PORTLAND GENERAL ELECTRIC CO /OR/
Form DEF 14A
March 16, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)
Filed by the Registrant x Filed by a Party other than the Registrant o
Check the appropriate box:
o Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
x Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material under §240.14a-12
Portland General Electric Company
(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)
Payment of Filing Fee (Check the appropriate box):

x No fee required.
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(2) Form, Schedule or Registration Statement No.:
(3) Filing Party:
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March 16, 2017

To our shareholders:

On behalf of the Board of Directors, we are pleased to invite you to Portland General Electric Company's 2017 Annual Meeting of Shareholders. The meeting will be held at 10:00 a.m. Pacific Time on Wednesday, April 26, 2017, in the Conference Center Auditorium located at Two World Trade Center, 25 SW Salmon Street, Portland, Oregon 97204. Details of the business we plan to conduct at the meeting are included in the attached Notice of Annual Meeting of Shareholders and proxy statement. Only holders of record of PGE common stock at the close of business on February 28, 2017 are entitled to vote at the meeting. Your vote is very important. Regardless of the number of shares you own, we encourage you to participate in the affairs of the company by voting your shares at this year's annual meeting. Even if you plan to attend the meeting, it is a good idea to vote your shares before the meeting.

We hope you will find it possible to attend this year's annual meeting, and thank you for your interest in PGE and your participation in this important annual process.

Cordially,

Jack E. Davis
Chairman of the Board

James J. Piro
President and Chief Executive Officer

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON APRIL 26, 2017

To our shareholders:

The 2017 Annual Meeting of Shareholders of Portland General Electric Company will be held at the Conference Center Auditorium located at Two World Trade Center, 25 SW Salmon Street, Portland, Oregon 97204, at 10:00 a.m. Pacific Time on Wednesday, April 26, 2017.

The meeting is being held for the following purposes, which are more fully described in the proxy statement that accompanies this notice:

1. To elect directors named in the proxy statement for the coming year;
2. To ratify the appointment of Deloitte & Touche LLP as the company's independent registered public accounting firm for fiscal year 2017;
3. To approve, in a non-binding vote, the compensation of the company's named executive officers;
4. To recommend, in a non-binding vote, the frequency of future non-binding shareholder votes to approve the compensation of the company’s named executive officers; and
5. To transact any other business that may properly come before the meeting and any adjournment or postponement of the meeting.

As of the date of this notice, the company has received no notice of any matters, other than those set forth above, that may properly be presented at the annual meeting. If any other matters are properly presented for consideration at the meeting, the persons named as proxies on the enclosed proxy card, or their duly constituted substitutes, are authorized to vote the shares represented by proxy or otherwise act on those matters in accordance with their judgment.

The close of business on February 28, 2017 has been fixed as the record date for determining shareholders entitled to vote at the annual meeting. Accordingly, only shareholders of record as of the close of business on that date are entitled to vote at the annual meeting or any adjournment or postponement of the annual meeting.

Your vote is very important. Please read the proxy statement and then, whether or not you expect to attend the annual meeting, and no matter how many shares you own, vote your shares as promptly as possible. You can vote by proxy over the Internet, by mail or by telephone by following the instructions provided in the proxy statement. Submitting a proxy now will help ensure a quorum and avoid added proxy solicitation costs. If you attend the meeting, you may vote in person, even if you have previously submitted a proxy.

You may revoke your proxy at any time before the vote is taken by delivering to the Corporate Secretary of PGE a written revocation or a proxy with a later date or by voting your shares in person at the meeting, in which case your prior proxy will be disregarded.

BY ORDER OF THE BOARD OF DIRECTORS,

Marc S. Bocci
Corporate Secretary

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PROXY STATEMENT SUMMARY

This summary highlights information contained elsewhere in this proxy statement. It does not contain all of the information you should consider. Please review the entire proxy statement carefully before voting.

Annual Meeting of Shareholders

Date and Time: April 26, 2017, 10:00 a.m. Pacific Time
Place: Conference Center Auditorium
Two World Trade Center
25 SW Salmon Street
Portland, Oregon 97204
Record Date: February 28, 2017

Voting Matters and Board Voting Recommendations

Proposal 1: Election of Directors
The Board recommends a FOR vote for the election of each of the director nominees named in the proxy statement.

Proposal 2: Ratification of Appointment of Auditors
The Board recommends a FOR vote on this proposal.

Proposal 3: Advisory Vote on Executive Compensation
The Board recommends a FOR vote on this proposal.

Proposal 4: Advisory Vote on Frequency of Future Advisory Votes on Executive Compensation
The Board recommends that you vote for a frequency of “One Year” on this proposal.

PROPOSAL 1: ELECTION OF DIRECTOR NOMINEES

Name	Age	Director Since
John W. Ballantine	71	2004
Rodney L. Brown, Jr.	61	2007
Jack E. Davis, Chairman	70	2012
David A. Dietzler	73	2006
Kirby A. Dyess	70	2009
Mark B. Ganz	56	2006
Kathryn J. Jackson	59	2014
Neil J. Nelson	58	2006
M. Lee Pelton	66	2006
James J. Piro	64	2009
Charles W. Shivery	71	2014

PROPOSAL 2: RATIFICATION OF INDEPENDENT AUDITORS

We are asking our shareholders to ratify the selection of Deloitte & Touche LLP ("Deloitte") as our independent auditor for 2017. Set forth below is a summary of information with respect to Deloitte's fees for services provided in 2016 and 2015.

	2016	2015
Audit Fees	$1,625,000	$1,555,000
Audit-Related Fees	79,564	57,000
Tax Fees	—	—
All Other Fees	5,700	5,300
Total	$1,710,264	$1,617,300

PROPOSAL 3: ADVISORY VOTE ON EXECUTIVE COMPENSATION

We are asking shareholders to approve, on an advisory basis, our named executive officer compensation. The Board of Directors recommends a "FOR" vote because it believes that our compensation policies and practices help us achieve our goals of rewarding strong and sustained financial and operating performance, leadership excellence and alignment of our executives' long-term interests with those of our stakeholders.

Below are some of the key features of our executive compensation program that we believe help enable the company to achieve its performance goals:

- A significant percentage of compensation at risk.
- Incentive pay based on quantifiable company measures.
- Balanced focus on financial results and operations.
- Stock ownership guidelines that align executives' interests with those of shareholders.
- An independent compensation consultant that reports directly to the Compensation and Human Resources Committee.
- Low burn rate (the rate at which equity incentive awards are made).
- No significant perquisites.
- No tax gross-ups.

These features are reflected in the 2016 compensation of our named executive officers, which is summarized in the table below. This table should be read in conjunction with the additional information on our executive compensation program included in the Compensation Discussion and Analysis section of this proxy statement and the related executive compensation tables that follow it.

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EXECUTIVE COMPENSATION TABLE

Name and Principal Position	Year	Salary	Stock Award	Non-Equity Incentive Plan Compensation	Change in Pension Value and Non-Qualified Deferred Compensation Earnings	All Other Compensation	Totals
James J. Piro President and Chief Executive Officer	2016	836,431	1,517,452	680,574	135,052	148,124	3,317,633
	2015	805,549	1,395,704	688,826	41,221	138,451	3,069,751
	2014	789,028	1,255,429	730,622	214,340	108,421	3,097,840
James F. Lobdell	2016	449,074	461,998	206,396	114,897	45,824	1,278,189
Senior Vice President, Finance, Chief	2015	413,356	402,470	201,648	14,470	44,943	1,076,887
Financial Officer and Treasurer	2014	357,540	349,986	193,503	247,236	37,560	1,185,825
Maria M. Pope	2016	477,576	494,985	245,180	55,384	60,683	1,333,808
Senior Vice President, Power Supply,	2015	464,728	438,582	234,258	25,302	64,135	1,227,005
Operations and Resource Strategy	2014	451,076	429,997	269,552	67,259	57,839	1,275,723
J. Jeffrey Dudley	2016	398,086	332,983	166,364	54,397	48,352	1,000,182
Vice President, General Counsel and	2015	385,729	289,784	169,364	(1,375)	48,796	892,298
Corporate Compliance Officer	2014	367,145	275,988	178,742	110,026	142,607	1,074,508
William O. Nicholson	2016	322,903	223,992	135,991	120,053	39,627	842,566
Senior Vice President, Customer	2015	317,720	216,781	142,684	46,614	43,586	767,385
Service, Transmission & Distribution	2014	303,579	206,485	146,212	252,063	29,549	937,888

PROPOSAL 4: ADVISORY VOTE ON FREQUENCY OF FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION

We are asking shareholders to recommend, in a non-binding vote, a frequency of one year for future non-binding shareholder votes to approve the compensation of the company's named executive officers.

Important Dates for 2018 Annual Meeting

We plan to hold our 2018 Annual Meeting of Shareholders on April 25, 2018. Shareholder proposals submitted for inclusion in our 2018 proxy statement pursuant to Rule 14a-8 under the Securities Exchange Act of 1934 must be received by us by November 17, 2017. Shareholder proposals to be brought before the 2018 Annual Meeting of Shareholders outside of Rule 14a-8 must be received by us by December 27, 2017. After November 17, 2017, and up to December 27, 2017 a shareholder may submit a proposal to be presented at the annual meeting, but it will not be included in our proxy statement or form of proxy relating to the 2018 annual meeting.

Proxy Statement

This proxy statement is being furnished to you by the Board of Directors of Portland General Electric Company ("PGE" or the "company") to solicit your proxy to vote your shares at our 2017 Annual Meeting of Shareholders. The meeting will be held at the Conference Center Auditorium located at Two World Trade Center, 25 SW Salmon Street, Portland, Oregon 97204 at 10:00 a.m. Pacific Time on Wednesday, April 26, 2017. This proxy statement and the enclosed proxy card and 2016 Annual Report are being mailed to shareholders, or made available electronically, on or about March 16, 2017.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS, DIRECTORS AND EXECUTIVE OFFICERS

On February 28, 2017 there were 89,059,366 shares of PGE common stock outstanding. The following table sets forth, as of that date unless otherwise specified, the beneficial ownership of PGE common stock of (1) known beneficial owners of more than 5% of the outstanding shares of PGE common stock, (2) each director or nominee for director, (3) each of our "named executive officers" listed in the Summary Compensation Table, and (4) our executive officers and directors as a group. Each of the persons named below has sole voting power and sole investment power with respect to the shares set forth opposite his, her or its name, except as otherwise noted.

Name and Address of Beneficial Owner	Amount and Nature of Ownership	Percent of Class
5% or Greater Holders		
The Vanguard Group, Inc.(1) 100 Vanguard Blvd. Malvern, PA 19355	7,507,131	8.44 %
BlackRock, Inc.(2) 40 East 52nd Street New York, NY 10022	5,844,601	6.60 %
Non-Employee Directors		
John W. Ballantine	18,690 (3)	*
Rodney L. Brown, Jr.	18,014 (3)	*
Jack E. Davis	10,179 (3)	*
David A. Dietzler	18,690 (3)	*
Kirby A. Dyess	15,056 (3)	*
Mark B. Ganz	18,690 (3)(4)	*
Kathryn J. Jackson	6,867 (3)	*
Neil J. Nelson	18,290 (3)(4)	*
M. Lee Pelton	18,690 (3)	*
Charles W. Shivery	7,285 (3)	*
Named Executive Officers		
James J. Piro	157,242	*
James F. Lobdell	31,530	*
Maria M. Pope	22,263 (4)	*
J. Jeffrey Dudley	44,472	*
William O. Nicholson	22,313	*
All of the above officers and directors and other executive officers as a group (22 persons)	486,397	*

*Percentage is less than 1% of PGE common stock outstanding.

(1) As reported on Schedule 13G/A filed with the Securities and Exchange Commission on February 13, 2017, reporting information as of December 31, 2016.

(2) As reported on Schedule 13G/A filed with the Securities and Exchange Commission on January 25, 2017, reporting information as of December 31, 2016. The Schedule 13G/A indicates that the shares are held by 11 separate entities and that none of these entities beneficially own 5% or more of the outstanding PGE common stock.

(3) Includes 513 shares of common stock that will be issued on March 31, 2017 upon the vesting of restricted stock units granted under the Portland General Electric Company 2006 Stock Incentive Plan. Restricted stock units do

not have voting or investment power until the units vest and the underlying common stock is issued.

(4) Shares are held jointly with the individual's spouse, who shares voting and investment power.

SECTION 16(a) BENEFICIAL REPORTING COMPLIANCE

The rules of the Securities and Exchange Commission require that we disclose late filings of reports of stock ownership (and changes in stock ownership) by our directors and executive officers and persons who beneficially own more than 10% of our common stock. To the best of our knowledge, all of the filings required by Section 16(a) of the Securities Exchange Act of 1934 for our directors and executive officers and persons who beneficially own more than 10% of our common stock were made on a timely basis in 2016.

EXECUTIVE OFFICERS

JAMES J. PIRO President and Chief Executive Officer, age 64.

Appointed President and Co-Chief Executive Officer on January 1, 2009 and appointed President and Chief Executive Officer on March 1, 2009. Served as Executive Vice President, Chief Financial Officer and Treasurer from July 2002 to December 2008. Served as Senior Vice President Finance, Chief Financial Officer and Treasurer from May 2001 until July 2002. Served as Vice President, Chief Financial Officer and Treasurer from November 2000 until May 2001. Served as Vice President, Business Development from February 1998 until November 2000.

JAMES F. LOBDELL Senior Vice President, Finance, Chief Financial Officer and Treasurer, age 58.

Appointed to current position on March 1, 2013. Served as Vice President, Power Operations and Resource Strategy from August 2, 2004 until appointed to current position. Served as Vice President, Power Operations from September 2002 until August 2, 2004. Served as Vice President, Risk Management Reporting, Controls and Credit from May 2001 until September 2002.

WILLIAM O. NICHOLSON Senior Vice President, Customer Service, Transmission and Distribution, age 58.

Appointed to current position on April 18, 2011. Served as Vice President, Distribution Operations from August 2009 until appointed to current position. Served as Vice President, Customers and Economic Development from May 2007 until August 2009. Served as General Manager, Distribution Western Region from April 2004 until May 2007. Served as General Manager, Distribution Line Operations and Services from February 2002 until April 2004.

MARIA M. POPE Senior Vice President, Power Supply, Operations and Resource Strategy, age 52.

