

October 16, 2006

VIA MESSENGER

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

**Re: In the Matter of Automatic Adjustment Clause Filings Under ORS 757.268,
Docket UE 177**

Pursuant to Administrative Law Judge Grant's October 12, 2006 memorandum in the above referenced docket, PacifiCorp encloses with this letter its highly confidential tax report, which PacifiCorp has prepared pursuant to ORS 757.268 and OAR 860-022-0041. The enclosed tax report is being filed under seal pursuant to Protective Order 06-033 (OPUC Jan. 25, 2006). The highly confidential information contained in the report is privileged under state law and protected from disclosure under ORS 757.268(11) and 192.502(9).

Following the calculations required by OAR 860-022-0041, PacifiCorp's tax report discloses the following differences between the amount of taxes that units of government received from PacifiCorp Holdings, Inc., the taxpayer for PacifiCorp's affiliated group during the relevant time periods, and the amount of taxes authorized to be collected in PacifiCorp's rates:

FY beginning April 1, 2005: taxes paid were less than taxes collected in rates by \$4,866,338.

FY beginning April 1, 2004: taxes paid were less than taxes collected in rates by \$806,746.

FY beginning April 1, 2003: taxes paid were less than taxes collected in rates by \$11,769,273.

In each of the three years contained in the highly confidential tax report, the amount of taxes reflected in PacifiCorp's rates differed from the amount of taxes paid by \$100,000 or more. Therefore, under ORS 757.268(4) and OAR 860-022-0041(8), PacifiCorp acknowledges that this report would trigger the establishment of an automatic adjustment clause under ORS 757.210. Based on the differences between taxes paid and taxes collected shown in this report, the automatic adjustment clause would have provided the average Oregon residential customer using 1,000 kWh per month with a monthly rate credit of approximately \$0.44, or an annual rate credit of approximately \$5.28. However, under section 4(2) of chapter 845, Oregon Laws 2005, the

OPUC

October 16, 2006

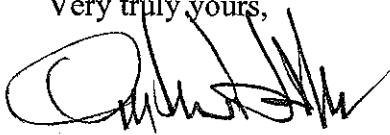
Page 2

Commission may only apply the automatic adjustment clause to change rates for taxes paid and collected on or after January 1, 2006. Therefore, this tax report is informational only. Accordingly, the automatic adjustment clause triggered by this filing will not result in a rate change.

Following the October 17, 2006, telephone conference in Docket UE 177, PacifiCorp will make its workpapers and supporting documentation available for inspection by Oregon Public Utility Commission Staff and other qualified persons in a Salem and Portland safe room, respectively, pursuant to the terms of Protective Order 06-033.

Questions on this filing should be directed to Andrea Kelly at (503) 813-6043 or to me at (503) 813-6266.

Very truly yours,



Andrew P. Haller
Senior Vice President & General Counsel
PacifiCorp

Enclosures (under seal)

cc: Service List (without enclosures)