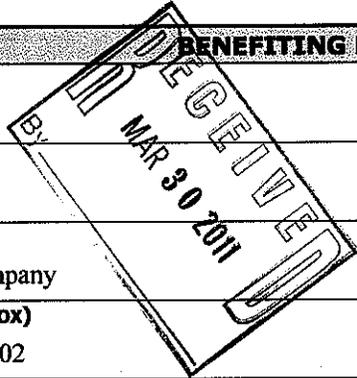




**ANNUAL EMPLOYMENT REPORT
STRATEGIC INVESTMENT PROGRAM (SIP)
ORS 285C.615, OAR 123-623-4000 & 123-623-4100**

After each property tax year (ending June 30) of benefiting from a SIP exemption, please fill out and return this form, not later than the following April 1 date, to:

Incentives, **Business Oregon**
775 Summer Street NE, Suite 200
Salem, OR 97301-1280
Fax: 503-581-5115



BENEFITING BUSINESS FIRM			
CONTACT PERSON Robert Tamlyn		E-MAIL ADDRESS bob.tamlyn@pgn.com	
TITLE Director, Tax		TELEPHONE NUMBER 503-464-2022	
NAME OF BUSINESS FIRM Portland General Electric Company		FAX NUMBER 503-464-2236	
MAILING ADDRESS (STREET/PO BOX) 121 SW Salmon St. 1WTC 0402		CITY Portland	STATE ZIP CODE OR 97204

ELIGIBLE SIP PROJECT/PROPERTY			
GENERAL NAME/IDENTIFIER OF PROJECT, FACILITY, OPERATIONS Biglow Canyon Windfarm		CITY WHERE LOCATED Wasco	COUNTY WHERE LOCATED Sherman
LOCATION (SITE ADDRESS/ES, ASSESSOR MAP/LOT NUMBER/S) Biglow Canyon, approximately 2.5 miles northeast of Wasco, Oregon			
FIRST EXEMPTION YEAR 2008	NUMBER OF LAST TAX YEAR (ENDING PREVIOUS JUNE 30) WITHIN EXEMPTION PERIOD -- 2 out of 15	CUMULATIVE INVESTMENT, THRU MOST RECENT CALENDAR YEAR \$960,000,000	
TOTAL REAL MARKET VALUE OF PROJECT PROPERTY* \$548,766,000		ASSESSED VALUE OF EXEMPT PROPERTY* \$26,523,000	
ASSESSED VALUE OF TAXABLE PROPERTY* \$26,523,000	TOTAL PROPERTY TAXES PAID* \$414,840	TOTAL PROPERTY TAX SAVINGS* \$8,169,000	

- ATTACHED IS LOCATION & ASSESSED VALUE* OF ASSOCIATED INVESTMENTS IN OREGON NOT COVERED BY SIP (OPTIONAL)

LOCALLY COLLECTED FEES & PAYMENTS - DURING MOST RECENT CALENDAR YEAR		
NAME OF FEE/PAYMENTS	... RECIPIENT/DISPOSITION	... AMOUNT
Community Service Fee	County, local distribution	\$500,000
See Attached list	See Attached list	\$3,925,830
		\$

- ATTACHED IS LIST SHOWING ADDITIONAL PAYMENTS UNDER SIP AGREEMENT OR FURTHER INFORMATION ABOUT THE ABOVE

EMPLOYMENT IN ASSOCIATION WITH PROJECT - DURING MOST RECENT CALENDAR YEAR (SEE INSTRUCTIONS)					
NUMBER OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES BASED ON 2,080-HOUR YEAR:					
NEW HIRES/JOBS CREATED - 42		ACTIVELY RETAINED JOBS - 0		PASSIVELY RETAINED JOBS - 0	
AVERAGE ANNUAL TAXABLE INCOME (OREGON WAGES, SALARY, ETC.) PAID TO EMPLOYEES:					
NEW HIRES/JOBS CREATED - \$67,500		ACTIVELY RETAINED JOBS - \$0		PASSIVELY RETAINED JOBS - \$0	
AVERAGE ANNUAL COMPENSATION, TAXABLE INCOME PLUS DISCRETIONARY FRINGE BENEFITS:					
NEW HIRES/JOBS CREATED - \$94,100		ACTIVELY RETAINED JOBS - \$0		PASSIVELY RETAINED JOBS - \$0	
BREAKDOWN OF THREE MOST COMMON OCCUPATIONS FOR THE ABOVE NEW HIRES/JOBS CREATED:					
FTEs	AVERAGE ANNUAL TAXABLE INCOME	FTEs	AVERAGE ANNUAL TAXABLE INCOME	FTEs	AVERAGE ANNUAL TAXABLE INCOME
1.2	\$57,000	2.1	\$63,000	3.1	\$73,000