Appointed to current position on March 1, 2013. Served as Senior Vice President, Finance, Chief Financial Officer and Treasurer from January 1, 2009 until appointed to current position. Previously served as a director of the company from January 2006 to December 2008. Served as Vice President and Chief Financial Officer of Mentor Graphics Corporation, a software company based in Wilsonville, Oregon, from July 2007 to December 2008. Prior to joining Mentor Graphics, served as Vice President and General Manager, Wood Products Division of Pope & Talbot, Inc., a pulp and wood products company, from December 2003 to April 2007. Pope & Talbot, Inc. filed a voluntary petition under Chapter 11 of the federal bankruptcy laws on November 19, 2007.

LARRY N. BEKKEDAHL Vice President, Transmission and Distribution, age 56.

Appointed to current position on August 25, 2014. Served as Senior Vice President of Transmission Services at Bonneville Power Administration from June 2012 to August 2014, and as Vice President of Engineering and Technical Services from April 2008 to June 2012. Prior to joining Bonneville Power Administration, served as Director of Engineering and Technical Services for Clark Public Utilities from 2001 to 2008, and served in various capacities for PacifiCorp from 1984 to 2001.

CAROL A. DILLIN Vice President, Customer Strategies and Business Development, age 59.

Appointed to current position on August 1, 2009. Served as Vice President, Public Policy from February 2004 until appointed to current position.

J. JEFFREY DUDLEY Vice President, General Counsel and Corporate Compliance Officer, age 68.

Appointed to current position on August 10, 2007. Served as Associate General Counsel from May 2001 until appointed to current position and was the lead regulatory attorney on state and federal matters.

CAMPBELL A. HENDERSON Vice President, Information Technology and Chief Information Officer, age 63.

Appointed to current position on August 1, 2006. Served as Chief Information Officer and General Manager, Information Technology from August 2005 until appointed to current position.

BRADLEY Y. JENKINS Vice President, Power Supply Generation, age 53.

Appointed to current position on September 1, 2015. Served as General Manager, Diversified Plant Operations, from November 2013 until appointed to current position. Served as Plant General Manager, Boardman Power Plant from September 2012 to November 2013 and as Operations Manager, Boardman Power Plant from March 2012 to September 2012. Prior to joining PGE, Mr. Jenkins served in a variety of leadership and management roles in the utility industry with 24 years of experience in large generating facilities. He served as Maintenance Manager for Sandvik Special Metals from March 2011 to March 2012, as Lead Maintenance Assessor for Tecmer from February 2011 to March 2011, and as Maintenance Manager for Energy Northwest from

April 2006 to November 2010. His experience also includes time at Entergy Louisiana, Entergy Nuclear South, Energy Northwest and the Tennessee Valley Authority.

ANNE F. MERSEREAU Vice President, Human Resources, Diversity and Inclusion, age 54.

Appointed to current position on January 4, 2016. Served as Employee Services Manager for Human Resources from January 2014 until appointed to current position. As Employee Services Manager, she led Human Resources Operations, including Systems Reporting and Analytics, Payroll, Human Resources Service Center, and Health Services. Served as Consultant to Change Management from January 2012 to January 2014 and as Human Resources Business Partner from July 2009 to December 2011. Prior to joining PGE, served as Senior Consultant for Waldron, a global human resources consulting firm, from December 2008 to July 2009 and held various positions with Marsh USA from January 2000 to October 2006, most recently as Managing Director and U.S. Region Human Resources Director.

W. DAVID ROBERTSON Vice President, Public Policy and Corporate Resiliency, age 50.

Appointed to current position on August 1, 2009. Served as Director of Government Affairs from June 2004 until appointed to current position.

KRISTIN A. STATHIS Vice President, Customer Service Operations, age 53.

Appointed to current position on June 1, 2011. Served as general manager of Revenue Operations from August 2009 until May 2011. Served as assistant treasurer and manager of Corporate Finance from October 2005 until July 2009. Served as general manager of Power Supply Risk Management from August 2003 until September 2005.

CORPORATE GOVERNANCE

Our Board of Directors has implemented a corporate governance program, including the adoption of charters for our Audit Committee, Compensation and Human Resources Committee, Nominating and Corporate Governance Committee and Finance Committee; Corporate Governance Guidelines (including Categorical Standards for Determination of Director Independence); a Process for Handling Communications to the Board of Directors and Board Committees; a Code of Business Ethics and Conduct; and a Code of Ethics for Chief Executive and Senior Financial Officers. These documents are published under the “Corporate Governance” section of our website at investors.portlandgeneral.com and are available in print to shareholders, without charge, upon request to Portland General Electric Company at its principal executive offices at 121 SW Salmon Street, 1WTC1301, Portland, Oregon 97204, Attention: Corporate Secretary.

Board of Directors

Our business, property and affairs are managed under the direction of our Board of Directors. Members of the board are kept informed of our business by consulting with our Chief Executive Officer and other officers and senior management, by reviewing and approving capital and operating plans and budgets and other materials provided to them, by visiting our offices and plants and by participating in meetings of the board and its committees.

During 2016, the Board of Directors met five times. During 2016, each director attended at least 75% of the aggregate of the meetings of the Board of Directors and meetings held by all committees on which the director served, except for Mr. Ballantine, who attended 71% of the aggregate of such meetings. Under our Corporate Governance Guidelines, the non-management directors must meet in executive session without management at least quarterly. The Chairman of the board (or if the Chairman is not an independent director, the lead independent director) presides over these executive sessions. The non-management directors met in executive session four times in 2016, generally at the end of each regular quarterly board meeting. In the event that the non-management directors include directors who are not independent under the New York Stock Exchange listing standards, our Corporate Governance Guidelines require the independent directors to meet separately in executive session at least once a year. Throughout 2016, all of our non-management directors were independent under the New York Stock Exchange listing standards. Accordingly, the four meetings of our non-management directors in 2016 also constituted meetings of our independent directors.

It is our policy that directors are expected to attend the annual meeting of shareholders. A director who is unable to attend the annual meeting of shareholders (which it is understood may occur on occasion) is expected to notify the Chairman of the board. At the time of the 2016 annual meeting of shareholders, we had 11 directors. Ten of our directors attended the 2016 annual meeting of shareholders. Mr. Ballantine was unable to attend.

BOARD LEADERSHIP STRUCTURE

We separate the roles of Chief Executive Officer and Chairman of the board in recognition of the differences between the two roles. The Chief Executive Officer is responsible for setting the strategic direction for the company and the day-to-day leadership and performance of the company. The Chairman of the board provides leadership to the board in exercising its role of providing advice to, and independent oversight of, management. The Chairman of the board also provides leadership in defining the board’s structure and activities in the fulfillment of its responsibilities, provides guidance to the Chief Executive Officer, sets the board meeting agendas with board and management input, and presides over meetings of the Board of Directors and meetings of shareholders. The board recognizes the significant time, effort and energy that the Chief Executive Officer is required to devote to his position in the current business environment. The board also recognizes the significant commitment that is required from the Chairman, particularly as the board’s oversight responsibilities continue to grow. While our bylaws and Corporate Governance Guidelines do not require that our Chairman and Chief Executive Officer positions be separate, the board believes that having separate positions and having an independent outside director serve as Chairman is the appropriate leadership structure for the company at this time and demonstrates our commitment to good corporate governance. Jack E. Davis, our current Chairman, is an independent director as defined in the New York Stock Exchange listing standards and the company’s Categorical Standards for Determination of Director Independence.

BOARD OVERSIGHT OF RISK

Management is responsible for the day-to-day management of risks the company faces, while the board, as a whole and through its committees, has responsibility for the oversight of risk management. The board’s role in the company’s risk oversight process includes receiving regular reports from members of senior management on areas of material risk to the company, including operational, financial, legal, regulatory and strategic risks. These reports help the board understand the company’s risk identification, risk management and risk mitigation strategies and processes.

While the board has ultimate responsibility for oversight of the risk management process, various committees of the board assist the board in fulfilling its oversight responsibilities for certain areas of risk. The Audit Committee oversees risk management in the areas of financial reporting, internal controls and compliance with legal and regulatory requirements and reviews quarterly reports from the company's Corporate Compliance Committee. In addition, the Audit Committee assists the board in fulfilling its responsibility for oversight of the risk management process by reviewing periodic reports on the guidelines and policies governing the process by which the company assesses and manages its exposure to risk and discussing the company's major risk exposures and the steps management has taken to monitor and control such exposures. The Compensation and Human Resources Committee assists the board in fulfilling its oversight responsibilities with respect to the management of risks arising from the company's compensation policies and programs. The Nominating and Corporate Governance Committee assists the board in fulfilling its oversight responsibilities with respect to the management of risks associated with board organization, membership and structure, succession planning for directors, and corporate governance. The Finance Committee assists the board in fulfilling its oversight responsibilities with respect to the management of risks associated with the company's power operations, capital projects, finance activities, credit and liquidity.

SELECTION OF CANDIDATES FOR BOARD MEMBERSHIP

The Nominating and Corporate Governance Committee is responsible for identifying, screening and recommending candidates to the board for election as directors. The committee seeks candidates with the qualifications and areas of expertise that will enhance the composition of the board. The committee does not have a formal policy with respect to the consideration of diversity in identifying director nominees, but believes it is important that the board represent a diversity of backgrounds, experience, gender and race. The committee considers a number of criteria in selecting nominees, including:

- Demonstration of significant accomplishment in the nominee's field;
- Ability to make a meaningful contribution to the board's oversight of the business and affairs of the company;
- Reputation for honesty and ethical conduct in the nominee's personal and professional activities;
- Relevant background and knowledge in the utility industry;
- Experience and skills in areas important to the operation of the company; and
- Business judgment, time availability, including the number of other boards of public companies on which a nominee serves, and potential conflicts of interest.

The Nominating and Corporate Governance Committee will consider director candidates recommended by shareholders. In considering candidates recommended by shareholders, the committee will take into consideration the needs of the board and the qualifications of the candidate. To have a candidate considered by the Nominating and Corporate Governance Committee, a shareholder must submit the recommendation in writing and must include the following information:

- The shareholder's name and evidence of ownership of PGE common stock, including the number of shares owned and the length of time of ownership; and
- The candidate's name, resume or listing of qualifications to be a director and consent to be named as a director if selected by the Nominating and Corporate Governance Committee and nominated by the board.

The shareholder recommendation and information described above must be sent to the Chairman of the Nominating and Corporate Governance Committee, in care of our Corporate Secretary, at Portland General Electric Company, 121 SW Salmon Street, 1WTC1301, Portland, Oregon 97204.

The Nominating and Corporate Governance Committee retains an outside search firm to assist the committee members in identifying and evaluating potential nominees for the board. The committee also identifies potential nominees by asking current directors and executive officers to notify the committee if they become aware of persons meeting the criteria described above who might be available to serve on the board, especially business and civic leaders in the communities in our service area. As described above, the committee will also consider candidates recommended by shareholders.

Once a person has been identified by the Nominating and Corporate Governance Committee as a potential candidate, the committee may collect and review publicly available information to assess whether the person should be considered further. If the committee determines that the person warrants further consideration, the committee chair or another member of the committee will contact the person. Generally, if the person expresses a willingness to be a candidate and to serve on the board, the Nominating and Corporate Governance Committee may request information from the candidate, review the candidate's accomplishments and qualifications and compare them to the accomplishments and qualifications of any other candidates that the committee might be considering. The committee may also choose to conduct one or more interviews with the candidate. In certain instances, committee members may contact references provided by the candidate or may contact other members of the business community or other persons who may have greater first-hand knowledge of the candidate's accomplishments. The committee's evaluation process does not vary based on whether a candidate is recommended by a shareholder.

Non-Employee Director Compensation

The following table describes the compensation earned by persons who served as non-employee directors during any part of 2016.

2016 DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash(1)	Stock Awards (2)	All Other Compensation(3)	Total
John W. Ballantine	$ 88,500	$ 84,994	$ 1,637	$175,131
Rodney L. Brown, Jr.	81,000	84,994	1,637	167,631
Jack E. Davis	138,000	84,994	1,637	224,631
David A. Dietzler	81,000	84,994	1,637	167,631
Kirby A. Dyess	92,250	84,994	1,637	178,881
Mark B. Ganz	81,000	84,994	1,637	167,631
Kathryn J. Jackson	81,000	84,994	1,637	167,631
Neil J. Nelson	96,000	84,994	1,637	182,631
M. Lee Pelton	88,500	84,994	1,637	175,131
Charles W. Shivery	81,000	84,994	1,637	167,631

(1) Amounts in this column include cash retainers, meeting fees and chair fees.

(2) These amounts represent the grant date fair value of restricted stock unit grants made in 2016, the terms of which are discussed below in the section entitled "Restricted Stock Unit Grants." The annual equity grants (with a grant date fair value of $84,994) were made on May 4, 2016 in respect of services to be performed during the ensuing 12-month period.

(3) This column represents amounts earned in respect of dividend equivalent rights under restricted stock unit awards. See the discussion below under "Restricted Stock Unit Grants." The value of the dividend equivalent rights was not incorporated into the "Stock Awards" column.

Current Compensation Arrangements for Non-Employee Directors

The following table describes the current compensation arrangements with our non-employee directors:

Annual Cash Retainer Fees	
Annual Cash Retainer Fee for Directors	$45,000
Additional Annual Cash Retainer Fee for Chairman of the Board	75,000
Additional Annual Cash Retainer Fee for Audit Committee Chair	15,000
Additional Annual Cash Retainer Fee for Compensation and Human Resources Committee Chair	11,250
Additional Annual Cash Retainer Fee for Other Committee Chairs	7,500
Annual Committee Service Fee (per committee)	18,000
Value of Annual Grant of Restricted Stock Units	85,000

The annual cash retainers and the annual committee service fee are paid quarterly in arrears. We will also reimburse certain expenses related to the directors' service on the board, including expenses in connection with attendance at board and committee meetings.

Restricted Stock Unit Grants

Each of our non-employee directors receives an annual grant of restricted stock units. The number of restricted stock units each director receives is determined by dividing $85,000 by the closing price of PGE common stock on the date of grant. These grants are typically made on or around the date of our annual meeting of shareholders.

