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

July 24, 2009

Email / Hand Delivery

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

RE: **UE 209 Revised Exhibit 201 and Work Papers**

Enclosed for filing are an original and five copies of PGE Revised Exhibit 201 associated with Direct Testimony originally filed April 1, 2009. Included in Revised Exhibit 201 is a narrative explaining the revisions. Additionally, three copies of Work Papers in support of the Revised Exhibit are included.

Confidential portions of Work Papers are subject to Protective Order No. 09-138 and are provided under separate cover. Exhibit 201 and Work Papers are provided in electronic format (CD) only.

If you have any questions or require further information, please contact Rebecca Brown at (503) 464-8545. Please direct all formal correspondence and requests to the following email address pge.opuc.filings@pgn.com

Sincerely,

RJDahlg

Randy Dahlgren
Director, Regulatory Policy &Affairs

PGH/jmb

Encl.

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Revised Exhibit 201 - Narrative

On July 14, 2009, PGE met with Staff and intervenors to discuss potential settlement in Docket UE 209. During discussions regarding SunWay 1 and 2, PGE communicated that the accounting associated with these projects is highly complex and that interpretations of accounting treatment were changing.

Since that meeting, PGE has been exploring other options to mitigate this financial impact. One option we considered was parties' suggestion of an accounting order allowing PGE to recognize the benefits of third party contribution amortization at the time of the flip. PGE's current interpretation of FAS 71 does not allow PGE to recognize, at the time of the flip transaction, the amortization of ETO and Clean Wind Fund contributions that would otherwise occur during the approximate 15 year period following the flip transaction.

PGE has determined, however, that it is possible to take the funding from the Energy Trust of Oregon and Clean Wind Fund as a basis reduction to the total plant investment rather than recognize that third party funding as deferred revenue. With lower basis in the solar projects (ex: approx. $5.7 million instead of $7.1 million for SunWay 2) the amount of the impairments are also reduced such that the investor member's (US Bank's) capital account <u>does not</u> go below zero. As a result, PGE does not absorb any losses other than its 0.01% share in the projects.

Revised Exhibit 201 reflects this change. PGE's revenue requirement is now a simple return of and on its investment net of management fees and other O&M. The result is a lower combined revenue requirement for the deferral and test year periods for SunWay 1 and 2 (see Table 1).

Table 1

	Exhibit 201			**Revised Exhibit 201**		
	2008 / 2009 Deferral	**2010 Test Year**	**Total**	**2008 / 2009 Deferral**	**2010 Test Year**	**Total**
SunWay 1	$211,447	($15,258)	$196,189	$18,555	$21,387	$39,942
SunWay 2	$616,833	$14,527	$631,360	$87,505	$88,658	$176,163

PGE previously provided models with a scenario for this type of recovery (referred to at the time as "investment only") in PGE's Response to OPUC Data Request No. 017, Attachments 017-H and 017-J. Please refer to those attachments for a lifecycle revenue requirement analysis of the SunWay projects and note that the revenue requirements are relatively smooth.