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

April 1, 2009

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

RE: **Advice No. 09-06, Renewable Resources Automatic Adjustment Clause**

In addition to the electronic filing, enclosed is the original and three courtesy copies, with a requested effective date of **January 1, 2010:**

First Revision of Sheet No. 122-1
First Revision of Sheet No. 122-2

Also enclosed for filing are an original and five copies of the following Testimony and Exhibits of:

- Randy Dahlgren (PGE / 100)
- Jay Tinker and Rebecca Brown (PGE / 200-201)

Three copies of work papers supporting the Tariff will be supplied when the Protective Order is issued.

This filing is made pursuant to the requirements of Schedule 122 to update the Renewable Resource Automatic Adjustment Clause. The purpose of updating the rate schedule is to recover costs of qualifying Company-owned and / or contracted new renewable energy resource projects not otherwise included in rates. This adjustment schedule is implemented as an automatic adjustment clause as provided for under ORS §§757.210 and 469A.120.

PGE believes that OAR 860-038-001(4), which requires new resources be reflected in rates at market and not included in rate base, is not applicable to these renewable resources. ORS §469A.120 (part of SB 838) specifically allows recovery of all costs associated with eligible renewable resources. PGE believes that SB 838 superceded OAR 860-038-0001(4) for renewable resources. But, in the event that PGE's belief is not correct, PGE is also requesting in this docket a waiver of application of this rule.

Please direct any questions regarding this filing to Patrick Hager at (503) 464-7580.

Please direct all formal correspondence and requests to the following email address pge.opuc.filings@pgn.com

Sincerely,

Randall J. Dahlgren
Director, Regulatory Policy & Affairs

Enclosures
cc: Service List UE 197

SCHEDULE 122
RENEWABLE RESOURCES AUTOMATIC ADJUSTMENT CLAUSE

PURPOSE

This Schedule recovers the revenue requirements of qualifying Company-owned or contracted new renewable energy resource projects (including associated transmission) not otherwise included in rates. Additional new renewable projects may be incorporated into this schedule as they are placed in service. This adjustment schedule is implemented as an automatic adjustment clause as provided for under ORS 757.210 and Section 13 of the Oregon Renewable Energy Act (OREA).

AVAILABLE

In all territory served by the Company.

APPLICABLE

To all bills for Electricity Service except Schedules 9, 76, 483, 489, and 576. This schedule is not applicable to direct access customers after December 31, 2010.

ADJUSTMENT RATE

The Adjustment Rate, applicable for service on and after the effective date of this schedule are:

Schedule				
7		0.218	¢ per kWh	(I)
15		0.203	¢ per kWh	
32		0.218	¢ per kWh	
38		0.218	¢ per kWh	
47		0.202	¢ per kWh	
49		0.203	¢ per kWh	
75				
	Secondary	0.217	¢ per kWh	
	Primary	0.207	¢ per kWh	
	Subtransmission	0.200	¢ per kWh	
83				
	Secondary	0.217	¢ per kWh	
	Primary	0.209	¢ per kWh	(I)

SCHEDULE 122 (Continued)

ADJUSTMENT RATE (Continued)

Schedule				
87				(I)
	Secondary	0.217	¢ per kWh	
	Primary	0.207	¢ per kWh	
	Subtransmission	0.200	¢ per kWh	
89				
	Secondary	0.217	¢ per kWh	
	Primary	0.207	¢ per kWh	
	Subtransmission	0.200	¢ per kWh	
91		0.203	¢ per kWh	
92		0.212	¢ per kWh	
93		0.216	¢ per kWh	
94		0.212	¢ per kWh	
515		0.203	¢ per kWh	
532		0.218	¢ per kWh	
538		0.218	¢ per kWh	
549		0.203	¢ per kWh	
575				
	Secondary	0.217	¢ per kWh	
	Primary	0.207	¢ per kWh	
	Subtransmission	0.200	¢ per kWh	
583				
	Secondary	0.217	¢ per kWh	
	Primary	0.209	¢ per kWh	
589				
	Secondary	0.217	¢ per kWh	
	Primary	0.207	¢ per kWh	
	Subtransmission	0.200	¢ per kWh	
591		0.203	¢ per kWh	
592		0.212	¢ per kWh	(I)
594		0.212	¢ per kWh	

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I. Introduction

Q. Please state your name and position with Portland General Electric (PGE).

A. My name is Randy Dahlgren. I am the Director of Regulatory Policy and Affairs. My qualifications appear at the end of this testimony.

Q. Please describe this filing.

A. This is PGE's first filing under its Schedule 122, Renewable Resources Automatic Adjustment Clause (RAC), pursuant to Oregon Revised Statute (ORS) 469A. The rates proposed in this filing provide recovery of the fixed costs of qualifying projects beginning January 1, 2010 and of deferred costs, net of energy benefits, incurred prior to January 1, 2010.

Q. How is your testimony organized?

A. After this introductory section, I provide an overview of the renewable projects in this filing. Next, I list and describe the specific actions that we request the Commission take and explain how this filing and the 2010 Annual Update Tariff filing are interrelated.

Q. What other testimony is PGE presenting in this case?

A. In addition to my testimony, PGE Exhibit 200 discusses the costs, benefits, and revenue requirement impact of the three renewable projects included in this filing: Biglow Canyon Phase 2, the Oregon Department of Transportation (ODOT) solar project (SunWay 1), and the ProLogis solar project (SunWay 2).

Q. What is the overall impact of all three renewable projects on PGE's retail prices?

A. The 2010 revenue requirement of the three projects is approximately $34.9 million, and the deferral recovery is approximately $6.4 million, including interest. This yields a total of $41.3 million or about 2.3% of retail revenues. This, however, does not include the 2010 energy benefits of the projects incorporated in our Annual Power Cost Update Tariff (AUT), which PGE is filing concurrently with this request. The AUT filing includes an estimate of the energy benefits as approximately $15.4 million. Thus, the net impact of the projects is about $26.0 million or 1.5%. Without the deferral, the increase is 1.1%.

Q. How will the $41.3 million total Schedule 122 collection be spread?

A. The revenue requirement in this filing will be spread in accordance with Schedule 122, with costs allocated to each schedule based on an equal percentage of generation revenue.

II. Overview

A. Biglow Canyon

Q. Please describe the Biglow Canyon project.

A. Biglow Canyon is the latest wind power addition to PGE's renewable resource portfolio. Phase 1 was completed in late 2007 and included in rates as of January 1, 2008. Phase 2 is expected to be fully completed in August 2009 and Phase 3 is expected to be fully completed by the end of 2010.

This filing includes Phase 2 of the Biglow Canyon project, which consists of 65 wind turbines with a total capacity of approximately 150 MW. We expect the energy output from this phase to be approximately 54 MWa.

Q. Please briefly describe the history behind the Biglow Canyon project.

A. Phase 1 of the Biglow Canyon project was part of the Final Action Plan in PGE's 2002 Integrated Resource Planning docket (LC 33) that called for the acquisition of 65 MWa of wind power (see Order No. 04-375) and that was acknowledged by the Oregon Public Utility Commission (OPUC or Commission). PGE selected the Biglow Canyon project through a Request for Proposals (RFP) solicitation. PGE entered into an agreement with Orion Energy, LLC and Orion Sherman Wind Farm, LLC to acquire the project development assets and rights.

PGE is proceeding with the development of Phases 2 and 3 as part of its plan to meet the renewable portfolio standard beginning in 2011, pursuant to ORS 469A.052. OPUC Order No. 08-246 (LC 43) found that renewable resource actions proposed by PGE in its 2007 Integrated Resource Plan were reasonable, including Biglow Canyon Phase 2.

Q. When will Biglow Canyon Phase 2 become operational?

A. We expect the first turbines to be operational in May 2009, and the full Phase 2 should be operational by the end of August 2009.

Q. Will PGE provide an attestation when Biglow Canyon Phase 2 is in service?

A. Yes. PGE will provide an attestation once the entire Biglow Canyon Phase 2 project is complete. The attestation will indicate the dates that individual turbines went in service, which will be used to calculate the actual deferred revenue requirement for Biglow Canyon Phase 2 during 2009.

Q. Why is PGE requesting prices effective January 1, 2010?

A. The January 1, 2010, effective date is consistent with the provisions of PGE's Schedule 122. The RAC also allows us to make just one price change for both it and net variable power costs (NVPC) through the AUT.

Q. How is PGE addressing Biglow Canyon Phase 2 in the 2009 Power Cost Adjustment Mechanism (PCAM)?

A. Biglow Canyon Phase 2 was not included in PGE's 2009 test year for UE-197. Thus, the variable power costs associated with Biglow Canyon Phase 2 were not included in the base NVPC from that docket. However, both actual costs and the net energy benefits for 2009 will be included in the deferral portion of this filing. To remove the potential for double-counting, PGE will exclude the impact of Biglow Canyon Phase 2 energy from actual power costs to be included in its 2009 PCAM filing. For 2010, no such adjustment will be needed since the 2010 AUT will include energy from Biglow Canyon Phase 2.

Q. What effect will adding the Biglow Canyon project have on PGE's retail electricity prices?

A. We estimate an increase from inclusion of Biglow Canyon Phase 2 of $25.1 million, for an overall price increase of 1.4%.

The $25.1 million is the sum of Biglow Canyon Phase 2's fixed costs, which include O&M and capital cost recovery, and the reduction in PGE's NVPC, which are included in

PGE's 2010 AUT. The costs and benefits of the Biglow Canyon Phase 2 project are addressed in more detail in PGE Exhibit 200. We anticipate updating both the capital costs and the NVPC impact of the project later this year.

B. Solar Projects

Q. Please describe the ODOT and ProLogis solar projects.

A. The ODOT solar project is a demonstration project with an approximate 0.1 MW solar photovoltaic generating system. The site is located at the intersection of I-5 North and I-205 South, near Tualatin, Oregon. SunWay 1, LLC was formed for the sole purpose of developing, constructing, managing, and operating this solar project.

The ProLogis solar project is an approximate 1.1 MW photovoltaic thin-film system that is installed on the rooftops of three separate buildings owned by ProLogis. SunWay 2, LLC was formed for the sole purpose of constructing, managing, and operating this solar project.

Q. Is the ownership structure for these solar projects new to PGE?

A. Yes. PGE created two limited liability companies and used third-party financiers in order to develop these solar generation projects. PGE Exhibit 200 discusses the characteristics of the ownership structure in greater detail.

Q. When were the solar projects operational?

A. SunWay 1 and SunWay 2 began producing energy in December 2008, although one of the three buildings in SunWay 2 was not operational until early January 2009.

Q. Why is PGE requesting prices effective January 1, 2010?

A. As I noted above, the January 1, 2010, effective date is consistent with the provisions of PGE's Schedule 122 and allows us to make a single price change. Similar to Biglow Canyon Phase 2, PGE is also requesting deferral of the SunWay 1 and 2 net revenue requirement from April 1, 2009 to December 31, 2009. This deferral request supplements PGE's initial deferral request made on December 3, 2008 (UM 1407), and is intended to ensure that costs for these projects are fully recoverable.

Q. Does PGE request that costs deferred pursuant to UM 1407 be included in rates effective January 1, 2010?

A. Yes. In December 2008, PGE filed for deferral of net costs associated with SunWay 1 and 2 pursuant to Schedule 122 (UM 1407). PGE is seeking to consolidate UM 1407 with the deferral request in this filing, which is for the period of April 1, 2009 through December 31, 2009. The Biglow Canyon Phase 2, SunWay 1, and SunWay 2 deferred amounts are included in PGE's revenue requirement in this filing.

C. Other Solar Projects

Q. Will PGE be involved in the development of any other solar projects?

A. Possibly. PGE is currently evaluating additional solar development opportunities.

Q. Does PGE propose to include these additional solar projects during this proceeding?

A. No. PGE is reviewing these projects and we currently expect to make a decision whether to proceed in the mid- to late-summer 2009 timeframe.

PGE proposes to file separately for deferral of costs related to these additional projects until they can be addressed fully in PGE's 2010 RAC filing. This will allow PGE sufficient time to prepare the details for these projects while also providing parties adequate time for review.

III. Requests in this Filing

Q. What is PGE requesting in this case?

A. PGE is asking that the Commission approve the recovery of the 2010 revenue requirements and the amortization of deferred amounts for qualifying renewable resource projects through Schedule 122 and pursuant to ORS 469A.120(4). These qualifying renewable resources include Biglow Canyon Phase 2, SunWay 1, and SunWay 2. PGE Exhibit 200 describes these components in detail.

PGE also requests that the Commission allow the consolidation of UM 1407 with this proceeding. In UM 1407, PGE seeks to defer net incremental costs associated with SunWay 1 and SunWay 2 beginning on the date of the filing, December 3, 2008. This will allow PGE to track a single deferral for each SunWay project from initial operation through December 31, 2009, and will enable the Commission to make a single decision regarding all costs associated with these projects.

PGE also requests that, if applicable, the Commission waive the market price rule, OAR 860-038-0080(1)(b), for the SunWay projects and allow them to be included in rates at cost.

Finally, PGE also requests that the Commission acknowledge that certain consolidating tax entries related to the SunWay solar investments be considered “utility” for SB 408 purposes. The structure of our investment in the SunWay solar projects allows PGE to support the development of these types of resources. A detrimental financial impact caused by asymmetric treatment of particular elements of the projects through SB 408 would severely limit our ability to support solar projects in the future. PGE Exhibit 200 explains these requests in further detail.

Q. Does this filing interrelate with the Annual Update Tariff?

A. Yes. On April 1, 2009, PGE also initiated the 2010 AUT process. That filing includes

Biglow Canyon Phase 2 and SunWay 2 power costs and energy benefits (SunWay 1 is subject to a net metering agreement). For clarity, the 2010 AUT filing will provide NVPC both with, and without, the addition of Biglow Canyon Phase 2.

IV. Qualifications

Q. Mr. Dahlgren, please describe your qualifications.

A. I received a Bachelor of Science degree from Oregon State University in Electrical Engineering. In addition, I have taken courses from other universities in the areas of engineering economics, systems analysis, and business administration. I also attended the 1980 Public Utilities Executives' Course at the University of Idaho.

I joined PGE in 1973 shortly after graduation and subsequently have been involved in the areas of load research, load and revenue forecasting, price analyses and design, and class cost-of-service analyses. I was appointed Rate Engineer in January 1977 and have held various management positions in the regulatory area since 1978. I entered my present position as Director of Regulatory Policy and Affairs in 2001.

Q. Does this complete your testimony?

A. Yes.

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I. Introduction

Q. Please state your names and positions with Portland General Electric (PGE).

A. My name is Jay Tinker. I am a project manager for PGE.

My name is Rebecca Brown. I am a senior analyst for PGE.

Our qualifications appear in Section VI of this testimony.

Q. What is the purpose of your testimony?

A. The purpose of our testimony is to request recovery of the revenue requirements of qualifying renewable resource projects through PGE's Schedule 122, pursuant to Oregon Revised Statutes (ORS) 757.210 and 469A.120(4).

In December 2008, PGE filed for deferral of costs associated with SunWay 1 and 2 pursuant to Schedule 122 (UM 1407). Thus, the deferral period associated with UM 1407 will overlap with the deferral in this docket. PGE is seeking to consolidate UM 1407 with the deferral request in this filing, which is for the period of April 1, 2009 through December 31, 2009. Deferred amounts are included in PGE's revenue requirement in this filing.

Q. How is your testimony organized?

A. In addition to this introduction, there are five sections.

Section II describes Biglow Canyon Phase 2 and presents the 2009 deferral and 2010 incremental revenue requirement.

Section III describes the Oregon Department of Transportation (ODOT) solar project (SunWay 1) and ownership structure. We present the 2008/2009 deferral and 2010 incremental revenue requirement, and discuss guarantees provided by PGE.

Section IV describes the ProLogis solar project (SunWay 2) and ownership structure. We present the 2008/2009 deferral and 2010 incremental revenue requirement, and discuss guarantees provided by PGE.