Each restricted stock unit represents the right to receive one share of common stock at a future date. Provided that the director remains a member of the board, the restricted stock units will vest over a one-year vesting period in equal installments on the last day of each calendar quarter and will be settled exclusively in shares of common stock. Restricted stock units do not have voting rights with respect to the underlying common stock until the units vest and the common stock is issued.

Each director also is granted one dividend equivalent right with respect to each restricted stock unit. Each dividend equivalent right represents the right to receive an amount equal to the dividends that are paid on one share of common stock and that have a record date between the grant date and vesting date of the related restricted stock unit. The dividend equivalent rights will be settled exclusively in cash on the date that the related dividends are paid to holders of common stock.

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The grants of restricted stock units and dividend equivalent rights are made pursuant to the terms of the Portland General Electric Company 2006 Stock Incentive Plan. The grants are subject to the terms and conditions of the plan and agreements between PGE and each director.

Stock Ownership Requirements for Non-Employee Directors

Our Corporate Governance Guidelines require each non-employee director to own shares of PGE common stock with a value equal to at least three times the value of the annual equity grant to non-employee directors. Non-employee directors must meet this requirement within five years following the first annual meeting at which they are elected. All of our directors either meet the stock ownership requirement or are on track to do so by the applicable target date. Our stock ownership policy for executive officers is described on pages 35 to 36 of this proxy statement.

Outside Directors' Deferred Compensation Plan

The company maintains the Portland General Electric Company 2006 Outside Directors' Deferred Compensation Plan to provide directors with the opportunity to defer payment of compensation for their board service. Directors may defer fees and retainers, as well as any other form of cash remuneration. Deferral elections must be made no later than December 15 of the taxable year preceding the year in which the compensation is earned. Deferrals accumulate in an account that earns interest at a rate that is one-half a percentage point higher than the Moody's Average Corporate Bond rate. Benefit payments under the plan may be made in a lump sum or in monthly installments over a maximum of 180 months.

Director Independence

For a director to be considered independent under the New York Stock Exchange corporate governance listing standards, the Board of Directors must affirmatively determine that the director does not have any direct or indirect material relationship with the company, including any of the relationships specifically proscribed by the New York Stock Exchange independence standards. The board considers all relevant facts and circumstances in making its independence determinations. Only independent directors may serve on our Audit Committee, Compensation and Human Resources Committee, and Nominating and Corporate Governance Committee.

In addition to complying with New York Stock Exchange independence standards, our Board of Directors has adopted a formal set of categorical standards with respect to the determination of director independence. Under our Categorical Standards for Determination of Director Independence, a director must be determined to have no material relationship with the company other than as a director. These standards specify the criteria by which the independence of our directors will be determined, including guidelines for directors and their immediate families with respect to past employment or affiliation with the company, its customers or its independent registered public accounting firm. The standards also restrict commercial and not-for-profit relationships with the company, and prohibit Audit Committee members from having any accounting, consulting, legal, investment banking or financial advisory relationships with the company. Directors may not be given personal loans or extensions of credit by the company, and all directors are required to deal at arm's length with the company and its subsidiaries, and to disclose any circumstance that may result in the director no longer being considered independent. The full text of our Categorical Standards for Determination of Director Independence is published as an addendum to our Corporate Governance Guidelines, which are available under the "Corporate Governance" section of our website at investors.portlandgeneral.com.

During its review of director independence, the board considered whether there were any transactions or relationships between the company and any director or any member of his or her immediate family (or any entity of which a director or an immediate family member is an executive officer, general partner or significant equity holder). As part of its review of director independence, the board considered Mark B. Ganz' position as President and Chief Executive Officer and a director of Cambia Health Solutions, Inc. ("CHS") and CHS' business relationship with the company during the last three fiscal years. PGE and Local Union No. 125 of the International Brotherhood of Electrical Workers have established a trust that is partly funded by PGE to provide health and welfare benefits to employees and retirees who are covered by one of the collective bargaining agreements between PGE and the union. By action of the Board of Trustees that administers the trust, the trust engaged Regence BlueCross BlueShield of Oregon, a subsidiary of CHS, to provide health products and services. The board also considered whether there were charitable contributions to not-for-profit organizations for which a director or an immediate family member of a director serves as a board member or executive officer. In addition, the board considered that in the ordinary course of our business we provide electricity to some directors and entities with which they are affiliated on the same terms and conditions as provided to other customers of the company.

As a result of this review, the board affirmatively determined that the following directors nominated for election at the annual meeting are independent under the New York Stock Exchange listing standards and our independence standards: John W. Ballantine, Rodney L. Brown, Jr., Jack E. Davis, David A. Dietzler, Kirby A. Dyess, Mark B. Ganz, Kathryn J. Jackson, Neil J. Nelson, M. Lee Pelton and Charles W. Shivery.

The board determined that James J. Piro is not independent because of his employment as the company's President and Chief Executive Officer.

Board Committees

The Board of Directors has four standing committees: the Audit Committee, the Nominating and Corporate Governance Committee, the Compensation and Human Resources Committee and the Finance Committee. Current copies of the charters for each of these committees are available under the "Corporate Governance" section of our website at investors.portlandgeneral.com. The Board of Directors has determined that each of the Audit Committee, the Nominating and Corporate Governance Committee and the Compensation and Human Resources Committee is comprised solely of independent directors in accordance with the New York Stock Exchange listing standards.

The table below provides membership information for each of the committees as of March 16, 2017.

Name	Audit Committee	Nominating and Corporate Governance Committee	Compensation and Human Resources Committee	Finance Committee
John W. Ballantine			ü	Chair
Rodney L. Brown, Jr.		ü		ü
Jack E. Davis		ü		
David A. Dietzler	ü	ü		
Kirby A. Dyess	ü		Chair	
Mark B. Ganz	ü		ü	
Kathryn J. Jackson			ü	ü
Neil J. Nelson	Chair		ü	
M. Lee Pelton		Chair		ü
Charles W. Shivery	ü			ü

AUDIT COMMITTEE

The Audit Committee met four times in 2016. Under the terms of its charter, the Audit Committee must meet at least once each quarter. The committee regularly meets separately with management, our internal auditor and our independent registered public accounting firm. The responsibilities of the committee include:

- Retaining our independent registered public accounting firm;
- Evaluating the qualifications, independence and performance of our independent registered public accounting firm;
- Overseeing matters involving accounting, auditing, financial reporting and internal control functions, including the integrity of our financial statements and internal controls;
- Approving audit and permissible non-audit service engagements to be undertaken by our independent registered public accounting firm through the pre-approval policies and procedures adopted by the committee;
- Reviewing the performance of our internal audit function;
- Reviewing the company's annual and quarterly financial statements and the company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our reports on Forms 10-K and 10-Q and recommending to the Board of Directors whether the financial statements should be included in the annual report on Form 10-K; and
- Assisting the board in fulfilling its responsibility to oversee our risk management program.

The committee has the authority to secure independent expert advice to the extent the committee determines it to be appropriate, including retaining independent counsel, accountants, consultants or others, to assist the committee in fulfilling its duties and responsibilities.

The Board of Directors has determined that Mr. Dietzler, Mr. Nelson and Mr. Shivery are "audit committee financial experts" as that term is defined under rules of the Securities and Exchange Commission.

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

The Nominating and Corporate Governance Committee met two times in 2016. Under the terms of its charter, the committee must meet at least two times annually. The responsibilities of the committee include:

- Identifying and recommending to the board individuals qualified to serve as directors and on committees of the board;
- Advising the board with respect to board and committee composition and procedures;

- Developing and recommending to the board a set of corporate governance guidelines and reviewing such guidelines at least annually;
- Reviewing the succession plans for the Chief Executive Officer and senior officers either as a committee, or together with the full board; and
- Overseeing the self-evaluation of the board and coordinating the evaluations of the board committees.

The committee may retain search firms to identify director candidates, and has the sole authority to approve the search firm's fees and other retention terms. The committee also may retain independent counsel or other consultants or advisers as it deems necessary to assist in its duties to the company.

COMPENSATION AND HUMAN RESOURCES COMMITTEE

The Compensation and Human Resources Committee met five times in 2016. Under the terms of its charter, the committee must meet at least two times annually. The responsibilities of the committee include:

- Together with the other independent directors, evaluating annually the performance of the Chief Executive Officer in light of the goals and objectives of our executive compensation plans, both generally and with respect to approved performance goals;
- Evaluating annually the performance of the other executive officers in light of the goals and objectives applicable to such executive officers, which may include requesting that the Chief Executive Officer provide performance evaluations for such executive officers and recommendations with respect to the compensation of such executive officers (including long-term incentive compensation);
- Together with the other independent directors, determining and approving the compensation of the Chief Executive Officer in light of the evaluation of the Chief Executive Officer's performance;
- Determining and approving the compensation of the other executive officers in light of the evaluation of such officers' performance;
- Reviewing and approving, or recommending approval of, perquisites and other personal benefits to our executive officers;
- Reviewing and recommending the appropriate level of compensation for board and committee service by non-employee members of the board;
- Reviewing our executive compensation plans and programs annually and approving or recommending to the board new compensation plans and programs or amendments to existing plans and programs; and
- Reviewing and approving any severance or termination arrangements to be made with any executive officer.

Under its charter, the committee has authority to retain compensation consultants to assist the committee in carrying out its responsibilities, including sole authority to approve the consultants' fees and other retention terms. The committee has engaged Frederic W. Cook & Co., Inc. ("F.W. Cook") to advise it on matters related to executive compensation.

The committee is supported in its work by members of our Compensation and Benefits Department. The formal role of our executive officers in determining executive compensation is limited to the responsibility of the Chief Executive Officer to provide the committee with a self-evaluation, as well as an evaluation of the performance of the other executive officers. The committee may also seek input from our executive officers in developing an overall compensation philosophy and in making decisions about specific pay components.

The committee has authority to conduct or authorize investigations or studies of matters within the committee's scope of responsibilities, and to retain independent counsel or other consultants or advisers as it deems necessary to assist it in those matters. To the extent permitted by applicable law, regulation or the New York Stock Exchange listing standards, the committee may form subcommittees and delegate to the subcommittees, or to the committee chairperson individually, such power and authority as the committee deems appropriate.

FINANCE COMMITTEE

The Finance Committee met four times in 2016. Under the terms of its charter, the committee meets as often as it determines necessary to carry out its duties and responsibilities, but no less frequently than annually. The responsibilities of the committee include:

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Reviewing and recommending to the board financing plans, and annual capital and operating budgets, proposed by management;

- Reviewing, and approving or recommending, certain costs for projects, initiatives, transactions and other activities within the ordinary business of the company;
- Reviewing our capital and debt structure, approving or recommending to the board the issuance of secured and unsecured debt, and recommending to the board the issuance of equity;

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- Reviewing and recommending to the board dividends, including changes in dividend amounts, dividend payout goals and objectives;
- Reviewing earnings forecasts;
- Assisting the board in fulfilling its oversight responsibilities with respect to the management of risks associated with the company's power operations, capital projects, finance activities, credit and liquidity;
- Reviewing and recommending to the board investment policies and guidelines and the use of derivative securities to mitigate financial and foreign currency exchange risk; and
- Overseeing the control and management of benefit plan assets and investments.

Policies on Business Ethics and Conduct

All of our directors, officers and employees are required to abide by our Code of Business Ethics and Conduct. This code of ethics covers all areas of professional conduct, including conflicts of interest, unfair or unethical use of corporate opportunities, protection of confidential information, compliance with all applicable laws and regulations, and oversight and compliance. Our Chief Executive Officer, Chief Financial Officer and Controller are also required to abide by the Code of Ethics for Chief Executive and Senior Financial Officers. These ethics codes form the foundation of a comprehensive program of compliance with our Guiding Behaviors - Be Accountable, Earn Trust, Dignify People, Make the Right Thing Happen, Positive Attitude and Team Behavior - and all corporate policies and procedures to ensure that our business is conducted ethically and in strict adherence to all laws and regulations applicable to us. Employees are responsible for reporting any violation, including situations or matters that may be considered to be unethical or a conflict of interest under the ethics codes.

The full texts of both the Code of Business Ethics and Conduct and the Code of Ethics for Chief Executive and Senior Financial Officers are available under the "Corporate Governance" section of our website at investors.portlandgeneral.com or in print to shareholders, without charge, upon request to Portland General Electric Company, 121 SW Salmon Street, 1WTC1301, Portland, Oregon 97204, Attention: Corporate Secretary. Any future amendments to either of these codes, and any waiver of the Code of Ethics for Chief Executive and Senior Financial Officers, and of certain provisions of the Code of Business Ethics and Conduct for directors, executive officers or our Controller, will be disclosed to our shareholders to the extent required by law.

As required by New York Stock Exchange rules, our audit committee has procedures in place regarding the receipt, retention and treatment of complaints received regarding accounting, internal accounting controls or auditing matters and allowing for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters. In addition, we have a Policy Regarding Compliance with Securities and Exchange Commission Attorney Conduct Rules that requires all of our lawyers to report to the appropriate persons at the company evidence of any actual, potential or suspected material violation of state or federal law or breach of fiduciary duty by the company or any of its directors, officers, employees or agents.

Certain Relationships and Related Persons Transactions

We do not have a separate written policy or procedures for the review, approval or ratification of transactions with related persons. However, our Corporate Governance Guidelines, our Code of Business Ethics and Conduct and our Conflict of Interest Policy address conflicts of interest and relationships with PGE. In its consideration of nominees for the Board of Directors, the Nominating and Corporate Governance Committee examines possible related person transactions as part of its review. The Board of Directors annually reviews the relationship that each director has with PGE, which includes relationships with our officers and employees, our auditors and our customers. Our Code of Business Ethics and Conduct requires any person, including our directors and officers, to report any violation of the code or any situation or matters that may be considered to be unethical or a conflict of interest. Any potential conflict of interest under the code involving a director, an executive officer or our Controller is reviewed by the Audit Committee. Only the Audit Committee may waive a conflict of interest involving a director, an executive officer or our Controller, which will be promptly disclosed to our shareholders to the extent required by law.

Compensation Committee Interlocks and Insider Participation

The members of the Compensation and Human Resources Committee during 2016 were John W. Ballantine, Kirby A. Dyess, Mark B. Ganz, Kathryn J. Jackson and Neil J. Nelson. All members of the committee during 2016 were independent directors and no member was an employee or former employee. During 2016, none of our executive officers served on the compensation committee (or its equivalent) or board of directors of another entity whose executive officer served on our Compensation and Human Resources Committee or Board of Directors.

