PGE

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

November 1, 2012

E-Filing and US Mail

Filing Center
Public Utility Commission of Oregon
550 Capitol Street, NE, Suite 215
Salem, OR 97301-2148

Re: UM 1186 PGE's ISFSI Tax Credit Deferral

By the end of 2012, PGE will have completed the 10 tax-year deferral requirement prescribed under UM1186 for ISFSI state tax credits. As a result, PGE will not request reauthorization of this deferred account.

In prior applications for reauthorization, we discussed the potential for deferred amounts to go unutilized for tax purposes due to the limits of PGE's taxable income within the accrual year and subsequent 3-year carry-forward provision of the state tax credits. For ISFSI credits from vintage year 2008, PGE was not able to utilize all of the ISFSI tax credits available to us after consideration of our taxable income in years 2008 through 2011. As a result, PGE has written off approximately $1.9 million from the deferred account. For ISFSI credits from vintage years 2009 through 2012 (the final year of new ISFSI credits), PGE has not yet utilized these credits to reduce our Oregon tax liability.

However, we currently expect to have adequate taxable income to utilize these credits before their expiration. We will continue to evaluate the 2009-2012 vintage year credits relative to projected and actual taxable income. If PGE is unable to utilize these credits, we will notify the OPUC of amounts subsequently written off from the deferred account. If PGE is able to utilize the credits, we will request that such credits be amortized into rates through a future tariff filing.

Thank you for your assistance in this matter. If you have any questions or require further information, please call me at (503) 464-7580.

Sincerely,

Patrick G. Hager
Manager, Regulatory Affairs

encls.
cc: Gordon Feigner, CUB
       Melinda Davison, ICNU