have a reasonable basis including, but not limited to, management's examination of historical operating trends and data contained either in internal records or available from third parties, but there can be no assurance that PGE's expectations, beliefs, or projections will be achieved or accomplished.

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

- governmental policies, legislative action, and regulatory audits, investigations, and actions, including those of the Federal Regulatory Energy Commission (FERC), the Public Utility Commission of Oregon, (OPUC), the Securities and Exchange Commission (SEC), and the Division of Enforcement of the Commodity Futures Trading Commission (CFTC) with respect to allowed rates of return, financings, electricity pricing and price structures, acquisition and disposal of facilities and other assets, construction and operation of plant facilities, transmission of electricity, recovery of power costs, operating expenses, deferrals, timely recovery of costs, and capital investments, energy trading activities, and current or prospective wholesale and retail competition;
- economic conditions that result in decreased demand for electricity, reduced revenue from sales of excess energy during periods of low wholesale market prices, impaired financial stability of vendors and service providers, and elevated levels of uncollectible customer accounts;
- inflation and interest rates;
- 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 timing or outcome of legal and regulatory proceedings and issues including, but not limited to, the matters described under the heading of Regulatory Matters in the Overview section of this Item 2, and Note 8, Contingencies in the Notes to the Condensed Consolidated Financial Statements in Item 1. Financial Statements of this Quarterly Report on Form 10-Q;
- natural or human-caused disasters and other risks, including, but not limited to, earthquake, flood, ice, drought, extreme heat, lightning, wind, fire, accidents, equipment failure, acts of terrorism, computer system outages and other events that disrupt PGE operations, damage PGE facilities and systems, cause the release of harmful materials, cause fires, and subject the Company to liability;
- unseasonable or 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, which could cause damage to the Company's own facilities or lead to potential liability if energized systems are involved in wildfires that cause harm;
- operational factors affecting PGE's power generating facilities and battery storage facilities, including forced outages, unscheduled delays, hydro and wind conditions, and disruption of fuel supply, any of which may cause the Company to incur repair costs or purchase replacement power at increased costs;
- default or nonperformance on the part of any parties from whom PGE purchases capacity or energy, which may cause the Company to incur costs to purchase replacement power and related renewable attributes at increased costs;
- complications arising from PGE's jointly-owned plant, including changes in ownership, adverse regulatory outcomes or legislative actions, or operational failures that result in legal or environmental liabilities or unanticipated costs related to replacement power or repair costs;
- delays in the supply chain and increased supply costs, failure to complete capital projects on schedule or within budget, failure of counterparties to perform under agreements, or the abandonment of capital projects, any of which could result in the Company's inability to recover project costs, or impact PGE's competitive position, market share, or results of operations in a material way;
- volatility in wholesale power and natural gas prices, including but not limited to volatility caused by macroeconomic and international issues, that could require PGE to post additional collateral or issue additional letters of credit pursuant to power and natural gas purchase agreements;
- changes in the availability and price of wholesale power and fuels, including natural gas and coal, and the impact of such changes on the Company's power costs;
- capital market conditions, including availability of capital, volatility of interest rates, reductions in demand for investment-grade commercial paper, volatility of equity markets as well as changes in PGE's credit ratings, any of which could have an impact on the Company's cost of capital and its ability to access the capital markets to support requirements for working capital, construction of capital projects, the repayments of maturing debt, and stock-based compensation plans, which are relied upon in part to retain key executives and employees;
- future laws, regulations, and proceedings that could increase the Company's costs of operating its thermal generating plants, or affect the operations of such plants by imposing requirements for additional emissions controls or significant emissions fees or taxes, particularly with respect to coal-fired generating facilities, in order to mitigate carbon dioxide, mercury, and other gas emissions;
- changes in, and compliance with, environmental laws and policies, including those related to threatened and endangered species, fish, and wildlife;
- the effects of climate change, whether global or local in nature, including unseasonable or extreme weather and other natural phenomena that may affect energy costs or consumption, increase the Company's costs, cause damage to PGE facilities and system, or adversely affect its operations;
- changes in residential, commercial, or industrial customer demand, or demographic patterns, in PGE's service territory;
- the effectiveness of PGE's risk management policies and procedures;
- cybersecurity attacks, data security breaches, physical 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, the ability to recruit and retain key employees and other talent, and turnover due to macroeconomic trends such as voluntary resignation of large numbers of employees similar to that experienced by other employers and industries since the beginning of the coronavirus (COVID-19) pandemic;
- new federal, state, and local laws that could have adverse effects on operating results;
- failure to achieve the Company's greenhouse gas emission goals or being perceived to have either failed to act responsibly with respect to the environment or effectively respond to legislative requirements concerning greenhouse gas emission reductions, any of which could lead to adverse publicity and have adverse effects on the Company's operations and/or damage the Company's reputation;
- political and economic conditions;
- the impact of widespread health developments, including the global 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;
- acts of war or terrorism; and
- risks and uncertainties related to 2021 All-Source RFP final shortlist projects, including, but not limited to regulatory processes, inflationary impacts, supply chain constraints, supply cost increases (including application of tariffs impacting solar module imports), and legislative uncertainty.

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 United States Securities and Exchange Commission (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 also performs portfolio management and wholesale market sales services for third parties in the region. PGE is committed to developing products and service offerings for the benefit of retail and wholesale 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

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

- Decarbonize the power supply by reducing greenhouse gas (GHG) emissions associated with the power served to customers in-line with the GHG reduction targets set by Oregon House Bill (HB) 2021, ultimately 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 by improving work efficiency, safety of its workforce, and reliability of its systems and equipment, all while adhering to the Company's revised long-term earnings per diluted share growth guidance of 5-7% on average.

Climate change

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

Empowering customers and communities—PGE's customers are committed to purchasing clean energy, as over 231 thousand residential and small commercial customers voluntarily participate in PGE's Green Future Program, the largest renewable power program by participation in the nation. In 2017, Oregon's most populous city, Portland, and most populous county, Multnomah, each passed resolutions to achieve 100 percent clean and renewable electricity by 2035 and 100 percent economy-wide clean and renewable energy by 2050. Other jurisdictions in PGE's service area have similar goals and continue to consider similar goals for the future.

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

As of September 30, 2022, the Green Future Impact Program has an approved capacity of 750 Megawatts (MW) nameplate. Through this voluntary program, the Company seeks to support the customers' clean energy acceleration, achieve PGE sustainability goals, mitigate cost and manage risk, and reliably integrate power.

Extreme weather—In recent years, PGE’s territory has experienced unprecedented heat, historic ice and snowstorms, and wildfires. On September 9 and 10, 2022, extreme fire conditions and hot, strong wind gusts led PGE to implement a proactive Public Safety Power Shutoff (PSPS) in ten previously identified PSPS areas and seven additional preventive outage areas. The PSPS event impacted approximately 37,000 customer homes and businesses. Power was restored to all customers impacted by the PSPS on September 11, 2022. PGE incurred approximately \$1 million in costs in preparation activities leading up to the event, which have been deferred under the wildfire mitigation deferral mechanism (see “Wildfire Mitigation” in the “Regulatory Matters” section of this Overview for more information on the impact to PGE’s results of operations). In June 2021, temperatures in the region reached all-time recorded highs, shattering the Company’s previous peak load demand, and surpassing the prior summer peak load by nearly 12%. The 2021 wildfire season that followed in Oregon produced what became the largest wildfire in the United States at the time. In February 2021, PGE’s service territory experienced an ice storm, which led to historic levels of customer power outages, and caused considerable expense for service restoration and damage repair (see “February 2021 Ice Storms and Damage” in the “Regulatory Matters” section of this Overview for more information on the impact to PGE’s results of operation). In 2020, Oregon experienced the most destructive wildfire season on record, with over one million acres of land burned (see “Wildfire” in the “Regulatory Matters” section of this Overview for more information on the impact to PGE’s results of operation). The increase and severity of extreme weather events highlights the importance of combating the effects of climate change through decarbonizing the power supply and investing in a more reliable and resilient grid.

Investing in a clean energy future

PGE’s resource planning process includes working with customers, stakeholders, and regulators to chart the course toward a clean, affordable, and reliable energy future. With the passage of HB 2021, PGE is preparing a Clean Energy Plan (CEP), which will articulate the Company’s strategy to meet the 2030 and 2040 decarbonization targets. The first CEP is anticipated to be filed with the OPUC in the Spring of 2023 and will set annual decarbonization targets and articulate how PGE will achieve an equitable transition to a decarbonized grid. PGE’s resource planning analysis and stakeholder engagement will continue to occur through the Integrated Resource Plan (IRP) and Distribution System Plan (DSP) processes.

In May 2020, PGE obtained an OPUC Order acknowledging the Company’s 2019 IRP and associated Action Plan for PGE to acquire resources over the next four years, an important step in acquiring the necessary clean and renewable and capacity resources needed to meet requirements under HB 2021 by 2030. In October 2021, PGE initiated its 2021 All-Source RFP public process, seeking approximately 1,000 MW of renewable and non-emitting resources. PGE estimates that the 2021 All-Source RFP will meet a portion of the Company’s projected need of approximately 2,500 to 3,500 MW of clean and renewable resources and approximately 800 to 1,000 MW of non-emitting dispatchable capacity resources in order to meet the Company’s 2030 emissions reduction target. The Company is in the process of evaluating and updating these projections in anticipation of the upcoming IRP and CEP filings. PGE also expects it will need to exit ownership of Colstrip and is actively working on plans to achieve this by the end of 2025.

The 2021 All-Source RFP seeks:

- Approximately 375 to 500 MW of renewable resources;
- Approximately 375 MW of non-emitting dispatchable capacity resources that can be used to meet peak customer demand; and
- One or more resources for the Company’s Green Future Impact Program. Under the Green Future Impact Program, PGE plans to acquire up to 100 MW of new wind, solar, or hybrid renewable and battery storage resources to meet subscriber demand under the PGE supply option. The Company expects the Green Future Impact Program resources considered in the 2021 All-Source RFP to be incremental to the 150 MWa renewable energy target envisioned under the 2019 IRP Action Plan.
- On July 14, 2022, and as memorialized in the OPUC’s August 31, 2022 order, the OPUC concluded that PGE procurement of 250 MWa of renewable procurement volume, inclusive of the 100 MW Green Future Impact procurement volume, appeared to be the most reasonable course of action supported by analysis at

the time for this RFP. The OPUC did articulate in its order that future analysis may indicate a different course is reasonable, which PGE subsequently conducted with its RFP reprice opportunity.

Renewable resources in PGE's 2021 All-Source RFP must be eligible under Oregon's Renewable Portfolio Standard (RPS) and qualify for the federal production tax credit (PTC) or the federal investment tax credit. All resources (dispatchable capacity or renewable) must be online by the end of 2024, with certain exceptions for long-lead time resources.

PGE issued the final 2021 All-Source RFP after receiving approval with modifications from the OPUC in December 2021, and proposals were submitted in January 2022. Bids were evaluated based on the OPUC-approved scoring methodology. Following determination of a final shortlist, PGE submitted a request for acknowledgement of the shortlist to the OPUC on May 5, 2022 that includes seven distinct projects submitted by five bidders for renewable resources and six distinct projects by four bidders for capacity resources. The proposals for renewable resources provide various combinations of wind, solar, and battery storage options that include PPAs along with Company-owned resources. The proposals for non-emitting capacity resources provide battery storage and pumped storage options that include PPAs along with Company-owned resources. The ultimate outcome of the 2021 All-Source RFP process is anticipated to result in the selection of multiple projects for both renewable and capacity resources.

On July 14, 2022, during a public meeting, the OPUC acknowledged, with conditions, PGE's proposed final shortlist of renewable resources and non-emitting dispatchable capacity to meet the 2025 system need. Subsequently, on August 31, 2022, the OPUC issued its final order, memorializing its July 14, 2022 acknowledgement, with conditions. Following the passage of the Inflation Reduction Act, PGE provided an opportunity for all bidders selected to the final shortlist to refresh their pricing. Updated pricing was received in August 2022 and PGE, in collaboration with an Independent Evaluator, updated scoring and ranking to reflect pricing changes from bidders. An updated Independent Evaluator's report was filed as an informational update to the OPUC on September 30, 2022.

As a result of negotiations with the final shortlist bidders, PGE and NextEra Energy Resources, LLC, a subsidiary of NextEra Energy, Inc. have entered into agreements to construct a 311 MW wind energy facility, which will be part of the larger Clearwater Wind development in Eastern Montana. PGE will own 208 MW of the 311 MW being acquired in these agreements, with an investment of approximately \$415 million, excluding AFUDC. Subsidiaries of NextEra Energy Resources, LLC will own the remaining 103 MW and will sell their portion of the output to PGE under a 30-year PPA. Subsidiaries of NextEra Energy Resources, LLC plan to design, build and operate the facility.

The agreements signed by PGE and subsidiaries of NextEra Energy Resources, LLC will be subject to prudence review on customers' behalf by the OPUC. The agreements are also subject to approval by senior management of NextEra Energy, Inc. The project has an estimated commercial operation date of December 31, 2023.

PGE continues to negotiate with remaining bidders on the final shortlist, with expectations to finalize negotiations by the end of 2022 or in the first quarter of 2023. If procurement is expected to extend past the end of 2022, PGE intends to file a status report to the OPUC by December 1, 2022.

In February 2022, NewSun Energy LLC (NewSun) filed a petition for judicial review in the Marion County Circuit Court against the OPUC challenging the scoring methodology in the 2021 All-Source RFP. PGE has joined in the case as an intervenor. NewSun also filed a motion to stay the 2021 All-Source RFP process, which the Court subsequently denied. The OPUC filed a motion to dismiss the case and PGE joined the OPUC's motion to dismiss. NewSun opposed the motion. In May 2022, the Court granted the motion to dismiss to which NewSun responded in June 2022 by filing a notice of appeal with the Court of Appeals of the State of Oregon. PGE cannot predict the outcome of the proceeding or potential impact, if any, to its ongoing 2021 All-Source RFP process.

In October 2021, PGE filed its inaugural Distribution System Plan (DSP), which lays out plans to build a grid that empowers customers to make energy management choices to support decarbonization and supports a two-way

energy ecosystem with resources like batteries, EV charging, and solar panels where communities—especially underserved Oregonians—need them. The plan consists of two parts, the first of which was acknowledged by the OPUC on March 8, 2022. Part Two was filed on August 15, 2022.

In October 2021, PGE filed an extension waiver for the next IRP that the OPUC approved. As a result, the next IRP will be filed for OPUC consideration by March 31, 2023.

Electrify the economy—To help Oregon reach its decarbonization goals, PGE is working to build a safe, reliable, and affordable, economy-wide, clean energy future. The Company is committed to increase electrification of buildings and support the accelerating pace of vehicle electrification.

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

In 2019, PGE filed with the OPUC its first Transportation Electrification plan, which considers current and planned activities, along with both existing and potential system impacts, in relation to Oregon’s carbon reduction goals. In 2020, the OPUC accepted the plan and related costs and revenues associated with the Transportation Electrification and Electric Vehicle Charging pilot programs. In 2021, the Oregon legislature enacted HB 2165, ensuring the OPUC has clear and broad authority to allow electric company investments in infrastructure to support transportation electrification. PGE plans to file its draft 2022 Transportation Electrification plan in November 2022, which covers the portfolio of programs and activities PGE will be offering 2023 through 2025. The draft plan will go through a regulatory process before filing the final portfolio of activities supporting EV growth in the service territory.

Businesses and families continue to turn to electricity to serve their home and workplace needs and PGE continues to share information on the benefits of electric appliances, landscaping tools and equipment, and heat pumps, which provide efficient heating and cooling. In addition, the Company continues to pursue advanced technologies to enhance the grid, pursue distributed generation and energy storage, and develop microgrids and the use of data and analytics to better predict demand and support energy-saving customer programs.

Laws and Regulations

Inflation Reduction Act of 2022—The Inflation Reduction Act of 2022 (IRA) was signed into law by President Biden on August 16, 2022 with a majority of the provisions effective for tax years beginning after December 31, 2022. Among other provisions, the bill includes:

- implementation of a new corporate alternative minimum tax (CAMT) for applicable corporations with average adjusted financial statement income over a three-year period in excess of \$1 billion;
- an excise tax of 1% of the fair market value of any stock which is repurchased, reduced by any stock issued during the taxable year; and
- significant tax incentives for energy and climate initiatives, including:
 - A three-year extension and modification of PTCs for facilities that begin construction before December 31, 2024;
 - The ability to transfer or sell PTCs to other taxpayers;
 - Reestablished solar PTC which would allow PGE the opportunity to be competitive in owning solar resources in renewable RFPs;
 - An opt-out of Investment Tax Credit (ITC) normalization requirements on certain stand-alone storage projects; and

- Beginning January 1, 2025, the traditional resource-specific PTCs and ITCs are replaced with technology-neutral clean electricity credits. Critical normalization alternatives are retained with these credits.

The Company believes the new tax incentives will provide potential opportunities, however PGE cannot reasonably estimate the potential impact to its results of operations. The excise tax on stock repurchases and the new CAMT are not expected to have a material impact on the Company's results of operations.

HB 2021—In June 2021, the Oregon Legislature passed HB 2021, which requires retail electricity providers to reduce GHG emissions associated with serving Oregon retail electricity consumers 80% by 2030, 90% by 2035, and 100% by 2040, compared to their baseline emissions levels. The baseline emissions levels for the investor-owned utilities are the average annual GHG emissions for the years 2010, 2011, and 2012 associated with the electricity sold to their retail electricity consumers as reported to the Oregon Department of Environmental Quality (ODEQ).

HB 2021 requires utilities to develop a CEP for meeting the targets concurrent with the development of each 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 and the development and equitable implementation of a distribution system plan 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 the ODEQ, as they do today. In threshold years, which are 2030, 2035, and 2040 and every year thereafter, the OPUC will use the data reported to the ODEQ for that compliance year to determine whether the reduction targets are met. In determining compliance, if the utility has emissions in excess of the target, the OPUC must take into consideration unplanned emissions necessary to meet 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, including a cost cap and the ability for the OPUC to grant a temporary exemption if a utility is unable to comply with mandatory reliability standards.

HB 2021 also:

- Aligns with PGE decarbonization goals while protecting affordability and reliability;
- Establishes clear decarbonization authority for the OPUC, including authority over ESSs;
- 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 kilowatts and smaller and allows utilities the ability to earn a return on investments in program resources; and
- Codifies non-bypassability of costs to ensure all customers pay their share of HB 2021 policy costs.

Governor Executive Orders—In 2020, the Governor of Oregon issued an executive order that directed state agencies to integrate climate change and the State's GHG emissions reduction goals into their plans, budgets, investments, and decisions to the extent allowed by law. Among other things, the executive order directed the OPUC to:

- encourage electric companies to support transportation electrification infrastructure that supports GHG emissions reductions and zero-emission vehicle goals;
- 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; and

- 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.

In addition, the executive order directed the ODEQ to adopt a program to cap and reduce GHG emissions within the state from large stationary sources, transportation fuels, and other liquid or gaseous fuels including natural gas. The ODEQ adopted such a program, referred to as the Climate Protection Plan (CPP), in December 2021. Electricity generation from the Company’s natural gas-fired resources is exempt from the CPP. The executive order also strengthened the reduction goals of the State’s Clean Fuels Program and extended the program, from the previous rule that required a ten percent reduction in average carbon intensity of fuels from 2015 levels by 2025, to a 25 percent reduction below 2015 levels by 2035.

PGE continues to monitor activities of state agencies that have utilized the executive order to shape state policy or seek to implement the order through their own regulatory authority.

RPS Standards and Other Laws—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.

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 Colstrip from 2042 to 2030. In 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.

Effective May 9, 2022, PGE’s depreciation rates and associated customer prices changed as approved by the OPUC in the Company’s 2022 General Rate Case (2022 GRC) to reflect accelerated depreciation of Colstrip Units 3 and 4 from December 31, 2030 to December 31, 2025. PGE expects a major step toward meeting its goals under HB 2021 involves the need to exit ownership in Colstrip and is actively working on plans to achieve this by the end of 2025. The Company continues to evaluate its ongoing investment in Colstrip, including the possibility of PGE’s exit from the generation facility. 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 that 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.

Regulatory Matters

PGE focuses on providing reliable, clean power to customers at affordable prices while providing a fair return to investors. To achieve this goal the Company must execute effectively within its regulatory framework and maintain

prudent management of key financial, regulatory, and environmental matters that may affect customer prices and investor returns. The following discussion provides detail on such matters.

General Rate Case—In July 2021, PGE filed with the OPUC a GRC based on a 2022 test year. The net price increase and annual revenue requirement included a price increase as a result of higher net variable power costs (NVPC) expected in 2022, as reflected in the Annual Power Cost Update Tariff (AUT) filed with the OPUC in April 2021.

PGE, OPUC staff, and certain customer groups reached an agreement that resolved cost of capital issues and allowed for:

- A capital structure of 50% debt and 50% equity;
- A return on equity of 9.5%; and
- A cost of capital of 6.813%, which reflects updates for actual and forecasted debt costs.

In addition, parties filed a stipulation with the OPUC reflecting an agreement that resolved the annual revenue requirement, average rate base, and corresponding increase authorized in customer prices. The stipulated agreement reflected a final revenue requirement that was based upon an average rate base of \$5.6 billion and an annual revenue requirement increase of \$74 million.

Further, the parties agreed to eliminate PGE's decoupling mechanism upon the effective date of new customer prices pursuant to this case. Throughout the remainder of 2022, estimated collections from, or refunds to, customers will be pro-rated based on the effective date of new customer prices per the 2022 GRC and expected to be amortized into customer prices in 2024 over a one-year period. The decoupling mechanism provided a means of recovery or refund of margin lost or gained as a result of changes in weather-adjusted energy use per customer in comparison to levels projected in customer prices. For further information on the decoupling mechanism, see "*Decoupling*" in this Overview section. On April 25, 2022, the OPUC issued Order 22-129, which adopted all stipulations agreed to by the parties to the proceeding, including the annual revenue requirement, cost of capital, capitalization ratio, and the elimination of the decoupling mechanism. New customer prices as approved by the OPUC became effective May 9, 2022. Price changes for the AUT and items under other supplemental schedules occurred January 1, 2022. Key elements of the OPUC's Order also included:

- establishment of a balancing account for the Company's major storm damage recovery mechanism;
- denial of PGE's proposal for a secondary phase of the 2022 GRC regarding the Faraday capital improvement project. The Company had requested that recovery of the capital cost of improvements at the Faraday hydroelectric facility be included in the new average rate base. However, as the project was not yet placed in-service the capital-related revenue requirement was removed. As of September 30, 2022, the construction work-in-progress balance associated with Faraday was \$149 million, including an allowance for funds used during construction (AFUDC). PGE can pursue recovery in the Company's next GRC;
- establishment of a deferral that would require PGE to defer and refund, subject to an earnings test, the revenue requirement associated with Boardman included in customer prices following plant closure in 2020 (for more information see "*Deferral of Boardman Revenue Requirement*" within this "Overview" section); and
- creation of an earnings test for the deferrals for the 2020 Labor Day wildfire and the February 2021 ice storm and damage to be applied on a year-by-year basis.

Complete details of the 2022 GRC filing (OPUC Docket UE 394) and the resulting OPUC Order are available on the OPUC Internet website at www.oregon.gov/puc.

As a result of the earnings tests outlined in the OPUC's Order, the Company released deferrals associated with the year ended 2020, resulting in a pre-tax, non-cash charge to earnings for the three months ended March 31, 2022 in the amount of \$17 million. The amount recorded represents the Company's estimate based on its interpretation of the OPUC's earnings test. For the years 2022 and 2021, PGE does not expect to exceed its regulated return on equity under the earnings test methodology approved by the OPUC and as a result, no release of deferrals or earnings test reserve is expected. The OPUC has significant discretion in making the final determination of the application of the earnings test for 2020, 2021, and 2022 and could result in additional disallowances or refunds, which could be material, compared to the amount reserved by the Company as of September 30, 2022,

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.

In March 2020, PGE filed an application with the OPUC for deferral of lost revenue and certain incremental costs, such as bad debt expense, related to COVID-19. 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 that may qualify for deferral under Docket UM 2114. 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. In September 2020, the OPUC 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 OPUC in October 2020 with final stipulations for the Term Sheet approved in November 2020.

As of September 30, 2022 and December 31, 2021, PGE's deferred balance was \$34 million and \$36 million, respectively, comprised primarily of bad debt expense in excess of what is currently considered and collected in customer prices. Based on the Term Sheet, PGE expects to cease deferring incremental bad debt expense associated with customers who are not on a time payment arrangement, after September 30, 2022. The Company released deferrals associated with the year ended 2020, resulting in a pre-tax charge to earnings for the first quarter of 2022 in the amount of \$2 million. The amount recorded represents the Company's estimate based on its understanding of the OPUC's intent to apply an earnings test to certain elements of utility COVID deferrals. Deferred costs will remain subject to OPUC review prior to amortization in customer prices. PGE plans to file an amortization request for the COVID-19 deferral, which has a \$34 million balance as of September 30, 2022, in late 2022 or early 2023.

PGE believes the amounts deferred are 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. The OPUC's conclusion of overall prudence could result in a portion, or all, of PGE's deferral being disallowed for recovery. Such disallowance would be recognized as a charge to earnings.

2020 Labor Day Wildfire—In 2020, Oregon experienced the most destructive wildfire season 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 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 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.

In October 2020, the OPUC formally approved PGE's request for deferral of 2020 wildfire-related costs. As of September 30, 2022 and December 31, 2021, PGE's cumulative deferred costs related to the 2020 wildfire response was \$31 million and \$45 million, respectively. Pursuant to the earnings tests outlined in Order 22-129, the Company has released deferrals associated with the year ended 2020, resulting in a pre-tax charge to earnings for the first quarter of 2022 in the amount of \$15 million. The amount recorded represents the Company's estimate based on its interpretation of the OPUC's earnings test.

On July 27, 2022, PGE made a request for amortization with the OPUC that would allow the company to collect the deferred costs in customer prices over a seven-year amortization period beginning November 1, 2022. On October 24, 2022, PGE and parties submitted a stipulation with the OPUC reflecting an agreement that resolved all matters related to 2021 under this deferral and would allow PGE full recovery of the amounts deferred as of September 30, 2022, with amortization over a seven-year period to begin as soon as practicable and allowed by the OPUC. The stipulation is subject to OPUC approval. The OPUC has significant discretion in making the final determination of recovery. The OPUC's conclusion of overall prudence and an earnings test could result in a portion, or all, of PGE's deferral being disallowed for recovery. Such disallowance would be recognized as a charge to earnings.

Wildfire Mitigation—Represents incremental costs and investments made by PGE related to intensifying efforts on its system to increase wildfire safety and resiliency to weather and other disaster-related crises under Oregon Senate Bill 762 (SB 762), which was passed in the 2021 legislative session with an effective date of July 19, 2021. 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. Pursuant to SB 762, PGE submitted a risk-based wildfire protection plan to the OPUC in December 2021. In Order 22-129, the OPUC did not adopt any rate adjustment mechanisms, but rather invited PGE to submit a filing proposing a cost recovery mechanism for incremental wildfire costs consistent with SB 762 and establishing an ongoing review for reasonableness. The outcome of PGE's 2022 GRC provided an annual amount of \$24 million to be collected in customer prices in regards to wildfire mitigation efforts. On July 1, 2022, PGE filed an application for reauthorization of OPUC Docket UM 2019 to defer incremental wildfire mitigation costs which exceed the amount granted in customer prices. As of September 30, 2022, PGE's deferred balance related to wildfire mitigation was \$25 million. While the Company believes the full amount of the deferral is probable of recovery, the OPUC has significant discretion in making the final determination of recovery. The OPUC's conclusions of overall prudence, could result in a portion, or all, of PGE's deferral being disallowed for recovery. Such disallowance would be recognized as a charge to earnings.