Section V discusses the effect of these three additional renewable resources on Senate Bill 408 (SB 408) calculations for PGE. We request that the Commission acknowledge that certain consolidating tax entries related to the SunWay solar investments should be considered “utility” for SB 408 purposes.

Section VI presents our qualifications.

Q. Please summarize the revenue requirement of PGE’s request in this filing.

A. PGE is requesting recovery of approximately $41.3 million of incremental revenue requirement, including interest on deferred amounts. Biglow Canyon Phase 2 represents the majority of this increase at approximately $40.5 million. Table 1 below provides a summary of the composition of PGE’s revenue requirement request.

Table 1
Summary of Revenue Requirement Components by Renewable Project

Component	**Biglow Canyon Phase 2**	**SunWay 1**	**SunWay 2**
Deferral Period*	4/1/09 – 12/31/09	12/3/08 – 12/31/09	12/3/08 – 12/31/09
Test Year Forecast	2010	2010	2010
2009 NVPC	2009 RAC Deferral	Net metering	2009 GRC
2010 NVPC	2010 AUT	Net metering	2010 AUT

*SunWay 1 and 2 include the period starting with the filing of UM 1407 on December 3, 2008.

Table 2 below provides a summary of the dollars in PGE’s revenue requirement request.

Table 2
Summary of Revenue Requirement by Renewable Project ($ millions)

Component	**Biglow Canyon Phase 2**	**SunWay 1**	**SunWay 2**	**2010 Rev. Req. Effect**
Deferral	$5.58	$0.21	$0.62	$6.41
Deferral Interest	$0.00	$0.01	$0.03	$0.04
2009 NVPC	Deferral	Net metering	2009 GRC	-
Test Year Forecast	$34.88	$0.02	$0.01	$34.88
Total (Sch. 122)	**$40.46**	**$0.21**	**$0.66**	**$41.33**
2010 NVPC	($15.36)	Net metering	$0.03	($15.33)
Total	**$25.10**	**$0.21**	**$0.69**	**$26.01**

Note: Totals may not foot due to rounding.

Deferral amounts for SunWay 1 and SunWay 2 include the period December 3, 2008, through December 31, 2009, which is inclusive of the deferral period in PGE's UM 1407 filing, as previously mentioned in PGE Exhibit 100. The deferral amount for Biglow Phase 2 is for the period April 1, 2009, through December 31, 2009.

Q. What Return on Equity (ROE) is PGE using for this filing?

A. An ROE of 10.1% is used to derive the 2010 revenue requirement of the projects. In Order 09-020, the Commission approved PGE's Sales Normalization Adjustment (SNA) and a Lost Revenue Recovery (LRR) mechanism subject to the following conditions: 1) that PGE's authorized ROE be reduced by 10 basis points and PGE should file an application for deferral; and 2) that the SNA and LRR terminate two years after the effective date unless extended by the Commission.

On January 30, 2009, PGE filed for the deferral of an ROE refund associated with the implementation of the SNA and LRR (UM 1417). Any difference between the 10.1% and 10.0% ROE will be addressed by the UM 1417 deferral.

The 2008 and 2009 deferred revenue requirements are derived using a 10.0% ROE. We use the lower ROE figure for the 2009 deferral to avoid deferring dollars twice, once in the RAC deferral and again in the UM 1417 deferral.

II. Biglow Canyon Phase 2

A. Project Description

Q. Please provide an overall description of the Biglow Canyon wind farm.

A. Biglow Canyon is located in Sherman County, near the Columbia River in north-central Oregon, and is being developed in three phases. Phase 1 is complete, consisting of 76 wind turbines, each with a capacity of 1.65 MW, for a total capacity of approximately 125 MW. Phase 1 has been operating since late 2007 (see Docket No. UE 188).

PGE is in the process of developing Phase 2, which includes 65 wind turbines, each with a capacity of 2.3 MW, for a total Phase 2 capacity of approximately 150 MW. We expect all 65 turbines to be operational by the end of August 2009, although some turbines will be operational well before August.

We are also beginning the construction of Phase 3, putting in roads, surveying, etc. Phase 3 will consist of 76 turbines, each with a capacity of 2.3 MW, for a total Phase 3 capacity of approximately 175 MW. We expect to complete Phase 3 by the end of 2010. In total, the three phases of the Biglow Canyon wind farm will have a capacity of approximately 450 MW.

1. Turbine Supply

Q. Who is supplying the turbines for Phases 2 and 3?

A. Siemens Wind Generation, Inc. (Siemens) is supplying the turbines, pursuant to the Wind Turbine Generator and Tower Supply, Installation, Commission and Warranty Agreement (Turbine Supply Agreement) between Siemens and PGE.

Q. How did PGE select the turbines for Phases 2 and 3?

A. PGE initiated an invitation to bid for Phases 2 and 3 on March 8, 2007, and received bids from several different manufacturers. We narrowed the list of bidders and began negotiations with the remaining bidders. We determined that Siemens provided the best solution to our requirements.

Q. Why did PGE select Siemens?

A. PGE selected Siemens based on a set of criteria (e.g., price, ability to meet PGE's timetable, ability to meet turbine order quantity, etc.). Additionally, PGE preferred to acquire larger turbines for Phase 2 and/or 3 than the 1.65 MW turbines used for Phase 1 in order to realize the full capacity of the Biglow Canyon wind farm site.

Q. What is the warranty period?

A. Under the Turbine Supply Agreement, Siemens will perform warranty service for a period of five years, which includes the initial warranty period of two years and a three-year extension.

Q. What did PGE pay for this three-year extension?

A. The guaranteed availability and warranty extension of three years was at an incremental cost of approximately $7.5 million. During the invitation to bid process, PGE sought bids with approximately a five-year warranty period. This will provide PGE a period of time when only Phase 1 will be out of the warranty period, allowing PGE to gain experience in self-providing the services previously covered by warranty. This time period is of greater importance due to the change in turbine vendors.

2. Transmission

Q. Is Biglow Canyon Phase 2 in BPA's system control area?

A. Yes. Both Phases 1 and 2 are in the BPA control area.

Q. Will PGE's Large Generator Interconnection Agreement (LGIA) with the BPA be sufficient for Phases 1 and 2?

A. Yes. BPA has issued a LGIA for Biglow Canyon and we expect an amendment increasing the LGIA from 400 to 450 megawatts.

Q. Please describe Biglow's interconnection with the regional grid.

A. To facilitate the interconnection of Biglow Canyon, BPA expanded its 500 kV John Day substation, constructed a new 230 kV John Day substation, and built a new 230 kV transmission line, including a six-mile portion from Biglow Canyon to John Day.

Q. Will BPA provide transmission of power from Biglow to PGE's service territory?

A. Yes. For Phase 1, we redirected 150 MW of our Rocky Reach to Portland rights under our point-to-point (PTP) transmission agreement with BPA. PGE has redirected 300 MW of our John Day to Portland rights for Phases 2 and 3.

Q. Do PGE's payments for BPA transmission services change with this PTP redirection?

A. Yes. BPA classifies approximately $13 million of the interconnection costs discussed above as network upgrades. PGE paid for the upgrades to BPA's network and BPA must repay the $13 million, plus interest. Pursuant to the LGIA, BPA will base the repayment credits on MWs of installed capacity. With the addition of approximately 150 MW of capacity, PGE will recover its investment more quickly. We have included the portion of the credit associated with Biglow Phase 2 in our net variable power cost forecast for this proceeding, including an estimate of amortization.

B. Deferral & Revenue Requirement

Q. What is the overall impact of Biglow Canyon Phase 2 on PGE's revenue requirement?

A. PGE currently forecasts Biglow Canyon Phase 2's 2009 deferred revenue requirement to be approximately $5.6 million, which is net of $10.6 million of energy benefits and includes interest through the 2010 amortization period. Biglow Canyon Phase 2's 2010 revenue requirement is currently forecasted to be approximately $34.9 million, bringing the total net revenue requirement impact of these components to approximately $40.5 million. The 2010 energy benefits, which are included in PGE's 2010 AUT filing, are expected to be approximately $15.4 million. PGE Exhibit 201 summarizes the development of Biglow Canyon Phase 2's revenue requirement.

Biglow Canyon Phase 2's average 2010 rate base of approximately $293 million, multiplied by the UE 197 pre-tax cost of capital, approximately 11.5%, results in a return cost of $33.7 million. Depreciation and amortization are $13.9 million and $0.2 million. O&M costs and property taxes are $3.2 million and $1.1 million. Revenue sensitive costs total $1.1 million. The revenue requirement of tax credits totals $18.3 million, resulting in overall (net) revenue requirement of $34.9 million.

Biglow Canyon Phase 2's energy benefits, or impact on net variable power costs, are $15.4 million. These benefits are net of the costs to shape and integrate Biglow's variable energy output and are included in PGE's 2010 AUT filing.

Q. How will PGE account for the deferral of 2009 Biglow Canyon Phase 2 costs?

A. PGE proposes to record the deferred costs as a regulatory asset in FERC account 182.3 (Other Regulatory Assets), with a credit to FERC account 456 (Other Electric Revenue).

Q. How do you calculate the net energy benefits?

A. For purposes of the 2010 revenue requirement, not including deferred amounts, we use the output from PGE's power cost forecasting model, MONET. These 2010 net energy benefits are included in PGE's 2010 AUT filing.

Similarly, for purposes of the 2009 deferral, we use the forward curves and output from MONET. This is roughly the project's expected output multiplied by the average electric price from the final power cost forward curve used in Docket No. UE 197. This method for valuing the output during the deferral period is specified in Schedule 122.

From the value of Biglow's output, we then subtract the associated regulation, imbalance, integration, reserve, and royalty costs. We describe these costs in detail later in this section of our testimony.

Q. Will the Energy Trust of Oregon (ETO) provide funding to cover the difference between the cost of Biglow Canyon Phase 2's power output and the cost of the same power output purchased at expected market prices?

A. No. Senate Bill 838, The Renewable Energy Act, limited the ETO's ability to fund new renewable resources to projects of up to 20 megawatts. This differs from Phase 1, where an agreement was reached with the ETO prior to the passage of Senate Bill 838.

1. O&M Costs

Q. Does the 2010 O&M forecast include the cost of a turbine maintenance agreement?

A. Yes. The 2010 cost of the Service and Maintenance Agreement (Maintenance Agreement) is the largest component of O&M for Biglow Canyon Phase 2.

Q. Is PGE proposing a major maintenance accrual for Biglow similar to that for Coyote Springs?

A. No. Biglow Canyon Phase 2's Maintenance Agreement has a more levelized annual cost, eliminating the need for an accrual.

Q. How many full-time equivalent (FTE) employees will work at Biglow?

A. Currently, Phase 1 has 5 FTEs. We expect Phase 2 to add 1.2 FTEs, consisting of 1 full-time Wind Technician plus a portion of incremental labor to be hired in 2009 and 2010. Incremental labor is expected to include two specialists and an engineer, each of which are expected to spend only a fraction of their time on work related to Biglow Canyon Phase 2 on a recurring basis. Consequently, this docket only includes the incremental 1.2 FTEs for Phase 2.

Q. How are royalty costs calculated?

A. PGE pays royalties to Orion Energy, LLP (Orion) and the land owner at the Biglow Canyon Wind Farm site on a $/MWh basis. Royalties are approximately $2.32 per MWh for Phase 1 and approximately $3.27 per MWh for Phase 2.

2. Wind Integration

Q. How must PGE manage the intermittent nature of the wind power generated by Biglow?

A. Conceptually, there are three distinct services that PGE must either purchase or self-provide:

1) Within-Hour Balancing, which consists of *regulating margin* (the moment-to-moment adjustments in generation output) and *load following* (the larger step-changes in generation over the course of the hour and during generator ramping);

2) Generation Imbalance, which covers the deviations in output between hourly schedules and actual hourly output; and

3) Day-Ahead and Hour-Ahead Uncertainty, which covers the system optimization costs on a day-ahead and hour-ahead basis.

Q. Which of these services can be purchased from BPA?

A. BPA charges PGE the Wind Integration - Within-Hour Balancing Service and Generation Imbalance Service rates based upon the provisions in PGE's Large Generator Interconnection Agreement. As a Generator Owner/Operator within the BPA Balancing Authority Area, PGE is required to submit day-ahead and hour-ahead generation schedules to BPA for Biglow Canyon. These estimated generation schedules are the basis for the Generation Imbalance Service charges.

Q. Is PGE analyzing the cost effectiveness of providing these services from its own resources?

A. Yes. PGE completed an initial study in August 2008, which we presented to the OPUC Staff and other stakeholders in September 2008. The estimated cost to self-provide for the intermittent nature of Biglow's output would be approximately $12.31 per MWh (in 2010 dollars), which includes all three of the components of wind integration identified above. This cost estimate compares to PGE's current 2010 estimate of approximately $11.78 per MWh for Biglow Canyon Phase 2, which includes BPA charges for Within-Hour Balancing and Generation Imbalance, and PGE's cost for Day-Ahead and Hour-Ahead Uncertainty. PGE will continue to evaluate the option to self-provide these services because BPA's rates are likely to change during the course of this docket. As part of this evaluation, PGE must consider BPA's limited capability to manage the intermittent nature of wind power in the region and the potential value to maintaining the agreement for services for the Biglow Canyon wind farm.

Q. Will PGE be updating its study of these costs?

A. Yes. The initial study in August 2008 was limited in scope. PGE expects to conduct another, more thorough, study beginning in mid-2009, but it will likely not be available until 2010.

Q. How have you modeled regulation, imbalance, and integration costs in the MONET estimate of net variable power costs?

A. PGE used its best estimate of the cost to purchase and self-provide these services during the 2010 test year. Our estimate is based on figures provided in regional discussions, the knowledge of PGE's real time and structuring groups, and BPA's charges for the imbalance and integration services.

Q. Do you incorporate the cost of operating reserves?

A. Yes. Though not an itemized cost, PGE has updated the operating reserves calculation in MONET to reflect the need to support the Biglow Canyon wind farm.

3. Taxes

Q. Are there tax credits associated with Biglow Canyon Phase 2?

A. Yes. We include Production Tax Credits (PTC) of $4.2 million in the 2009 deferral and $10.0 million in the 2010 test year. These credits are incorporated into PGE Exhibit 201 as 'Federal Tax Credits.'

Q. What are the key features of the renewable energy tax credit?

A. The Emergency Economic Stabilization Act (HR 1424) of 2008 extended the National Energy Policy Act (NEPA) tax credits for renewable energy resources, including a one-year extension of the PTC for wind resources and an eight-year extension of the Investment Tax Credit (ITC) for solar projects. In February 2009, the American Recovery and Reinvestment Act (Reinvestment Act) further extended the PTCs for wind by three years, through December 31, 2012. The Reinvestment Act also provides the option of claiming a 30% ITC instead of the PTCs. Should a taxpayer claim the ITC, the Reinvestment Act allows for the ITC to be exchanged for an equivalent grant from the Treasury Department.

Q. Did PGE evaluate the Reinvestment Act to determine if any additional benefits are available that would reduce Biglow Canyon Phase 2's costs?

A. Yes, but PGE has only had the opportunity to perform a preliminary review at this point. As previously mentioned, the Reinvestment Act provides an option to select between production tax credits, investment tax credits, or Treasury grants. Based on our preliminary review, the PTCs result in the greatest value to our customers because it appears that ITCs and the Treasury grants would be subject to IRS normalization requirements. As a result of these requirements, shareholders (rather than customers) would benefit from the amortization of the ITC/grants, thereby diminishing their value to customers. PGE will continue to evaluate available options to determine if our selection of PTCs for Biglow

Canyon Phase 2 is the best alternative for customers. The revenue requirement provided in this testimony includes PTCs for Biglow Canyon Phase 2.

