ROCKY MOUNTAIN POWER
A DIVISION OF PACIFICORP

201 South Main, Suite 2300
Salt Lake City, Utah 84111

UTAH PUBLIC SERVICE COMMISSION

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October 30, 2009

Utah Public Service Commission
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84114

Attention: Julie P. Orchard
Commission Secretary

Re: Change in Method of Accounting for Income Tax Purposes

Dear Ms. Orchard,

This letter is to inform the Utah Public Service Commission that on December 30, 2008, PacifiCorp (the "Company") filed applications for a change in accounting method (Form 3115) with the Internal Revenue Service (the "Service") and that on October 2, 2009 and October 7, 2009, the Service granted the Company permission to change its method of accounting from the present method to the proposed method beginning with the taxable year beginning January 1, 2008. This change is applicable for income tax purposes only and does not impact the methods of accounting used for FERC or U.S. GAAP reporting purposes.

Under the present method of accounting for income tax purposes, most regulated public utilities, including the Company, generally capitalize costs in accordance with FERC accounting classifications and U.S. GAAP methods of accounting.

The distinction between whether or not these expenditures are deductible as paid or incurred or required to be capitalized and depreciated for income tax purposes has long been a complex and disputed issue among the Service and taxpayers. Generally speaking, the Internal Revenue Code provides that expenditures that do not substantially prolong the life of an asset, materially increase its value, or adapt it for a substantially different use may be deducted as an expense in the taxable year in which it is paid or incurred.

Recent developments and guidance in this area have helped clarify this distinction. Accordingly, taxpayers are taking the opportunity to change their tax method of accounting for these expenditures and, on a facts and circumstances basis, take a tax deduction for the qualifying expenditures in the taxable year paid or incurred even though the same expenditures are required to be capitalized and depreciated for book purposes.

The IRS consent letters contain a term that requires the Company to provide a copy of its Form 3115 (and any additional information submitted to the Service in connection with such 3115) to any regulatory body having jurisdiction over the Company. In compliance with this term, copies of the Forms 3115, the additional information submitted to the Service in connection with the Forms 3115, and the consent letters from the Service are available for your review in the Company's offices. To schedule an appointment to review these documents, please contact Dave Taylor at 801-220-2923. Otherwise, no further action is requested or required on your part.

Kind Regards,

Jonathan D. Hale

Jonathan D. Hale
Senior Tax Director, PacifiCorp

Cc: Jeffrey K. Larsen
Vice President, Regulation
Rocky Mountain Power