PGE submitted a tariff filing on August 19, 2022 for an automatic adjustment clause for incremental wildfire mitigation spending, as allowed under SB 762. The filing included a proposal to report semi-annually to show PGE's progress relative to its Wildfire Mitigation Plan, which is filed under docket UM 2208. On September 9th, 2022, the OPUC suspended the tariff and opened docket UE 412 to investigate the filing. PGE has now engaged in two workshops with parties and opening testimony will be filed by PGE on November 8, 2022. The procedural schedule of the docket has a target order date of June 14, 2023.

The Company's deferral application for expenses related to wildfire mitigation, filed in 2019 under OPUC Docket UM 2019, has not yet been approved by the OPUC.

February 2021 Ice Storms and Damage—In February 2021, a historic set of storms involving heavy snow, winds and ice impacted the United States, including PGE's service territory. 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.

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 September 30, 2022, the Company has deferred a total of \$73 million, including interest, related to incremental operating expenses due to the storms. PGE incurred and deferred costs 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 received OPUC Order No. 22-020 approving the February storms deferral in the first quarter of 2022.

On October 24, 2022, PGE and parties submitted a stipulation with the OPUC reflecting an agreement that resolved all matters related to 2021 under this deferral and would allow PGE full recovery of the deferred amounts with amortization over a seven-year period to begin as soon as practicable and allowed by the OPUC. The stipulation is subject to OPUC approval. The OPUC has significant discretion in making the final determination of recovery. The OPUC's conclusion of overall prudence and an earnings test could result in a portion, or all, of PGE's deferral being disallowed for recovery. Such disallowance would be recognized as a charge to earnings.

Declared states of emergency—In September 2021, the OPUC issued an order that approved a pre-authorized deferral of costs associated with declared states of emergency. Qualifying events would include federal or state declared emergencies with impacts on PGE's service territory. Previously the Company had to file a request for deferred accounting when an event of that nature occurred, and had to seek OPUC approval of such deferred accounting applications to be effective. With this order, PGE would provide notice of an event that qualifies within 30 days of the declared state of emergency and would not need to seek OPUC approval to apply deferred accounting treatment for incremental costs related to the emergency. The OPUC maintains responsibility to review utility requests to amortize deferred amounts into customer prices, including a review of utility prudence, in a future proceeding, among other requirements. PGE has not recorded any costs under this deferral order.

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 2022 AUT included a final increase in power costs for 2022, and a corresponding increase in annual revenue requirement, of \$64 million from 2021 levels, which were reflected in customer prices effective January 1, 2022. For 2021, actual NVPC was above baseline NVPC by \$62 million, which was outside the established deadband range. Pursuant to the Company's power cost adjustment mechanism (PCAM) and related earnings test, PGE has deferred 90% of the excess variance for 2021, or \$30 million.

In conjunction with the OPUC's annual review of the Company's PCAM filing, on October 24, 2022, PGE and parties submitted a stipulation with the OPUC reflecting an agreement that resolved all matters related to this deferral and would allow PGE full recovery of deferred costs, except for \$2 million. Amortization would occur over a two-year period beginning January 1, 2023. The stipulation is subject to OPUC approval. The OPUC's conclusion of overall prudence and an earnings test could result in a portion, or all, of PGE's deferral being disallowed for recovery. Such disallowance would be recognized as a charge to earnings. See "Power Operations" within this Overview section of Item 2 for more information regarding the PCAM.

Portland Harbor Environmental Remediation Account (PHERA) Mechanism—The U.S. Environmental Protection Agency (EPA) has listed PGE as one of over one hundred Potentially Responsible Parties (PRPs) related to the remediation of the Portland Harbor Superfund site. As of September 30, 2022, significant uncertainties still remained concerning the precise boundaries for clean-up, the assignment of responsibility for clean-up costs, the final selection of a proposed remedy by the EPA, and the method of allocation of costs amongst PRPs. It is probable that PGE will share in a portion of these costs. In a Record of Decision (ROD) issued in 2017, the EPA outlined its selected remediation plan for clean-up of the Portland Harbor site, which had an estimated total cost of \$1.7 billion. Stakeholders have raised concerns that EPA's cost estimates are understated, and PGE estimates undiscounted total remediation costs for Portland Harbor per the ROD could range from \$1.9 billion to \$3.5 billion. The Company does not currently have sufficient information to reasonably estimate the amount, or range, of its potential costs for investigation or remediation of Portland Harbor. However, the Company may obtain sufficient information, prior to the final determination of allocation percentages among PRPs, to develop a reasonable estimate, or range, of its potential liability that would require recording an estimate, or low end of the range. The Company's liability related

to the cost of remediating Portland Harbor could be material to PGE's financial position. The impact of such costs to the Company's results of operations is mitigated by the PHERA mechanism. As approved by the OPUC, the Company's recovery mechanism allows the Company to defer and recover estimated liabilities and incurred environmental expenditures related to the Portland Harbor Superfund Site through a combination of third-party proceeds, including, but not limited to, insurance recoveries, and customer prices, as necessary. The mechanism established annual prudence reviews of environmental expenditures and third-party proceeds, and annual expenditures in excess of \$6 million, excluding contingent liabilities, are subject to an annual earnings test. PGE's results of operations may be impacted to the extent such expenditures were to be deemed imprudent by the OPUC or disallowed per the prescribed earnings test. For further information regarding the PHERA mechanism, see "EPA Investigation of Portland Harbor" in Note 8, Contingencies in the Notes to Condensed Consolidated Financial Statements in Item 1.—"Financial Statements."

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

Collections under the decoupling mechanism were 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 estimated collections recorded in 2022, the 2% limit will be applied to the net prices for the applicable tariff schedules that will be in effect on January 1, 2024. No limit existed for any potential refunds under the decoupling mechanism, thus increased demand from residential customers since the onset of the COVID-19 pandemic had resulted in larger estimated refunds under the decoupling mechanism, which had largely offset the revenue increases that had resulted from higher residential demand.

In the 2022 GRC, parties reached an agreement that has eliminated PGE's decoupling mechanism upon the effective date of new customer prices pursuant to the case, which began May 9, 2022. Pursuant to the GRC Order, the OPUC adopted the agreement such that deferrals will cease in 2023, although amortization of previously recorded deferrals will continue as scheduled until collected or refunded in future customer prices and deferral will continue on a prorated basis through the end of 2022.

For the nine months ended September 30, 2022 the Company recorded an estimated total refund of \$1 million to residential and commercial customers that resulted from variances between actual weather-adjusted use per customer and that projected in the 2019 GRC. The Company continues 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 the COVID-19 pandemic.

As of December 31, 2021, PGE had recorded a total estimated refund of \$10 million that, subject to OPUC approval, will be refunded to customers over a one-year period beginning January 1, 2023.

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 the Company's Boardman coal-fired generating plant (Boardman) then included in customer prices as established in the Company's 2019 GRC. The application stated a deferral was required for customers to adequately capture the reduction in revenue requirement beginning on October 15, 2020, the date Boardman ceased operations. PGE estimated the revenue requirement for Boardman to be \$14 million for the year ended December 31, 2020, an additional \$66 million for the year ended December 31, 2021, and \$23 million for the year ending December 31, 2022. Based on the application of an earnings test, PGE has not recorded a refund related to Boardman.

In the 2022 GRC Order, the OPUC found that the deferral was warranted with amortization subject to an earnings test. On July 27, 2022, the Company filed an application, which, subject to OPUC approval, showed that the

Company did not exceed the earnings test threshold for 2020 or 2021 and consequently, no refund would be required for those years. Customer prices resulting from the 2022 GRC Order no longer include any revenue requirement related to Boardman after new customer prices took effect on May 9, 2022. PGE does not expect to exceed its regulated return on equity under the earnings test for 2022.

On October 24, 2022, PGE and parties submitted a stipulation with the OPUC reflecting an agreement that resolved all matters related to 2021 under this deferral and states that no refund is necessary for that year. The stipulation is subject to OPUC approval. Review and determination of potential refund for the periods related to 2020 and 2022 remain outstanding. The OPUC has significant discretion in making the final determination of the application of the earnings test for 2020, 2021, and 2022 and could result in additional refunds that would be recognized as a charge to earnings, which could be material.

Renewable Recovery Framework—As previously authorized by the OPUC, a primary method available to recover costs associated with renewable resources is the RAC, which allows PGE to recover prudently incurred costs through filings made by April 1st each year. In the 2019 GRC Order, the OPUC authorized the inclusion of prudent costs of energy storage projects associated with renewables in future RAC filings, under certain conditions. There have been no significant filings made under the RAC during 2022.

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. The Company also performs portfolio management and wholesale market sales services for third parties in the region. 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 September 30,		% Increase (Decrease) in Energy Deliveries	Nine Months Ended September 30,		% Increase (Decrease) in Energy Deliveries
	2022	2021		2022	2021	
Energy deliveries (MWhs in thousands):						
Retail:						
Residential	1,940	1,872	4 %	5,880	5,875	— %
Commercial	1,795	1,778	1 %	4,981	4,943	1 %
Industrial	1,100	960	15 %	3,072	2,773	11 %
Subtotal	4,835	4,610	5 %	13,933	13,591	3 %
Direct access:						
Commercial	148	155	(5)%	412	453	(9)%
Industrial	471	467	1 %	1,325	1,228	8 %
Subtotal	619	622	— %	1,737	1,681	3 %
Total retail energy deliveries	5,454	5,232	4 %	15,670	15,272	3 %
Wholesale energy deliveries	1,875	1,912	(2)%	4,807	4,416	9 %
Total energy deliveries	7,329	7,144	3 %	20,477	19,688	4 %

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2022		2021		2022		2021	
Average number of retail customers:								
Residential	810,341	88 %	801,147	88 %	808,632	88 %	799,182	88 %
Commercial	112,289	12	111,063	12	112,015	12	110,863	12
Industrial	192	—	190	—	192	—	191	—
Direct access	554	—	582	—	552	—	589	—
Total	923,376	100 %	912,982	100 %	921,391	100 %	910,825	100 %

Total retail energy deliveries for the nine months ended September 30, 2022 increased 3% compared with the nine months ended September 30, 2021, driven by strong demand from the industrial customer class.

The industrial class has experienced an increase in energy deliveries, due primarily to continued growth in the high-tech and digital services sectors. Residential usage continues to be elevated as remote and hybrid work schedules remain in place across the Company's service area. The year-to-date impact of weather remains positive with warmer than normal temperatures experienced in the three month period ended September 30, 2022 compared to the same three months of 2021.

The following table indicates the number of heating and cooling degree-days for the three and nine months ended September 30, 2022 and 2021, 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		
	2022	2021	Avg.	2022	2021	Avg.
First Quarter	1,761	1,805	1,846	—	—	—
Second Quarter	761	498	624	75	238	100
July	—	—	7	279	258	186
August	—	9	6	321	249	203
September	6	45	60	145	93	78
Third Quarter	6	54	73	745	600	467
Year-to-date	2,528	2,357	2,543	820	838	567
Increase/(decrease) from the 15-year average	(1)%	(7)%		45 %	48 %	

After adjusting for the effects of weather, total retail energy deliveries for the nine months ended September 30, 2022 increased 2.2% compared to the same period of 2021. The increase reflects 10% higher industrial delivery volumes, commercial delivery volumes that remained steady, and 1% lower residential deliveries when compared to the prior year. Residential weather-adjusted deliveries saw average usage per customer 2.2% lower during the first nine months of 2022 compared with 2021, while the average number of residential customers was 1.2% greater during 2022 than 2021.

The Company's cost-of-service opt-out program caps participation by customers in the fixed three-year and minimum five-year opt-out programs, which account for the majority of energy delivered to Direct Access customers who purchase their energy from ESSs. Had the cap limit been fully subscribed and utilized, 13% of PGE's total retail energy deliveries for the first nine months of 2022 would have been to these customers.

In February 2020, PGE began offering service to customers under an OPUC created New Large Load Direct Access program for unplanned, large, new loads and large load growth at existing customer sites. With the adoption of the New Large Load Direct Access program, which is capped at 119 MWa, as much as 18% of the Company's energy deliveries could have been supplied by ESSs to Direct Access customers. Actual deliveries to Direct Access customers of energy supplied by ESSs represented 11% of PGE's total retail energy deliveries for the first nine months of 2022 and 2021.

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

The following table provides information regarding the performance of the Company’s generating resources for the nine months ended September 30, 2022 and 2021:

	Plant availability ⁽¹⁾		Actual energy provided compared to projected levels ⁽²⁾		Actual energy provided as a percentage of total retail load	
	2022	2021	2022	2021	2022	2021
Generation:						
Thermal:						
Natural gas	88 %	90 %	75 %	126 %	38 %	49 %
Coal ⁽³⁾	87	92	97	102	11	10
Wind ⁽⁴⁾	79	84	81	110	10	13
Hydro	97	93	81	74	5	5

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

Energy received from PGE-owned and jointly-owned thermal plants during the nine months ended September 30, 2022 compared to 2021 decreased 16%. This decrease is primarily related to PGE’s natural gas-fired plants which were displaced by higher hydroelectric generation and purchases, and economic dispatch decisions in response to higher natural gas prices. 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 36% during the nine months ended September 30, 2022 compared to 2021 primarily due to increased runoff resulting from more favorable snowpack conditions. Energy purchased from mid-Columbia and other regional hydroelectric projects increased 44% while energy generated by the Company-owned facilities decreased 2% in the nine months ended September 30, 2022 largely as a result of PGE’s sale of 16.66% of its ownership interest in Pelton/Round Butte to the Confederated Tribes of the Warm Springs Reservation of Oregon (CTWS), effective January 1, 2022. PGE purchases 100% of the CTWS’s share of the project output. 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 decreased 20% during the nine months ended September 30, 2022 compared to 2021 primarily due to unplanned plant outages during the period. Energy expected to be received from wind generating resources is projected annually in the AUT based on historical generation. Wind generation forecasts are developed using a 5-year rolling average of historical wind levels or forecast studies when historical data is not available.

Under PGE’s PCAM, the Company may share with customers a portion of cost variances associated with NVPC. Customer prices can be adjusted annually to absorb a portion of the difference between the forecasted NVPC included in customer prices (baseline NVPC) and actual NVPC for the year, if such differences exceed a prescribed “deadband” limit, which ranges from \$15 million below to \$30 million above baseline NVPC. To the extent actual NVPC, subject to certain adjustments, is outside the deadband range, the PCAM provides for 90% of the excess variance to be collected from, or refunded to, customers. Pursuant to a regulated earnings test, a refund will occur

only to the extent that it results in PGE's actual regulated return on equity (ROE) for the given year being no less than 1% above the Company's latest authorized ROE, while a collection will occur only to the extent that it results in PGE's actual regulated ROE for that year being no greater than 1% below the Company's authorized ROE. The following is a summary of the results of the Company's PCAM as calculated for regulatory purposes for the nine months ended September 30, 2022 and 2021, respectively:

- For the nine months ended September 30, 2022, actual NVPC was \$2 million below baseline NVPC. Based on forecast data, NVPC for the year ending December 31, 2022 is currently estimated to be below the baseline, and within the established deadband range. Pursuant to the PCAM and related earnings test, because PGE's preliminary regulatory ROE is estimated to be below 10.5% there is no estimated refund to customers expected under the PCAM for 2022.
- For the nine months ended September 30, 2021, actual NVPC was \$60 million above baseline NVPC. For the year ended December 31, 2021, actual NVPC was \$62 million above baseline NVPC, which was outside the established deadband range. Pursuant to the PCAM, as PGE's preliminary regulatory ROE was below 8.5% pursuant to the related earnings test, PGE deferred \$30 million, which represents 90% of the excess variance expected to be collected from customers. On October 24, 2022, PGE and Parties submitted a stipulation with the OPUC that resolved all matters related to the 2021 PCAM, see "*Power Costs*" within "Regulatory Matters" in this Overview section of Item 2 for more information.

Results of Operations

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

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

	Three Months Ended September 30,		% Increase (Decrease)	Nine Months Ended September 30,		% Increase (Decrease)
	2022	2021		2022	2021	
Total revenues	\$ 743	\$ 642	16 %	\$ 1,960	\$ 1,788	10 %
Operating expenses:						
Purchased power and fuel	337	259	30 %	707	613	15 %
Generation, transmission and distribution	83	80	4 %	258	236	9 %
Administrative and other	84	82	2 %	257	247	4 %
Depreciation and amortization	108	101	7 %	310	305	2 %
Taxes other than income taxes	39	37	5 %	118	110	7 %
Total operating expenses	651	559	16 %	1,650	1,511	9 %
Income from operations	92	83	11 %	310	277	12 %
Interest expense, net*	39	33	18 %	115	100	15 %
Other income:						
Allowance for equity funds used during construction	4	4	— %	10	13	(23) %
Miscellaneous income, net	13	1	1200 %	13	6	117 %
Other income, net	17	5	240 %	23	19	21 %
Income before income tax expense	70	55	27 %	218	196	11 %
Income tax expense	12	5	140 %	36	18	100 %
Net income	\$ 58	\$ 50	16 %	\$ 182	\$ 178	2 %

* Includes an allowance for borrowed funds used during construction of \$2 million and \$3 million for the three months ended September 30, 2022 and 2021, and \$5 million and \$7 million for the nine months ended September 30, 2022 and 2021, respectively.

Net income for the three months ended September 30, 2022 increased \$8 million over the three months ended September 30, 2021. Income from operations improved 11%, as Total revenues and Purchased power and fuel expenses both increased. Revenues were up as a result of several factors, including an increase in customer prices to cover anticipated higher net variable power costs as authorized by the OPUC in the AUT, and a 4% increase in total retail energy deliveries over the prior year quarter. Wholesale revenues also increased substantially, driven by considerably higher market prices in 2022. Total operating expenses increased compared to the prior year quarter, reflecting the higher Purchased power and fuel expense and an increase in Depreciation and amortization expense that resulted from the accelerated depreciation of Colstrip, as approved by the OPUC in the Company's 2022 GRC and is offset in retail revenues. Other income increased primarily due to a buyout of a retiree medical benefit plan in the third quarter of 2022, resulting in a \$11 million settlement gain. Income taxes increased due primarily to higher Income before income tax expense and lower tax credits.

Net income for the nine months ended September 30, 2022 was \$4 million higher than the comparable period of 2021. Wholesale revenues were the largest contributor to higher revenues in 2022 as both volumes and prices have increased. Increases in Retail revenues were led by the increase in customer prices to cover anticipated higher net variable power costs, as authorized by the OPUC in the AUT, which were expected to be offset by higher power costs, and higher customer demand. Retail energy deliveries increased 3% as energy deliveries to Industrial cost-of-service customers increased 11% in the nine months ended September 30, 2022 compared to the same period of 2021. The impact of higher natural gas and electricity prices coupled with increased customer demand also drove Purchased power and fuel expense up. Retail revenues were impacted by a slightly lower average price mix in 2022 as a result of the increased demand in the industrial sector. Other increases in Operating expenses reflect the impact of the earnings tests outlined in OPUC Order 22-129, expenses related to service restoration costs, and continued vegetation management activities. Other income increased primarily due to a buyout of a retiree medical benefit plan in the third quarter of 2022, resulting in a \$11 million settlement gain, partially offset by unfavorable market changes on the non-qualified benefit trust and lower AFUDC equity income on lower construction work-in-progress balances. Income taxes increased due primarily to higher Income before income tax expense and lower tax credits and a true up adjustment that reduced income tax expense in early 2021.

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

	Three Months Ended September 30,				Nine Months Ended September 30,							
	2022		2021		2022		2021					
Retail:												
Residential	\$	283	38 %	\$	265	41 %	\$	841	43 %	\$	824	46 %
Commercial		194	26		186	29		540	29		518	29
Industrial		74	10		65	10		216	11		187	10
Direct Access*		9	1		11	2		26	1		35	2
Subtotal		560	75		527	82		1,623	84		1,564	87
Alternative revenue programs, net of amortization		1	—		(12)	(2)		5	—		(23)	(1)
Other accrued revenues, net		6	1		1	—		6	—		12	1
Total retail revenues		567	76		516	80		1,634	84		1,553	87
Wholesale revenues		160	22		112	18		281	14		186	10
Other operating revenues		16	2		14	2		45	2		49	3
Total revenues	\$	743	100 %	\$	642	100 %	\$	1,960	100 %	\$	1,788	100 %

*Commercial revenues from Direct Access customers for the three and nine months ended September 30, 2022 were \$3 million and \$9 million, respectively. For the comparable three- and nine-month periods of 2021, revenues were \$4 million and \$13 million, respectively. Industrial revenues from Direct Access customers for the three and nine months ended September 30, 2022 were \$6 million and \$17 million, respectively. For the comparable three- and nine-month periods of 2021, revenues were \$7 million and \$22 million, respectively.

Total retail revenues—The following items contributed to the increase in Total retail revenues for the three and nine months ended September 30, 2022 compared to the same periods in 2021 as follows (in millions):

	Three Months Ended	Nine Months Ended
September 30, 2021	\$ 516	\$ 1,553
Change as a result of the AUT, approved by the OPUC (partially offset in Purchased power and fuel)	15	51
Average price of energy deliveries due primarily to shift in mix among customer classes resulting from COVID-19 economic recovery and increased industrial demand	4	(11)
Higher retail energy deliveries driven by customer load growth	20	37
Alternative revenue programs related to the decoupling mechanism due primarily to prorated elimination of the mechanism in 2022 and anticipated refunds recorded in 2021 and	7	8
Recovery in Revenues of storm related expenses	5	(2)
Combination of various supplemental tariffs and adjustments	—	(2)
September 30, 2022	\$ 567	\$ 1,634
Change in Total retail revenues	\$ 51	\$ 81

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 long-term wholesale contracts. Such sales can vary significantly from year to year as a result of economic conditions, power and fuel prices, hydro and wind availability, and customer demand.

For the three months ended September 30, 2022, Wholesale revenues increased \$48 million, or 43%, from the three months ended September 30, 2021 as a \$51 million increase from 43% higher average wholesale sales price was partially offset by a \$2 million decrease due to a 2% decrease in sales volumes. Although prices were high in the three months ended September 30, 2021 due to weaker than average regional hydro production in 2021 and reduced regional capacity, prices have continued to increase during 2022 due to strong demand in part due to the unusually warm weather during the 2022 quarter, the impact on natural gas prices due to global energy issues, and ongoing capacity limitations in the region.

Wholesale revenues for the nine months ended September 30, 2022 increased \$95 million from the nine months ended September 30, 2021, as the average wholesale sales price increased 51%, driving \$79 million of the increase. The higher sales prices have resulted from several factors including the overall economic recovery and macroeconomic factors impacting the energy commodity markets, although were driven largely by higher natural gas prices. In addition, sales volumes were up 9%, which contributed another \$16 million.

Other operating revenues increased \$2 million for the three months ended September 30, 2022 compared with the same period in 2021 as market conditions allowed the Company to sell excess natural gas at a gain.

In the nine months ended September 30, 2022, Other operating revenues decreased \$4 million compared to the same period of 2021. In the first nine months of 2021, market conditions allowed the Company to sell excess natural gas at gains that have exceeded those experienced during 2022.

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

The following items contributed to the change in Purchased power and fuel for the three and nine months ended September 30, 2022 compared to the same period in 2021 (dollars in millions, except for average variable power cost per Megawatt hour (MWh)):

	Three Months Ended	Nine Months Ended
September 30, 2021	\$ 259	\$ 613
Decrease related to average variable power cost per MWh	(9)	(71)
Increase related to total system load	60	138
Increase related to PCAM deferral in the third quarter of 2021	27	27
September 30, 2022	<u>337</u>	<u>707</u>
Change in Purchased power and fuel	<u>\$ 78</u>	<u>\$ 94</u>
Average variable power cost per MWh:		
September 30, 2021	\$ 42.19	\$ 34.09
September 30, 2022	\$ 47.75	\$ 36.01
Total system load (MWhs in thousands):		
September 30, 2021	6,781	18,772
September 30, 2022	7,054	19,648

For the three months ended September 30, 2022, the \$9 million decrease related to the change in average variable power cost per MWh was driven by a 2% increase in the average cost of purchased power and a 32% decrease in the average cost per MWh of the Company's own generation. The average cost of PGE's own generation decreased as PGE determined it was more economic to purchase power than use its own gas-fired plant sources. The \$60 million increase related to total system load was driven by higher retail energy deliveries due to customer demand and warmer temperatures.

For the nine months ended September 30, 2022, the \$71 million decrease related to the change in average variable power cost per MWh was driven by a 5% decrease in the average cost of purchased power and a 28% decrease on the average cost for the Company's own generation. The \$138 million increase related to total system load was primarily due to a 35% increase in deliveries of energy obtained from purchased power resulting from the economic displacement of gas facilities in 2022. This was offset by an 16% decrease in the Company's own generation.

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

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2022		2021		2022		2021	
Sources of energy (MWhs in thousands):								
Generation:								
Thermal:								
Natural gas	2,375	34 %	2,785	41 %	5,610	29 %	7,074	38 %
Coal	610	8	560	8	1,576	8	1,455	7
Total thermal	2,985	42	3,345	49	7,186	37	8,529	45
Hydro	196	3	197	3	762	4	778	4
Wind	502	7	646	10	1,410	7	1,843	10
Total generation	3,683	52	4,188	62	9,358	48	11,150	59
Purchased power:								
Hydro	1,543	22	1,076	16	5,107	26	3,548	19
Wind	195	3	253	4	640	3	735	4
Solar	256	4	165	2	585	3	432	2
Natural Gas	25	—	53	1	27	—	57	—
Waste, Wood and Landfill Gas	43	1	44	1	122	1	127	1
Source not specified	1,309	18	1,002	14	3,809	19	2,723	15
Total purchased power	3,371	48	2,593	38	10,290	52	7,622	41
Total system load	7,054	100 %	6,781	100 %	19,648	100 %	18,772	100 %
Less: wholesale sales	(1,875)		(1,912)		(4,807)		(4,416)	
Retail load requirement	5,179		4,869		14,841		14,356	

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Sources of energy (MWhs in thousands):				
PURPA purchased power:				
Hydro	—	—	15	11
Wind	7	10	21	25
Solar	202	154	484	406
Waste, Wood and Landfill Gas	27	29	72	76
Total	236	193	592	518

The following table presents the actual April-to-September 2022 and 2021 runoff at particular points of major rivers relevant to PGE's hydro resources:

Location	Runoff as a Percent of Normal*	
	2022 Actual	2021 Actual
Columbia River at The Dalles, Oregon	107 %	82 %
Mid-Columbia River at Grand Coulee, Washington	110	89
Clackamas River at Estacada, Oregon	139	70
Deschutes River at Moody, Oregon	92	84

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

Actual NVPC for the three and nine months ended September 30, 2022 increased and decreased, respectively compared to the same period in 2021 as follows (in millions):

	Three Months Ended	Nine Months Ended
September 30, 2021	\$ 147	\$ 427
Purchased power and fuel expense	51	67
Wholesale revenues	(48)	(95)
PCAM deferral in the third quarter of 2021	\$ 27	\$ 27
September 30, 2022	\$ 177	\$ 426
Change in NVPC	\$ 30	\$ (1)

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

For the three months ended September 30, 2022 and 2021, actual NVPC was \$30 million and \$53 million above baseline NVPC, respectively. For the nine months ended September 30, 2022 and 2021, actual NVPC was \$2 million below and \$60 million above baseline NVPC, respectively.

Based on forecast data, NVPC for the year ending December 31, 2022 is currently estimated to be below the baseline, and within the deadband. Pursuant to the PCAM’s earnings test, because PGE’s preliminary regulatory ROE is expected to be below 10.5%, there is no estimated refund to customers expected under the PCAM for 2022.