Q. Does the Reinvestment Act provide for bonus depreciation for Biglow Canyon Phase 2?

A. No. Since contractual relationships for Biglow Canyon Phase 2 construction were in place prior to 2008, Biglow Canyon Phase 2 does not qualify for the 50% bonus depreciation provided under the Reinvestment Act.

Q. What value do the PTCs provide for customers?

A. Tax credits based on Biglow's production will begin when the plant becomes operational and will continue for 10 years, currently $21 per MWh. We use this estimate in our 2009 deferral and 2010 revenue requirement. This estimate increases with inflation. If appropriate, we will incorporate any change to the PTCs in our final test year estimate in this proceeding.

Q. Doesn't Biglow receive Business Energy Tax Credits (BETC)?

A. Yes. Biglow Canyon Phase 2 will receive BETCs from the State of Oregon over a five-year period that begins when the plant becomes operational. The 2009 deferral and 2010 revenue requirement each incorporate the benefit of the BETCs of $2.2 million. These credits are incorporated into PGE Exhibit 201 as 'State Tax Credits.'

Q. Does Biglow Canyon Phase 2's average rate base include unutilized tax credits?

A. Yes, in the amount of approximately $2.4 million for 2009 and $11.4 million for 2010. PGE does not expect to have enough taxable income to make use of the entirety of the tax credits associated with Phase 2, so the deferred tax credits have been added to rate base. PGE expects to use these credits in the future and will amortize them from rate base as they are used.

Q. Does Biglow qualify for special property tax treatment?

A. Yes. In November 2007, PGE, Sherman County, and the State of Oregon reached an agreement that applies to up to 450 MW of the Biglow Canyon wind farm. In lieu of normal property taxes, PGE pays taxes on the basis of installed megawatts at the project plus specified additional contributions to county projects such as a library, community college, etc.

Q. Does PGE plan to update estimates of Biglow costs and benefits during this proceeding?

A. Yes, for a number of reasons. First, the value of the expected energy from the Biglow project will change as the expected market price of electricity changes and/or as the project begins generating. Second, as the project proceeds through the construction phase, PGE will have better estimates of the total construction costs of the project. In fact, Schedule 122 requires PGE to update costs by December 1, 2009. Third, with the recent passage of the Reinvestment Act, PGE is still re-evaluating the costs and benefits associated with Biglow Canyon Phase 2. For these reasons, we believe updating Biglow's expected revenue requirement is appropriate.

Q. Has the Commission already issued orders to allow the development of the Biglow Canyon wind farm?

A. Yes. Commission Order No. 06-293 (UP 234) allowed PGE to grant a lien to Orion, the original developer of the site, on certain substation property and allowed Orion the right to repurchase certain assets from PGE, if PGE decides not to fully develop the project. Order No. 06-419 (LC 33) allowed PGE to "seek inclusion of the acquisition of the Biglow Wind Project in its rate base at cost, rather than in its revenue requirement at market price" (Order at 1). Order No. 07-573 (UE 188) allowed PGE to recover its costs and earn a return on its investment in Biglow Canyon 1. In Order No. 08-246 (LC 43) the Commission, though not acknowledging the entirety of PGE's 2007 Integrated Resource Plan, did find PGE's renewable resource actions reasonable, which includes the development of Biglow Canyon Phase 2.

Q. Does PGE plan to fully develop the Biglow Canyon wind farm site?

A. Yes. With the purchase of turbines and the start of construction of Biglow Canyon Phase 2 at 150 MW, PGE has satisfied the requirement in the Asset Purchase and Development Agreement with Orion such that Orion no longer has any repurchase right associated with Biglow.

III. SunWay 1

A. Project Description

Q. Please describe the SunWay 1 project.

A. PGE has entered into a collaborative arrangement with the ODOT and U.S. Bank to construct, install, maintain, own, and operate the nation's first solar project in a highway right-of-way. The 104 kilowatt (596 panels at 175 watts per panel) solar photovoltaic system is expected to produce approximately 112,000 kilowatt hours (kWh) annually to provide lighting for the highway interchange. The project is located near the I-5 North and I-205 South interchange near Tualatin, Washington County, Oregon.

Q. How is electric service currently provided?

A. Electricity for the highway interchange, which uses approximately 400,000 kWh annually, is currently provided by PGE. Electricity is now provided directly to the ODOT through the combination of a purchased power agreement (PPA) with SunWay 1, LLC and a net metering arrangement with PGE.

Q. Is the project complete?

A. Yes. The project was completed and placed in service in late December 2008.

B. Ownership Structure

Q. Which entities are involved in the development or ownership of this project?

A. The entities involved are:

- SunWay 1, LLC (SunWay 1) – PGE formed this entity for the sole purpose of developing, constructing, managing, and operating a solar energy facility on the site.
- Managing Member – PGE is managing the operation of SunWay 1.
- Investor Member – Firstar Development, LLC, a subsidiary of U.S. Bank, N.A., is the primary equity investor in the project.

- Manufacturer – SolarWorld California, Inc. provided the 596 solar modules for the system.
- Installer – Aadland Evans Constructors, Inc., doing business as SolarWay, provided design, engineering, procurement, construction, installation, and financing services for the project.

Q. Please describe the ownership structure of the solar energy project.

A. SunWay 1 was formed to develop, construct, manage, and operate an approximate 0.1 MW solar photovoltaic generating system on land owned by the State of Oregon acting through the ODOT. PGE, the Managing Member of SunWay 1, will manage and control the operation and will provide a total equity contribution of approximately $170,000. As mentioned above, SunWay 1 also has an Investor Member, Firstar Development, LLC.

Q. What is the role of the Investor Member in this structure?

A. The Investor Member made a capital contribution to SunWay 1 of approximately $1.2 million and will hold 99.99% ownership of SunWay 1 for approximately the first five years of operation. In return, the Investor Member is able to take advantage of available tax credits associated with the project and earn a return on its equity contribution.

Q. What is the role of the Managing Member in this structure?

A. PGE will make capital contributions totaling approximately $170,000 and will hold a 0.01% ownership[1] of SunWay 1 for approximately the first five years of operation. In addition, PGE must take all necessary action required by law or contract to maintain and operate the solar facility and the business of SunWay 1. In return, SunWay 1 will pay an annual management fee of approximately $4,800 to PGE, increasing 2.34% annually.

Q. Will the ownership structure change?

[1] SunWay 1 is a direct subsidiary of PGE but at this time is not considered an affiliated interest as defined in ORS 757.015 because PGE only owns 0.01% of SunWay 1.

A. As described above, the initial ownership structure will be in place for approximately the first five years of operation. After that time, an ownership switch may occur and PGE is expected to assume 95% ownership and the Investor Member the remaining 5%. However, the change in ownership may only occur when all of the following conditions are met: 1) the target internal rate of return (IRR) has been achieved for the Investor Member, 2) the solar equipment comprising the project has been fully depreciated for federal income tax purposes, and 3) the compliance period (five years beginning with the in-service date) has expired.

Q. Why does the ownership switch after five years?

A. This is primarily due to the lifespan of the BETC and the use of 5-year Modified Accelerated Cost Recovery System (MACRS) depreciation.

Q. What will happen to the remaining 5% ownership share held by the Investor Member?

A. PGE may purchase this 5% share at fair market value, currently estimated to be approximately $7,600.

Q. Why not transfer 100% of the ownership to PGE after five years?

A. In order to comply with tax guidelines, the Investor Member should have a meaningful interest in the LLC after the ownership switch date.

Q. Are there other funds being provided to SunWay 1 besides those from the Managing Member and Investor Member?

A. Yes. SunWay 1 has received approximately $182,000 from the Energy Trust of Oregon (ETO) and approximately $100,000 from PGE's Clean Wind Fund.

Q. Are there any other funds that may be provided?

A. Possibly. PGE is evaluating the use of BPA Conservation Rate Credits to offset its investment in SunWay 1. PGE will provide an update to this filing as necessary.

Q. Why is PGE using this ownership structure?

A. PGE is unable to use the tax benefits that accompany this solar project, including BETC and Investment Tax Credits. The ownership structure is designed such that the Investor Member is able to use the bulk of the tax credits generated during the first five years of the system's operation. Upon culmination of the three events discussed above (i.e., target IRR is earned by Investor Member, the facility is fully depreciated for federal income tax purposes, and the five year compliance period has passed), ownership may switch without the exchange of any consideration at that time. PGE would then own 95% of SunWay 1 and the Investor Member would own 5%. The capital balances would not be affected by this change in ownership.

Q. What benefits does SunWay 1 provide for PGE's customers?

A. Customers will benefit from the addition of 0.1 MW of renewable generation capacity. As mentioned previously, PGE expects approximately 60% of the Renewable Energy Credits (REC) generated by the facility to be used to meet PGE's renewable energy obligation pursuant to 469A.052 (discussed further in section II. C).

C. Deferral & Revenue Requirement

Q. For what costs does PGE seek recovery?

A. PGE is seeking recovery of the following:

- Return on PGE's initial capital investment;
- Depreciation of the initial capital investment;
- Apportioned net operating income or loss at SunWay 1; and
- Management and accounting fees (credit).

Q. What is SunWay 1's overall impact on PGE's revenue requirement?

A. PGE currently forecasts SunWay 1's 2009 deferral to be approximately $0.2 million, including interest. SunWay 1's 2010 revenue requirement is currently forecasted to be a credit of approximately $0.015 million. PGE Exhibit 201 summarizes the development of SunWay 1's incremental revenue requirement.

Q. What is PGE's proposed accounting treatment for the deferral of this project?

A. Consistent with its December 3, 2008 filing (UM 1407), PGE proposes to record the deferred amount as a regulatory asset in FERC account 182.3 (Other Regulatory Assets), with a credit to FERC account 456 (Other Electric Revenue).

Q. Over what period of time will the initial capital investment be depreciated?

A. PGE's initial capital investment will be depreciated over 25 years.

Q. What is SunWay 1's impact on NVPC?

A. None, directly. PGE and ODOT entered into a net metering agreement for this project. As such, the only impact to NVPC is a reduction to PGE's loads.

Q. How is PGE treating the RECs associated with the output?

A. Per the Energy Trust of Oregon Incentive Agreement (Agreement), as amended, 40% of the RECs will be deposited in a Western Region Electricity Generation Information System (WREGIS) account for PGE and retired for the benefit of PGE's Clean Wind Fixed Renewable Option customers. In 2009, this is expected to equate to approximately 45 RECs. Also per the Agreement, 60% of the RECs will be deposited in a WREGIS account as directed by the ETO. In 2009, this is expected to equate to approximately 67 RECs. PGE expects that the ETO will give the necessary directions so that the RECs will be able to be counted toward PGE's renewable energy obligation pursuant to ORS 469A.052.

Q. How were the Management Fees, payable to PGE, determined?

A. There are three components to the management fee: accounting, management, and O&M.

The accounting fee assumes 40 hours of work at an hourly rate of $53.46, resulting in an annual fee of $2,138. The management estimate assumes 24 hours of work at an hourly rate of $88.96, resulting in an annual fee of $2,135. The O&M fee assumes $.0048/kWh at 112,000 kWh of production, which totals $537. Total annual fees are thus $4,810.

Q. What is the escalation rate applied to the Management Fee?

A. The rate of 2.34% is approximately the escalation rate assumed in PGE's 2007 IRP.

D. Guarantees

Q. What guarantees has PGE made to the other parties regarding SunWay 1?

A. PGE made three guarantees:

- PGE guarantees to the benefit of the Investor Member the performance of certain obligations of the Managing Member (while the Managing Member is PGE) under the SunWay 1, LLC Operating Agreement relating to a Tax Credit Recapture.
- PGE guarantees to the benefit of Installer certain payments to be made by SunWay 1 under the Engineering, Procurement and Construction Agreement to the Installer for its work in designing, purchasing and installing the solar facility. SunWay 1 has met this payment obligation.
- PGE guarantees to the benefit of ODOT certain performance obligations of SunWay 1 to remove the solar installation and restore the land under certain circumstances.

IV. SunWay 2

A. Project Description

Q. Please describe the project.

A. In association with ProLogis and U.S. Bank, PGE has developed an approximate 1.1 MW photovoltaic thin-film system, installed on the rooftops of three separate buildings owned by ProLogis. All three facilities are located east of the Portland International Airport.

Q. How are the panels distributed between the buildings?

A. Facilities 1 and 2 each have 364 panels, providing approximately 288.3 kW per facility. Facility 3 has 900 panels, providing approximately 518.4 kW.

Q. Does ProLogis have previous experience with similar projects?

A. Yes. ProLogis has already installed photovoltaic systems on several of its buildings in the United States and Europe. Solar Integrated Technologies, Inc. (SIT), who installed the SunWay 2 units, was also the installer of two of the European projects.

Q. Who receives the energy produced by the project?

A. SunWay 2, LLC operates the facility as a Qualifying Facility (QF) as defined by the Public Utility Regulatory Policies Act of 1978 (PURPA) and part 292 of the FERC's Regulations (18 C.F.R. Part 292). PGE purchases the entire output from SunWay 2 through a power purchase agreement at avoided cost consistent with other QFs.

B. Ownership Structure

Q. Which entities are involved in the development or ownership of this project?

A. The entities involved are:

- SunWay 2, LLC (SunWay 2) – PGE formed this entity for the sole purpose of developing, constructing, managing, and operating a solar energy project on the sites.

- Managing Member – PGE is managing the operation of SunWay 2.
- Investor Member – U.S. Bancorp Community Development Corporation is the primary equity investor in the project.
- Manufacturer/Installer – Solar Integrated Technologies, Inc. designs, constructs, and installs photovoltaic roofing systems. SIT provided completed design, engineering, procurement, construction, and installation services.
- ProLogis – SunWay 2 is leasing the rooftops of three of the buildings owned by ProLogis.

Q. Please describe the ownership structure of the solar energy project?

A. SunWay 2 was formed to own, develop, manage, and operate a solar energy project consisting of a photovoltaic thin-film system with an approximate generating capacity of 1.1 MW placed on the roofs of three buildings owned by ProLogis. PGE, as Managing Member of SunWay 2, will manage and control the business and will provide a total equity contribution of approximately $590,000. As mentioned above, SunWay 2 also has an Investor Member, U.S. Bancorp Community Development Corporation.

Q. What is the role of the Investor Member in this structure?

A. The Investor Member is obligated to make a capital contribution to SunWay 2 of approximately $5.9 million (expected around April 1, 2009) and will hold 99.99% ownership of SunWay 2 for approximately the first five years of operation. In return, the Investor Member is able to take advantage of the bulk of the tax credits associated with this project and to earn a return on its capital contribution.

Q. What is the role of the Managing Member in this structure?

A. PGE will make capital contributions totaling approximately $590,000 and will hold a 0.01%

ownership[2] of SunWay 2 for approximately the first five years of operation. In addition, PGE must take all necessary action required by law or contract to maintain and operate the solar facility and the business of SunWay 2, LLC. In turn, SunWay 2 will pay a management fee of $14,386 annually to PGE, increasing 2.3% each year.

Q. Will the ownership structure change?

A. The ownership structure described above is expected to be in place for the initial five or six years of the project. After that time, an ownership switch may occur and PGE would own 95% and the Investor Member the remaining 5%. The change in ownership may only occur when all of the following are true: 1) the target IRR has been achieved for the Investor Member; 2) the solar equipment comprising the project has been fully depreciated for federal income tax purposes; and 3) the compliance period (minimum of five years starting at the in-service date) has expired.

Q. What will happen to the remaining 5% ownership share held by the Investor Member?

A. PGE may purchase this 5% share at fair market value, currently estimated to be approximately $46,000.

Q. Why not transfer 100% of the ownership to PGE after five years?

A. In order to comply with tax guidelines, the Investor Member should have a meaningful interest in the LLC after the ownership switch date.

Q. Were other funds needed besides the two capital investments?

A. Yes, SunWay 2 received a construction loan for the project of approximately $6.9 million from U.S. Bank. Once the Investor Member has made their capital contribution, we expect this loan to be paid off.