ANNUAL EMPLOYMENT REPORT: OREGON STRATEGIC INVESTMENT PROGRAM (SIP)

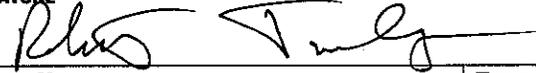
- ATTACHED IS SUPPORTING INFORMATION ON EMPLOYMENT AND SO FORTH (OPTIONAL, UNLESS OTHERWISE STIPULATED)

- ATTACHED IS AN EXPLANATION AND IDENTIFICATION OF INFORMATION PROVIDED HERE THAT IS FINANCIALLY OR OTHERWISE SENSITIVE, AND FOR WHICH SPECIFIC CONFIDENTIALITY IS EXPLICITLY REQUESTED BY THE SUBMITTER OF THIS FORM

DECLARATION

I have examined this document and attachments to it. To the best of my knowledge, they are true, correct and complete in every material respect. If any such information changes, I will notify the department and submit proper written amendments.

SIGNATURE

X 

DATE

3/29/11

PRINTED NAME

Robert Tamlyn

TITLE OF AUTHORIZED COMPANY REPRESENTATIVE

Director, Tax

Instructions:

The Oregon Business Development Department makes this form available as prescribed by law, so that business firms receiving a Strategic Investment Program (SIP) property tax exemption can report employment and other data. It pertains to any SIP project with exempt property in the most recently completed tax year, whether based in a strategic investment zone (SIZ) or not. In addition to program analysis and evaluation, the data serves to inform the calculation of state personal income tax revenue arising from the SIP project. Respectively, in the case of exemptions beginning in or after the 2008-2009 property tax year, the Oregon Department of Administrative Services will estimate and distribute 50 percent of that revenue to local governments.

For further information and explanation in using this form, please feel free to contact:

Incentives, *Business Oregon*
Phone: 503-986-0123,
toll-free: 866-467-3466,
<http://www.oregon4biz.com/>

This annual report, due on or before April 1, corresponds to the tax year that concluded on June 30 midway through the preceding calendar year. Therefore, by way of example, for an exemption received in the 2009-2010 tax year running from July 1, 2009, to June 30, 2010:

- Business Oregon must receive this report no later than April 1, 2011, to avoid revocation of the exemption.
- If the SIP exemption began in the 2008-2009 tax year, then the corresponding tax year would be 2 out of 15.
- The property value/taxation figures do not relate to the most recent assessment or tax billing (for 2010-2011), but rather the one more than a year earlier. As needed to confirm such figures, please contact the county assessor.

The investment encompasses all property acquired, constructed and so forth since submission of the SIP application to the state and subject to SIP tax treatment; it is only property new to the zone for an SIZ-based project.

The statutory "community service fee" is the one equaling 25 percent of property tax savings, up to a cap of \$0.5 or

\$2 million depending on rural/urban location. Any other fee or payment would be solely a function of the local SIP agreement with the county/city.

Jobs are counted as full-time equivalents (FTEs) based on a work-year of 2,080 hours for the business firm's employees or hires, for whom the firm would have the obligation of paying withholding taxes under Oregon law (ORS chapter 316), regardless of the person's residency in this state. "Taxable income" is the amount that would be used to compute current withholdings of state income taxes.

Exclude anybody working for/as an independent vendor, contractor and so forth, other than a general operator of the entire project. Also, carefully consider what jobs to associate with the project, as distinct from potentially other business firm operations, including those using another SIP exemption. The firm may limit this only to people employed at the same site as project property, or it may include employees working elsewhere at locations within the county or comparable proximity, as the firm deems appropriate. In any case, relevant employees or jobs for purposes of this form must engage in or directly support the project's operations, in that other operations represent not more than 25 percent of the person's time spent performing work.

