



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

December 21, 2007

E-FILING/US MAIL

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

Re: Application for Reauthorization of ISFSI Tax Credit Deferral UM 1186

Enclosed for filing are the original and one copy of Portland General Electric Company's Application for Reauthorization to Defer ISFSI Tax Credits for December 31, 2007 through December 30, 2008.

PGE originally received permission to defer Independent Spent Fuel Storage Installation State Tax Credits through OPUC Order No. 05-136. The deferral authorization period began December 30, 2004, with annual reauthorization approvals through OPUC Order Nos. 05-136, 06-117, and 07-084.

We have provided copies of a Notice of Application to the UE 180 service list. PGE waives paper service of documents in this proceeding and has E-filed a copy on this date.

Thank you for your assistance in this matter. If you have any questions or require further information, please call me (503-464-7580), or Jay Tinker (503-464-7623).

Sincerely,

Patrick G. Hager
Manager, Regulatory Affairs

encls.
Attachments A

cc: Jason Eisdorfer, CUB
cc: Melinda Davison, ICNU
cc: Carla Owings, OPUC

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1186

In the Matter of the Application of Portland
General Electric Company for an Order to
Reauthorize the Deferral of Independent Spent
Fuel Storage Installation State Tax Credit Cost
Reduction

Application For Reauthorization To
Defer ISFSI State Tax Credits

Pursuant to ORS 757.259, OAR 860-027-0300 and OPUC Order No. 07-084, Portland General Electric Company ("PGE") requests reauthorization to defer for later ratemaking treatment certain Independent Spent Fuel Storage Installation (ISFSI) state tax credits, for December 31, 2007, through December 30, 2008, (the "Deferral Period 2007").

I. Deferral History

On December 9, 2004, the Environmental Quality Commission granted PGE approval of the final certification of ISFSI expenditures, authorizing state tax credits totaling \$21.1 million (50% of PGE's share of the certified costs). The State Tax Credits are authorized for use on a straight-line basis over ten years, with a carry-forward provision that allows any particular tax year's provision to be postponed for up to three tax years.

The ISFSI is a dry cask storage system, which provided storage for the spent nuclear fuel assemblies and radioactive waste generated at the Trojan plant during the years in which it produced energy. PGE, PacifiCorp, and the Eugene Water and Electric Board jointly own the Trojan plant.

On December 30, 2004, PGE filed and requested authorization to defer for later ratemaking treatment those cost reductions associated with the use of ISFSI Oregon state tax

credits. PGE received approval of the deferral on March 15, 2005, OPUC Order No. 05-136, for the 2004 tax year.

On December 30, 2005, PGE filed an electronic request considered a supplemental application by Staff, requesting reauthorization of the deferral of ISFSI tax credits pursuant to OAR 860-027-0030(3), beginning on December 31, 2005. The OPUC reauthorized this deferral on March 13, 2006, for the 2005 tax year, OPUC Order No. 06-117.

On December 15, 2006, PGE filed a reauthorization request of the deferral of ISFSI tax credits pursuant to OAR 860-027-0030(3), beginning on December 31, 2006. The OPUC reauthorized this deferral on March 5, 2007, for the 2006 tax year, OPUC Order No. 07-084.

II. OAR 860-027-0300 Requirements

The following is provided pursuant to OAR 860-027-0300(3):

a. Description

See the Deferral History above. For any tax year, the maximum Deferral Amount is \$2.25 million per year (\$21.1 million over ten years, after federal tax effect and using a Net to Gross Factor of 1.65%). For tax years during which PGE accrues less than the maximum provision of the ISFSI tax credit (\$2.1 million) because anticipated state tax expense is less than \$2.1 million, PGE will calculate the Deferral Amount based on the actual ISFSI tax credit accrued.

b. Reasons for Deferral

PGE seeks approval of the Deferral Amount pursuant to ORS 757.259(2)(e). This deferral will minimize the frequency of rate changes and match appropriately the costs borne by and benefits received by customers. PGE's customers have paid for the ISFSI project through an inclusion in rates of the annual contribution to the Trojan Nuclear Decommissioning Trust (NDT), and PGE has committed that customers should receive the benefits of these tax credits. In addition, the

deferral will minimize the frequency of rate changes. Absent the deferral mechanism, PGE would seek changes in its base rates to reflect ISFSI tax credits in order to pass the credits to customers. The deferral of these credits allows them to be accumulated for later customer refund.

c. Proposed Accounting

PGE proposes to record the deferral as a regulatory liability in FERC Account 254 (Other Regulatory Liabilities), debiting FERC Account 407.3 (Regulatory Debits). In the absence of a renewed deferred accounting order, PGE's net income would increase as a result of lower state tax expense as booked in FERC Account 409.1 (Income Taxes, Utility Operating Income) when the ISFSI tax credits are utilized.