Q. Are there any other funds that may be provided?

[2] SunWay 2 is a direct subsidiary of PGE but at this time is not considered an affiliated interest as defined in ORS 757.015 because PGE only owns 0.01% of SunWay 2.

A. Possibly. PGE is evaluating the use of BPA Conservation Rate Credits to offset its investment in SunWay 2. PGE will provide an update to this filing as necessary.

Q. Why is PGE using this ownership structure?

A. PGE is unable to use the tax benefits that accompany this solar project, including BETC and ITC. Therefore, involving a partner who could us the tax incentives was essential to the success of the project. When the three previously mentioned requirements are met, the ownership switch will occur and PGE will own 95% of the project.

Q. What benefits does SunWay 2 provide for PGE's customers?

A. Customers will benefit from the addition of 1.1 MW of renewable generation capacity. As previously mentioned, PGE expects approximately 75% of the RECs generated by the facility to be used to meet PGE's renewable energy obligation pursuant to 469A.052.

C. Deferral and Revenue Requirement Components

Q. For what costs does PGE seek recovery?

A. PGE is seeking recovery of the following:

- Return on PGE's initial capital investment;
- Depreciation of the initial capital investment;
- Apportioned net operating income or loss at SunWay 2; and
- Management and accounting fees (credit).

Q. What is SunWay 2's overall impact on PGE's revenue requirement?

A. PGE currently forecasts SunWay 2's 2009 deferred revenue requirement to be approximately $0.7 million, including interest. The 2010 revenue requirement is currently forecasted to be approximately $0.015 million. PGE Exhibit 201 summarizes the development of the incremental revenue requirement.

Q. What will be PGE's accounting treatment for the deferral of this project?

A. Consistent with its December 3, 2008 filing (UM-1407), PGE proposes to record the deferred amount as a regulatory asset in FERC account 182.3 (Other Regulatory Assets), with a credit to FERC account 456 (Other Electric Revenue).

Q. Over what period of time will the initial capital investment be depreciated?

A. PGE's initial capital investment will be depreciated over 25 years.

Q. How is PGE treating the Renewable Energy Credits associated with the output from SunWay 2?

A. Per the Energy Trust of Oregon Incentive Agreement (Agreement), as amended, 25% of the RECs will be deposited in a WREGIS account for PGE and retired for the benefit of PGE's Clean Wind Fixed Renewable Option customers. In 2009, this is expected to equate to approximately 292 RECs. Also per the Agreement, 75% of the RECs will be deposited in a WREGIS account as directed by the ETO. In 2009, this is expected to equate to approximately 876 RECs. The ETO's policy requires it to use the RECs to benefit PGE's customers. PGE expects that the ETO will give the necessary directions for the RECs to be counted toward PGE's renewable energy obligation pursuant to ORS 469A.052.

Q. How was the Management Fee amount determined?

A. There are three components to the management fee: accounting, management, and O&M. The accounting fee assumes 80 hours of work from PGE to assist SunWay 2 at an hourly rate of $53.46, totaling $4,277. The management estimate assumed 48 hours of work from PGE to assist SunWay 2 at an hourly rate of $88.96, totaling $4,270. The O&M fee assumes $0.005/kWh, multiplied by 1,167,853 kWh, totaling $5,839. Total annual fees are thus $14,386.

Q. What is the escalation rate applied to the Management Fee?

A. The rate of 2.3% is approximately the escalation rate assumed in PGE's 2007 IRP.

Q. What is SunWay 2's impact on NVPC?

A. The Qualified Fund contract was included in the Monet forecast in UE-197. Therefore, costs and benefits are reflected in current rates, and are also included in the 2010 AUT. Thus, there is no deferred NVPC component for 2009.

D. Guarantees

Q. What guarantees has PGE made to the other parties regarding SunWay 2?

A. PGE guarantees to the benefit of the Investor Member (1) the performance of certain obligations of the Managing Member (while the Managing Member is PGE) under the SunWay 2, LLC Operating Agreement relating to a Tax Credit Recapture and (2) the repayment of the construction loan, which SunWay 2, LLC obtained from US Bank to pay SIT for the work performed by SIT under the Installation Agreement (see timing in Section IV. B).

V. SB 408

Q. Will PGE provide updated ratios used to determine taxes collected in rates for AR 499 (SB 408 rulemaking proceeding) purposes?

A. Yes. PGE will modify the 2009 ratios for SB 408 purposes based on the actual deferred amounts. PGE will also provide 2010 ratios based on the approved revenue requirement for this proceeding.

Q. Do the SunWay solar projects require special treatment for SB 408 purposes?

A. Yes. Due to GAAP requirements, PGE had to consolidate both SunWay 1 and 2 into PGE's financial statements at 100%. Subsequently, PGE had to impair the initial investment due to PGE's potential purchase of the Investor Member's ownership interest. Under GAAP, this impairment creates an operating deferred tax asset and a non-operating deferred tax liability. Under the administrative rules to implement SB 408, deferred taxes are defined as those that are an "…expense of regulated operations" of the utility (see OAR 860-022-0041(2)(b)).

If the operating component of SunWay deferred taxes were included in SB 408 calculations of Taxes Paid while the non-operating deferred tax components were excluded from SB 408 calculations, this asymmetry would cause financial detriment to PGE. PGE's investment in the SunWay solar projects is an investment in a utility generating asset and, as such, PGE requests that the Commission determine that all of SunWay's deferred tax entries should be considered "…an expense of regulated operations" for SB 408 purposes regardless of the requirements of consolidated accounting.

VI. Qualifications

Q. Mr. Tinker, please describe your qualifications.

A. I received a Bachelor of Science degree in Finance and Economics from Portland State University in 1993 and a Master of Science degree in Economics from Portland State University in 1995. In 1999, I obtained the Chartered Financial Analyst (CFA) designation. I have worked in the Rates and Regulatory Affairs department since 1996.

Q. Ms. Brown, please describe your qualifications.

A. I received a Bachelor of Science degree in Accounting from the University of Nevada-Reno in 1985 and a Master of Business Administration with an emphasis in Finance from the University of Wyoming in 1987. In 1990, I became a Certified Public Accountant. I have worked at three state commissions (Wyoming, Texas and Oregon) totaling 12 years of regulatory experience. I also worked at PacifiCorp for 2 ½ years in Corporate Accounting. I have been with PGE in the Rates and Regulatory Affairs department since October 2007.

Q. Does this conclude your testimony?

A. Yes.

List of Exhibits

PGE Exhibit	Description
Exhibit 201	Revenue Requirement

Summary Impact of RAC Projects on UE-197 Results
Dollars in $000s
2008/2009 Deferral & 2010 Test Year

	Biglow 2	SunWay 1	SunWay 2	2009 Rev. Req. Effect
Deferral	$ 5,584	$ 211	$ 617	$ 6,412
Deferral Interest	$ (1)	$ 11	$ 33	$ 44
2009 NVPC	Deferral	Net metering	2009 GRC	$ -
2010 Test Year Forecast	$ 34,879	$ (15)	$ 15	$ 34,879
Total (for Sch. 122)	**$ 40,462**	**$ 208**	**$ 665**	**$ 41,334**
2010 NVPC	$ (15,358)	Net metering	$ 29	$ (15,328)
Total	**$ 25,104**	**$ 208**	**$ 694**	**$ 26,006**

Summary Impact of RAC Projects on UE-197 Results
Dollars in $000s
2010 Test Year

	Order 08-601 2009 UE-197	Biglow Canyon Phase 2 Impact	SunWay 1 (ODOT) Solar Project Impact	SunWay 2 (ProLogis) Solar Project Impact	UE-197 with RAC Projects	RAC Revenues for RROE	UE-___ Results with RAC Projects
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1 Sales to Consumers	1,708,644	-	-	-	1,708,644	34,880	1,743,524
2 Sales for Resale	-	-	-	-	-		-
3 Other Revenues	18,891	-	5	15	18,910		18,910
4 Total Operating Revenues	1,727,535	-	5	15	1,727,555	34,880	1,762,435
5 Net Variable Power Costs	848,441	-	-	-	848,441		848,441
6 Production O&M (excludes Trojan)	100,891	2,730	-	-	103,621		103,621
7 Trojan O&M	129	-	-	-	129		129
8 Transmission O&M	11,787	-	-	-	11,787		11,787
9 Distribution O&M	65,599	-	-	-	65,599		65,599
10 Customer & MBC O&M	64,790	-	-	-	64,790		64,790
11 Uncollectibles Expense	7,347	-	-	-	7,347	150	7,497
12 OPUC fee	5,340	-	-	-	5,340	109	5,449
13 A&G, Ins/Bene., & Gen. Plant	88,283	492	-	-	88,775		88,775
14 Total Operating & Maintenance	1,192,608	3,222	-	-	1,195,829	259	1,196,088
15 Depreciation	173,453	13,866	8	61	187,388		187,388
16 Amortization	18,781	230	7	56	19,074		19,074
17 Property Tax	33,032	1,147	-	-	34,179		34,179
18 Payroll Tax	11,338	-	-	-	11,338		11,338
19 Other Taxes	1,411	-	-	-	1,411		1,411
20 Franchise Fees	42,955	-	-	-	42,955	877	43,832
21 Utility Income Tax	64,093	(22,065)	(12)	(85)	41,932	12,924	54,856
22 Total Operating Expenses & Taxes	1,537,670	(3,600)	3	32	1,534,105	14,060	1,548,165
23 **Utility Operating Income**	189,865	3,600	2	(17)	193,449	20,820	214,269
	189,865	-	-	-	193,449		214,269
24 **Average Rate Base**							
25 Avg. Gross Plant	5,100,067	325,490	-	-	5,425,557		5,425,557
26 Avg. Accum. Deprec. / Amort	(2,674,938)	(13,574)	-	-	(2,688,512)		(2,688,512)
27 Avg. Accum. Def Tax	(286,862)	(38,289)	-	-	(325,152)		(325,152)
28 Avg. Accum. Def ITC	(271)	18,861	-	-	18,590		18,590
29 **Avg. Net Utility Plant**	2,137,995	292,488	-	-	2,430,483	-	2,430,483
30 Misc. Deferred Debits	30,420	-	127	457	31,003		31,003
31 Operating Materials & Fuel	67,707	-	-	-	67,707		67,707
32 Misc. Deferred Credits	(37,755)	-	(205)	(558)	(38,518)		(38,518)
33 Working Cash	79,959	(187)	0	2	79,773	731	80,505
34 **Average Rate Base**	2,278,326	292,301	(78)	(99)	2,570,450	731	2,571,181
35 **Rate of Return**	8.334%				7.526%		8.334%
36 **Implied Return on Equity**	10.100%				8.485%		10.100%
37 **AR 499 - Net to Gross**	**14.86%**						**15.44%**
38 **AR 499 - Effective Tax Rate**	**25.24%**						**20.38%**

Summary Impact of RAC Projects on UE-197 Results
Dollars in $000s
2010 Test Year

	Order 08-601 2009 UE-197	Biglow Canyon Phase 2 Impact	SunWay 1 (ODOT) Solar Project Impact	SunWay 2 (ProLogis) Solar Project Impact	UE-197 with RAC Projects	RAC Revenues for RROE	UE-___ Results with RAC Projects
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
39 Effective Cost of Debt	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%
40 Effective Cost of Preferred	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
41 Debt Share of Cap Structure	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%
42 Preferred Share of Cap Structure	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
43 Weighted Cost of Debt	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%
44 Weighted Cost of Preferred	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
45 Equity Share of Cap Structure	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%
46 State Tax Rate	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%
47 Federal Tax Rate	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%
48 Composite Tax Rate	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%
49 Bad Debt Rate	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%
50 Franchise Fee Rate	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%
51 Working Cash Factor	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%
52 Gross-Up Factor	1.621	1.621	1.621	1.621	1.621	1.621	1.621
53 ROE Target	10.100%	10.100%	10.100%	10.100%	10.100%	10.100%	10.100%
54 Grossed-Up COC	11.472%	11.472%	11.472%	11.472%	11.472%	11.472%	11.472%
55 OPUC Fee Rate	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%
Utility Income Taxes							
56 Book Revenues	1,727,535	-	5	15	1,727,535	34,880	1,762,415
57 Book Expenses	1,473,577	18,465	14	117	1,492,042	1,136	1,493,178
58 Interest Deduction	74,809	9,598	(3)	(3)	84,407	24	84,431
59 Production Deduction	-	-	-	-	-		-
60 Permanent Ms	(17,985)	(256)	-	-	(18,241)		(18,241)
61 Deferred Ms	42,599	87,009	(6,638)	(55,804)	129,608		129,608
62 Taxable Income	154,535	(114,816)	6,631	55,705	39,719	33,720	73,439
63 Current State Tax	7,912	(5,879)	340	2,852	2,034	1,726	3,760
64 State Tax Credits	(2,084)	(2,200)	(14)	(72)	(4,284)		(4,284)
65 Net State Taxes	5,828	(8,079)	326	2,780	(2,250)	1,726	(524)
66 Federal Taxable Income	148,706	(106,737)	6,305	52,926	41,969	31,994	73,963
67 Current Federal Tax	52,047	(37,358)	2,207	18,524	14,689	11,198	25,887
68 ITC Amort	(1,456)	-	-	-	(1,456)		(1,456)
69 Federal Tax Credits	(8,363)	(9,977)	-	-			
70 Deferred Taxes	16,036	33,349	(2,544)	(21,389)	49,385	-	49,385
71 Total Income Tax Expense	64,093	(22,065)	(12)	(85)	60,368	12,924	73,292
72 Effective Tax Rate	35.78%				39.96%	38.33%	39.66%
73 Regulated Net Income	115,056				109,043		129,839
	115,056				109,049		129,845

Biglow 2 - 2010 Test Year
Impact of RAC Projects on UE-197 Results
Dollars in $000s

	Order 08-601 2009 UE-197	Biglow Canyon Phase 2 Impact	UE-197 with Biglow Canyon Phase 2	RAC Revenues for RROE	UE-___ Results with Biglow 2
	(1)	(2)	(3)	(4)	(5)
1 Sales to Consumers	1,708,644		1,708,644	34,879	1,743,524
2 Sales for Resale	-		-		-
3 Other Revenues	18,891		18,891		18,891
4 Total Operating Revenues	1,727,535	-	1,727,535	34,879	1,762,414
5 Net Variable Power Costs	848,441		848,441		848,441
6 Production O&M (excludes Trojan)	100,891	2,730	103,621		103,621
7 Trojan O&M	129		129		129
8 Transmission O&M	11,787		11,787		11,787
9 Distribution O&M	65,599		65,599		65,599
10 Customer & MBC O&M	64,790		64,790		64,790
11 Uncollectibles Expense	7,347	-	7,347	150	7,497
12 OPUC fee	5,340	-	5,340	109	5,449
13 A&G, Ins/Bene., & Gen. Plant	88,283	492	88,775		88,775
14 Total Operating & Maintenance	1,192,608	3,222	1,195,829	259	1,196,088
15 Depreciation	173,453	13,866	187,319		187,319
16 Amortization	18,781	230	19,011		19,011
17 Property Tax	33,032	1,147	34,179		34,179
18 Payroll Tax	11,338		11,338		11,338
19 Other Taxes	1,411		1,411		1,411
20 Franchise Fees	42,955	-	42,955	877	43,832
21 Utility Income Tax	64,093	(22,065)	42,028	12,924	54,952
22 Total Operating Expenses & Taxes	1,537,670	(3,600)	1,534,070	14,060	1,548,130
23 **Utility Operating Income**	189,865	3,600	193,465	20,820	214,284
	189,865		193,465		214,284
24 **Average Rate Base**					
25 Avg. Gross Plant	5,100,067	325,490	5,425,557		5,425,557
26 Avg. Accum. Deprec. / Amort	(2,674,938)	(13,574)	(2,688,512)		(2,688,512)
27 Avg. Accum. Def Tax	(286,862)	(38,289)	(325,152)		(325,152)
28 Deferred Tax Credits and Prepaids	(271)	18,861	18,590		18,590
29 **Avg. Net Utility Plant**	2,137,995	292,488	2,430,483	-	2,430,483
30 Misc. Deferred Debits	30,420		30,420		30,420
31 Operating Materials & Fuel	67,707		67,707		67,707
32 Misc. Deferred Credits	(37,755)		(37,755)		(37,755)
33 Working Cash	79,959	(187)	79,772	731	80,503
34 **Average Rate Base**	2,278,326	292,301	2,570,627	731	2,571,358
35 **Rate of Return**	8.334%		7.526%		8.334%
36 **Implied Return on Equity**	10.100%		8.485%		10.100%
37 **AR 499 - Net to Gross**	**14.86%**				**15.44%**
38 **AR 499 - Effective Tax Rate**	**25.24%**				**20.41%**

