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BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

In the Matter of the Application of PACIFICORP (U 901 E) for Authority to Update its Rates Pursuant to its Energy Cost Adjustment Clause Effective January 1, 2013.	Application No. 12-08-A1208003 (Filed August 1, 2012)

APPLICATION OF PACIFICORP (U 901 E) FOR AUTHORITY TO UPDATE ITS RATES PURSUANT TO ITS ENERGY COST ADJUSTMENT CLAUSE

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Date: August 1, 2012

Attorneys for PacifiCorp

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

In the Matter of the Application of PACIFICORP (U 901 E) for Authority to Update its Rates Pursuant to its Energy Cost Adjustment Clause Effective January 1, 2013.	Application No. 12-08-___ (Filed August 1, 2012)

APPLICATION OF PACIFICORP (U 901 E) FOR AUTHORITY TO UPDATE ITS RATES PURSUANT TO ITS ENERGY COST ADJUSTMENT CLAUSE

In accordance with Rules 2.1 and 3.2,[1] PacifiCorp respectfully submits this Application requesting approval to increase rates pursuant to its Energy Cost Adjustment Clause (ECAC) authorized as part of PacifiCorp's 2005 general rate case.[2] As described below, PacifiCorp proposes an increase in rates of approximately $0.4 million, or 0.4 percent overall, for its California retail customers.

As part of this Application, PacifiCorp proposes including the costs and revenues associated with two programs initiated by the California Air Resources Board (CARB) to comply with Assembly Bill (AB) 32—the Mandatory Reporting Rule and the Cap and Trade Program. The costs included in this filing that are associated with these two programs include implementation fees, verification costs, and the costs to purchase greenhouse gas (GHG) allowances. The revenues included in this filing are a forecast of revenues from the sale of GHG allowances in an amount equal to the forecast costs of procuring those allowances. If the Commission

[1] Unless otherwise specified, all citations to a rule are to the Commission's Rules of Practice and Procedure.
[2] Application (A.) 05-11-022, Decision (D.) 06-12-011.

does not allow the ECAC to include the revenues from the sale of GHG allowances in compliance with the CARB Cap and Trade Program, the overall rate increase would be approximately $7.3 million or 7.1 percent overall, which is significantly higher than PacifiCorp's proposal.

I. BACKGROUND

PacifiCorp is a multi-jurisdictional utility providing electric retail service to customers in California, Idaho, Oregon, Utah, Washington, and Wyoming. PacifiCorp serves approximately 45,000 customers in Del Norte, Modoc, Shasta, and Siskiyou counties in northern California.

On November 29, 2005, in A.05-11-022, PacifiCorp filed a general rate case application with the Commission seeking an overall revenue requirement increase. As part of its application, PacifiCorp requested authority to implement an ECAC to allow for timely and efficient recovery of its net power costs. In D.06-12-011, the Commission approved PacifiCorp's general rate increase and adopted the terms of two settlements, including PacifiCorp's proposed ECAC. As directed by the Commission, PacifiCorp filed revised tariff sheets associated with the ECAC by advice letter on December 21, 2006, which became effective January 1, 2007. In each of the subsequent five years, the Commission approved PacifiCorp's annual applications under the ECAC.[3]

II. DESCRIPTION OF REQUEST

PacifiCorp respectfully requests that the Commission authorize PacifiCorp to update its ECAC rates to allow for recovery of its adjusted actual net power costs and fuel stock carrying charge for 2011, adjusted actual/forecast net power costs and fuel stock carrying charge for 2012, and its forecast net power costs and fuel stock carrying charge for 2013. As discussed in the

[3] D.07-12-015, D.08-11-058, D.09-12-027, D.10-11-021, and D.12-03-022.

direct testimony of Stacey J. Kusters (Exhibit PAC/200), PacifiCorp also proposes to include the program costs and revenues associated with the Mandatory Reporting Rule and Cap and Trade Program in PacifiCorp's annual ECAC. These costs include implementation fees, mandatory reporting verification costs, and costs for purchasing allowances. While the Commission has not issued a decision regarding the treatment of revenues from the sale of GHG allowances, PacifiCorp is proposing to include these revenues to mitigate the costs of procuring GHG allowances. PacifiCorp proposes to update this filing once the Commission issues its decision regarding allocation of revenues from the sale of GHG allowances in Rulemaking (R.) 11-03-012.

As discussed in detail below, the net increase of $0.4 million in this request is composed of: (1) an approximate $1.4 million increase associated with changes to the Balancing Rate; and (2) an approximate $1.0 million decrease associated with changes to the Offset Rate. Both the Balancing Rate and the Offset Rate include implementation and reporting verification costs associated with the Mandatory Reporting Rule and the Cap and Trade Program.

The overall net increase proposed in this case is driven primarily by lower loads across PacifiCorp's system and reductions in the wholesale market price for electricity and natural gas. All of the factors affecting PacifiCorp's net power costs are described in the direct testimony of Brian S. Dickman (Exhibit PAC/100). PacifiCorp's proposed increase would result in the following overall average increase by customer class:

Customer Class	Proposed Price Change
Residential	0.4%
Commercial/Industrial	0.4%
Irrigation	0.4%
Lighting	0.2%
Overall	0.4%

If the Commission does not allow the inclusion of revenues from the sale of GHG allowances to mitigate the cost of procuring allowances, the change in the Offset Rate would result in an increase of approximately $5.8 million over the current 2012 Offset Rate and, when added to the increase from the change in the Balancing Rate, would result in an overall rate increase of approximately $7.3 million or 7.1 percent overall. This alternative increase would result in the following overall average increase by customer class:

Customer Class	Alternative Price Change
Residential	6.7%
Commercial/Industrial	7.7%
Irrigation	7.1%
Lighting	4.4%
Overall	7.1%

The rate impacts of both the Company's proposal and the alternative increase are described in the direct testimony of Judith M. Ridenour (Exhibit PAC/300).

A. Balancing Rate and Offset Rate for 2013

Net power costs are generally defined as the sum of fuel expenses, wholesale purchase power expenses and wheeling expenses, less wholesale sales revenue. The ECAC provides PacifiCorp the opportunity to recover net power costs in a timely and efficient manner, which allows PacifiCorp to continue to provide adequate, safe, and reliable service to its California customers.

Rates for net power costs are unbundled from other rates and are collected through the Energy Cost Adjustment Clause Tariff Rate Rider, Schedule ECAC-94. As authorized by the Commission in D.06-12-011, energy costs and revenues subject to the ECAC are accounted for in the ECAC balancing account. The ECAC balancing account is intended to be recovered annually through the ECAC filing.

The ECAC includes two rate components: the Balancing Rate and the Offset Rate. The Balancing Rate is the rate that either returns to or recovers from customers the total ECAC balancing account. The ECAC allows dollar-for-dollar recovery of actual net power costs and fuel stock carrying charge. There is a monthly true up of the forecasted net power costs currently in rates with actual net power costs. The Balancing Rate is updated each year if the new rate varies from the current rate by five percent or more. In this case, the Balancing Rate also includes $291,320 in costs associated with the implementation of AB 32 currently being held in a memorandum account authorized in the Commission's decision in PacifiCorp's 2012 ECAC (D.11-03-022), as discussed in more detail below. See Exhibits PAC/101 and PAC/203.

The second component of the ECAC, the Offset Rate, allows PacifiCorp to reset rates to reflect the forecast of net power costs and fuel stock carrying charge for the upcoming year. To determine updated net power costs, PacifiCorp incorporates updates to its: (1) forward price curve; (2) forecast loads; (3) normalized hydro generation; (4) forecast coal costs; (5) wholesale sales and purchases of electricity and natural gas; (6) thermal plant capabilities; and (7) wheeling expenses. As with the Balancing Rate, the Offset Rate can be updated if the new rate varies from the current rate by five percent or more.

PacifiCorp proposes a Balancing Rate effective January 1, 2013, of $2.14 per megawatt hour (MWh); a Balancing Rate of $0.47 per MWh is currently in effect. See Exhibit PAC/100 at page 4. PacifiCorp proposes an Offset Rate effective January 1, 2013, of $30.00 per MWh; the current Offset Rate is $31.20 per MWh. See Exhibit PAC/100 at page 7. The change to the Balancing Rate exceeds the five percent threshold. The change to the Offset Rate does not exceed the five percent threshold, but PacifiCorp is proposing this change to minimize rate increases for its California customers. The result is an overall proposed rate increase of approximately $0.4 million, or 0.4 percent overall.

B. Costs and Revenues Associated with the Purchase and Sale of GHG Allowances

In this Application, PacifiCorp is proposing to include costs and revenues associated with the CARB Mandatory Reporting Rule and Cap and Trade Program, including costs associated with the procurement of GHG allowances, revenues from the sale of directly allocated GHG allowances, implementation fees, mandatory reporting verification costs, and overhead costs for administering the program.

In its 2012 ECAC application (A.11-08-001), filed August 1, 2011, PacifiCorp proposed to recover the program costs and revenues associated with compliance with AB 32, including costs and revenues related to the Mandatory Reporting Rule and Cap and Trade Program. In D.12-03-022, issued March 12, 2012, the Commission adopted a stipulation that required PacifiCorp to withdraw the AB 32 costs and revenues from its ECAC application and allowed PacifiCorp to establish a memorandum account to record these costs. The Commission stated: "The recovery of costs included in the memorandum account will be subject to the Commission's ultimate disposition on the appropriate mechanisms for the allocation and recovery of AB 32 costs."[4] PacifiCorp established the memorandum account authorized in D.12-03-022 on March 9, 2012.

The question of the appropriate mechanisms for the allocation and recovery of costs and revenues associated with compliance with GHG emissions regulations and statutory requirements, including the CARB Mandatory Reporting Rule and Cap and Trade Program was initially anticipated to be addressed in Rulemaking (R.) 11-03-012, opened in March 2011. But

[4] D.12-03-022 at 2 (March 8, 2012).

on August 4, 2011, the assigned Administrative Law Judges (ALJs) issued a ruling (Ruling) stating that issues related to GHG risk management, procurement, and compliance-related costs would be addressed in the Long Term Procurement Planning (LTPP) proceeding, R.10-05-006. Because PacifiCorp was exempt from the LTTP proceeding, PacifiCorp filed comments requesting that the cost of its compliance with AB 32 remain in R.11-03-012, but the ALJs rejected this proposal, finding that "all issues related to GHG risk management, procurement and compliance costs, as described below, will remain in the LTPP proceeding for both large, investor-owned utilities and the small and/or multi-jurisdictional utilities, *including PacifiCorp*."[5] PacifiCorp had little opportunity to meaningfully participate in the LTPP proceeding, however, because at the time the Ruling was issued, evidentiary hearings had already been scheduled.

On February 21, 2012, the Commission issued a proposed decision in the LTPP proceeding (R.10-05-006). The Proposed Decision did not address PacifiCorp and other small and multi-jurisdictional utilities (SMJUs). The California Association of Small and Multi-jurisdictional Utilities (CASMU)[6] filed joint comments on March 12, 2012, asking the Commission to revise the proposed decision to address the SMJU-specific issues associated with GHG risk management, procurement, and compliance costs. In its Final Decision, issued April 2012, the Commission discussed the applicability of the decision to the SMJUs' procurement authority, but did not address how the SMJUs could seek recovery of procurement costs.[7]

Although the appropriate mechanism to recover the costs associated with compliance with GHG emissions regulations and statutory requirements was not specifically addressed for PacifiCorp in the LTPP proceeding, the Commission did determine the appropriate mechanism

[5] Ruling at 4 (emphasis added).
[6] The CASMU members are PacifiCorp, Bear Valley Electric Service, and California Pacific Electric Company.
[7] D.12-04-046 at 66.

to be used by the large investor-owned utilities. The Commission authorized the large investor-owned utilities to recover compliance costs through the utilities' annual Energy Resource Recovery Account (ERRA) filings.[8] The ERRA is a mechanism to true up actual and forecast net power costs, and is functionally equivalent to PacifiCorp's ECAC. It is reasonable to interpret the Commission's decision in D.12-04-046 to allow recovery of these costs through not only the ERRA specifically, but also through equivalent mechanisms for smaller investor-owned utilities. PacifiCorp therefore proposes that the Commission allow PacifiCorp to recover its costs for compliance with GHG emissions regulations and statutory requirements, including the CARB Mandatory Reporting Rule and Cap and Trade Program, through its ECAC. PacifiCorp's proposal is consistent with D.12-04-046 and D.12-03-022.

