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RECEIVED
OCT 14 2005

BY MESSENGER

October 14, 2005

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

Re: SB 408 Confidential Tax Report

Enclosed for filing is PacifiCorp's confidential tax report, which PacifiCorp is filing in compliance with subsections 3(1) and 4(1) of Senate Bill 408 ("SB 408"). This report is being filed under seal and should be handled as a confidential document, pursuant to SB 408 subsection 3(11) and the Oregon Public Records Law ORS 192.410-192.505.

Following the calculations required by SB 408, 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, and the amount of taxes authorized to be collected in PacifiCorp's rates for the three most recent fiscal years:

2005: taxes paid exceeded taxes collected in rates by \$11,590,672.

2004: taxes paid exceeded taxes collected in rates by \$2,982,181.

2003: taxes paid were less than taxes collected in rates by \$1,453,629.

In each of the three years contained in the report, the amount of taxes reflected in PacifiCorp's rates differed from the amount of taxes paid by \$100,000 or more. Therefore, under SB 408 subsection 3(4), PacifiCorp acknowledges that this report would trigger the establishment of an automatic adjustment clause under ORS 757.210 though this will not lead to a change in rates and is therefore informational only.

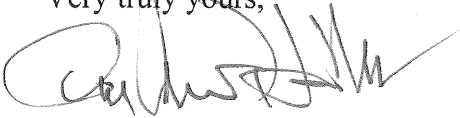
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By its express terms, SB 408 makes a distinction between the establishment of an automatic adjustment clause and the application of the automatic clause to change rates. This is especially clear in the context of this initial tax report filing. Under subsection 4(2) of SB 408, the Commission may only apply the automatic adjustment clause to change rates for taxes paid and collected on or after January 1, 2006. Therefore, this initial tax report is informational only. The automatic adjustment clause triggered by this filing will not change rates in 2006.

Questions on this filing should be directed to Christy Omohundro at (503) 813-6092 or to me at (503) 813-6266.

Very truly yours,

A handwritten signature in black ink, appearing to read "Andrew P. Haller", with a long, sweeping flourish extending to the right.

Andrew P. Haller
Senior Vice President & General Counsel
PacifiCorp

APH:mlvdl