

Davison Van Cleve PC

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Portland, OR 97204

February 24, 2011

Via Fedex

Public Utility Commission
Attn: Filing Center
550 Capitol St. NE #215
P.O. Box 2148
Salem OR 97308-2148

Re: In the Matter of OREGON PUBLIC UTILITY STAFF Requesting the
Commission direct PORTLAND GENERAL ELECTRIC COMPANY to file
tariffs establishing automatic adjustment clauses under the terms of SB 408
Docket No. UE 178(4)

Dear Filing Center:

Enclosed for filing please find an original and one copy of a Motion to Admit Pre-filed Testimony and Exhibits (with Affidavit) on behalf of the Industrial Customers of Northwest Utilities in the above-referenced docket, with the certificate of proof of service attached. Please also find an original and five (5) copies of Exhibit ICNU/106, which ICNU and PGE have stipulated should be admitted to the record.

Please feel free to call our office at (503) 241-7242 if you have any questions.
Thank you for your assistance.

Sincerely yours,

/s/ Sarah A. Kohler
Sarah A. Kohler

Enclosures

cc: Service List

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing Motion to Admit Pre-filed Testimony (with Affidavit), and Exhibit ICNU/106 on behalf of the Industrial Customers of Northwest Utilities in Docket No. UE 178(4) upon the parties, on the service list, by causing the same to be deposited in the U.S. Mail, postage-prepaid, and via electronic mail where paper service has been waived.

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

/s/ Sarah A. Kohler
Sarah A. Kohler

CITIZENS' UTILITY BOARD OF OREGON (W) ROBERT JENKS G. CATRIONA MCCrackEN GORDON FEIGHNER 610 SW BROADWAY STE 308 PORTLAND OR 97205 catriona@oregoncub.org gordon@oregoncub.org bob@oregoncub.org	DANIEL W MEEK 10949 SW 4TH AVE PORTLAND OR 97219 dan@meek.net
DEPARTMENT OF JUSTICE JASON W JONES REGULATED UTILITY & BUSINESS SECTION 1162 COURT ST NE SALEM OR 97301-4096 jason.w.jones@state.or.us	KAFOURY & MCDUGAL LINDA K WILLIAMS 10266 SW LANCASTER RD PORTLAND OR 97219-6305 linda@lindawilliams.net
PORTLAND GENERAL ELECTRIC DOUG TINGEY 121 SW SALMON ST 1WTC13 PORTLAND OR 97204 doug.tingey@pgn.com	PORTLAND GENERAL ELECTRIC RATES & REGULATORY AFFAIRS 121 SW SALMON ST 1WTC0702 PORTLAND OR 97204 pge.opuc.filings@pgn.com
OREGON PUBLIC UTILITY COMMISSION (W) CARLA BIRD REVENUE REQUIREMENTS ANALYST PO BOX 2148 SALEM OR 97308-2148 carla.bird@state.or.us	GDS ASSOCIATES, INC. ELLEN BLUMENTHAL 13517 QUEEN JOHANNA CT CORPUS CHRISTI TX 78418 ellen.blumenthal@gdsassociates.com
	PUBLIC UTILITY COMMISSION OF OREGON (W) DEBORAH GARCIA PO BOX 2148 SALEM OR 97308-2148 deborah.garcia@state.or.us

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 178(4)

In the Matter of)	
)	INDUSTRIAL CUSTOMERS OF
PORTLAND GENERAL ELECTRIC)	NORTHWEST UTILITIES MOTION TO
COMPANY)	ADMIT PREFILED TESTIMONY AND
)	EXHIBITS AND STIPULATED EXHIBITS
to File Tariffs Establishing Automatic)	
Adjustment Clause Under the Terms of)	
<u>SB 408.</u>)	

The Industrial Customers of Northwest Utilities (“ICNU”) hereby moves that the following pre-filed testimony and exhibits submitted on behalf of ICNU be admitted to the record: Testimony (ICNU/100) and Exhibits (ICNU/101-105/Blumenthal). ICNU also moves to admit Exhibit ICNU/106, which contains data responses of Portland General Electric (“PGE”) to ICNU data requests, which ICNU and PGE have stipulated should be admitted to the record.