Generation, transmission and distribution increased as follows for the three and nine months ended September 30, 2022 compared to the same periods in 2021 (in millions):

	Three Months Ended	Nine Months Ended
September 30, 2021	\$ 80	\$ 236
Release of previously deferred amounts pursuant to earnings test created in OPUC 2022 GRC Order	—	16
Higher service restoration and storm response costs, other than February 2021 wind and ice storm restoration expenses	5	11
Higher employee compensation and benefits expenses	—	5
Lower distribution vegetation management, inspection, and maintenance expenses	(4)	(1)
February 2021 wind and ice storm restoration expenses	—	(13)
Miscellaneous expenses	2	4
September 30, 2022	\$ 83	\$ 258
Change in Generation, transmission and distribution	\$ 3	\$ 22

Administrative and other increased for the three and nine months ended September 30, 2022 compared to the same periods in 2021 as follows (in millions):

	Three Months Ended	Nine Months Ended
September 30, 2021	\$ 82	\$ 247
Higher facility maintenance, insurance, and licensing expenses	1	6
Regulatory program amortization	2	5
Lower professional service expenses	(1)	(1)
Lower employee compensation and benefits expenses	(3)	(1)
(Lower)/higher bad debt expense	2	(1)
Miscellaneous expenses	1	2
September 30, 2022	\$ 84	\$ 257
Change in Administrative and other	\$ 2	\$ 10

Depreciation and amortization expense increased \$7 million for three months ended September 30, 2022 compared to the same period in 2021. The increase was driven by accelerated depreciation of the Colstrip facility as approved by the OPUC's 2022 GRC Order and commenced in May 2022.

Depreciation and amortization expense increased \$5 million for the nine months ended September 30, 2022, compared to the same period in 2021. The increase was driven by accelerated depreciation of the Colstrip facility and higher plant balances from capital additions, partially offset by regulatory amortizations.

Taxes other than income taxes expense increased \$2 million and \$8 million in the three and nine months ended September 30, 2022, respectively, compared to the same periods in 2021. The increases for both the three and nine months ended were driven by higher franchise and property tax expenses.

Interest expense, net increased \$6 million and \$15 million in the three and nine months ended September 30, 2022 compared to the same periods in 2021 due to higher lease-related interest expenses and higher long-term debt balances.

Other income, net increased \$12 million and \$4 million for the three and nine months ended September 30, 2022 compared to the same periods in 2021. The increases were driven by the execution of a buyout of the Non-represented Retiree Medical Plan in the third quarter of 2022, resulting in a \$11 million settlement gain. See Note 3, Defined Benefit Retirement Plan Costs, in the Notes to Condensed Consolidated Financial Statements in Item 1.—“Financial Statements,” for more information. The increase was partially offset by unfavorable market changes on the non-qualified benefit trust and lower AFUDC equity income on lower construction work-in-progress balances.

Income tax expense increased \$7 million and \$18 million for the three and nine months ended September 30, 2022, compared to the same periods in 2021. The increase for the three months ended September 30, 2022 was driven by an increase in pre-tax income and lower tax credit generation. The increase for the nine months ended September 30, 2022 was driven by a cumulative catch-up adjustment recorded in the first quarter of 2021 to defer and recognize a regulatory asset for previously recorded deferred income tax expenses on a certain local flow-through tax, as well as higher pre-tax income. See Note 10, Income Taxes, in the Notes to Condensed Consolidated Financial Statements in Item 1.—“Financial Statements,” for more information.

Critical Accounting Policies and Estimates

There have been no material changes to the Company's critical accounting policies and estimates as previously disclosed in Item 7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on February 17, 2022.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

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

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

	Nine Months Ended September 30,	
	2022	2021
Cash and cash equivalents, beginning of period	\$ 52	\$ 257
Net cash provided by (used in):		
Operating activities	574	582
Investing activities	(528)	(502)
Financing activities	(80)	(43)
Decrease (increase) in cash and cash equivalents	(34)	37
Cash and cash equivalents, end of period	\$ 18	\$ 294

Cash Flows from Operating Activities—Cash flows from operating activities are generally determined by the amount and timing of cash received from customers and payments made to vendors, as well as the nature and amount of non-cash items, including depreciation and amortization, deferred income taxes, and pension and other postretirement benefit costs included in net income during a given period. The following items contributed to the net change in cash flows from operations for the nine months ended September 30, 2022 compared with the nine months ended September 30, 2021 (in millions):

	Increase/ (Decrease)
Net income	\$ 4
Other post retirement benefits settlement gain - non-cash	(11)
Margin deposits received from wholesale counterparties due to natural gas commodity prices	(58)
Margin deposits paid to wholesale counterparties due to natural gas commodity prices	(11)
Deferral of incremental storm costs in 2021	54
Accounts receivable and Unbilled revenue	(13)
Accounts payable	19
2020 Labor Day wildfire earnings test reserve non-cash adjustment to Net income	15
Decoupling mechanism deferrals, net of amortization	(28)
Other miscellaneous changes	21
Net change in cash flow from operations	\$ (8)

PGE estimates that non-cash charges for depreciation and amortization in 2022 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 \$550 million to \$600 million.

Cash Flows from Investing Activities—Net cash used in investing activities for the nine months ended September 30, 2022 increased \$26 million when compared with the nine months ended September 30, 2021. Cash flows used in investing activities consist primarily of capital expenditures related to new construction and improvements to PGE’s distribution, transmission, and generation facilities, which increased \$55 million, offset by a \$13 million decrease related to proceeds from the sale of property and a \$18 million decrease in other costs of removal related to the 2021 winter storm restoration.

Excluding AFUDC, the Company plans to make capital expenditures of \$750 million in 2022, which it expects to fund with cash to be generated from operations during 2022, 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—During the nine months ended September 30, 2022, net cash used in financing activities was primarily the result of payment of \$117 million of dividends, repurchase of common stock of \$18 million, borrowings on revolving credit facilities of \$40 million, and proceeds from the Pelton/Round Butte financing arrangement of \$25 million.

Capital Requirements

The following table presents PGE's estimated capital expenditures and contractual maturities of long-term debt for 2022 through 2026, excluding AFUDC (in millions).

	2022	2023	2024	2025	2026
Ongoing capital expenditures ⁽¹⁾	\$ 735	\$ 725	\$ 725	\$ 750	\$ 775
Integrated Operations Center	15	10	—	—	—
Clearwater Wind project	—	415	—	—	—
Total capital expenditures ⁽²⁾	\$ 750	\$ 1,150	\$ 725	\$ 750	\$ 775
Long-term debt maturities	\$ —	\$ 260	\$ 80	\$ —	\$ —

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

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

Debt and Equity Financings

PGE's ability to secure sufficient short- and long-term capital at a reasonable cost is determined by its financial performance and outlook, 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 2022, PGE expects to fund estimated capital requirements with cash from operations, which is expected to range from \$550 million to \$600 million, issuances of long-term debt securities of up to \$460 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 FERC on January 20, 2022, PGE has authorization to issue short-term debt up to a total of \$900 million through February 6, 2024. The following table shows available liquidity as of September 30, 2022 (in millions):

	As of September 30, 2022		
	Capacity	Outstanding	Available
Revolving credit facility ⁽¹⁾	\$ 650	\$ —	\$ 650
Letters of credit ⁽²⁾	220	91	129
Total credit	\$ 870	\$ 91	\$ 779
Cash and cash equivalents			18
Total liquidity			\$ 797

(1) Scheduled to expire September 2027.

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

In September 2022, PGE amended and restated its existing revolving credit facility. As of September 30, 2022, PGE had a \$650 million revolving credit facility scheduled to expire in September 2027. The facility allows for unlimited extension requests, provided that lenders with a pro-rata share of more than 50% of the facility approve the

extension request. The revolving credit facility supplements operating cash flows and provides a primary source of liquidity. In addition, the Credit Facility offers the potential for adjustments to interest rate margins and fees based on PGE's achievement of certain annual sustainability-linked metrics related to its non-emitting generation capacity and the percentage of management comprised of women and employees who identify as black, indigenous, and people of color. Pursuant to the terms of the agreement, the revolving credit facility may be used as backup for commercial paper borrowings, to permit the issuance of standby letters of credit, and to provide cash for general corporate purposes. PGE may borrow for one, three, or six months at a fixed interest rate established at the time of the borrowing, or at a variable interest rate for any period up to the remaining term of the applicable credit facility.

The Company has a commercial paper program under which it may issue commercial paper for terms of up to 270 days, limited to the unused amount of credit under the revolving credit facility. As of September 30, 2022, PGE had \$40 million of commercial paper outstanding. The aggregate unused available credit capacity under the revolving credit facility was \$650 million. The Company has elected to limit its borrowings under the revolving credit facility in order to allow coverage for the potential need to repay any commercial paper that may be outstanding at the time.

Long-term Debt. As of September 30, 2022, PGE's total long-term debt outstanding, net of \$13 million of unamortized debt expense, was \$3,286 million.

On October 21, 2022, PGE obtained a 366-day term loan from lenders in the aggregate principal of \$260 million under a 366-Day Bridge Credit Agreement, which is attached as Exhibit 10.1 to this Form 10-Q and incorporated herein by reference. The term loan bears interest for the relevant interest period at the Term Secured Overnight Financing Rate (SOFR) plus Term SOFR Adjustment Rate of 10 basis points and Applicable Margin of 87.5 basis points. The interest rate is subject to adjustment pursuant to the terms of the loan. The loan is prepayable, in whole or in part, without penalty, at any time. The credit agreement expires on October 22, 2023, with any outstanding balance due and payable on such date. The term loan will be classified as long-term debt on PGE's condensed consolidated balance sheet.

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 45.3% and 45.2% as of September 30, 2022 and December 31, 2021 respectively.

Credit Ratings and Debt Covenants

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

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

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

As of September 30, 2022, PGE had posted \$38 million of collateral with these counterparties, consisting of \$21 million in cash and \$17 million in letters of credit. Based on the Company's energy portfolio, estimates of energy market prices, and the level of collateral outstanding as of September 30, 2022, the amount of additional collateral that could be requested upon a single agency downgrade to below investment grade is \$112 million, and decreases to \$55 million by December 31, 2022. The amount of additional collateral that could be requested upon a dual agency downgrade to below investment grade is \$200 million and decreases to \$143 million by December 31, 2022 and to \$98 million by December 31, 2023.

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 First Mortgage Bonds (FMBs) constitutes a direct first mortgage lien on substantially all regulated utility property, other than expressly excepted property. Interest is payable semi-annually on FMBs. The issuance of FMBs requires that PGE meet earnings coverage and security provisions set forth in the Indenture of Mortgage and Deed of Trust (Indenture) securing the bonds. PGE estimates that on September 30, 2022, under the most restrictive issuance test in the Indenture, the Company could have issued up to \$696 million of additional FMBs. Any issuances of FMBs would be subject to market conditions and amounts could be further limited by regulatory authorizations or by covenants and tests contained in other financing agreements. PGE also has the ability to release property from the lien of the Indenture under certain circumstances, including bond credits, deposits of cash, or certain sales, exchanges, or other dispositions of property.

PGE's revolving credit facility contains customary covenants and credit provisions, including a requirement that limits consolidated indebtedness, as defined in the credit agreements, to 65.0% of total capitalization (debt-to-total capital ratio). As of September 30, 2022, the Company's debt-to-total capital ratio, as calculated under the credit agreement, was 54.8%.

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, 2021, filed with the SEC on February 17, 2022.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

PGE's management, under the supervision and with the participation of its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as required by Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. Based on that evaluation, PGE's Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2022, 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 Part I, Item 1A of the Company’s Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on February 17, 2022.

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

PGE did not repurchase any shares of its common stock during the three-month period ended September 30, 2022.

Item 6. Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
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	366-Day Bridge Credit Agreement dated as of October 21, 2022 among Portland General Electric Company, the Lenders party thereto, and Barclays Bank, PLC, as Administrative Agent.
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 25, 2022, formatted in iXBRL (Inline Extensible Business Reporting Language).

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

SIGNATURE

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

PORTLAND GENERAL ELECTRIC COMPANY
(Registrant)

Date: October 24, 2022

By: /s/ James A. Ajello
James A. Ajello
*Senior Vice President Finance CFO, Treasurer & Corporate
Compliance Officer*
(duly authorized officer and principal financial officer)

366-DAY BRIDGE CREDIT AGREEMENT DATED AS OF October 21, 2022

AMONG

PORTLAND GENERAL ELECTRIC COMPANY, THE LENDERS,

**BARCLAYS BANK PLC,
as ADMINISTRATIVE AGENT,**

**BARCLAYS BANK PLC,
AS SOLE LEAD ARRANGER AND SOLE BOOK RUNNER**

TABLE OF CONTENTS

PAGE

DEFINITIONS ARTICLE 1 1

ARTICLE 2
THE CREDITS 20

Section 2.01.	<i>The Facility.</i>	20
Section 2.02.	<i>Advances.</i>	20
Section 2.03.	<i>Reductions of the Aggregate Commitment.</i>	21
Section 2.04.	<i>Method of Borrowing</i>	22
Section 2.05.	<i>Fees.</i>	22
Section 2.06.	<i>Minimum Amount of Each Advance</i>	22
Section 2.07.	<i>Principal Payments.</i>	22
Section 2.08.	<i>Changes in Interest Rate, etc</i>	23
Section 2.09.	<i>Rates Applicable After Default</i>	23
Section 2.10.	<i>Method of Payment</i>	24
Section 2.11.	<i>Evidence of Indebtedness; Recordkeeping.</i>	24
Section 2.12.	<i>Telephonic Notices</i>	24
Section 2.13.	<i>Interest Payment Dates; Interest and Fee Basis</i>	24
Section 2.14.	<i>Notification of Advances, Interest Rates, Prepayments and Commitment Reductions</i>	25
Section 2.15.	<i>Lending Installations</i>	25
Section 2.16.	<i>Non-Receipt of Funds by the Agent</i>	25
Section 2.17.	<i>Replacement of Lender</i>	26
Section 2.18.	<i>[Reserved].</i>	26
Section 2.19.	<i>[Reserved].</i>	26
Section 2.20.	<i>[Reserved].</i>	26
Section 2.21.	<i>Defaulting Lenders.</i>	26

ARTICLE 3
YIELD PROTECTION; TAXES 28

Section 3.01.	<i>Yield Protection</i>	28
Section 3.02.	<i>Changes in Capital Adequacy Regulations</i>	28
Section 3.03.	<i>Availability of Types of Advances.</i>	29
Section 3.04.	<i>Funding Indemnification</i>	31
Section 3.05.	<i>Taxes.</i>	31
Section 3.06.	<i>Lender Statements; Survival of Indemnity</i>	34

ARTICLE 4

CONDITIONS PRECEDENT 35

Section 4.01.	<i>Effectiveness</i>	35
---------------	----------------------	----

ARTICLE 5
REPRESENTATIONS AND WARRANTIES 36

Section 5.01.	<i>Corporate Existence</i>	37
Section 5.02.	<i>Litigation and Contingent Obligations</i>	37
Section 5.03.	<i>No Breach</i>	37
Section 5.04.	<i>Corporate Action.</i>	37
Section 5.05.	<i>Approvals</i>	38
Section 5.06.	<i>Use of Loans</i>	38
Section 5.07.	<i>ERISA</i>	38
Section 5.08.	<i>Taxes</i>	38
Section 5.09.	<i>Subsidiaries</i>	39
Section 5.10.	<i>No Material Adverse Change</i>	39
Section 5.11.	<i>Financial Statements</i>	39
Section 5.12.	<i>No Material Misstatements</i>	39
Section 5.13.	<i>Properties</i>	40
Section 5.14.	<i>Environmental Matters</i>	40
Section 5.15.	<i>Investment Company Act</i>	40
Section 5.16.	<i>Anti-Terrorism; Anti-Money Laundering</i>	40
Section 5.17.	<i>Affected Financial Institution</i>	41

ARTICLE 6
COVENANTS 41

Section 6.01.	<i>Preservation of Existence and Business</i>	41
Section 6.02.	<i>Preservation of Property</i>	41
Section 6.03.	<i>Payment of Taxes</i>	41
Section 6.04.	<i>Compliance with Applicable Laws and Contracts</i>	41
Section 6.05.	<i>Preservation of Loan Document Enforceability</i>	42
Section 6.06.	<i>Insurance</i>	42
Section 6.07.	<i>Use of Proceeds</i>	42
Section 6.08.	<i>Visits, Inspections and Discussions</i>	42
Section 6.09.	<i>Information to Be Furnished</i>	43
Section 6.10.	<i>Liens</i>	45
Section 6.11.	<i>Indebtedness to Capitalization Ratio</i>	47
Section 6.12.	<i>Merger or Consolidation</i>	47
Section 6.13.	<i>Disposition of Assets</i>	47
Section 6.14.	<i>Beneficial Ownership Regulation</i>	47
Section 6.15.	<i>Anti-Corruption Laws; Anti-Money Laundering Laws and Sanctions.</i>	47

ARTICLE 7
DEFAULTS 48

ARTICLE 8
ACCELERATION, WAIVERS, AMENDMENTS AND REMEDIES 50

- Section 8.01. *Acceleration* 50
- Section 8.02. *Amendments* 50
- Section 8.03. *Preservation of Rights* 51

ARTICLE 9
GENERAL PROVISIONS 52

- Section 9.01. *Survival of Representations* 52
- Section 9.02. *Governmental Regulation* 52
- Section 9.03. *Headings* 52
- Section 9.04. *Entire Agreement* 52
- Section 9.05. *Several Obligations; Benefits of this Agreement* 52
- Section 9.06. *Expenses; Indemnification.* 52
- Section 9.07. *Numbers of Documents* 53
- Section 9.08. *Accounting* 53
- Section 9.09. *Severability of Provisions* 53
- Section 9.10. *Nonliability of Lenders* 54
- Section 9.11. *Confidentiality* 54
- Section 9.12. *Nonreliance* 55
- Section 9.13. *No Advisory or Fiduciary Relationship* 55
- Section 9.14. *USA PATRIOT ACT NOTIFICATION* 56
- Section 9.15. *[Reserved].* 56
- Section 9.16. *Acknowledgement and Consent to Bail-In of Affected Financial Institutions.* 56
- Section 9.17. *Certain ERISA Matters.* 57
- Section 9.18. *Rates.* 58
- Section 9.19. *[Reserved].* 58
- Section 9.20. *Electronic Execution.* 59

ARTICLE 10
THE AGENT 59

- Section 10.01. *Appointment; Nature of Relationship* 59
- Section 10.02. *Powers* 60
- Section 10.03. *General Immunity* 60
- Section 10.04. *Responsibility for Loans, Recitals, etc* 60
- Section 10.05. *Action on Instructions of Lenders* 61
- Section 10.06. *Employment of Agents and Counsel* 61
- Section 10.07. *Reliance on Documents; Counsel* 61
- Section 10.08. *Agent's Reimbursement and Indemnification* 61
- Section 10.09. *Notice of Default* 62

Section 10.10.	<i>Rights as a Lender</i>	62
Section 10.11.	<i>Lender Credit Decision</i>	63
Section 10.12.	<i>Successor Agent</i>	63
Section 10.13.	<i>Agent and Arranger Fees</i>	64
Section 10.14.	<i>Delegation to Affiliates</i>	64
Section 10.15.	<i>The Arranger</i>	64
Section 10.16.	<i>Erroneous Payments.</i>	65

ARTICLE 11
SETOFF; RATABLE PAYMENTS 67

Section 11.01.	<i>Setoff</i>	67
Section 11.02.	<i>Ratable Payments</i>	67

ARTICLE 12
BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS 68

Section 12.01.	<i>Successors and Assigns</i>	68
Section 12.02.	<i>Participations.</i>	68
Section 12.03.	<i>Assignments.</i>	69
Section 12.04.	<i>Dissemination of Information</i>	72
Section 12.05.	<i>Tax Forms</i>	72
Section 12.06.	<i>Designation of SPVs.</i>	72
Section 12.07.	<i>Cashless Settlement</i>	73

ARTICLE 13
NOTICES 73

Section 13.01.	<i>Notices.</i>	73
Section 13.02.	<i>Change of Address</i>	74

ARTICLE 14
COUNTERPARTS 74

ARTICLE 15
CHOICE OF LAW; CONSENT TO JURISDICTION 75

Section 15.01.	<i>CHOICE OF LAW</i>	75
Section 15.02.	<i>CONSENT TO JURISDICTION</i>	75

SCHEDULES

SCHEDULE 2	COMMITMENTS
SCHEDULE 3	INDEBTEDNESS EXCEPTIONS
SCHEDULE 5.2	LITIGATION
SCHEDULE 5.9	SUBSIDIARIES
SCHEDULE 5.16	ANTI-TERRORISM; ANTI-MONEY LAUNDERING

SCHEDULE 13.1 NOTICE ADDRESSES

EXHIBITS

- EXHIBIT A FORM OF ASSIGNMENT AGREEMENT
- EXHIBIT B FORM OF OPINION OF BORROWER'S
COUNSEL
- EXHIBIT C FORM OF COMPLIANCE CERTIFICATE
- EXHIBIT D FORM OF NOTE
- EXHIBIT E FORM OF BORROWING NOTICE
- EXHIBIT F FORM OF CONVERSION/CONTINUATION
NOTICE
- EXHIBIT G FORM OF REPAYMENT NOTICE

This **366-DAY BRIDGE CREDIT AGREEMENT**, dated as of October 21, 2022 (this “**Agreement**”), is among Portland General Electric Company (the “**Borrower**”), the Lenders party hereto and Barclays Bank PLC, as administrative agent for the Lenders. The parties hereto, intending to be legally bound hereby, agree as follows:

ARTICLE 1 DEFINITIONS

As used in this Agreement:

“**Adjusted Term SOFR**” means, for purposes of any calculation, the rate per annum equal to (a) Term SOFR for such calculation plus (b) the Term SOFR Adjustment; *provided* that if Adjusted Term SOFR as so determined shall ever be less than the Floor, then Adjusted Term SOFR shall be deemed to be the Floor.

“**Advance**” means a borrowing hereunder (i) made by the Lenders on the same Borrowing Date, or (ii) converted or continued by the Lenders on the same date of conversion or continuation, consisting, in either case, of the aggregate amount of the several Loans of the same Type and, in the case of SOFR Loans, for the same Interest Period.

“**Affected Financial Institution**” means (a) any EEA Financial Institution or (b) any UK Financial Institution.

“**Affected Lender**” is defined in Section 2.17.

“**Affiliate**” of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person.

“**Agent**” means Barclays, in its capacity as administrative agent for and contractual representative of the Lenders pursuant to Article 10, and not in its individual capacity as a Lender, and any successor Agent appointed pursuant to Article 10.

“**Agreement**” is defined in the preamble.

“**Agreement Accounting Principles**” means United States generally accepted accounting principles as in effect from time to time, applied in a manner consistent with that used in preparing the financial statements referred to in Section 5.11.

“**Alternate Base Rate**” means, for any day, a floating rate of interest per annum equal to the highest of (i) the Prime Rate in effect on such day, (ii) the sum of Federal Funds Effective Rate for such day plus 0.50% per annum and (iii) the sum of (a) Adjusted Term SOFR for a one-month tenor in effect on such day plus (b) 1.00% (provided that clause (iii) shall not be applicable during any period in which Adjusted Term SOFR is unavailable or unascertainable). Any change in such Prime Rate shall take place at the opening of business on the day specified in the public announcement of

such change. If the Alternate Base Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

“Anti-Corruption Laws” means all laws, rules, and regulations of any jurisdiction from time to time concerning or relating to bribery or corruption, including the United States Foreign Corrupt Practices Act of 1977 and the rules and regulations thereunder and the U.K. Bribery Act of 2010 and the rules and regulations thereunder.

“Anti-Money Laundering Laws” means any and all laws, statutes, regulations or obligatory government orders, decrees, ordinances or rules related to terrorism financing, money laundering, any predicate crime to money laundering or any financial record keeping, including any applicable provision of the PATRIOT Act and The Currency and Foreign Transactions Reporting Act (also known as the “Bank Secrecy Act,” 31 U.S.C. §§ 5311-5330 and 12 U.S.C. §§ 1818(s), 1820(b) and 1951-1959).

“Applicable Margin” means, for any day, (i) with respect to the SOFR Rate, 0.875% per annum and (ii) with respect to the Floating Rate, 0.00% per annum.

“Approved Fund” means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“Arranger” means Barclays Bank PLC and its respective successors, in its capacity as sole lead arranger and sole book runner.

“Article” means an article of this Agreement unless another document is specifically referenced.

“Assignee Group” means two or more assignees that are Affiliates of one another or two or more Approved Funds managed by the same investment advisor.

“Assignment Agreement” means an Assignment Agreement in the form of Exhibit A.

“Available Tenor” means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (a) if such Benchmark is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an interest period pursuant to this Agreement or (b) otherwise, any payment period for interest calculated with reference to such Benchmark (or component thereof) that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark, in each case, as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of **“Interest Period”** pursuant to Section 3.03(b)(iv).

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

“Bail-In Legislation” means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation, rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“Barclays” means Barclays Bank PLC.

“Base Rate SOFR Determination Day” is defined in the definition of “Term SOFR”.

“Benchmark” means, initially, the Term SOFR Reference Rate; provided that if a Benchmark Transition Event has occurred with respect to the Term SOFR Reference Rate or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 3.03(b)(i).

“Benchmark Replacement” means with respect to any Benchmark Transition Event, the first alternative set forth in the order below that can be determined by the Agent for the applicable Benchmark Replacement Date:

(a) with respect to SOFR Loans, Daily Simple SOFR; or

(b) the sum of: (i) the alternate benchmark rate that has been selected by the Agent and the Borrower giving due consideration to (A) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (B) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement to the then-current Benchmark for dollar-denominated syndicated credit facilities and (ii) the related Benchmark Replacement Adjustment;

provided, that if the Benchmark Replacement would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

“Benchmark Replacement Adjustment” means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Available Tenor, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Agent and the Borrower giving due consideration to (a) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or

(b) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for dollar-denominated syndicated credit facilities.

“**Benchmark Replacement Date**” means the earliest to occur of the following events with respect to the then-current Benchmark:

(a) in the case of clause (a) or (b) of the definition of “**Benchmark Transition Event**,” the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or

(b) in the case of clause (c) of the definition of “**Benchmark Transition Event**,” the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by or on behalf of the administrator of such Benchmark (or such component thereof) or the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative; *provided* that such non-representativeness, non-compliance or non-alignment will be determined by reference to the most recent statement or publication referenced in such clause (c) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

For the avoidance of doubt, the “**Benchmark Replacement Date**” will be deemed to have occurred in the case of clause (a) or (b) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

“**Benchmark Transition Event**” means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(a) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely; *provided* that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(b) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the FRB, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or

such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely; *provided* that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(c) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) or the regulatory supervisor for the administrator of such Benchmark (or such component thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative.

For the avoidance of doubt, a “Benchmark Transition Event” will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

“**Benchmark Unavailability Period**” means the period (if any) (x) beginning at the time that a Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 3.03(b)(i) and (y) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 3.03(b)(i).

“**Beneficial Ownership Certification**” means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

“**Beneficial Ownership Regulation**” means 31 CFR § 1010.230.

“**Benefit Plan**” means any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in and subject to Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan”.

“**Borrower**” is defined in the preamble.

“**Borrowing Date**” means a date on which an Advance is made hereunder. “**Borrowing Notice**” is defined in Section 2.02(c).

“**Business Day**” means a day (other than a Saturday or Sunday) on which banks generally are open in New York for the conduct of substantially all of their commercial lending activities and interbank wire transfers can be made on the Fedwire system.

“**Capitalized Lease**” of a Person means any lease of Property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

“**Capitalized Lease Obligations**” of a Person means the amount of the obligations of such Person under Capitalized Leases which would be shown as a liability on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

“**Change in Control**” means the acquisition by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d3 of the SEC under the Securities Exchange Act of 1934) of 30% or more of the outstanding shares of voting stock of the Borrower.

“**Change in Law**” means the occurrence, after the Effective Date, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; *provided* that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“**Code**” means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time, and the rules and regulations promulgated thereunder.

“**Commitment**” means, for each Lender, the obligation of such Lender to make Loans to the Borrower, in an aggregate amount not exceeding the amount set forth on Schedule 2, as such amount may be modified from time to time pursuant to the terms hereof.

