



Portland General Electric Company
Legal Department
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Douglas C. Tingey
Assistant General Counsel

February 24, 2011

Via Electronic Filing and Federal Express

Oregon Public Utility Commission
Attention: Filing Center
550 Capitol Street NE, #215
PO Box 2148
Salem OR 97308-2148

Re: UE 178

Attention Filing Center:

Enclosed for filing in the captioned docket are an original and two copies of:

- **REQUEST FOR SUBMISSION OF DATA REQUEST INTO THE RECORD**

This is being filed by electronic mail with the Filing Center.

An extra copy of the cover letter is enclosed. Please date stamp the extra copy and return to me in the envelope provided. Thank you in advance for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "DCT", is written over the typed name.

DOUGLAS C. TINGEY
Assistant General Counsel

DCT:cbm
Enclosures
cc: UE 178 Service List

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 178

In the Matter of

OREGON PUBLIC UTILITY COMMISSION
STAFF

Requesting the Commission Direct
PORTLAND GENERAL ELECTRIC
COMPANY

To file tariffs establishing automatic adjustment
clauses under the terms of SB 408

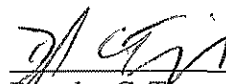
**REQUEST FOR SUBMISSION OF
DATA REQUEST INTO THE
RECORD**

Pursuant to agreement between the parties, Portland General Electric Company ("PGE") hereby submits the attached exhibit for inclusion in the record of this proceeding:

1. Exhibit 206: PGE's first supplemental response to the following data request from Staff of the Public Utility Commission of Oregon ("Staff"): 007. Please note that Attachment 007-B to this exhibit contains highly confidential information and is subject to Protective Order No. 06-033. It is provided under separate cover.

DATED this 24th day of February, 2011

Respectfully Submitted:



Douglas C. Tingey, OSB No. 044366
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November 22, 2010

TO: **SALEM SAFE ROOM**
Oregon Public Utility Commission

FROM: Patrick G. Hager
Manager, Regulatory Affairs

PORTLAND GENERAL ELECTRIC
UE 178
PGE's First Supplemental Response to OPUC Data Request
Dated October 20, 2010
Question No. 007

Request:

PGE uses the current tax rates to calculate its tax liability when calculating stand-alone. The current rates should include the change in tax rate that occurred as a part of the new tax laws implemented in 2009. In addition, PGE uses the total amount attributable to its Schedule M's booked throughout the year. Please explain why PGE does a separate adjustment to account for the tax rate change when calculating stand-alone tax liability.

Response:

PGE calculates current taxes under the stand-alone method using the 7.9% Oregon state tax rate, as reported on work paper "M". Deferred tax balances, however, are calculated based on the expected tax rate in the year they are recognized on a tax return. Because of the 2009 increase in Oregon corporate tax rates, all deferred tax items had to be adjusted to this new rate. The amount on the line titled "Utility Oregon Tax Rate Change" of work paper "M" reflects this adjustment to deferred taxes.

First Supplemental Response (November 22, 2010):

At the November 2, 2010, workshop, PGE agreed to provide Staff with an example illustrating the need for an adjustment on PGE's 2009 Tax Report to true-up the deferred tax rate due to the 2009 increase in Oregon corporate tax rates. That information is provided as Attachment 007-A.

PGE *First Supplemental* Response to OPUC Data Request No. 007

November 22, 2010

Page 2

PGE also agreed to provide evidence that an adjustment was made on PGE's 2006 Tax Report to reduce deferred taxes due to a reduction in PGE's blended state tax rate. That information is provided as Attachment 007-B.

Attachment 007-B contains highly confidential material and is subject to Protective Order No. 06-033.

UE 178
Attachment 007-A

Example of deferred tax rate true-up adjustment

- Assumptions- 1) The Company has assets with book value of \$10M and tax basis of \$2M at 12/31/2008 caused by difference in book and tax depreciable lives and method.
2) Assets have 2 years remaining book and tax life.
3) New Oregon tax rate change enacted for 2009, from 6% to 10%.