In addition, now that the Commission has issued its "ultimate disposition on the appropriate mechanism for the allocation and recovery of AB 32 costs,"[9] PacifiCorp is also seeking recovery of the costs included in the memorandum account authorized in D.12-03-022. These costs were incurred in 2011 to comply with the Mandatory Reporting Rule and Cap and Trade Program. The total amount in the memorandum account is $291,320; this amount has been included in the Balancing Rate in this Application. Although some of the costs included in the memorandum account were incurred before the memorandum account was authorized in D.12-03-022, those costs were included in PacifiCorp's ECAC balancing account when the costs were incurred. Thus, allowing recovery of these costs would not violate the rule against retroactive ratemaking because, before the costs were incurred, the Commission authorized PacifiCorp to book expenses related to net power costs into the ECAC balancing account for

[8] *See* D.12-04-046, ordering paragraph 10.
[9] D.12-03-022 at 2.

possible future recovery in rates.[10] Because the costs to implement the Mandatory Reporting Rule and Cap and Trade Program are directly related to generation, and are therefore related to net power costs, PacifiCorp appropriately booked these costs in its ECAC balancing account for future recovery.

In addition to the costs related to the Mandatory Reporting Rule and the Cap and Trade Program, PacifiCorp is proposing to include the revenues from the sale of GHG allowances under the Cap and Trade Program. Although the question of the appropriate treatment of the revenues from the sale of GHG allowances is still pending before the Commission in R.11-03-012, PacifiCorp's proposal will benefit customers as contemplated by the Cap and Trade Program. PacifiCorp's proposal is also consistent with its proposal in R.11-03-012, where PacifiCorp filed comments that generally support a direct return to customers of, at minimum, sufficient revenue to mitigate the compliance costs incurred.

Notwithstanding the fact that a final decision has not been made in R.11-03-012, PacifiCorp proposes to include a forecast of the revenues that will be received from the sale of directly allocated GHG allowances in an amount equal to the forecast costs of purchasing GHG allowances. PacifiCorp's proposal has two primary benefits. First, including sufficient forecast revenues from GHG allowance sales to offset the forecast costs of GHG allowance procurement will minimize the rate increase proposed in this Application. Without the inclusion of both costs and revenues, the costs of compliance with the Cap and Trade Program will result in an increase associated with changes to the Offset Rate of approximately $5.8 million. This, combined with the $1.4 million increase associated with changes to the Balancing Rate, would result in an overall rate increase of $7.3 million, or 7.1 percent. Second, given the explicit provisions of the

[10] *Southern California Water Co.*, 43 Cal. P.U.C. 2d 596, 600 (D.92-03-094) (March 31, 1992).

Program directing GHG allowance revenues to be used to benefit of ratepayers, it is likely that at least a portion of revenues from GHG allowance sales will be directly returned to customers in some manner. PacifiCorp's proposal reflects the likely outcome in R.11-03-012, where PacifiCorp has proposed that the Commission return GHG allowance revenues directly to customers on a volumetric basis.[11] Upon issuance of a final decision in R.11-03-012, PacifiCorp will update this filing as necessary to reflect the ultimate GHG revenue allocation methodology adopted by the Commission.

III. STATUTORY AND REGULATORY REQUIREMENTS

A. Applicant and Correspondence (Rules 2.1(a) and (b))

PacifiCorp is a public utility organized and existing under the laws of the state of Oregon. PacifiCorp engages in the business of generating, transmitting, and distributing electric energy in portions of northern California and in the states of Idaho, Oregon, Utah, Washington, and Wyoming. PacifiCorp's principal place of business is 825 NE Multnomah Street, Suite 2000, Portland, Oregon 97232.

Communications regarding this Application should be addressed to:

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[11] PacifiCorp's proposal is also consistent with recent legislation, SB 1018.

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E-mail: mday@goodinmacbride.com

In addition, PacifiCorp respectfully requests that all data requests in this case be addressed to:

By e-mail (preferred):	datarequest@pacificorp.com
By regular mail:	Data Request Response Center PacifiCorp 825 NE Multnomah, Suite 2000 Portland, OR 97232

B. Statutory and Procedural Authority (Rule 2.1)

Rule 2.1 requires that all applications state clearly and concisely the authorization or relief sought, cite by appropriate reference the statutory provision or other authority under which Commission authorization or relief is sought, and be verified by the applicant. The relief being sought is summarized in Sections I and II and is further described in the testimony, exhibits, and appendices supporting this Application. The statutory and other authority under which this relief is being sought includes Rules 2.1 and 3.2, Sections 451, 454, and 701 of the California Public Utilities Code, and this Commission's prior decisions, orders, and resolutions. An officer of PacifiCorp has verified this Application as required by Rules 1.11 and 2.1.

C. Proposed Categorization, Need for Hearing, Issues to be Considered, and Proposed Schedule (Rule 2.1(c))

Rule 2.1(c) requires PacifiCorp to state "[t]he proposed category for the proceeding, the need for hearing, the issues to be considered, and a proposed schedule." PacifiCorp proposes that the Commission classify this proceeding as "ratesetting." The issues in this proceeding relate to the proposed rate increase necessary to allow PacifiCorp to recover its net power costs for a portion of 2011, 2012, and 2013.

If no party objects to the proposed rates, hearings may not be necessary. PacifiCorp's Application and the supporting appendices, testimony, and exhibits constitute a sufficient record for the Commission to rule on PacifiCorp's ECAC without the need for hearings. PacifiCorp respectfully requests that a final decision be rendered before December 31, 2012.

PacifiCorp proposes the following schedule, which allows for expedited Commission resolution of the Application:

Application filed	August 1, 2012
Protest/Responses to Application	August 31, 2012
Prehearing Conference	September 21, 2012
Scoping Memo	October 5, 2012
Proposed Decision	November 16, 2012
Final Commission Decision	December 20, 2012
Rates Effective	January 1, 2013

D. Organization and Qualification to Transact Business (Rule 2.2)

A certified copy of PacifiCorp's Articles of Incorporation, as amended and presently in effect, was filed with the Commission in A.97-05-011, which resulted in Commission issuance of D.97-12-093, and is incorporated by reference under Rule 2.2.

E. Balance Sheet and Income Statement (Rule 3.2(a)(1))

A copy of PacifiCorp's recent financial statements, contained in the Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission, for the period ending March 31, 2012, is attached as Appendix A.

F. Present and Proposed Rates (Rule 3.2(a)(2) and (3))

A statement of PacifiCorp's present and proposed rates is included as Appendix B. The statement of proposed rates shows only PacifiCorp's proposed $0.4 million increase and does not show what rates would be if the Commission did not accept PacifiCorp's proposal to include the revenues from the sale of GHG allowances. Additionally, proposed rates are shown in the direct testimony of Ms. Judith M. Ridenour (Exhibit PAC/303).

G. Summary of Earnings (Rule 3.2(a)(5))

The statement of earnings included in this Application as Appendix C is stated on a California-specific basis.

H. List of Testimony and Appendices

PacifiCorp's submissions to support this Application include the following:

Appendix A	PacifiCorp's First Quarter 2012 Form 10-Q
Appendix B	Statement of Present and Proposed Rates
Appendix C	Summary of PacifiCorp's Earnings
Exhibits PAC/100	Direct Testimony of Brian S. Dickman
PAC/101	California ECAC Offset/Balancing Rate Calculation
PAC/102	Net Power Cost Analysis – Adjusted Actual 2011 Net Power Costs
PAC/103	Net Power Cost Analysis – Adjusted Actual/Forecast 2012 Net Power Costs
PAC/104	Net Power Cost Analysis – Forecast 2013 Net Power Costs
PAC/105	2013 California Allocated Net Power Costs
PAC/106	Alternative California ECAC Offset/Balancing Rate Calculation
Exhibit PAC/200	Confidential & Redacted Direct Testimony of Stacey J. Kusters
PAC/201	Confidential & Redacted Mandatory Reporting Rule and Cap and Trade Program – 2013 Compliance Obligation
PAC/202	Confidential & Redacted Mandatory Reporting Rule and Cap and Trade Program – 2013 Forecast Emission Obligation Cost
PAC/203	Confidential & Redacted Mandatory Reporting Rule and Cap and Trade Program – Administrative Costs
Exhibits PAC/300	Direct Testimony of Judith M. Ridenour
PAC/301	Effects of Proposed Rate Change Distributed by Rate Schedule
PAC/302	Effects of Alternative Rate Change Excluding Revenues from the Sale of GHG Allowances
PAC/303	Calculation of Proposed ECAC Adjustment Rates

PAC/304 Calculation of Alternative ECAC Adjustment Rates Excluding Revenues from the Sale of GHG Allowances

I. Public Notice (Rule 3.2(b), (c) and (d))

Certain cities and counties in the state of California will be affected by the rate changes resulting from this Application. This includes the cities and towns of Yreka, Crescent City, Alturas, Mount Shasta, Weed, Dunsmuir, Fort Jones, Dorris and Tulelake. Counties affected by this Application are Siskiyou, Del Norte, Modoc and Shasta. As required by Rule 3.2(b), (c) and (d), notice of filing this Application will be: (1) served on the Attorney General and the Department of General Services when the state is a customer or subscriber whose rates would be affected by the proposed increase; (2) served on the County Counsel (or District Attorney if the county has no County Counsel) and County Clerk, and the City Attorney and City Clerk, listed in the current roster published by the Secretary of State in each county and city in which the proposed increase is to be made effective; (3) published in a newspaper of general circulation in each county in PacifiCorp's service territory within which the rate changes would be effective; (4) included with regular bills mailed to all customers affected by the proposed changes or by electronically linking to notice of this Application for customers that receive their bills electronically; and (5) served on any other persons whom PacifiCorp deems appropriate or as required by the Commission.

J. Statement under Rule 3.2(a)(10)

Rule 3.2(a)(10) requires PacifiCorp to state whether its request is limited to passing through to customers "only increased costs to the corporation for the services or commodities furnished by it." PacifiCorp requests permission to pass through to customers increased costs to the corporation for the services or commodities furnished by it in serving its California retail customers.

IV. CONCLUSION

Based on the information provided in this Application, as well as the accompanying appendices, testimony, and exhibits, PacifiCorp respectfully requests that the Commission issue an order, effective January 1, 2013, approving the proposed rate increase to allow PacifiCorp timely recovery of its net power costs through its approved ECAC.

Respectfully submitted this August 1, 2012, at San Francisco, California.

By: Sarah K. Wallace

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In the Matter of the Application of PACIFICORP (U 901 E) for Authority to Update its Rates Pursuant to its Energy Cost Adjustment Clause Effective January 1, 2013.	Application No. 12-08-___ (Filed August 1, 2012)

VERIFICATION

I am an officer of the Applicant in the above-captioned proceeding and am authorized to make this verification on its behalf. The statements in the foregoing document are true on my own knowledge, except as to matters which are stated therein on information or belief, and as to those matters, I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on August 1, 2012, at Portland, Oregon.

William R. Griffith
Vice President, Regulation

APPENDIX A

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2012

or

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ______ to ______

Commission File Number	Exact name of registrant as specified in its charter; State or other jurisdiction of incorporation or organization	IRS Employer Identification No.
1-5152	**PACIFICORP** **(An Oregon Corporation)** **825 N.E. Multnomah Street** **Portland, Oregon 97232** **503-813-5608**	**93-0246090**

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

All of the shares of outstanding common stock are indirectly owned by MidAmerican Energy Holdings Company, 666 Grand Avenue, Des Moines, Iowa 50309. As of April 30, 2012, 357,060,915 shares of common stock were outstanding.