Newly created jobs are ones, for which the job position opened only since the state SIP application was made, and that still exist in the preceding calendar year. "Actively retained" (preexisting) jobs are those that the firm determines would have definitely been eliminated before the exemption's first tax year if not for re/investment in the SIP project. "Passively retained" refers to such preexisting jobs or positions, for which there is significant probability that they would not have existed at the end of the last applicable tax year were it not for the project.

"Compensation" is calendar-year remuneration that in addition to taxable income comprises financial benefits such as life insurance, medical coverage or retirement plans. Do not include free meals, club membership, workplace amenities, etc., or any benefit mandated by federal, state or local law (e.g., FICA, worker's compensation, unemployment insurance-UI).



Portland General Electric Company
121 SW Salmon Street • Portland, Oregon 97204
PortlandGeneral.com

March 29, 2011

Incentives, Business Oregon
775 Summer Street NE, Suite 200
Salem, OR 97301-1280

**Re: Portland General Electric Company
Annual Employment Report (SIP)
for Biglow Canyon Windfarm**

Enclosed is *Annual Employment Report, Strategic Investment Program (SIP)* for PGE, which is due on or before April 1, 2011. With regard to this information PGE informs Oregon Business of the following:

Confidential Information Request

On page two of this form we indicate that we want to have certain information treated as confidential. The information we request treating confidentially is the average annual taxable income and average annual compensation, as listed on page one of this form. This information is commercially sensitive and treating confidentially should not prevent the accumulation of data that was the intent of this report.

Clarifying Information

1. "*Cumulative Investment, Thru Most Recent Calendar Year*"- This amount is \$960 million. It includes all three phases of Biglow Canyon Windfarm, because Phase 3 was placed in service during the last half of 2010. However "*Total Real Market Value of Project Property*" requests property tax information as of June 30, 2010. Since Phase 3 was not completed until after this date this amount, (\$549 million) includes only Phases 1 and 2. In order to make an equitable comparison the \$549 million amount should be increased by \$385 million- the cost of Phase 3.
2. "*Number of Full-Time Equivalent (FTE) Employees based on 2,080-hour year*"- This FTE count includes both PGE and contract employees. PGE has two long-term service agreements at Biglow with outside companies. Those company's personnel do service

and maintenance work on the windfarm turbines and other equipment.

Instructions for this form state,

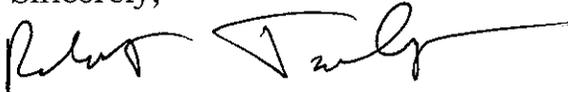
“Exclude anybody working for/as an independent vendor, contractor and so forth; other than a general operator of the entire project.” (underline added)

Based on this instruction PGE believes it is appropriate to include these contracted employees.

3. *“Average Annual Taxable Income”* and *“Average Annual Compensation”*- PGE has listed these amounts for its employees working at this windfarm. We have not included contractor wages and compensation in the calculation of these averages, because this information is not readily available.

Thank you for your attention to these matters. If you have any questions or require any additional information please feel free to contact me at the address listed above, by e-mail at bob.tamlyn@pgn.com or by phone at 503-464-2022.

Sincerely,



Robert Tamlyn
Tax Director

Utility PROPERTY TAX STATEMENT
 SHERMAN COUNTY
 July 1, 2010 TO June 30, 2011

Ref# 80608

PORTLAND GENERAL ELECTRIC CO.
 WIEGAND, FRAN

LAST YEAR'S TAX 415,190.45
 See back for explanation of taxes marked with (*)

MAP: 0 CODE: 72
 CLASS: 800

Def# BIGLOW CANYON
 CENTRALLY ASSESSED PROPERTY

DISTRICT	AMOUNT
SHERMAN C.	231,119.72
NC ESD	53,556.88
NSRFPD	22,416.82
SCHOOL DISTR	90,714.91
SCHOOL BOND	2,914.82
HEALTH DIST.	12,677.76
NORCOR	7,373.26
SHERMAN SWCD	6,895.85