Exhibit ICNU/106 and the original affidavit of Ellen Blumenthal attesting to the truth and accuracy of the testimony and exhibits are attached.

Dated this 24th day of February, 2011.

Respectfully submitted,

DAVISON VAN CLEVE, P.C.

/s/ S. Bradley Van Cleve
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333 S.W. Taylor, Suite 400
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Of Attorneys for Industrial Customers
of Northwest Utilities

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 178(4)

In the Matter of)	
)	INDUSTRIAL CUSTOMERS OF
PORTLAND GENERAL ELECTRIC)	NORTHWEST UTILITIES MOTION TO
COMPANY)	ADMIT PREFILED TESTIMONY AND
)	EXHIBITS AND STIPULATED EXHIBITS
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Dated this 24th day of February, 2011.

Respectfully submitted,

DAVISON VAN CLEVE, P.C.

/s/ S. Bradley Van Cleve
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BEFORE THE OREGON PUBLIC UTILITY COMMISSION

UE 178(4)

In the Matter of)
)
PORTLAND GENERAL ELECTRIC)
COMPANY)
)
Filing of tariffs establishing automatic)
adjustment clause under the terms of)
SB 408.	

EXHIBIT ICNU/106

PORTLAND GENERAL ELECTRIC COMPANY

RESPONSE TO ICNU DATA REQUESTs 24, 25, and 42-47

February 25, 2011

November 1, 2010

TO: S. Bradley Van Cleve
Davison Van Cleve, P.C.

FROM: Randy Dahlgren
Director, Regulatory Policy & Affairs

**PORTLAND GENERAL ELECTRIC
UE 178
PGE Response to ICNU Data Request
Dated October 21, 2010
Question No. 024 (5.24)**

Request:

Refer to Workpaper M. Explain in detail what the Utility Oregon Tax Rate Change is, how it was calculated and all other information necessary to determine the reasonableness of this amount.

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 adjustment on the line titled "Utility Oregon Tax Rate Change" of work paper "M" reflects this adjustment to deferred taxes. Please see work paper "Q" for the determination of the amount included on work paper "M" for "Utility Oregon Tax Rate Change".

Please also see PGE's responses to OPUC Data Request No. 007 and ICNU Data Request No. 025.

November 1, 2010

TO: S. Bradley Van Cleve
Davison Van Cleve, P.C.

FROM: Randy Dahlgren
Director, Regulatory Policy & Affairs

**PORTLAND GENERAL ELECTRIC
UE 178
PGE Response to ICNU Data Request
Dated October 21, 2010
Question No. 025 (5.25)**

Request:

Refer to Workpaper Q. Explain in detail what is shown on this workpaper, the basis for the amounts, and the use of these amounts in the tax report.

Response:

Deferred tax balances 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 to 7.9%, all deferred tax items had to be adjusted to this new rate. Work paper "Q" illustrates the impact of the Oregon corporate tax rate change by deferred tax general ledger account. The amount determined on the line titled "Total Utility Rate Change" of work paper "Q" is used on work paper "M" to adjust PGE's "Federal Tax Liability" for the impact of the corporate tax rate change on deferred taxes.

Please also see PGE's responses to OPUC Data Request No. 007 and ICNU Data Request No. 024.

February 23, 2011

TO: S. Bradley Van Cleve
Davison Van Cleve, P.C.

FROM: Randy Dahlgren
Director, Regulatory Policy & Affairs

**PORTLAND GENERAL ELECTRIC
UE 178
PGE Response to ICNU Data Request
Dated February 21, 2011
Question No. 042**

Request:

Refer to UE 178(4)/Joint Testimony in Response to ICNU/205. Provide detailed calculations that show the development of the amounts on line 3a and 3b.