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PART I

PART II

Definition of Abbreviations and Industry Terms

When used in Part I, Items 2 through 4, and Part II, Items 1 through 6, the following terms have the definitions indicated.

PacifiCorp and Related Entities

MEHC	MidAmerican Energy Holdings Company
PacifiCorp	PacifiCorp and its subsidiaries
PPW Holdings	PPW Holdings LLC, a wholly owned subsidiary of MEHC and PacifiCorp's direct parent company

Certain Industry Terms

AFUDC	Allowance for Funds Used During Construction
CPUC	California Public Utilities Commission
Dodd-Frank Reform Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
EBA	Energy Balancing Account
ECAC	Energy Cost Adjustment Clause
ECAM	Energy Cost Adjustment Mechanism
EPA	United States Environmental Protection Agency
FERC	Federal Energy Regulatory Commission
GHG	Greenhouse Gases
GWh	Gigawatt hour
IPUC	Idaho Public Utilities Commission
IRP	Integrated Resource Plan
kV	Kilovolt
MW	Megawatt
MWh	Megawatt hour
OPUC	Oregon Public Utility Commission
REC	Renewable Energy Credit
RFPs	Requests for Proposals
RPS	Renewable Portfolio Standards
SEC	United States Securities and Exchange Commission
TAM	Transition Adjustment Mechanism
UPSC	Utah Public Service Commission
WPSC	Wyoming Public Service Commission
WUTC	Washington Utilities and Transportation Commission

Forward-Looking Statements

This report contains statements that do not directly or exclusively relate to historical facts. These statements are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements can typically be identified by the use of forward-looking words, such as "will," "may," "could," "project," "believe," "anticipate," "expect," "estimate," "continue," "intend," "potential," "plan," "forecast" and similar terms. These statements are based upon PacifiCorp's current intentions, assumptions, expectations and beliefs and are subject to risks, uncertainties and other important factors. Many of these factors are outside the control of PacifiCorp and could cause actual results to differ materially from those expressed or implied by such forward-looking statements. These factors include, among others:

- general economic, political and business conditions, as well as changes in laws and regulations affecting PacifiCorp's operations or related industries;
- changes in, and compliance with, environmental laws, regulations, decisions and policies that could, among other items, increase operating and capital costs, reduce generating facility output, accelerate generating facility retirements or delay generating facility construction or acquisition;
- the outcome of general rate cases and other proceedings conducted by regulatory commissions or other governmental and legal bodies and PacifiCorp's ability to recover costs in rates in a timely manner;
- changes in economic, industry or weather conditions, as well as demographic trends, that could affect customer growth and usage, electricity supply or PacifiCorp's ability to obtain long-term contracts with customers and suppliers;
- a high degree of variance between actual and forecasted load that could impact PacifiCorp's hedging strategy and the cost of balancing its generation resources and wholesale activities with its retail load obligations;
- performance and availability of PacifiCorp's generating facilities, including the impacts of outages and repairs, transmission constraints, weather and operating conditions;
- hydroelectric conditions and the cost, feasibility and eventual outcome of hydroelectric relicensing proceedings that could have a significant impact on electricity capacity and cost and PacifiCorp's ability to generate electricity;
- changes in prices, availability and demand for both purchases and sales of wholesale electricity, coal, natural gas, other fuel sources and fuel transportation that could have a significant impact on generating capacity and energy costs;
- the financial condition and creditworthiness of PacifiCorp's significant customers and suppliers;
- changes in business strategy or development plans;
- availability, terms and deployment of capital, including reductions in demand for investment-grade commercial paper, debt securities and other sources of debt financing and volatility in the London Interbank Offered Rate, the base interest rate for PacifiCorp's credit facilities;
- changes in PacifiCorp's credit ratings;
- the impact of derivative contracts used to mitigate or manage volume, price and interest rate risk, including increased collateral requirements, and changes in commodity prices, interest rates and other conditions that affect the fair value of derivative contracts;
- the impact of inflation on costs and our ability to recover such costs in rates;
- increases in employee healthcare costs;
- the impact of investment performance and changes in interest rates, legislation, healthcare cost trends, mortality and morbidity on PacifiCorp's pension and other postretirement benefits expense and funding requirements and the multiemployer plans to which PacifiCorp contributes;

- unanticipated construction delays, changes in costs, receipt of required permits and authorizations, ability to fund capital projects and other factors that could affect future generating facilities and infrastructure additions;

- the impact of new accounting guidance or changes in current accounting estimates and assumptions on PacifiCorp's consolidated financial results;

- other risks or unforeseen events, including the effects of storms, floods, litigation, wars, terrorism, embargoes and other catastrophic events; and

- other business or investment considerations that may be disclosed from time to time in PacifiCorp's filings with the United States Securities and Exchange Commission or in other publicly disseminated written documents.

Further details of the potential risks and uncertainties affecting PacifiCorp are described in its filings with the United States Securities and Exchange Commission, including Part II, Item 1A and other discussions contained in this Form 10-Q. PacifiCorp undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The foregoing factors should not be construed as exclusive.

PART I

Item 1. Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
PacifiCorp
Portland, Oregon

We have reviewed the accompanying consolidated balance sheet of PacifiCorp and subsidiaries ("PacifiCorp") as of March 31, 2012, and the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for the three-month periods ended March 31, 2012 and 2011. These interim financial statements are the responsibility of PacifiCorp's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to such consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of PacifiCorp and subsidiaries as of December 31, 2011, and the related consolidated statements of operations, cash flows, changes in equity and comprehensive income for the year then ended (not presented herein); and in our report dated February 27, 2012, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2011 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Deloitte & Touche LLP

Portland, Oregon
May 4, 2012

PACIFICORP AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Unaudited)
(Amounts in millions)

	As of	
	March 31, 2012	**December 31, 2011**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 45	$ 47
Accounts receivable, net	581	653
Income taxes receivable	87	70
Inventories:		
Materials and supplies	200	196
Fuel	256	237
Deferred income taxes	132	129
Regulatory assets	94	74
Other current assets	76	77
Total current assets	1,471	1,483
Property, plant and equipment, net	17,571	17,374
Regulatory assets	1,813	1,810
Other assets	433	439
Total assets	$ 21,288	$ 21,106

The accompanying notes are an integral part of these consolidated financial statements.

PACIFICORP AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Unaudited) (continued)
(Amounts in millions)

	As of	
	March 31, 2012	December 31, 2011
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 454	$ 582
Accrued employee expenses	109	72
Accrued interest	100	105
Accrued property and other taxes	93	66
Derivative contracts	168	90
Short-term debt	—	688
Current portion of long-term debt and capital lease obligations	24	19
Regulatory liabilities	65	67
Other current liabilities	116	125
Total current liabilities	1,129	1,814
Regulatory liabilities	825	826
Derivative contracts	98	66
Long-term debt and capital lease obligations	6,848	6,194
Deferred income taxes	3,959	3,863
Other long-term liabilities	1,017	1,031
Total liabilities	13,876	13,794
Commitments and contingencies (Note 9)		
Shareholders' equity:		
Preferred stock	41	41
Common stock - 750 shares authorized, no par value, 357 shares issued and outstanding	—	—
Additional paid-in capital	4,479	4,479
Retained earnings	2,901	2,801
Accumulated other comprehensive loss, net	(9)	(9)
Total shareholders' equity	7,412	7,312
Total liabilities and shareholders' equity	$ 21,288	$ 21,106

The accompanying notes are an integral part of these consolidated financial statements.

PACIFICORP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(Amounts in millions)

	Three-Month Periods Ended March 31,	
	2012	**2011**
Operating revenue	$ 1,191	$ 1,119
Operating costs and expenses:		
Energy costs	445	383
Operations and maintenance	269	278
Depreciation and amortization	157	153
Taxes, other than income taxes	42	38
Total operating costs and expenses	913	852
Operating income	278	267
Other income (expense):		
Interest expense	(95)	(96)
Allowance for borrowed funds	7	6
Allowance for equity funds	15	11
Interest income	1	1
Other, net	2	—
Total other income (expense)	(70)	(78)
Income before income tax expense	208	189
Income tax expense	57	62
Net income	$ 151	$ 127

The accompanying notes are an integral part of these consolidated financial statements.

PACIFICORP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)
(Amounts in millions)

	Three-Month Periods Ended March 31,	
	2012	2011
Net income	$ 151	$ 127
Other comprehensive loss, net of tax:		
Unrealized losses on cash flow hedges, net of tax of $- and $-	—	(1)
Comprehensive income	$ 151	$ 126

The accompanying notes are an integral part of these consolidated financial statements.

PACIFICORP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Unaudited)
(Amounts in millions)

	PacifiCorp Shareholders' Equity						
	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss, Net	Noncontrolling Interest	Total Equity
Balance at December 31, 2010	$ 41	$ —	$ 4,479	$ 2,798	$ (7)	$ —	$ 7,311
Net income	—	—	—	127	—	—	127
Other comprehensive loss	—	—	—	—	(1)	—	(1)
Preferred stock dividends declared	—	—	—	(1)	—	—	(1)
Common stock dividends declared	—	—	—	(550)	—	—	(550)
Balance at March 31, 2011	$ 41	$ —	$ 4,479	$ 2,374	$ (8)	$ —	$ 6,886
Balance at December 31, 2011	$ 41	$ —	$ 4,479	$ 2,801	$ (9)	$ —	$ 7,312
Net income	—	—	—	151	—	—	151
Preferred stock dividends declared	—	—	—	(1)	—	—	(1)
Common stock dividends declared	—	—	—	(50)	—	—	(50)
Balance at March 31, 2012	$ 41	$ —	$ 4,479	$ 2,901	$ (9)	$ —	$ 7,412

The accompanying notes are an integral part of these consolidated financial statements.

PACIFICORP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(Amounts in millions)

	Three-Month Periods Ended March 31,	
	2012	**2011**
Cash flows from operating activities:		
Net income	$ 151	$ 127
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	157	153
Deferred income taxes and amortization of investment tax credits	89	(16)
Changes in regulatory assets and liabilities	—	(8)
Other, net	(11)	(8)
Changes in other operating assets and liabilities:		
Accounts receivable and other assets	82	53
Derivative collateral, net	85	20
Inventories	(23)	(13)
Income taxes receivable, net	(17)	80
Accounts payable and other liabilities	(34)	8
Net cash flows from operating activities	479	396
Cash flows from investing activities:		
Capital expenditures	(405)	(352)
Other, net	9	6
Net cash flows from investing activities	(396)	(346)
Cash flows from financing activities:		
Net (repayments of) proceeds from short-term debt	(688)	234
Proceeds from long-term debt	749	—
Repayments and redemptions of long-term debt and capital lease obligations	(90)	—
Preferred stock dividends	(1)	(1)
Common stock dividends	(50)	(275)
Other, net	(5)	—
Net cash flows from financing activities	(85)	(42)
Net change in cash and cash equivalents	(2)	8
Cash and cash equivalents at beginning of period	47	31
Cash and cash equivalents at end of period	$ 45	$ 39

The accompanying notes are an integral part of these consolidated financial statements.

(1) General

PacifiCorp, which includes PacifiCorp and its subsidiaries, is a United States regulated electric company serving 1.8 million retail customers, including residential, commercial, industrial and other customers in portions of the states of Utah, Oregon, Wyoming, Washington, Idaho and California. PacifiCorp owns, or has interests in, a number of thermal, hydroelectric, wind-powered and geothermal generating facilities, as well as electric transmission and distribution assets. PacifiCorp also buys and sells electricity on the wholesale market with public and private utilities, energy marketing companies, financial institutions and incorporated municipalities. PacifiCorp is subject to comprehensive state and federal regulation. PacifiCorp's subsidiaries support its electric utility operations by providing coal mining and environmental remediation services. PacifiCorp is an indirect subsidiary of MidAmerican Energy Holdings Company ("MEHC"), a holding company based in Des Moines, Iowa that owns subsidiaries principally engaged in energy businesses. MEHC is a consolidated subsidiary of Berkshire Hathaway Inc.