VALUES:	LAST YEAR	THIS YEAR
REAL MARKET		
LAND	0	0
STRUCTURES	260,155,000	548,766,000
TOTAL RMV	260,155,000	548,766,000
ASSESSED	25,750,000	26,522,500
EXEMPTION	0	0
NET TAXABLE:	25,750,000	26,522,500

TOTAL 2010 TAX 427,670.02

MAKE PAYMENT TO:
 Sherman County Tax Collector
 PO Box 382
 Moro, OR 97039
 ph:Tax# 541-565-3623/Assr#3505
 97039

If a mortgage company pays your taxes,
 This statement is for your records only.

Full Payment with 3% Discount	2/3 Payment with 2% Discount	1/3 Payment No Discount	0.00
414,839.92	279,411.08	142,556.67	TOTAL TAX (After Discount) 414,839.92



ANNUAL EMPLOYMENT REPORT
STRATEGIC INVESTMENT PROGRAM (SIP)
 ORS 285C.615, OAR 123-623-4000 & 123-623-4100

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Incentives, *Business Oregon*
 775 Summer Street NE, Suite 200
 Salem, OR 97301-1280
 Fax: 503-581-5115

BENEFITING BUSINESS FIRM

CONTACT PERSON Robert Tamlyn	E-MAIL ADDRESS bob.tamlyn@pgn.com		
TITLE Director, Tax	TELEPHONE NUMBER 503-464-2022		
NAME OF BUSINESS FIRM Portland General Electric Company	FAX NUMBER 503-464-2236		
MAILING ADDRESS (STREET/PO BOX) 121 SW Salmon St. 1WTC 0402	CITY Portland	STATE OR	ZIP CODE 97204

ELIGIBLE SIP PROJECT/PROPERTY

GENERAL NAME/IDENTIFIER OF PROJECT, FACILITY, OPERATIONS Biglow Canyon Windfarm		CITY WHERE LOCATED Wasco	COUNTY WHERE LOCATED Sherman
LOCATION (SITE ADDRESS/ES, ASSESSOR MAP/LOT NUMBER/S) Biglow Canyon, approximately 2.5 miles northeast of Wasco, Oregon			
FIRST EXEMPTION YEAR 2008	NUMBER OF LAST TAX YEAR (ENDING PREVIOUS JUNE 30) WITHIN EXEMPTION PERIOD - 2 out of 15	CUMULATIVE INVESTMENT, THRU MOST RECENT CALENDAR YEAR \$960,000,000 <i>260,6137</i>	
TOTAL REAL MARKET VALUE OF PROJECT PROPERTY* \$548,766,000 <i>260,155,000</i>		ASSESSED VALUE OF EXEMPT PROPERTY* \$26,523,000 <i>260,155,000</i>	
ASSESSED VALUE OF TAXABLE PROPERTY* \$26,523,000 <i>25,750,000</i>	TOTAL PROPERTY TAXES PAID* \$414,840 <i>40,190.1564</i>	TOTAL PROPERTY TAX SAVINGS* \$8,169,000 <i>405,000</i>	
<input type="checkbox"/> - ATTACHED IS LOCATION & ASSESSED VALUE* OF ASSOCIATED INVESTMENTS IN OREGON NOT COVERED BY SIP (OPTIONAL)			

LOCALLY COLLECTED FEES & PAYMENTS - DURING MOST RECENT CALENDAR YEAR

NAME OF FEE/PAYMENTS	... RECIPIENT/DISPOSITION	... AMOUNT
Community Service Fee	County, local distribution	\$500,000
See Attached list	See Attached list	\$3,925,830
		\$

- ATTACHED IS LIST SHOWING ADDITIONAL PAYMENTS UNDER SIP AGREEMENT OR FURTHER INFORMATION ABOUT THE ABOVE

EMPLOYMENT IN ASSOCIATION WITH PROJECT - DURING MOST RECENT CALENDAR YEAR (SEE INSTRUCTIONS)