PGE will accrue interest, as appropriate, on the Deferral Amount at PGE's authorized cost of capital, currently 8.29%.

d. Estimate of Amounts

For December 31, 2007, through December 30, 2008, PGE estimates adding approximately \$2.3 million to the deferred account if PGE earns adequate taxable income to use all the credits available.

The actual deferred amount may be more or less depending on PGE's state taxable income, actual tax expense and the provision for a three-year carry forward into future tax years.

e. Notice

A copy of the Notice of Application for Reauthorization to Defer ISFSI state tax credits and a list of persons served with the Notice are attached to the Application as Attachment A.

III. The following is provided pursuant to OAR 860-027-0300(4):

a. Description of Deferred Account Entries

Please see section (II)(c)

b. The reason for continuing deferred accounting

PGE is seeking approval to continue the ISFSI Deferral pursuant to conditions approved in Commission Order No. 07-084 (2006 tax year) as described in Section (II)(b) above, for the 2007 tax year.

IV. PGE Contacts

The authorized addresses to receive notices and communications in reference to this Application are:

Douglas C. Tingey
Assistant General Counsel
Portland General Electric Company
121 SW Salmon Street, 1WTC1301
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Facsimile: 503-464-2200
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Patrick G. Hager
Rates & Regulatory Affairs
Portland General Electric Company
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Portland, OR 97204
(503) 464-7857 (telephone)
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pge.opuc.filings@pgn.com

PGE waives paper service in this proceeding. In addition to the names and addresses above, the following are to receive notices and communications via the e-mail service list:

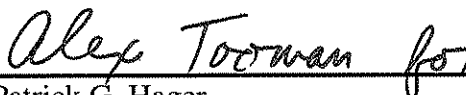
E-mail: Jay.Tinker@pgn.com

V. Conclusion

For the reasons stated above, PGE requests permission to continue to defer ISFSI state tax credits from December 31, 2007 until December 30, 2008, for the tax year 2007.

DATED this 21st day of December, 2007.

Respectfully Submitted,



Patrick G. Hager
Manager, Regulatory Affairs
On Behalf of Portland General Electric Company

Attachment A

**Notice of Application for Reauthorization
to Defer ISFSI State Tax Credits**

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1186

In the Matter of the Application of Portland
General Electric Company for an Order to
Reauthorize the Deferral of ISFSI State Tax
Credits


Notice Of Application For Reauthorization
To Defer ISFSI State Tax Credits

On December 21, 2007, Portland General Electric Company ("PGE") filed an Application with the Oregon Public Utility Commission (the "Commission") for an Order reauthorizing deferral of ISFSI state tax credits. Approval of PGE's Application will not authorize a change in PGE's rates, but will permit the Commission to consider allowing such deferred amounts in rates in a subsequent proceeding. Persons who wish to obtain a copy of PGE's Application should contact either of the following:

Patrick G. Hager
Rates & Regulatory Affairs
Portland General Electric
1 WTC 0702, 121 SW Salmon Street
Portland, OR 97204
Phone: 503.464.7857
E-mail: pge.opuc.filings@pgn.com

Any person who wishes to submit written comments to the Commission on PGE's Application must do so not later than January 21, 2008.


Dated this 21st day of December, 2007.


Patrick G. Hager
Manager, Regulatory Affairs
Portland General Electric Company

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing Notice of Application for Reauthorization to ISFSI State Tax Credits 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 papers service.

Dated at Portland, Oregon, this 21st day of December, 2007.



Patrick G. Hager
Manager, Regulatory Affairs
On Behalf of Portland General Electric Company

UE-188 Service List

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PGE Portland General Electric Company

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UE-188 Service List

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