EQUITY COMPENSATION PLANS

The following table provides information as of December 31, 2016 for the Portland General Electric Company 2006 Stock Incentive Plan and the Portland General Electric Company 2007 Employee Stock Purchase Plan. The 2006 Stock Incentive Plan was amended and restated as of October 24, 2007 and was originally approved by the shareholders on May 7, 2008 at the company's 2008 annual meeting of shareholders. The 2007 Employee Stock Purchase Plan was approved by the shareholders on May 2, 2007 at the company's 2007 annual meeting of shareholders.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity Compensation Plans approved by security holders	712,996(1)	N/A	3,421,136(2)(3)
Equity Compensation Plans not approved by security holders	N/A	N/A	N/A
Total	712,996(1)	N/A	3,421,136(2)(3)

(1) Represents outstanding restricted stock units and related dividend equivalent rights issued under the 2006 Stock Incentive Plan, and assumes maximum payout for restricted stock units with performance-based vesting conditions. The restricted stock units do not have an exercise price and are issued when award criteria are satisfied. See "Non-Employee Director Compensation - Restricted Stock Unit Grants" above and "Long-Term Equity Incentive Awards" below for further information regarding the 2006 Stock Incentive Plan.

(2) Represents shares remaining available for issuance under the 2006 Stock Incentive Plan and the 2007 Employee Stock Purchase Plan.

(3) Includes approximately 15,000 shares available for future issuance under the 2007 Employee Stock Purchase Plan that are subject to purchase in the purchase period from January 1, 2017 to June 30, 2017. The number of shares subject to purchase during any purchase period depends on the number of current participants and the price of the common stock on the date of purchase.

AUDIT COMMITTEE REPORT

The Audit Committee provides assistance to the Board of Directors in fulfilling its obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of the company and its subsidiaries. Management is responsible for the company's internal controls and the financial reporting process, including the integrity and objectivity of the company's financial statements. The company's independent registered public accounting firm, Deloitte & Touche LLP ("Deloitte"), is responsible for performing an independent audit of the company's financial statements, expressing an opinion as to the conformity of the annual financial statements with generally accepted accounting principles, expressing an opinion as to the effectiveness of the company's internal control over financial reporting and reviewing the company's quarterly financial statements.

The committee has met and held discussions with management and Deloitte regarding the fair and complete presentation of the company's financial results and the effectiveness of the company's internal control over financial reporting. The committee has discussed with Deloitte significant accounting policies that the company applies in its financial statements, as well as alternative treatments. The committee also discussed with the company's internal auditor and Deloitte the overall scope and plans for their respective audits.

Management represented to the committee that the company's consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, and the committee has reviewed and discussed the consolidated financial statements with management and Deloitte. The committee has discussed with Deloitte the matters required to be discussed under the applicable rules adopted by the Public Company Accounting Oversight Board.

The committee has reviewed and discussed with Deloitte all communications required by generally accepted auditing standards. In addition, the committee has received the written disclosures and the letter regarding independence from Deloitte, as required by applicable requirements of the Public Company Accounting Oversight Board, and has discussed such information with Deloitte.

Based upon the review, discussions and representations referenced above, the committee recommended to the Board of Directors that the audited consolidated financial statements be included in the company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2016 for filing with the Securities and Exchange Commission.

The committee has appointed Deloitte as the company's independent registered public accounting firm for fiscal year 2017.

Audit Committee
Neil J. Nelson, Chair
David A. Dietzler
Kirby A. Dyess
Mark B. Ganz
Charles W. Shivery

February 14, 2017

PRINCIPAL ACCOUNTANT FEES AND SERVICES

The aggregate fees billed by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates, for 2016 and 2015 were as follows:

	2016	2015
Audit Fees(1)	$1,625,000	$1,555,000
Audit-Related Fees(2)	79,564	57,000
Tax Fees(3)	—	—
All Other Fees(4)	5,700	5,300
Total	$1,710,264	$1,617,300

(1) For professional services rendered for the audit of our consolidated financial statements for the fiscal years ended December 31, 2016 and 2015 and for the review of the interim consolidated financial statements included in quarterly reports on Form 10-Q. Audit Fees also include services normally provided in connection with statutory and regulatory filings or engagements, assistance with and review of documents filed with the Securities and Exchange Commission, the issuance of consents and comfort letters, as well as the independent auditor's report on the effectiveness of internal control over financial reporting.

(2) For assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements not reported under "Audit Fees" above, including attest services that are not required by statute or regulation, consultations concerning financial accounting and reporting standards, and audits of the statements of activities of jointly owned facilities. Also includes amounts reimbursed to PGE in connection with cost sharing arrangements for certain services.

(3) For professional tax services, including consulting and review of tax returns.

(4) For all other products and services not included in the above three categories, including reference products related to income taxes and financial accounting matters.

PRE-APPROVAL POLICY FOR INDEPENDENT AUDITOR SERVICES

The Audit Committee must separately pre-approve the engagement of the independent registered public accounting firm to audit our consolidated financial statements. Prior to the engagement, the Audit Committee reviews and approves a list of services, including estimated fees, expected to be rendered during that year by the independent registered public accounting firm.

In addition, the Audit Committee requires pre-approval of all audit and permissible non-audit services provided by the company's independent auditors, pursuant to a pre-approval policy adopted by the committee. The term of pre-approval is 12 months, unless the Audit Committee specifically provides for a different period. A detailed written description of the specific audit, audit-related, tax and other services that have been pre-approved, including specific monetary limits, is required. The Audit Committee may also pre-approve particular services and fees on a case-by-case basis. Management and the independent auditors are required to report at least quarterly to the Audit Committee regarding the actual services, and fees paid for such services, compared to the services and fees that were pre-approved in accordance with this policy.

All audit and permissible non-audit services provided by the independent auditors during 2016 and 2015 were pre-approved by the Audit Committee.

PROPOSAL 1: ELECTION OF DIRECTORS

Board of Directors

The board has nominated all of the 11 current directors for re-election as directors. The nominees are: John W. Ballantine, Rodney L. Brown, Jr., Jack E. Davis, David A. Dietzler, Kirby A. Dyess, Mark B. Ganz, Kathryn J. Jackson, Neil J. Nelson, M. Lee Pelton, James J. Piro and Charles W. Shivery. This slate of nominees satisfies the New York Stock Exchange listing standards for board composition and majority director independence. See the section above entitled “Corporate Governance - Director Independence” for further details regarding director independence.

All of our directors are elected annually by shareholders. Directors hold office until their successors are elected and qualified, or until their earlier death, resignation or removal. Our bylaws provide that the Board of Directors may determine the size of the board. Effective April 26, 2014, the board has set the size of the board at 11 directors. At the annual meeting, proxies cannot be voted for a greater number of individuals than the number of nominees named in this proxy statement.

All of the nominees have agreed to serve if elected. If any director is unable to stand for election, the board may reduce the number of directors or designate a substitute. If the board designates a substitute, shares represented by proxies will be voted for the substitute director. We do not expect that any nominee will be unavailable or unwilling to serve.

Director Nominees

In addition to the information presented below regarding each nominee’s specific experience, qualifications, attributes and skills that led our board to the conclusion that he or she should serve as a director, we also believe that all of our director nominees have a reputation for integrity, honesty and adherence to high ethical standards. They each have demonstrated an ability to exercise sound judgment, as well as a commitment of service to the company and the board.

John W. Ballantine, age 71, director since February 2004; Chairman of the Finance Committee and member of the Compensation and Human Resources Committee.

Mr. Ballantine has been an active, self-employed private investor since 1998, when he retired from First Chicago NBD Corporation where he had most recently served as Executive Vice President and Chief Risk Management Officer. During his 28-year career with First Chicago, Mr. Ballantine was responsible for international banking operations, New York operations, Latin American banking, corporate planning, U.S. financial institutions business and a variety of trust operations. Mr. Ballantine also serves as a director of Deutsche Funds, as a member of the audit committee and the investment oversight committee of Deutsche Funds, and as chair of the contract committee of Deutsche Funds. We believe that Mr. Ballantine’s qualifications to serve on our board include his extensive experience in finance and risk management, his experience in various executive and leadership roles for First Chicago NBD Corporation, as well as his experience on the boards of other companies. Mr. Ballantine’s expertise in finance and risk management is of great value to the board, given the company’s significant ongoing and anticipated capital programs and the company’s focus on enterprise risk management.

Rodney L. Brown, Jr., age 61, director since February 2007; member of the Nominating and Corporate Governance Committee and the Finance Committee.

Mr. Brown is a founding partner of Cascadia Law Group PLLC, a Seattle, Washington law firm that specializes in environmental law in the Pacific Northwest. He is the principal author of Washington’s Superfund law, the Model Toxics Control Act, and has worked for years to reform and improve the environmental regulatory system. From 1992 to 1996, Mr. Brown was a Managing Partner at the Seattle office of Morrison & Foerster, LLP, a large international law firm. We believe that Mr. Brown’s qualifications to serve on our board include his experience as an environmental lawyer, his extensive knowledge of environmental laws and regulations to which the company is subject, his general knowledge of government and public affairs, and his experience as a management consultant for organizations handling large infrastructure projects and projects with challenging environmental issues.

Jack E. Davis, age 70, director since June 2012; Chairman of the Board of Directors and member of the Nominating and Corporate Governance Committee.

Mr. Davis served as Chief Executive Officer of Arizona Public Service Company (“APS”), Arizona’s largest electricity provider, from September 2002 until his retirement in March 2008 and as President of APS from October 1998 to October 2007. Mr. Davis also served as President and Chief Operating Officer of Pinnacle West Capital Corporation (”Pinnacle West”) from September 2003 to March 2008 and as a director of Pinnacle West from January 2001 to March 2008 and a director of APS from October 1998 to May 2008. Pinnacle West is the parent company of APS. During his 35 years at APS, Mr. Davis held executive and management positions in various areas of the company, including commercial operations, generation and transmission, customer service, and power operations. Mr. Davis has served on the boards of the Edison Electric Institute and the National Electric Reliability Council. He also served as Chairman of the Western Systems Coordinating Council in 2000. We believe that Mr. Davis’ qualifications to serve on our board include his extensive knowledge of the utility industry, his experience as Chief Executive Officer, senior executive and director of APS and his experience as President, Chief Operating Officer, senior executive and director of Pinnacle West.

David A. Dietzler, age 73, director since January 2006; member of the Audit Committee and the Nominating and Corporate Governance Committee.

Mr. Dietzler was a certified public accountant for over 40 years and retired as a partner of KPMG LLP, a public accounting firm, in 2005. During his last 10 years with KPMG LLP he served in both administrative and client service roles, which included serving on the firm’s board of directors, including the governance, nominating, and board process and evaluation committee, and was the Pacific Northwest partner in charge of the Audit Practice for KPMG’s offices in Anchorage, Boise, Billings, Portland, Salt Lake City, and Seattle, as well as the Managing Partner of the Portland office. Mr. Dietzler has served on the boards of Columbia Banking System, Inc. and Columbia State Bank since April 2013 and also serves as chair on the audit committee of each of those boards. Mr. Dietzler served on the board of directors of West Coast Bancorp and as chair of the audit committee from January 2012 to April 2013 when West Coast Bancorp was acquired by Columbia Banking System, Inc. We believe that Mr. Dietzler’s qualifications to serve on our board include his 37 years of experience auditing public companies and working with audit committees of public companies, his experience as a director of KPMG LLP, his knowledge of Securities and Exchange Commission filing requirements, financial reporting, internal control and compliance requirements, and the experience he acquired through his leadership roles for the Pacific Northwest offices of KPMG.

Kirby A. Dyess, age 70, director since June 2009; Chair of the Compensation and Human Resources Committee and member of the Audit Committee.

Ms. Dyess is a principal in Austin Capital Management LLC, where she evaluates, invests in, and assists early stage companies in the Pacific Northwest. In addition, she serves on the board of Itron, Inc. She has served on the audit committees of Itron, Inc. and Menasha Corporation, the governance committees of Merix Corporation, Itron, Inc., Viasystems Group, Inc. and Menasha Corporation, and as chair of the compensation committees of Viasystems

Group, Inc. and Itron, Inc. She also serves as chair of the board of directors of Prolifiq Software, a provider of sales content management and compliance software, as a member of the board of Compli, a provider of workforce compliance management software, and as a member of the board of the Oregon Community Foundation. Prior to forming Austin Capital Management LLC in 2003, Ms. Dyess spent 23 years in various executive and management positions at Intel Corporation, most recently serving as Corporate Vice President of Intel Corporation from 1994 to 2002. Her assignments included Director of Intel Capital Operations from June 2001 to December 2002, Director of Strategic Acquisitions/New Business Development from November 1996 to June 2001, and Director of Worldwide Human Resources from January 1993 to November 1996. We believe that Ms. Dyess' qualifications to serve on our board include the experience she acquired during her career at Intel Corporation in the areas of risk management, human resources, operations, government relations, mergers and acquisitions, sales and marketing, information technology, and the initiation of start-up businesses, and her experience serving on boards of other companies.

Mark B. Ganz, age 56, director since January 2006; member of the Audit Committee and the Compensation and Human Resources Committee.

Mr. Ganz has served since 2004 as president and chief executive officer of Cambia Health Solutions, Inc., a parent corporation of 22 companies offering products and services in the health care sector, including BlueCross and BlueShield health plans, to providers of care, consumers and employers. Cambia Health Solutions, Inc.'s family of companies range from software and mobile applications, health care marketplaces, non-traditional health care delivery models, health insurance, life insurance, pharmacy benefit management, and wellness. Mr. Ganz has been with Cambia Health Solutions, Inc. since 1992, holding various positions, including president, chief operating officer, chief legal officer and corporate secretary, and chief compliance officer. Mr. Ganz also serves on the board of directors of Cambia Health Solutions, Inc. In addition, Mr. Ganz serves as vice chair of the Board of Regents of the University of Portland and as president of the Boy Scouts of America Cascade-Pacific Council, serves on the boards of Blue Cross Blue Shield Association, Oregon Business Council, Greater Portland Inc., the Western Conference of Prepaid Health Plans, and The Conservation Project, and has served as chairman of the board of America's Health Insurance Plans. We believe that Mr. Ganz' qualifications to serve on our board include his experience overseeing multiple companies within a large diversified corporate group, his experience in various executive roles, his 29 years of experience in the practice of corporate and regulatory law, and his expertise in executive compensation and compensation structures, corporate governance, and ethics and compliance programs.