- a. Provide all source documentation and assumptions for each amount.**
- b. For each amount included in the calculations, provide the related reference to the Commission's SB 408 rules.**

Response:

The amount on line 3a of Joint Testimony Exhibit 205 represents the adjustment needed in order to correct Ms. Blumenthal's calculation in ICNU Exhibit 205 by excluding non-depreciation amounts from the "Depreciation and Amortization" line of the ROO that she uses as a proxy for book depreciation. This line included substantial amounts for regulatory deferral amortization, which are not depreciation related. Line 3a is calculated by determining the difference between line 2 and line 3, then subtracting this amount from the actual total depreciation-related deferred tax amount.

The amount on line 3b of Joint Testimony Exhibit 205 represents the adjustment needed in order to correctly reflect non-depreciation-related deferred taxes. Line 3b is calculated by determining the difference between the total utility deferred Schedule M amount and the total depreciation-related deferred Schedule M amount.

- a. The amounts on line 2 and line 3 were provided in PGE work papers "E" and "G", respectively. The total depreciation-related deferred tax amount was

provided by PGE on work paper "O2" (the total of the "Utility Depreciation Related Sch Ms" column).

The total utility deferred Schedule M amount was provided by PGE on work paper "O2" (the total of the "Utility Deferred Sch Ms" column).

- b. These amounts are included pursuant to Oregon Administrative Rule 860-022-0041(2)(b), 860-022-0041(2)(t), 860-022-0041(4)(d)(a), 860-022-0041(4)(j)(a) and Oregon Revised Statute 757.268(13)(f)(C).

February 23, 2011

TO: S. Bradley Van Cleve
Davison Van Cleve, P.C.

FROM: Randy Dahlgren
Director, Regulatory Policy & Affairs

**PORTLAND GENERAL ELECTRIC
UE 178
PGE Response to ICNU Data Request
Dated February 21, 2011
Question No. 043**

Request:

Explain in detail how PGE accounts for the salvage component of depreciation expense on its books and records.

a. Is salvage recorded in its own account or is it included in the depreciation expense accrual?

Response:

PGE objects to this request on the basis that it is beyond the scope of the Joint Testimony in Response to ICNU filed in this docket on February 19, 2011.

Without waiving this objection, please see PGE's Response to ICNU Data Request No. 32 for information regarding the treatment of salvage costs.

February 23, 2011

TO: S. Bradley Van Cleve
Davison Van Cleve, P.C.

FROM: Randy Dahlgren
Director, Regulatory Policy & Affairs

**PORTLAND GENERAL ELECTRIC
UE 178
PGE Response to ICNU Data Request
Dated February 21, 2011
Question No. 044**

Request:

Confirm that the deferred taxes reflected on WP O2 and on Response Testimony/205 include a SB 408 deferral for 2009 of \$12.7 million.

- a. Explain why this deferral was set up.**
- b. Does this deferral imply that the Company anticipated a surcharge or refund for 2009? Explain.**
- c. Confirm that this deferral is included in the calculation of the iterative effect of SB 408 in the Company's original SB 408 Tax Report.**
- d. Is it true that the iterative effect on the original Tax Report would be approximately \$4.9 million less if the deferred tax was not included on WP O2? Explain.**

Response:

Yes, PGE work paper "O2" and line 3b of Joint Testimony Exhibit 205 include a deferral related to an SB 408 accrual for the 2009 tax year.

- a. This deferral amount is related to an accrual established pursuant to Financial Accounting Standard Codification Topic Nos. 450 and 980. These accounting standards require companies to record an estimated accrual for amounts determined to be known, measurable, and probable.
- b. The accrual implies that PGE estimated an SB 408 refund for the 2009 tax year. Please see the response to part "a" above.
- c. Yes, this deferral is included in the calculation of the iterative effect in PGE's original SB 408 tax report for the 2009 tax year.