The unaudited Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and the United States Securities and Exchange Commission's rules and regulations for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the disclosures required by GAAP for annual financial statements. Management believes the unaudited Consolidated Financial Statements contain all adjustments (consisting only of normal recurring adjustments) considered necessary for the fair presentation of the Consolidated Financial Statements as of March 31, 2012 and for the three-month periods ended March 31, 2012 and 2011. The results of operations for the three-month period ended March 31, 2012 are not necessarily indicative of the results to be expected for the full year.

The preparation of the unaudited Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenue and expenses during the period. Actual results may differ from the estimates used in preparing the unaudited Consolidated Financial Statements. Note 2 of Notes to Consolidated Financial Statements included in PacifiCorp's Annual Report on Form 10-K for the year ended December 31, 2011 describes the most significant accounting policies used in the preparation of the Consolidated Financial Statements. There have been no significant changes in PacifiCorp's assumptions regarding significant accounting estimates and policies during the three-month period ended March 31, 2012.

(2) New Accounting Pronouncements

In December 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-11, which amends FASB Accounting Standards Codification ("ASC") Topic 210, "Balance Sheet." The amendments in this guidance require an entity to provide quantitative disclosures about offsetting financial instruments and derivative instruments. Additionally, this guidance requires qualitative and quantitative disclosures about master netting agreements or similar agreements when the financial instruments and derivative instruments are not offset. This guidance is effective for fiscal years beginning on or after January 1, 2013, and for interim periods within those fiscal years. PacifiCorp is currently evaluating the impact of adopting this guidance on its disclosures included within Notes to Consolidated Financial Statements.

In June 2011, the FASB issued ASU No. 2011-05, which amends FASB ASC Topic 220, "Comprehensive Income." ASU No. 2011-05 provides an entity with the option to present the total of comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. Regardless of the option chosen, this guidance also requires presentation of items on the face of the financial statements that are reclassified from other comprehensive income to net income. This guidance does not change the items that must be reported in other comprehensive income, when an item of other comprehensive income must be reclassified to net income or how tax effects of each item of other comprehensive income are presented. This guidance is effective for interim and annual reporting periods beginning after December 15, 2011. In December 2011, the FASB issued ASU No. 2011-12, which also amends FASB ASC Topic 220 to defer indefinitely the ASU No. 2011-05 requirement to present items on the face of the financial statements that are reclassified from other comprehensive income to net income. ASU No. 2011-12 is also effective for interim and annual reporting periods beginning after December 15, 2011. PacifiCorp adopted this guidance on January 1, 2012 and elected the two separate but consecutive statements option.

In May 2011, the FASB issued ASU No. 2011-04, which amends FASB ASC Topic 820, "Fair Value Measurements and Disclosures." The amendments in this guidance are not intended to result in a change in current accounting. ASU No. 2011-04 requires additional disclosures relating to fair value measurements categorized within Level 3 of the fair value hierarchy, including quantitative information about unobservable inputs, the valuation process used by the entity and the sensitivity of unobservable input measurements. Additionally, entities are required to disclose the level of the fair value hierarchy for assets and liabilities that are not measured at fair value in the balance sheet, but for which disclosure of the fair value is required. This guidance is effective for interim and annual reporting periods beginning after December 15, 2011. PacifiCorp adopted ASU 2011-04 on January 1, 2012. The adoption of this guidance did not have a material impact on PacifiCorp's disclosures included within Notes to Consolidated Financial Statements.

(3) Property, Plant and Equipment, Net

Property, plant and equipment, net consists of the following (in millions):

		As of	
	Depreciable Life	March 31, 2012	December 31, 2011
Property, plant and equipment	5-80 years	$ 23,181	$ 23,055
Accumulated depreciation and amortization		(6,948)	(6,888)
Net property, plant and equipment		16,233	16,167
Construction work-in-progress		1,338	1,207
Total property, plant and equipment, net		$ 17,571	$ 17,374

(4) Fair Value Measurements

The carrying value of PacifiCorp's cash, certain cash equivalents, receivables, payables, accrued liabilities and short-term borrowings approximates fair value because of the short-term maturity of these instruments. PacifiCorp has certain financial assets and liabilities that are measured at fair value on the Consolidated Financial Statements using inputs from the three levels of the fair value hierarchy. A financial asset or liability classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The three levels are as follows:

- Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that PacifiCorp has the ability to access at the measurement date.

- Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

- Level 3 - Unobservable inputs reflect PacifiCorp's judgments about the assumptions market participants would use in pricing the asset or liability since limited market data exists. PacifiCorp develops these inputs based on the best information available, including its own data.

The following table presents PacifiCorp's assets and liabilities recognized on the Consolidated Balance Sheets and measured at fair value on a recurring basis (in millions):

	Input Levels for Fair Value Measurements				
	Level 1	Level 2	Level 3	Other[1]	Total
As of March 31, 2012					
Assets:					
Commodity derivatives	$ —	$ 113	$ 2	$ (95)	$ 20
Money market mutual funds[2]	34	—	—	—	34
	$ 34	$ 113	$ 2	$ (95)	$ 54
Liabilities - Commodity derivatives	$ —	$ (399)	$ —	$ 133	$ (266)
As of December 31, 2011					
Assets:					
Commodity derivatives	$ —	$ 114	$ 1	$ (100)	$ 15
Money market mutual funds[2]	33	—	—	—	33
	$ 33	$ 114	$ 1	$ (100)	$ 48
Liabilities - Commodity derivatives	$ —	$ (379)	$ —	$ 223	$ (156)

(1) Represents netting under master netting arrangements and a net cash collateral receivable of $38 million and $123 million as of March 31, 2012 and December 31, 2011, respectively.

(2) Amounts are included in cash and cash equivalents, other current assets and other assets on the Consolidated Balance Sheets. The fair value of these money market mutual funds approximates cost.

Derivative contracts are recorded on the Consolidated Balance Sheets as either assets or liabilities and are stated at fair value unless they are designated as normal purchases or normal sales and qualify for the exception afforded by GAAP. When available, the fair value of derivative contracts is estimated using unadjusted quoted prices for identical contracts in the market in which PacifiCorp transacts. When quoted prices for identical contracts are not available, PacifiCorp uses forward price curves. Forward price curves represent PacifiCorp's estimates of the prices at which a buyer or seller could contract today for delivery or settlement at future dates. PacifiCorp bases its forward price curves upon market price quotations, when available, or internally developed and commercial models, with internal and external fundamental data inputs. Market price quotations are obtained from independent energy brokers, exchanges, direct communication with market participants and actual transactions executed by PacifiCorp. Market price quotations for certain major electricity and natural gas trading hubs are generally readily obtainable for the first six years; therefore, PacifiCorp's forward price curves for those locations and periods reflect observable market quotes. Market price quotations for other electricity and natural gas trading hubs are not as readily obtainable for the first six years. Given that limited market data exists for these contracts, as well as for those contracts that are not actively traded, PacifiCorp uses forward price curves derived from internal models based on perceived pricing relationships to major trading hubs that are based on unobservable inputs. The estimated fair value of these derivative contracts is a function of underlying forward commodity prices, interest rates, currency rates, related volatility, counterparty creditworthiness and duration of contracts. Refer to Note 5 for further discussion regarding PacifiCorp's risk management and hedging activities.

PacifiCorp's investments in money market mutual funds are accounted for as available-for-sale securities and are stated at fair value. PacifiCorp uses a readily observable quoted market price or net asset value of an identical security in an active market to record the fair value.

The following table reconciles the beginning and ending balances of PacifiCorp's commodity derivative assets and liabilities measured at fair value on a recurring basis using significant Level 3 inputs (in millions):

	Three-Month Periods Ended March 31,	
	2012	2011
Beginning balance	$ 1	$ (345)
Changes in fair value recognized in net regulatory assets	1	(15)
Settlements	—	9
Ending balance	$ 2	$ (351)

PacifiCorp's long-term debt is carried at cost on the Consolidated Financial Statements. The fair value of PacifiCorp's long-term debt is a Level 2 fair value measurement and has been estimated based upon quoted market prices, where available, or at the present value of future cash flows discounted at rates consistent with comparable maturities with similar credit risks. The carrying value of PacifiCorp's variable-rate long-term debt approximates fair value because of the frequent repricing of these instruments at market rates. The following table presents the carrying value and estimated fair value of PacifiCorp's long-term debt (in millions):

	As of March 31, 2012		As of December 31, 2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt	$ 6,816	$ 8,003	$ 6,157	$ 7,804

(5) Risk Management and Hedging Activities

PacifiCorp is exposed to the impact of market fluctuations in commodity prices and interest rates. PacifiCorp is principally exposed to electricity, natural gas, coal and fuel oil commodity price risk as it has an obligation to serve retail customer load in its regulated service territories. PacifiCorp's load and generating facilities represent substantial underlying commodity positions. Exposures to commodity prices consist mainly of variations in the price of fuel required to generate electricity and wholesale electricity that is purchased and sold. Commodity prices are subject to wide price swings as supply and demand are impacted by, among many other unpredictable items, weather, market liquidity, generating facility availability, customer usage, storage, and transmission and transportation constraints. Interest rate risk exists on variable-rate debt and future debt issuances. PacifiCorp does not engage in a material amount of proprietary trading activities.

PacifiCorp has established a risk management process that is designed to identify, assess, monitor, report, manage and mitigate each of the various types of risk involved in its business. To mitigate a portion of its commodity price risk, PacifiCorp uses commodity derivative contracts, which may include forwards, options, swaps and other agreements, to effectively secure future supply or sell future production generally at fixed prices. PacifiCorp manages its interest rate risk by limiting its exposure to variable interest rates primarily through the issuance of fixed-rate long-term debt and by monitoring market changes in interest rates. Additionally, PacifiCorp may from time to time enter into interest rate derivative contracts, such as interest rate swaps or locks, to mitigate PacifiCorp's exposure to interest rate risk. No interest rate derivatives were in place during the periods presented. PacifiCorp does not hedge all of its commodity price and interest rate risks, thereby exposing the unhedged portion to changes in market prices.

There have been no significant changes in PacifiCorp's accounting policies related to derivatives. Refer to Note 4 for additional information on derivative contracts.

The following table, which reflects master netting arrangements and excludes contracts that have been designated as normal under the normal purchases or normal sales exception afforded by GAAP, summarizes the fair value of PacifiCorp's derivative contracts, on a gross basis, and reconciles those amounts to the amounts presented on a net basis on the Consolidated Balance Sheets (in millions):

	Other Current Assets	Other Assets	Derivative Contracts Liabilities		Total
			Current	Noncurrent	
As of March 31, 2012					
Not designated as hedging contracts[1]:					
Commodity assets	$ 27	$ 1	$ 73	$ 14	$ 115
Commodity liabilities	(5)	—	(277)	(117)	(399)
Total	22	1	(204)	(103)	(284)
Total derivatives	22	1	(204)	(103)	(284)
Cash collateral (payable) receivable[2]	(3)	—	36	5	38
Total derivatives - net basis	$ 19	$ 1	$ (168)	$ (98)	$ (246)
As of December 31, 2011					
Not designated as hedging contracts[1]:					
Commodity assets	$ 30	$ 7	$ 66	$ 12	$ 115
Commodity liabilities	(17)	(3)	(242)	(117)	(379)
Total	13	4	(176)	(105)	(264)
Total derivatives	13	4	(176)	(105)	(264)
Cash collateral (payable) receivable[2]	(2)	—	86	39	123
Total derivatives - net basis	$ 11	$ 4	$ (90)	$ (66)	$ (141)

(1) PacifiCorp's commodity derivatives are generally included in rates and as of March 31, 2012 and December 31, 2011, a net regulatory asset of $284 million and $264 million, respectively, was recorded related to the net derivative liability of $284 million and $264 million, respectively.

(2) As of March 31, 2012 and December 31, 2011, PacifiCorp had arranged letters of credit under its revolving credit facilities totaling $135 million and $- million, respectively, as collateral securing certain derivative liabilities.

