



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

March 31, 2010

## **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 (ISFSI Tax Credit Deferral)**

PGE originally received permission from the OPUC to defer Independent Spent Fuel Storage Installation State Tax Credits through OPUC Order No. 05-136 and reauthorization approval through OPUC Order Nos. 05-136, 06-117, 07-084, 08-152, 08-616, and 09-475. Under these Orders, PGE defers the benefit of the actual ISFSI tax credits accrued. First, PGE defers these benefits as they are accrued into a deferred account that does not accrue interest (the accrued, but unused deferred account). Upon the actual use of the credits to reduce PGE's tax payment to the State of Oregon, we transfer these credits to a second deferred account for used tax credits, which accrues interest.

As part of PGE's year-end 2009 accounting closing process, PGE evaluated accrued (but as of yet unused) tax credits to determine if the credits could be expected to be used prior to the expiration of their carry-forward provisions. For ISFSI tax credits accrued (but not used) in 2008 and 2009, we assess that a portion of the accrued credits are not expected to be used before their 3-year carry-forward provisions expire in 2011 and 2012, respectively. As a result, PGE reduced the regulatory liability representing the deferral of benefits at year-end 2009 by \$3.1 million.

During the period between now and the end of the respective carry-forward periods, PGE will continue to assess our ability to use these credits. If PGE is able to use credits previously assessed as not likely to be used, we will again defer any such benefits into the deferred account.

If you have any questions or require further information, please call me (503-464-7580), or Jay Tinker (503-464-7002).

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick G. Hager III", is written over a printed name and title.

Patrick G. Hager  
Manager, Regulatory Affairs

cc: Carla Owings, OPUC  
Bob Tamlyn  
Christy Dunn