- d. We understand this data request to be seeking information regarding the iterative effect adjustment under PGE's initial filing (which reflected PGE's deferral referenced in part "a" above) and the Stipulation. While under the Stipulation the adjustment for the iterative effect would be reduced given that the refund amount was less than the amount deferred, PGE would need to make a corresponding adjustment to exclude the deferred tax amount. This adjustment to deferred taxes would offset the adjustment to the iterative effect and result in a net zero impact on the determination of "taxes paid". In short, an adjustment to the iterative effect in the Stipulation would have zero impact on "taxes paid" and no effect on the amount of the refund under the Stipulation. As stated in Joint Testimony Exhibit 200, page 8, lines 1-3, the iterative effect adjustment serves to neutralize the effect of including SB 408 deferred taxes in "taxes paid". This adjustment is required by OAR 860-022-0041(2)(b), OAR 860-022-0041(2)(g), OAR 860-022-0041(4)(d)(E), and OAR 860-022-0041(4)(j)(C).

February 23, 2011

TO: S. Bradley Van Cleve
Davison Van Cleve, P.C.

FROM: Randy Dahlgren
Director, Regulatory Policy & Affairs

**PORTLAND GENERAL ELECTRIC
UE 178
PGE Response to ICNU Data Request
Dated February 21, 2011
Question No. 045**

Request:

Explain why the tax rate applied to the depreciation related Schedule Ms on WP O2 is different from the tax rate applied to all other deferrals.

Response:

The tax report template requires that deferred taxes related to depreciation of public utility property for Oregon regulated operations be separated into the local tax (see, for example, page 7, lines 11, 19, 27 of the tax report) and state/federal tax components (see, for example, page 6, lines 5, 14, 23 of the tax report). PGE work paper "O2" is the source of those amounts. The local tax rate is the apportioned statutory tax rate. The state/federal tax rate is the apportioned statutory rate for these jurisdictions, net of the federal tax benefit of the state tax deduction. When the local and state/federal tax rates are added together, the result is the same tax rate used for all other deferrals.

February 23, 2011

TO: S. Bradley Van Cleve
Davison Van Cleve, P.C.

FROM: Randy Dahlgren
Director, Regulatory Policy & Affairs

**PORTLAND GENERAL ELECTRIC
UE 178
PGE Response to ICNU Data Request
Dated February 21, 2011
Question No. 046**

Request:

Provide the schedule or workpaper from the Company's rate filing in UE 215 that details the current provision for deferred taxes that the Company requested be included in the calculation of current income taxes expense.

Response:

PGE's First Supplemental Response to ICNU Data Request No. 13 provided information regarding deferred tax amounts utilized for developing the revenue requirement in PGE's UE 197 general rate case. Similar information regarding deferred tax amounts utilized for developing the revenue requirement in PGE's UE 215 general rate case is provided as Attachment 046-A. Please refer specifically to the sheets labeled, "2011 GRC Rev Req" and "Rate Base Data".

UE 178
Attachment 046-A

Provided Electronically (CD)

