

Exhibit A

Form of February 2002 Amendment to the Power Sales Agreement Between the City of Portland, Oregon and Portland General Electric Company

This Agreement is executed between the City of Portland, Oregon, and Portland General Electric Company. It amends a Power Sales Agreement executed by the parties as of April 12, 1979, which was amended or supplemented by: the Agreement Regarding Portland Hydroelectric Project (Bull Run River) Power Sales Agreement which was approved by City Ordinance No. 158106 on December 26, 1985; the Portland Hydro Project Settlement Agreement dated as of March 15, 1989, and the Portland Hydroelectric Project 1993 Amendments dated as of August 19, 1993.

Portland General Electric Company has requested the City to issue the City's Hydroelectric Power Revenue Refunding Bonds, Series 2002 to refund all of the City's currently outstanding Hydroelectric Power Revenue Bonds that are dated June 1, 1979, and were issued in the original principal amount of \$38,000,000. This Agreement is executed in connection with the proposed issuance of the Series 2002 Bonds.

Section 1. Definitions.

Capitalized terms used in this Agreement shall have the meanings defined in this section, unless the context clearly requires use of a different meaning. Capitalized terms that are used in this Agreement but not defined in this Agreement shall have the meanings defined for such terms in the Power Sales Agreement.

"1979 Bond Trustee" means U.S. Bank National Association, as trustee under the 1979 Indenture.

"1979 Bonds" means the City's Hydroelectric Power Revenue Bonds that are dated June 1, 1979, and were issued in the original principal amount of \$38,000,000

"1979 Indenture" means the Trust Indenture dated as of June 1, 1979, relating to the 1979 Bonds, as amended.

"1989 Agreement" means the Portland Hydro Project Settlement Agreement dated as of March 15, 1989.

"Agreement" means this February 2002 Amendment to the Power Sales Agreement.

"City" means the City of Portland, Oregon and its successors.

"Original Agreement" means the Power Sales Agreement executed by the parties as of April 12, 1979.

"Power Sales Agreement" means the Original Agreement, as amended and supplemented by the

Prior Amendments and this Agreement.

“Prior Amendments” means the following agreements which amend and supplement the Original Agreement: the Agreement Regarding Portland Hydroelectric Project (Bull Run River) Power Sales Agreement which was approved by City Ordinance No. 158106 on December 26, 1985; the 1989 Agreement, and the Portland Hydroelectric Project 1993 Amendments dated as of August 19, 1993.

“Purchaser” means Portland General Electric Company and its successors.

“R&R Fund” means the Renewal and Replacement Fund held by the Revenue Bond Trustee.

“Revenue Bond Trustee” means U.S. Bank National Association as trustee under the Trust Indenture, and any successor trustee under the Amended Indenture.

“Revenue Bonds” means the Series 1993 Bonds, the Series 2002 Bonds, and any other bonds issued by City to finance or to refinance the Cost of Acquisition and Construction and other costs in connection with the Project, which Revenue Bonds shall be payable solely from the revenues derived from the sale of power and energy under the terms of the Power Sales Agreement, and from any other Project revenues.

“Series 2002 Bonds” means the City’s Hydroelectric Power Revenue Refunding Bonds, Series 2002 that are to be issued to refund the City’s outstanding 1979 Bonds.

“Trust Indenture” means the Amended Trust Indenture dated as of February 1, 2002, between the City and the Revenue Bond Trustee, relating to the Revenue Bonds.

Section 2. Effective Date.

- 2.1. The provisions of this Agreement shall take effect only upon the issuance of the Series 2002 Bonds and the defeasance or payment of the 1979 Bonds. If the Series 2002 Bonds are not issued and the 1979 Bonds are not defeased or paid by April 1, 2002, this Agreement shall terminate.
- 2.2. During the period from September 1, 2001 to August 31, 2002:
 - (A) PGE will pay to the 1979 Bond Trustee for the account of the City all payments due prior to the effective date of this Agreement under Section 2(a)(1) and 2(a)(2) of the Original Agreement as amended by the Prior Amendments, but without regard to this Agreement.
 - (B) PGE will pay to the Revenue Bond Trustee for the account of the City all payments due after the effective date of this Agreement under Section 2(a)(1) and 2(a)(2) of the Original Agreement as amended by the Prior Amendments and this Agreement.
 - (C) Except as specifically provided in this Agreement, any other payments which are due from PGE under the Power Sales Agreement after the effective date of this Agreement, but which are calculated for a period that begins prior to the effective date of this Agreement, shall be adjusted to reflect the fact that the 1979 Bonds were outstanding

until the effective date of this Agreement, and the Series 2002 Bonds were outstanding after the effective date of this Agreement.

Section 3. Release of Obligation to use Power Locally.

The Series 2002 Bonds are taxable bonds, and the parties will not be required to restrict the use of electricity from the Project after April 1, 2002. Accordingly, the final three recitals in the Original Agreement and Sections 5(c), 5(d) and 5(e) of the Original Agreement are rescinded.

Section 4. Use of 1979 Debt Service and Reserve Funds.

All amounts in the “Debt Service Fund” and the “Debt Service Reserve Fund” as defined in the 1979 Indenture shall be contributed to refund and pay the 1979 Bonds, or shall be transferred to the Revenue Bond Trustee and applied to pay the Series 2002 Bonds.

Section 5. Transfer of R&R Fund and Surplus Fund.

The current balances in the R&R Fund and the Surplus Fund held by the 1979 Bond Trustee shall be transferred to and held by the Revenue Bond Trustee. The Trust Indenture shall provide that the Revenue Bond Trustee shall hold and administer the R&R Fund and the Surplus Fund on the same terms that such funds were held and administered under the 1979 Indenture; however, the R&R Fund and the Surplus Fund shall not be pledged to pay the Revenue Bonds.

