



October 15, 2007

VIA 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 2006 Tax Report Filing**

Pursuant to ORS 757.268 and OAR 860-022-0041, PacifiCorp encloses with this letter its highly confidential tax report for 2006. 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 2006 tax report and supporting work papers available to Qualified Intervenors in the Portland and Salem safe rooms by Friday, October 19, 2007. 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 2006, which PacifiCorp calculated based on the requirements of ORS 757.268 and OAR 860-022-0041. These calculations show that, for calendar year 2006, the amount of state, federal and local taxes paid and properly attributed to the regulated operations of the utility was \$32,654,101 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 on October 16, 2006, the state, federal and local taxes paid and properly attributed to the regulated operations of the utility were \$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) and \$806,746 less than the amount of taxes authorized to be collected in PacifiCorp's rates for fiscal year 2004 (beginning April 1, 2004).

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

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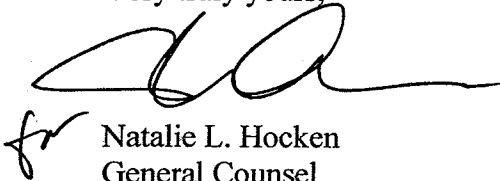
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utility by \$100,000 or more. Therefore, under ORS 757.268(4) and OAR 860-022-0041(8), this filing triggers the establishment of an automatic adjustment clause under ORS 757.210 for the difference between taxes paid and collected on or after January 1, 2006. Accordingly, concurrent with the filing of this highly confidential tax report, PacifiCorp is also filing tariff sheets for an initial \$27 million rate surcharge, effective June 1, 2008, under the automatic adjustment clause.

Questions about this filing should be directed to John Ryan at (503) 813-5601 or to me at (503) 813-7205.

Very truly yours,



for Natalie L. Hocken
General Counsel
Pacific Power

Enclosures (under seal)

cc: Service List (without enclosures)

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CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of the cover letter to PacifiCorp's October 15, 2007 tax report on the following named person(s) on the date indicated below by email and first-class mail addressed to said person(s) at his or her last-known address(es) indicated below.

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DATED: October 15, 2007



Sarah J. Adams

Of Attorneys for PacifiCorp