UE 215 Deferred Tax Amounts

Portland General Electric Company
2011 Revenue Requirement
Dollars in \$000s

	At Current Rates (1)	GRC Change for RROE (2)	Proposed 2011 (3)
1 Sales to Consumers	1,685,812	125,185	1,810,997
2 Sales for Resale	-		-
3 Other Revenues	20,961		20,961
4 Total Operating Revenues	1,706,773	125,185	1,831,958
5 Net Variable Power Costs	747,192		747,192
6 Production O&M (excludes Trojan)	123,227		123,227
7 Trojan O&M	90		90
8 Transmission O&M	12,621		12,621
9 Distribution O&M	84,075		84,075
10 Customer & MBC O&M	60,722		60,722
11 Uncollectibles Expense	9,609	714	10,323
12 OPUC Fees	5,268	391	5,659
13 A&G, Ins/Bene., & Gen. Plant	120,548		120,548
14 Total Operating & Maintenance	1,163,351	1,105	1,164,456
15 Depreciation	216,287		216,287
16 Amortization	16,277		16,277
17 Property Tax	41,724		41,724
18 Payroll Tax	11,942		11,942
19 Other Taxes	1,396		1,396
20 Franchise Fees	42,432	3,151	45,583
21 Utility Income Tax	18,239	47,208	65,447
22 Total Operating Expenses & Taxes	1,511,649	51,463	1,563,112
23 Utility Operating Income	195,125	73,721	268,846
24 Average Rate Base			268,846
25 Avg. Gross Plant	6,491,337		6,491,337
26 Avg. Accum. Deprec. / Amort	(3,023,949)		(3,023,949)
27 Avg. Accum. Def Tax	(353,967)		(353,967)
28 Avg. Accum. Def ITC	(5)		(5)
29 Avg. Net Utility Plant	3,113,416	-	3,113,416
30 Misc. Deferred Debits	47,251		47,251
31 Operating Materials & Fuel	72,169		72,169
32 Misc. Deferred Credits	(50,196)		(50,196)
33 Working Cash	58,954	2,007	60,961
34 Average Rate Base	3,241,594	2,007	3,243,601
35 Rate of Return	6.019%		8.289%
36 Implied Return on Equity	5.962%		10.500%

Portland General Electric Company
2011 Revenue Requirement
Dollars in \$000s

	At Current Rates	GRC Change for RROE	Proposed 2011
	(1)	(2)	(3)
37 Effective Cost of Debt	6.077%	6.077%	6.077%
38 Effective Cost of Preferred	0.000%	0.000%	0.000%
39 Debt Share of Cap Structure	50.000%	50.000%	50.000%
40 Preferred Share of Cap Structure	0.000%	0.000%	0.000%
41 Weighted Cost of Debt	3.039%	3.039%	3.039%
42 Weighted Cost of Preferred	0.000%	0.000%	0.000%
43 Equity Share of Cap Structure	50.000%	50.000%	50.000%
44 State Tax Rate	6.242%	6.242%	6.242%
45 Federal Tax Rate	35.000%	35.000%	35.000%
46 Composite Tax Rate	39.057%	39.057%	39.057%
47 Bad Debt Rate	0.570%	0.570%	0.570%
48 Franchise Fee Rate	2.517%	2.517%	2.517%
49 Working Cash Factor	3.900%	3.900%	3.900%
50 Gross-Up Factor	1.641	1.641	1.641
51 ROE Target	10.500%	10.500%	10.500%
52 Grossed-Up COC	11.653%	11.653%	11.653%
53 OPUC Fee Rate	0.3125%	0.3125%	0.3125%
Utility Income Taxes			
54 Book Revenues	1,706,773	125,185	1,831,958
55 Book Expenses	1,493,410	4,256	1,497,665
56 Interest Deduction	98,496	61	98,557
57 Production Deduction	-	-	-
58 Permanent Ms	(18,342)	-	(18,342)
59 Deferred Ms	166,877	-	166,877
60 Taxable Income	(33,667)	120,868	87,201
61 Current State Tax	(2,101)	7,544	5,443
62 State Tax Credits	(3,699)	-	(3,699)
63 Net State Taxes	(5,800)	7,544	1,744
64 Federal Taxable Income	(27,867)	113,324	85,457
65 Current Federal Tax	(9,753)	39,663	29,910
66 Federal Tax Credits	(31,137)	-	(31,137)
67 ITC Amort	-	-	-
68 Deferred Taxes	64,930	-	64,930
69 Total Income Tax Expense	18,239	47,208	65,447
70 SB 408 Ratio - Net to Gross	12.66%	39.06%	18.46%
71 SB 408 Ratio - Effective Tax Rate	8.55%		19.58%
72 Check SB 408 Calc	-		-
73 Regulated Net Income	96,629		170,289
74 Check Regulated NI			170,289