Biglow 2 - 2010 Test Year
Impact of RAC Projects on UE-197 Results
Dollars in $000s

	Order 08-601 2009 UE-197	Biglow Canyon Phase 2 Impact	UE-197 with Biglow Canyon Phase 2	RAC Revenues for RROE	UE-___ Results with Biglow 2
	(1)	(2)	(3)	(4)	(5)
39 Effective Cost of Debt	6.567%	6.567%	6.567%	6.567%	6.567%
40 Effective Cost of Preferred	0.000%	0.000%	0.000%	0.000%	0.000%
41 Debt Share of Cap Structure	50.000%	50.000%	50.000%	50.000%	50.000%
42 Preferred Share of Cap Structure	0.000%	0.000%	0.000%	0.000%	0.000%
43 Weighted Cost of Debt	3.284%	3.284%	3.284%	3.284%	3.284%
44 Weighted Cost of Preferred	0.000%	0.000%	0.000%	0.000%	0.000%
45 Equity Share of Cap Structure	50.000%	50.000%	50.000%	50.000%	50.000%
46 State Tax Rate	5.120%	5.120%	5.120%	5.120%	5.120%
47 Federal Tax Rate	35.000%	35.000%	35.000%	35.000%	35.000%
48 Composite Tax Rate	38.328%	38.328%	38.328%	38.328%	38.328%
49 Bad Debt Rate	0.430%	0.430%	0.430%	0.430%	0.430%
50 Franchise Fee Rate	2.514%	2.514%	2.514%	2.514%	2.514%
51 Working Cash Factor	5.200%	5.200%	5.200%	5.200%	5.200%
52 Gross-Up Factor	1.621	1.621	1.621	1.621	1.621
53 ROE Target	10.100%	10.100%	10.100%	10.100%	10.100%
54 Grossed-Up COC	11.472%	11.472%	11.472%	11.472%	11.472%
55 OPUC Fee Rate	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%
Utility Income Taxes					
56 Book Revenues	1,727,535	-	1,727,535	34,879	1,762,414
57 Book Expenses	1,473,577	18,465	1,492,042	1,136	1,493,178
58 Interest Deduction	74,809	9,598	84,407	24	84,431
59 Production Deduction	-		-		-
60 Permanent Ms	(17,985)	(256)	(18,241)		(18,241)
61 Deferred Ms	42,599	87,009	129,608		129,608
62 Taxable Income	154,535	(114,816)	39,719	33,720	73,438
63 Current State Tax	7,912	(5,879)	2,034	1,726	3,760
64 State Tax Credits	(2,084)	(2,200)	(4,284)		(4,284)
65 Net State Taxes	5,828	(8,079)	(2,250)	1,726	(524)
66 Federal Taxable Income	148,706	(106,737)	41,969	31,993	73,962
67 Current Federal Tax	52,047	(37,358)	14,689	11,198	25,887
68 ITC Amort	(1,456)		(1,456)		(1,456)
69 Federal Tax Credits	(8,363)	(9,977)	(18,340)		(18,340)
70 Deferred Taxes	16,036	33,349	49,385	-	49,385
71 Total Income Tax Expense	64,093	(22,065)	42,028	12,924	54,952
72 Effective Tax Rate	35.78%		27.82%	38.33%	29.74%
73 Regulated Net Income	115,056		109,058		129,854
	115,056		109,058		129,854

ODOT (SunWay 1) - 2010 Test Year
Impact of RAC Projects on UE-197 Results
Dollars in $000s

		Order 08-601 2009 UE-197	ODOT Solar Project Impact	UE-197 with SunWay 1	RAC Revenues for RROE	UE-___ Results with SunWay 1
		(1)	(2)	(3)	(4)	(5)
1	Sales to Consumers	1,708,644		1,708,644	(15)	1,708,629
2	Sales for Resale	-		-		-
3	Other Revenues	18,891	5	18,896		18,896
4	Total Operating Revenues	1,727,535	5	1,727,540	(15)	1,727,525
5	Net Variable Power Costs	848,441		848,441		848,441
6	Production O&M (excludes Trojan)	100,891		100,891		100,891
7	Trojan O&M	129		129		129
8	Transmission O&M	11,787		11,787		11,787
9	Distribution O&M	65,599		65,599		65,599
10	Customer & MBC O&M	64,790		64,790		64,790
11	Uncollectibles Expense	7,347	-	7,347	(0)	7,347
12	OPUC fee	5,340	-	5,340	(0)	5,339
13	A&G, Ins/Bene., & Gen. Plant	88,283		88,283		88,283
14	Total Operating & Maintenance	1,192,608	-	1,192,608	(0)	1,192,608
15	Depreciation	173,453	8	173,461		173,461
16	Amortization	18,781	7	18,787		18,787
17	Property Tax	33,032	-	33,032		33,032
18	Payroll Tax	11,338		11,338		11,338
19	Other Taxes	1,411		1,411		1,411
20	Franchise Fees	42,955	-	42,955	(0)	42,955
21	Utility Income Tax	64,093	(12)	64,081	(6)	64,076
22	Total Operating Expenses & Taxes	1,537,670	3	1,537,673	(6)	1,537,667
23	**Utility Operating Income**	189,865	2	189,867	(9)	189,858
		189,865		189,867		189,858
24	**Average Rate Base**					
25	Avg. Gross Plant	5,100,067		5,100,067		5,100,067
26	Avg. Accum. Deprec. / Amort	(2,674,938)		(2,674,938)		(2,674,938)
27	Avg. Accum. Def Tax	(286,862)		(286,862)		(286,862)
28	Avg. Accum. Def ITC	(271)		(271)		(271)
29	**Avg. Net Utility Plant**	2,137,995	-	2,137,995	-	2,137,995
30	Misc. Deferred Debits	30,420	127	30,547		30,547
31	Operating Materials & Fuel	67,707		67,707		67,707
32	Misc. Deferred Credits	(37,755)	(205)	(37,960)		(37,960)
33	Working Cash	79,959	0	79,959	(0)	79,959
34	**Average Rate Base**	2,278,326	(78)	2,278,248	(0)	2,278,248
35	**Rate of Return**	8.334%		8.334%		8.334%
36	**Implied Return on Equity**	10.100%		10.101%		10.100%
37	**AR 499 - Net to Gross**	**14.86%**				**14.86%**
38	**AR 499 - Effective Tax Rate**	**25.24%**				**25.23%**

ODOT (SunWay 1) - 2010 Test Year
Impact of RAC Projects on UE-197 Results
Dollars in $000s

	Order 08-601 2009 UE-197	ODOT Solar Project Impact	UE-197 with SunWay 1	RAC Revenues for RROE	UE-___ Results with SunWay 1
	(1)	(2)	(3)	(4)	(5)
39 Effective Cost of Debt	6.567%	6.567%	6.567%	6.567%	6.567%
40 Effective Cost of Preferred	0.000%	0.000%	0.000%	0.000%	0.000%
41 Debt Share of Cap Structure	50.000%	50.000%	50.000%	50.000%	50.000%
42 Preferred Share of Cap Structure	0.000%	0.000%	0.000%	0.000%	0.000%
43 Weighted Cost of Debt	3.284%	3.284%	3.284%	3.284%	3.284%
44 Weighted Cost of Preferred	0.000%	0.000%	0.000%	0.000%	0.000%
45 Equity Share of Cap Structure	50.000%	50.000%	50.000%	50.000%	50.000%
46 State Tax Rate	5.120%	5.120%	5.120%	5.120%	5.120%
47 Federal Tax Rate	35.000%	35.000%	35.000%	35.000%	35.000%
48 Composite Tax Rate	38.328%	38.328%	38.328%	38.328%	38.328%
49 Bad Debt Rate	0.430%	0.430%	0.430%	0.430%	0.430%
50 Franchise Fee Rate	2.514%	2.514%	2.514%	2.514%	2.514%
51 Working Cash Factor	5.200%	5.200%	5.200%	5.200%	5.200%
52 Gross-Up Factor	1.621	1.621	1.621	1.621	1.621
53 ROE Target	10.100%	10.100%	10.100%	10.100%	10.100%
54 Grossed-Up COC	11.472%	11.472%	11.472%	11.472%	11.472%
55 OPUC Fee Rate	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%
Utility Income Taxes					
56 Book Revenues	1,727,535	5	1,727,540	(15)	1,727,525
57 Book Expenses	1,473,577	14	1,473,592	(0)	1,473,591
58 Interest Deduction	74,809	(3)	74,806	(0)	74,806
59 Production Deduction	-		-		-
60 Permanent Ms	(17,985)		(17,985)		(17,985)
61 Deferred Ms	42,599	(6,638)	35,961		35,961
62 Taxable Income	154,535	6,631	161,166	(15)	161,151
63 Current State Tax	7,912	340	8,252	(1)	8,251
64 State Tax Credits	(2,084)	(14)	(2,098)		(2,098)
65 Net State Taxes	5,828	326	6,154	(1)	6,153
66 Federal Taxable Income	148,706	6,305	155,012	(14)	154,998
67 Current Federal Tax	52,047	2,207	54,254	(5)	54,249
68 ITC Amort	(1,456)		(1,456)		(1,456)
69 Federal Tax Credits	(8,363)	-	(8,363)		(8,363)
70 Deferred Taxes	16,036	(2,544)	13,492	-	13,492
71 Total Income Tax Expense	64,093	(12)	64,081	(6)	64,076
72 Effective Tax Rate	35.78%		35.77%	38.33%	35.77%
73 Regulated Net Income	115,056		115,061		115,052
	115,056		115,061		115,052

ProLogis (SunWay 2) - 2010 Test Year
Impact of RAC Projects on UE-197 Results
Dollars in $000s

	Order 08-601 2009 UE-197	ProLogis Solar Project Impact	UE-197 with SunWay 2	RAC Revenues for RROE	UE-___ Results with SunWay 2
	(1)	(2)	(3)	(4)	(5)
1 Sales to Consumers	1,708,644		1,708,644	15	1,708,659
2 Sales for Resale	-		-		-
3 Other Revenues	18,891	15	18,905		18,905
4 Total Operating Revenues	1,727,535	15	1,727,550	15	1,727,564
5 Net Variable Power Costs	848,441		848,441		848,441
6 Production O&M (excludes Trojan)	100,891		100,891		100,891
7 Trojan O&M	129		129		129
8 Transmission O&M	11,787		11,787		11,787
9 Distribution O&M	65,599		65,599		65,599
10 Customer & MBC O&M	64,790		64,790		64,790
11 Uncollectibles Expense	7,347	-	7,347	0	7,347
12 OPUC fee	5,340	-	5,340	0	5,340
13 A&G, Ins/Bene., & Gen. Plant	88,283		88,283		88,283
14 Total Operating & Maintenance	1,192,608	-	1,192,608	0	1,192,608
15 Depreciation	173,453	61	173,514		173,514
16 Amortization	18,781	56	18,837		18,837
17 Property Tax	33,032	-	33,032		33,032
18 Payroll Tax	11,338		11,338		11,338
19 Other Taxes	1,411		1,411		1,411
20 Franchise Fees	42,955	-	42,955	0	42,956
21 Utility Income Tax	64,093	(85)	64,008	5	64,013
22 Total Operating Expenses & Taxes	1,537,670	32	1,537,702	6	1,537,708
23 **Utility Operating Income**	189,865	(17)	189,847	9	189,856
	189,865		189,847		189,856
24 **Average Rate Base**					
25 Avg. Gross Plant	5,100,067		5,100,067		5,100,067
26 Avg. Accum. Deprec. / Amort	(2,674,938)		(2,674,938)		(2,674,938)
27 Avg. Accum. Def Tax	(286,862)		(286,862)		(286,862)
28 Avg. Accum. Def ITC	(271)		(271)		(271)
29 **Avg. Net Utility Plant**	2,137,995	-	2,137,995	-	2,137,995
30 Misc. Deferred Debits	30,420	457	30,877		30,877
31 Operating Materials & Fuel	67,707		67,707		67,707
32 Misc. Deferred Credits	(37,755)	(558)	(38,313)		(38,313)
33 Working Cash	79,959	2	79,961	0	79,961
34 **Average Rate Base**	2,278,326	(99)	2,278,227	0	2,278,227
35 **Rate of Return**	8.334%		8.333%		8.334%
36 **Implied Return on Equity**	10.100%		10.099%		10.100%
37 **AR 499 - Net to Gross**	**14.86%**				**14.86%**
38 **AR 499 - Effective Tax Rate**	**25.24%**				**25.22%**

ProLogis (SunWay 2) - 2010 Test Year
Impact of RAC Projects on UE-197 Results
Dollars in $000s

	Order 08-601 2009 UE-197	ProLogis Solar Project Impact	UE-197 with SunWay 2	RAC Revenues for RROE	UE-___ Results with SunWay 2
	(1)	(2)	(3)	(4)	(5)
39 Effective Cost of Debt	6.567%	6.567%	6.567%	6.567%	6.567%
40 Effective Cost of Preferred	0.000%	0.000%	0.000%	0.000%	0.000%
41 Debt Share of Cap Structure	50.000%	50.000%	50.000%	50.000%	50.000%
42 Preferred Share of Cap Structure	0.000%	0.000%	0.000%	0.000%	0.000%
43 Weighted Cost of Debt	3.284%	3.284%	3.284%	3.284%	3.284%
44 Weighted Cost of Preferred	0.000%	0.000%	0.000%	0.000%	0.000%
45 Equity Share of Cap Structure	50.000%	50.000%	50.000%	50.000%	50.000%
46 State Tax Rate	5.120%	5.120%	5.120%	5.120%	5.120%
47 Federal Tax Rate	35.000%	35.000%	35.000%	35.000%	35.000%
48 Composite Tax Rate	38.328%	38.328%	38.328%	38.328%	38.328%
49 Bad Debt Rate	0.430%	0.430%	0.430%	0.430%	0.430%
50 Franchise Fee Rate	2.514%	2.514%	2.514%	2.514%	2.514%
51 Working Cash Factor	5.200%	5.200%	5.200%	5.200%	5.200%
52 Gross-Up Factor	1.621	1.621	1.621	1.621	1.621
53 ROE Target	10.100%	10.100%	10.100%	10.100%	10.100%
54 Grossed-Up COC	11.472%	11.472%	11.472%	11.472%	11.472%
55 OPUC Fee Rate	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%
	8.334%				
Utility Income Taxes					
56 Book Revenues	1,727,535	15	1,727,550	15	1,727,564
57 Book Expenses	1,473,577	117	1,473,694	0	1,473,695
58 Interest Deduction	74,809	(3)	74,806	0	74,806
59 Production Deduction	-		-		-
60 Permanent Ms	(17,985)		(17,985)		(17,985)
61 Deferred Ms	42,599	(55,804)	(13,205)		(13,205)
62 Taxable Income	154,535	55,705	210,240	14	210,254
63 Current State Tax	7,912	2,852	10,764	1	10,765
64 State Tax Credits	(2,084)	(72)	(2,156)		(2,156)
65 Net State Taxes	5,828	2,780	8,608	1	8,609
66 Federal Taxable Income	148,706	52,926	201,632	13	201,645
67 Current Federal Tax	52,047	18,524	70,571	5	70,576
68 ITC Amort	(1,456)		(1,456)		(1,456)
69 Federal Tax Credits	(8,363)	-	(8,363)		(8,363)
70 Deferred Taxes	16,036	(21,389)	(5,352)	-	(5,352)
71 Total Income Tax Expense	64,093	(85)	64,008	5	64,013
72 Effective Tax Rate	35.78%		35.75%	38.33%	35.75%
73 Regulated Net Income	115,056		115,042		115,050
	115,056		115,042		115,050