Kathryn J. Jackson, Ph.D., age 59, director since April 2014; member of the Finance Committee and Compensation and Human Resources Committee.

Dr. Jackson has served since January 2016 as the Director of Energy and Technology Consulting at KeySource, Inc., where she provides consulting services to clients in business growth, technology development and energy services. In addition, she has served since July 2015 as a director of Hydro One Inc., an electricity transmission and distribution company serving the Province of Ontario, Canada, and since January 1, 2017 as a director of Cameco Corporation - one of the world's largest uranium producers, headquartered in Saskatchewan, Canada. Dr. Jackson previously served as Chief Technology Officer and Senior Vice President at RTI International Metals, Inc. from June 2014 to July 2015, where she was responsible for global research and technology development, technology strategy, and development of alloys and manufacturing processes, including 3D printing and powder metallurgy. Prior to joining RTI International Metals, Inc., Dr. Jackson served as the Chief Technology Officer and Senior Vice President of Research & Technology at Westinghouse Electric Company, LLC, a nuclear energy company, from 2009 to June 2014 and as the Vice President of Strategy, Research & Technology from 2008 to 2009. Prior to joining Westinghouse Electric Company, LLC, Dr. Jackson worked for 17 years at the Tennessee Valley Authority, where she held various executive positions. From 2008 to April of 2014, Dr. Jackson served on the board of directors of the Independent System Operator of New England, the grid system operator for the six New England states, where she served as Chair of the board of directors, Chair of the compensation and human resources committee and a member of the system planning and reliability committee. Dr. Jackson serves on the Electricity Industry Center Advisory Board at Carnegie Mellon University, the Carnegie Mellon University Engineering School Dean's Advisory Board, the Electricity Institute Advisory Board at the University of Pittsburgh, and the Industry Advisory Board at Oregon State University School of Mechanical, Industrial, and Manufacturing Engineering. Dr. Jackson holds a Ph.D. in Engineering and Public Policy from Carnegie Mellon University. We believe that Dr. Jackson's qualifications to serve on our board include her extensive background in engineering, her experience in senior executive roles at Westinghouse Electric Company, LLC and the Tennessee Valley Authority, her experience serving on the board of the Independent System Operator of New England, her experience with large capital projects, contracts and vendor negotiations, her experience with generation facilities and energy trading operations, her experience in research and development across a broad range of utility assets and systems, and her experience in the areas of environmental health and safety.

Neil J. Nelson, age 58, director since October 2006; Chair of the Audit Committee and member of the Compensation and Human Resources Committee.

Mr. Nelson has served as President and Chief Executive Officer of Siltronic Corporation, a global leader in the market for hyperpure silicon wafers and a partner to many top-tier chip manufacturers, since July 2003. He previously served as Vice President of Operations of Siltronic from 2000 to 2003. From 1987 to 2000, he served in various positions with Mitsubishi Silicon America. Mr. Nelson also serves on the board of directors and the compensation committee of Siltronic Corporation. We believe that Mr. Nelson's qualifications to serve on our board include his experience in overseeing company-wide and divisional operations for Siltronic Corporation and divisional operations for Mitsubishi Silicon America, his experience in overseeing manufacturing operations at the department, division and company-wide levels, his experience in risk oversight and environmental issues, his experience overseeing safety systems and the financial reporting process for Siltronic Corporation, and his experience in developing and overseeing compensation programs over the past 15 years for Siltronic Corporation and, prior to that, for Mitsubishi Silicon America.

M. Lee Pelton, Ph.D., age 66, director since January 2006; Chair of the Nominating and Corporate Governance Committee and member of the Finance Committee.

Dr. Pelton has served as President of Emerson College in Boston, Massachusetts since July 2011. From July 1999 to July 2011, he served as President of Willamette University in Salem, Oregon. From 1991 until 1998, he was Dean of Dartmouth College. Prior to 1991, he held faculty and administrative posts at Colgate University and Harvard University. Dr. Pelton also served on the board of directors of PLATO Learning, Inc. from March 2007 to May 2010 and on the compensation and audit committees of PLATO Learning, Inc. We believe that Dr. Pelton's qualifications to serve on our board include his experience in leadership positions at several universities, his connections to the academic community, his knowledge in the area of university relations and collaborations, his experience serving on boards of other companies, and the unique perspective he brings to various issues considered by the board as a result of his academic background and accomplishments.

James J. Piro, age 64, director since January 2009.

Mr. Piro has served as President and Chief Executive Officer since March 1, 2009 and as President and Co-Chief Executive Officer from January 1, 2009 to March 1, 2009. He was appointed to the Board of Directors effective January 1, 2009 in conjunction with his appointment as President and Co-Chief Executive Officer. From July 2002 to December 2008, he served as Executive Vice President Finance, Chief Financial Officer and Treasurer. From May 2001 to July 2002, he served as Senior Vice President Finance, Chief Financial Officer and Treasurer. From November 2000 to May 2001, he served as Vice President, Chief Financial Officer and Treasurer. Prior to November 2000, he served in various positions with the company, including Vice President, Business Development and General Manager, Planning Support, Analysis and Forecasting. We believe that Mr. Piro's qualifications to serve on our board include his current role as President and Chief Executive Officer of the company, his more than 30 years of diverse experience as an employee of the company (which includes various executive and management positions) and his extensive knowledge of the company and the utility industry.

Charles W. Shivery, age 71, director since February 2014; member of the Audit Committee and the Finance Committee.

Mr. Shivery served as Chairman, President and Chief Executive Officer of Northeast Utilities, New England’s largest utility system, from March 2004 until his retirement in April 2012 following the completion of the merger between Northeast Utilities and NSTAR. Following his retirement, he served as Chairman of the Board of Trustees of Northeast Utilities from April 2012 to October 2013, and as a member of the Board of Trustees from October 2013 to May 2014. From 2007 to 2012, Mr. Shivery also served as Chairman of the boards of several wholly-owned subsidiaries of Northeast Utilities, including The Connecticut Light and Power Company, Public Service Company of New Hampshire, Western Massachusetts Electric Company and Yankee Gas Services Company. Prior to joining Northeast Utilities in 2002, Mr. Shivery worked for 29 years at Constellation Energy Group, Inc. and its wholly-owned subsidiary, Baltimore Gas & Electric Company, where he served in various executive positions, including Co-President of Constellation Energy Group. Mr. Shivery is a director of Webster Financial Corporation and is chair of the compensation committee and a member of the executive committee. We believe that Mr. Shivery’s qualifications to serve on our board include his nearly 40 years of experience in the utility industry, including policy-making level director and executive officer positions while employed at Constellation Energy Group, Inc. and Northeast Utilities, and his senior management level experience in capital and financial markets and credit markets throughout his career at Constellation Energy and Northeast Utilities.

Directors are elected by a majority of the votes cast at the annual meeting. Election by a majority means that a director nominee is elected if the number of votes cast “FOR” such director nominee exceeds the number of votes cast “AGAINST” such director nominee, provided that a majority of the outstanding shares of common stock are present in person or represented by proxy at the annual meeting.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE “FOR” EACH NOMINEE FOR ELECTION TO THE BOARD OF DIRECTORS.

PROPOSAL 2: RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed Deloitte & Touche LLP (“Deloitte”) as the independent registered public accounting firm to audit the consolidated financial statements of PGE and its subsidiaries for the fiscal year ending December 31, 2017 and to audit the effectiveness of internal control over financial reporting as of December 31, 2017. The Audit Committee carefully considered the firm’s qualifications as an independent registered public accounting firm. This included a review of the qualifications of the engagement team, the quality control procedures the firm has established, the issues raised by the most recent quality control review, the coordination of the firm’s efforts with our internal audit department and its reputation for integrity and competence in the fields of accounting and auditing. The Audit Committee’s review also included matters required to be considered under the Securities and Exchange Commission’s rules on auditor independence, including the nature and extent of non-audit services, to ensure that the provision of those services will not impair the independence of the auditors. The Audit Committee expressed its satisfaction with Deloitte in all of these respects.

Under New York Stock Exchange and Securities and Exchange Commission rules, and the Audit Committee Charter, the Audit Committee is directly responsible for the selection, appointment, compensation, and oversight of the company’s independent registered public accounting firm and is not required to submit this appointment to a vote of the shareholders. The Board of Directors, however, considers the appointment of the independent registered public accounting firm to be an important matter of shareholder concern and is submitting the appointment of Deloitte for ratification by the shareholders as a matter of good corporate practice. One or more representatives of Deloitte are expected to be present at the annual meeting and will have an opportunity to make a statement and respond to appropriate questions from shareholders. In the event that our shareholders fail to ratify the appointment, it will be considered as a direction to the Audit Committee to consider the appointment of a different firm. Even if the appointment is ratified, the Audit Committee in its discretion may select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the company and its shareholders.

Ratification of the appointment of Deloitte as the company’s independent registered public accounting firm will require that a majority of the outstanding shares of common stock be present in person or represented by proxy at the annual meeting and that the number of votes cast in favor of this proposal exceeds the number of votes cast against this proposal.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE “FOR” THE RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS THE COMPANY’S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

PROPOSAL 3: NON-BINDING ADVISORY VOTE ON APPROVAL OF COMPENSATION OF NAMED EXECUTIVE OFFICERS

As described in detail in the Compensation Discussion and Analysis section of this proxy statement, our executive compensation programs are designed to attract and retain our named executive officers and to provide them with incentives to advance the interests of our key stakeholders, which include our customers, our shareholders, our employees, and the communities we serve. In designing these programs, we focus on the following principles:

PERFORMANCE BASED PAY

- A significant portion of our executives' pay should vary based on performance relative to key stakeholder interests;
- Greater responsibility should be accompanied by a greater share of the risks and rewards of company performance; and
- Executive pay should encourage financial and operational improvements, but not at the expense of the safety and reliability of our operations.

REASONABLE, COMPETITIVE PAY

- Executive pay should be competitive, but other considerations, such as individual qualifications, corporate performance and internal pay equity should also play a role in determining executive compensation.

SOUND GOVERNANCE AND COMPENSATION PRACTICES

- In the Compensation Discussion and Analysis, under the heading "Executive Summary" (which begins on page 23), we highlight features of our compensation program that we believe reflect sound governance and compensation practices. We urge shareholders, in considering their vote, to review these actions and features and to read the entire Compensation Discussion and Analysis, appearing on pages 23 to 36 of this proxy statement, which describes in more detail how the company's executive compensation policies and procedures operate and are designed to achieve our compensation objectives, as well as the 2016 Summary Compensation Table and other related compensation tables and narrative, appearing on pages 37 to 46 of this proxy statement, which provide detailed information on the compensation of our named executive officers. Our Compensation and Human Resources Committee and our Board of Directors believe that the policies and procedures articulated in the Compensation Discussion and Analysis are effective in achieving our compensation objectives.

We are asking our shareholders to indicate their support for our named executive officer compensation as described in this proxy statement by voting to approve the resolution set forth below. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this proxy statement. Accordingly, we will ask our shareholders to vote "FOR" the following resolution at the annual meeting:

"RESOLVED, that the shareholders of the Portland General Electric Company (the "Company") approve, on an advisory basis, the compensation of the Company's named executive officers, as disclosed in the Compensation Discussion and Analysis, the 2016 Summary Compensation Table and the other related tables and disclosure in the proxy statement for the Company's 2017 Annual Meeting of Shareholders."

The vote on this proposal is advisory, and therefore not binding on the company, the Compensation and Human Resources Committee or the Board of Directors. However, we value the opinions of our shareholders and to the extent there is a significant vote against the named executive officer compensation as disclosed in this proxy statement, we will consider our shareholders' concerns and the Compensation and Human Resources Committee will evaluate whether any actions are necessary to address those concerns.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS, AS DISCLOSED IN THIS PROXY STATEMENT.

PROPOSAL 4: NON-BINDING, ADVISORY VOTE ON THE FREQUENCY OF FUTURE SHAREHOLDER VOTES ON COMPENSATION OF NAMED EXECUTIVE OFFICERS

As described in Proposal 3 above, our shareholders have the opportunity to cast an advisory vote to approve the compensation of our named executive officers (a “say-on-pay proposal”). This Proposal 4 affords shareholders the opportunity to cast an advisory vote on how often we should seek an advisory shareholder vote on such a say-on-pay proposal.

In accordance with the requirements of Section 14A of the Securities Exchange Act of 1934 and and the related rules of the Securities and Exchange Commission, we are providing shareholders the option of selecting a frequency of every year, every two years or every three years. For the reasons described below, the Board of Directors recommends that our shareholders select a frequency of every year, or an annual vote.

Our shareholders voted on a similar proposal in 2011 with the majority voting for a frequency of every year. Accordingly, we have thereafter submitted a say-on-pay proposal to our shareholders on an annual basis, which has allowed our shareholders to annually express their views on our executive compensation program.

As a result of the preference indicated by our shareholders in 2011, our Board of Directors has determined that an annual advisory vote on executive compensation is the most appropriate option for PGE. The Board of Directors also believes that an annual advisory vote on executive compensation provides shareholders with an opportunity to provide timely, direct input on our executive compensation philosophy, policies and practices. We therefore request that our shareholders select “One Year” when voting on the frequency of advisory votes on executive compensation. We understand that our shareholders may have different views as to what is the best approach for PGE, and we look forward to hearing from our shareholders on this proposal. While the results of voting on this proposal will not be binding on our Board of Directors, the board values shareholders’ opinions and will take the results of the vote into account when determining the frequency of a shareholder advisory vote on executive compensation.

You may cast your vote on your preferred voting frequency by choosing the option of one year, two years, three years or abstain from voting when you vote in response to the resolution set forth below.

“RESOLVED, that the option of once every one year, two years, or three years that receives the highest number of votes cast for this resolution will be determined to be the preferred frequency with which the Company is to hold a shareholder vote to approve the compensation of the named executive officers as disclosed pursuant to the Securities and Exchange Commission’s compensation disclosure rules (which disclosure shall include the Compensation Discussion and Analysis, the Summary Compensation Table, and the other related tables and disclosure).”