“**Conforming Changes**” means, with respect to either the use or administration of the SOFR Rate, Term SOFR or the use, administration, adoption or implementation of any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Alternate Base Rate,” the definition of “Business Day,” the definition of “U.S. Government Securities Business Day,” the definition of “Interest Period” or any similar or analogous definition (or the addition of a concept of “interest period”), timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of Section 3.04 and other technical, administrative or operational matters) that the Agent decides may be

appropriate to reflect the adoption and implementation of any such rate or to permit the use and administration thereof by the Agent in a manner substantially consistent with market practice (or, if the Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Agent determines that no market practice for the administration of any such rate exists, in such other manner of administration as the Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

“**Consolidated Indebtedness**” means at any time all Indebtedness of the Borrower and its Subsidiaries calculated on a consolidated basis as of such time.

“**Conversion/Continuation Notice**” is defined in Section 2.02(d).

“**Daily Simple SOFR**” means, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by the Agent in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining “Daily Simple SOFR” for syndicated business loans; *provided*, that if the Agent decides that any such convention is not administratively feasible for the Agent, then the Agent may establish another convention in its reasonable discretion.

“**Debt**” means any liability that constitutes “debt” or “Debt” under Section 101(11) of the United States Bankruptcy Code or under the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any analogous applicable law, rule or regulation, Governmental Approval, order, writ, injunction or decree of any court or Governmental Authority.

“**Debt Issuance**” means the incurrence of Debt by the Borrower (excluding (i) advances under the Existing Credit Agreement as in effect as of the date hereof (including the renewal, replacement or refinancing thereof; provided that the aggregate commitments thereunder do not exceed the aggregate commitments in respect of the Existing Credit Agreement as of the date hereof plus up to an additional \$100,000,000 subject to Section 2.3(a) of the Existing Credit Agreement), (ii) commercial paper issuances, (iii) ordinary course letter of credit facilities, overdraft protection and short term working capital facilities, ordinary course foreign credit facilities (including the renewal, replacement or refinancing thereof), capital leases, hedging and cash management, (iv) purchase money and equipment financings and similar obligations and (v) Debt related to that certain private placement notes offering disclosed to the Arranger prior to the date hereof in an amount not to exceed \$200,000,000).

“**Default**” means an event described in Article 7.

“**Defaulting Lender**” means, subject to Section 2.21(b), any Lender that, as determined by the Agent, (a) has failed to perform any of its funding obligations hereunder, including in respect of its Loans, within three Business Days of the date required to be funded by it hereunder, unless such Lender notifies the Agent and the Borrower in writing that such failure is the result of such Lender’s determination that one or more conditions precedent to funding (each of which conditions precedent, together

with any applicable default, shall be specifically identified in such writing) has not been satisfied, (b) has notified the Borrower or the Agent that it does not intend to comply with its funding obligations or has made a public statement to that effect with respect to its funding obligations hereunder or under other agreements in which it commits to extend credit, (c) has failed, within three Business Days after written request by the Agent, to confirm in writing to the Agent that it will comply with its funding obligations (*provided* that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Agent and the Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any bankruptcy or similar debtor relief law, (ii) had a receiver, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or a custodian appointed for it, (iii) taken any action in furtherance of, or indicated its consent to, approval of or acquiescence in any such proceeding or appointment or (iv) has become the subject of a Bail-In Action; *provided* that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender.

“**Disclosure Documents**” means (i) the Borrower’s Annual Report on Form 10-K for the year ended December 31, 2021 and (ii) the Borrower’s Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, in each case, since the date referred to in clause (i) and prior to the Effective Date, in each case filed with the SEC.

“**EEA Financial Institution**” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“**EEA Member Country**” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“**EEA Resolution Authority**” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“**Effective Date**” is defined in [Section 4.01](#)

“**Electronic Record**” has the meaning assigned to that term in, and shall be interpreted in accordance with, 15 U.S.C. 7006.

“Electronic Signature” has the meaning assigned to that term in, and shall be interpreted in accordance with, 15 U.S.C. 7006.

“Environmental Laws” means any and all federal, state, local and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, injunctions, permits, grants, franchises, licenses, agreements and other governmental restrictions relating to (i) the protection of the environment, (ii) the effect of the environment on human health and safety, (iii) emissions, discharges or releases of pollutants, contaminants, hazardous substances or wastes into surface water, ground water or land, or (iv) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous substances or wastes or the clean-up or other remediation thereof.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any rule or regulation issued thereunder.

“ERISA Affiliate” means, with respect to any Person, any other Person, including a Subsidiary or other Affiliate of such first Person, that is a member of any group of organizations within the meaning of Code Sections 414(b), (c), (m) or (o) of which such first Person is a member.

“ERISA Benefit Plan” means any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan”.

“Erroneous Payment” is defined in Section 10.16(a).

“Erroneous Payment Deficiency Assignment” is defined in Section 10.16(d). **“Erroneous Payment Impacted Class”** is defined in Section 10.16(d). **“Erroneous Payment Return Deficiency”** is defined in Section 10.16(d).

“Equity Interests” means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

“Equity Issuance” means the issuance of any Equity Interests by the Borrower (excluding (i) issuances pursuant to employee stock plans and retirement plans or issued as compensation to officers and/or non-employee directors or other benefit or employee incentive arrangements and (ii) issuances of directors’ qualifying shares and/or other nominal amounts required to be held by persons other than the Borrower under applicable law).

“**EU Bail-In Legislation Schedule**” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“**Excluded Taxes**” means, in the case of each Lender or applicable Lending Installation and the Agent, (A) taxes imposed on its overall net income, and franchise taxes or gross revenue taxes in the nature of net income taxes, including without limitation the Washington Business and Occupation Tax, the Ohio Commercial Activity Tax and other similar taxes, by either (i) any jurisdiction under the laws of which such Lender or the Agent is incorporated or organized or (ii) the jurisdiction in which the Agent’s or such Lender’s principal executive office or such Lender’s applicable Lending Installation is located and (B) any U.S. federal withholding taxes imposed under FATCA.

“**Exhibit**” refers to an exhibit to this Agreement, unless another document is specifically referenced.

“**Existing Credit Agreement**” means that certain Second Amended and Restated Credit Agreement, dated as of September 10, 2021 (as amended by the First Amendment, dated as of September 9, 2022) among the Borrower, the lenders from time to time party thereto and Wells Fargo Bank, National Association, as administrative agent.

“**Facility**” means the credit facility established under this Agreement. “**FATCA**” means Sections 1471 through 1474 of

the Code, as of the date of this

Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b) (1) of the Code and any applicable intergovernmental agreements.

“**FCA**” is defined in Section 9.18.

“**Federal Funds Effective Rate**” means, for any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, *provided* that if such rate is not so published for any day which is a Business Day, the Federal Funds Effective Rate for such day shall be the average of the quotation for such day on such transactions received by the Agent from three federal funds brokers of recognized standing selected by the Agent. Notwithstanding the foregoing, if the Federal Funds Effective Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“**Fee and Syndication Letter**” means that certain Fee and Syndication Letter dated October 21, 2022 between Borrower and Barclays pertaining to this Agreement.

“**Floating Rate**” means, for any day, a rate per annum equal to (i) the Alternate Base Rate for such day, changing when and as the Alternate Base Rate changes plus (ii) the Applicable Margin.

“**Floating Rate Advance**” means an Advance which, except as otherwise provided in Section 2.09, bears interest at the Floating Rate.

“**Floor**” means a rate of interest equal to zero.

“**FRB**” means the Board of Governors of the Federal Reserve System of the United States.

“**Fund**” means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

“**Governmental Approval**” means any authorization, consent, approval, license or exception of, registration or filing with, or report or notice to, any governmental unit.

“**Governmental Authority**” means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“**Granting Lender**” is defined in Section 12.06.

“**Guaranty**” of a Person means any agreement, undertaking or arrangement (including, without limitation, any comfort letter, operating agreement, take or pay contract, application for a letter of credit or the obligations of any such Person as general partner of a partnership with respect to the liabilities of the partnership) by which such Person (i) assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the obligation or liability of any other Person, (ii) agrees to maintain the net worth or working capital or other financial condition of any other Person, or (iii) otherwise assures any creditor of such other Person against loss.

“**IBA**” is defined in Section 9.18.

“**Indebtedness**” of a Person means such Person’s (i) obligations for borrowed money, (ii) obligations representing the deferred purchase price of Property or services (other than accounts payable arising in the ordinary course of such Person’s business payable on terms customary in the trade), (iii) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from Property now or hereafter owned or acquired by such Person, (iv) obligations which are evidenced by notes, bankers’ acceptances, or other instruments, (v) obligations of such Person to purchase accounts, securities or other Property arising out of or in connection with the sale of the same or substantially similar accounts, securities or Property, (vi) Capitalized Lease Obligations, (vii) any other obligation for borrowed money or other financial accommodation which in accordance with Agreement Accounting Principles would be shown as a liability on the consolidated balance sheet of such Person, (viii) net liabilities

under interest rate swap, exchange or cap agreements, obligations or other liabilities with respect to accounts or notes, (ix) sale and leaseback transactions which do not create a liability on the consolidated balance sheet of such Person, (x) other transactions which are the functional equivalent, or take the place, of borrowing but which do not constitute a liability on the consolidated balance sheet of such Person and (xi) Guaranties of Indebtedness; *provided* that there shall be excluded from this definition (1) (except for the purposes of Section 7.05) Interest Deferral Obligations up to an amount outstanding at any one time equal to 15% of the amount described in clause (a) of the definition of “Total Capitalization,” excluding in the calculation thereof for the purposes of this proviso, however, preferred and preference stock, and (2) the agreements listed on Schedule 3 and similar agreements entered into for the operation and maintenance of power plants or the purchase of power or transmission services (*provided*, for the avoidance of doubt, that this Agreement shall not be deemed to be such an agreement as a result of it being available to support collateral requirements under the Borrower’s energy purchase and sale agreements).

“**Interest Deferral Obligations**” means obligations and guaranties related thereto, which obligations and guaranties are junior and subordinated in all respects to all amounts owing under the Loan Documents, that contain provisions allowing the obligor to extend the interest payment period from time to time and defer any interest payments (however denominated) due during such extended interest payment period.

“**Interest Period**” means with respect to a SOFR Advance, a period of one or three months commencing on a Business Day selected by the Borrower pursuant to this Agreement. Such Interest Period shall end on the day which corresponds numerically to such date one or three months thereafter, *provided* that if there is no such numerically corresponding day in such next or third succeeding month, such Interest Period shall end on the last Business Day of such next or third succeeding month. If an Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next succeeding Business Day, *provided* that if said next succeeding Business Day falls in a new calendar month, such Interest Period shall end on the immediately preceding Business Day. Notwithstanding any other provision of this Agreement the Borrower may not select any Interest Period that would extend beyond the Maturity Date.

“**Lender Funding Obligation**” is defined in Section 12.06(a).

“**Lenders**” means the financial institutions from time to time parties hereto as lenders, together with their respective successors and assigns.

“**Lending Installation**” means, with respect to a Lender or the Agent, the office, branch, subsidiary or affiliate of such Lender or the Agent listed on Schedule 13.1 or otherwise selected by such Lender or the Agent pursuant to Section 2.15, which office may, to the extent the applicable Lender notifies the Agent in writing, include an office of any Affiliate of such Lender or any domestic or foreign branch of such Lender or Affiliate.

“**Lien**” means any lien (statutory or other), mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, Capitalized Lease or other title retention agreement).

“**Loan**” means, with respect to a Lender, any loan made by such Lender pursuant to Article 2 (including any conversion or continuation thereof).

“**Loan Documents**” means this Agreement and each Note. “**Margin Stock**” means margin stock as defined in Regulation U.

“**Material Adverse Effect**” means a material adverse effect on (i) the business or financial condition of the Borrower and its Subsidiaries taken as a whole, (ii) the ability of the Borrower to perform its obligations under the Loan Documents, or (iii) the validity or enforceability of any of the Loan Documents against the Borrower or the material rights or remedies of the Agent or the Lenders thereunder, it being understood that if the Moody’s Rating and/or the S&P Rating is downgraded to Baa2 or below or BBB or below, respectively, such downgrade in and of itself shall not constitute a Material Adverse Effect (but shall only constitute a Material Adverse Effect if such downgrade results in a material adverse effect of the type described in clause (i) or (ii) above).

“**Material Indebtedness**” is defined in Section 7.05.

“**Maturity Date**” means the date that is 366 days after the Effective Date. “**Moody’s**” means Moody’s Investors Service, Inc. and any successor thereto. “**Moody’s Rating**” means, at any time, the rating issued by Moody’s and then in effect with respect to the Borrower’s senior unsecured long-term public debt securities without third-party credit enhancement (it being understood that if the Borrower does not have any outstanding debt securities of the type described above but has an indicative rating from Moody’s for debt securities of such type, then such indicative rating shall be used for determining the “Moody’s Rating” and if the Borrower does not have such an indicative rating, but has an issuer rating from Moody’s, then such issuer rating shall be used for determining the “Moody’s Rating”).

“**Mortgage**” is defined in Section 6.10(e).

“**Multiemployer Benefit Plan**” means any Benefit Plan that is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

“**Net Cash Proceeds**” means:

- (i) with respect to any Debt Issuance, the excess, if any, of (A) cash received by the Borrower in connection with such incurrence, issuance, offering or placement over
- (B) the sum of (I) payments made to retire any Indebtedness that is required to be repaid

in connection with such issuance, offering or placement (other than the Advances) and (II) the underwriting discounts and commissions and other fees and expenses incurred by the Borrower in connection with such incurrence, issuance, offering or placement; and

(ii) with respect to any Equity Issuance, the excess of (A) the cash received by the Borrower in connection with such issuance over (B) the underwriting discounts and commissions and other fees and expenses incurred by the Borrower in connection with such issuance.

“**Note**” is defined in Section 2.11.

“**Obligations**” means all unpaid principal of and accrued and unpaid interest with respect to any Loan, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations of the Borrower to the Lenders or to any Lender, the Agent or any indemnified party arising under the Loan Documents.

“**OFAC**” means the U.S. Department of the Treasury’s Office of Foreign Assets Control.

“**Other Taxes**” is defined in Section 3.05(b).

“**Participant Register**” has the meaning specified in Section 12.02(c). “**Participants**” is defined in Section 12.02(a).

“**Payment Date**” means the last Business Day of each March, June, September and December.

“**Payment Recipient**” is defined in Section 10.16(a).

“**PBGC**” means the Pension Benefit Guaranty Corporation, or any successor thereto.

“**Periodic Term SOFR Determination Day**” is defined in the definition of “Term SOFR”.

“**Person**” means any natural person, corporation, firm, joint venture, partnership, limited liability company, association, enterprise, trust or other entity or organization, or any government or political subdivision or any agency, department or instrumentality thereof.

“**Prime Rate**” means the rate of interest last quoted by The Wall Street Journal as the “Prime Rate” in the U.S. or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the FRB in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the “bank prime loan” rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Agent) or any similar release by the FRB (as determined by the Agent).

“Property” of a Person means any and all property, whether real, personal, tangible, intangible, or mixed, of such Person, or other assets owned or leased by such Person.

“Pro Rata Share” means, with respect to any Lender, the percentage that the amount of such Lender’s Commitment or Loans is of the aggregate Commitment (or aggregate Loans of all Lenders, as applicable). The Pro Rata Share of a Lender shall be subject to adjustment as provided in Section 2.21.

“PTE” means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

“Purchaser” means any Person that meets the requirements to be an assignee under Sections 12.03(a)(iii) and (v) (subject to such consents, if any, as may be required under Section 12.03(a)(iii)).

“Regulation D” means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor thereto or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.

“Regulation U” means Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by banks for the purpose of purchasing or carrying margin stock applicable to member banks of the Federal Reserve System.

“Relevant Governmental Body” means the FRB or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the FRB or the Federal Reserve Bank of New York, or any successor thereto.

“Repayment Notice” means prior notice of a prepayment of the Loans hereunder substantially in the form of Exhibit G hereto.

“Reportable Event” means a reportable event described in Section 4043 of ERISA.

“Required Lenders” means Lenders owed at least a majority interest of the then- aggregate unpaid principal amount of the Loans owing to Lenders or, if no such principal amount is then outstanding, Lenders having at least a majority interest of the aggregate amount of the Commitments of all Lenders; *provided* that if any Lender shall be a Defaulting Lender at such time, there shall be excluded from the determination of Required Lenders at such time the Loans or Commitments of such Lender at such time.

“Resolution Authority” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“S&P” means Standard and Poor’s Financial Services, LLC, or any successor.

“**S&P Rating**” means, at any time, the rating issued by S&P and then in effect with respect to the Borrower’s senior unsecured long-term public debt securities without third-party credit enhancement (it being understood that if the Borrower does not have any outstanding debt securities of the type described above but has an indicative rating from S&P for debt securities of such type, then such indicative rating shall be used for determining the “S&P Rating”).

“**Sanctioned Country**” means at any time, a country, region or territory which is itself the subject or target of any Sanctions (including, as of the Effective Date, the Crimea Region of Ukraine, the so-called Donetsk People’s Republic or Luhansk People’s Republic regions of Ukraine, Cuba, Iran, North Korea, Syria, the non-government controlled areas of Zaporizhzhia and Kherson).

“**Sanctioned Person**” means, at any time, (a) any Person listed in any Sanctions- related list of designated Persons maintained by OFAC (including OFAC’s Specially Designated Nationals and Blocked Persons List and OFAC’s Consolidated Non-SDN List), the U.S. Department of State, the United Nations Security Council, the European Union, any European member state, His Majesty’s Treasury, or other relevant sanctions authority, (b) any Person located, organized or resident in a Sanctioned Country, (c) any Person owned or controlled by, or acting or purporting to act for or on behalf of, directly or indirectly, any such Person or Persons described in clauses (a) and (b), including a Person that is deemed by OFAC to be a Sanctions target based on the ownership of such legal entity by Sanctioned Person(s) or (d) any Person otherwise a target of Sanctions, including vessels and aircraft, that are designated under any Sanctions program.

“**Sanctions**” means any and all economic or financial sanctions, sectoral sanctions, secondary sanctions, trade embargoes and restrictions and anti-terrorism laws, including but not limited to those imposed, administered or enforced from time to time by the U.S. government (including those administered by OFAC or the U.S. Department of State), the United Nations Security Council, the European Union, any European member state, His Majesty’s Treasury, or other relevant sanctions authority in any jurisdiction in which (a) the Borrower or any of its Subsidiaries or Affiliates is located or conducts business, (b) in which any of the proceeds of the Advances will be used, or (c) from which repayment of the Advances will be derived.

“**Schedule**” refers to a specific schedule to this Agreement, unless another document is specifically referenced.

“**SEC**” means the Securities and Exchange Commission.

“**Section**” means a numbered section of this Agreement, unless another document is specifically referenced.

“**Significant Subsidiary**” means a “significant subsidiary” (as defined in Regulation S-X of the SEC as in effect on the date of this Agreement) of the Borrower.

“**SOFR**” means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

“**SOFR Administrator**” means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

2.02. “**SOFR Advance**” means an Advance which bears interest at a SOFR Rate requested by the Borrower pursuant to Section

2.02. “**SOFR Loan**” means an Advance which bears interest at a SOFR Rate requested by the Borrower pursuant to Section

“**SOFR Rate**” means, with respect to SOFR Advances for the relevant Interest Period, the sum of (a) Adjusted Term SOFR applicable to such Interest Period, plus (b) the Applicable Margin.

“**SPV**” is defined in Section 12.06.

“**Subsidiary**” of a Person means (i) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any partnership, limited liability company, association, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a “Subsidiary” shall mean a Subsidiary of the Borrower.

“**Substantial Portion**” means, with respect to the Property of the Borrower and its Subsidiaries, Property which (i) represents more than 25% of the consolidated assets of the Borrower and its Subsidiaries as would be shown in the consolidated financial statements of the Borrower and its Subsidiaries as at the beginning of the twelve-month period ending with the month in which such determination is made, or (ii) is responsible for more than 25% of the consolidated net sales or of the consolidated net income of the Borrower and its Subsidiaries as reflected in the financial statements referred to in clause (i) above.

“**Tax-Free Debt**” means Debt of the Borrower to a state, territory or possession of the United States or any political subdivision thereof issued in a transaction in which such state, territory, possession or political subdivision issued obligations the interest on which is excludable from gross income pursuant to the provisions of Section 103 of the Code (or similar provisions), as in effect at the time of issuance of such obligations, and debt to a bank issuing a letter of credit with respect to the principal of or interest on such obligations.

“**Taxes**” means any and all present or future taxes, duties, levies, imposts, charges, assessments, fees, deductions or withholdings imposed by or payable to any governmental or regulatory authority or agency, including any interest, additions to tax or penalties applicable thereto, but excluding Excluded Taxes and Other Taxes.

“**Term SOFR**” means,

(a) for any calculation with respect to a SOFR Loan, the Term SOFR Reference Rate for a tenor comparable to the applicable Interest Period on the day (such day, the “**Periodic Term SOFR Determination Day**”) that is two (2) U.S. Government Securities Business Days prior to the first day of such Interest Period, as such rate is published by the Term SOFR Administrator; *provided, however*, that if as of 5:00 p.m. (Eastern time) on any Periodic Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Periodic Term SOFR Determination Day, and

(b) for any calculation with respect to a Floating Rate Advance on any day, the Term SOFR Reference Rate for a tenor of one month on the day (such day, the “**Base Rate Term SOFR Determination Day**”) that is two (2) U.S. Government Securities Business Days prior to such day, as such rate is published by the Term SOFR Administrator; *provided, however*, that if as of 5:00 p.m. (Eastern time) on any Base Rate Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Base Rate SOFR Determination Day;

provided, further, that if Term SOFR determined as provided above (including pursuant to the proviso under clause (a) or clause (b) above) shall ever be less than the Floor, then Term SOFR shall be deemed to be the Floor.

“**Term SOFR Adjustment**” means a percentage equal to 0.10% per annum. “**Term SOFR Administrator**” means CME

Group Benchmark Administration

Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Agent in its reasonable discretion).

“**Term SOFR Reference Rate**” means the forward-looking term rate based on SOFR.

“**Total Capitalization**” means, at any time, the sum of the following for the Borrower and its Subsidiaries, determined on a consolidated basis in accordance with

Agreement Accounting Principles (without duplication and excluding minority interests in Subsidiaries):

(a) the amount of capital stock, including preferred and preference stock (less cost of treasury shares), plus any amounts deducted from stockholders' equity as unearned compensation on the Borrower's balance sheet, plus (or minus in the case of a deficit) capital surplus and earned surplus, but including current sinking fund obligations; plus

(b) the aggregate outstanding principal amount of Interest Deferral Obligations excluded by the proviso in the definition of "Indebtedness"; plus

(c) the aggregate outstanding principal amount of all Consolidated Indebtedness.

"**Transferee**" is defined in Section 12.04.

"**Type**" means, with respect to any Advance, its nature as a Floating Rate Advance or a SOFR Advance.

"**UK Financial Institution**" means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU

11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"**UK Resolution Authority**" means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

"**Unadjusted Benchmark Replacement**" means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

"**Unmatured Default**" means an event which but for the lapse of time or the giving of notice, or both, would constitute a Default.

"**Unreimbursed Amount**" is defined in Section 2.19(c)(i).

"**U.S. Government Securities Business Day**" means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities; *provided*, that for purposes of notice requirements in Sections 2.02 and 2.07, in each case, such day is also a Business Day.

"**Write-Down and Conversion Powers**" means (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution

Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

ARTICLE 2 THE CREDITS

Section 2.01. *The Facility.*

(a) *Description of Facility.* The Lenders grant to the Borrower a term loan credit facility pursuant to which, subject to the terms and conditions herein set forth, each Lender severally agrees to make Loans to the Borrower in accordance with Section 2.02;

(b) *[Reserved]*.

(c) *Availability of Facility.* Subject to the terms of this Agreement, the Facility is available on the Effective Date.

(d) *Repayment of Facility.* The Loans and all other unpaid Obligations (to the extent that such Obligations have accrued and the amount thereof has been determined) shall be paid in full by the Borrower on the Maturity Date.

Section 2.02. *Advances.*

(a) *Advances.* Each Advance hereunder shall consist of Loans made by the several Lenders ratably according to their Pro Rata Share.

(b) *Types of Advances.* The Advances may be Floating Rate Advances or SOFR Advances, or a combination thereof, as selected by the Borrower in accordance with Section 2.02(c).

(c) *Method of Selecting Types and Interest Periods for Advances.* The Borrower shall select the Type of Advance and, in the case of each SOFR Advance, the Interest Period applicable thereto, from time to time. The Borrower shall give the Agent irrevocable notice in substantially the form of Exhibit E hereto (a “**Borrowing Notice**”) not later than 11:30 a.m. (New York time) on the Borrowing Date of each Floating Rate Advance and at least three (3) U.S. Government Securities Business Days before the Borrowing Date for each SOFR Advance. Each Borrowing Notice shall specify:

- (i) the Borrowing Date, which shall be a Business Day, of such Advance,
- (ii) the aggregate amount of such Advance,
- (iii) the Type of Advance selected; and
- (iv) in the case of each SOFR Advance, the Interest Period applicable thereto.

(d) *Conversion and Continuation of Outstanding Advances.* Floating Rate Advances shall continue as Floating Rate Advances unless and until such Floating Rate Advances are either converted into SOFR Advances in accordance with this Section 2.02(d) or are repaid in accordance with Section 2.07. Each SOFR Advance shall continue as a SOFR Advance until the end of the then applicable Interest Period therefor, at which time such SOFR Advance shall be automatically converted into a Floating Rate Advance unless (x) such SOFR Advance is or was repaid in accordance with Section 2.07 or (y) the Borrower shall have given the Agent a Conversion/Continuation Notice (as defined below) requesting that, at the end of such Interest Period, such SOFR Advance continue as a SOFR Advance for the same or another Interest Period. Subject to the terms of Section 2.06, the Borrower may elect from time to time to convert all or any part of a Floating Rate Advance into a SOFR Advance. The Borrower shall give the Agent irrevocable notice in substantially the form of Exhibit F hereto (a “**Conversion/Continuation Notice**”) of each conversion of a Floating Rate Advance into a SOFR Advance, or continuation of a SOFR Advance, not later than 11:30 a.m. (New York time) at least three (3) U.S. Government Securities Business Days prior to the date of the requested conversion or continuation, specifying:

- (v) the requested date, which shall be a Business Day, of such conversion or continuation,
- (vi) the aggregate amount and Type of the Advance which is to be converted or continued, and
- (vii) the amount of such Advance which is to be converted or continued as a SOFR Advance and the duration of the Interest Period applicable thereto.

(e) *Term SOFR Conforming Changes.* In connection with the use or administration of Term SOFR, the Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document. The Agent will promptly notify the Borrower and the Lenders of the effectiveness of any Conforming Changes in connection with the use or administration of Term SOFR.

Section 2.03. *Reductions of the Aggregate Commitment.*

(a) [Reserved].

(b) *Reductions of the Aggregate Commitment.* The aggregate Commitment shall be reduced to zero on the Effective Date (after giving effect to any borrowing on such date).

Section 2.04. *Method of Borrowing.* Not later than 1:00 p.m. (New York time) on each Borrowing Date, each Lender shall make available its Loan or Loans in funds immediately available to the Agent at its address specified pursuant to Article 13. The Agent will make the funds so received from the Lenders available to the Borrower on the day received and in the form received, at the Borrower's account specified by the Borrower to the Agent.

Section 2.05. *Fees.*

(a) The Borrower agrees to pay to the Agent for the account of each Lender a duration fee in an amount equal to 0.10% of the aggregate principal amount of the Loans of such Lender outstanding on May 31, 2023, which duration fee shall be fully earned on such date, and due and payable on such date (or, if such day is not a Business Day, the next succeeding Business Day).

(b) The Borrower agrees to pay the fees set forth in the Fee and Syndication Letter at the times and in the manner set forth therein.