Section 6. Withdrawal from R&R Fund.

- 6.1. The parties agree to instruct the Revenue Bond Trustee to remove \$3,021,514 from the R&R Fund, and to transfer half of that amount to the Purchaser and half to the City within 30 days after the Series 2002 Bonds are issued.
- 6.2. The removal of this amount shall not be treated as an expense for purposes of the “share the savings calculation” under Section 4(a)(3) of the Original Agreement, as amended by the Prior Amendments and this Agreement.

Section 7. Change in Payment for Power Sold.

- 7.1. Payments by PGE under Section 4(a)(2)(ii) of the Original Agreement were calculated in accordance with Section 5 of the 1989 Agreement. Section 5.1 of the 1989 Agreement applied during the Contract Year beginning September 1, 1989, and Section 5.2 of the 1989 Agreement applied after that Contract Year.

7.2. To avoid reducing payments to the City as a result of the refunding of the 1979 Bonds, the parties agree that the Purchaser shall continue to pay the amount described in Section 4(a)(2)(ii) of the Original Agreement to the City based on the scheduled Debt Service for the 1979 Bonds, as if the 1979 Bonds had not been refunded and paid, except in any years in which the debt service on the Series 2002 Bonds exceeds the debt service on the 1979 Bonds. The parties therefore agree that Section 5 of the 1989 Agreement is rescinded, and Section 4(a)(2)(ii) of the Original Agreement is amended to read as follows:

- (ii) ten percent (10%) of the annual amount the City is required by the Trust Indenture to set aside for the payment of Debt Service, except as provided below in this paragraph (ii).
 - (A) Instead of paying ten percent (10%) of the annual amount the City is required by the Trust Indenture to set aside for the payment of the Series 2002 Bonds, each Contract Year Purchaser shall pay ten percent (10%) of the greater of: (1) the annual amount that the City would have been required by the Trust Indenture to set aside for the payment of Debt Service on the 1979 Bonds, based on the scheduled Debt Service for the 1979 Bonds which are outstanding as of February 15, 2002, and without regard to any prepayments or redemption's of those 1979 Bonds, or (2) the annual amount that the City is required by the Trust Indenture to set aside for the payment of the Series 2002 Bonds.
 - (B) If the Purchaser provides to the City funds for the pre-payment, redemption, or defeasance of the Series 1993 Bonds, each Contract Year Purchaser shall pay ten percent (10%) of the annual amount that the City would have been required by the Trust Indenture to set aside for the payment of Debt Service on the Series 1993 Bonds, based on the original, scheduled Debt Service for the Series 1993 Bonds through the original scheduled maturity of the 1993 Bonds, without regard to any prepayment, redemption, or defeasance of the Series 1993 Bonds.

Section 8. Change in Renewal and Replacement Fund Contributions and Cap.

The parties have agreed to reduce the Purchaser's annual deposits to the R&R Fund and the maximum amount that is retained in the R&R Fund. The parties therefore agree that the definition of "Annual Power Cost" in Section 2(a)(3) of the Original Agreement shall be amended to read as follows:

- (3) An amount equal to seventy-eight hundredths of one percent (0.78%) of the Cost of Acquisition and Construction less those portions described in Subsections 2(g)(1), 2(g)(2) and 2(g)(5) hereof as adjusted by the ratio which the then current calendar year's Construction Cost Index bears to the Construction Cost Index for the year in which Completion of Construction occurred, which amount, as adjusted, shall be placed in the Renewal and Replacement Fund to be disbursed in accordance with Subsection 7(c) hereunder and the terms of the Trust Indenture; provided that in no event shall the

amount in the Renewal and Replacement Fund at any time during the term of this Agreement exceed seven and one-half percent (7.5%) of the Cost of Acquisition and Construction, less those portions described in Subsections 2(g)(1), 2(g)(2) and 2(g)(5), as adjusted by the ratio which the then current calendar year's Construction Cost Index bears to the Construction Cost Index for the year in which Completion of Construction occurred.

Section 9. Conforming Changes.

9.1. The definitions of the following terms in the Power Sales Agreement are amended to read as follows:

“Trust Indenture” means the Amended Trust Indenture dated as of February 1, 2002, between the City and the Revenue Bond Trustee.

“Revenue Bonds” means the Series 1993 Bonds, the Series 2002 Bonds, and any other bonds issued by City to finance or to refinance the Cost of Acquisition and Construction and other costs in connection with the Project, which Revenue Bonds shall be payable solely from the revenues derived from the sale of power and energy under the terms of this Agreement, and from any other Project revenues.

9.2. All payments due under Section 4 of the Original Agreement, and all other payments which the Power Sales Agreement requires to be made to the 1979 Bond Trustee shall be made to the Revenue Bond Trustee for the account of the City.

9.3. Section 1 of the Original Agreement is amended to read as follows:

This Agreement shall be in full force and effect from the date of its execution until midnight of August 31, 2017, or until the Revenue Bonds are paid or provision is made for their retirement, whichever is later.

Section 10. Conflicting Provisions.

If the provisions of this Agreement conflict with any terms of the Power Sales Agreement, the Power Sales Agreement shall be construed so that the provisions of this Agreement control and are given effect.

Section 11. Purchaser Remains Obligated To Pay Revenue Bonds.

The Purchaser acknowledges that Section 4 of the Original Agreement remains in effect, and requires the Purchaser to pay the Debt Service on the Revenue Bonds. Nothing in this Agreement or any other provision of the Power Sales Agreement shall be construed to limit that requirement.

DATED this ___ day of February, 2002.

Approved as to form:

City Attorney

City of Portland, Oregon

By:

Authorized Officer

Portland General Electric Company

By:

Authorized Officer