	2010 End of Year	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11
Data from Financial Model:													
PP&E	6,347,629 (2,284,899) (325,429)	6,359,981 (2,281,812) (328,596)	6,389,981 (2,298,725) (331,054)	6,387,806 (2,316,538) (334,718)	6,421,570 (2,332,552) (338,024)	6,437,387 (2,349,465) (341,373)	6,503,904 (2,366,378) (345,663)	6,517,027 (2,374,895) (348,195)	6,533,792 (2,400,204) (350,932)	6,550,535 (2,417,117) (355,713)	6,561,245 (2,434,031) (358,845)	6,573,839 (2,460,944) (362,027)	6,621,477 (2,467,857) (365,720)
Accum Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Accum Deferred Tax Liability (Utility only)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Deferred Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
RARO	(646,142)	(651,578)	(657,014)	(662,450)	(667,886)	(673,321)	(678,757)	(684,193)	(689,629)	(695,065)	(700,500)	(705,936)	(711,372)
MTC Net Plant (incl Deferrals)	(11)	(10)	(9)	(8)	(7)	(6)	(5)	(4)	(4)	(3)	(2)	(1)	(0)
Materials & Supplies	75,089	70,135	65,625	64,307	70,585	76,340	75,981	73,672	69,402	72,780	74,143	76,971	77,080
Energy Efficiency													
Misc Debits & Credits (net) per RaRA:													
Surway Land II	630	627	625	622	619	616	614	611	608	605	603	600	597
20/20 Development O&M Deferral	-	3,557	3,460	3,363	3,266	3,169	3,072	2,975	2,879	2,782	2,685	2,588	2,491
Equity Insurance Fees (D&&&&&)	15,924	15,781	15,637	15,494	15,350	15,207	15,064	14,920	14,777	14,633	14,490	14,346	14,203
Two Cities/Wheeling (D95074)	342	326	310	293	277	261	244	228	212	195	179	162	146
Colstrip Common FERC (D17102)	2,362	2,336	2,309	2,282	2,255	2,228	2,201	2,174	2,148	2,121	2,094	2,067	2,040
Customer Advances (K40000)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)
Injuries & Damages	(5,313)	(5,324)	(5,334)	(5,344)	(5,354)	(5,364)	(5,375)	(5,385)	(5,395)	(5,405)	(5,415)	(5,425)	(5,436)
Tenant Security Deposits (K87011)	(60)	(60)	(60)	(60)	(60)	(60)	(60)	(60)	(60)	(60)	(60)	(60)	(60)
Coyote Major Maintenance	(397)	(592)	(760)	2,376	2,216	2,056	5,210	5,040	4,871	8,026	7,861	7,687	10,803
Utility Customer Deposits (J17121)	(4,353)	(4,353)	(4,353)	(4,353)	(4,353)	(4,353)	(4,353)	(4,353)	(4,353)	(4,353)	(4,353)	(4,353)	(4,353)
Dispatchable Generation	5,746	5,699	5,651	5,604	5,556	5,509	5,459	5,501	6,454	6,407	6,359	6,312	7,352
Generation Plant Maint Deferral - UE 197	5,419	5,362	5,305	5,248	5,191	5,134	5,077	5,020	4,963	4,906	4,849	4,792	4,732
Pension Reg Asset	-	(485)	(970)	(1,455)	2,349	1,864	1,380	5,184	4,699	31,466	35,270	34,785	34,300
Post Retirement Plans FAS 158 Deferral	26,790	26,790	26,790	26,790	26,790	26,790	26,790	26,790	26,790	26,790	26,790	26,790	26,790
Post Retirement Medical	(47,979)	(48,323)	(48,669)	(49,018)	(49,370)	(49,723)	(50,080)	(50,439)	(50,800)	(51,164)	(51,531)	(51,900)	(52,272)
Post Retirement Life & Health Reimbursement Acct	(16,383)	(16,500)	(16,618)	(16,738)	(16,857)	(16,978)	(17,100)	(17,223)	(17,346)	(17,470)	(17,595)	(17,722)	(17,849)
Average Balances:													
PP&E	6,353,153 (2,273,366) (327,013)	6,364,328 (2,290,269) (329,825)	6,378,893 (2,307,182) (332,886)	6,378,893 (2,324,095) (336,371)	6,404,688 (2,342,095) (336,371)	6,429,478 (2,341,008) (339,698)	6,470,645 (2,357,921)<						

February 23, 2011

TO: S. Bradley Van Cleve
Davison Van Cleve, P.C.

