

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1252

In the Matter of)	
)	
PORTLAND GENERAL ELECTRIC)	ORDER
)	
Application for Deferred Accounting of)	
Savings associated with the 2005 Oregon)	
Corporate Tax Kicker.)	

**DISPOSITION: DEFERRED ACCOUNTING APPLICATION
APPROVED**

On March 6, 2006, Portland General Electric (PGE) filed a request for authorization to defer any savings associated with the 2005 Oregon Corporate Tax Kicker. A description of the filing and its procedural history is contained in the Staff Report, attached as Appendix A, and incorporated by reference.

At its Public Meeting on April 11, 2006, the Commission adopted Staff's Recommendation and approved PGE's current request.

ORDER

IT IS ORDERED that Portland General Electric Company's request to defer accounting of savings associated with the 2005 Oregon Corporate Tax Kicker, as described in Appendix A, is granted.

Made, entered, and effective APR 13 2006



BY THE COMMISSION:

A handwritten signature in black ink, appearing to read "Becky L. Beier", is written over a horizontal line.

Becky L. Beier
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: April 11, 2006

REGULAR _____ CONSENT X EFFECTIVE DATE April 12, 2006

DATE: March 14, 2006

TO: Public Utility Commission

FROM: Carla Owings *CO*
li *EB* *jj*

THROUGH: Lee Sparling, Ed Busch and Judy Johnson

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UM 1252) Application for Deferred Accounting of Savings associated with the 2005 Oregon Corporate Tax Kicker.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Portland General Electric's request for deferred accounting of savings associated with the 2005 Oregon Corporate Tax Kicker pursuant to ORS 757.259 for accounting purposes only. Ratemaking treatment should be reserved for a ratemaking proceeding.

DISCUSSION:

On March 6, 2006, Portland General Electric (PGE) filed a request for authorization to defer any savings associated with the 2005 Oregon Corporate Tax Kicker (Tax Kicker).

Staff recommends that the Commission address the amortization phase for this deferral in a separate docket, however, in any circumstance, Staff recommends that the impact of the rulemaking in AR 499 (Senate Bill 408, Utility Taxes) be reviewed prior to any decision to amortize the potential savings created by the Tax Kicker. This review should avoid any possibility of double-counting.

Additionally, PGE proposes an earnings test be considered prior to the amortization of this deferral. Staff proposes this issue be reserved for discussion at the time of amortization.

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Description:

ORS 291.349 establishes procedures under which Oregon taxpayers can receive refunds or credits when tax receipts exceed by more than two percent, estimated receipts for any biennium.

Proposed Accounting:

PGE proposes to record the deferred amount in FERC Account 449.1 (Provision for Rate Refunds) crediting FERC Account 229 (Accumulated Provision for Rate Refund). In absence of an accounting order to defer, PGE would record costs associated with the tax kicker to FERC Account 236 (Taxes Accrued) and FERC Account 409.1 (Income Taxes-Utility Operating Income).

Estimate of Amount:

It is unclear at this time how this amount will be treated in relation to the current AR 499 rulemaking procedure which deals with the enactment of Senate Bill 408, Utility Taxes. However, PGE estimates the Tax Kicker savings to be approximately \$4.0 million. The Company proposes to apply interest at its current cost of capital or 9.083%.

PROPOSED COMMISSION MOTION:

The Commission approve Portland General Electric's request for deferred accounting of savings associated with the 2005 Oregon Corporate Tax Kicker pursuant to ORS 757.259 for accounting purposes only. Ratemaking treatment should be reserved for a ratemaking proceeding.

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