



CITY OF PORTLAND
OFFICE OF MANAGEMENT AND FINANCE

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March 20, 2015

Moss Adams LLP
805 SW Broadway, Suite 1200
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We are providing this letter in connection with your audit of the financial statements of the City of Portland, Oregon Hydroelectric Power Fund (the Fund), which comprises the balance sheets and statements of revenues, expenditures and changes in retained earnings and cash flows as of August 31, 2014 and 2013 and the related notes to the financial statements for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles set forth in the Power Sales Agreement with Portland General Electric Company, dated April 12, 1979. Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Except where otherwise stated below, immaterial matters less than \$10,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of March 20, 2015, the following representations made to you during your audit:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit contract that became effective May 18, 2012, for the preparation and fair presentation of the financial statements in accordance with accounting principles set forth in the Power Sales Agreement with Portland General Electric Company, dated April 12, 1979
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
5. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of accounting principles set forth in the Power Sales Agreement with Portland General Electric Company, dated April 12, 1979.

An Equal Opportunity Employer

To help ensure equal access to programs, services and activities, the Office of Management & Finance will reasonably modify policies/procedures and provide auxiliary aids/services to persons with disabilities upon request.

6. All events subsequent to the date of the financial statements and for which the Power Sales Agreement with Portland General Electric Company, dated April 12, 1979, requires adjustment or disclosure have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with the Power Sales Agreement with Portland General Electric Company, dated April 12, 1979.

Information Provided

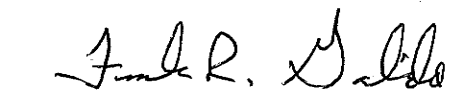
8. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
 - b. Minutes of the meetings of directors, and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared;
 - c. Additional information that you have requested from us for the purpose of the audit;
 - d. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
9. All transactions have been properly recorded in the accounting records and are reflected in the financial statements.
10. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
11. We have no knowledge of any fraud or suspected fraud that affects the entity and involves—
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others when the fraud could have a material effect on the financial statements.
12. We have no knowledge of any allegations of fraud or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
13. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
14. We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.
15. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
16. The Fund is in compliance with all debt covenants and indenture and trust agreements and is not aware of any arbitrage liability on outstanding debt.
17. Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance sheet date and have been reduced to their estimated net realizable value.
18. Capital assets are properly capitalized, reported and, if applicable, depreciated. The Fund has evaluated capital assets for impairment and has concluded there are no material impairments. In addition, the Fund has assessed the impact of ASC 410, Asset Retirement Obligations, and has concluded there are no material asset retirement obligations.
19. Retained earnings reserved for bonded debt service is properly stated.
20. We are in compliance with all aspects of the Power Sales Agreement with Portland General Electric Company, dated April 12, 1979. The "accumulated excess cost" is properly calculated and disclosed.

21. We believe the actuarial assumptions and methods used to measure pension liabilities and costs for financial statement purposes are appropriate in the circumstances.
22. We assert that all assets and liabilities whose uses are legally restricted for renewal and replacement, debt service, and other purposes are properly segregated as restricted current or noncurrent assets and liabilities on the balance sheet.
23. The disclosures obtained from the City of Portland CAFR audit are dated as of 6/30/2014 while the Fund's year end is 8/31/2014. No material adjustments have occurred since 6/30/2014 that would impact the users of the financial statements.
24. There are no known environmental liabilities that require either disclosure in or adjustment to the financial statements.
25. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
26. Deposits and investment securities are properly classified as to risk, and investments are properly valued.
27. The financial statements and notes are prepared in accordance with FERC reporting. We believe the statements and notes are in accordance with the Power Sales Agreement with Portland General Electric Company and are complete and accurate.
28. We acknowledge our responsibility for presenting the Portland Hydroelectric Project Power Generation Schedule required by the accounting requirements as set forth in the Power Sales Agreement with Portland General Electric Company and we believe the Portland Hydroelectric Project Power Generation Schedule is measured and presented in accordance with the prescribed guidelines. The methods of measurement and presentation of the Portland Hydroelectric Project Power Generation Schedule have not changed from those used in the prior periods, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the required supplementary information.


To the best of our knowledge and belief, no events have occurred subsequent to the balance-sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.



Samina Gillum, Technical Accounting Supervisor



Frank R. Galida, Portland Hydroelectric Project Manager



Michelle R. Kirby, CPA, City Controller