

October 15, 2008

***VIA ELECTRONIC FILING
AND MESSENGER***

PUC Filing Center
Public Utility Commission of Oregon
550 Capital Street NE
Salem, OR 97308

**Re: In the Matter of Automatic Adjustment Clause Filings Under ORS 757.268,
Docket UE 177--PacifiCorp's 2007 Tax Report Filing**

Pursuant to ORS 757.268 and OAR 860-022-0041, PacifiCorp encloses with this letter its highly confidential tax report for 2007. The enclosed tax report is being filed under seal pursuant to Protective Order No. 06-033 (2006). Pursuant to the terms of Protective Order No. 06-033, PacifiCorp will also make its highly confidential 2007 tax report and supporting work papers available to Qualified Intervenors in the Portland and Salem safe rooms by Wednesday, October 22, 2008. The highly confidential information contained in the report and work papers is privileged under state law and protected from disclosure under ORS 757.268(11) and 192.502(9).

The tax report discloses the difference between the amount of state, federal and local taxes paid and properly attributed to the regulated operations of the utility and the amount of taxes authorized to be collected in PacifiCorp's rates for calendar year 2007, which PacifiCorp calculated based on the requirements of ORS 757.268 and OAR 860-022-0041. These calculations show that, for calendar year 2007, the amount of state, federal and local taxes paid and properly attributed to the regulated operations of the utility was \$3.9 million more than the amount of taxes collected in PacifiCorp's rates as determined pursuant to ORS 757.268 and OAR 860-022-0041.

Based on PacifiCorp's tax reports previously submitted, the state, federal and local taxes paid and properly attributed to the regulated operations of the utility were \$34,473,938 more than the amount of taxes authorized to be collected in PacifiCorp's rates for calendar year 2006; and \$4,866,338 less than the amount of taxes authorized to be collected in PacifiCorp's rates for fiscal year 2005 (beginning April 1, 2005).

In each of these three years, the amount of taxes authorized to be collected in PacifiCorp's rates differed from the amount of taxes paid and properly attributed to the regulated operations of the utility by \$100,000 or more. Under ORS 757.268(4) and OAR 860-022-0041(8), the Commission previously established an automatic adjustment clause under ORS 757.210 for the difference between taxes paid and collected on or after January 1, 2006.

Oregon Public Utility Commission

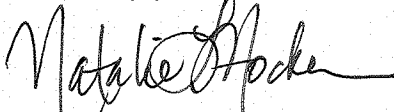
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Concurrent with the filing of this highly confidential tax report, PacifiCorp is also filing tariff sheets for a \$20 million SB 408 rate surcharge for state and federal taxes, effective June 1, 2009, under the automatic adjustment clause. This surcharge reflects PacifiCorp's 2007 SB 408 tax surcharge, plus interest, and the non-amortized amount of PacifiCorp's 2006 SB 408 tax surcharge, plus interest.

Questions about this filing should be directed to Joelle Steward at (503) 813-5542 or to me at (503) 813-7205.

Very truly yours,



Natalie L. Hocken
Vice President and General Counsel
Pacific Power

Enclosures (under seal)

cc: Service List (without enclosures)

1 **CERTIFICATE OF SERVICE**

2 I hereby certify that I served a true and correct copy of the foregoing document in
3 Docket UE 177 on the following named person(s) on the date indicated below by email and
4 first-class mail addressed to said person(s) at his or her last-known address(es) indicated
5 below.

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26 DATED: October 15, 2008



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Of Attorneys for PacifiCorp