A plurality of the votes cast for Proposal 4 will determine the shareholders’ preferred frequency for conducting an advisory vote on executive compensation. This means that the option of one year, two years or three years that receives the greatest number of votes cast by shareholders will be the frequency for the advisory vote on executive compensation that has been selected by shareholders. However, because this vote is advisory and not binding on the Board of Directors or PGE, the board may decide that it is in the best interests of our shareholders and PGE to hold an advisory vote on executive compensation more or less frequently than the option preferred by our shareholders.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU SELECT “ONE YEAR” FOR THE FREQUENCY OF ADVISORY VOTES ON THE COMPENSATION OF THE COMPANY’S NAMED EXECUTIVE OFFICERS.

COMPENSATION AND HUMAN RESOURCES COMMITTEE REPORT

The Compensation and Human Resources Committee of the Board of Directors reviewed and discussed with the company's management the following Compensation Discussion and Analysis. Based on that review and discussion, the Compensation and Human Resources Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

THE COMPENSATION AND HUMAN RESOURCES COMMITTEE
Kirby A. Dyess (Chair)
John W. Ballantine
Mark B. Ganz
Kathryn J. Jackson
Neil J. Nelson
February 14, 2017

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis describes the executive compensation policies and practices at PGE, as they relate to the following individuals, who were our "named executive officers" (our principal executive officer, principal financial officer and three other most highly compensated executive officers) in 2016:

- James J. Piro, President and Chief Executive Officer;
- James F. Lobdell, Senior Vice President, Finance, Chief Financial Officer and Treasurer;
- Maria M. Pope, Senior Vice President, Power Supply, Operations and Resource Strategy;
- J. Jeffrey Dudley, Vice President, General Counsel and Corporate Compliance Officer; and
- William O. Nicholson, Senior Vice President, Customer Service, Transmission and Distribution.

Executive Summary

2016 BUSINESS HIGHLIGHTS

In 2016 we extended our strong track record of achieving solid operating performance while implementing our long-term strategic plans. While we faced some unexpected challenges that affected our financial performance, we were able to finish the year toward the upper end of our revised earnings guidance. Below we describe some of our accomplishments for the year.

Financial Performance

- Net income, return on equity ("ROE"), and diluted earnings per share ("EPS") were up relative to 2015.
- Net income and ROE for 2016 were $192.7 million and 8.38%, respectively.
- EPS was $2.16, slightly below our initial guidance of $2.20 to $2.35, but within the revised guidance range of $2.05 to $2.20 provided at our first quarter earnings call. The primary negative drivers of our financial performance were milder than forecasted weather conditions during 2016 (approximately $0.22 per share) and increased costs to complete our Carty Generating Station and begin the process to pursue litigation against the contractor and sureties (approximately $0.05 per share).

Utility Operations

- Our customer satisfaction national rankings were top quartile for residential, general business and key customers.
- Generation plant availability was 93.43% for 2016, above the maximum performance target under our annual incentive plan. (See "Annual Cash Incentive Awards" below for details about how we calculate and set performance targets for generation plant availability.)
- Our net variable power cost savings exceeded the maximum performance level under our annual incentive award program.

Capital Investments

On July 29, 2016, we placed the Carty Generating Station, a 440 MW natural gas-fired baseload resource in Eastern Oregon, into service. The plant continues to operate as designed and had a 92.01% availability rate through December 2016. Beginning

August 1, 2016, PGE began recovering $514 million of capital costs for the construction of the Carty Generating Station, as well as the plant's operating costs approved as a part of the 2016 General Rate Case. As a result of the default and termination of the general contractor for the project, PGE expects the total capital expenditures to exceed this amount, and is currently forecasting costs, including allowance for funds used during construction, of $640 million. This forecast does not reflect offsetting amounts that may be received under a performance bond PGE obtained on the project, or from the contractor or its parent company. PGE continues to pursue legal action against the contractor and Liberty Mutual and Zurich North America, the two sureties that issued the performance bond.

Regulatory Progress

- PGE partnered with a diverse group of stakeholders, including consumer advocates and environmental organizations, on a proposal to transition Oregon off coal-fired electricity generation and to double the renewable portfolio standard to 50% for the state's two largest utility companies. The bill received bipartisan support in the Oregon legislature and was signed into law as the Oregon Clean Electricity and Coal Transition Plan on March 11, 2016.
- On November 15, 2016, we filed our 2016 Integrated Resource Plan ("IRP") with the Oregon Public Utility Commission ("OPUC"), which would put PGE on target for meeting Oregon's expanded renewable energy requirements. The IRP calls for increases in energy efficiency and customer-side demand response, renewable energy resources, and flexible dispatchable resources. PGE is targeting mid-2017 for acknowledgement of the IRP, after a period for review and comment by OPUC staff and stakeholders.
- On December 27, 2016, we filed our Transportation Electrification Plan with the OPUC, as contemplated by the Oregon Clean Electricity and Coal Transition Plan. In its filing, PGE proposed a variety of pilots to build more electric transportation infrastructure, educate customers about the benefits of electricity as a fuel, and implement innovative programs to test new technologies.

ALIGNMENT OF EXECUTIVE PAY WITH PERFORMANCE

Our executive pay for 2016 reflected the alignment of our incentive program with company performance. We performed at maximum levels relative to three of the goals of our annual cash incentive program (customer satisfaction, generation plant availability and power cost management) but below target relative to two of our goals (electric service power quality and earnings per share), which resulted in executive awards that were 85.8% to 99.8% of annual cash incentive target awards. Under our 2014-2016 equity incentive awards, above-target regulated asset base performance and total shareholder return performance were partially offset by below-target performance relative to our ROE goal, resulting in payouts that were 116.3% of target awards. For a detailed discussion of these awards, see pages 28 to 35.

How We Make Compensation Decisions

COMPENSATION PHILOSOPHY

The goals of our executive compensation program are to attract and retain highly qualified executives and to provide them with incentives to advance the interests of our stakeholders, which include our customers, our shareholders, our employees, and the communities we serve. To accomplish these goals, we observe the following principles:

Performance-Based Pay

- A significant portion of our executives' pay should be based on company performance relative to key stakeholder interests.
- Greater responsibility should be accompanied by a greater share of the risks and rewards of company performance.
- Executive pay should encourage financial and operational improvements, but not at the expense of the safety and reliability of our operations.

Reasonable, Competitive Pay

- Executive pay should be competitive, but other considerations, such as individual qualifications, company performance, and internal equity should also play a role in determining executive compensation.

COMPENSATION PRACTICES

The Compensation and Human Resources Committee (which we sometimes refer to as our "Compensation Committee") regularly reviews the company's compensation practices and policies to ensure that they promote the interests of the company's stakeholders. Listed below are some of the most important aspects of our program.

- Significant pay at risk. In 2016, incentive awards with no guaranteed payouts constituted 54.5% to 74.0% of our named executive officers' target total direct compensation (base salary plus variable incentive awards, assuming target performance).

- Rigorous performance metrics. We base incentive award payouts on company performance relative to quantifiable goals whose achievement represents a meaningful stretch.
- Diversified incentive awards. Our incentive awards reflect a reasonable balance between short-term and long-term performance, and awards are based on both operational and financial results.
- Modest stock award program. Our three-year average burn rate (the total number of equity award shares granted over a three-year period divided by the weighted average of the shares outstanding) was 0.23% for 2014 through 2016, which puts us near the median relative to our peers.
- Meaningful stock ownership guidelines. Our stock ownership guidelines are three times base salary for our CEO and one times base salary for our other executives, targets that are significant but commensurate with the size of the our executives' stock awards.
- Clawback of incentive pay. We have a clawback policy that authorizes our Compensation Committee to seek reimbursement of incentive compensation from executive officers if the board of directors determines that the officer has engaged in certain misconduct that caused or contributed to the need for a material restatement of our financial results.
- No employment agreements. We believe that executive employment agreements that guarantee levels of compensation generally do not advance the interests of our stakeholders. None of our current executive officers has an employment contract.
- Double-trigger stock vesting and enhanced cash severance. Following a change in control, our executives are entitled to accelerated vesting of long-term incentive awards and enhanced cash severance payments only if their employment is terminated.
- No hedging or pledging. Our insider trading policy prohibits directors, officers and employees from entering into hedging or pledging transactions or short sales of our company stock.
- Reasonable use of compensation market data. We evaluate our executive pay by reference to the median of our compensation peer group, but we do not set compensation components to meet specific benchmarks.
- No significant perquisites. Our executives participate in health and welfare benefit programs on the same basis as other full-time employees and enjoy only modest perquisites.
- No guaranteed tax gross-ups. We have no arrangements that entitle our executives to tax gross-ups.
- No current SERP program. None of the company's current executives participate in a supplemental executive retirement program.
- No dividends or dividend equivalents on unvested shares. Recipients of awards under our long-term incentive program earn dividend equivalent rights only on shares that vest.
- Reasonable severance arrangements. The maximum amount payable under our severance plan is one year's base salary absent a change in control, and one year's base salary plus the target value of an executive's annual incentive award in the case of a termination following a change in control.

ROLES AND RESPONSIBILITIES

Compensation Committee and Independent Directors

The Compensation Committee, which consists of five independent directors, is responsible for developing and overseeing the company's executive compensation program. The Compensation Committee reviews the performance of all of the executive officers, and establishes base salaries and grants incentive awards for the executive officers other than the CEO. The committee also reviews the company's executive compensation plans and makes or recommends plan changes to the Board of Directors.

Beginning in 2016, we modified the process for establishing our CEO's annual compensation. In prior years, the committee approved the CEO's annual compensation, including base salary, and annual cash incentive and long-term equity awards and incentive award payouts, after discussing its recommendations with the other independent directors. Under the process implemented in 2016, independent directors, acting as a committee of the board, approve the CEO's annual compensation following a recommendation from the Compensation Committee.

In carrying out its responsibilities, the Compensation Committee is assisted by the company's management, Human Resources staff, and an independent compensation consultant.

Management

The company's officers do not determine executive pay. Management provides information and recommendations on compensation matters to the Compensation Committee, particularly in areas requiring detailed knowledge of company operations and the utility industry. Our CEO evaluates the performance of the other officers and makes recommendations regarding their pay based on his assessment of a variety of factors, including their individual performance, experience, job scope, business unit or business function performance, competitive market conditions and retention risk. Our CEO does not make recommendations regarding his own compensation.

Compensation Consultant

The Compensation Committee retained F.W. Cook to serve as its executive compensation consultant in 2016. F.W. Cook's assignments for 2016 included the following:

- Recommendation of a group of peer companies used for purposes of market comparisons;
- Review of the company's executive compensation program, including compensation philosophy, compensation levels in relation to company performance, pay opportunities relative to those at comparable companies, short- and long-term mix and metric selection, executive benefits and perquisites, stock ownership levels and wealth potential, and stock ownership guidelines;
- Review of the company's director compensation program, including design considerations such as ownership guidelines and vesting terms;
- Reporting on emerging trends, legislative developments and best practices in the area of executive and director compensation; and
- Attendance at Compensation Committee meetings.

Before engaging F.W. Cook, the Compensation Committee reviewed the firm's qualifications, as well as its independence and the potential for conflicts of interest. The committee determined that F.W. Cook is independent and its services to the committee do not create any conflicts of interest. The committee has the sole authority to approve F.W. Cook's compensation, determine the nature and scope of its services, and terminate the engagement. F.W. Cook does not perform other services for or receive other fees from the company.

USE OF COMPENSATION MARKET DATA

We consider compensation market comparisons to ensure the competitiveness of our executives' pay. We evaluate pay by reference to the median of the market, but we do not automatically adjust pay elements to meet specific benchmarks.

For its 2016 compensation decisions, the Compensation Committee relied on information provided by F.W. Cook regarding the compensation practices of a peer group of companies as well as broader utility industry survey data. The peer group data were compiled from proxy statements and other public filings as well as data derived from the Willis Towers Watson Comp Online database. Utility industry survey data were collected from the Willis Towers Watson Energy Services Executive Database. Historical cash compensation data were updated at a 3% annual growth rate.

To select our peer group, each year we begin with the group of companies that we use to evaluate our performance relative to financial metrics. Our financial peer group includes companies that we believe represent the best match with PGE based on the following criteria:

- Vertically Integrated Utility. Our peer companies should be vertically integrated utilities, with a business mix either focused on regulated electric operations or a balance of regulated electric and regulated gas operations.
- Minimal Non-Regulated Business Activities. Non-regulated businesses should not be key drivers of the financial performance and strategy of our peer companies.
- Market Capitalization. Our peer companies should be in the small to mid-cap range ($1 to $10 billion in market capitalization), with adequate liquidity and size to attract key utility-focused institutional investors while also maintaining a retail investor base.
- Investment-Grade Credit Ratings. Our peer companies should have credit ratings that allow for financing at a reasonable cost in most market environments.
- Balanced Customer Mix. Our peer companies should have a balanced retail, commercial and industrial mix and service territories not overly reliant on one key customer or industry sector.
- Regulatory Environment. Our peer companies should have a comparable cost of service ratemaking process and allowed return on equity, as well as a history of allowed recovery on regulatory assets, fuel and power costs and legitimate deferred costs.
- Capital Structure. Our peer companies should demonstrate moderate leverage (generally less than 60% debt to total capitalization ratio) and no significant liquidity concerns.
- Growth Opportunities. Our peer companies should have growth opportunities centered on adding to rate base and a majority of rate base investments recovered through a state-level regulatory process.

We then review this group for suitability as a peer group for compensation matters. We seek to maintain a peer group in which we are positioned near the median relative to certain key financial measures, including company revenues, market capitalization and enterprise value.

After considering information provided by F.W. Cook, the Compensation Committee selected the following companies to serve as our peer group for 2016:

2016 PEER GROUP

Allete, Inc.	Great Plains Energy Incorporated	PNM Resources, Inc.
Alliant Energy Corporation	IDACORP, Inc.	SCANA Corporation
Avista Corporation	Northwest Natural Gas Company	TECO Energy, Inc.
Black Hills Corporation	NorthWestern Corporation	UIL Holdings Corporation
Cleco Corporation	OGE Energy Corp.	Westar Energy, Inc.
El Paso Electric Company	Pinnacle West Capital Corporation	

As shown below, PGE is positioned near the median of its current compensation peer group in terms of revenue, net income, market capitalization and enterprise value.