	2009 Rev Req									2009 Check
									2009 Biglow 2	**2009 Biglow 2**
Biglow 2 - 2009 Deferral	2009 May	2009 June	2009 July	2009 August	2009 September	2009 October	2009 November	2009 December	Revenues for RROE	Revenues for RROE
1 Sales to Customers	$ (3,565,653)	$ (19,325)	$ 136,283	$ 757,305	$ 1,381,715	$ 1,778,712	$ 2,944,845	$ 2,169,634	$ 5,583,516	$ 5,583,516
2 Other Revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3 Total Operating Revenues	$ (3,565,653)	$ (19,325)	$ 136,283	$ 757,305	$ 1,381,715	$ 1,778,712	$ 2,944,845	$ 2,169,634	$ 5,583,516	$ 5,583,516
4 NVPC	$ -	$ (359,297)	$ (1,481,389)	$ (2,223,908)	$ (2,298,167)	$ (1,960,570)	$ (800,233)	$ (1,510,437)	$ (10,634,000)	$ (10,634,000)
5 Production O&M	$ 177,945	$ 177,945	$ 177,945	$ 177,945	$ 177,945	$ 177,945	$ 177,945	$ 177,945	$ 1,423,558	$ 1,423,558
6 Uncollectibles Expense	$ (15,332)	$ (83)	$ 586	$ 3,256	$ 5,941	$ 7,648	$ 12,663	$ 9,329	$ 24,009	$ 24,009
7 OPUC Fees	$ (11,143)	$ (60)	$ 426	$ 2,367	$ 4,318	$ 5,558	$ 9,203	$ 6,780	$ 17,448	$ 17,448
8 A&G, Ins/Bene., & Gen. Plant	$ 20,500	$ 20,500	$ 20,500	$ 20,500	$ 20,500	$ 20,500	$ 20,500	$ 20,500	$ 164,000	$ 164,000
9 Depreciation	$ 38,872	$ 231,829	$ 593,866	$ 977,586	$ 1,173,776	$ 1,191,991	$ 1,187,582	$ 1,183,191	$ 6,578,693	$ 6,578,693
10 Amortization	$ 21,602	$ 21,602	$ 21,602	$ 21,602	$ 21,602	$ 21,602	$ 21,602	$ 21,602	$ 172,814	$ 172,814
11 Franchise Fees	$ (89,641)	$ (486)	$ 3,426	$ 19,039	$ 34,736	$ 44,717	$ 74,033	$ 54,545	$ 140,370	$ 140,370
12 Utility Income Tax	$ (3,791,366)	$ (580,800)	$ (332,392)	$ (70,616)	$ 60,911	$ 68,620	$ 61,044	$ 51,395	$ (4,533,204)	$ (4,533,204)
13 Total Operating Expenses & Taxes	$ (3,648,563)	$ (488,850)	$ (995,430)	$ (1,072,230)	$ (798,438)	$ (421,989)	$ 764,338	$ 14,850	$ (6,646,312)	$ (6,646,312)
14 Utility Operating Income	$ 82,910	$ 469,526	$ 1,131,713	$ 1,829,535	$ 2,180,153	$ 2,200,701	$ 2,180,507	$ 2,154,784	$ 12,229,828	$ 12,229,828
15 Rate of Return	0.622%	0.688%	0.689%	0.689%	0.690%	0.690%	0.691%	0.690%	5.522%	5.522%
16 Avg. Gross Plant	$ 11,274,795	$ 64,066,562	$ 161,753,558	$ 265,634,918	$ 319,418,361	$ 325,490,467	$ 325,490,467	$ 325,490,467	$ 224,827,449	$ 224,827,449
17 Avg. Accum. Deprec. / Amort	$ (25,178)	$ (166,270)	$ (579,117)	$ (1,364,843)	$ (2,440,524)	$ (3,623,408)	$ (4,813,194)	$ (5,998,581)	$ (2,376,389)	$ (2,376,389)
18 Avg. Accum. Def Tax	$ (1,350,922)	$ (4,052,767)	$ (6,754,612)	$ (9,456,457)	$ (12,158,302)	$ (14,860,147)	$ (17,561,992)	$ (20,263,837)	$ (10,807,380)	$ (10,807,380)
19 Misc. Deferred Credits	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
20 Deferred Tax Credits	$ 1,181,610	$ 2,599,543	$ 3,072,187	$ 3,544,831	$ 4,017,475	$ 4,490,119	$ 4,962,763	$ 5,435,407	$ 3,662,992	$ 3,662,992
21 Prepaids	$ 2,448,358	$ 5,774,730	$ 6,869,152	$ 7,125,596	$ 7,325,778	$ 7,485,923	$ 7,485,923	$ 7,485,923	$ 6,500,173	$ 6,500,173
22 Working Cash	$ (189,725)	$ (25,420)	$ (51,762)	$ (55,756)	$ (41,519)	$ (21,943)	$ 39,746	$ 772	$ (345,608)	$ (345,608)
23 Avg. Rate Base	$ 13,338,938	$ 68,196,378	$ 164,309,405	$ 265,428,288	$ 316,121,268	$ 318,961,011	$ 315,603,712	$ 312,150,152	$ 221,461,237	$ 221,461,237
24 Regulated Net Income	$ 50,045	$ 283,410	$ 683,113	$ 1,104,325	$ 1,315,961	$ 1,328,364	$ 1,316,175	$ 1,300,648	$ 7,382,041	$ 7,382,041
25 Return on Equity	0.70%	0.83%	0.83%	0.83%	0.83%	0.83%	0.83%	0.83%	6.67%	6.67%
Utility Income Taxes										
26 Book Rev	$ (3,565,653)	$ (19,325)	$ 136,283	$ 757,305	$ 1,381,715	$ 1,778,712	$ 2,944,845	$ 2,169,634	$ 5,583,516	$ 5,583,516
27 Book Exp	$ 142,803	$ 91,950	$ (663,038)	$ (1,001,614)	$ (859,349)	$ (490,609)	$ 703,294	$ (36,545)	$ (2,113,107)	$ (2,113,107)
28 Interest Expense	$ 32,865	$ 186,115	$ 448,600	$ 725,210	$ 864,192	$ 872,337	$ 864,332	$ 854,136	$ 4,847,786	$ 4,847,786
29 Permanent Ms	$ (15,205)	$ (15,205)	$ (15,205)	$ (15,205)	$ (15,205)	$ (15,205)	$ (15,205)	$ (15,205)	$ (121,641)	$ (121,641)
30 Deferred Ms	$ 7,049,232	$ 7,049,232	$ 7,049,232	$ 7,049,232	$ 7,049,232	$ 7,049,232	$ 7,049,232	$ 7,049,232	$ 56,393,856	$ 56,393,856
31 Taxable Income	$ (10,775,348)	$ (7,331,416)	$ (6,683,306)	$ (6,000,318)	$ (5,657,155)	$ (5,637,043)	$ (5,656,808)	$ (5,681,984)	$ (53,423,378)	$ (53,423,378)
32 State Tax	$ (551,698)	$ (375,369)	$ (342,185)	$ (307,216)	$ (289,646)	$ (288,617)	$ (289,629)	$ (290,918)	$ (2,735,277)	$ (2,735,277)
33 State Tax Credits	$ (916,667)	$ (183,333)	$ (183,333)	$ (183,333)	$ (183,333)	$ (183,333)	$ (183,333)	$ (183,333)	$ (2,200,000)	$ (2,200,000)
34 Net State Taxes	$ (1,468,364)	$ (558,702)	$ (525,519)	$ (490,550)	$ (472,980)	$ (471,950)	$ (472,962)	$ (474,251)	$ (4,935,277)	$ (4,935,277)
35 Federal Taxable Income	$ (9,306,983)	$ (6,772,715)	$ (6,157,787)	$ (5,509,769)	$ (5,184,175)	$ (5,165,093)	$ (5,183,846)	$ (5,207,733)	$ (48,488,101)	$ (48,488,101)
36 Federal Tax	$ (3,257,444)	$ (2,370,450)	$ (2,155,226)	$ (1,928,419)	$ (1,814,461)	$ (1,807,783)	$ (1,814,346)	$ (1,822,707)	$ (16,970,835)	$ (16,970,835)
37 Federal Tax Credits	$ (1,767,387)	$ (353,477)	$ (353,477)	$ (353,477)	$ (353,477)	$ (353,477)	$ (353,477)	$ (353,477)	$ (4,241,729)	$ (4,241,729)
38 Deferred Taxes	$ 2,701,830	$ 2,701,830	$ 2,701,830	$ 2,701,830	$ 2,701,830	$ 2,701,830	$ 2,701,830	$ 2,701,830	$ 21,614,637	$ 21,614,637
39 Total Income Tax	$ (3,791,366)	$ (580,800)	$ (332,392)	$ (70,616)	$ 60,911	$ 68,620	$ 61,044	$ 51,395	$ (4,533,204)	$ (4,533,204)

Biglow 2 - 2009 Deferral	2009 Rev Req									2009 Check
	2009 May	2009 June	2009 July	2009 August	2009 September	2009 October	2009 November	2009 December	2009 Biglow 2 Revenues for RROE	2009 Biglow 2 Revenues for RROE
40 Working Cash Factor	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%
41 Weighted Cost of Debt	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%
42 Weighted Cost of Debt (Monthly)	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%
43 State Tax Rate	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%
44 Federal Tax Rate	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%
45 Composite Tax Rate	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%
46 Effective Cost of Debt	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%
47 Equity Share of Cap Structure	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%
48 Debt Share of Cap Structure	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%
49 ROE Target	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%
50 WACC	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%
51 WACC (Monthly)	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%
52 Gross-up Factor	1.621	1.621	1.621	1.621	1.621	1.621	1.621	1.621	1.621	1.621
53 Grossed-up Cost of Capital	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%
54 Bad Debt Rate	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%
55 OPUC Fee Rate	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%
56 Franchise Fee Rate	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%
Income Tax Check										
57 Revenue	$ (3,565,653)	$ (19,325)	$ 136,283	$ 757,305	$ 1,381,715	$ 1,778,712	$ 2,944,845	$ 2,169,634	$ 5,583,516	$ 5,583,516
58 Int. Expense	$ 32,865	$ 186,115	$ 448,600	$ 725,210	$ 864,192	$ 872,337	$ 864,332	$ 854,136	$ 4,847,786	$ 4,847,786
59 Op. Expense	$ 142,803	$ 91,950	$ (663,038)	$ (1,001,614)	$ (859,349)	$ (490,609)	$ 703,294	$ (36,545)	$ (2,113,107)	$ (2,113,107)
60 Book Taxable	$ (3,741,321)	$ (297,390)	$ 350,721	$ 1,033,709	$ 1,376,872	$ 1,396,984	$ 1,377,219	$ 1,352,043	$ 2,848,837	$ 2,848,837
61 Tot. Sch. M	$ 7,034,027	$ 7,034,027	$ 7,034,027	$ 7,034,027	$ 7,034,027	$ 7,034,027	$ 7,034,027	$ 7,034,027	$ 56,272,215	$ 56,272,215
62 Tax Taxable	$ (10,775,348)	$ (7,331,416)	$ (6,683,306)	$ (6,000,318)	$ (5,657,155)	$ (5,637,043)	$ (5,656,808)	$ (5,681,984)	$ (53,423,378)	$ (53,423,378)
63 Net State Tax	$ (1,468,364)	$ (558,702)	$ (525,519)	$ (490,550)	$ (472,980)	$ (471,950)	$ (472,962)	$ (474,251)	$ (4,935,277)	$ (4,935,277)
64 Net Federal Tax	$ (5,024,831)	$ (2,723,928)	$ (2,508,703)	$ (2,281,896)	$ (2,167,939)	$ (2,161,260)	$ (2,167,824)	$ (2,176,184)	$ (21,212,565)	$ (21,212,565)
65 Deferred Tax	$ 2,701,830	$ 2,701,830	$ 2,701,830	$ 2,701,830	$ 2,701,830	$ 2,701,830	$ 2,701,830	$ 2,701,830	$ 21,614,637	$ 21,614,637
66 Total Tax	$ (3,791,366)	$ (580,800)	$ (332,392)	$ (70,616)	$ 60,911	$ 68,620	$ 61,044	$ 51,395	$ (4,533,204)	$ (4,533,204)
	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
UOI Check										
67 Avg. Rate Base									$ 221,461,237	$ 221,461,237
68 RROE									5.522%	5.522%
69 UOI									$ 12,229,828	$ 12,229,828
									TRUE	TRUE