The following table reconciles the beginning and ending balances of PacifiCorp's net regulatory assets and summarizes the pre-tax gains and losses on commodity derivative contracts recognized in net regulatory assets, as well as amounts reclassified to earnings (in millions):

	Three-Month Periods Ended March 31,	
	2012	2011
Beginning balance	$ 264	$ 487
Changes in fair value recognized in net regulatory assets	52	(2)
Net gains reclassified to operating revenue	14	8
Net (losses) gains reclassified to energy costs	(46)	12
Ending balance	$ 284	$ 505

Derivative Contract Volumes

The following table summarizes the net notional amounts of outstanding commodity derivative contracts with fixed price terms that comprise the mark-to-market values as of (in millions):

	Unit of Measure	March 31, 2012	December 31, 2011
Commodity contracts:			
Electricity sales	Megawatt hours	(1)	(2)
Natural gas purchases	Decatherms	87	96
Fuel oil purchases	Gallons	13	17

Credit Risk

PacifiCorp extends unsecured credit to other utilities, energy marketing companies, financial institutions and other market participants in conjunction with its wholesale energy supply and marketing activities. Credit risk relates to the risk of loss that might occur as a result of nonperformance by counterparties on their contractual obligations to make or take delivery of electricity, natural gas or other commodities and to make financial settlements of these obligations. Credit risk may be concentrated to the extent that one or more groups of counterparties have similar economic, industry or other characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in market or other conditions. In addition, credit risk includes not only the risk that a counterparty may default due to circumstances relating directly to it, but also the risk that a counterparty may default due to circumstances involving other market participants that have a direct or indirect relationship with the counterparty.

PacifiCorp analyzes the financial condition of each significant wholesale counterparty before entering into any transactions, establishes limits on the amount of unsecured credit to be extended to each counterparty and evaluates the appropriateness of unsecured credit limits on an ongoing basis. To mitigate exposure to the financial risks of wholesale counterparties, PacifiCorp enters into netting and collateral arrangements that may include margining and cross-product netting agreements and obtains third-party guarantees, letters of credit and cash deposits. Counterparties may be assessed fees for delayed payments. If required, PacifiCorp exercises rights under these arrangements, including calling on the counterparty's credit support arrangement.

Collateral and Contingent Features

In accordance with industry practice, certain wholesale derivative contracts contain provisions that require PacifiCorp to maintain specific credit ratings from one or more of the major credit rating agencies on its unsecured debt. These derivative contracts may either specifically provide bilateral rights to demand cash or other security if credit exposures on a net basis exceed specified rating-dependent threshold levels ("credit-risk-related contingent features") or provide the right for counterparties to demand "adequate assurance" in the event of a material adverse change in PacifiCorp's creditworthiness. These rights can vary by contract and by counterparty. As of March 31, 2012, PacifiCorp's credit ratings from the three recognized credit rating agencies were investment grade.

The aggregate fair value of PacifiCorp's derivative contracts in liability positions with specific credit-risk-related contingent features totaled $396 million and $378 million as of March 31, 2012 and December 31, 2011, respectively, for which PacifiCorp had posted collateral of $176 million and $125 million, respectively, in the form of cash deposits and letters of credit. If all credit-risk-related contingent features for derivative contracts in liability positions had been triggered as of March 31, 2012 and December 31, 2011, PacifiCorp would have been required to post $129 million and $155 million, respectively, of additional collateral. PacifiCorp's collateral requirements could fluctuate considerably due to market price volatility, changes in credit ratings, changes in legislation or regulation or other factors.

(6) Recent Financing Transactions

In January 2012, PacifiCorp issued $350 million of its 2.95% First Mortgage Bonds due February 1, 2022 and $300 million of its 4.10% First Mortgage Bonds due February 1, 2042. The net proceeds were used to repay short-term debt, fund capital expenditures and for general corporate purposes. In March 2012, PacifiCorp issued an additional $100 million of its 2.95% First Mortgage Bonds due February 1, 2022. The net proceeds were used to redeem $84 million of tax-exempt bond obligations prior to scheduled maturity with a weighted average interest rate of 5.7%, to repay short-term debt and for general corporate purposes.

(7) Employee Benefit Plans

Net periodic benefit cost for the pension and other postretirement benefit plans included the following components (in millions):

	Three-Month Periods Ended March 31,	
	2012	2011
Pension:		
Service cost	$ 2	$ 2
Interest cost	15	16
Expected return on plan assets	(19)	(18)
Net amortization	9	7
Net amortization of regulatory deferrals	—	(2)
Net periodic benefit cost	$ 7	$ 5
Other postretirement:		
Service cost	$ 2	$ 1
Interest cost	7	8
Expected return on plan assets	(8)	(7)
Net amortization	1	4
Net periodic benefit cost	$ 2	$ 6

Employer contributions to the pension and other postretirement benefit plans are expected to be $49 million and $9 million, respectively, during 2012. As of March 31, 2012, $18 million and $2 million of contributions had been made to the pension and other postretirement benefit plans, respectively.

(8) Income Taxes

The effective tax rate was 27% for the three-month period ended March 31, 2012 compared to 33% for 2011. The decrease in PacifiCorp's effective tax rate for the three-month period ended March 31, 2012 compared to the prior period was primarily due to the effects of ratemaking in the prior year.

(9) Commitments and Contingencies

Legal Matters

PacifiCorp is party to a variety of legal actions arising out of the normal course of business. Plaintiffs occasionally seek punitive or exemplary damages. PacifiCorp does not believe that such normal and routine litigation will have a material impact on its consolidated financial results. PacifiCorp is also involved in other kinds of legal actions, some of which assert or may assert claims or seek to impose fines, penalties and other costs in substantial amounts and are described below.

Northwest Refund Case

In October 2011, the Federal Energy Regulatory Commission ("FERC") issued an order on remand by the United States Court of Appeals for the Ninth Circuit, in which it determined that additional procedures are needed to address possible unlawful activity that may have influenced prices in the Pacific Northwest wholesale spot market during the period from December 2000 through June 2001. PacifiCorp was a participant in the Pacific Northwest wholesale spot market during this period. The FERC ordered an evidentiary, trial-type hearing before an administrative law judge to permit parties to present evidence of alleged unlawful market activity. However, the FERC held the hearing in abeyance pending settlement discussions with all parties, which are ongoing. PacifiCorp does not believe that the outcome of this proceeding will have a material impact on its consolidated financial results.

Environmental Laws and Regulations

PacifiCorp is subject to federal, state and local laws and regulations regarding air and water quality, renewable portfolio standards, emissions performance standards, climate change, coal combustion byproduct disposal, hazardous and solid waste disposal, protected species and other environmental matters that have the potential to impact PacifiCorp's current and future operations. PacifiCorp believes it is in material compliance with all applicable laws and regulations.

Hydroelectric Relicensing

PacifiCorp's hydroelectric portfolio consists of 44 generating facilities with an aggregate facility net owned capacity of 1,145 megawatts. The FERC regulates 98% of the net capacity of this portfolio through 15 individual licenses, which have terms of 30 to 50 years. PacifiCorp expects to incur ongoing operating and maintenance expense and capital expenditures associated with the terms of its renewed hydroelectric licenses and settlement agreements, including natural resource enhancements. PacifiCorp's Klamath hydroelectric system is currently operating under annual licenses. Substantially all of PacifiCorp's remaining hydroelectric generating facilities are operating under licenses that expire between 2030 and 2058.

Klamath Hydroelectric System - Klamath River, Oregon and California

In February 2010, PacifiCorp, the United States Department of the Interior, the United States Department of Commerce, the State of California, the State of Oregon and various other governmental and non-governmental settlement parties signed the Klamath Hydroelectric Settlement Agreement ("KHSA"). Among other things, the KHSA provides that the United States Department of the Interior conduct scientific and engineering studies to assess whether removal of the Klamath hydroelectric system's four mainstem dams is in the public interest and will advance restoration of the Klamath Basin's salmonid fisheries. If it is determined that dam removal should proceed, dam removal is expected to commence no earlier than 2020.

Under the KHSA, PacifiCorp and its customers are protected from uncapped dam removal costs and liabilities. For dam removal to occur, federal legislation consistent with the KHSA must be enacted to provide, among other things, protection for PacifiCorp from all liabilities associated with dam removal activities. If Congress does not enact legislation, then PacifiCorp will resume relicensing at the FERC. In November 2011, bills were introduced in both chambers of the United States Congress that, if passed, would enact the KHSA and a companion agreement that seeks to resolve other water-related conflicts and restore habitat in the Klamath basin.

In addition, the KHSA limits PacifiCorp's contribution to dam removal costs to no more than $200 million, of which up to $184 million would be collected from PacifiCorp's Oregon customers with the remainder to be collected from PacifiCorp's California customers. An additional $250 million for dam removal costs is expected to be raised through a California bond measure or other appropriate State of California financing mechanism. If dam removal costs exceed $200 million and if the State of California is unable to raise the additional funds necessary for dam removal costs, sufficient funds would need to be provided by an entity other than PacifiCorp in order for the KHSA and dam removal to proceed.

PacifiCorp has begun collection of surcharges from Oregon customers for their share of dam removal costs, as approved by the Oregon Public Utility Commission ("OPUC"), and is depositing the proceeds in a trust account maintained by the OPUC. PacifiCorp has begun collection of surcharges from California customers for their share of dam removal costs, as approved by the California Public Utilities Commission ("CPUC"), and is depositing the proceeds into two trust accounts maintained by the CPUC. PacifiCorp is authorized to collect the surcharges through 2019.

As of March 31, 2012, PacifiCorp's property, plant and equipment, net included $123 million of costs associated with the Klamath hydroelectric system's four mainstem dams and the associated relicensing and settlement costs. PacifiCorp has received approvals from the OPUC, the CPUC and the Wyoming Public Service Commission to depreciate the Klamath hydroelectric system's four mainstem dams and the associated relicensing and settlement costs through the expected dam removal date. The depreciation rate changes were effective January 1, 2011 and will allow for full depreciation of the assets by December 2019 for those jurisdictions. PacifiCorp filed for consistent ratemaking treatment in the last Idaho general rate case, which was settled in January 2012 without a decision on this matter. PacifiCorp expects to seek similar approval in Washington. As part of the July 2011 Utah general rate case settlement that was approved by the Utah Public Service Commission in August 2011, PacifiCorp and the other parties to the settlement agreed to defer a decision regarding the acceleration of the depreciation rates for the Klamath hydroelectric system's four mainstem dams to a future rate proceeding, at which time Utah's $34 million share of associated relicensing and settlement costs would be addressed. In the 2012 Utah general rate case, PacifiCorp has requested approval for Utah's share of accelerated depreciation of the Klamath hydroelectric system's four mainstem dams and associated relicensing and settlement costs. This proceeding is currently ongoing.

(10) Common Equity

In January 2012, PacifiCorp declared a dividend of $50 million, which was paid to PPW Holdings LLC, a direct wholly owned subsidiary of MEHC and PacifiCorp's direct parent company, in February 2012.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is management's discussion and analysis of certain significant factors that have affected the consolidated financial condition and results of operations of PacifiCorp during the periods included herein. Explanations include management's best estimate of the impacts of weather, customer growth and other factors. This discussion should be read in conjunction with PacifiCorp's historical unaudited Consolidated Financial Statements and Notes to Consolidated Financial Statements in Item 1 of this Form 10-Q. PacifiCorp's actual results in the future could differ significantly from the historical results.

Results of Operations for the First Quarters of 2012 and 2011

Overview

Net income attributable to PacifiCorp for the first quarter was $151 million, an increase of $24 million, or 19%, as compared to 2011. Net income attributable to PacifiCorp increased primarily due to higher retail prices approved by regulators, higher renewable energy credit revenue, higher wholesale revenue, lower operations and maintenance expense and a lower effective tax rate, partially offset by higher energy costs and lower retail customer load. Retail customer load decreased 1% in the first quarter of 2012 compared to 2011 due to the effects of mild weather on residential loads in the eastern portion of PacifiCorp's service territory. Energy generated increased 9% in the first quarter of 2012 compared to 2011 with higher coal-fueled generation due to improved availability, higher natural gas-fueled generation due to improved spark spreads and availability, and higher hydroelectric generation.