PGE vs. PEER GROUP

	Revenues (1)	Net Income (2)	Market Capitalization (as of 12/31/16)	Enterprise Value (as of 12/31/16)
75th Percentile	$ 2,582	$ 321	$ 7,335	$ 10,995
Median	1,428	197	4,060	6,132
25th Percentile	1,308	111	2,740	4,700
PGE	1,898	183	3,853	6,142
PGE Percentile Rank	53	47	47	53

(1) These amounts are based on revenues for PGE and the peer group companies as reported for the 12 months ending September 30, 2016.

(2) These amounts are based on net income for PGE and the peer group companies as reported for the 12 months ending September 30, 2016.

CONSIDERATION OF “SAY-ON-PAY” VOTE

The Compensation Committee considers the results of the annual shareholder “Say-on-Pay” advisory vote in developing the company’s executive compensation program. At our 2016 annual meeting of shareholders, over 99.2% of the votes cast approved our compensation program as described in our 2016 proxy statement. We believe these results reflect broad shareholder support for our compensation programs and decisions. Accordingly, while we made some changes to our incentive pay programs to improve alignment with stakeholder interests, we retained the core design of our compensation program for 2016. We will continue to consider the results of annual shareholder advisory votes on executive compensation, as well as any feedback we may receive from shareholders during the course of the year.

Elements of Compensation

Our executive pay includes the following elements:

- Base salaries;
- Annual cash incentive awards;
- Long-term equity incentive awards; and
- Other standard benefits, including retirement benefits, health and welfare benefits and modest perquisites.

We discuss each of these elements in the following sections.

BASE SALARIES

Overview

We pay base salaries to provide a fixed amount of compensation at levels needed to attract and retain qualified executives. The Compensation Committee considers the recommendations of our CEO before setting the base salaries of the executive officers other than the CEO. For 2016, the committee made a recommendation to the other independent directors, and all independent directors as a group set the CEO’s base salary.

2016 Base Salaries

For 2016, base salary increases for our named executive officers averaged 3%.

2015 and 2016 BASE SALARIES

	2015 Salary*	2016 Salary**	Annual Increase
James J. Piro	$775,400	$798,662	3.0 %
James F. Lobdell	402,500	420,000	4.3 %
Maria M. Pope	438,600	450,000	2.6 %
J. Jeffrey Dudley	362,250	370,000	2.1 %
William O. Nicholson	309,750	320,000	3.3 %

* Effective April 13, 2015. ** Effective April 11, 2016.

ANNUAL CASH INCENTIVE AWARDS

Overview

We make annual cash incentive awards to our executives to provide them with incentives to advance stakeholder interests by linking their pay to short-term company performance in key financial and operational areas.

We grant annual cash incentive awards to our executives under our 2008 Annual Cash Incentive Master Plan for Executive Officers (“Annual Cash Incentive Plan”). The plan authorizes the Compensation Committee to make cash awards for the achievement of individual, department, or corporate goals. Each year the Compensation Committee establishes performance goals and a formula for calculating awards. In the first quarter of the following year the committee determines the amount of the awards by comparing performance against the goals.

Under the terms of the Annual Cash Incentive Plan, the Compensation Committee is required to exclude the effect of non-recurring, unusual or extraordinary events in determining the achievement of performance goals if the awards are intended to qualify for the exemption for “performance-based compensation” under Internal Revenue Code section 162(m) (“162(m) awards”). Examples of these types of events include: (i) regulatory disallowances, (ii) corporate restructuring, (iii) gains or losses on the disposition of a major asset, (iv) changes in regulatory, tax or accounting regulations or laws, (v) resolution or settlement of litigation and (vi) the effect of a merger. The committee also has discretion to adjust 162(m) awards downward by any amount it deems appropriate, but does not have discretion to adjust 162(m) awards upward. The 2016 annual cash incentive awards made to the company’s executive officers were intended to qualify as 162(m) awards. The committee did not identify any non-recurring, unusual or extraordinary events that required adjustments to actual performance results under these awards and did not exercise its discretion under the plan to adjust the awards downward.

See page 36 under the heading “Tax Considerations” for a discussion of Internal Revenue Code section 162(m).

2016 Annual Cash Incentive Award Program

Under our 2016 annual cash incentive program, each officer’s award was calculated by multiplying a target award by the sum of two percentages: a “financial performance percentage” and an “operating performance percentage,” each weighted equally:

AWARD = TARGET AWARD X (FINANCIAL PERFORMANCE % X 50% + OPERATING PERFORMANCE % X 50%)

Target Awards. Target awards (shown below) were established by multiplying base salary paid in 2016 by the applicable percentage shown below. The target awards of all of our executives were close to the competitive reference point for their positions.

2016 ANNUAL CASH INCENTIVE AWARDS

	Target Awards (Award at Target Performance)	Award at Maximum Performance	Target Award as Multiple of Base Salary
James J. Piro	$ 751,933	$ 1,065,263	95.0%
James F. Lobdell	228,037	323,059	55.0%
Maria M. Pope	245,573	347,903	55.0%
J. Jeffrey Dudley	183,807	260,399	50.0%
William O. Nicholson	158,424	224,439	50.0%

Financial Performance Percentage. The financial performance percentage was based on the company's 2016 diluted earnings per share (EPS) relative to a target established by the Compensation Committee. The table below shows the EPS required for threshold, target and maximum performance and the associated financial performance percentages. Results between threshold, target and maximum were interpolated to determine the actual performance percentage. EPS of at least 70% of the target was required to achieve any payout under the awards.

FINANCIAL PERFORMANCE TARGETS AND ASSOCIATED PAYOUT PERCENTAGES

	Threshold	Target	Maximum
Percentage of Target	85.0 %	100.0 %	115.0 %
Earnings Per Share	$ 1.98	$2.33	$ 2.68
Performance Percentage	50.0 %	100.0 %	150.0 %

Operating Performance Percentage. The operating performance percentage for each named executive officer was based on results relative to three operating goals—generation plant availability, customer satisfaction, and electric service power quality and system reliability—and, in the case of Ms. Pope, a fourth operating goal of power cost management. To determine the overall operating performance percentage, a weighting for each goal was multiplied by a payout multiplier determined by results for that goal, and the resulting figures were summed. Performance results between threshold, target and maximum were interpolated to determine a specific payout multiplier.

To select the appropriate threshold, target and maximum levels of performance for the goals, we considered a variety of factors, including the probability of goal achievement, current performance relative to industry peers, and the need for further improvement. The following table describes the operating goals and shows the targets for threshold, target and maximum of performance. It also shows the payout multipliers associated with each of these performance levels.

OPERATING PERFORMANCE TARGETS AND ASSOCIATED PAYOUT PERCENTAGES
GENERATION PLANT AVAILABILITY

	Threshold	Target	Maximum
Performance Percentage	50.0 %	100.0 %	133.33 %
Performance Targets	86.14 %	88.93 %	91.60 %

Generation plant availability is measured by the amount of time that a generating plant is able to produce electricity over a certain period (determined by subtracting from total hours in the period all maintenance outage hours, planned outage hours and forced outage hours), divided by the number of hours in the period. To set the threshold, target and maximum performance levels for this goal, we established individual plant goals, which were then weighted to produce overall performance targets. To establish each individual plant goal, we subtracted, from the total number of hours in the year, the number of hours of expected outages for that plant for maintenance and other planned activities, plus a performance target for forced outage hours. Maximum performance targets for forced outages were set at 50% of the industry mean forced outage hours for a peer group of companies, while target and threshold performance levels were set at 2.9% and 5.9% less than the maximum, respectively, for each class of generating plant.

CUSTOMER SATISFACTION

	Threshold	Target	Maximum
Performance Percentage	50.0 %	100.0 %	133.33 %
Performance Targets	79.40 %	82.20 %	89.40 %

Customer satisfaction is measured by the average of the company’s residential, general business and key customer satisfaction scores, determined by calculating the weighted average of the following:
• Average of 4 quarterly ratings of the Market Strategies Study for Residential Customers.
• Average of 2 semiannual ratings of the Market Strategies Study for Business Customers.
• Annual rating results from the TQS Research, Inc. 2016 Annual Benchmark of Large Key Accounts.

These ratings are weighted by the annual revenue from each customer group that produces the annual rating.

ELECTRIC SERVICE POWER QUALITY & SYSTEM RELIABILITY

	Threshold	Target	Maximum
Performance Percentage	50.0 %	100.0%	133.3 %
Performance Targets			
SAIDI (weighted 70%)	83.00	76.00	71.00
SAIFI (weighted 15%)	0.80	0.70	0.65
MAIFI (weighted 15%)	2.00	1.60	1.30

- SAIDI is a service reliability index equal to the sum of customer outage durations (in minutes) divided by total number of customers served.
- SAIFI is the total number of customer outages divided by total number of customers served.
- MAIFI is the total number of customer momentary interruptions divided by total number of customers.

POWER COST MANAGEMENT

	Threshold	Target	Maximum
Performance Percentage	50.0 %	100.0 %	133.33 %
Performance Targets	$11.1M	$22.2M	$29.5M

Power Cost Management is measured by net variable power cost reduction, which is equal to wholesale power and fuel sales less the sum of all variable power costs, including wholesale (physical and financial) power purchases, fuel costs, and other costs that change as power output changes.

The weightings assigned to the goals that determine the operating performance percentage for the named executive officers were as follows:

James J. Piro, James F. Lobdell and J. Jeffrey Dudley:

Generation Plant Availability	Customer Satisfaction	Electric Service Power Quality & System Reliability
40%	30%	30%

Maria M. Pope:

Generation Plant Availability	Power Cost Management	Electric Service Power Quality & System Reliability	Customer Satisfaction
40%	40%	10%	10%

William O. Nicholson:

Generation Plant Availability	Electric Service Power Quality & System Reliability	Customer Satisfaction
20%	40%	40%

2016 Annual Cash Incentive Award Results

In 2016, we achieved maximum levels of performance with respect to the customer satisfaction, generation plant availability and power cost management goals. Results for the electric service power quality and system reliability goals were at maximum on two performance measures, below threshold on one measure, and below target overall. These results yielded operating performance percentages between 96% to 124% for the named executive officers, depending on the weighting assigned to the goals. 2016 earnings per share of $2.16 was approximately 93% of the target of $2.33, which resulted in a financial performance percentage of 75.7%.

ANNUAL CASH INCENTIVE PERFORMANCE RESULTS

Annual Cash Incentive Metrics	Actual	Threshold	Target	Max	Performance %
Financial Goal					
EPS	$2.16	$ 1.98	$2.33	$2.68	75.7%
Operating Goals					
Generation Plant Availability	93.43%	86.14%	88.93%	91.6%	133.3%
Customer Satisfaction	89.60 %	79.40 %	82.20 %	89.40 %	133.3%
Electric Service Power Quality and System Reliability	SAIDI: 97.0 SAIFI: 0.59 MAIFI: 1.10	SAIDI: 83.0 SAIFI: 0.80 MAIFI: 2.00	SAIDI: 76.0 SAIFI: 0.70 MAIFI: 1.60	SAIDI: 71.0 SAIFI: 0.65 MAIFI: 1.30	SAIDI: 0.0% SAIFI: 133.3% MAIFI: 133.3%
Power Cost Management	$44.2M	$11.1M	$22.2M	$29.5M	133.3%

After considering the results relative to the performance goals, the Compensation Committee approved cash incentive awards for the named executive officers, other than the CEO, that were determined by applying the performance results to the methodology under the plan for calculating awards. In the case of the CEO, the committee made a recommendation to the other independent directors with respect to the CEO's cash incentive award, and all of the independent directors, as a group, approved the final payout. The committee did not identify any non-recurring, unusual or extraordinary events that required adjustments to actual performance results for 2016 and did not exercise its discretion under the plan to adjust awards downward.

NAMED EXECUTIVE OFFICER ANNUAL INCENTIVE AWARD PAYOUTS

Named Executive Officer	Financial Performance Percentage	Operating Performance Percentage	Final Award	Final Award as % of Target
James J. Piro	75.7%	105.3%	$680,574	90.5%
James F. Lobdell	75.7%	105.3%	206,396	90.5%
Maria M. Pope	75.7%	124.0%	245,180	99.8%
J. Jeffrey Dudley	75.7%	105.3%	166,364	90.5%
William O. Nicholson	75.7%	96.0%	135,991	85.8%

LONG-TERM EQUITY INCENTIVE AWARDS

Overview

We believe the interests of our management should be aligned with the long-term interests of our shareholders by ensuring that they share the risks and rewards of company stock ownership. We accomplish this goal by granting stock-based incentive awards under our 2006 Stock Incentive Plan. The Compensation Committee is authorized under the plan to grant stock-based awards to directors, officers and other employees. The committee has authority to determine the amount and type of awards, up to certain maximum amounts described in the plan.

In 2016, as in prior years, all of our stock-based awards to executives consisted of restricted stock units with performance-based vesting conditions ("performance RSUs"). There are no guaranteed payouts under these awards, meaning 100% of the performance RSUs granted to executives are at risk. To focus our executives' efforts on long-term results, we grant awards that vest over a three-year performance period. We grant performance RSUs because we believe they are the best vehicle to advance several of the objectives of our compensation program:

- Pay for Performance. Performance RSUs create incentives to achieve key company goals.
- Retention. Performance RSUs further the goal of retention, because the receipt of an award requires continued employment by the company.
- Cost-Effectiveness. Performance RSUs are relatively easy to administer and straightforward from an accounting standpoint.
- Alignment with Shareholders. RSUs create a focus on shareholder return because the value of an award is based on the value of the underlying common stock, and awards can create an ongoing stake in the company through stock ownership once they vest.

2016-2018 Long-Term Incentive Awards

In 2016, equity grants constituted approximately 32.1% to 49.4% of our named executive officers' target total direct compensation (base salary, cash incentive and equity incentive award opportunities, assuming target levels of performance).

Number of Performance RSUs Granted. The number of RSUs granted was the product of each officer's 2016 base salary and an award multiple, divided by the closing price of the company's common stock on the grant date:

$$\text{\# of RSUs Granted} = \frac{\text{2016 Base Salary x Award Multiple}}{\text{Grant Date Closing Common Stock Price}}$$

The table below shows the award multiples we used to calculate the awards for the named executive officers and the estimated value of the awards on the grant date (assuming that the company will perform at target levels over the performance period and using the closing price of the company's common stock on the grant date).