	2008 Rev Req		2008 Check	2009 Rev Req													2009 Check	14 mos. Rev Req	14 mos. Check
SunWay 1 - 2008/2009 Deferral	2008 December	**2008 SunWay 1** Revenues for RROE	**2008 SunWay 1** Revenues for RROE	2009 January	2009 February	2009 March	2009 April	2009 May	2009 June	2009 July	2009 August	2009 September	2009 October	2009 November	2009 December	**2009 SunWay 1** Revenues for RROE	**2009 SunWay 1** Revenues for RROE	**2008/2009 SunWay 1** Revenues for RROE	**2008/2009 SunWay 1** Revenues for RROE
1 Sales to Customers	$ (3,783)	$ (3,783)	$ (3,783)	$ 19,283	$ 19,112	$ 18,940	$ 18,769	$ 18,597	$ 18,426	$ 18,255	$ 18,083	$ 17,912	$ 17,740	$ 17,569	$ 12,544	$ 215,230	$ 215,230	$ 211,447	$ 211,447
2 Other Revenues	$ 4,810	$ 4,810	$ 4,810	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,823	$ 4,823	$ 4,823	$ 9,633	$ 9,633
3 Total Operating Revenues	$ 1,027	$ 1,027	$ 1,027	$ 19,283	$ 19,112	$ 18,940	$ 18,769	$ 18,597	$ 18,426	$ 18,255	$ 18,083	$ 17,912	$ 17,740	$ 17,569	$ 17,367	$ 220,053	$ 220,053	$ 221,080	$ 221,080
4 Uncollectibles Expense	$ (16)	$ (16)	$ (16)	$ 83	$ 82	$ 81	$ 81	$ 80	$ 79	$ 78	$ 78	$ 77	$ 76	$ 76	$ 54	$ 925	$ 925	$ 909	$ 909
5 OPUC Fees	$ (12)	$ (12)	$ (12)	$ 60	$ 60	$ 59	$ 59	$ 58	$ 58	$ 57	$ 57	$ 56	$ 55	$ 55	$ 39	$ 673	$ 673	$ 661	$ 661
6 Depreciation	$ -	$ -	$ -	$ 636	$ 636	$ 636	$ 636	$ 636	$ 636	$ 636	$ 636	$ 636	$ 636	$ 636	$ 636	$ 7,635	$ 7,635	$ 7,635	$ 7,635
7 Amortization	$ 6	$ 6	$ 6	$ 16,809	$ 16,809	$ 16,809	$ 16,809	$ 16,809	$ 16,809	$ 16,809	$ 16,809	$ 16,809	$ 16,809	$ 16,809	$ 16,809	$ 201,707	$ 201,707	$ 201,713	$ 201,713
8 Franchise Fees	$ (95)	$ (95)	$ (95)	$ 485	$ 480	$ 476	$ 472	$ 468	$ 463	$ 459	$ 455	$ 450	$ 446	$ 442	$ 315	$ 5,411	$ 5,411	$ 5,316	$ 5,316
9 Utility Income Tax	$ 283	$ 283	$ 283	$ 329	$ 284	$ 239	$ 194	$ 148	$ 103	$ 58	$ 12	$ (33)	$ (78)	$ (123)	$ (134)	$ 999	$ 999	$ 1,282	$ 1,282
10 Total Operating Expenses & Taxes	$ 165	$ 165	$ 165	$ 18,402	$ 18,352	$ 18,301	$ 18,250	$ 18,199	$ 18,148	$ 18,097	$ 18,047	$ 17,996	$ 17,945	$ 17,894	$ 17,720	$ 217,350	$ 217,350	$ 217,516	$ 217,516
11 Utility Operating Income	$ 862	$ 862	$ 862	$ 881	$ 760	$ 640	$ 519	$ 398	$ 278	$ 157	$ 37	$ (84)	$ (205)	$ (325)	$ (353)	$ 2,703	$ 2,703	$ 3,565	$ 3,565
12 Rate of Return	0.690%	0.690%	0.690%	0.752%	0.763%	0.778%	0.802%	0.842%	0.930%	1.266%	-0.726%	0.374%	0.513%	0.567%	0.576%	8.284%	8.284%	8.974%	8.974%
13 Misc. Deferred Debits	$ 124,873	$ 124,873	$ 124,873	$ 124,555	$ 123,919	$ 123,282	$ 122,646	$ 122,010	$ 121,374	$ 120,737	$ 120,101	$ 119,465	$ 118,829	$ 118,192	$ 131,111	$ 122,185	$ 122,185	$ 122,392	$ 122,392
14 Misc. Deferred Credits	$ (3)	$ (3)	$ (3)	$ (8,410)	$ (25,219)	$ (42,028)	$ (58,837)	$ (75,646)	$ (92,455)	$ (109,263)	$ (126,072)	$ (142,881)	$ (159,690)	$ (176,499)	$ (193,308)	$ (100,859)	$ (100,859)	$ (93,101)	$ (93,101)
15 Working Cash	$ 9	$ 9	$ 9	$ 957	$ 954	$ 952	$ 949	$ 946	$ 944	$ 941	$ 938	$ 936	$ 933	$ 930	$ 921	$ 11,302	$ 11,302	$ 10,433	$ 10,433
16 Avg. Rate Base	$ 124,879	$ 124,879	$ 124,879	$ 117,102	$ 99,654	$ 82,206	$ 64,758	$ 47,311	$ 29,863	$ 12,415	$ (5,033)	$ (22,481)	$ (39,928)	$ (57,376)	$ (61,275)	$ 32,628	$ 32,628	$ 39,724	$ 39,724
17 Regulated Net Income	$ 520	$ 520	$ 520	$ 532	$ 459	$ 386	$ 313	$ 241	$ 168	$ 95	$ 22	$ (51)	$ (124)	$ (196)	$ (213)	$ 1,631	$ 1,631	$ 2,152	$ 2,152
18 Return on Equity	0.83%	0.83%	0.29%	0.96%	0.98%	1.01%	1.06%	1.14%	1.31%	1.98%	-2.00%	0.20%	0.48%	0.59%	0.60%	10.00%	10.00%	10.83%	10.83%
Utility Income Taxes																			
19 Book Rev	$ 1,027	$ 1,027	$ 1,027	$ 19,283	$ 19,112	$ 18,940	$ 18,769	$ 18,597	$ 18,426	$ 18,255	$ 18,083	$ 17,912	$ 17,740	$ 17,569	$ 17,367	$ 220,053	$ 220,053	$ 221,080	$ 221,080
20 Book Exp	$ (118)	$ (118)	$ (118)	$ 18,073	$ 18,068	$ 18,062	$ 18,056	$ 18,051	$ 18,045	$ 18,040	$ 18,034	$ 18,028	$ 18,023	$ 18,017	$ 17,854	$ 216,351	$ 216,351	$ 216,233	$ 216,233
21 Interest Expense	$ 342	$ 342	$ 342	$ 349	$ 301	$ 254	$ 206	$ 158	$ 110	$ 62	$ 14	$ (33)	$ (81)	$ (129)	$ (140)	$ 1,071	$ 1,071	$ 1,413	$ 1,413
22 Deferred Ms	$ 25	$ 25	$ 25	$ (16,808)	$ (16,808)	$ (16,808)	$ (16,808)	$ (16,808)	$ (16,808)	$ (16,808)	$ (16,808)	$ (16,808)	$ (16,808)	$ (16,808)	$ (16,808)	$ (201,699)	$ (201,699)	$ (201,674)	$ (201,674)
23 Taxable Income	$ 778	$ 778	$ 778	$ 17,669	$ 17,551	$ 17,433	$ 17,315	$ 17,197	$ 17,079	$ 16,961	$ 16,843	$ 16,725	$ 16,607	$ 16,489	$ 16,462	$ 204,330	$ 204,330	$ 205,108	$ 205,108
24 State Tax	$ 40	$ 40	$ 40	$ 905	$ 899	$ 893	$ 887	$ 880	$ 874	$ 868	$ 862	$ 856	$ 850	$ 844	$ 843	$ 10,462	$ 10,462	$ 10,502	$ 10,502
25 State Tax Credits	$ (7)	$ (7)	$ (7)	$ (1)	$ (1)	$ (1)	$ (1)	$ (1)	$ (1)	$ (1)	$ (1)	$ (1)	$ (1)	$ (1)	$ (1)	$ (14)	$ (14)	$ (21)	$ (21)
26 Net State Taxes	$ 33	$ 33	$ 33	$ 904	$ 897	$ 891	$ 885	$ 879	$ 873	$ 867	$ 861	$ 855	$ 849	$ 843	$ 842	$ 10,448	$ 10,448	$ 10,481	$ 10,481
27 Federal Taxable Income	$ 745	$ 745	$ 745	$ 16,766	$ 16,654	$ 16,542	$ 16,430	$ 16,318	$ 16,206	$ 16,094	$ 15,982	$ 15,870	$ 15,758	$ 15,645	$ 15,620	$ 193,882	$ 193,882	$ 194,627	$ 194,627
28 Federal Tax	$ 261	$ 261	$ 261	$ 5,868	$ 5,829	$ 5,790	$ 5,750	$ 5,711	$ 5,672	$ 5,633	$ 5,594	$ 5,554	$ 5,515	$ 5,476	$ 5,467	$ 67,859	$ 67,859	$ 68,119	$ 68,119
29 Federal Tax Credits	$ (21)	$ (21)	$ (21)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (21)	$ (21)
30 Deferred Taxes	$ 10	$ 10	$ 10	$ (6,442)	$ (6,442)	$ (6,442)	$ (6,442)	$ (6,442)	$ (6,442)	$ (6,442)	$ (6,442)	$ (6,442)	$ (6,442)	$ (6,442)	$ (6,442)	$ (77,307)	$ (77,307)	$ (77,298)	$ (77,298)
31 Total Income Tax	$ 283	$ 283	$ 283	$ 329	$ 284	$ 239	$ 194	$ 148	$ 103	$ 58	$ 12	$ (33)	$ (78)	$ (123)	$ (134)	$ 999	$ 999	$ 1,282	$ 1,282

	2008 Rev Req		2008 Check	2009 Rev Req													2009 Check	14 mos. Rev Req	14 mos. Check
SunWay 1 - 2008/2009 Deferral	2008 December	**2008 SunWay 1** Revenues for RROE	**2008 SunWay 1** Revenues for RROE	2009 January	2009 February	2009 March	2009 April	2009 May	2009 June	2009 July	2009 August	2009 September	2009 October	2009 November	2009 December	**2009 SunWay 1** Revenues for RROE	**2009 SunWay 1** Revenues for RROE	**2008/2009 SunWay 1** Revenues for RROE	**2008/2009 SunWay 1** Revenues for RROE
32 Working Cash Factor	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%
33 Weighted Cost of Debt	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%
34 Weighted Cost of Debt (Monthly)	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%
35 State Tax Rate	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%
36 Federal Tax Rate	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%
37 Composite Tax Rate	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%
38 Effective Cost of Debt	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%
39 Equity Share of Cap Structure	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%
40 Debt Share of Cap Structure	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%
41 ROE Target	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%
42 WACC	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%
43 WACC (Monthly)	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%
44 Gross-up Factor	1.621	1.621	1.621	1.621	1.621	1.621	1.621	1.621	1.621	1.621	1.621	1.621	1.621	1.621	1.621	1.621	1.621	1.621	1.621
45 Grossed-up Cost of Capital	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%
46 Grossed-up Cost of Capital (Monthly)	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%
47 Bad Debt Rate	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%
48 OPUC Fee Rate	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%
49 Franchise Fee Rate	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%
Income Tax Check																			
50 Revenue	$ 1,027	$ 1,027	$ 1,027	$ 19,283	$ 19,112	$ 18,940	$ 18,769	$ 18,597	$ 18,426	$ 18,255	$ 18,083	$ 17,912	$ 17,740	$ 17,569	$ 17,367	$ 220,053	$ 220,053	$ 221,080	$ 221,080
51 Int. Expense	$ 342	$ 342	$ 342	$ 349	$ 301	$ 254	$ 206	$ 158	$ 110	$ 62	$ 14	$ (33)	$ (81)	$ (129)	$ (140)	$ 1,071	$ 1,071	$ 1,413	$ 1,413
52 Op. Expense	$ (118)	$ (118)	$ (118)	$ 18,073	$ 18,068	$ 18,062	$ 18,056	$ 18,051	$ 18,045	$ 18,040	$ 18,034	$ 18,028	$ 18,023	$ 18,017	$ 17,854	$ 216,351	$ 216,351	$ 216,233	$ 216,233
53 Book Taxable	$ 803	$ 803	$ 803	$ 861	$ 743	$ 625	$ 507	$ 389	$ 271	$ 153	$ 35	$ (84)	$ (202)	$ (320)	$ (347)	$ 2,631	$ 2,631	$ 3,434	$ 3,434
54 Tot. Sch. M	$ 25	$ 25	$ 25	$ (16,808)	$ (16,808)	$ (16,808)	$ (16,808)	$ (16,808)	$ (16,808)	$ (16,808)	$ (16,808)	$ (16,808)	$ (16,808)	$ (16,808)	$ (16,808)	$ (201,699)	$ (201,699)	$ (201,674)	$ (201,674)
55 Tax Taxable	$ 778	$ 778	$ 778	$ 17,669	$ 17,551	$ 17,433	$ 17,315	$ 17,197	$ 17,079	$ 16,961	$ 16,843	$ 16,725	$ 16,607	$ 16,489	$ 16,462	$ 204,330	$ 204,330	$ 205,108	$ 205,108
56 Net State Tax	$ 33	$ 33	$ 33	$ 904	$ 897	$ 891	$ 885	$ 879	$ 873	$ 867	$ 861	$ 855	$ 849	$ 843	$ 842	$ 10,448	$ 10,448	$ 10,481	$ 10,481
57 Net Federal Tax	$ 240	$ 240	$ 240	$ 5,868	$ 5,829	$ 5,790	$ 5,750	$ 5,711	$ 5,672	$ 5,633	$ 5,594	$ 5,554	$ 5,515	$ 5,476	$ 5,467	$ 67,859	$ 67,859	$ 68,099	$ 68,099
58 Deferred Tax	$ 10	$ 10	$ 10	$ (6,442)	$ (6,442)	$ (6,442)	$ (6,442)	$ (6,442)	$ (6,442)	$ (6,442)	$ (6,442)	$ (6,442)	$ (6,442)	$ (6,442)	$ (6,442)	$ (77,307)	$ (77,307)	$ (77,298)	$ (77,298)
59 Total Tax	$ 283	$ 283	$ 283	$ 329	$ 284	$ 239	$ 194	$ 148	$ 103	$ 58	$ 12	$ (33)	$ (78)	$ (123)	$ (134)	$ 999	$ 999	$ 1,282	$ 1,282
	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
UOI Check																			
60 Avg. Rate Base		$ 124,879	$ 124,879													$ 32,628	$ 32,628	$ 39,724	$ 39,724
61 RROE		0.690%	0.690%													8.284%	8.284%	8.974%	8.974%
62 UOI		$ 862	$ 862													$ 2,703	$ 2,703	$ 3,565	$ 3,565
		TRUE	TRUE													TRUE	TRUE	TRUE	TRUE