EXAMPLE 1
NO DEFERRED TAX ADJUSTMENT FOR 2009 OREGON TAX RATE INCREASE

	2009		2010	
	Current Tax	Deferred Tax	Current Tax	Deferred Tax
Book Depr Expense	1,000,000		9,000,000	
Tax Depr Deduction	500,000		1,500,000	
Book-Tax Difference	500,000	(500,000)	7,500,000	(7,500,000)
New Oregon Tax Rate	10%	10%	10%	10%
Tax Effect	50,000	(50,000)	750,000	(750,000)
	(Additional Current Tax)	(Reversal of Deferred Tax)	(Additional Current Tax)	(Reversal of Deferred Tax)

Deferred Tax Liability		12/31/2008		12/31/2009		12/31/2010	
Book Value	10,000,000						
Tax Basis	2,000,000						
Tax Deferred Difference	8,000,000						
Oregon Tax Rate	6%			10%		10%	
DTA (DTL)	(480,000)	50,000	(430,000)	750,000	320,000	DTA (DTL)	

Deferred Tax Liability should be:		12/31/2009		12/31/2010	
Beg. Book/Tax Diff	8,000,000			7,500,000	
2009/2010 Change	(500,000)			(7,500,000)	
Ending Book/Tax Diff	7,500,000			0	
New enacted Oregon tax rate	10%			10%	
DTL should be	(750,000)	(750,000)		0	0
Understatement of Def. Tax Liability		320,000		320,000	

Customers affected by understatement of Def Tax Liability.

This methodology causes a remaining DTA, even though no remaining Book/Tax differences

EXAMPLE 2
WITH DEFERRED TAX ADJUSTMENT FOR 2009 OREGON TAX RATE INCREASE

	2009		2010	
	Current Tax	Deferred Tax	Current Tax	Deferred Tax
Book Depr Expense	1,000,000		9,000,000	
Tax Depr Deduction	500,000		1,500,000	
Book-Tax Difference	500,000	(500,000)	7,500,000	(7,500,000)
New Oregon Tax Rate	10%	10%	10%	10%
Tax Effect	50,000	(50,000)	750,000	(750,000)

Deferred Tax Rate Adjustment:	
Beg. Book/Tax Difference	8,000,000
Change in OR Rate (6% to 10%)	4%
Deferred Tax Adj.	320,000
Deferred Tax Expense for 2009	(270,000)

Deferred Tax Liability		12/31/2008		12/31/2009		12/31/2010	
Book Value	10,000,000						
Tax Basis	2,000,000						
Tax Deferred Difference	8,000,000						
Oregon Tax Rate	6%			10%		10%	
DTA (DTL)	(480,000)	(270,000)	(750,000)	750,000	0	DTA (DTL)	

Deferred Tax Liability should be:		12/31/2009		12/31/2010	
Beg. Book/Tax Diff	8,000,000			7,500,000	
2009/2010 Change	(500,000)			(7,500,000)	
Ending Book/Tax Diff	7,500,000			0	
New enacted Oregon tax rate	10%			10%	
DTL should be	(750,000)	(750,000)		0	0
Understatement of Def. Tax Liability		0		0	0

UE 178
Attachment 007-B

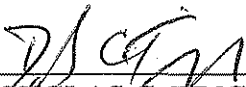
Highly Confidential and
Subject to Protective Order No. 06-033

PGE 2006 Tax Report and work papers related
to deferred tax reduction

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing **REQUEST FOR SUBMISSION OF DATA REQUEST INTO THE RECORD** to be served by electronic mail to those parties whose email addresses appear on the attached service list, and by First Class US Mail, postage prepaid and properly addressed, to those parties on the attached service list who have not waived paper service for OPUC Docket No. UE 178.

DATED at Portland, Oregon, this 24th day of February, 2011.



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**SERVICE LIST
DOCKET # UE 178**

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