Operating revenue and energy costs are the key drivers of PacifiCorp's results of operations as they encompass retail and wholesale electricity sales and the direct costs associated with providing electricity to customers. PacifiCorp believes that a discussion of gross margin, representing operating revenue less energy costs, is therefore meaningful.

A comparison of PacifiCorp's key operating results for the first quarter is as follows:

	First Quarter		Favorable/(Unfavorable)	
	2012	2011	Change	% Change
Gross margin (in millions):				
Operating revenue	$ 1,191	$ 1,119	$ 72	6 %
Energy costs	445	383	(62)	(16)
Gross margin	$ 746	$ 736	$ 10	1
Volumes of electricity sold (in GWh):				
Residential	4,399	4,494	(95)	(2)%
Commercial	4,023	4,026	(3)	—
Industrial and irrigation	4,966	4,969	(3)	—
Other	93	139	(46)	(33)
Total retail electricity sales	13,481	13,628	(147)	(1)
Wholesale electricity sales	3,321	2,361	960	41
Total electricity sales	16,802	15,989	813	5
Retail electricity sales:				
Average retail customers (in thousands)	1,751	1,741	10	1 %
Average revenue per MWh	$ 76.48	$ 72.13	$ 4.35	6 %
Wholesale electricity sales:				
Average revenue per MWh	$ 26.93	$ 34.02	$ (7.09)	(21)%
Volumes of electricity generated (in GWh):				
Coal-fueled generation	10,758	10,086	672	7 %
Natural gas-fueled generation	2,089	1,535	554	36
Hydroelectric generation	1,418	1,366	52	4
Other	1,081	1,098	(17)	(2)
Total PacifiCorp generated volumes	15,346	14,085	1,261	9
Volumes of electricity purchased (in GWh):				
Purchased electricity	2,747	3,127	380	12 %
Cost of purchased electricity:				
Average cost per MWh	$ 46.25	$ 32.55	$ (13.70)	(42)%

Gross margin increased $10 million, or 1%, for 2012 compared to 2011 primarily due to:

- $60 million of increases from higher retail prices approved by regulators; and
- $16 million of higher revenue recognized associated with RECs, including the impacts of deferrals.

The increase in gross margin was partially offset by:

- $22 million of increases in fuel costs primarily due to increased coal-fueled generation from improved availability and increased natural gas-fueled generation from improved availability and spark spreads;
- $16 million of unfavorable impacts of net wholesale electricity activities due to lower electricity sales prices and higher purchased electricity prices due to reduced electricity swap settlement gains, partially offset by lower purchased electricity volumes and increased wholesale electricity sales volumes from increased generation levels;
- $15 million of lower deferrals of incurred power costs and amortization of previous deferrals in accordance with established adjustment mechanisms; and
- $12 million of decreases due to lower customer load primarily due to impacts of mild weather on residential loads in the eastern portion of PacifiCorp's service territory.

Operations and maintenance decreased $9 million, or 3%, for 2012 compared to 2011 primarily due to a decrease in contracts and services as a result of lower plant operating costs.

Depreciation and amortization increased $4 million, or 3%, for 2012 compared to 2011 primarily due to higher plant in service.

Taxes, other than income taxes increased $4 million, or 11%, for 2012 compared to 2011 primarily due to increased property taxes from higher plant in service.

Allowances for borrowed and equity funds increased $5 million, or 29%, for 2012 compared to 2011 primarily due to higher qualified construction work-in-progress balances.

Income tax expense decreased $5 million, or 8%, for 2012 compared to 2011 and the effective tax rates were 27% and 33% for 2012 and 2011, respectively. The decrease in PacifiCorp's effective tax rate was primarily due to the effects of ratemaking in the prior year.

Liquidity and Capital Resources

As of March 31, 2012, PacifiCorp's total net liquidity was $961 million. The components of total net liquidity were as follows (in millions):

Cash and cash equivalents	$ 45
Available revolving credit facilities	1,355
Less:	
Short-term debt	—
Letters of credit supporting tax-exempt bond obligations and collateral requirements of commodity contracts[(1)]	(439)
Net revolving credit facilities available	916
Total net liquidity	$ 961
Unsecured revolving credit facilities:	
Maturity dates[(2)]	2012, 2013
Largest single bank commitment as a % of total[(3)]	16%

(1) In April 2012, PacifiCorp replaced letters of credit totaling $92 million that supported certain variable rate tax-exempt bond obligations with new letters of credit issued under one of its revolving credit facilities. In May 2012, a facility that provides an additional $205 million of letters of credit supporting other variable rate tax-exempt bond obligations will expire. PacifiCorp expects to arrange for replacement letters of credit under one of its revolving credit facilities to provide support for those tax-exempt bond obligations.

(2) For further discussion regarding PacifiCorp's credit facilities, refer to Note 8 of Notes to Consolidated Financial Statements in Item 8 of PacifiCorp's Annual Report on Form 10-K for the year ended December 31, 2011.

(3) An inability of financial institutions to honor their commitments could adversely affect PacifiCorp's short-term liquidity and ability to meet long-term commitments.

Operating Activities

Net cash flows from operating activities for the three-month periods ended March 31, 2012 and 2011 were $479 million and $396 million, respectively. The $83 million increase was primarily due to higher retail prices approved by regulators, favorable changes in collateral posted for derivative contracts as a result of replacing certain cash collateral outstanding with letters of credit and lower contributions to employee benefit plans, partially offset by higher energy costs.

In December 2010, the President signed the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 into law, which provided for 100% bonus depreciation for qualifying property purchased and placed in service after September 8, 2010 and prior to January 1, 2012, and extended 50% bonus depreciation for qualifying property purchased and placed in service after December 31, 2010 and prior to January 1, 2013. As a result of this legislation, PacifiCorp's cash flows from operations are expected to benefit in 2012 due to bonus depreciation on qualifying assets placed in service in 2012 and from income taxes received in 2012 for assets placed in service in 2011.

Investing Activities

Net cash flows from investing activities for the three-month periods ended March 31, 2012 and 2011 were $(396) million and $(346) million, respectively. Capital expenditures increased $53 million and consisted of the following during the three-month periods ended March 31 and exclude amounts for non-cash equity AFUDC and other non-cash items:

2012:

- Transmission system investments totaling $89 million, including construction costs for the 100-mile high-voltage transmission line being built between the Mona substation in central Utah and the Oquirrh substation in the Salt Lake Valley. A 65-mile segment of the Mona-Oquirrh transmission project will be a single-circuit 500-kV transmission line, while the remaining 35-mile segment will be a double-circuit 345-kV transmission line. The transmission line is expected to be placed in service in 2013.

- The development and construction of the Lake Side 2 637-MW combined-cycle combustion turbine natural gas-fueled generating facility ("Lake Side 2") totaling $60 million, which is expected to be placed in service in 2014.

- Emissions control equipment on existing generating facilities totaling $17 million for installation or upgrade of sulfur dioxide scrubbers, low nitrogen oxide burners and particulate matter control systems.

- Distribution, generation, mining and other infrastructure needed to serve existing and expected demand totaling $239 million.

2011:

- Emissions control equipment on existing generating facilities totaling $89 million for installation or upgrade of sulfur dioxide scrubbers, low nitrogen oxide burners and particulate matter control systems, including costs for the Wyodak generating facility sulfur dioxide scrubber upgrade and low nitrogen oxide burners that were placed in service in April 2011.

- Transmission system investments totaling $56 million, including permitting and right-of-way costs for the Mona-Oquirrh transmission project.

- Distribution, generation, mining and other infrastructure needed to serve existing and expected demand totaling $207 million.

Financing Activities

Net cash flows from financing activities for the three-month period ended March 31, 2012 were $(85) million. Uses of cash totaled $834 million and substantially consisted of $688 million for the net repayment of short-term debt, $90 million for the repayment of long-term debt and $50 million for common stock dividends paid to PPW Holdings. Sources of cash totaled $749 million and consisted of proceeds from the issuance of long-term debt.

Net cash flows from financing activities for the three-month period ended March 31, 2011 were $(42) million. Uses of cash totaled $276 million and consisted substantially of a $275 million common stock dividend paid to PPW Holdings. Sources of cash consisted of $234 million of net proceeds from short-term debt.

Short-term Debt and Revolving Credit Facilities

Regulatory authorities limit PacifiCorp to $1.5 billion of short-term debt. As of March 31, 2012, PacifiCorp had no short-term debt outstanding. As of December 31, 2011, PacifiCorp had $688 million of short-term debt outstanding at a weighted average interest rate of 0.5%.

Long-term Debt

In January 2012, PacifiCorp issued $350 million of its 2.95% First Mortgage Bonds due February 1, 2022 and $300 million of its 4.10% First Mortgage Bonds due February 1, 2042. The net proceeds were used to repay short-term debt, fund capital expenditures and for general corporate purposes. In March 2012, PacifiCorp issued an additional $100 million of its 2.95% First Mortgage Bonds due February 1, 2022. The net proceeds were used to redeem $84 million of tax-exempt bond obligations prior to scheduled maturity with a weighted average interest rate of 5.7%, to repay short-term debt and for general corporate purposes.

PacifiCorp currently has regulatory authority from the OPUC and the IPUC to issue an additional $850 million of long-term debt. PacifiCorp must make a notice filing with the WUTC prior to any future issuance.

Common Equity

In January 2012, PacifiCorp declared a common stock dividend of $50 million, which was paid to PPW Holdings in February 2012.

Future Uses of Cash

PacifiCorp has available a variety of sources of liquidity and capital resources, both internal and external, including net cash flows from operating activities, public and private debt offerings, the issuance of commercial paper, the use of unsecured revolving credit facilities, capital contributions and other sources. These sources are expected to provide funds required for current operations, capital expenditures, debt retirements and other capital requirements. The availability and terms under which PacifiCorp has access to external financing depends on a variety of factors, including PacifiCorp's credit ratings, investors' judgment of risk and conditions in the overall capital market, including the condition of the utility industry in general.

Capital Expenditures

PacifiCorp has significant future capital requirements. Capital expenditure needs are reviewed regularly by management and may change significantly as a result of these reviews, which may consider, among other factors, changes in rules and regulations, including environmental; outcomes of regulatory proceedings; changes in income tax laws; general business conditions; load projections; system reliability standards; the cost and efficiency of construction labor, equipment and materials; and the cost and availability of capital. Prudently incurred expenditures for compliance-related items, such as pollution-control technologies, replacement generation, hydroelectric relicensing, hydroelectric decommissioning and associated operating costs are generally incorporated into PacifiCorp's rates.

Forecasted capital expenditures, which exclude amounts for non-cash equity AFUDC and other non-cash items, are approximately $1.5 billion for 2012. PacifiCorp currently estimates that the least cost alternative for meeting air quality and visibility requirements for the Naughton coal-fueled generating facility Unit No. 3 ("Naughton Unit No. 3") is to convert it to a natural gas-fueled unit rather than install selective catalytic reduction and baghouse environmental projects. As a result, PacifiCorp has reduced its forecasted environmental capital expenditures by $68 million in 2012, $110 million in 2013 and $82 million in 2014. Refer to "Regulatory Matters" for a further discussion regarding Naughton Unit No. 3.

The $1.5 billion includes the following:

- $272 million for generation development projects, primarily for development and construction of Lake Side 2, which is expected to be placed in service in 2014.

- $364 million for transmission system investments, including $278 million for the Energy Gateway Transmission Expansion Program, which includes construction costs for the Mona-Oquirrh transmission line.

- $97 million for environmental projects to install and upgrade emissions control equipment at certain coal-fueled generating facilities to meet air quality and visibility permit requirements through reductions of sulfur dioxide, nitrogen oxides and particulate matter emissions.

- Remaining amounts are for ongoing investments in distribution, generation, mining and other infrastructure needed to serve existing and expected demand.

