



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

February 9, 2010

Via Email and US Mail

Oregon Public Utility Commission
Filing Center
550 Capitol Street, N.E., Ste 215
Salem, OR 97301-2551

RE: UE 209 Renewable Adjustment Clause – Informational Update

During the week of January 11, 2010, PGE and OPUC Staff held two discussions regarding the appropriate filing procedures under the Renewable Adjustment Clause. Pursuant to those discussions, PGE is submitting this letter to provide parties with information regarding amounts subject to deferral for Biglow 2. PGE has updated the Biglow 2 deferral with actuals through December 2009 (see Attachment 1). The table below summarizes the differences relative to PGE's December 10, 2009 update filing.

Table 1
(\$s in 000s)

	<u>Dec. 10</u>	<u>Actuals</u>	<u>Variance</u>
Annual Output (MWh)	164,854	146,559	(18,295)
NVPC Benefit	\$9,847	\$8,712	(\$1,135)
Production Tax Credits	\$3,462	\$3,078	(\$384)
State Tax Credits (BETC)	\$2,200	\$0	(\$2,200)
Revenue Requirement	\$6,527	\$10,630	\$4,103

Compared to the December 10, 2009 update, which included actuals through November, the primary drivers for the revenue requirement difference are lower than expected output in the month of December and removal of BETC credits¹. Output was approximately 18,295 MWh lower than forecast, which results in a reduction to Net Variable Power Cost benefits of approximately \$1.1 million and associated Production Tax Credits of approximately \$0.4 million.

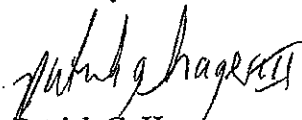
¹ In 2009, PGE unwound these BETC credits associated with Biglow 2 it had previously accrued for.

Regarding PGE's decision to remove the BETC credits, on November 3, 2009, the Oregon Department of Energy issued Temporary Rules² concerning administration of BETC and what facilities qualify. OAR 330-090-0120(3) of these Temporary Rules describes *Criteria for separate and distinct facility*. This part of the rules states that if a facility meets three or more of the listed criteria it will not be considered a separate facility and, instead, only one BETC will be certified for the combined facility. Because Biglow 2 meets three or more of the criteria outlined in that rule, it would not qualify under the Temporary Rules as a facility distinct from Biglow 1 and therefore not receive BETC. However, the Temporary Rules do not definitively address whether they apply retroactively to facilities that were issued preliminary certification prior to when the rules were issued. PGE also expects the BETC program to be revised during the Oregon Special Legislative Session, due to convene in February 2010. Given these uncertainties, PGE did not file for final BETC certification for Biglow 2, has removed the BETC from the 2009 deferral, and unwound its accounting accrual. If the Oregon Special Legislative Session revises BETC statutes, or the ODOE Temporary Rules are amended and clarified, PGE will reevaluate its recognition of BETC and would likely elect to claim the credit starting in 2010.

The resulting \$4.1 million of additional revenue requirement will be carried on PGE's book as a residual balance and will be included in PGE's 2010 RAC filing for collection beginning in 2011.

If you have any questions, please contact me at (503) 464-7580 or Jay Tinker at (503) 464-7002.

Sincerely,


Patrick G. Hager
Manager, Regulatory Affairs

encls.

PGH/jmb

cc: UE 209 Service List

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² OAR 330-090-0105 to 330-090-0150.

Biglow 2 Deferral - 2009

	Dec. 1 Filing	Dec. 10 Filing	Update	Variance
Annual Output (MWh)	161,782	164,854	146,559	(18,295)
NVPC Benefit	\$ 9,030,204	\$ 9,847,150	\$ 8,711,888	\$(1,135,262)
State Tax Credits (BETC)	\$ 2,200,000	\$ 2,200,000	\$ -	\$(2,200,000)
Production Tax Credits	\$ 3,397,422	\$ 3,461,934	\$ 3,077,739	\$(384,195)
Revenue Requirement	\$ 7,483,711	\$ 6,526,740	\$ 10,629,812	\$ 4,103,072