2016-2018 LONG-TERM INCENTIVE AWARDS

Name	Award Value at Target Performance	Award Value at Maximum Performance	Target Award as Multiple of Base Salary
James J. Piro	$ 1,517,452	$ 2,276,178	1.9
James F. Lobdell	461,998	693,016	1.1
Maria M. Pope	494,985	742,496	1.1
J. Jeffrey Dudley	332,983	499,493	0.9
William O. Nicholson	206,485	309,727	0.7

Performance Measures. For our 2016 awards, we retained the three measures we have used since 2013: total shareholder return, ROE as a percentage of allowed ROE, and regulated asset base growth.

- Total Shareholder Return

Measured by: Total shareholder return (TSR) over the three-year performance period relative to the TSR achieved by a comparison group of companies over the same three-year period. TSR measures the change in a company's stock price for a given period, plus its dividends (or other earnings paid to investors) over the same period, as a percentage of the stock price at the beginning of the period. To calculate the value of stock at the beginning and end of the period, we use the average daily closing price for the 20-trading day period ending on the measurement date. Relative TSR will be determined by ranking the company and the peer companies from highest to lowest according to their respective TSR. The percentile performance of the company relative to the peer companies will be determined based on this ranking. The comparator group consists of companies on the Edison Electric Institute regulated index on December 31, 2015, excluding those that have completed or announced a merger, acquisition, business combination, "going private" transaction or liquidation. Companies that are in bankruptcy will be assigned a negative one TSR.

Why we use this measure: TSR is a direct measure of value creation for shareholders. We use relative rather than absolute TSR to ensure that payouts reflect the company's performance rather than general market conditions. To minimize the risk of a single day extreme impacting the measurement of long-term shareholder return, we calculate share value using the average daily closing price for the 20-trading day period ending on the measurement date.

- Return on Equity

Measured by: The average of each of three consecutive years' Accounting ROE as a percentage of Allowed ROE. "Accounting ROE" is defined as annual net income, as shown on the company's income statement, divided by the average of the current year's and prior year's shareholders' equity, as shown on the balance sheet. "Allowed ROE" is the return on equity that the Oregon Public Utility Commission (OPUC) permits the company to include in the rates it charges its customers.

Why we use this measure: This goal measures how successful the company is at generating a return on dollars invested by its shareholders. Because the company's return on its investment can fluctuate based on OPUC rate case orders, we believe the appropriate measure of our ability to generate earnings on shareholder investments is Accounting ROE as a percentage of Allowed ROE.

- Regulated Asset Base

Measured by: Regulated asset base at the end of the three-year period measured against an asset base target established by the Compensation Committee.

Why we use this measure: Asset base provides a measure of the amount the company invests in its base business. By executing our investment strategy — bringing capital projects into service on time and within budget — we meet the needs of our customers while also creating value for our shareholders.

Determination of Awards. At the end of the performance period, the Compensation Committee will determine the results for the three performance goals. Performance results will be interpolated between threshold, target and maximum payout levels to determine payout percentages for each goal based on the schedule below. Results below threshold for any goal will result in zero payouts for that goal. These results will then be weighted equally and added to determine a payout percentage ranging from 0 to 150% of the target number of shares, subject to the Compensation Committee's right to adjust payouts downward, as described below. The following table presents the threshold, target and maximum levels for the three performance measures, as a percentage of the target awards.

PERFORMANCE TARGETS AND PAYOUT PERCENTAGES

Goals	Threshold* (50% Payout)	Target (100% Payout)	Maximum (150% Payout)	Weighting	Percentage Earned
Total Shareholder Return	30th Percentile of EEI Regulated Index	50th Percentile of EEI Regulated Index	70th Percentile of EEI Regulated Index	33.3%	0 to 50%
Return on Equity	75% of Allowed ROE	90% of Allowed ROE	100% of Allowed ROE	33.3%	0 to 50%
Regulated Asset Base (Thousands)	90% of Targeted Asset Base ($4,931,000)	95% of Targeted Asset Base ($5,100,000)	100% of Targeted Asset Base ($5,368,000)	33.3%	0 to 50%
Total Percentage of Target Award Earned					0 to 150%

*Performance results below the threshold level for any goal willl result in zero payouts with respect to that goal.

Dividend Equivalent Rights. Each named executive officer will receive a number of dividend equivalent rights ("DERs") equal to the number of vested performance RSUs. A DER represents the right to receive an amount equal to dividends paid on the number of shares of common stock equal to the number of the vested performance RSUs, which dividends have a record date between the date of the grant and the end of the performance period. DERs will be settled in shares of common stock after the related performance RSUs vest. The number of shares payable on the DERs will be calculated using the fair market value of common stock as of the date the committee determines the number of vested performance RSUs.

Service Requirement. Vesting of the performance RSUs and their related DERs generally requires that the officer continue to be employed by the company during the performance period. However, if the officer's employment is terminated due to retirement, death or disability before the normal vesting under the terms of the grant, a portion of the award will vest at the end of the performance period. See the discussion of this issue in the section below entitled "Termination and Change in Control Benefits."

Tax Treatment. These awards were intended to constitute "performance-based compensation" for purposes of Internal Revenue Code section 162(m). Consequently, under the terms of the 2006 Stock Incentive Plan, the Compensation Committee is required to adjust for extraordinary, unusual, or non-recurring events in determining performance results. Examples of these types of event include: (i) regulatory disallowances or other adjustments, (ii) restructuring or restructuring-related charges, (iii) gains or losses on the disposition of a business or major asset, (iv) changes in regulatory, tax or accounting regulations or laws, (v) resolution and/or settlement of litigation and other legal proceedings or (vi) the effect of a merger or acquisition. In the case of 162(m) awards, the committee also has discretion under the plan to adjust awards downward, but not upward, and may exercise its discretion to include the impact of events that decrease performance results.

2014-2016 Long-Term Incentive Awards

On February 14, 2017, the Compensation Committee met to determine the results for the three performance goals and the number of shares that would vest under the performance RSUs granted to officers and employees, other than the CEO, in 2014. In the case of the CEO, the Compensation Committee made a recommendation to the other independent directors concerning the vesting of the CEO's performance RSUs, and the independent directors, as a group, determined the number of shares that would vest under such RSUs. These awards were made under the company's 2006 Stock Incentive Plan. The maximum number of performance RSUs that could vest under the awards was a function of company performance relative to the three performance RSU goals described above.

Actual performance results were interpolated between threshold, target and maximum payout levels to determine payout percentages and are shown in the following tables:

RETURN ON EQUITY RESULTS					REGULATED ASSET BASE RESULTS		TSR RESULTS	
	2014	2015	2016	Average		As of 12/31/2016 (Thousands)		2016
Allowed ROE	9.75%	9.68%	9.60%		Target Asset Base	$5,269,224	Target	50th Percentile
Accounting ROE	9.40%	8.26%	8.38%		Actual Asset Base	$5,321,995	Actual	50th Percentile
Accounting ROE as % of Allowed ROE	96.4%	85.3%	87.3%	89.7%	Actual Amount as % of Target	101.0%		
Payout Percentage				98.9%		150.0%		100.0%

The Compensation Committee did not exercise its discretion under the 2006 Stock Incentive Plan to adjust award amounts downward. Based on these results, 116.3% of the 2014-2016 performance RSUs vested, resulting in the award values set forth below. These values reflect the closing price of the company’s common stock on the vesting date of February 15, 2017.

2014-2016 LONG-TERM INCENTIVE AWARD PAYOUTS

	RSUs Vested	Vesting Date Award Value *
James J. Piro	46,132	$1,985,060
James F. Lobdell	12,860	553,366
Maria M. Pope	15,801	679,917
J. Jeffrey Dudley	10,141	436,367
William O. Nicholson	7,587	326,469

*Based on company stock price of $43.03 on vesting date of February 15, 2017.

The terms of the 2014-2016 long-term incentive awards are described more fully in the company’s 2015 proxy statement under the heading “2014 Grants of Plan-Based Awards.”

OTHER BENEFITS

As employees of PGE, our named executive officers are eligible to participate in a number of broad-based company-sponsored benefits programs on the same basis as other full-time employees. These include the company’s health and welfare programs (including medical/dental/vision plans, disability insurance, and life insurance) and 401(k) plan. Employees hired before February 1, 2009 — including all of the current named executive officers — also accrue benefits under our defined benefit pension plan. In addition, our executive officers and other key employees are eligible to participate in a non-qualified deferred compensation plan, which allows participants to defer their compensation above the Internal Revenue Service limits imposed on 401(k) plans. The deferred compensation plan and 401(k) plan also contribute to the competitiveness of our pay by providing a modest matching contribution for salary deferrals and compensating participants for lower pension payments they may receive as a result of participating in the plans. See “Executive Compensation Tables — Non-Qualified Deferred Compensation” below for more details. Finally, our executive officers are eligible for severance pay and outplacement assistance to help them with a transition to new employment in the event of a reorganization or similar business transaction resulting in an involuntary termination or a voluntary termination in response to a change in job duties. These benefits are described below under “Executive Compensation Tables — Termination and Change in Control Benefits.” We do not provide our executives with significant perquisites.

Other Compensation Practices

STOCK OWNERSHIP POLICY

In 2011 we adopted a stock ownership and holding policy for our executive officers. The primary objectives of the policy are to:

- Create financial incentives that align the interests of executive officers with strong operating and financial performance of the company; and

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• Encourage executive officers to operate the business of the company with a long-term perspective.

Under the policy, our CEO is required to hold company stock with a value equal to at least three times his annual base salary, while the other executive officers are required to hold company stock with a value equal to at least one times their annual base salary. The policy does not require executive officers to immediately acquire shares in an amount sufficient to meet the holding requirement. However, until the holding requirement is met, executive officers are subject to certain restrictions on their ability to dispose of shares of company stock. The CEO is required to retain 100% of his shares until he meets the holding requirement. All other executive officers are required to retain an amount of shares equal to 50% of their net after-tax performance-based equity awards until the holding requirement is met. Under an amendment to our stock ownership requirements adopted in 2016, the number of shares required to satisfy the stock ownership requirements is re-calculated annually, based on the closing price of the company's common stock on the date of the calculation. The Compensation Committee also reviews each officer's holdings annually to ensure that appropriate progress toward the ownership goals is being made. Our stock ownership policy for non-employee directors is described on page 10 of this proxy statement.

CURRENT EQUITY GRANT PRACTICES

Under the terms of our 2006 Stock Incentive Plan, the Compensation Committee is authorized to make grants of equity awards, but may delegate this authority as it deems appropriate. The committee has delegated authority to our CEO to make annual discretionary grants of RSUs with performance-based or time-based vesting conditions to non-executive employees for the purposes of attracting and retaining qualified employees. The maximum RSU value that the CEO is authorized to award is $500,000 in the aggregate and $50,000 per award. The Compensation Committee has not delegated the authority to make executive awards.

We expect that we will continue to grant performance RSUs to the executive officers and other key employees, and to delegate authority to our CEO to make limited discretionary equity awards for attraction and retention purposes. We also expect to make annual grants of restricted stock units with time-based vesting conditions to the company's directors.

The committee has not adopted a formal policy governing the timing of equity awards. However, we have generally made awards to officers in the first quarter of the fiscal year, and we expect to continue this practice.

TAX CONSIDERATIONS

Section 162(m) of the Internal Revenue Code generally places a limit of $1 million on the compensation that a publicly held corporation may deduct with respect to its CEO and its three next most highly paid executive officers other than the CFO. Regulations under Internal Revenue Code section 162(m) provide that awards will be considered "performance-based compensation" exempt from the $1 million limit under section 162(m) if, among other requirements: (i) the awards are payable solely on account of shareholder-approved performance goals having been satisfied; (ii) the method of computing the amount payable upon satisfaction of the performance goals is stated in an objective formula; and (iii) the objective formula precludes discretion to increase the amount payable upon satisfaction of the goal, although discretion to adjust awards downward is permitted. We generally attempt to structure our incentive awards to executives so that they qualify as exempt performance-based compensation under section 162(m). Nevertheless, the Compensation Committee reserves the discretion to award compensation that is not deductible for federal income tax purposes if it determines that doing so is appropriate in light of the company's compensation policies and goals.

CLAWBACK POLICY

In February 2017, our board of directors adopted a compensation clawback policy. Under the clawback policy, if our board of directors determines that a current or former executive officer has engaged in fraud, willful misconduct, a knowing violation of law or one of our corporate policies, or any act or omission not in good faith, that caused or otherwise contributed to the need for a material restatement of our financial results, the Compensation Committee will review all performance-based compensation earned by that executive officer during fiscal periods materially affected by the restatement. If, in the Compensation Committee's view, the performance-based compensation would have been materially lower if it had been based on the restated results, the Compensation Committee will seek recovery from that executive officer of any portion of such performance-based compensation as it deems appropriate under the circumstances after a review of all relevant facts and circumstances. The board of directors has sole discretion in determining whether an executive officer's conduct has or has not met any particular standard of conduct. The clawback policy applies to performance-based compensation awards made after the adoption of the policy.

EXECUTIVE COMPENSATION TABLES

Summary Compensation

The table below shows the compensation earned by the company's named executive officers during the years ended December 31, 2014, 2015 and 2016.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (1)	Stock Awards (2)	Non-Equity Incentive Plan Compensation (3)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings (4)	All Other Compensation (5)	Totals
James J. Piro	2016	$836,431	$1,517,452	$ 680,574	$ 135,052	$ 148,124	$3,317,633
President and Chief Executive	2015	805,549	1,395,704	688,826	41,221	138,451	3,069,751
Officer	2014	789,028	1,255,429	730,622	214,340	108,421	3,097,840
James F. Lobdell	2016	449,074	461,998	206,396	114,897	45,824	1,278,189
Senior Vice President, Finance,	2015	413,356	402,470	201,648	14,470	44,943	1,076,887
Chief Financial Officer and							
Treasurer	2014	357,540	349,986	193,503	247,236	37,560	1,185,825
Maria M. Pope	2016	477,576	494,985	245,180	55,384	60,683	1,333,808
Senior Vice President, Power							
Supply, Operations and Resource Strategy	2015	464,728					