Integrated Resource Plan

As required by certain state regulations, PacifiCorp uses an IRP to develop a long-term view of prudent future actions required to help ensure that PacifiCorp continues to provide reliable and cost-effective electric service to its customers while maintaining compliance with existing and evolving environmental laws and regulations. The IRP process identifies the amount and timing of PacifiCorp's expected future resource needs and an associated optimal future resource mix that accounts for planning uncertainty, risks, reliability impacts, state energy policies and other factors. The IRP is a coordinated effort with stakeholders in each of the six states where PacifiCorp operates. PacifiCorp files its IRP on a biennial basis and receives a formal notification in five states as to whether the IRP meets the commission's IRP standards and guidelines, which is referred to as "acknowledgment." In March 2011, PacifiCorp filed its 2011 IRP with the state commissions. In June 2011, an addendum to the 2011 IRP with supplemental resource analysis was filed with the state commissions. PacifiCorp has received acknowledgment of its 2011 IRP from the WPSC, the WUTC and the IPUC. In January 2012, PacifiCorp filed an updated 2011 IRP action plan with the OPUC containing additional details to respond to issues raised by parties to the acknowledgment proceedings. The OPUC acknowledged PacifiCorp's 2011 IRP as modified by the updated action plan in March 2012 with exceptions and guidance for PacifiCorp's next IRP. PacifiCorp filed its 2011 IRP update with the OPUC, the UPSC, the WPSC and the WUTC in March 2012 and with the IPUC in April 2012. The 2011 IRP update included information contained in the action plan that was submitted to the OPUC in January 2012. PacifiCorp is not requiring acknowledgment of its 2011 IRP update.

Requests for Proposals

PacifiCorp has issued individual RFPs, each of which focuses on a specific category of electric generation resources consistent with the IRP. The IRP and the RFPs provide for the identification and staged procurement of resources in future years to achieve a balance of load requirements and resources. As required by applicable laws and regulations, PacifiCorp files draft RFPs with the UPSC, the OPUC and the WUTC prior to issuance to the market. Approval by the UPSC, the OPUC or the WUTC may be required depending on the nature of the RFPs.

In October 2011, PacifiCorp filed its draft All Source RFP for a 2016 resource with the UPSC and OPUC. The All Source RFP seeks up to 600 MW of new base load, intermediate or summer-peaking energy on a system-wide basis from projects to be placed in service by June 2016. The All Source RFP was issued to the market in January 2012 and was approved by the UPSC and the OPUC. Proposals are due in May 2012.

Contractual Obligations

As of March 31, 2012, there have been no material changes outside the normal course of business in contractual obligations from the information provided in Item 7 of PacifiCorp's Annual Report on Form 10-K for the year ended December 31, 2011 other than the 2012 debt issuances previously discussed. Additionally, refer to the "Capital Expenditures" discussion included in "Liquidity and Capital Resources."

Regulatory Matters

In addition to the discussion contained herein regarding updates to regulatory matters based upon material developments to those matters disclosed in Item 7 of PacifiCorp's Annual Report on Form 10-K for the year ended December 31, 2011, refer to Note 9 of Notes to Consolidated Financial Statements in Item 1 of this Form 10-Q for additional regulatory matter updates.

State Regulatory Matters

Utah

In February 2012, PacifiCorp filed a general rate case with the UPSC requesting a rate increase of $172 million, or an average price increase of 10%. If approved by the UPSC, the new rates are expected to be effective in October 2012.

In March 2012, PacifiCorp filed its first annual EBA with the UPSC requesting (a) $9 million for recovery of 70% of the net power costs in excess of amounts included in base rates for the period October 1, 2011 through December 31, 2011 and (b) collection of $20 million for the first annual installment of the $60 million of net power costs in excess of amounts included in base rates for the period prior to September 2011. The new rates will become effective in June 2012 on an interim basis until a final order is issued by the UPSC.

In March 2012, PacifiCorp filed with the UPSC to return $4 million to customers through the REC balancing account. The new rates will become effective in June 2012 on an interim basis until a final order is issued by the UPSC.

Oregon

In February 2012, PacifiCorp made its initial filing for the annual TAM with the OPUC for an annual increase of $10 million, or an average price increase of 1%, to recover the anticipated net power costs forecasted for calendar year 2013.

In March 2012, PacifiCorp filed a general rate case with the OPUC requesting an annual increase of $41 million, or an average price increase of 3%. As part of the general rate case filing, PacifiCorp indicated that it anticipates that the 172-MW Carbon coal-fueled generating facility ("Carbon Facility") will be retired in early 2015. If approved by the OPUC, the new rates are expected to be effective no later than January 1, 2013. Refer to "Environmental Laws and Regulations" for a further discussion regarding the Carbon Facility.

Wyoming

In December 2011, PacifiCorp filed a general rate case with the WPSC requesting an annual increase of $63 million, or an average price increase of 10%. If approved by the WPSC, the new rates are expected to be effective October 2012.

In March 2012, PacifiCorp made its first annual Wyoming ECAM filing with the WPSC. The filing requests recovery of $29 million, or an average price increase of 5%, for deferred net power costs for the period December 1, 2010 to December 31, 2011. The new rates will become effective in May 2012 on an interim basis until a final order is issued by the WPSC.

In March 2012, PacifiCorp filed its first annual Wyoming REC and Sulfur Dioxide Revenue Adjustment Mechanism ("RRA") application with the WPSC. The RRA tracks the difference between PacifiCorp's actual revenues from the sale of RECs and sulfur dioxide allowances and the amounts credited to customers in current rates. The filing requests to reduce the current surcredit by $1 million to $15 million. If approved by the WPSC, the surcredit will be effective in May 2012.

In September 2011, PacifiCorp filed with the WPSC an application for a certificate of public convenience and necessity ("CPCN") for pollution control projects in Wyoming. In April 2012, PacifiCorp filed testimony modifying its original CPCN application to reflect its current plan to convert Naughton Unit No. 3 to a natural gas-fueled unit as a result of PacifiCorp's current estimation that conversion is the least cost alternative for meeting air quality and visibility requirements and is in the best interest of customers. Public hearings regarding this matter are scheduled to begin in May 2012.

Washington

In May 2010, PacifiCorp filed a general rate case with the WUTC requesting an annual increase of $57 million, or an average price increase of 21%. In November 2010, the requested annual increase was reduced to $49 million, or an average price increase of 18%. In March 2011, the WUTC issued a final order and clarification letter approving an annual increase of $33 million, or an average price increase of 12%, reduced in the first year by a customer bill credit of $5 million, or 2%, related to the sale of RECs expected during the twelve-month period ended March 31, 2012, as well as requiring PacifiCorp to submit additional information to the WUTC regarding the sales of RECs. The new rates were effective in April 2011. Although both PacifiCorp and the WUTC staff filed petitions for reconsideration of various items on the final order, the WUTC denied the petitions for reconsideration. In May 2011, PacifiCorp submitted to the WUTC the additional information required by the March 2011 order regarding PacifiCorp's proceeds from sales of RECs for the period January 1, 2009 forward and a detailed proposal for a tracking mechanism for proceeds of RECs. Intervening parties and WUTC staff are proposing that PacifiCorp refund to customers the amount of REC sales in excess of the amount included in base rates since January 1, 2009. Initial and reply briefs from all parties were filed in November 2011. Oral arguments were held before the WUTC in January 2012 and an order is expected during the second quarter of 2012.

In July 2011, PacifiCorp filed a general rate case with the WUTC requesting an annual increase of $13 million, or an average price increase of 4%, with an effective date no later than June 1, 2012. In February 2012, the parties to the proceeding filed a settlement agreement with the WUTC reflecting an annual increase of $5 million, or an average price increase of 2%. In March 2012, the WUTC approved the settlement agreement with an effective date of June 2012.

Idaho

In February 2012, PacifiCorp filed an ECAM application with the IPUC requesting recovery of $18 million in deferred net power costs with a $3 million increase to the current ECAM surcharge rate. In March 2012, the IPUC approved the new rates with an effective date of April 2012. In April 2012, Monsanto Company filed a motion for reconsideration of the IPUC order.

California

In January 2012, PacifiCorp and the California Division of Ratepayer Advocates filed a joint motion for commission adoption and approval of a written stipulation for an overall rate increase of $2 million, or an average price increase of 2%, under the ECAC. In March 2012, the CPUC approved the stipulation and the new rates became effective March 2012.

FERC

As a result of a 2007 multi-party settlement with the FERC regarding long-term shared usage, coordinated operation and maintenance, and planning of certain 500-kV transmission lines, PacifiCorp agreed to file a Federal Power Act Section 205 rate change filing for its system-wide transmission service rates no later than June 1, 2011. In May 2011, PacifiCorp filed its Federal Power Act Section 205 rate case seeking to modify its transmission and ancillary services rates and to adopt a formula transmission rate. In August 2011, the FERC issued an order accepting PacifiCorp's filing and allowing the proposed rates to become effective December 25, 2011, subject to refund. Billing using the new rates commenced in early 2012. The FERC established settlement proceedings to encourage the parties to reach agreement on final rates. If a settlement is not reached, hearings will be held before the FERC to arrive at final approved rates. Settlement discussions are ongoing with the parties to the case.

Environmental Laws and Regulations

PacifiCorp is subject to federal, state and local laws and regulations regarding air and water quality, RPS, emissions performance standards, climate change, coal combustion byproduct disposal, hazardous and solid waste disposal, protected species and other environmental matters that have the potential to impact PacifiCorp's current and future operations. In addition to imposing continuing compliance obligations, these laws and regulations provide regulators with the authority to levy substantial penalties for noncompliance including fines, injunctive relief and other sanctions. These laws and regulations are administered by the EPA and various other state and local agencies. All such laws and regulations are subject to a range of interpretation, which may ultimately be resolved by the courts. Environmental laws and regulations continue to evolve, and PacifiCorp is unable to predict the impact of the changing laws and regulations on its operations and consolidated financial results. PacifiCorp believes it is in material compliance with all applicable laws and regulations. Refer to "Liquidity and Capital Resources" for discussion of PacifiCorp's forecasted environmental-related capital expenditures. The discussion below contains material developments to those matters disclosed in Item 7 of PacifiCorp's Annual Report on Form 10-K for the year ended December 31, 2011.

Clean Air Standards

Mercury and Air Toxics Standards

The Clean Air Mercury Rule ("CAMR"), issued by the EPA in March 2005, was the United States' first attempt to regulate mercury emissions from coal-fueled generating facilities through the use of a market-based cap-and-trade system. The CAMR, which mandated emissions reductions of approximately 70% by 2018, was overturned by the United States Court of Appeals for the District of Columbia Circuit ("D.C. Circuit") in February 2008. In March 2011, the EPA proposed a new rule that would require coal-fueled generating facilities to reduce mercury emissions and other hazardous air pollutants through the establishment of "Maximum Achievable Control Technology" standards rather than a cap-and-trade system. The final rule, Mercury and Air Toxics Standards ("MATS"), was published in the Federal Register on February 16, 2012, with an effective date of April 16, 2012 and requires that new and existing coal-fueled facilities achieve emission standards for mercury, acid gases and other non-mercury hazardous air pollutants. Existing sources are required to comply with the new standards by April 16, 2015. Individual sources may be granted up to one additional year, at the discretion of the Title V permitting authority, to complete installation of controls or for transmission system reliability reasons. While the final MATS continues to be reviewed by PacifiCorp, PacifiCorp believes that its emissions reduction projects completed to date or currently permitted or planned for installation, including scrubbers, baghouses and electrostatic precipitators are consistent with the EPA's MATS and will support PacifiCorp's ability to comply with the final rule's standards for acid gases and non-mercury metallic hazardous air pollutants. PacifiCorp will be required to take additional actions to reduce mercury emissions through the installation of controls or use of sorbent injection at certain of its coal-fueled generating facilities and otherwise comply with the final rule's standards. PacifiCorp is evaluating whether or not to close certain units. As a result of recent testing and evaluation, PacifiCorp currently anticipates that retiring the Carbon Facility in early 2015 will be the least-cost alternative to comply with the MATS and other environmental regulations. PacifiCorp continues to assess compliance alternatives and potential transmission system impacts that could otherwise impact PacifiCorp's ultimate decision with respect to the Carbon Facility, including timing of retirement and decommissioning. Incremental costs to install and maintain emissions control equipment at PacifiCorp's coal-fueled generating facilities and any requirement to shut down what have been traditionally low cost coal-fueled generating facilities will likely increase the cost of providing service to customers. In addition, numerous lawsuits are pending against the MATS rules in the D.C. Circuit, which may have an impact on PacifiCorp's compliance obligations and the timing of those obligations.