Biglow 2 - 2009 Deferral

	2009 June	2009 July	2009 August	2009 September	2009 October	2009 November	2009 December	2009 Biglow 2 Revenues for ROE	2009 Biglow 2 Revenues for ROE
1 Sales to Customers	\$ (2,047,967)	\$ 559,518	\$ 756,758	\$ 2,289,582	\$ 2,517,126	\$ 3,135,582	\$ 3,419,211	\$ 10,629,812	\$ 10,629,812
2 Other Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3 Total Operating Revenues	\$ (2,047,967)	\$ 559,518	\$ 756,758	\$ 2,289,582	\$ 2,517,126	\$ 3,135,582	\$ 3,419,211	\$ 10,629,812	\$ 10,629,812
4 NVPC	\$ (233,144)	\$ (855,975)	\$ (2,255,343)	\$ (2,165,741)	\$ (1,538,073)	\$ (1,013,196)	\$ (650,416)	\$ (8,711,888)	\$ (8,711,888)
5 Production O&M	\$ 58,138	\$ 55,812	\$ 190,574	\$ 497,232	\$ 162,565	\$ 274,715	\$ 225,079	\$ 1,464,115	\$ 1,464,115
6 Uncollectibles Expense	\$ (8,806)	\$ 2,406	\$ 3,254	\$ 9,845	\$ 10,824	\$ 13,483	\$ 14,703	\$ 45,708	\$ 45,708
7 OPUC Fees	\$ (6,400)	\$ 1,748	\$ 2,365	\$ 7,155	\$ 7,866	\$ 9,799	\$ 10,685	\$ 33,218	\$ 33,218
8 A&G, Ins/Benc., & Gen. Plant	\$ 3,317	\$ 1,592	\$ 494	\$ 130,313	\$ 23,767	\$ 23,799	\$ 23,944	\$ 207,226	\$ 207,226
9 Depreciation & Amortization	\$ 179,267	\$ 493,064	\$ 957,525	\$ 1,178,323	\$ 1,207,264	\$ 1,200,677	\$ 1,197,992	\$ 6,414,113	\$ 6,414,113
11 Franchise Fees	\$ (51,486)	\$ 14,066	\$ 19,025	\$ 57,560	\$ 63,281	\$ 78,829	\$ 85,959	\$ 267,233	\$ 267,233
12 Utility Income Tax	\$ (2,348,245)	\$ (62,560)	\$ 208,071	\$ 408,858	\$ 410,151	\$ 401,379	\$ 391,500	\$ (590,845)	\$ (590,845)
13 Total Operating Expenses & Taxes	\$ (2,407,360)	\$ (349,846)	\$ (874,034)	\$ 123,546	\$ 347,644	\$ 989,484	\$ 1,229,447	\$ (871,119)	\$ (871,119)
14 Utility Operating Income	\$ 359,393	\$ 909,364	\$ 1,630,792	\$ 2,166,036	\$ 2,169,482	\$ 2,146,098	\$ 2,119,765	\$ 11,500,930	\$ 11,500,930
15 Rate of Return	0.673%	0.689%	0.689%	0.690%	0.691%	0.692%	0.692%	8.284%	8.284%
16 Avg. Gross Plant	\$ 48,313,499	\$ 128,610,713	\$ 236,573,366	\$ 317,028,940	\$ 321,202,718	\$ 321,392,483	\$ 321,357,448	\$ 141,206,597	\$ 141,206,597
17 Avg. Accum. Deprec. / Amort	\$ (93,987)	\$ (434,507)	\$ (1,159,802)	\$ (2,227,726)	\$ (3,420,520)	\$ (4,824,490)	\$ (5,823,825)	\$ (1,482,071)	\$ (1,482,071)
18 Avg. Accum. Def Tax	\$ (1,515,189)	\$ (4,545,567)	\$ (7,575,945)	\$ (10,606,323)	\$ (13,636,702)	\$ (16,567,080)	\$ (19,697,458)	\$ (6,187,022)	\$ (6,187,022)
19 Misc. Deferred Credits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20 Deferred Tax Credits	\$ 769,435	\$ 1,667,109	\$ 1,923,587	\$ 2,180,065	\$ 2,436,543	\$ 2,693,022	\$ 2,949,500	\$ 1,218,272	\$ 1,218,272