(c) All fees payable hereunder and under the Fee and Syndication Letter shall be paid on the dates due, in immediately available funds, to the Agent for distribution to the Lenders. Fees paid shall not be refundable under any circumstances absent error in the calculation or payment thereof.

Section 2.06. *Minimum Amount of Each Advance.* Each Advance shall be in the minimum amount of \$5,000,000 (or a higher integral multiple of \$1,000,000), provided that any Floating Rate Advance may be in the amount of the unused aggregate Commitment. The Borrower shall not request a SOFR Advance if, after giving effect to the requested SOFR Advance, more than five (5) separate SOFR Advances would be outstanding.

Section 2.07. *Principal Payments.*

(a) *Optional Principal Payments.* The Borrower may from time to time pay, without penalty or premium, all outstanding Floating Rate Advances, or, in a minimum aggregate amount of \$5,000,000 or any higher integral multiple of \$1,000,000, any portion of the outstanding Floating Rate Advances upon prior notice to the Agent not later than 11:30 a.m. (New York time) on the date of payment (which shall be a Business Day). The Borrower may from time to time pay, subject to the payment of any funding indemnification amounts required by Section 3.04 but without penalty or premium, all outstanding SOFR Advances or, in a minimum aggregate amount of \$5,000,000 or any higher integral multiple of \$1,000,000, any portion of the outstanding SOFR Advances upon prior notice to the Agent by delivering a Repayment Notice not later than 1:00 p.m.

(New York time) three (3) U.S. Government Securities Business Days prior to the date of payment (which shall be a Business Day).

(b) *Mandatory Principal Payments.* In the event that the Borrower actually receives any Net Cash Proceeds arising from any Equity Issuance or Debt Issuance, then the Borrower shall prepay the Loans in an amount equal to 100% of such Net Cash Proceeds not later than one Business Day following the receipt by the Borrower of such Net Cash Proceeds. The Borrower shall promptly (and not later than the date of receipt thereof) notify the Agent of the receipt by the Borrower of such Net Cash Proceeds from any Equity Issuance or Debt Issuance with a Repayment Notice, and such notice shall be accompanied by a reasonably detailed calculation of the Net Cash Proceeds. Each prepayment of Advances shall be applied ratably to the Loans and shall be accompanied by accrued interest and fees on the amount prepaid to the date fixed for prepayment.

Section 2.08. *Changes in Interest Rate, etc.* Each Floating Rate Advance shall bear interest on the outstanding principal amount thereof, for each day from and including the date such Advance is made or is converted from a SOFR Advance into a Floating Rate Advance pursuant to Section 2.02(d) to but excluding the date it becomes due, is prepaid or is converted into a SOFR Advance pursuant to Section 2.02(d), at a rate per annum equal to the Floating Rate for such day. Changes in the rate of interest on that portion of any Advance maintained as a Floating Rate Advance will take effect simultaneously with each change in the Alternate Base Rate. Each SOFR Advance shall bear interest on the outstanding principal amount thereof from and including the first day of the Interest Period applicable thereto to (but not including) the last day of such Interest Period or, with respect to any principal amount prepaid pursuant to Section 2.07, the date of such prepayment, at the interest rate determined as applicable to such SOFR Advance.

Section 2.09. *Rates Applicable After Default.* Notwithstanding anything to the contrary contained in Section 2.02(c) or Section 2.02(d), during the continuance of a Default or Unmatured Default the Required Lenders may, at their option, by notice to the Borrower (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 8.02 requiring unanimous consent of the Lenders to changes in interest rates), declare that no Advance may be made as, converted into or continued as a SOFR Advance. During the continuance of any such Default, the Required Lenders may, at their option, by notice to the Borrower (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section

8.02 requiring unanimous consent of the Lenders to changes in interest rates), declare that

(a) each SOFR Advance shall bear interest for the remainder of the applicable Interest Period at the rate otherwise applicable to such Interest Period plus 2% per annum and

(b) each Floating Rate Advance (and any SOFR Advance which is not paid at the end of the applicable Interest Period) shall bear interest at a rate per annum equal to the Floating Rate plus 2% per annum, *provided* that, during the continuance of a Default under Section 7.06 or 7.07, the interest rates set forth in clauses (a) and (b) above shall be applicable to all applicable Advances without any election or action on the part of the Agent or any Lender.

Section 2.10. *Method of Payment.* Except as otherwise provided herein, all payments of the Obligations shall be made, without setoff, deduction, or counterclaim, in immediately available funds to the Agent at the Agent's address specified pursuant to Article 13, or at any other Lending Installation of the Agent specified in writing by 1:00 p.m. (New York time) on the Business Day prior to the date when due by the Agent to the Borrower. Each payment delivered to the Agent for the account of any Lender shall be delivered promptly by the Agent to such Lender in the same type of funds that the Agent received at its address specified pursuant to Article 13 or at any Lending Installation specified in a notice received by the Agent from such Lender.

Section 2.11. *Evidence of Indebtedness; Recordkeeping.*

(i) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(ii) Upon the request of any Lender, the Loans made by such Lender also may be evidenced by a promissory note in favor of each Lender, substantially in the form of Exhibit D (a "**Note**"). In such event, the Borrower shall prepare, execute and deliver to such Lender a Note payable to the order of such Lender.

(iii) The Agent shall also maintain accounts in which it will record (A) the amount of each Advance made hereunder, and if applicable, the Type thereof and the Interest Period with respect thereto, (B) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (C) the amount of any sum received by the Agent hereunder from the Borrower and each Lender's share thereof.

(iv) The entries set forth in the accounts maintained pursuant to paragraphs (i) and (iii) above, in the absence of manifest error, shall be *prima facie* evidence of the existence and amounts of the Obligations therein recorded and outstanding hereunder; *provided* that the failure of the Agent or any Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Obligations in accordance with their terms.

Section 2.12. [Reserved].

Section 2.13. *Interest Payment Dates; Interest and Fee Basis.* Interest accrued on each Floating Rate Advance shall be payable on each Payment Date, on any date on which such Floating Rate Advance is prepaid, whether due to acceleration or otherwise, and at maturity. Interest accrued on that portion of the outstanding principal amount of any Floating Rate Advance converted into a SOFR Advance on a day other than a Payment Date shall be payable on the date of conversion. Interest accrued on each SOFR Advance shall be payable on the last day of its applicable Interest Period, on any date on

which such SOFR Advance is prepaid, whether by acceleration or otherwise, and at maturity. Interest on Floating Rate Advances shall be calculated for actual days elapsed on the basis of a 365-day year or, when appropriate, a 366-day year. All other interest and all fees shall be calculated for actual days elapsed on the basis of a 360-day year. Interest shall be payable for the day an Advance is made but not for the day of any payment on the amount paid if payment is received prior to noon (New York time) at the place of payment. If any payment of principal or interest on an Advance shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and, in the case of a principal payment, such extension of time shall be included in computing interest in connection with such payment.

Section 2.14. *Notification of Advances, Interest Rates, Prepayments and Commitment Reductions.* Promptly after receipt thereof, the Agent will notify each Lender of the contents of each aggregate Commitment reduction notice, Borrowing Notice, Conversion/Continuation Notice and Repayment Notice received by it hereunder; provided, however, that the failure of the Agent to provide such notice to the Lenders shall not affect the validity or binding nature of such notice delivered to the Agent by the Borrower. The Agent will notify each Lender of the interest rate applicable to each SOFR Advance promptly upon determination of such interest rate and will give each Lender prompt notice of each change in the Alternate Base Rate.

Section 2.15. *Lending Installations.* Subject to Section 3.06, each Lender may book its Loans at any Lending Installation selected by such Lender and may change its Lending Installation from time to time. All terms of this Agreement shall apply to any such Lending Installation. Subject to Section 3.06, each Lender may, by written notice to the Agent and the Borrower in accordance with Article 13, designate replacement or additional Lending Installations through which Loans will be made by it and for whose account Loan payments are to be made.

Section 2.16. *Non-Receipt of Funds by the Agent.* Unless the Borrower or a Lender, as the case may be, notifies the Agent prior to the date on which it is scheduled to make payment to the Agent of (a) in the case of a Lender, the proceeds of a Loan or (b) in the case of the Borrower, a payment of principal, interest or fees to the Agent for the account of the Lenders, that it does not intend to make such payment, the Agent may assume that such payment has been made. The Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Lender or the Borrower, as the case may be, has not in fact made such payment to the Agent, the recipient of such payment shall, on demand by the Agent, repay to the Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Agent until the date the Agent recovers such amount at a rate per annum equal to (x) in the case of payment by a Lender, the Federal Funds Effective Rate for such day for the first three (3) days and, thereafter, the interest rate applicable to the relevant Loan or (y) in the case of payment by the Borrower, the interest rate applicable to the relevant Loan.

Section 2.17. *Replacement of Lender.* If (a) the Borrower is required pursuant to Section 3.01, 3.02 or 3.05 to make any additional payment to any Lender or if any Lender's obligation to make or continue, or to convert Floating Rate Advances into, SOFR Advances is suspended pursuant to Section 3.03 or (b) any Lender becomes a Defaulting Lender (any Lender so affected as described in subclauses (a) or (b), an "**Affected Lender**"), the Borrower may (but only, in the case of clause (a), if such amounts continue to be charged or such suspension is still effective) elect to replace such Affected Lender as a Lender party to this Agreement, *provided* that no Default or Unmatured Default shall have occurred and be continuing at the time of such replacement, and *provided further* that, concurrently with such replacement, (i) another bank or other entity which is reasonably satisfactory to the Borrower and the Agent shall agree, as of such date, to purchase for cash the Advances due to the Affected Lender pursuant to an Assignment Agreement substantially in the form of Exhibit A and to become a Lender for all purposes under this Agreement and to assume all obligations of the Affected Lender to be terminated as of such date and to comply with the requirements of Section 12.03 applicable to assignments, and (ii) the Borrower shall pay to such Affected Lender in same day funds on the day of such replacement (A) all interest, fees and other amounts then accrued but unpaid to such Affected Lender by the Borrower hereunder to and including the date of termination, including, without limitation, any payments due to such Affected Lender under Sections 3.01, 3.02 and 3.05, and (B) an amount, if any, equal to the payment which would have been due to such Lender on the day of such replacement under Section 3.04 had the Loans of such Affected Lender been prepaid on such date rather than sold to the replacement Lender.

Each party hereto agrees that (x) an assignment required pursuant to this Section 2.17 may be effected pursuant to an Assignment Agreement executed by the Borrower, the Agent and the assignee and (y) the Lender required to make such assignment need not be a party thereto in order for such assignment to be effective and shall be deemed to have consented to and be bound by the terms thereof; *provided* that, following the effectiveness of any such assignment, the other parties to such assignment agree to execute and deliver such documents necessary to evidence such assignment as reasonably requested by the applicable Lender or the Agent, *provided, further* that any such documents shall be without recourse to or warranty by the parties thereto.

Section 2.18. *[Reserved]*.

Section 2.19. *[Reserved]*.

Section 2.20. *[Reserved]*.

Section 2.21. *Defaulting Lenders.*

(a) *Adjustments.* Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(i) *Waivers and Amendments.* That Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in Section 8.02.

(ii) *Reallocation of Payments.* Any payment of principal, interest, fees or other amounts received by the Agent for the account of that Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Section 8.01 or otherwise, and including any amounts made available to the Agent by that Defaulting Lender pursuant to Section 11.01), shall be applied at such time or times as may be determined by the Agent as follows: first, to the payment of any amounts owing by that Defaulting Lender to the Agent hereunder; second, as the Borrower may request (so long as no Default or Unmatured Default exists), to the funding of any Loan in respect of which that Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Agent; third, if so determined by the Agent and the Borrower, to be held in a non-interest bearing deposit account and released in order to satisfy obligations of that Defaulting Lender to fund Loans under this Agreement; fourth, to the payment of any amounts owing to the Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; fifth, so long as no Default or Unmatured Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; and sixth, to that Defaulting Lender or as otherwise directed by a court of competent jurisdiction; *provided* that if (x) such payment is a payment of the principal amount of any Loans in respect of which that Defaulting Lender has not fully funded its appropriate share and (y) such Loans were made at a time when the conditions set forth in **Error! Reference source not found.** were satisfied or waived, such payment shall be applied solely to pay the Loans of all non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of that Defaulting Lender. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender pursuant to this Section 2.21(a)(ii) shall be deemed paid to and redirected by that Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) *Certain Fees.* That Defaulting Lender shall not be entitled to receive any fees pursuant to Section 2.05 for any period during which that Lender is a Defaulting Lender.

(b) [Reserved].

(c) *Defaulting Lender Cure.* If the Borrower and the Agent in writing in their sole discretion that a Defaulting Lender should no longer be deemed to be a Defaulting Lender, the Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein, that Lender will,

to the extent applicable, purchase that portion of outstanding Loans of the other Lenders or take such other actions as the Agent may determine to be necessary to cause the Loans to be held on a pro rata basis by the Lenders in accordance with their Pro Rata Shares (without giving effect to **Error! Reference source not found.**), whereupon that Lender will cease to be a Defaulting Lender; *provided* that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and *provided, further*, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

ARTICLE 3 YIELD PROTECTION; TAXES

Section 3.01. *Yield Protection.* If, on or after the date of this Agreement, any Change in Law:

- (a) subjects the Agent, any Lender or any applicable Lending Installation to any Taxes, or changes the basis of taxation of payments (other than in each case with respect to Excluded Taxes) to any Lender in respect of its SOFR Loans, or
- (b) imposes or increases or deems applicable any reserve (including pursuant to regulations issued from time to time by the FRB for determining the maximum reserve requirement (including any emergency, special, supplemental or other marginal reserve requirement) with respect to eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D of the FRB, as amended and in effect from time to time)), assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender or any applicable Lending Installation, or
- (c) imposes any other condition the result of which is to increase the cost to any Lender or any applicable Lending Installation of making, funding or maintaining its SOFR Loans or reduces any amount receivable by any Lender or any applicable Lending Installation in connection with its SOFR Loans, or requires any Lender or any applicable Lending Installation to make any payment calculated by reference to the amount of SOFR Loans or interest received by it, by an amount deemed material by such Lender,

and the result of any of the foregoing is to increase the cost to the Agent, such Lender or applicable Lending Installation, as the case may be, of making, continuing, converting into or maintaining its SOFR Loans, Commitment or to reduce the return received by such Lender or applicable Lending Installation in connection with such SOFR Loans or Commitment, then, within fifteen (15) days of demand by such Lender, the Borrower shall pay such Lender such additional amount or amounts as will compensate such Lender for such increased cost or reduction in amount received.

Section 3.02. *Changes in Capital Adequacy Regulations.* If a Lender determines that the amount of capital required or expected to be maintained by such Lender, any

Lending Installation of such Lender or any corporation controlling such Lender is increased as a result of a Change in Law, then, within fifteen (15) days of demand by such Lender, the Borrower shall pay such Lender the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital which such Lender determines is attributable to this Agreement, the Loans or its Commitment to make Loans (after taking into account such Lender's policies as to capital adequacy).

Section 3.03. *Availability of Types of Advances.*

(a)

(i) Subject to clause (b) below, if (x) any Lender determines that maintenance of its SOFR Loans at a suitable Lending Installation would violate any applicable law, rule, regulation, or directive, whether or not having the force of law, or if (y) the Required Lenders determine that (A) deposits of a type and maturity appropriate to match fund SOFR Advances are not available or (B) the interest rate applicable to SOFR Advances does not accurately reflect the cost of making or maintaining SOFR Advances, then the Agent shall suspend the availability of SOFR Advances and require any affected SOFR Advances to be repaid or converted to Floating Rate Advances, subject to the payment of any funding indemnification amounts required by Section 3.04.

(ii) If, after the date hereof, the introduction of, or any change in, any applicable law or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any of the Lenders (or any of their respective Lending Installations) with any request or directive (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, shall make it unlawful or impossible for any of the Lenders (or any of their respective Lending Installations) to honor its obligations hereunder to make or maintain any SOFR Loan, or to determine or charge interest based upon SOFR, the Term SOFR Reference Rate, Adjusted Term SOFR or Term SOFR such Lender shall promptly give notice thereof to the Agent and the Agent shall promptly give notice to the Borrower and the other Lenders (an "**Illegality Notice**"). Thereafter, until each affected Lender notifies the Agent and the Agent notifies the Borrower that the circumstances giving rise to such determination no longer exist, (A) any obligation of the Lenders to make SOFR Loans, and any right of the Borrower to convert any Loan to a SOFR Loan or continue any Loan as a SOFR Loan, shall be suspended and (B) if necessary to avoid such illegality, the Agent shall compute the Alternate Base Rate without reference to clause (iii) of the definition of "Alternate Base Rate". Upon receipt of an Illegality Notice, the Borrower shall, if necessary to avoid such illegality, upon demand from any Lender (with a copy to the Agent), prepay SOFR loans or, if applicable, convert all SOFR Loans to Floating Rate Advances (in each case, if necessary to avoid such illegality, the Agent shall compute the Alternate Base Rate without reference to clause (iii) of the definition of "Alternate Base Rate"), on the last day of the Interest Period therefor, if all affected Lenders may lawfully

continue to maintain such SOFR Loans to such day, or immediately, if any Lender may not lawfully continue to maintain such SOFR Loans to such day. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted, together with any additional amounts required pursuant to Section 3.04.

(b) *Benchmark Replacement Setting.*

(i) *Benchmark Replacement.* Notwithstanding anything to the contrary herein or in any other Loan Document, upon the occurrence of a Benchmark Transition Event, then (A) if a Benchmark Replacement is determined in accordance with clause (a) of the definition of “Benchmark Replacement” for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document and (B) if a Benchmark Replacement is determined in accordance with clause (b) of the definition of “Benchmark Replacement” for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the Agent has posted such proposed amendment to all affected Lenders and the Borrower so long as the Agent has not received, by such time, written notice of objection to such amendment from Lenders comprising the Required Lenders.

(ii) *Benchmark Replacement Conforming Changes.* In connection with the use, administration, adoption or implementation of a Benchmark Replacement, the Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document.

(iii) *Notices; Standards for Decisions and Determinations.* The Agent will promptly notify the Borrower and the Lenders of (A) the implementation of any Benchmark Replacement and (B) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement. The Agent will promptly notify the Borrower of the removal or reinstatement of any tenor of a Benchmark pursuant to Section 3.03(b) (iv). Any determination, decision or election that may be made by the Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Section 3.03(b), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any

other Loan Document, except, in each case, as expressly required pursuant to this Section 3.03(b).

(iv) *Unavailability of Tenor of Benchmark.* Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (A) if the then-current Benchmark is a term rate (including the Term SOFR Reference Rate) and either (1) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Agent in its reasonable discretion or (2) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is not or will not be representative, then the Agent may modify the definition of “Interest Period” (or any similar or analogous definition) for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (B) if a tenor that was removed pursuant to clause (A) above either (1) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (2) is not, or is no longer, subject to an announcement that it is not or will not be representative for a Benchmark (including a Benchmark Replacement), then the Agent may modify the definition of “Interest Period” (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(v) *Benchmark Unavailability Period.* Upon the Borrower’s receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any pending request for a borrowing of, conversion to or continuation of SOFR Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a borrowing of or conversion to Floating Rate Advances. During any Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of the Alternate Base Rate based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of the Alternate Base Rate.

Section 3.04. *Funding Indemnification.* If any payment of a SOFR Advance occurs on a date which is not the last day of the applicable Interest Period, whether because of acceleration, prepayment or otherwise, or a SOFR Advance is not made, continued or prepaid, or a Floating Rate Advance is not converted into a SOFR Advance, on the date specified by the Borrower for any reason other than default by the Lenders, the Borrower will indemnify each Lender for any loss or cost incurred by it resulting therefrom, including, without limitation, any loss or cost in liquidating or employing deposits acquired to fund or maintain such SOFR Advance.

Section 3.05. *Taxes.*

(a) All payments by, or on account of any obligation of, the Borrower to or for the account of any Lender or the Agent hereunder shall be made free and clear of and without deduction for any and all Taxes, except to the extent such Lender is entitled to an exemption from or reduction of withholding tax with respect to payments under this Agreement but fails to properly and timely complete and execute documentation as provided in Section 3.05(d) or Section 3.05(f), as the case may be. Subject to each Lender's and the Agent's compliance with Section 3.05(d) and Section 3.05(f), if the Borrower or the Agent shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to any Lender or the Agent, (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 3.05) such Lender or the Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower or the Agent, as applicable, shall make such deductions, (iii) the Borrower or the Agent, as applicable, shall pay the full amount deducted to the relevant authority in accordance with applicable law and (iv) the Borrower shall furnish to the Agent the original copy of a receipt evidencing payment to the relevant authority under this Section 3.05 within thirty (30) days after such payment is made.

(b) In addition, the Borrower hereby agrees to pay any present or future stamp or documentary taxes and any other excise (but excluding Excluded Taxes) or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution or delivery of, or otherwise with respect to, this Agreement ("**Other Taxes**").

(c) Without duplication with any other payments provided under this Section 3.05, the Borrower hereby agrees to indemnify the Agent and each Lender for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed on amounts payable under this Section 3.05) paid by (or required to be withheld or deducted from a payment to) the Agent or such Lender and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto; *provided* that the Borrower shall not be required to indemnify the Agent or any Lender for interest, penalties or associated expenses described in the foregoing if such liability is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the party seeking indemnification. Payments due under this indemnification shall be made within thirty (30) days of the date the Agent or such Lender makes demand therefor pursuant to Section 3.06.

(d) Each Lender that is not incorporated under the laws of the United States of America or a state thereof (each a "**Non-U.S. Lender**") agrees that it will, not less than ten (10) Business Days after the date of this Agreement (or, if later, ten (10) Business Days after such Lender shall become a Lender pursuant to Section 12.03), deliver to each of the Borrower and the Agent two duly completed copies of United States Internal Revenue Service Form W-8BEN, W-8BEN-E or W-8ECI, certifying in each case that such Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes and is entitled to an exemption from United States backup withholding tax. Each Non-U.S. Lender further undertakes to

deliver to each of the Borrower and the Agent (x) renewals or additional copies of such form (or any successor form) on or before the date that such form expires or becomes obsolete, and (y) after the occurrence of any event requiring a change in the most recent forms so delivered by it, such additional forms or amendments thereto as may be reasonably requested by the Borrower or the Agent. All forms or amendments described in the preceding sentence shall certify that such Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, *unless* an event (including without limitation any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form or amendment with respect to it and such Lender advises the Borrower and the Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax.

(e) For any period during which a Non-U.S. Lender has failed to provide the Borrower with an appropriate form pursuant to clause (d), above (unless such failure is due to a change in treaty, law or regulation, or any change in the interpretation or administration thereof by any Governmental Authority, occurring subsequent to the date on which a form originally was required to be provided), such Non-U.S. Lender shall not be entitled to indemnification under this Section 3.05 with respect to Taxes imposed by the United States; *provided* that, should a Non-U.S. Lender which is otherwise exempt from or subject to a reduced rate of withholding tax become subject to Taxes because of its failure to deliver a form required under clause (d), above, the Borrower shall take such steps as such Non-U.S. Lender shall reasonably request to assist such Non-U.S. Lender to recover such Taxes.

(f) Any Lender that is entitled to an exemption from or reduction of withholding tax, including backup withholding, with respect to payments under this Agreement pursuant to the law of any relevant jurisdiction or any treaty shall, if it is legally entitled to do so, deliver to the Borrower (with a copy to the Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate. In the event such Lender has failed, in accordance with this Section 3.05(f), to timely provide the Borrower (with a copy to the Agent) with such properly completed and executed documentation, such Lender shall not be entitled to indemnification under this Section 3.05 with respect to Taxes withheld to the extent such Taxes would have been reduced or exempt from withholding had such properly completed and executed documentation been timely provided to the Borrower (with a copy to the Agent).

(g) If the U.S. Internal Revenue Service or any other Governmental Authority of the United States or any other country or any political subdivision thereof asserts a claim that the Agent did not properly withhold tax from amounts paid to or for the account of any Lender (because the appropriate form was not delivered or properly completed, because such Lender failed to notify the Agent of a change in circumstances which rendered its exemption from withholding ineffective, or for any other reason), such Lender shall indemnify the Agent fully for all amounts paid, directly or indirectly, by the

Agent as tax, withholding therefor, or otherwise, including penalties and interest, and including taxes imposed by any jurisdiction on amounts payable to the Agent under this subsection, together with all costs and expenses related thereto (including attorneys fees and time charges of attorneys for the Agent, which attorneys may be employees of the Agent); *provided* that no Lender shall be required to indemnify the Agent for any of the foregoing to the extent the failure of the Agent to withhold tax from amounts paid to or for the account of any Lender is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Agent. In addition, each Lender shall severally indemnify the Agent for any taxes attributable to such Lender's failure to comply with the provisions of Section 12.02(c) relating to the maintenance of a Participant Register that are payable or paid by the Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. The obligations of the Lenders under this Section 3.05(g) shall survive the payment of the Obligations and termination of this Agreement.

(h) If a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Agent as may be necessary for the Borrower and the Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this paragraph (h), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Section 3.06. *Lender Statements; Survival of Indemnity.* To the extent reasonably possible, each Lender shall designate an alternate Lending Installation with respect to its SOFR Loans to reduce any liability of the Borrower to such Lender under Sections 3.01, 3.02 and 3.05 or to avoid the unavailability of SOFR Advances under Section 3.03, so long as such designation is not, in the judgment of such Lender, disadvantageous to such Lender. Each Lender shall notify the Borrower of any amounts due under Section 3.01, 3.02, 3.04 or 3.05 as soon as reasonably practicable and, thereafter, deliver a written statement of such Lender to the Borrower (with a copy to the Agent) as to the amount due, if any, under such Section(s). Such written statement shall set forth in reasonable detail the calculations upon which such Lender determined such amount and shall be final, conclusive and binding on the Borrower in the absence of manifest error. Determination of amounts payable under such Sections in connection with a SOFR Loan shall be calculated as though each Lender funded its SOFR Loan through the purchase of a deposit of the type and maturity corresponding to the deposit used as a reference in determining the SOFR Rate applicable to such Loan, whether in fact that is the case or not. Unless otherwise provided herein, the amount specified in the

written statement of any Lender shall be payable on demand after receipt by the Borrower of such written statement. The obligations of the Borrower under Sections 3.01, 3.02, 3.04 and 3.05 shall survive payment of the Obligations and termination of this Agreement.

ARTICLE 4 CONDITIONS PRECEDENT

Section 4.01. *Effectiveness*. The obligations of the Lenders to make Loans hereunder shall not become effective until the date on which each of the following conditions is satisfied (the “**Effective Date**”):

- (a) Receipt by the Agent of counterparts of this Agreement executed by the Borrower, the Lenders and the Agent.
- (b) Receipt by the Agent of:
 - (i) Copies of the articles or certificate of incorporation of the Borrower, together with all amendments, and a certificate of existence, certified by the appropriate governmental officer in its jurisdiction of incorporation.
 - (ii) Copies, certified by the Secretary or Assistant Secretary of the Borrower, of its bylaws and of its Board of Directors’ resolutions authorizing the execution of the Loan Documents by the Borrower.
 - (iii) An incumbency certificate, executed by the Secretary or Assistant Secretary of the Borrower, which shall identify by name and title and bear the signatures of the officers of the Borrower authorized to sign this Agreement and the other Loan Documents, upon which certificate the Agent and the Lenders shall be entitled to rely until informed of any change in writing by the Borrower.
 - (iv) A certificate, signed by the chief financial officer or the controller of the Borrower, stating, as of the Effective Date, that (A) no Default or Unmatured Default has occurred and is continuing, (B) the Borrower is in compliance with Section 6.11 and setting forth in reasonable detail and calculation of the ratio set forth therein, determined as of December 31, 2021, and (C) the representations and warranties contained in Article 5 are true and correct.
 - (v) A written opinion of counsel to the Borrower, substantially in the form of Exhibit B.
 - (vi) Evidence, in form and substance satisfactory to the Agent, that the Borrower has obtained all governmental approvals, if any, necessary for it to enter into the Loan Documents, including, without limitation, the approval of the Public Utility Commission of Oregon.
 - (vii) A Note executed by the Borrower in favor of each Lender that has requested a Note pursuant to Section 2.11.

