

**PACIFIC POWER & LIGHT COMPANY**  
Renewable Cost Adjustment Clause  
SUPPLY SERVICE ADJUSTMENT

**Purpose**

This schedule recovers, between rate cases, the costs to construct or otherwise acquire facilities that generate electricity from renewable energy sources and for associated electricity transmission.

This adjustment is to recover the actual and forecasted revenue requirement associated with the prudently incurred costs of resources, including associated transmission, that are eligible under Senate Bill 838 (2007) and in service as of the date of the proposed rate change. The revenue requirement includes the actual return of and grossed up return on capital costs of the renewable energy source and associated transmission at the currently authorized rate of return, forecasted operation and maintenance costs, forecasted property taxes, forecasted energy tax credits, and other forecasted costs not captured in the Transition Adjustment Mechanism (TAM). The adjustment will also include an update on gross revenues, net revenues and total income tax expense for the calculation of "taxes authorized to be collected in rates" pursuant to OAR 860-022-0041. The revenue requirement for Oregon will be calculated using the forecasted inter-jurisdictional allocation factors based on the same 12-month period used in the TAM.

**Applicable**

To Residential consumers and Nonresidential consumers who take supply service under Schedule 200, 220, 230 and 247 and consumers served under Schedule 33. To Nonresidential consumers who take direct access service, other than under a multi-year cost of service opt-out option, until December 31, 2010.

**Energy Charge**

The adjustment rate is listed below by Delivery Service and Direct Access Delivery Service Schedule.

| <u>Schedule</u> | <u>Charge</u>       |
|-----------------|---------------------|
| 4               | 0.000 cents per kWh |
| 15              | 0.000 cents per kWh |
| 23, 723         | 0.000 cents per kWh |
| 28, 728         | 0.000 cents per kWh |
| 30, 730         | 0.000 cents per kWh |
| 33              | 0.000 cents per kWh |
| 41, 741         | 0.000 cents per kWh |
| 47, 747         | 0.000 cents per kWh |
| 48, 748         | 0.000 cents per kWh |
| 50              | 0.000 cents per kWh |
| 51, 751         | 0.000 cents per kWh |
| 52, 752         | 0.000 cents per kWh |
| 53, 753         | 0.000 cents per kWh |
| 54, 754         | 0.000 cents per kWh |

*(continued)*

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| Issued:    | December 27, 2007                                     | P.U.C. OR No. 35         |
| Effective: | With service rendered on and after<br>January 1, 2008 | Original Sheet No. 202-1 |

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Andrea L. Kelly, Vice President, Regulation

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**Special Conditions**

1. The Company will file this schedule by April 1 of each year, as necessary, for proposed charges relating to new eligible resources and updating all charges already included on this schedule.
2. The Company will make an update filing within eight (8) months of the date of the initial filing, or by December 1, to reflect then-current, prudently-incurred actual resource costs or forecasted costs where appropriate, if the cost elements of an eligible resource cannot be verified as of the date of the final round of testimony in the proceeding initiated April 1. 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 charges before the January 1 effective date. The Company will be allowed to defer for later commission review and incorporation into rates the cost differences between the projected costs in the record and the updated prudently incurred cost elements if (a) such cost elements are higher than the projected costs in the record or (b) if actual capital costs cannot be verified until after December 1.
3. Costs recovered in this schedule will be allocated across customer classes using the applicable forecasted energy on the basis of an equal percent of generation revenue applied on a cents per kilowatt-hour to each applicable rate schedule.

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