21 Prepaids	\$ 6,092,390	\$ 6,656,713	\$ 7,031,009	\$ 7,333,595	\$ 7,485,923	\$ 7,485,923	\$ 7,485,923	\$ 4,130,956	\$ 4,130,956
22 Working Cash	\$ (125,183)	\$ (18,192)	\$ (45,450)	\$ 6,424	\$ 18,077	\$ 51,453	\$ 67,571	\$ (45,298)	\$ (45,298)
23 Avg. Rate Base	\$ 53,440,365	\$ 131,936,268	\$ 236,746,765	\$ 313,714,974	\$ 314,086,041	\$ 310,331,311	\$ 306,339,159	\$ 138,841,434	\$ 138,841,434
24 Regulated Net Income	\$ 216,933	\$ 548,901	\$ 984,362	\$ 1,307,440	\$ 1,309,520	\$ 1,295,405	\$ 1,279,510	\$ 6,942,072	\$ 6,942,072
25 Return on Equity	0.80%	0.83%	0.83%	0.83%	0.83%	0.84%	0.84%	10.00%	10.00%
Utility Income Taxes									
26 Book Rev	\$ (2,047,967)	\$ 559,518	\$ 756,758	\$ 2,289,582	\$ 2,517,126	\$ 3,135,582	\$ 3,419,211	\$ 10,629,812	\$ 10,629,812
27 Book Exp	\$ (59,115)	\$ (287,286)	\$ (1,082,105)	\$ (285,312)	\$ (62,507)	\$ 588,105	\$ 907,946	\$ (280,274)	\$ (280,274)
28 Interest Expense	\$ 142,460	\$ 360,463	\$ 646,430	\$ 858,596	\$ 859,962	\$ 850,693	\$ 840,254	\$ 4,558,858	\$ 4,558,858
29 Permanent Ms	\$ (19,604)	\$ (19,604)	\$ (19,604)	\$ (19,604)	\$ (19,604)	\$ (19,604)	\$ (19,604)	\$ (137,226)	\$ (137,226)
30 Deferred Ms	\$ 7,906,434	\$ 7,906,434	\$ 7,906,434	\$ 7,906,434	\$ 7,906,434	\$ 7,906,434	\$ 7,906,434	\$ 55,345,040	\$ 55,345,040
31 Taxable Income	\$ (10,018,142)	\$ (7,400,490)	\$ (6,694,398)	\$ (6,170,532)	\$ (6,167,159)	\$ (6,190,046)	\$ (6,215,820)	\$ (48,856,587)	\$ (48,856,587)
32 State Tax	\$ (512,929)	\$ (378,905)	\$ (342,753)	\$ (315,931)	\$ (315,759)	\$ (316,930)	\$ (318,250)	\$ (2,501,457)	\$ (2,501,457)
33 State Tax Credits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
34 Net State Taxes	\$ (512,929)	\$ (378,905)	\$ (342,753)	\$ (315,931)	\$ (315,759)	\$ (316,930)	\$ (318,250)	\$ (2,501,457)	\$ (2,501,457)
35 Federal Taxable Income	\$ (9,505,214)	\$ (7,021,585)	\$ (6,351,645)	\$ (5,854,601)	\$ (5,851,400)	\$ (5,873,116)	\$ (5,897,570)	\$ (46,355,130)	\$ (46,355,130)
36 Federal Tax	\$ (3,326,825)	\$ (2,457,555)	\$ (2,223,076)	\$ (2,049,110)	\$ (2,047,990)	\$ (2,055,591)	\$ (2,064,150)	\$ (16,224,295)	\$ (16,224,295)
37 Federal Tax Credits	\$ (1,538,870)	\$ (256,478)	\$ (256,478)	\$ (256,478)	\$ (256,478)	\$ (256,478)	\$ (256,478)	\$ (3,077,739)	\$ (3,077,739)
38 Deferred Taxes	\$ 3,030,378	\$ 3,030,378	\$ 3,030,378	\$ 3,030,378	\$ 3,030,378	\$ 3,030,378	\$ 3,030,378	\$ 21,212,647	\$ 21,212,647
39 Total Income Tax	\$ (2,348,245)	\$ (62,560)	\$ 208,071	\$ 408,858	\$ 410,151	\$ 401,379	\$ 391,500	\$ (590,845)	\$ (590,845)