NUMBER OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES BASED ON 2,080-HOUR YEAR:					
NEW HIRES/JOBS CREATED - 42		ACTIVELY RETAINED JOBS - 0		PASSIVELY RETAINED JOBS - 0	
AVERAGE ANNUAL TAXABLE INCOME (OREGON WAGES, SALARY, ETC.) PAID TO EMPLOYEES:					
NEW HIRES/JOBS CREATED - \$67,500		ACTIVELY RETAINED JOBS - \$0		PASSIVELY RETAINED JOBS - \$0	
AVERAGE ANNUAL COMPENSATION, TAXABLE INCOME PLUS DISCRETIONARY FRINGE BENEFITS:					
NEW HIRES/JOBS CREATED - \$94,100		ACTIVELY RETAINED JOBS - \$0		PASSIVELY RETAINED JOBS - \$0	
BREAKDOWN OF THREE MOST COMMON OCCUPATIONS FOR THE ABOVE NEW HIRES/JOBS CREATED:					
FTEs	AVERAGE ANNUAL TAXABLE INCOME	FTEs	AVERAGE ANNUAL TAXABLE INCOME	FTEs	AVERAGE ANNUAL TAXABLE INCOME
1.2	\$57,000	2.1	\$63,000	3.1	\$73,000

PGE
 Sherman County - PGE Oregon Strategic Investment Program
 During the Calendar Year: 2010

Attachment to Annual Employment Report due April 1, 2011
 Locally Assessed Fees & Payments

<u>Name of Fee\Payments</u>	<u>Receipt\Disposition</u>	<u>Amount</u>
Sherman County Additional Amount	Sherman County\Funding	\$ 3,290,830
School Renewable Energy Program	Sherman County\Renewable Energy Curriculum	100,000
Sherman County Library Development	Sherman County Development League\Library	200,000
Community Renewable Energy Association	CREA\Funding	160,000
Sherman County Renewable Energy Projects/Programs	Sherman County\Renewable Energy Projects	175,000
		<u>\$ 3,925,830</u>

From: [Fish Arthur](#)
To: [Bob Tamlyn](#)
Cc: Dave.robertson@pgn.com
Subject: RE: SIP Employment Form Review
Date: Monday, May 16, 2011 4:48:17 PM

Bob,

You're welcome, and I think you are done until next year. We've learned a few things the first time with this reporting requirement.

There will be additional wind farms affected by the 2012 reports, and I will try to further emphasize and clarify these matters. These sort of general contract operators should be able to provide average employee figures, and with enough warning, I do not see why they should not be able to find a way, as they seemingly did for other SIP users.

In any event, I would certainly suggest that your in-house counsel study [ORS 285C.615](#).

Thanks again.

Art

From: Bob Tamlyn [mailto:Bob.Tamlyn@pgn.com]
Sent: Thursday, May 05, 2011 4:17 PM
To: Fish Arthur
Subject: RE: SIP Employment Form Review

Art,

I think all of your suggestions are fine. Obviously we struggled putting together this form due largely to the phase-in of the various facilities. I will ask in-house legal counsel to review the Vestas and Siemens' agreements, to see if they can provide salary information. In most contracts there is usually a provision which allows for the production of certain information if required by statute.

Thanks and let me know if you need anything else.

Bob

From: Fish Arthur [mailto:arthur.fish@biz.state.or.us]
Sent: Tuesday, May 03, 2011 2:52 PM
To: Bob Tamlyn
Cc: Fish Arthur
Subject: RE: SIP Employment Form Review

Bob,

For the present, this \$55,000 figure seems like a reasonable placeholder, but it could be on the low side, for example, if Vestas/Siemens had several higher-paid managers or the like. I will try to go with it this year, but we will apprise the Department of Administrative Services and so forth.

For next year, we need a more defensible basis for the information. So, I advise that you impress on your contractors that their reticence on this subject puts PGE's property tax exemption in jeopardy. As I

said before, other wind farm companies are reporting the pay for their general operations crews under equivalent circumstances. As a solution, I might propose that Vestas/Siemens report independently to Business Oregon, and that we could maintain their specific data confidential.