(viii) Such other documents as any Lender or its counsel may have reasonably requested.

(c) The Agent and the Lenders shall have received, at least five (5) Business Days prior to the Effective Date, all documentation and other information requested by the Agent or any Lender or required by regulatory authorities in order for the Agent and the Lenders to comply with requirements of any Anti-Money Laundering Laws, including the PATRIOT Act and any applicable “know your customer” rules and regulations to the extent requested at least ten (10) Business Days prior to the Effective Date.

(d) The Borrower shall have delivered to the Agent, and directly to any Lender requesting the same, a Beneficial Ownership Certification in relation to it (or a certification that such Borrower qualifies for an express exclusion from the “legal entity customer” definition under the Beneficial Ownership Regulations) to the extent requested at least ten (10) Business Days prior to the Effective Date, in each case at least five (5) Business Days prior to the Effective Date.

(e) The Agent shall have received all fees and other amounts due and payable by the Borrower hereunder on or prior to the Effective Date, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrower hereunder.

(f) No Default or Unmatured Default exists or will result after giving effect to such Advance on the Effective Date.

(g) The representations and warranties contained in Article 5 are true and correct in all material respects as of the Effective Date except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct in all material respects on and as of such earlier date.

(h) The Agent shall have received a Borrowing Request in accordance with the requirements hereof.

Without limiting the generality of the provisions of Section 10.04, for purposes of determining compliance with the conditions specified in this Section 4.01, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Agent shall have received notice from such Lender prior to the proposed Effective Date specifying its objection thereto.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lenders on the Effective Date as follows:

Section 5.01. *Corporate Existence.* Each of the Borrower and its Significant Subsidiaries: (a) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation; (b) has all requisite corporate power, and has all material governmental licenses, authorizations, consents and approvals necessary to own its Property and carry on its business as now being conducted; and (c) is qualified to do business in all jurisdictions in which the nature of the business conducted by it makes such qualification necessary and where failure so to qualify would have a Material Adverse Effect.

Section 5.02. *Litigation and Contingent Obligations.* To the Borrower's knowledge, there are not, in any court or before any arbitrator of any kind or before or by any governmental body, any actions, suits or proceedings pending or threatened in writing (a) against or affecting (except as disclosed in the Disclosure Documents or on Schedule 5.2) the Borrower or any Significant Subsidiary or any of their respective businesses or properties except actions, suits or proceedings that there is no material likelihood would, singly or in the aggregate, have a Material Adverse Effect or which seeks to prevent, enjoin or delay the making of any Advance or (b) affecting in an adverse manner the binding nature, validity or enforceability of any Loan Document as an obligation of the Borrower involving the Borrower or any Significant Subsidiary or any of their respective businesses or properties or, to the Borrower's knowledge, otherwise.

Section 5.03. *No Breach.* None of the execution and delivery of this Agreement, any other Loan Document, the consummation of the transactions herein or therein contemplated or compliance with the terms and provisions hereof or thereof will (a) contravene the terms of the Articles of Incorporation or Bylaws of the Borrower, (b) conflict with or result in a breach of, or require any consent under, any applicable law, rule or regulation, or any order, writ, injunction or decree of any Governmental Authority, or any agreement or instrument to which the Borrower or any of its Significant Subsidiaries is a party or by which it is bound or to which it is subject, or (c) constitute a default under any agreement or instrument to which the Borrower or any of its Significant Subsidiaries is a party or by which it is bound or to which it is subject, or result in the creation or imposition of any Lien upon any of the revenues or assets of the Borrower or any of its Significant Subsidiaries pursuant to the terms of any such agreement or instrument.

Section 5.04. *Corporate Action.* The Borrower has all necessary corporate power and authority to execute, deliver and perform its obligations under this Agreement and the other Loan Documents; the execution, delivery and performance by the Borrower of this Agreement and the other Loan Documents have been duly authorized by all necessary corporate action on its part; and this Agreement has been duly and validly executed and delivered by the Borrower and constitutes its legal, valid and binding obligation, enforceable against the Borrower in accordance with its terms, except as may be limited by applicable bankruptcy laws or similar laws of general applicability affecting creditors' rights.

Section 5.05. *Approvals*. The Borrower has obtained all Governmental Approvals from, and has made or will timely make all filings and registrations with any federal, state or local governmental or regulatory authority or agency that has authority over the Borrower or any of its Significant Subsidiaries, that are necessary for the execution, delivery or performance by the Borrower of this Agreement and each other Loan Document or for the validity or enforceability hereof or thereof, and such Governmental Approvals, filings and registrations are and shall continue to be in full force and effect (it being understood that the Borrower may be required to make customary filings with the SEC and other governmental or regulatory authorities or agencies disclosing the existence and/or material terms of this Agreement, but failure to make any such filing shall not affect the validity or enforceability hereof or of any other Loan Document).

Section 5.06. *Use of Loans*. Neither the Borrower nor any of its Significant Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate, of buying or carrying Margin Stock, as defined in Regulation U, and no part of the proceeds of any Loan hereunder will be used to buy or carry any Margin Stock. No part of the proceeds of any Loan hereunder will be used to acquire stock of any corporation the board of directors of which has publicly stated its opposition to such acquisition or fails to endorse such acquisition.

Section 5.07. *ERISA*. Except as disclosed in the Disclosure Documents, the Borrower and its Significant Subsidiaries and, to the knowledge of the Borrower, the other ERISA Affiliates have fulfilled their respective obligations under the minimum funding standards of ERISA and the Code with respect to each Benefit Plan of the Borrower or any ERISA Affiliate; the Benefit Plans of the Borrower and its Significant Subsidiaries and, to the knowledge of the Borrower, of the other ERISA Affiliates are in compliance in all material respects with the presently applicable provisions of ERISA and the Code or any non-compliance is not reasonably expected to result in a Material Adverse Effect; there has not been a Reportable Event (excluding those for which the provision for thirty (30) day notice to the PBGC has been waived by regulation) with respect to the Benefit Plans of the Borrower and its Significant Subsidiaries and of the other ERISA Affiliates; and the Borrower and its Significant Subsidiaries and, to the knowledge of the Borrower, the other ERISA Affiliates have not incurred any liability to the PBGC (other than liability for premium payments which are paid when due) or to such Benefit Plan which, individually or in the aggregate, exceeds \$10,000,000. Without limiting the generality of the foregoing, except as disclosed in the Disclosure Documents, the Borrower has not received notice with respect to any of the foregoing events with respect to any ERISA Affiliate or such Benefit Plan. As of the Effective Date, the Borrower is not nor will be using "plan assets" (within the meaning of 29 CFR § 2510.3- 101, as modified by Section 3(42) of ERISA) of one or more Benefit Plans in connection with the Loans, the Letters of Credit or the Commitments.

Section 5.08. *Taxes*. The Borrower and its Significant Subsidiaries have filed all United States Federal, state and other Tax returns which are required to be filed by them and have paid all taxes due pursuant to such returns or pursuant to any assessment

received by the Borrower or any of its Significant Subsidiaries, except such taxes, if any, as are being contested in good faith and by proper proceedings or the non-payment of which, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Borrower and its Significant Subsidiaries in respect of taxes and other governmental charges are, in the opinion of the Borrower, adequate.

Section 5.09. *Subsidiaries*. Schedule 5.9 contains an accurate list of all Subsidiaries of the Borrower as of the Effective Date, setting forth their respective jurisdictions of organization, the percentage of their respective capital stock or other ownership interests owned by the Borrower or other Subsidiaries and identifying which Subsidiaries are Significant Subsidiaries. All of the issued and outstanding shares of capital stock or other ownership interests of such Subsidiaries have been (to the extent such concepts are relevant with respect to such ownership interests) duly authorized and issued and are fully paid and nonassessable.

Section 5.10. *No Material Adverse Change*. Since December 31, 2021, there has been no change in the business or financial condition of the Borrower and its Significant Subsidiaries from that reflected in the Borrower's Annual Report on Form 10-K for the year ended December 31, 2021, which would reasonably be expected to have a Material Adverse Effect.

Section 5.11. *Financial Statements*. The Borrower has furnished the Disclosure Documents to the Lenders prior to the date hereof. The financial statements contained in the Disclosure Documents and all financial statements furnished pursuant to Section 6.09(a) or (b) fairly present in all material respects, in accordance with Agreement Accounting Principles, the consolidated financial position of the Borrower and its Subsidiaries as at their respective dates and the consolidated results of operations, retained earnings and, as applicable, changes in financial position or cash flows of the Borrower and its Subsidiaries for the respective periods to which such statements relate.

Section 5.12. *No Material Misstatements*. None of the following contained, contains or will contain as of the date thereof any material misstatement of fact or omitted, omits or will omit as of the date thereof to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were, are or will be made, not misleading:

- (i) the Disclosure Documents (excluding any exhibits referred to in any such Disclosure Documents); or
- (ii) any report delivered to the Agent or any Lender pursuant to Section 6.09(a) or (b) (excluding exhibits referred to in any such report).

To the best knowledge of the Borrower, no other written information delivered to the Agent or any Lender pursuant to Section 6.09 contained, contains or will contain as of the date thereof any material misstatement of fact.

As of the First Amendment Effective Date, all of the information included in the Beneficial Ownership Certification, if any, is true and correct.

Section 5.13. *Properties*. As of the date of this Agreement, the Borrower has good right or title to all of its Properties to the extent reflected in the Disclosure Documents, except for minor restrictions, reservations and defects which do not in any substantial way interfere with the Borrower's ability to conduct its business as now conducted and except for such assets as have been disposed of since December 31, 2021 in transactions of the types described in Sections 6.13(a), (b) and (c), and all such Properties are free and clear of any Liens, except as permitted by Section 6.10.

Section 5.14. *Environmental Matters*. Except as described in the Disclosure Documents, to the best of Borrower's knowledge, no event has occurred and no condition exists related to Environmental Laws which would reasonably be expected to have a Material Adverse Effect. Except as otherwise described in the Disclosure Documents, neither the Borrower nor any Subsidiary has received any notice from a federal or state governmental agency to the effect that its operations are not in material compliance with any of the requirements of applicable Environmental Laws or are the subject of any federal or state investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which noncompliance or remedial action would reasonably be expected to have a Material Adverse Effect.

Section 5.15. *Investment Company Act*. Neither the Borrower nor any Subsidiary is an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

Section 5.16. *Anti-Terrorism; Anti-Money Laundering*. Except as set forth on Schedule 5.16:

(a) None of the Borrower, any Subsidiary or, to the knowledge of the Borrower or such Subsidiary, any of their respective directors, officers, employees or Affiliates,
(i) is a Sanctioned Person or currently the subject or target of any Sanctions, (ii) has its assets located in a Sanctioned Country, (iii) is under administrative, civil or criminal investigation for an alleged violation of, or received notice from or made a voluntary disclosure to any governmental entity regarding a possible violation of, Anti-Corruption Laws, Anti-Money Laundering Laws or Sanctions by a governmental authority that enforces Sanctions or any Anti-Corruption Laws or Anti-Money Laundering Laws, or (iv) directly or indirectly derives revenues from investments in, or transactions with, Sanctioned Persons.

(b) To the knowledge of the Borrower, the operations of Borrower and its Subsidiaries are in compliance with all Anti-Corruption Laws, Anti-Money Laundering Laws in all material respects and applicable Sanctions.

(c) No proceeds of any Advance have been used, directly or indirectly, by the Borrower, any of its Subsidiaries or any of its or their respective directors, officers, employees and agents in violation of Section 6.15(a).

Section 5.17. *Affected Financial Institution.* The Borrower is not an Affected Financial Institution.

ARTICLE 6 COVENANTS

So long as any Lender has any Commitment hereunder or any Obligations are outstanding, the Borrower shall, unless the Required Lenders otherwise consent in writing:

Section 6.01. *Preservation of Existence and Business.* Preserve and maintain, and cause each Significant Subsidiary to preserve and maintain, its corporate existence and all of its material rights, privileges, licenses and franchises, except as permitted by Section 6.12, and carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted.

Section 6.02. *Preservation of Property.* Maintain, and cause each Significant Subsidiary to maintain, all of its Property used or useful in its business in good working order and condition, ordinary wear and tear excepted (it being understood that this covenant relates only to the good working order and condition of such Property and shall not be construed as a covenant of the Borrower not to dispose of any such Property by sale, lease, transfer or otherwise or to discontinue operation thereof if the Borrower reasonably determines that such discontinuation is necessary).

Section 6.03. *Payment of Taxes.* Pay, and cause each Significant Subsidiary to pay, promptly when due all Taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits, or upon any of its Property, before the same shall become in default; *provided* that neither the Borrower nor any Significant Subsidiary shall be required to pay any such Tax, assessment, charge or levy (a) in an amount in excess of the amount shown on any related Tax return (the Borrower having a reasonable basis for the position reflected therein), (b) that is being contested in good faith by appropriate proceedings and with respect to which the Borrower has set aside on its books, in accordance with Agreement Accounting Principles, adequate reserves, or

(c) so long as such Tax, assessment, charge or levy, if sustained, would not have a Material Adverse Effect.

Section 6.04. *Compliance with Applicable Laws and Contracts.* Comply, and cause each Significant Subsidiary to comply, with the requirements of all applicable laws, rules or regulations, Governmental Approvals, and orders, writs, injunctions or decrees of any court or Governmental Authority, including, without limitation, Environmental Laws, if failure to comply with such requirements would have a Material Adverse Effect or an adverse effect on the binding nature, validity or enforceability of any Loan Document as an obligation of the Borrower.

Section 6.05. *Preservation of Loan Document Enforceability.* Take all reasonable actions (including obtaining and maintaining in full force and effect consents and Governmental Approvals), and cause each Significant Subsidiary to take all reasonable actions, that are required so that its obligations under the Loan Documents will at all times be legal, valid and binding and enforceable against it in accordance with their respective terms.

Section 6.06. *Insurance.* Maintain, and cause each Significant Subsidiary to maintain, with responsible insurance companies, or through the Borrower's program of self-insurance, insurance coverage against at least such risks and in at least such amounts as is customarily maintained by similar businesses, or as may be required by any applicable law, rule or regulation, any Governmental Approval, or any order, writ, injunction or decree of any court or Governmental Authority.

Section 6.07. *Use of Proceeds.* Use, directly or indirectly, the proceeds of the Loans for general corporate purposes of the Borrower (in compliance with all applicable legal and regulatory requirements), including, without limitation, to provide back-up liquidity for the short-term Indebtedness of the Borrower, to support commercial paper, to refinance existing Indebtedness of the Borrower, and to support collateral requirements under the Borrower's energy purchase and sale agreements.

Section 6.08. *Visits, Inspections and Discussions.* Permit, and cause each Significant Subsidiary to permit, representatives of the Agent or of any Lender with a Commitment of at least \$5,000,000 (provided, however, that Lenders with a Commitment of less than \$5,000,000 shall be permitted to exercise rights under this Section 6.08 if such right is exercised jointly with the Agent or a Lender with a Commitment of at least \$5,000,000), and subject in all cases to such Lender being bound by the confidentiality provisions of Section 9.11, during normal business hours and upon reasonable prior written notice to the Borrower:

(a) if no Default or Unmatured Default shall exist and be continuing, to visit the principal office of the Borrower, to discuss its business and affairs with its officers and independent certified accountants (provided that the Borrower shall be permitted to attend any such discussions with such accountants), and to visit its material Property, all to the extent reasonably requested by the Agent or such Lender; *provided* that such visits and discussions shall in no event occur more frequently than once during any calendar year; *provided, further* that the Borrower reserves the right to restrict access to any of its generating facilities in accordance with reasonably adopted procedures relating to safety and security, and to the extent reasonably requested to maintain normal operations of the Borrower; and *provided, further*, that, Sections 9.06 and Section 10.08 hereof notwithstanding, the costs and expenses incurred by any Lender or the Agent or their agents or representatives in connection with any such visits or discussions shall be solely for the account of such Lender or the Agent, as applicable; and

(b) if a Default or Unmatured Default shall exist and be continuing, to visit and inspect its Property, to examine, copy and make extracts from its books and records, and to discuss its business and affairs with its officers and independent certified accountants,

all to the extent reasonably requested by such Lender or the Agent, as often as may be reasonably requested; *provided* that the Borrower reserves the right to restrict access to any of its generating facilities in accordance with reasonably adopted procedures relating to safety and security, and to the extent reasonably requested to maintain normal operations of the Borrower.

Section 6.09. *Information to Be Furnished.* Furnish to the Agent and, if requested by any Lender, furnish to such Lender:

(a) *Form 10-Q; Quarterly Financial Statements.* Promptly after filing and in any event within sixty (60) days after the close of each of the first three quarterly accounting periods in each fiscal year of the Borrower, a copy of the Quarterly Report on Form 10-Q (or any successor form) for the Borrower for such quarter.

(b) *Form 10-K; Year-End Financial Statements; Accountants' Certificates.* Promptly after filing and in any event within ninety (90) days after the end of each fiscal year of the Borrower, the Annual Report on Form 10-K (or any successor form) for the Borrower for such year.

(c) *Officer's Certificate as to Calculations.* At the time that financial statements are furnished pursuant to Section 6.09(a) or (b), a certificate of the Chief Financial Officer, the Treasurer, an Assistant Treasurer or any other financial officer of the Borrower substantially in the form of Exhibit C.

(d) *Requested Information.* From time to time, such other information regarding the business, affairs, insurance or financial condition of the Borrower or any of its Subsidiaries (including, without limitation, any Benefit Plan and any reports of other information required to be filed under ERISA) as any Lender or the Agent may reasonably request.

(e) *Notice of Defaults, Material Adverse Changes and Other Matters.* Promptly upon (and in any event within three (3) Business Days after) becoming aware thereof, notice of:

(i) any Default or Unmatured Default, and

(ii) any circumstance that has resulted in a Material Adverse Effect or an adverse effect on the binding nature, validity or enforceability of any Loan Document as an obligation of the Borrower.

The Borrower may furnish information, documents and other materials that it is obligated to furnish to the Agent and the Lenders pursuant to the Loan Documents, including all items described above in this Section 6.09 and all other notices, requests, financial statements, financial and other reports, certificates and other information materials, but excluding any communication that (i) relates to a request for a new, or the conversion or continuation of an existing, Loan, (ii) relates to the payment of any amount due under this Agreement prior to the scheduled date therefor or any reduction of the Commitments, (iii) provides notice of any Default or Unmatured Default or (iv) is

required to be delivered to satisfy any condition precedent to the effectiveness of this Agreement or any Loan hereunder (any non-excluded communication described above, a “**Communication**”), electronically (including by posting such documents, or providing a link thereto, on the Borrower’s Internet website). Notwithstanding the foregoing, the Borrower agrees that, to the extent requested by the Agent or any Lender, it will continue to provide “hard copies” of Communications to the Agent or such Lender.

The Borrower further agrees that the Agent may make Communications available to the Lenders by posting such Communications on IntraLinks or a substantially similar secure electronic delivery system (the “**Platform**”).

THE PLATFORM IS PROVIDED “AS IS” AND “AS AVAILABLE”. THE AGENT DOES NOT WARRANT THE ACCURACY OR COMPLETENESS OF ANY COMMUNICATION OR THE ADEQUACY OF THE PLATFORM AND EXPRESSLY DISCLAIMS LIABILITY FOR ERRORS OR OMISSIONS IN ANY COMMUNICATION. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY THE AGENT IN CONNECTION WITH ANY COMMUNICATION OR THE PLATFORM. ALTHOUGH THE PLATFORM IS SECURED PURSUANT TO GENERALLY-APPLICABLE SECURITY PROCEDURES AND POLICIES IMPLEMENTED OR MODIFIED BY THE AGENT AND ITS DIRECTORS, OFFICERS, AGENTS OR EMPLOYEES, EACH OF THE LENDERS AND THE BORROWER ACKNOWLEDGES AND AGREES THAT DISTRIBUTION OF INFORMATION THROUGH AN ELECTRONIC MEANS IS NOT NECESSARILY SECURE IN ALL RESPECTS, THE AGENT OR ANY OF ITS DIRECTORS, OFFICERS, AGENTS OR EMPLOYEES ARE NOT RESPONSIBLE FOR APPROVING OR VETTING THE REPRESENTATIVES, DESIGNEES OR CONTACTS OF ANY LENDER THAT ARE PROVIDED ACCESS TO THE PLATFORM AND THAT THERE MAY BE CONFIDENTIALITY AND OTHER RISKS ASSOCIATED WITH SUCH FORM OF DISTRIBUTION. EACH OF THE BORROWER, EACH LENDER PARTY HERETO UNDERSTANDS AND ACCEPTS SUCH RISKS. IN NO EVENT SHALL THE AGENT HAVE ANY LIABILITY TO THE BORROWER, ANY LENDER OR ANY OTHER PERSON FOR DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF THE BORROWER’S OR THE AGENT’S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET, EXCEPT TO THE EXTENT SUCH DAMAGES ARE FOUND IN A FINAL NON-APPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED FROM SUCH PERSON’S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. WITHOUT LIMITING THE FOREGOING, UNDER NO CIRCUMSTANCES SHALL THE AGENT BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF THE USE OF THE PLATFORM OR THE BORROWER’S OR THE AGENT’S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET.

Each Lender agrees that notice to it (as provided in the next sentence) specifying that a Communication has been posted to the Platform shall constitute effective delivery of such Communication to such Lender for purposes of the Loan Documents. Each Lender agrees (i) to notify the Agent from time to time of the e-mail address to which the foregoing notice may be sent and (ii) that such notice may be sent to such e-mail address. For the avoidance of doubt, the failure of the Agent to provide notice to the Lenders as explicitly required by this Agreement shall not affect the validity or binding nature of a related notice delivered to the Agent by the Borrower; provided, that the Borrower shall remain obligated to provide notice directly to the Agent and/or Lenders when and as required by this Agreement.

Section 6.10. *Liens*. Not, and not permit any Significant Subsidiary to, suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, except this Section 6.10 shall not apply to:

(a) Liens for taxes, assessments or charges imposed on the Borrower or any Subsidiary or any of their property by any Governmental Authority not yet due or which are being contested in good faith by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of the Borrower or any of its Subsidiaries, as the case may be, in accordance with Agreement Accounting Principles;

(b) Liens imposed by law, such as carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens incurred in the ordinary course of business and securing obligations that are not yet due or that are being contested in good faith by appropriate proceedings, and Liens arising out of judgments or awards which secure payment of legal obligations that would not constitute a Default under Section 7.09;

(c) pledges or deposits in connection with worker's compensation, unemployment insurance and other social security laws, or to secure the performance of bids, tenders contracts (other than for borrowed money), leases, statutory obligations, surety or appeal bonds, or indemnity, performance or other similar bonds, in the ordinary course of business;

(d) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business and encumbrances consisting of zoning restrictions, easements, licenses, restrictions on the use of property or minor imperfections in title thereto which, in the aggregate, are not material in amount, and which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of the Borrower or any of its Subsidiaries;

(e) the Lien of the Indenture of Mortgage and Deed of Trust dated July 1, 1945, as supplemented and in effect from time to time, from the Borrower to Wells Fargo (the "**Mortgage**");

(f) Permitted Encumbrances (as defined in Section 1.11 of the Mortgage);

(g) Liens securing the payment of Tax-Free Debt, *provided* that each such Lien shall extend only to the property, and proceeds thereof, being financed by the Tax-Free Debt secured thereby;

(h) Liens on or over the whole or any part of the assets of the Borrower as security for any indebtedness owing by the Borrower to any Subsidiary whose primary function is that of acting as a financing Subsidiary of the Borrower and consisting of one or more loans made to the Borrower by such Subsidiary and repayable on the same date as a loan or other indebtedness incurred by such Subsidiary; *provided* that the aggregate principal amount of the indebtedness secured by all such Liens shall not exceed the aggregate principal amount of all such indebtedness incurred by such Subsidiary; and *provided further* that the aggregate principal amount of the indebtedness secured by all such Liens shall not exceed \$100,000,000;

(i) Liens over all or any part of the assets of the Borrower or any Subsidiary constituting a specific construction project or generating plant as security for any indebtedness incurred for the purpose of financing all or such part, as the case may be, of such construction project or generating plant, and Liens and charges incidental to such construction;

(j) the right reserved to, or vested in, any municipality or public authority by the terms of any right, power, franchise, grant, license or permit, or by any provision of law, to purchase or recapture or designate a purchaser of any property;

(k) Liens on property or assets of any Subsidiary in favor of the Borrower;

(l) Liens with respect to which cash in the amount of such Liens has been deposited with the Agent;

(m) Liens on or over specific assets hereafter acquired which are created or assumed contemporaneously with, or within 120 days after, such acquisition, for the sole purpose of financing or refinancing the acquisition of such assets (including without limitation Liens to secure obligations to make deferred payments, earn-out payments or royalty payments where such obligations are incurred in connection with the acquisition of such assets);

(n) Liens on conservation investment assets as security for obligations incurred in financing or refinancing bondable conservation investments in accordance with Oregon Revised Statutes Section 757.400-450;

(o) Liens on cash collateral deposited by the Borrower with counterparties in the ordinary course of the Borrower's purchase and sale of electric energy, coal, oil and natural gas; and

(p) Liens, in addition to those listed in clauses (a) through (o) above, incurred in the ordinary course of the Borrower's business on collateral with a market value that in the aggregate does not exceed \$50,000,000.

Section 6.11. *Indebtedness to Capitalization Ratio.* Not permit the aggregate outstanding principal amount of all Consolidated Indebtedness to exceed 65% of Total Capitalization as of the end of any fiscal quarter.

Section 6.12. *Merger or Consolidation.* Not merge with or into or consolidate with or into any other corporation or entity, unless (a) immediately after giving effect thereto, no event shall occur and be continuing that would constitute a Default or Unmatured Default, (b) the surviving or resulting person, as the case may be, if not the Borrower, assumes by operation of law or agrees in writing to pay and perform all of the obligations of the Borrower hereunder, (c) the surviving or resulting person, as the case may be, qualifies or is qualified to do business in the State of Oregon, and (d) the consolidated net worth (as determined in accordance with Agreement Accounting Principles) of the surviving or resulting Person, as the case may be, would be at least equal to the consolidated net worth of the Borrower immediately prior to such merger or consolidation.

Section 6.13. *Disposition of Assets.* Not sell, lease, assign, transfer or otherwise dispose of any Property or any interest therein, except that this Section 6.13 shall not apply to (a) any disposition of any Property or any interest therein in the ordinary course of business, (b) any disposition of obsolete or retired Property not used or useful in its business, (c) any disposition of any Property or any interest therein (i) for cash or cash equivalent or (ii) in exchange for utility plant, equipment or other utility assets, other than notes or other obligations, in each case equal to the fair market value (as determined in good faith by the Board of Directors of the Borrower) of such Property or interest therein, and provided that such disposition does not constitute a disposition of all or substantially all of the Property of the Borrower and (d) any disposition of any Property or any interest therein in exchange for notes or other obligations substantially equal to the fair market value (as determined in good faith by the Board of Directors of the Borrower) of such asset or interest therein, *provided* that the aggregate amount of notes or other obligations received after the date hereof from any one obligor in one transaction or a series of transactions shall not exceed 15% of the net asset value of the Borrower.

Section 6.14. *Beneficial Ownership Regulation.* (a) Notify the Agent and each Lender that previously received a Beneficial Ownership Certification (or a certification that the Borrower qualifies for an express exclusion to the “legal entity customer” definition under the Beneficial Ownership Regulation) of any change in the information provided in the Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified therein (or, if applicable, the Borrower ceasing to fall within an express exclusion to the definition of “legal entity customer” under the Beneficial Ownership Regulation) and (b) promptly upon the reasonable request of the Agent or any Lender, provide the Agent or directly to such Lender, as the case may be, any information or documentation requested by it for purposes of complying with the Beneficial Ownership Regulation.

