

**SCHEDULE 122
RENEWABLE RESOURCES AUTOMATIC ADJUSTMENT CLAUSE**

PURPOSE

This Schedule recovers the revenue requirements of qualifying Company-owned or contracted new renewable energy resource and energy storage projects associated with renewable energy resources (including associated transmission) not otherwise included in rates. Additional new renewable and energy storage projects associated with renewable energy resources may be incorporated into this schedule as they are placed in service. This adjustment schedule is implemented as an automatic adjustment clause as provided for under ORS 757.210 and Section 13 of the Oregon Renewable Energy Act (OREA).

AVAILABLE

In all territory served by the Company.

APPLICABLE

To all bills for Electricity Service except Schedules 76, 485, 489, 490, 491, 492, 495 and 576. This schedule is not applicable to direct access customers after December 31, 2010.

ADJUSTMENT RATE

The Adjustment Rate, applicable for service on and after the effective date of this schedule are:

	<u>Schedule</u>	<u>Adjustment Rate</u>	
7		0.078	¢ per kWh
15		0.059	¢ per kWh
32		0.071	¢ per kWh
38		0.065	¢ per kWh
47		0.086	¢ per kWh
49		0.085	¢ per kWh
75			
	Secondary	0.063	¢ per kWh
	Primary	0.062	¢ per kWh
	Subtransmission	0.060	¢ per kWh
83		0.070	¢ per kWh
85			
	Secondary	0.069	¢ per kWh
	Primary	0.067	¢ per kWh

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SCHEDULE 122 (Continued)

ADJUSTMENT RATE (Continued)

	<u>Schedule</u>	<u>Adjustment Rate</u>	
89			
	Secondary	0.063 ¢ per kWh	(I)
	Primary	0.062 ¢ per kWh	
	Subtransmission	0.060 ¢ per kWh	
90		0.060 ¢ per kWh	
91		0.059 ¢ per kWh	
92		0.062 ¢ per kWh	
95		0.059 ¢ per kWh	

ANNUAL REVENUE REQUIREMENTS

The Annual Revenue Requirements of a qualifying project will include the fixed costs of the renewable resource or energy storage project associated with renewable energy resources and associated transmission (including return on and return of the capital costs), operation and maintenance costs, income taxes, property taxes, and other fees and costs that are applicable to the renewable resource or energy storage project associated with renewable energy resources or associated transmission. Until the dispatch benefits are included in the Annual Power Cost Update Schedule 125, the net revenue requirements of each project (fixed costs less market value of the energy produced by the renewable resource or energy storage project associated with renewable energy resources plus any power costs such as fuel, integration and wheeling costs) will be deferred and included in the Schedule 122 rates. By no later than April 1 of each year following the resource's on-line date, the Company will file an update to the revenue requirements of resources included in this schedule to recognize projected changes for the following calendar year. Should the final determination of a Schedule 122 filing for a new resource not allow for inclusion of its net variable power costs (NVPC) in the AUT, these will be included in the Schedule 122 revenue requirement used to set initial prices. In this circumstance, the resource's NVPC impacts will subsequently be removed from Schedule 122 prices and included in the AUT at the next available opportunity. (C)

DEFERRAL MECHANISM

For each calendar year that the Company anticipates that a new renewable resource or energy storage project associated with renewable energy resources will commence operation, the Company may file a deferral request the earlier of the resource online date or April 1. The deferral amount will be for the fixed revenue requirements of the resource less net dispatch benefits. For purposes of determining dispatch benefits, the forward curves used to set rates for the year under the Annual Power Cost Update will be used. The deferral will be amortized over the next calendar year in Schedule 122 unless otherwise approved by the Oregon Public Utility Commission (OPUC). The balancing account will accrue interest at the Commission-authorized rate for deferred accounts, and the amortization of the deferred amount will not be subject to the provisions of ORS 757.259(5). (C)

SCHEDULE 122 (Continued)

