

**SCHEDULE 122
RENEWABLE RESOURCES AUTOMATIC ADJUSTMENT CLAUSE**

PURPOSE

This Schedule recovers the revenue requirements of qualifying Company-owned or contracted new renewable energy resource projects (including associated transmission) not otherwise included in rates. Additional new renewable projects 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 9, 76, 485, 489, 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>				
7	0.006	¢ per kWh		(R)
15	0.005	¢ per kWh		
32	0.005	¢ per kWh		
38	0.005	¢ per kWh		
47	0.006	¢ per kWh		
49	0.006	¢ per kWh		
75				
Secondary	0.005	¢ per kWh		
Primary	0.005	¢ per kWh		
Subtransmission	0.005	¢ per kWh		
83	0.005	¢ per kWh		
85				
Secondary	0.005	¢ per kWh		
Primary	0.005	¢ per kWh		(R)

SCHEDULE 122 (Continued)

ADJUSTMENT RATE (Continued)

Schedule

89			
	Secondary	0.005	¢ per kWh
	Primary	0.005	¢ per kWh
	Subtransmission	0.005	¢ per kWh
91		0.005	¢ per kWh
92		0.005	¢ per kWh
93		0.005	¢ per kWh
94		0.005	¢ per kWh

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ANNUAL REVENUE REQUIREMENTS

The Annual Revenue Requirements of a qualifying project will include the fixed costs of the renewable resource 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 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 plus any power costs such as fuel, integration and wheeling costs) will be deferred and incorporated the following January 1 into the Schedule 122 rates. This balancing account will accrue interest at the Commission-authorized rate for deferred accounts. Each year by April 1, 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.

DEFERRAL MECHANISM

For each calendar year that the Company anticipates that a new renewable resource 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 amortization of the deferred amount will not be subject to the provisions of ORS 757.259(5).

SCHEDULE 122 (Continued)

TIME AND MANNER OF FILING

For each calendar year that the Company is required to update the Renewable Resource Annual Revenue Requirements or proposes to include a new resource under this schedule, the Company will file by no later than April 1, the following:

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.

By December 1, the Company will file the updated rates that are in compliance with the Commission's findings in the proceeding reviewing the April 1 filing.

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 each separately identifiable project segment will be verified by an attestation from the Company stating that the specific renewable resource project, or project segment, has met requirements for being commercially operational and is in service.

SCHEDULE 122 (Concluded)

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SPECIAL CONDITIONS (Continued)

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5. If the actual costs of an eligible resource cannot be verified by the final round of testimony in the proceeding reviewing the April 1 filing, the Company will include in its December 1 compliance filing 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 January 1 effective date. If updated costs are higher than the projected costs in the record or if actual costs cannot be verified until after December 1, 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 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 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 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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