On property taxes, the phasing and so forth is not a problem, and I am happy to see the numbers grow. Rather, it is a common point of confusion in that under the statutes in this case, we need to gather property tax data respective to more than a year ago and the 2009–2010 tax year. Otherwise in your case, it becomes rather straightforward because a single tax statement encompasses all and only the SIP project, and because with central assessment, the definition for assessed value normally corresponds to real market value.

Therefore for this year’s report using 2009–2010 figures from your utility property tax statements, for which I thank you very much:

- Project’s real market value = \$260,155,000.
- Assessed value of exempt property = \$234,405,000 = 260,155,000 – 25,750,000
- Assessed value of taxable property = \$25,750,000 { $\$25,000,000 \times 1.03$ }
- Total property taxes paid = \$402,735
- Total property tax savings = $\$3,666,094 = 234,405,000 \times 0.01564 = 402,735/25,750,000$.

Please review the above numbers and let me know if you have concerns or if they make sense. For next year, I would expect that some of what you reported this year will be in next year’s submission.

Thanks Again and regards,

Art



Arthur Fish, Incentives Coordinator | [\[Oregon Business Development Department\]](mailto:Arthur.Fish@pn.gov)
503-986-0140 | www.oregon4biz.com | Fax: 503-581-5115
(State Lands Building Suite 200, 775 Summer St NE, Salem OR 97301–1280)

From: Bob Tamlyn [mailto:Bob.Tamlyn@pgn.com]
Sent: Thursday, April 28, 2011 11:07 AM
To: Fish Arthur
Subject: SIP Employment Form Review

Art,

Attached is PGE SIP Employment Report filed on or before 4/1/2011 for your reference. I will try to answer your questions and requests per your phone calls.

1. Contractor salaries- At the Biglow facility we have 6 PGE employees. The salary information listed at the bottom of page one is based on these employees salaries.

In addition to these 6 employees we have a total of 36 contract technicians at Biglow. These individuals are the employees of Vestas or Siemens. Per PGE's Biglow plant manager Vestas and Siemens will not shared financial information. As an alternative I believe that we could use wind technician industry averages that are based on a survey that was completed for PGE. Average annual salary per this survey was \$55,000. We

could use that amount as a representation of salaries for the 36 contractors.

2. "Assessed Value of Exempt property*". In the middle of the page their is a line which request assessed value of exempt property. PGE interpreted this line to be asking about the assessed value of the property after the SIP was approved, which is \$25 million plus an additional 3% increase per year, for a total of \$26,523,000. If this line is requesting "Real Market Value" at 6\30\2010 (the most recently completed tax year, ending on previous June 30.) that amount is \$260,155,000. See attached Sherman Count Property Tax Statement for verification. This valuation is for Biglow Phase 1 only, because Phases 2 and 3 were not built until after the January 1, 2009 assessment date.

We have also attached the next year's (7/1/2010 through 6\30\2011) Sherman County tax statement which shows "Real Market Value" of \$548,766,000. This statement included Biglow Phases 1 and 2 (but not 3, since it was build in late 2010).

3. "Assessed Value of Taxable Property". Again, in the middle of the page this form asks for assessed value of taxable property. We have reported \$26,523,000. This ties to the amount off of the 2010/2011 Sherman County tax statement.

4. "Total Property Tax Savings*". The last item in the Eligible SIP Project/Property section of this report asks for "Total Property Tax Savings. We have listed \$8,169,000 as the savings. This was calculated by taking the RMV multiplied by the Sherman County tax rate, less the 3% early payment discount, less the actual property taxes paid (\$548,766,000 X 1.6125% - 3% -\$414,840).

PGE realizes that due to building these windfarms in phases over several years that this, to some degree, distorts the information you are requesting. If you want to set up a time early next week to discuss this more thoroughly I have available anytime Monday, May 2nd in the afternoon or anytime Tuesday morning, except from 9-10 a.m.

If these times do not work please feel free to suggest alternatives.

Thanks for your aid in this matter.
Bob Tamlyn

Robert Tamlyn, CPA | Portland General Electric | Tax Director

121 SW Salmon St, 1WTC0402 | Portland, Oregon 97204 | 📞 : 503.464-2022 📠 : 503.464-2236 | ✉ : bob.tamlyn@pgn.com