Section 6.15. *Anti-Corruption Laws; Anti-Money Laundering Laws and Sanctions.*

(a) Not use the proceeds of any Advance, directly or, to the knowledge of the Borrower, indirectly, (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws or Anti-Money Laundering Laws, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (iii) in any manner that would result in the violation of any Sanctions by the Borrower or any of its Subsidiaries or, to the knowledge of the Borrower, applicable to any other party hereto.

(b) Remain in compliance with all Anti-Corruption Laws, Anti-Money Laundering Laws and applicable Sanctions.

ARTICLE 7 DEFAULTS

The occurrence of any one or more of the following events shall constitute a Default:

Section 7.01. Any representation or warranty made or deemed made by the Borrower or any of its Subsidiaries to the Lenders or the Agent under or in connection with this Agreement, any Loan, or any certificate or information delivered in connection with this Agreement or any other Loan Document shall be materially false on the date as of which made.

Section 7.02. Nonpayment of principal of any Loan when due, or nonpayment of interest upon any Loan or of any commitment fee or other Obligation under any of the Loan Documents within five (5) days after the same becomes due.

Section 7.03. The breach by the Borrower of any of the terms or provisions of Sections 6.01 (with respect to the Borrower), 6.07, 6.09(e)(i), 6.10, 6.11, 6.12, 6.13 or 6.15.

Section 7.04. The breach by the Borrower (other than a breach which constitutes a Default under another Section of this Article 7) of any of the terms or provisions of this Agreement which is not remedied within thirty (30) days after written notice from the Agent or any Lender.

Section 7.05. (a) To the extent not waived, or if applicable, cured, (i) the failure of the Borrower or any Subsidiary to pay when due any Indebtedness aggregating in excess of \$10,000,000 (“**Material Indebtedness**”); (ii) the default by the Borrower or any Significant Subsidiary in the performance (beyond the applicable grace period with respect thereto, if any) of any term, provision or condition contained in any agreement under which any such Material Indebtedness was created or is governed, or any other event shall occur or condition exist, the effect of which default or event is to cause, or to permit the holder or holders of such Material Indebtedness to cause, such Material Indebtedness to become due prior to its stated maturity; or (iii) any Material Indebtedness of the Borrower or any Significant Subsidiary shall be declared to be due and payable or

required to be prepaid or repurchased (other than by a regularly scheduled payment) prior to the stated maturity thereof; or (b) the Borrower or any of its Significant Subsidiaries shall not pay, or shall admit in writing its inability to pay, its debts generally as they become due.

Section 7.06. The Borrower or any Significant Subsidiary shall (a) have an order for relief entered with respect to it under the Federal bankruptcy laws as now or hereafter in effect, (b) make an assignment for the benefit of creditors, (c) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any Substantial Portion of its Property, (d) institute any proceeding seeking an order for relief under the Federal bankruptcy laws as now or hereafter in effect or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (e) take any corporate or partnership action to authorize or effect any of the foregoing actions set forth in this Section 7.06 or (f) fail to contest in good faith any appointment or proceeding described in Section 7.07.

Section 7.07. Without the application, approval or consent of the Borrower or the applicable Significant Subsidiary, a receiver, trustee, examiner, liquidator or similar official shall be appointed for the Borrower or such Significant Subsidiary or any Substantial Portion of its Property, or a proceeding described in Section 7.06(d) shall be instituted against the Borrower or such Significant Subsidiary and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of thirty (30) consecutive days.

Section 7.08. Any court, government or governmental agency shall condemn, seize or otherwise appropriate, or take custody or control of, all or any portion of Property of the Borrower and its Significant Subsidiaries which, when taken together with all other Property of the Borrower and its Significant Subsidiaries so condemned, seized, appropriated, or taken custody or control of, during the twelve-month period ending with the month in which any such action occurs, constitutes a Substantial Portion.

Section 7.09. The Borrower or any Significant Subsidiary shall fail within sixty (60) days to pay, bond or otherwise discharge in accordance with its terms one or more (a) judgments or orders for the payment of money in excess of \$10,000,000 (or the equivalent thereof in currencies other than U.S. dollars) in the aggregate, or (b) nonmonetary judgments or orders which, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect, which judgment(s), in any such case, is/are not stayed on appeal or otherwise being appropriately contested in good faith.

Section 7.10. Except as disclosed in the Disclosure Documents, (a) the Borrower or any ERISA Affiliate incurs any liability to the PBGC (other than ordinary course liability for premium payments which are paid when due), (b) a Reportable Event

(excluding those for which the provision for thirty (30) day notice to the PBGC has been waived by regulation) occurs with respect to the Benefit Plans of the Borrower and its Significant Subsidiaries and of the other ERISA Affiliates or (c) a Benefit Plan pursuant to Title IV of ERISA or the Borrower or any ERISA Affiliate incurs any withdrawal liability pursuant to Title IV of ERISA with respect to a Benefit Plan or Multiemployer Benefit Plan (determined as of the date of notice of such withdrawal liability) in excess of \$10,000,000.

Section 7.11. A Change in Control shall have occurred.

ARTICLE 8 ACCELERATION, WAIVERS, AMENDMENTS AND REMEDIES

Section 8.01. *Acceleration.* If any Default described in Section 7.06 or 7.07 occurs with respect to the Borrower, the Commitment of each Lender hereunder shall automatically terminate, the Obligations shall immediately become due and payable without further act of the Agent or any Lender and without any election or action on the part of the Agent or any Lender. If any other Default occurs, the Required Lenders (or the Agent with the consent of the Required Lenders) may (a) terminate or suspend the aggregate Commitment or (b) declare the Obligations to be due and payable, or all of the foregoing, whereupon such aggregate Commitment shall be immediately terminated or suspended and/or the Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Borrower hereby expressly waives.

Section 8.02. *Amendments.* Subject to the provisions of this Article 8 and Section 3.03(b), the Required Lenders (or the Agent with the consent in writing of the Required Lenders) and the Borrower may enter into agreements supplemental hereto for the purpose of adding or modifying any provisions to the Loan Documents or changing in any manner the rights of the Lenders or the Borrower hereunder or waiving any Default hereunder or other provisions hereof; *provided* that no such supplemental agreement shall, without the consent of all of the Lenders affected thereby:

- (a) Extend the final maturity of any Loan to a date after the Maturity Date of any affected Lender, or forgive all or any portion of the principal amount thereof, or reduce the rate or extend the time of payment of interest or fees thereon.
- (b) Reduce the percentage specified in the definition of Required Lenders.
- (c) Extend the Maturity Date, increase the amount of the Commitment of any Lender hereunder or permit the Borrower to assign its rights under this Agreement.
- (d) Amend this Section 8.02 (or amend any other term of the Loan Documents that would have the effect of changing Section 8.02).
- (e) Amend Section 11.02 (or amend any other term of the Loan Documents that would have the effect of changing Section 11.02).

(f) Subordinate any of the Obligations in right of payment or otherwise adversely affect the priority of payment of any of such Obligations.

No amendment of any provision of this Agreement relating to the Agent shall be effective without the written consent of the Agent. The Agent may waive payment of any fee required under Section 12.03(a)(iv) without obtaining the consent of any other party to this Agreement. The Agent (and, if applicable, the Borrower) may, without the consent of any Lender, enter into amendments or modifications to this Agreement or any of the other Loan Documents or enter into additional Loan Documents in order to implement any Benchmark Replacement or Conforming Changes or otherwise effectuate the terms of Section 3.03(b) in accordance with the terms of Section 3.03(b).

Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Commitment of any Defaulting Lender may not be increased or extended without the consent of such Lender and (y) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender more adversely than other affected Lenders shall require the consent of such Defaulting Lender.

Notwithstanding anything in this Agreement to the contrary, each Lender hereby irrevocably authorizes the Agent on its behalf, and without further consent of any Lender (but with the consent of the Borrower and the Agent), to amend and restate this Agreement and the other Loan Documents if, upon giving effect to such amendment and restatement, such Lender shall no longer be a party to this Agreement (as so amended and restated), the Commitments of such Lender shall have terminated, such Lender shall have no other commitment or other obligation hereunder and shall have been paid in full all principal, interest and other amounts owing to it or accrued for its account under this Agreement and the other Loan Documents.

Section 8.03. *Preservation of Rights*. No delay or omission of the Lenders or the Agent to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Default or an acquiescence therein, and the making of an Advance notwithstanding the existence of a Default or the inability of the Borrower to satisfy the conditions precedent to such Advance shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever shall be valid unless in writing signed by the Lenders required pursuant to Section 8.02, and then only to the extent in such writing specifically set forth. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to the Agent and the Lenders until the Obligations have been paid in full.

ARTICLE 9 GENERAL PROVISIONS

Section 9.01. *Survival of Representations.* All representations and warranties of the Borrower contained in this Agreement shall survive the making of the Advances herein contemplated.

Section 9.02. *Governmental Regulation.* Anything contained in this Agreement to the contrary notwithstanding, no Lender shall be obligated to extend credit to the Borrower in violation of any limitation or prohibition provided by any applicable statute or regulation.

Section 9.03. *Headings.* Section headings in the Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the Loan Documents.

Section 9.04. *Entire Agreement.* The Loan Documents embody the entire agreement and understanding among the Borrower, the Agent and the Lenders and supersedes all prior agreements and understandings among the Borrower, the Agent and the Lenders relating to the subject matter thereof.

Section 9.05. *Several Obligations; Benefits of this Agreement.* The respective obligations of the Lenders hereunder are several and not joint and no Lender shall be the partner or agent of any other (except to the extent to which the Agent is authorized to act as such). The failure of any Lender to perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns, *provided* that the parties hereto expressly agree that this Arranger shall enjoy the benefits of the provisions of Sections 9.06, 9.10 and 10.11 to the extent specifically set forth therein and shall have the right to enforce such provisions on its own behalf and in its own name to the same extent as if it were a party to this Agreement.

Section 9.06. *Expenses; Indemnification.*

(a) The Borrower shall reimburse the Agent for all reasonable costs, internal charges and out of pocket expenses of a single external counsel paid or incurred by the Agent in connection with the preparation, negotiation, execution, delivery, syndication, review, amendment, modification, and administration of the Loan Documents. The Borrower also agrees to reimburse the Agent, the Arranger and the Lenders for all reasonable costs, internal charges and out of pocket expenses (including the attorneys' fees of external counsel) paid or incurred by the Agent, the Arranger, or any Lender in connection with the collection and enforcement of the Loan Documents.

(b) The Borrower hereby further agrees to indemnify the Agent, the Arranger, each Lender, their respective affiliates, and each of their directors, officers, advisors, trustees and employees against all losses, claims, damages, penalties, judgments,

liabilities (including, without limitation, liabilities arising under or relating to Environmental Laws) and reasonable expenses (including, without limitation, all reasonable expenses of litigation or preparation thereof whether or not the Agent, the Arranger, any Lender or any affiliate is a party thereto and whether or not such investigation, litigation or proceeding is brought by the Borrower, the Borrower's equity holders or creditors or any other party) which any of them may pay or incur arising out of or relating to this Agreement, the other Loan Documents, the transactions contemplated hereby or the application of the proceeds of any Advance hereunder except to the extent that they are determined in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the party seeking indemnification. The obligations of the Borrower under this Section 9.06 shall survive the termination of this Agreement.

Section 9.07. *Numbers of Documents.* All statements, notices, closing documents, and requests hereunder shall be furnished to the Agent with sufficient counterparts so that the Agent may furnish one to each of the Lenders.

Section 9.08. *Accounting.* Except as provided to the contrary herein, all accounting terms used herein shall be interpreted and all accounting determinations hereunder shall be made in accordance with Agreement Accounting Principles. If at any time any change in the Agreement Accounting Principles would affect the computation of the financial ratio or requirement set forth in any Loan Document, and either the Borrower or the Required Lenders shall so request, the Agent, the Lenders and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in the Agreement Accounting Principles (subject to the approval of the Required Lenders); *provided that*, until so amended, (a) such ratio or requirement shall continue to be computed in accordance with the Agreement Accounting Principles prior to such change therein and (b) the Borrower shall provide to the Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in the Agreement Accounting Principles; *provided, further, that*, (i) all obligations of any Person that are or would have been treated as operating leases for purposes of Agreement Accounting Principles prior to the effectiveness of FASB ASC 842 shall continue to be accounted for as operating leases for purposes of all financial definitions and calculations for purpose of this Agreement (whether or not such operating lease obligations were in effect on such date) notwithstanding the fact that such obligations are required in accordance with FASB ASC 842 (on a prospective or retroactive basis or otherwise) to be treated as Capitalized Lease Obligations in the financial statements and (ii) all financial statements delivered to the Agent hereunder shall contain a schedule showing the modifications necessary to reconcile the adjustments made pursuant to clause (i) above with such financial statements.

Section 9.09. *Severability of Provisions.* Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision

in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable. Without limiting the foregoing provisions of this Section 9.09, if and to the extent that the enforceability of any provisions in this Agreement relating to Defaulting Lenders shall be limited by bankruptcy or other similar debtor relief laws, as determined in good faith by the Agent, then such provisions shall be deemed to be in effect only to the extent not so limited. In the event that any provision is held to be so prohibited or unenforceable in any jurisdiction, the Agent, the Lenders and the Borrower shall negotiate in good faith to amend such provision to preserve the original intent thereof in such jurisdiction (subject to the approval of the Required Lenders).

Section 9.10. *Nonliability of Lenders.* The relationship between the Borrower on the one hand and the Lenders, the Arranger and the Agent on the other hand shall be solely that of borrower and lender. None of the Agent, the Arranger or any Lender shall have any fiduciary responsibilities to the Borrower. None of the Agent, the Arranger or any Lender undertakes any responsibility to the Borrower to review or inform the Borrower of any matter in connection with any phase of the Borrower's business or operations. The Borrower agrees that none of the Agent, the Arranger or any Lender shall have liability to the Borrower for losses suffered by the Borrower in connection with, arising out of, or in any way related to, the transactions contemplated and the relationship established by the Loan Documents, or any act, omission or event occurring in connection therewith, except to the extent determined in a final non-appealable judgment by a court of competent jurisdiction. Neither the Agent, the Arranger or any Lender nor the Borrower shall have any liability with respect to, and the Borrower (with respect to the Agent, the Arranger and each Lender) and the Agent, the Arranger and each Lender (with respect to the Borrower) hereby waives, releases and agrees not to sue for any special, indirect or consequential damages suffered by any such party in connection with, arising out of, or in any way related to the Loan Documents or the transactions contemplated thereby; *provided*, that this sentence shall in no way diminish the Borrower's obligations under Section 9.06 to indemnify the Agent, the Arranger, each Lender, their respective affiliates, and each of their directors, officers, advisors, trustees and employees for any special, indirect or consequential damages awarded to an unaffiliated third party.

Section 9.11. *Confidentiality.* The Agent, the Arranger and each Lender agrees to hold any confidential information which it may receive from the Borrower pursuant to this Agreement in confidence, except for disclosure (a) to its Affiliates and to other Lenders and their respective Affiliates, (b) to legal counsel, accountants, and other professional advisors to such Lender or to a Transferee, (c) to regulatory officials or in accordance with the Agent's or any Lender's regulatory compliance policy if the Agent or such Lender, as applicable, deems such disclosure to be necessary for the mitigation of claims by those authorities against the Agent or such Lender, as applicable, or any of its directors, officers, agents or employees (in which case, the Agent or such Lender, as applicable, shall use commercially reasonable efforts to, except with respect to any audit or examination conducted by bank accountants or any governmental bank regulatory authority exercising examination or regulatory authority, promptly notify the Borrower, in advance, to the extent practicable and otherwise permitted by applicable law), (d) to any Person as requested pursuant to or as required by law, regulation, or legal process,

(e) to any Person in connection with any legal proceeding to which such Agent, Arranger or Lender is a party, (f) to such Lender's direct or indirect contractual counterparties in swap agreements or to legal counsel, accountants and other professional advisors to such counterparties, (g) permitted by Section 12.04, (h) to rating agencies if required by such agencies in connection with a rating relating to the Advances hereunder, (i) to the extent required in connection with the exercise of any remedy or any enforcement of this Agreement by such Lender or the Agent and (j) to the extent required by an insurance company in connection with providing insurance coverage or providing reimbursement pursuant to this Agreement; *provided* that, in the case of clauses (a), (b), (f) and (g), the recipient of such information shall be advised that the information is confidential and shall agree to be bound by the confidentiality obligations of this Section 9.11; and *provided* further, that in the case of clauses (a) and (b), the recipient needs to know such information in connection with such Lender's, the Arranger's, the Agent's or applicable Transferee's, as applicable, exercise of rights and performance of obligations under this Agreement.

Any Person required to maintain the confidentiality of confidential information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such confidential information as such Person would accord to its own confidential information.

Each of the Agent and the Lenders acknowledges that (a) the confidential information may include material non-public information concerning the Borrower or a Subsidiary, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable law, including United States federal and state securities laws.

Section 9.12. *Nonreliance*. Each Lender hereby represents that it is not relying on or looking to any Margin Stock for the repayment of the Advance provided for herein.

Section 9.13. *No Advisory or Fiduciary Relationship*. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Borrower acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (a) (i) the arranging and other services regarding this Agreement provided by the Agent and the Arranger are arm's-length commercial transactions between the Borrower and its Affiliates, on the one hand, and the Agent, the Arranger and the Lenders, on the other hand, (ii) the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) the Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (b) (i) the Agent, the Arranger and each Lender each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower or any of its Affiliates, or any other Person and (ii) neither the Agent, the Arranger nor any Lender has any obligation to

the Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and

(c) the Agent, the Arranger, the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower and its Affiliates, and neither the Agent, the Arranger nor any Lender has any obligation to disclose any of such interests to the Borrower or its Affiliates. To the fullest extent permitted by law, the Borrower hereby waives and releases any claims that it may have against the Agent, the Arranger and any Lender with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby. *USA PATRIOT ACT NOTIFICATION*. The following notification is provided to the Borrower pursuant to Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318:

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A

NEW ACCOUNT. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person or entity that opens an account, including any deposit account, treasury management account, loan, other extension of credit, or other financial services product. What this means for the Borrower: When the Borrower opens an account, if the Borrower is an individual, the Agent and the Lenders will ask for the Borrower's name, residential address, tax identification number, date of birth, and other information that will allow the Agent and the Lenders to identify the Borrower, and, if the Borrower is not an individual, the Agent and the Lenders will ask for the Borrower's name, tax identification number, business address, and other information that will allow the Agent and the Lenders to identify the Borrower. The Agent and the Lenders may also ask, if the Borrower is an individual, to see the Borrower's driver's license or other identifying documents, and, if the Borrower is not an individual, to see the Borrower's legal organizational documents or other identifying documents.

Section 9.15. *[Reserved]*.

Section 9.16. *Acknowledgement and Consent to Bail-In of Affected Financial Institutions.*

Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and
- (b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

Section 9.17. *Certain ERISA Matters.*

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower, that at least one of the following is and will be true:

(iv) such Lender is not using “plan assets” (within the meaning of Section 3(42) of ERISA or otherwise) of one or more ERISA Benefit Plans with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments or this Agreement;

(v) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement;

(vi) (A) such Lender is an investment fund managed by a “Qualified Professional Asset Manager” (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of

PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement; or

(vii) such other representation, warranty and covenant as may be agreed in writing between the Agent, in its sole discretion, and such Lender.

(b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant as provided in sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Agent, and not, for the avoidance of doubt, to or for the benefit of the Borrower, that the Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Agent under this Agreement, any Loan Document or any documents related hereto or thereto).

Section 9.18. *Rates*. The Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, (a) the continuation of, administration of, submission of, calculation of or any other matter related to the Term SOFR Reference Rate, Adjusted Term SOFR or Term SOFR, or any component definition thereof or rates referred to in the definition thereof, or with respect to any alternative, successor or replacement rate thereto (including any Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement rate (including any Benchmark Replacement), as it may or may not be adjusted pursuant to Section 3.03(b), will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, the Term SOFR Reference Rate, Adjusted Term SOFR, Term SOFR, or any other Benchmark prior to its discontinuance or unavailability, or (b) the effect, implementation or composition of any Conforming Changes. The Agent and its Affiliates or other related entities may engage in transactions that affect the calculation of the Term SOFR Reference Rate, Adjusted Term SOFR, Term SOFR, any alternative, successor or replacement rate (including any Benchmark Replacement) or any relevant adjustments thereto and such transactions may be adverse to the Borrower. The Agent may select information sources or services in its reasonable discretion to ascertain the Term SOFR Reference Rate, Adjusted Term SOFR or Term SOFR or any other Benchmark, any component definition thereof or rates referred to in the definition thereof, in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrower, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

Section 9.19. *[Reserved]*.

Section 9.20. *Electronic Execution.* The words “execute,” “execution,” “signed,” “signature,” “delivery” and words of like import in or related to this Agreement, any other Loan Document or any document, amendment, approval, consent, waiver, modification, information, notice, certificate, report, statement, disclosure, or authorization to be signed or delivered in connection with this Agreement or any other Loan Document or the transactions contemplated hereby shall be deemed to include Electronic Signatures or execution in the form of an Electronic Record, and contract formations on electronic platforms approved by the Agent, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act. Each party hereto agrees that any Electronic Signature or execution in the form of an Electronic Record shall be valid and binding on itself and each of the other parties hereto to the same extent as a manual, original signature. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the parties of a manually signed paper which has been converted into electronic form (such as scanned into PDF format), or an electronically signed paper converted into another format, for transmission, delivery and/or retention. Notwithstanding anything contained herein to the contrary, the Agent is under no obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by the Agent pursuant to procedures approved by it; *provided* that without limiting the foregoing, (a) to the extent the Agent has agreed to accept such Electronic Signature from any party hereto, the Agent and the other parties hereto shall be entitled to rely on any such Electronic Signature purportedly given by or on behalf of the executing party without further verification and (b) upon the request of the Agent or any Lender, any Electronic Signature shall be promptly followed by an original manually executed counterpart thereof. Without limiting the generality of the foregoing, each party hereto hereby (i) agrees that, for all purposes, including without limitation, in connection with any workout, restructuring, enforcement of remedies, bankruptcy proceedings or litigation among the Agent, the Lenders and the Borrower, electronic images of this Agreement or any other Loan Document (in each case, including with respect to any signature pages thereto) shall have the same legal effect, validity and enforceability as any paper original, and (ii) waives any argument, defense or right to contest the validity or enforceability of the Loan Documents based solely on the lack of paper original copies of any Loan Documents, including with respect to any signature pages thereto.

ARTICLE 10 THE AGENT

Section 10.01. *Appointment; Nature of Relationship.* Barclays is hereby appointed by each of the Lenders as its contractual representative (herein referred to as the “**Agent**”) hereunder and under each other Loan Document, and each of the Lenders irrevocably authorizes the Agent to act as the contractual representative of such Lender with the rights and duties expressly set forth herein and in the other Loan Documents.

The Agent agrees to act as such contractual representative upon the express conditions contained in this Article 10. Notwithstanding the use of the defined term “**Agent**,” it is expressly understood and agreed that the Agent shall not have any fiduciary responsibilities to any Lender by reason of this Agreement or any other Loan Document and that the Agent is merely acting as the contractual representative of the Lenders with only those duties as are expressly set forth in this Agreement and the other Loan Documents. In its capacity as the Lenders’ contractual representative, the Agent (a) does not hereby assume any fiduciary duties to any of the Lenders, (b) is a “representative” of the Lenders within the meaning of Section 9-102(a)(72) of the Uniform Commercial Code and (c) is acting as an independent contractor, the rights and duties of which are limited to those expressly set forth in this Agreement and the other Loan Documents. Each of the Lenders hereby agrees to assert no claim against the Agent on any agency theory or any other theory of liability for breach of fiduciary duty, all of which claims each Lender hereby waives.

Section 10.02. *Powers.* The Agent shall have and may exercise such powers under the Loan Documents as are specifically delegated to the Agent by the terms of each thereof, together with such powers as are reasonably incidental thereto. The Agent shall have no implied duties to the Lenders, or any obligation to the Lenders to take any action thereunder except any action specifically provided by the Loan Documents to be taken by the Agent.

Section 10.03. *General Immunity.* Neither the Agent, the Arranger nor any of their respective directors, officers, agents or employees, in each case acting in its capacity as Agent and not as Lender, shall be liable to the Borrower, the Lenders or any Lender for any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith except for its or their breach of the their obligations hereunder or thereunder or to the extent such action or inaction is determined in a final non-appealable judgment by a court of competent jurisdiction to have arisen from the gross negligence or willful misconduct of such Person.

Section 10.04. *Responsibility for Loans, Recitals, etc.* Neither the Agent, the Arranger nor any of their respective directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into, or verify (a) any statement, warranty or representation made in connection with any Loan Document or any borrowing hereunder; (b) the performance or observance of any of the covenants or agreements of any obligor under any Loan Document, including, without limitation, any agreement by an obligor to furnish information directly to each Lender; (c) the satisfaction of any condition specified in Article 4, except receipt of items required to be delivered solely to the Agent; (d) the existence or possible existence of any Default or Unmatured Default; or (e) the validity, enforceability, effectiveness, sufficiency or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith. The Agent shall have no duty to disclose to the Lenders information that is not required to be furnished by the Borrower to the Agent at such time, but is voluntarily furnished by the Borrower to the Agent (either in its capacity as Agent or in its individual capacity). Neither the Agent, the Arranger nor any of their respective directors, officers, agents or employees shall have any duty to disclose, and

shall not be liable for the failure to disclose to any Lender or any other Person, any credit or other information relating concerning the business, prospects, operations, properties, assets, financial or other condition or creditworthiness of the Borrower or any of its Subsidiaries or Affiliates that is communicated to, obtained by or otherwise in the possession of the Person serving as the Agent, the Arranger or their respective directors, officers, agents or employees in any capacity, except for notices, reports and other documents that are required to be furnished by the Agent to the Lenders pursuant to the express provisions of this Agreement.

Section 10.05. *Action on Instructions of Lenders.* The Agent, the Arranger and their respective directors, officers, agents or employees shall in all cases be fully protected in acting, or in refraining from acting, hereunder and under any other Loan Document in accordance with written instructions signed by the Required Lenders (or, when expressly required hereunder, all of the Lenders), and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Lenders. The Lenders hereby acknowledge that the Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement or any other Loan Document unless it shall be requested in writing to do so by the Required Lenders. The Agent shall be fully justified in failing or refusing to take any action hereunder and under any other Loan Document unless it shall first be indemnified to its satisfaction by the Lenders pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

Section 10.06. *Employment of Agents and Counsel.* The Agent may execute any of its duties as Agent hereunder and under any other Loan Document by or through employees, agents, and attorneys in fact and shall not be answerable to the Lenders, except as to money or securities received by it or its authorized agents, for the default or misconduct of any such agents or attorneys in fact selected by it with reasonable care. The Agent shall be entitled to advice of counsel concerning the contractual arrangement between the Agent and the Lenders and all matters pertaining to the Agent's duties hereunder and under any other Loan Document.

Section 10.07. *Reliance on Documents; Counsel.* The Agent shall be entitled to rely upon, and shall be fully protected in relying on, any notice, consent, certificate, affidavit, letter, telegram, statement, paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and, in respect to legal matters, upon the opinion of counsel selected by the Agent, which counsel may be employees of the Agent. Each Lender that has signed this Agreement or a signature page to an Assignment Agreement or any other Loan Document pursuant to which it is to become a Lender hereunder shall be deemed to have consented to, approved and accepted and shall be deemed satisfied with each document or other matter required thereunder to be consented to, approved or accepted by such Lender or that is to be acceptable or satisfactory to such Lender.