SunWay 2 - 2008/2009 Deferral	2008 Rev Req		2008 Check	2009 Rev Req													2009 Check	14 mos. Rev Req	14 mos. Check
	2008 December	2008 SunWay 2 Revenues for RROE	2008 SunWay 2 Revenues for RROE	2009 January	2009 February	2009 March	2009 April	2009 May	2009 June	2009 July	2009 August	2009 September	2009 October	2009 November	2009 December	2009 SunWay 2 Revenues for RROE	2009 SunWay 2 Revenues for RROE	2008/2009 SunWay 2 Revenues for RROE	2008/2009 SunWay 2 Revenues for RROE
1 Sales to Customers	$ (9,882)	$ (9,882)	$ (9,882)	$ 56,108	$ 55,624	$ 55,140	$ 54,656	$ 54,172	$ 53,688	$ 53,204	$ 52,720	$ 52,236	$ 51,752	$ 51,268	$ 36,143	$ 626,714	$ 626,714	$ 616,833	$ 616,833
2 Other Revenues	$ 14,386	$ 14,386	$ 14,386	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 14,386	$ 14,386	$ 14,386	$ 28,772	$ 28,772
3 Total Operating Revenues	$ 4,504	$ 4,504	$ 4,504	$ 56,108	$ 55,624	$ 55,140	$ 54,656	$ 54,172	$ 53,688	$ 53,204	$ 52,720	$ 52,236	$ 51,752	$ 51,268	$ 50,529	$ 641,100	$ 641,100	$ 645,605	$ 645,605
4 Uncollectibles Expense	$ (42)	$ (42)	$ (42)	$ 241	$ 239	$ 237	$ 235	$ 233	$ 231	$ 229	$ 227	$ 225	$ 223	$ 220	$ 155	$ 2,695	$ 2,695	$ 2,652	$ 2,652
5 OPUC Fees	$ (31)	$ (31)	$ (31)	$ 175	$ 174	$ 172	$ 171	$ 169	$ 168	$ 166	$ 165	$ 163	$ 162	$ 160	$ 113	$ 1,958	$ 1,958	$ 1,928	$ 1,928
6 Depreciation	$ -	$ -	$ -	$ 5,098	$ 5,098	$ 5,098	$ 5,098	$ 5,098	$ 5,098	$ 5,098	$ 5,098	$ 5,098	$ 5,098	$ 5,098	$ 5,098	$ 61,170	$ 61,170	$ 61,170	$ 61,170
7 Amortization	$ 12	$ 12	$ 12	$ 44,137	$ 44,137	$ 44,137	$ 44,137	$ 44,137	$ 44,137	$ 44,137	$ 44,137	$ 44,137	$ 44,137	$ 44,137	$ 44,137	$ 529,648	$ 529,648	$ 529,660	$ 529,660
8 Franchise Fees	$ (248)	$ (248)	$ (248)	$ 1,411	$ 1,398	$ 1,386	$ 1,374	$ 1,362	$ 1,350	$ 1,338	$ 1,325	$ 1,313	$ 1,301	$ 1,289	$ 909	$ 15,756	$ 15,756	$ 15,507	$ 15,507
9 Utility Income Tax	$ 1,190	$ 1,190	$ 1,190	$ 1,366	$ 1,238	$ 1,111	$ 983	$ 855	$ 728	$ 600	$ 472	$ 344	$ 217	$ 89	$ 22	$ 8,025	$ 8,025	$ 9,215	$ 9,215
10 Total Operating Expenses & Taxes	$ 880	$ 880	$ 880	$ 52,428	$ 52,285	$ 52,141	$ 51,998	$ 51,854	$ 51,711	$ 51,567	$ 51,424	$ 51,280	$ 51,137	$ 50,993	$ 50,433	$ 619,252	$ 619,252	$ 620,132	$ 620,132
11 Utility Operating Income	$ 3,624	$ 3,624	$ 3,624	$ 3,680	$ 3,339	$ 2,999	$ 2,659	$ 2,318	$ 1,978	$ 1,637	$ 1,297	$ 956	$ 616	$ 275	$ 95	$ 21,848	$ 21,848	$ 25,473	$ 25,473
12 Rate of Return	0.690%	0.690%	0.690%	0.731%	0.736%	0.741%	0.748%	0.757%	0.770%	0.788%	0.818%	0.876%	1.027%	2.574%	-0.636%	8.284%	8.284%	8.974%	8.974%
13 Misc. Deferred Debits	$ 525,014	$ 525,014	$ 525,014	$ 522,465	$ 517,368	$ 512,270	$ 507,173	$ 502,075	$ 496,978	$ 491,880	$ 486,783	$ 481,685	$ 476,588	$ 471,490	$ 489,949	$ 496,392	$ 496,392	$ 498,594	$ 498,594
14 Misc. Deferred Credits	$ (6)	$ (6)	$ (6)	$ (22,080)	$ (66,218)	$ (110,355)	$ (154,492)	$ (198,630)	$ (242,767)	$ (286,904)	$ (331,042)	$ (375,179)	$ (419,316)	$ (463,454)	$ (507,591)	$ (264,836)	$ (264,836)	$ (244,464)	$ (244,464)
15 Working Cash	$ 46	$ 46	$ 46	$ 2,726	$ 2,719	$ 2,711	$ 2,704	$ 2,696	$ 2,689	$ 2,681	$ 2,674	$ 2,667	$ 2,659	$ 2,652	$ 2,623	$ 32,201	$ 32,201	$ 29,728	$ 29,728
16 Avg. Rate Base	$ 525,054	$ 525,054	$ 525,054	$ 503,111	$ 453,869	$ 404,627	$ 355,384	$ 306,142	$ 256,900	$ 207,658	$ 158,415	$ 109,173	$ 59,931	$ 10,688	$ (15,020)	$ 263,758	$ 263,758	$ 283,857	$ 283,857
17 Regulated Net Income	$ 2,188	$ 2,188	$ 2,188	$ 2,221	$ 2,016	$ 1,810	$ 1,605	$ 1,399	$ 1,194	$ 988	$ 783	$ 577	$ 372	$ 166	$ 58	$ 13,188	$ 13,188	$ 15,376	$ 15,376
18 Return on Equity	0.83%	0.83%	0.29%	0.92%	0.92%	0.94%	0.95%	0.97%	0.99%	1.03%	1.09%	1.20%	1.51%	4.60%	-1.82%	10.00%	10.00%	10.83%	10.83%
Utility Income Taxes																			
19 Book Rev	$ 4,504	$ 4,504	$ 4,504	$ 56,108	$ 55,624	$ 55,140	$ 54,656	$ 54,172	$ 53,688	$ 53,204	$ 52,720	$ 52,236	$ 51,752	$ 51,268	$ 50,529	$ 641,100	$ 641,100	$ 645,605	$ 645,605
20 Book Exp	$ (310)	$ (310)	$ (310)	$ 51,062	$ 51,046	$ 51,030	$ 51,015	$ 50,999	$ 50,983	$ 50,967	$ 50,952	$ 50,936	$ 50,920	$ 50,904	$ 50,412	$ 611,227	$ 611,227	$ 610,917	$ 610,917
21 Interest Expense	$ 1,437	$ 1,437	$ 1,437	$ 1,459	$ 1,324	$ 1,189	$ 1,054	$ 919	$ 784	$ 649	$ 514	$ 379	$ 244	$ 109	$ 38	$ 8,660	$ 8,660	$ 10,097	$ 10,097
22 Deferred Ms	$ 109	$ 109	$ 109	$ (44,133)	$ (44,133)	$ (44,133)	$ (44,133)	$ (44,133)	$ (44,133)	$ (44,133)	$ (44,133)	$ (44,133)	$ (44,133)	$ (44,133)	$ (44,133)	$ (529,597)	$ (529,597)	$ (529,488)	$ (529,488)
23 Taxable Income	$ 3,269	$ 3,269	$ 3,269	$ 47,721	$ 47,387	$ 47,054	$ 46,721	$ 46,388	$ 46,054	$ 45,721	$ 45,388	$ 45,055	$ 44,721	$ 44,388	$ 44,212	$ 550,810	$ 550,810	$ 554,079	$ 554,079
24 State Tax	$ 167	$ 167	$ 167	$ 2,443	$ 2,426	$ 2,409	$ 2,392	$ 2,375	$ 2,358	$ 2,341	$ 2,324	$ 2,307	$ 2,290	$ 2,273	$ 2,264	$ 28,201	$ 28,201	$ 28,369	$ 28,369
25 State Tax Credits	$ (36)	$ (36)	$ (36)	$ (6)	$ (6)	$ (6)	$ (6)	$ (6)	$ (6)	$ (6)	$ (6)	$ (6)	$ (6)	$ (6)	$ (6)	$ (72)	$ (72)	$ (109)	$ (109)
26 Net State Taxes	$ 131	$ 131	$ 131	$ 2,437	$ 2,420	$ 2,403	$ 2,386	$ 2,369	$ 2,352	$ 2,335	$ 2,318	$ 2,301	$ 2,284	$ 2,267	$ 2,258	$ 28,129	$ 28,129	$ 28,260	$ 28,260
27 Federal Taxable Income	$ 3,138	$ 3,138	$ 3,138	$ 45,283	$ 44,967	$ 44,651	$ 44,335	$ 44,019	$ 43,702	$ 43,386	$ 43,070	$ 42,754	$ 42,438	$ 42,121	$ 41,955	$ 522,681	$ 522,681	$ 525,819	$ 525,819
28 Federal Tax	$ 1,098	$ 1,098	$ 1,098	$ 15,849	$ 15,738	$ 15,628	$ 15,517	$ 15,406	$ 15,296	$ 15,185	$ 15,075	$ 14,964	$ 14,853	$ 14,743	$ 14,684	$ 182,938	$ 182,938	$ 184,036	$ 184,036
29 Federal Tax Credits	$ (81)	$ (81)	$ (81)	$ (5)	$ (5)	$ (5)	$ (5)	$ (5)	$ (5)	$ (5)	$ (5)	$ (5)	$ (5)	$ (5)	$ (5)	$ (58)	$ (58)	$ (139)	$ (139)
30 Deferred Taxes	$ 42	$ 42	$ 42	$ (16,915)	$ (16,915)	$ (16,915)	$ (16,915)	$ (16,915)	$ (16,915)	$ (16,915)	$ (16,915)	$ (16,915)	$ (16,915)	$ (16,915)	$ (16,915)	$ (202,984)	$ (202,984)	$ (202,942)	$ (202,942)
31 Total Income Tax	$ 1,190	$ 1,190	$ 1,190	$ 1,366	$ 1,238	$ 1,111	$ 983	$ 855	$ 728	$ 600	$ 472	$ 344	$ 217	$ 89	$ 22	$ 8,025	$ 8,025	$ 9,215	$ 9,215

SunWay 2 - 2008/2009 Deferral	2008 Rev Req		2008 Check	2009 Rev Req													2009 Check	14 mos. Rev Req	14 mos. Check
	2008 December	2008 SunWay 2 Revenues for RROE	2008 SunWay 2 Revenues for RROE	2009 January	2009 February	2009 March	2009 April	2009 May	2009 June	2009 July	2009 August	2009 September	2009 October	2009 November	2009 December	2009 SunWay 2 Revenues for RROE	2009 SunWay 2 Revenues for RROE	2008/2009 SunWay 2 Revenues for RROE	2008/2009 SunWay 2 Revenues for RROE
32 Working Cash Factor	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%	5.200%
33 Weighted Cost of Debt	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%	3.284%
34 Weighted Cost of Debt (Monthly)	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%	0.274%
35 State Tax Rate	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%
36 Federal Tax Rate	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%	35.000%
37 Composite Tax Rate	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%	38.328%
38 Effective Cost of Debt	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%	6.567%
39 Equity Share of Cap Structure	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%
40 Debt Share of Cap Structure	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%	50.000%
41 ROE Target	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%
42 WACC	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%	8.284%
43 WACC (Monthly)	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%	0.690%
44 Gross-up Factor	1.621	1.621	1.621	1.621	1.621	1.621	1.621	1.621	1.621	1.621	1.621	1.621	1.621	1.621	1.621	1.621	1.621	1.621	1.621
45 Grossed-up Cost of Capital	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%	11.391%
46 Grossed-up Cost of Capital (Monthly)	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%	0.903%
47 Bad Debt Rate	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%	0.430%
48 OPUC Fee Rate	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%
49 Franchise Fee Rate	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%	2.514%
Income Tax Check																			
50 Revenue	$ 4,504	$ 4,504	$ 4,504	$ 56,108	$ 55,624	$ 55,140	$ 54,656	$ 54,172	$ 53,688	$ 53,204	$ 52,720	$ 52,236	$ 51,752	$ 51,268	$ 50,529	$ 641,100	$ 641,100	$ 645,605	$ 645,605
51 Int. Expense	$ 1,437	$ 1,437	$ 1,437	$ 1,459	$ 1,324	$ 1,189	$ 1,054	$ 919	$ 784	$ 649	$ 514	$ 379	$ 244	$ 109	$ 38	$ 8,660	$ 8,660	$ 10,097	$ 10,097
52 Op. Expense	$ (310)	$ (310)	$ (310)	$ 51,062	$ 51,046	$ 51,030	$ 51,015	$ 50,999	$ 50,983	$ 50,967	$ 50,952	$ 50,936	$ 50,920	$ 50,904	$ 50,412	$ 611,227	$ 611,227	$ 610,917	$ 610,917
53 Book Taxable	$ 3,378	$ 3,378	$ 3,378	$ 3,587	$ 3,254	$ 2,921	$ 2,588	$ 2,255	$ 1,921	$ 1,588	$ 1,255	$ 922	$ 588	$ 255	$ 79	$ 21,213	$ 21,213	$ 24,591	$ 24,591
54 Tot. Sch. M	$ 109	$ 109	$ 109	$ (44,133)	$ (44,133)	$ (44,133)	$ (44,133)	$ (44,133)	$ (44,133)	$ (44,133)	$ (44,133)	$ (44,133)	$ (44,133)	$ (44,133)	$ (44,133)	$ (529,597)	$ (529,597)	$ (529,488)	$ (529,488)
55 Tax Taxable	$ 3,269	$ 3,269	$ 3,269	$ 47,721	$ 47,387	$ 47,054	$ 46,721	$ 46,388	$ 46,054	$ 45,721	$ 45,388	$ 45,055	$ 44,721	$ 44,388	$ 44,212	$ 550,810	$ 550,810	$ 554,079	$ 554,079
56 Net State Tax	$ 131	$ 131	$ 131	$ 2,437	$ 2,420	$ 2,403	$ 2,386	$ 2,369	$ 2,352	$ 2,335	$ 2,318	$ 2,301	$ 2,284	$ 2,267	$ 2,258	$ 28,129	$ 28,129	$ 28,260	$ 28,260
57 Net Federal Tax	$ 1,017	$ 1,017	$ 1,017	$ 15,844	$ 15,734	$ 15,623	$ 15,512	$ 15,402	$ 15,291	$ 15,180	$ 15,070	$ 14,959	$ 14,848	$ 14,738	$ 14,679	$ 182,880	$ 182,880	$ 183,897	$ 183,897
58 Deferred Tax	$ 42	$ 42	$ 42	$ (16,915)	$ (16,915)	$ (16,915)	$ (16,915)	$ (16,915)	$ (16,915)	$ (16,915)	$ (16,915)	$ (16,915)	$ (16,915)	$ (16,915)	$ (16,915)	$ (202,984)	$ (202,984)	$ (202,942)	$ (202,942)
59 Total Tax	$ 1,190	$ 1,190	$ 1,190	$ 1,366	$ 1,238	$ 1,111	$ 983	$ 855	$ 728	$ 600	$ 472	$ 344	$ 217	$ 89	$ 22	$ 8,025	$ 8,025	$ 9,215	$ 9,215
	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
UOI Check																			
60 Avg. Rate Base		$ 525,054	$ 525,054													$ 263,758	$ 263,758	$ 283,857	$ 283,857
61 RROE		0.690%	0.690%													8.284%	8.284%	8.974%	8.974%
62 UOI		$ 3,624	$ 3,624													$ 21,848	$ 21,848	$ 25,473	$ 25,473
		TRUE	TRUE													TRUE	TRUE	TRUE	TRUE

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused **PORTLAND GENERAL ELECTRIC COMPANY'S ADVICE NO. 09-06, TESTIMONY & EXHIBITS OF RANDALL DAHLGREN, JAY TINKER AND REBECCA BROWN** to be served by electronic mail to those parties whose email addresses appear on the attached service list and by method specified, postage prepaid and properly addressed, to those parties on the attached service list who have not waived paper service from OPUC Docket No. UE 197.

Dated at Portland, Oregon, this 1st day of April, 2009.

DOUGLAS C. TINGEY, OSB # 044366
Assistant General Counsel
Portland General Electric Company
121 SW Salmon St., 1WTC1301
Portland, OR 97204
(503) 464-8926 (telephone)
(503) 464-2200 (fax)
doug.tingey@pgn.com

SERVICE LIST - OPUC DOCKET # UE 197

Jim Deason, Attorney at Law 1 SW Columbia Street Suite 1600 Portland, OR 97258-2014 jimdeason@comcast.net	Kurt J. Boehm, Attorney BOEHM KURTZ & LOWRY 36 E Seventh Street, #1510 Cincinatti, OH 45202 kboehm@bklawfirm.com
Michael L. Kurtz BOEHM KURTZ & LOWRY 36 E Seventh Street, #1510 Cincinatti, OH 45202 mkurtz@bklawfirm.com	G. Catriona McCracken CITIZEN'S UTILITY BOARD OF OREGON 610 SW Broadway – Suite 308 Portland, OR 97205 catriona@oregoncub.org
Robert Jenks CITIZEN'S UTILITY BOARD OF OREGON bob@oregoncub.org (*Waived Paper Service)	OPUC Dockets CITIZEN'S UTILITY BOARD OF OREGON dockets@oregoncub.org (*Waived Paper Service)
Jim Abrahamson COMMUNITY ACTION DIRECTORS OF OREGON jim@cado.org (*Waived Paper Service)	S. Bradley Van Cleve DAVISON VAN CLEVE 333 SW Taylor, Suite 400 Portland, OR 97204 mail@dvclaw.com
Jason W. Jones, Assistant AG Department of Justice 1162 Court Street, NE Salem, OR 97301-4096 Jason.w.jones@state.or.us	Janet L. Prewitt, Assistant AG Department of Justice 1162 Court Street NE Salem, OR 97301-4096 Janet.prewitt@doj.state.or.us
Michael T. Weirich, Assistant AG Regulated Utility and Business Section 1162 Court Street, NE Salem, OR 97301-4096 Michael.weirich@doj.state.or.us	Roger D. Colton FISHER SHEEHAN & COLTON roger@fsonline.com (*Waived Paper Service)
Scott Winkels LEAGUE OF OREGON CITIES PO BOX 928 Salem, OR 97308 swinkels@orcities.org	Kip Pheil OREGON DEPARTMENT OF ENERGY kip.pheil@state.or.us (*Waived Paper Service)
Vijay A. Satyal, Senior Policy Analyst OREGON DEPARTMENT OF ENERGY Vijay.a.satyal@state.or.us (*Waived Paper Service)	Joan Cote OREGON ENERGY COORDINATORS ASSOCIATION cotej@mwvcaa.org (*Waived Paper Service)
Judy Johnson Oregon Public Utility Commission 550 Capitol Street NE, #215 Salem, OR 97308-2148 judy.johnson@state.or.us	