



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

December 27, 2011

**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 Application for Reauthorization of ISFSI Tax Credit Deferral**

Enclosed for filing are the original and five copies of Portland General Electric Company's Application for Reauthorization to Defer ISFSI Tax Credits for December 31, 2011 through December 30, 2012.

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, 07-084, 08-152, 08-616, 09-475, and 10-480.

A Notice of Application regarding the filing of this application has been sent to those parties who have not waived paper service on the UE 215 and UM 1186 service lists.

Thank you for your assistance in this matter. If you have any questions or require further information, please call me at 503.464.7580.

Sincerely,

Patrick G. Hager  
Manager, Regulatory Affairs

encls.

cc: Gordon Feigner, CUB  
Melinda Davison, ICNU  
Carla Bird, OPUC  
UE 215 and UM 1186 Service Lists

**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.09-475, 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, 2011, through December 30, 2012, (the "Deferral Period").

**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 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. (See OPUC Order No. 05-136).

PGE has since filed and received reauthorization for this deferral, as shown in Table 1 below:

**Table 1**

<b>Filing Date</b>	<b>Renewal Period</b>	<b>Order No.</b>	<b>Approval Date</b>
12-30-05	12/31/05 – 12/30/06	06-117	03-13-06
12-15-06	12/31/06 - 12/30/07	07-084	03-05-07
12-21-07	12/31/07 - 12/30/08	08-152	03-04-08
11-18-08	12/31/08 - 12/30/09	08-616	12-30-08
11-05-09	12/31/09 - 12/30/10	09-475	12-02-09
11-12-10	12/31/10 – 12/30/11	10-480	12/20/10
12-27-11	12/31/11 – 12/30/12		

## **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 1.64). For tax years during which PGE accrues less than the maximum provision of the ISFSI tax credit 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.

PGE evaluates 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) we assess that a portion of the accrued credits are not expected to be used before their 3-year carry-forward provisions expire. As a result, PGE has reduced the regulatory liability representing the deferral of benefits at the end of third quarter 2011 by approximately \$1.9 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.

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. 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.

d. Estimate of Amounts

For December 31, 2011, through December 30, 2012, PGE estimates adding

approximately \$2.25 million to the deferred account if PGE earns adequate taxable income to use all the credits available.

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

PGE will accrue interest in accordance with Commission policy, including the methodology approved in OPUC Docket No. UM 1147.

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. 10-480 (2010 tax year) as described in Section (II)(b) above.

**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  
Portland, OR 97204  
Phone: 503.464.8926  
Facsimile: 503.464.2200  
[doug.tingey@pgn.com](mailto:doug.tingey@pgn.com)

Patrick G. Hager  
Rates & Regulatory Affairs  
Portland General Electric Company  
121 SW Salmon St., 1WTC0702  
Portland, OR 97204  
Phone: 503.464.7857  
Facsimile: 503.464.7651  
[pge.opuc.filings@pgn.com](mailto:pge.opuc.filings@pgn.com)

In addition to the names and addresses above, the following are to receive notices and communications via the e-mail service list:

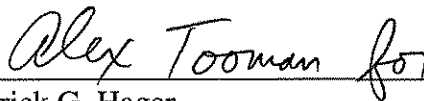
Launa B. Harmon  
E-mail: [launa.harmon@pgn.com](mailto:launa.harmon@pgn.com)

V. **Conclusion:**

For the reasons stated above, PGE requests permission to continue to defer ISFSI state tax credits from December 31, 2011 until December 30, 2012.

DATED this 27<sup>th</sup> day of December, 2011.

Respectfully Submitted,



Patrick G. Hager  
Manager, Regulatory Affairs  
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## **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

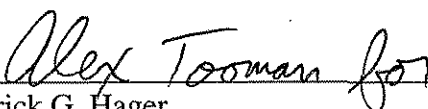
Notice Of Application For Reauthorization  
To Defer ISFSI State Tax Credits

On December 27, 2011, 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 will be able to access it on the OPUC website.

Any person who wishes to submit written comments to the Commission on PGE's Application must do so no later than January 27, 2011.

Dated this 27<sup>th</sup> day of December 2011.

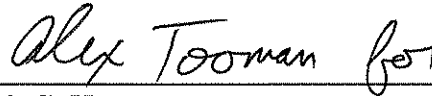
  
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[pge.opuc.filings@pge.com](mailto:pge.opuc.filings@pge.com)



## Certificate of Service

I hereby certify that I have this day caused the foregoing Notice Of Application For Reauthorization To Defer ISFSI State Tax Credits to be served to those parties whose e-mail addresses appear on the attached service lists, and by First Class U.S. Mail, postage prepaid and properly addressed, to those parties on the attached service list who have not waived paper service or who have been approved to received hard copy service for OPUC Dockets Nos. UE 215 and UM 1186. These dockets are subject to waive paper rules in effect prior to OPUC Order 10-400, effective 10-14-10.

Dated at Portland, Oregon, this 27<sup>th</sup> day of December, 2011.



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**SERVICE LIST –  
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**SERVICE LIST  
OPUC DOCKET # UM 1186**

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