FROM: Randy Dahlgren
Director, Regulatory Policy & Affairs

**PORTLAND GENERAL ELECTRIC
UE 178
PGE Response to ICNU Data Request
Dated February 21, 2011
Question No. 047**

Request:

Please provide all evidence that supports the claim at page 6, line 15 of the Joint Testimony in Response to ICNU, that the “Commission has essentially rejected the type of flow through suggested by Ms. Blumenthal.”

Response:

As stated on page 6, lines 16–18, the Commission has, “a long-standing practice to fully-normalize all book-tax differences, not just those subject to normalization protection, when setting rates.” PGE is aware of no Oregon Public Utility Commission Order authorizing use of the partial flow-through approach proposed by Ms. Blumenthal for an electric utility. The Commission’s rules in OAR 860-022-0041(2)(b) do define “deferred taxes” as, “the total deferred tax expense of regulated operations that relate to the year being reported in the utility’s results of operations report or tax returns” (emphasis added) to reflect full-normalization in the “taxes paid” determinations under SB 408. The partial flow-through approach proposed by Ms. Blumenthal is contrary to the above stated practice of full-normalization. The fact that the Commission has chosen to use the full-normalization approach means that it has not chosen (and, therefore, rejected) the partial flow-through method. The Commission’s method of determining the income tax amount to be collected in rates is an issue for discussion in a rate making docket, not an SB 408 docket.

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 178(4)

In the Matter of)	
)	INDUSTRIAL CUSTOMERS OF
PORTLAND GENERAL ELECTRIC)	NORTHWEST UTILITIES MOTION TO
COMPANY)	ADMIT PREFILED TESTIMONY AND
)	EXHIBITS
to File Tariffs Establishing Automatic)	
Adjustment Clause Under the Terms of)	
<u>SB 408.</u>)	

I, Ellen Blumenthal, being first duly sworn on oath, depose and say:

1. My name is Ellen Blumenthal. I am a utility regulatory consultant and a Principal with GDS Associates, Inc. I am appearing in this proceeding as a witness for the Industrial Customers of Northwest Utilities ("ICNU"). My business address is: 13517 Queen Johanna Court, Corpus Christi, Texas 78418.

2. I sponsored testimony and exhibits on behalf of ICNU in Oregon Public Utility Commission Docket No. UE 178(4). Specifically, Testimony (ICNU/100) and exhibits, (ICNU /101-105/Blumenthal), were filed on February 7, 2011.

3. My testimony and exhibits that were previously filed are true and accurate, and no corrections need to be made. If I were asked the same questions today, my answers would be the same.

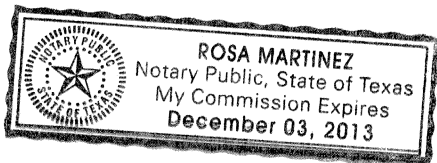
I HEREBY DECLARE THAT THE ABOVE STATEMENT IS TRUE TO THE BEST
OF MY KNOWLEDGE AND BELIEF, AND THAT I UNDERSTAND IT IS MADE FOR USE
AS EVIDENCE AND IS SUBJECT TO PENALTY FOR PERJURY.

SIGNED THIS 10 day of February, 2011, at Corpus Christi TX.

Ellen Blumenthal

Ellen Blumenthal

SUBSCRIBED AND SWORN to before me this 10 day of February, 2011.



Rosa Martinez
NOTARY PUBLIC FOR Nueces Co
My Commission Expires: 12/3/13