Section 10.08. *Agent's Reimbursement and Indemnification.* To the extent that the Borrower has not otherwise indemnified the Agent pursuant to Section 9.06(b), each Lender severally agrees to reimburse and indemnify the Agent ratably in proportion to

their respective Commitments (or, if the Commitments have been terminated, in proportion to their Commitments immediately prior to such termination) (a) for any amounts not reimbursed by the Borrower for which the Agent is entitled to reimbursement by the Borrower under the Loan Documents, (b) for any other expenses incurred by the Agent on behalf of the Lenders, in connection with the preparation, execution, delivery, administration and enforcement of the Loan Documents (including, without limitation, for any expenses incurred by the Agent in connection with any dispute between the Agent and any Lender or between two or more of the Lenders) and (c) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of the Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby (including, without limitation, for any such amounts incurred by or asserted against the Agent in connection with any dispute between the Agent and any Lender or between two or more of the Lenders), or the enforcement of any of the terms of the Loan Documents or of any such other documents, *provided* that (i) no Lender shall be liable for any of the foregoing to the extent any of the foregoing is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Agent and (ii) any indemnification required pursuant to Section 3.05(g) shall, notwithstanding the provisions of this Section 10.08, be paid by the relevant Lender in accordance with the provisions thereof. The obligations of the Lenders under this Section 10.08 shall survive payment of the Obligations and termination of this Agreement.

Section 10.09. *Notice of Default.* The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Unmatured Default hereunder unless the Agent has received written notice from a Lender or the Borrower referring to this Agreement describing such Default or Unmatured Default and stating that such notice is a “notice of default”. In the event that the Agent receives such a notice, the Agent shall give prompt notice thereof to the Lenders and, in the case of a “notice of default” received from a Lender, to the Borrower.

Section 10.10. *Rights as a Lender.* Notwithstanding anything to the contrary in this Article 10, in the event the Agent is a Lender, the Agent shall have the same rights, powers, and obligations hereunder and under any other Loan Document with respect to its Commitment and its Loans as any Lender and may exercise such rights and powers, and shall comply with such obligations, as though it were not the Agent, and the term “**Lender**” or “**Lenders**” shall, at any time when the Agent is a Lender, unless the context otherwise indicates, include the Agent in its individual capacity. The Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of banking, financial advisory, underwriting, capital markets, trust, debt, equity or other transaction, in addition to those contemplated by this Agreement or any other Loan Document, with the Borrower or any of its Subsidiaries in which the Borrower or such Subsidiary is not restricted hereby from engaging with any other Person. The Agent in its individual capacity is not obligated to remain a Lender.

Section 10.11. *Lender Credit Decision.* Each Lender expressly acknowledges that none of the Agent, the Arranger or any of their respective directors, officers, agents or employees has made any representations or warranties to it and that no act taken or failure to act by the Agent, the Arranger or any of their respective directors, officers, agents or employees, including any consent to, and acceptance of any assignment or review of the affairs of the Borrower and its Subsidiaries or Affiliates shall be deemed to constitute a representation or warranty of the Agent, the Arranger or any of their respective directors, officers, agents or employees to any Lender as to any matter, including whether the Agent, the Arranger or any of their respective directors, officers, agents or employees have disclosed material information in their (or their respective directors', officers', agents' or employees') possession. Each Lender expressly acknowledges, represents and warrants to the Agent and the Arranger that (a) the Loan Documents set forth the terms of a commercial lending facility, (b) it is engaged in making, acquiring, purchasing or holding commercial loans in the ordinary course and is entering into this Agreement and the other Loan Documents to which it is a party as a Lender for the purpose of making, acquiring, purchasing and/or holding the commercial loans set forth herein as may be applicable to it, and not for the purpose of making, acquiring, purchasing or holding any other type of financial instrument, (c) it is sophisticated with respect to decisions to make, acquire, purchase or hold the commercial loans applicable to it and either it or the Person exercising discretion in making its decisions to make, acquire, purchase or hold such commercial loans is experienced in making, acquiring, purchasing or holding commercial loans, (d) it has, independently and without reliance upon the Agent, the Arranger, any other Lender or any of their respective directors, officers, agents or employees and based on such documents and information as it has deemed appropriate, made its own credit analysis and appraisal of, and investigations into, the business, prospects, operations, property, assets, liabilities, financial and other condition and creditworthiness of the Borrower and its Subsidiaries, all applicable bank or other regulatory applicable laws relating to the transactions contemplated by this Agreement and the other Loan Documents and (e) it has made its own independent decision to enter into this Agreement and the other Loan Documents to which it is a party and to extend credit hereunder and thereunder. Each Lender also acknowledges that (i) it will, independently and without reliance upon the Agent, the Arranger or any other Lender or any of their respective directors, officers, agents or employees (A) continue to make its own credit analysis, appraisals and decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder based on such documents and information as it shall from time to time deem appropriate and its own independent investigations and (B) continue to make such investigations and inquiries as it deems necessary to inform itself as to the Borrower and its Subsidiaries and (ii) it will not assert any claim in contravention of this Section 10.11.

Section 10.12. *Successor Agent.* The Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower, such resignation to be effective upon the appointment of a successor Agent or, if no successor Agent has been appointed, forty-five (45) days after the retiring Agent gives notice of its intention to resign. The Agent may be removed at any time with or without cause by written notice received by the Agent from the Required Lenders, such removal to be effective on the date specified

by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint with the Borrower's written consent, not to be unreasonably withheld or delayed, on behalf of the Borrower and the Lenders, a successor Agent. If no successor Agent shall have been so appointed by the Required Lenders within thirty (30) days after the resigning Agent's giving notice of its intention to resign, then the resigning Agent may appoint with the Borrower's written consent, not to be unreasonably withheld or delayed, on behalf of the Borrower and the Lenders, a successor Agent. Notwithstanding the previous sentence, the Agent may at any time without the consent of any Lender and with the consent of the Borrower, not to be unreasonably withheld or delayed, appoint any of its Affiliates which is a commercial bank as a successor Agent hereunder. If the Agent has resigned or been removed and no successor Agent has been appointed, the Lenders may perform all the duties of the Agent hereunder and the Borrower shall make all payments in respect of the Obligations to the applicable Lender and for all other purposes shall deal directly with the Lenders. No successor Agent shall be deemed to be appointed hereunder until such successor Agent has accepted the appointment. Any such successor Agent shall be a commercial bank or financial institution reasonably experienced in serving as administrative agent on syndicated bank facilities having capital and retained earnings of at least \$100,000,000.

Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the resigning or removed Agent. Upon the effectiveness of the resignation or removal of the Agent, the resigning or removed Agent shall be discharged from its duties and obligations hereunder and under the Loan Documents.

After the effectiveness of the resignation or removal of an Agent, the provisions of this Article 10 shall continue in effect for the benefit of such Agent in respect of any actions taken or omitted to be taken by it while it was acting as the Agent hereunder and under the other Loan Documents or related to its duties as Agent that are carried out following its retirement or removal. In the event that there is a successor to the Agent by merger, or the Agent assigns its duties and obligations to an Affiliate pursuant to this Section 10.12, then the term "prime rate" as used in this Agreement shall mean the prime rate, base rate or other analogous rate of the new Agent.

Section 10.13. *Agent and Arranger Fees.* The Borrower agrees to pay to the Agent and the Arranger, for their own respective accounts, the fees agreed to by the Borrower, the Agent and the Arranger, including, without limitation, the fees agreed to pursuant to the Fee and Syndication Letter.

Section 10.14. *Delegation to Affiliates.* The Borrower and the Lenders agree that the Agent may delegate any of its duties under this Agreement to any of its Affiliates.

Any such Affiliate (and such Affiliate's directors, officers, agents and employees) which performs duties in connection with this Agreement shall be entitled to the same benefits of the indemnification, waiver and other protective provisions to which the Agent is entitled under Articles 9 and 10.

Section 10.15. *The Arranger.* Without limiting the foregoing, the Arranger shall not have or be deemed to have any fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on the Arranger in deciding to enter

into this Agreement or in taking or refraining from taking any action hereunder or pursuant hereto.

Section 10.16. *Erroneous Payments.*

(a) Each Lender hereby severally agrees that if (i) the Agent notifies (which such notice shall be conclusive absent manifest error) such Lender or any other Person (except the Borrower) that has received funds from the Agent or any of its Affiliates, either for its own account or on behalf of a Lender (each such recipient, a “**Payment Recipient**”) that the Agent has determined in its sole discretion that any funds received by such Payment Recipient were erroneously transmitted to, or otherwise erroneously or mistakenly received by, such Payment Recipient (whether or not known to such Payment Recipient) or (ii) any Payment Recipient receives any payment from the Agent (or any of its Affiliates) (x) that is in a different amount than, or on a different date from, that specified in a notice of payment, prepayment or repayment sent by the Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, as applicable, (y) that was not preceded or accompanied by a notice of payment, prepayment or repayment sent by the Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, as applicable, or (z) that such Payment Recipient otherwise becomes aware was transmitted or received in error or by mistake (in whole or in part) then, in each case, an error in payment shall be presumed to have been made (any such amounts specified in clauses (i) or (ii) of this Section 10.16(a), whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise; individually and collectively, an “**Erroneous Payment**”), then, in each case, such Payment Recipient is deemed to have knowledge of such error at the time of its receipt of such Erroneous Payment; *provided* that nothing in this Section shall require the Agent to provide any of the notices specified in clauses (i) or (ii) above. Each Payment Recipient agrees that it shall not assert any right or claim to any Erroneous Payment, and hereby waives any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Agent for the return of any Erroneous Payments, including without limitation waiver of any defense based on “discharge for value” or any similar doctrine.

(b) Without limiting the immediately preceding clause (a), each Payment Recipient agrees that, in the case of clause (a)(ii) above, it shall promptly notify the Agent in writing of such occurrence.

(c) In the case of either clause (a)(i) or (a)(ii) above, such Erroneous Payment shall at all times remain the property of the Agent and shall be segregated by the Payment Recipient and held in trust for the benefit of the Agent, and upon demand from the Agent such Payment Recipient shall (or, shall cause any Person who received any portion of an Erroneous Payment on its behalf to), promptly, but in all events no later than one Business Day thereafter, return to the Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made in immediately available funds and in the currency so received, together with interest thereon in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such

Payment Recipient to the date such amount is repaid to the Agent at the Federal Funds Effective Rate.

(d) In the event that an Erroneous Payment (or portion thereof) is not recovered by the Agent for any reason, after demand therefor by the Agent in accordance with immediately preceding clause (c), from any Lender that is a Payment Recipient or an Affiliate of a Payment Recipient (such unrecovered amount as to such Lender, an “**Erroneous Payment Return Deficiency**”), then at the sole discretion of the Agent and upon the Agent’s written notice to such Lender (i) such Lender shall be deemed to have made a cashless assignment of the full face amount of the portion of its Loans (but not its Commitments) with respect to which such Erroneous Payment was made (the “**Erroneous Payment Impacted Class**”) to the Agent or, at the option of the Agent, the Agent’s applicable lending affiliate in an amount that is equal to the Erroneous Payment Return Deficiency (or such lesser amount as the Agent may specify) (such assignment of the Loans (but not Commitments) of the Erroneous Payment Impacted Class, the “**Erroneous Payment Deficiency Assignment**”) plus any accrued and unpaid interest on such assigned amount, without further consent or approval of any party hereto and without any payment by the Agent or its applicable lending affiliate as the assignee of such Erroneous Payment Deficiency Assignment. Without limitation of its rights hereunder, the Agent may cancel any Erroneous Payment Deficiency Assignment at any time by written notice to the applicable assigning Lender and upon such revocation all of the Loans assigned pursuant to such Erroneous Payment Deficiency Assignment shall be reassigned to such Lender without any requirement for payment or other consideration. The parties hereto acknowledge and agree that (1) any assignment contemplated in this clause (d) shall be made without any requirement for any payment or other consideration paid by the applicable assignee or received by the assignor, (2) the provisions of this clause (d) shall govern in the event of any conflict with the terms and conditions of Sections 12.01 or 12.02 and (3) the Agent may reflect such assignments in the Register without further consent or action by any other Person.

(e) The Agent and each Lender hereby agree that (x) in the event an Erroneous Payment (or portion thereof) is not recovered from any Payment Recipient that has received such Erroneous Payment (or portion thereof) for any reason, the Agent (1) shall be subrogated to all the rights of such Payment Recipient with respect to such amount and (2) is authorized to set off, net and apply any and all amounts at any time owing to such Payment Recipient under any Loan Document, or otherwise payable or distributable by the Agent to such Payment Recipient from any source, against any amount due to the Agent under this Section 10.16 or under the indemnification provisions of this Agreement, (y) the receipt of an Erroneous Payment by a Payment Recipient shall not for the purpose of this Agreement be treated as a payment, prepayment, repayment, discharge or other satisfaction of any Obligations owed by the Borrower, except, in each case, to the extent such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by the Agent from the Borrower for the purpose of making for a payment on the Obligations and (z) to the extent that an Erroneous Payment was in any way or at any time credited as payment or satisfaction of any of the Obligations, the Obligations or any part thereof that were so credited, and all rights of the Payment Recipient, as the case may be, shall be reinstated

and continue in full force and effect as if such payment or satisfaction had never been received.

(f) The Agent's and each Lender's obligations under this Section 10.16 shall survive the resignation or replacement of the Agent or any transfer of right or obligations by, or the replacement of, a Lender, the termination of the Commitments or the repayment, satisfaction or discharge of all Obligations (or any portion thereof) under any Loan Document.

(g) Nothing in this Section 10.16 will constitute a waiver or release of any claim of any party hereunder arising from any Payment Recipient's receipt of an Erroneous Payment.

ARTICLE 11 SETOFF; RATABLE PAYMENTS

Section 11.01. *Setoff*. In addition to, and without limitation of, any rights of the Lenders under applicable law, if a Default occurs, any and all deposits (including all account balances, whether provisional or final and whether or not collected or available) and any other Indebtedness at any time owing by any Lender or any Affiliate of any Lender to or for the credit or account of the Borrower may be offset and applied toward the payment of the Obligations owing to such Lender, whether or not the Obligations, or any part thereof, shall then be due, *provided*, that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Agent for further application in accordance with the provisions of Section 2.21 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Agent and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff.

Section 11.02. *Ratable Payments*. If any Lender, whether by setoff or otherwise, has payment made to it upon its Loans (other than payments received pursuant to Section 2.20, 3.01, 3.02, 3.04 or 3.05) in a greater proportion than that received by any other Lender, such Lender agrees, promptly upon demand, to purchase a portion of the Loans held by the other Lenders so that after such purchase each Lender will hold its Pro Rata Share of the Loans. If any Lender, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligations or such amounts which may be subject to setoff, such Lender agrees, promptly upon demand, to take such action necessary such that all Lenders share in the benefits of such collateral ratably in proportion to their respective Pro Rata Shares, and each Lender severally agrees to pay to the Agent upon demand its (or its applicable Affiliate's) applicable ratable share (without duplication) of any amount so recovered from or repaid by the Agent plus interest thereon at a per annum rate equal to the Federal Funds Effective Rate from the date of such demand to the date such payment is made to the Agent. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

ARTICLE 12
BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS

Section 12.01. *Successors and Assigns.* The terms and provisions of the Loan Documents shall be binding upon and inure to the benefit of the Borrower and the Lenders and their respective successors and assigns, except that (a) the Borrower shall not have the right to assign its rights or obligations under the Loan Documents and (b) any assignment by any Lender must be made in compliance with Section 12.03. The parties to this Agreement acknowledge that clause (b) of this Section 12.01 relates only to absolute assignments and does not prohibit assignments creating security interests, including, without limitation, any pledge or assignment by any Lender of all or any portion of its rights under this Agreement to a Federal Reserve Bank; *provided* that no such pledge or assignment creating a security interest shall release the transferor Lender from its obligations hereunder unless and until the parties thereto have complied with the provisions of Section 12.03. The Agent may treat the Person which made any Loan or which holds any Note as the owner thereof for all purposes hereof unless and until such Person complies with Section 12.03; *provided* that the Agent may in its discretion (but shall not be required to) follow instructions from the Person which made any Loan to direct payments relating to such Loan to another Person. Any assignee of the rights to any Loan agrees by acceptance of such assignment to be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the owner of the rights to any Loan, shall be conclusive and binding on any subsequent holder or assignee of the rights to such Loan.

Section 12.02. *Participations.*

(a) *Permitted Participants; Effect.* Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more banks or other entities (“**Participants**”) participating interests in any Loans of such Lender, any Commitment of such Lender or any other interest of such Lender under the Loan Documents. In the event of any such sale by a Lender of participating interests to a Participant, such Lender’s obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, such Lender shall remain the owner of its Loans for all purposes under the Loan Documents, all amounts payable by the Borrower under this Agreement shall be determined as if such Lender had not sold such participating interests, and the Borrower and the Agent shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under the Loan Documents.

(b) *Voting Rights.* Each Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the Loan Documents other than any amendment, modification or waiver with respect to any Advance or Commitment in which such Participant has an interest which forgives principal, interest or fees or reduces the interest rate or fees payable with respect to any such Loan or Commitment, extends the Maturity Date, postpones any date fixed for any

regularly scheduled payment of principal of, or interest or fees on, any such Advance or Commitment.

(c) *Participant Register.* Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "**Participant Register**"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan or other obligation is in registered form under Section 5f.103-1(c) or Proposed Section 1.163-5(b) of the United States Treasury Regulations (or, in each case, any amended or successor version). The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Agent (in its capacity as Agent) shall have no responsibility for maintaining a Participant Register.

Section 12.03. *Assignments.*

(a) *Assignments by Lenders.* Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement and the other Loan Documents (including all or a portion of its Commitment and the Loans at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) *Minimum Amounts.*

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the related Loans at the time owing to it or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in subsection (a)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment Agreement with respect to such assignment is delivered to the Agent or, if "Trade Date" is specified in the Assignment Agreement, as of the Trade Date, shall not be less than \$5,000,000 unless each of the Agent and, so long as no Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be

unreasonably withheld or delayed); provided, however, that concurrent assignments to members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single assignee (or to an assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met.

(i) *Proportionate Amounts.* Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's Loans and Commitments, and rights and obligations with respect thereto, assigned.

(ii) *Required Consents.* No consent shall be required for any assignment except to the extent required by subsection (a)(i)(B) of this Section and, in addition:

(C) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (1) a Default has occurred and is continuing at the time of such assignment or (2) such assignment is to a Lender, an Affiliate of a Lender, an Approved Fund or a lender under the Existing Credit Agreement; provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Agent within five (5) Business Days after having received notice thereof;

(D) the consent of the Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of any Commitment if such assignment is to a Person that is not a Lender with a Commitment, an Affiliate of such Lender or an Approved Fund with respect to such Lender; and

(i) *Assignment and Assumption.* The parties to each assignment shall execute and deliver to the Agent an Assignment Agreement, together with a processing and recordation fee in the amount of \$3,500; provided, however, that the Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it shall not be a Lender, shall deliver to the Agent an administrative questionnaire in a form acceptable to the Agent.

(ii) *No Assignment to Certain Persons.* No such assignment shall be made to (A) the Borrower or any of the Borrower's Affiliates or Subsidiaries, (B) any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B), or (C) a natural person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural Person).

(iii) *Certain Additional Payments.* In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Agent or any Lender hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full pro rata share of all Loans in accordance with its Pro Rata Share. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Agent pursuant to subsection (b) of this Section, from and after the effective date specified in each Assignment Agreement, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment Agreement, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment Agreement, be released from its obligations under this Agreement (and, in the case of an Assignment Agreement covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Article 3 and Section 9.06 with respect to facts and circumstances occurring prior to the effective date of such assignment). Upon request, the Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 12.02 (other than a purported assignment to a natural Person or the Borrower or any of the Borrower's Subsidiaries or Affiliates, which shall be null and void).

(b) *Register.* The Agent, acting solely for this purpose as a non-fiduciary agent of the Borrower (and such agency being solely for tax purposes), shall maintain at the Agent's office a copy of each Assignment Agreement delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive, and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. In addition, the Agent shall maintain

on the Register information regarding the designation, and revocation of designation, of any Lender as a Defaulting Lender. The Register shall be available for inspection by the Borrower and any Lender at any reasonable time and from time to time upon reasonable prior notice.

(c) [Reserved].

Section 12.04. *Dissemination of Information.* The Borrower authorizes each Lender to disclose to any Participant or Purchaser or any other Person acquiring an interest in the Loan Documents by operation of law (each a “**Transferee**”) and any prospective Transferee any and all information in such Lender’s possession concerning the creditworthiness of the Borrower and its Subsidiaries, including without limitation any information contained in any Annual Report on Form 10-K or any Quarterly Report on Form 10-Q; *provided* that each Transferee and prospective Transferee agrees to be bound by Section 9.11 of this Agreement.

Section 12.05. *Tax Forms.* If any interest in any Loan Document is transferred to any Transferee which is organized under the laws of any jurisdiction other than the United States or any State thereof, the transferor Lender shall cause such Transferee, concurrently with the effectiveness of such transfer, to comply with the provisions of Section 3.05(d) and Section 3.05(f), as applicable.

Section 12.06. *Designation of SPVs.*

(a) Notwithstanding anything to the contrary contained herein, any Lender (a “**Granting Lender**”) may grant to a special purpose funding vehicle (an “**SPV**”, identified as such in writing from time to time by such Granting Lender to the Agent and the Borrower) the option to fund all or any part of any Advance or fee or expense reimbursement or other obligation (each, a “**Lender Funding Obligation**”) that such Granting Lender would otherwise be obligated to fund pursuant to this Agreement; *provided* that (i) nothing herein shall constitute a commitment by any SPV to fund any Lender Funding Obligation, (ii) if an SPV elects not to exercise such option or otherwise fails to fund all or any part of any such Lender Funding Obligation, the Granting Lender shall be obligated to fund such Lender Funding Obligation pursuant to the terms hereof, (iii) no SPV shall exercise any voting rights pursuant to Section 8.02 (such voting rights to be exercised instead by such Granting Lender) and (iv) with respect to notices, payments and other matters hereunder, the Borrower, the Agent and the Lenders shall not be obligated to deal with an SPV, but may limit their communications and other dealings relevant to such SPV to the applicable Granting Lender. The funding of any Lender Funding Obligation by an SPV hereunder shall utilize the Commitment of the Granting Lender to the same extent that, and as if, such Lender Funding Obligation were funded by such Granting Lender.

(b) As to any Lender Funding Obligations or portion thereof made by it, each SPV shall have all the rights that its applicable Granting Lender making such Lender Funding Obligations or portion thereof would have had under this Agreement; *provided* that each SPV shall have granted to its Granting Lender an irrevocable power of attorney

to deliver and receive all communications and notices under this Agreement (and any related documents) and to exercise on such SPV's behalf, all of such SPV's voting rights under this Agreement. No additional Note shall be required to evidence the Lender Funding Obligations or portion thereof made by an SPV; and the related Granting Lender shall be deemed to hold its Note as agent for such SPV to the extent of the Lender Funding Obligations or portion thereof funded by such SPV. In addition, any payments for the account of any SPV shall be paid to its Granting Lender as agent for such SPV.

(c) Each party hereto hereby agrees that no SPV shall be liable for any indemnity or payment under this Agreement for which a Lender would otherwise be liable for so long as, and to the extent, the Granting Lender provides such indemnity or makes such payment. In furtherance of the foregoing, each party hereto hereby agrees (which agreements shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior indebtedness of any SPV, it will not institute against, or join any other person in instituting against, such SPV any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States or any State thereof.

(d) In addition, notwithstanding anything to the contrary contained in this Agreement, any SPV may (i) at any time and without paying any processing fee therefor, assign or participate all or a portion of its interest in any Lender Funding Obligations to the Granting Lender or to any financial institutions providing liquidity and/or credit support to or for the account of such SPV to support the funding or maintenance of Lender Funding Obligations and (ii) disclose on a confidential basis any non-public information relating to its Lender Funding Obligations to any rating agency, commercial paper dealer or provider of any surety, guarantee or credit or liquidity enhancements to such SPV. This Section 12.06 may not be amended without the written consent of any Granting Lender affected thereby.

Section 12.07. *Cashless Settlement.* Notwithstanding anything to the contrary contained in this Agreement, any Lender may exchange, continue or rollover all or a portion of its Loans in connection with any refinancing, extension, loan modification or similar transaction permitted by the terms of this Agreement, pursuant to a cashless settlement mechanism approved by the Borrower, the Agent and such Lender.

ARTICLE 13 NOTICES

Section 13.01. *Notices.*

(a) Except as otherwise permitted by Section 2.12 with respect to borrowing notices, all notices, requests and other communications to any party hereunder shall be in writing (including electronic transmission, facsimile transmission or similar writing) and shall be given to such party at its address or facsimile number set forth on Schedule 13.1, in the case of communications to any Lender, to the address of such Lender set forth on the Register with respect to deliveries of notices and other documentation that may

contain material non-public information or, in each case, at such other address or facsimile number as such party may hereafter specify for the purpose by notice to the Agent and the Borrower in accordance with the provisions of this Section 13.01. Each such notice, request or other communication shall be effective (i) if given by facsimile transmission, when transmitted to the facsimile number specified in this Section and confirmation of receipt is received, (ii) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, (iii) if given by any other means, when delivered at the address specified in this Section or (iv) if given by electronic transmission, as provided in Section 13.01(b); *provided* that notices to the Agent under Article 2 shall not be effective until received.

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and internet or intranet websites) pursuant to procedures approved by the Agent or as otherwise determined by the Agent, *provided* that the foregoing shall not apply to notices to any Lender pursuant to Article 2 if such Lender has notified the Agent that it is incapable of receiving notices under such Article by electronic communication. The Agent or the Borrower may, in its respective discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it or as it otherwise determines, *provided* that such determination or approval may be limited to particular notices or communications. Unless the Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), *provided* that if such notice or other communication is not given during the normal business hours of the recipient, such notice or communication shall be deemed to have been given at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted to an internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

Section 13.02. *Change of Address.* The Borrower, the Agent and any Lender may each change the address for service of notice upon it by a notice in writing to the other parties hereto.

ARTICLE 14 COUNTERPARTS

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. Delivery of an executed counterpart hereof or a signature page hereto by facsimile or other secure electronic format shall be effective as delivery of an original executed counterpart.

ARTICLE 15
CHOICE OF LAW; CONSENT TO JURISDICTION

Section 15.01. *CHOICE OF LAW*. THE LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

Section 15.02. *CONSENT TO JURISDICTION*. THE BORROWER HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR NEW YORK STATE COURT SITTING IN NEW YORK, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS AND THE BORROWER HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE AGENT OR ANY LENDER TO BRING PROCEEDINGS AGAINST THE BORROWER IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY THE BORROWER AGAINST THE AGENT OR ANY LENDER OR ANY AFFILIATE OF THE AGENT OR ANY LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT SHALL BE BROUGHT ONLY IN A COURT IN NEW YORK, NEW YORK.

[Signature pages to follow]

IN WITNESS WHEREOF, the Borrower, the Lenders and the Agent have executed this Agreement as of the date first above written.

PORTLAND GENERAL ELECTRIC
COMPANY, as the Borrower

By: /s/ James A. Ajello Name: James A. Ajello
Title: SVP Finance, CFO and Treasurer

BARCLAYS BANK PLC, as Agent and Lender

By: _____/s/ Sydney G. Dennis Name: Sydney G. Dennis
Title: Director

COBANK, ACB, as a Lender

By: _____/s/ C. Brock Taylor Name: C. Brock Taylor
Title: Managing Director

CERTIFICATION

I, Maria M. Pope, certify that:

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

Date: October 24, 2022

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: October 24, 2022

By: /s/ James A. Ajello

James A. Ajello

Senior Vice President Finance CFO, Treasurer & Corporate
Compliance Officer

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

We, Maria M. Pope, President and Chief Executive Officer, and James A. Ajello, Senior Vice President Finance CFO, Treasurer & Corporate Compliance Officer, of Portland General Electric Company (the “Company”), hereby certify that the Company’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2022, as filed with the Securities and Exchange Commission on October 25, 2022 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 Finance CFO, Treasurer &
Corporate Compliance Officer*

Date: _____
October 24, 2022

Date: _____
October 24, 2022