TIME AND MANNER OF FILING

When the Company proposes to include a new resource under this schedule and, by no later than April 1 of each calendar year that the Company is required to update the Annual Revenue Requirements for an existing resource, the Company will file the following:

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1. Revised rates under this schedule and a transmittal letter that summarizes the proposed revenue requirements and charges for both the new resource(s) and the updated revenue requirements and charges for applicable resources previously approved for recovery under this schedule. In addition, the filing will include revised income taxes and associated ratios to calculate "taxes authorized to be collected in rates" under ORS 757.268.
2. Within the Company's Annual Power Cost Update (Schedule 125) filing, the Company will include for the following year the expected generation of resources included in this schedule and the power costs of these resources.
3. Work papers that support the calculation of revenue requirements for all applicable resources and demonstrate how the proposed prices are calculated.

With respect to a Schedule 122 rate change for the initial inclusion of the allowable costs of a new resource, and in compliance with the Commission's findings in the proceeding(s) regarding the initial cost recovery of the new resource, the Company will file updated Schedule 122 rates by no less than 30 days prior to the rate effective date.

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SPECIAL CONDITIONS

1. Costs recovered through this schedule will be allocated to each schedule using the applicable schedule's forecasted energy on the basis of an equal percent of generation revenue applied on a cents per kWh basis to each applicable rate schedule.
2. Each renewable resource project (and associated transmission) included in this adjustment schedule must be separately identified and be a new resource defined as "renewable" in the OREA.
3. The costs for projects included under this schedule will be updated annually as provided above, and will continue to be recovered under Schedule 122 until such time as the costs are included in base rates or the project is no longer in service.
4. The in-service date for the new renewable resource project or energy storage project associated with renewable energy resources or each separately identifiable project segment will be verified by an attestation from the Company stating that the specific renewable resource project or energy storage project associated with renewable energy resources, or project segment, has met requirements for being commercially operational and is in service.

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SCHEDULE 122 (Concluded)

SPECIAL CONDITIONS (Continued)

5. If the actual costs of an eligible new resource cannot be verified by the final round of testimony in the proceeding reviewing the filing for its initial cost recovery, the Company will include in its compliance filing for initial cost recovery an update to reflect then-current actual resource costs, or forecasted costs where appropriate. If the updated costs are lower than the projected costs in the record of the proceeding, the update will contain sufficient information to support a reduction in the proposed adjustment charges before the effective date. If updated costs are higher than the projected costs in the proceeding's record or if actual costs cannot be verified prior to the compliance filing, the Company may file for deferred accounting under the OREA to allow an opportunity for recovery of the cost differences between the projected costs in the record and the prudently incurred actual costs. For purposes of Schedule 126 (Annual Power Cost Variance Mechanism), actual NVPC will be adjusted to remove the impact of any power produced by a new renewable resource or energy storage project associated with renewable energy resources qualifying for treatment under this schedule but not otherwise included in rates. The following adjustments will be made:
- a) Actual NVPC will be increased by the value of any renewable or energy storage resource energy. The value of such energy will be determined by employing the forward curves used to set rates for the year under the Annual Power Cost Update. Actual NVPC will be reduced by applicable fuel costs and supply integration costs for the resource.
- b) Actual NVPC will also be increased or decreased as appropriate for any other credits or charges specifically identifiable with the new renewable or energy storage resource.
6. For Schedule 122 filings made on and after April 2009, the Commission may condition approval of a proposed change in Schedule 122 charges on PGE making a filing under ORS 757.210 within six months after the Commission order approving the proposed change. Through this filing, the Company will roll into the generation component of its rates all of the costs, or a portion thereof identified by the Commission, that are being collected through the then existing Schedule 122 charges. The Commission's order for conditional approval must be based upon: (1) a finding that the costs, or a portion thereof, specified by the Commission have been collected through Schedule 122 for a reasonable period of years, as determined by the Commission; or (2) for good cause, as determined by the Commission.

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