Climate Change

GHG New Source Performance Standards

Under the Clean Air Act, the EPA may establish emissions standards that reflect the degree of emissions reductions achievable through the best technology that has been demonstrated, taking into consideration the cost of achieving those reductions and any non-air quality health and environmental impact and energy requirements. The EPA entered into a settlement agreement with a number of parties, including certain state governments and environmental groups, in December 2010 to promulgate emissions standards covering GHG by September 30, 2011, as amended, and issue final regulations by May 26, 2012. However, in mid-September, the EPA indicated it would not meet the September 30, 2011 deadline to promulgate the standards. In April 2012, the EPA proposed new source performance standards for new fossil-fueled generating facilities that would limit emissions of carbon dioxide to 1,000 pounds per megawatt hour. The proposal exempts simple cycle combustion turbines from meeting the GHG standards. The proposal is open for public comments until June 12, 2012. The EPA indicated in the proposal that it does not have sufficient information to establish GHG new source performance standards for modified or reconstructed units and has not established a schedule for when these units, or other existing sources, will be regulated. Any new fossil-fueled generating facilities constructed by PacifiCorp will be required to meet the final GHG new source performance standards, which, if finalized as proposed, will preclude the construction of any coal-fueled generating facilities that do not have carbon capture and sequestration. Until any standards for existing, modified or reconstructed units are proposed and finalized, the impact on PacifiCorp's existing facilities cannot be determined.

Collateral and Contingent Features

Debt and preferred securities of PacifiCorp are rated by credit rating agencies. Assigned credit ratings are based on each rating agency's assessment of PacifiCorp's ability to, in general, meet the obligations of its issued debt or preferred securities. The credit ratings are not a recommendation to buy, sell or hold securities, and there is no assurance that a particular credit rating will continue for any given period of time. As of March 31, 2012, PacifiCorp's credit ratings for its senior secured and senior unsecured debt from the three recognized credit rating agencies were investment grade.

PacifiCorp has no credit rating downgrade triggers that would accelerate the maturity dates of outstanding debt and a change in ratings is not an event of default under the applicable debt instruments. PacifiCorp's unsecured revolving credit facilities do not require the maintenance of a minimum credit rating level in order to draw upon their availability. However, commitment fees and interest rates under the credit facilities are tied to credit ratings and increase or decrease when the ratings change. A ratings downgrade could also increase the future cost of commercial paper, short- and long-term debt issuances or new credit facilities. Certain authorizations or exemptions by regulatory commissions for the issuance of securities are valid as long as PacifiCorp maintains investment grade ratings on senior secured debt. A downgrade below that level would necessitate new regulatory applications and approvals.

In accordance with industry practice, certain wholesale energy agreements, including derivative contracts, contain provisions that require PacifiCorp to maintain specific credit ratings on its unsecured debt from one or more of the three recognized credit rating agencies. These agreements may either specifically provide bilateral rights to demand cash or other security if credit exposures on a net basis exceed specified rating-dependent threshold levels ("credit-risk-related contingent features") or provide the right for counterparties to demand "adequate assurance" in the event of a material adverse change in PacifiCorp's creditworthiness. These rights can vary by contract and by counterparty. If all credit-risk-related contingent features or adequate assurance provisions for these agreements had been triggered as of March 31, 2012, PacifiCorp would have been required to post $283 million of additional collateral. PacifiCorp's collateral requirements could fluctuate considerably due to market price volatility, changes in credit ratings, changes in legislation or regulation, or other factors. Refer to Note 5 of Notes to Consolidated Financial Statements in Item 1 of this Form 10-Q for a discussion of PacifiCorp's collateral requirements specific to PacifiCorp's derivative contracts.

In July 2010, the President signed into law the Dodd-Frank Reform Act. The Dodd-Frank Reform Act reshapes financial regulation in the United States by creating new regulators, regulating new markets and firms and providing new enforcement powers to regulators. Virtually all major areas of the Dodd-Frank Reform Act, including collateral requirements on derivative contracts, are the subject of regulatory interpretation and implementation rules requiring rulemaking proceedings, some of which have been completed and others that are expected to be finalized in 2012.

PacifiCorp is a party to derivative contracts, including over-the-counter derivative contracts. The Dodd-Frank Reform Act provides for extensive new regulation of over-the-counter derivative contracts and certain market participants, including imposition of mandatory clearing, exchange trading, capital and margin requirements for "swap dealers" and "major swap participants." The Dodd-Frank Reform Act provides certain exemptions from these regulations for commercial end-users that use derivatives to hedge and manage the commercial risk of their businesses. Although PacifiCorp generally does not enter into over-the-counter derivative contracts for purposes unrelated to hedging of commercial risk and does not believe it will be considered a swap dealer or major swap participant, the outcome of the rulemaking proceedings cannot be predicted and, therefore, the impact of the Dodd-Frank Reform Act on PacifiCorp's consolidated financial results cannot be determined at this time.

New Accounting Pronouncements

For a discussion of new accounting pronouncements affecting PacifiCorp, refer to Note 2 of Notes to Consolidated Financial Statements in Item 1 of this Form 10-Q.

Critical Accounting Estimates

Certain accounting measurements require management to make estimates and judgments concerning transactions that will be settled several years in the future. Amounts recognized on the Consolidated Financial Statements based on such estimates involve numerous assumptions subject to varying and potentially significant degrees of judgment and uncertainty and will likely change in the future as additional information becomes available. Estimates are used for, but not limited to, the accounting for the effects of certain types of regulation, derivatives, pension and other postretirement benefits, income taxes and revenue recognition - unbilled revenue. For additional discussion of PacifiCorp's critical accounting estimates, see Item 7 of PacifiCorp's Annual Report on Form 10-K for the year ended December 31, 2011. There have been no significant changes in PacifiCorp's assumptions regarding critical accounting estimates since December 31, 2011.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For quantitative and qualitative disclosures about market risk affecting PacifiCorp, see Item 7A of PacifiCorp's Annual Report on Form 10-K for the year ended December 31, 2011. PacifiCorp's exposure to market risk and its management of such risk has not changed materially since December 31, 2011. Refer to Note 5 of Notes to Consolidated Financial Statements in Item 1 of this Form 10-Q for disclosure of PacifiCorp's derivative positions as of March 31, 2012.

Item 4. Controls and Procedures

At the end of the period covered by this Quarterly Report on Form 10-Q, PacifiCorp carried out an evaluation, under the supervision and with the participation of PacifiCorp's management, including the Chief Executive Officer (principal executive officer) and the Chief Financial Officer (principal financial officer), of the effectiveness of the design and operation of PacifiCorp's disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities and Exchange Act of 1934, as amended). Based upon that evaluation, PacifiCorp's management, including the Chief Executive Officer (principal executive officer) and the Chief Financial Officer (principal financial officer), concluded that PacifiCorp's disclosure controls and procedures were effective to ensure that information required to be disclosed by PacifiCorp in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to management, including PacifiCorp's Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. There has been no change in PacifiCorp's internal control over financial reporting during the quarter ended March 31, 2012 that has materially affected, or is reasonably likely to materially affect, PacifiCorp's internal control over financial reporting.

PART II

Item 1. Legal Proceedings

For a description of certain legal proceedings affecting PacifiCorp, refer to Item 3 of PacifiCorp's Annual Report on Form 10-K for the year ended December 31, 2011.

In December 2000, Wah Chang, a large industrial customer of PacifiCorp filed an action before the OPUC asserting that the rates set by a special tariff with PacifiCorp and approved by the OPUC were not just and reasonable due to alleged market manipulation during the energy crisis. In October 2001, the OPUC dismissed Wah Chang's petition and found that Wah Chang assumed the risk of price increases under the special tariff. Wah Chang petitioned the Circuit Court for Marion County, Oregon for review of the OPUC's order. In June 2002, the Circuit Court for Marion County, Oregon granted Wah Chang's motion for review and ordered the OPUC to reopen the record to allow Wah Chang the opportunity to present new evidence. In September 2009, the OPUC dismissed Wah Chang's petition and reaffirmed that the rates set by the special tariff were just and reasonable. In October 2009, Wah Chang filed with the Oregon Court of Appeals a petition for judicial review of the OPUC's September 2009 order denying Wah Chang relief. In July 2010, the Oregon Court of Appeals accepted judicial review.

In October 2005, PacifiCorp was added as a defendant to a lawsuit originally filed in February 2005 in the Third District Court for Salt Lake County, Utah ("Third District Court") by USA Power, LLC and its affiliated companies, USA Power Partners, LLC and Spring Canyon Energy, LLC (collectively, "USA Power"), against Utah attorney Jody L. Williams and the law firm Holme, Roberts & Owen, LLP, who represent PacifiCorp on various matters from time to time. USA Power was the developer of a proposed generation project in Mona, Utah called Spring Canyon, which PacifiCorp, as part of its resource procurement process, at one time considered as an alternative to the Currant Creek generating facility. USA Power's complaint alleged that PacifiCorp misappropriated confidential proprietary information in violation of Utah's Uniform Trade Secrets Act and accused PacifiCorp of breach of contract and related claims. USA Power seeks $250 million in damages, statutory doubling of damages for its trade secrets violation claim, punitive damages, costs and attorneys' fees. The statutory doubling of damages only applies to the plaintiffs' trade secret claim and could increase the total damages sought to $500 million. After considering various motions for summary judgment, the court ruled in October 2007 in favor of PacifiCorp on all counts and dismissed the plaintiffs' claims in their entirety. In February 2008, the plaintiffs filed a petition requesting consideration by the Utah Supreme Court of two of their five claims. In May 2010, the Utah Supreme Court reversed and remanded the case back to the Third District Court for further consideration. In April 2012, the trial began in the Third District Court. PacifiCorp cannot predict the outcome of these proceedings, but believes that the outcome will not have a material impact on its consolidated financial results.

Item 1A. Risk Factors

There has been no material change to PacifiCorp's risk factors from those disclosed in Item 1A of PacifiCorp's Annual Report on Form 10-K for the year ended December 31, 2011.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Information regarding PacifiCorp's mine safety violations and other legal matters disclosed in accordance with Section 1503(a) of the Dodd-Frank Reform Act is included in Exhibit 95 to this Form 10-Q.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

The exhibits listed on the accompanying Exhibit Index are filed as part of this Quarterly Report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PACIFICORP
(Registrant)

Date: May 4, 2012

/s/ Douglas K. Stuver
Douglas K. Stuver
Senior Vice President and Chief Financial Officer
(principal financial and accounting officer)

EXHIBIT INDEX

Exhibit No.	Description
1.1*	Underwriting Agreement, dated as of February 28, 2012, relating to PacifiCorp's March 6, 2012 sale of First Mortgage Bonds (Exhibit 1.1, Current Report on Form 8-K, filed March 6, 2012, File No. 1-5152).
4.1*	Twenty-Fifth Supplemental Indenture, dated as of January 1, 2012, to PacifiCorp's Mortgage and Deed of Trust dated as of January 9, 1989 (Exhibit 4.1, Current Report on Form 8-K, filed January 6, 2012, File No. 1-5152).
15	Awareness Letter of Independent Registered Public Accounting Firm.
31.1	Principal Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Principal Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Principal Executive Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Principal Financial Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
95	Mine Safety Disclosures Required by the Dodd-Frank Wall Street Reform and Consumer Protection Act.
101	The following financial information from PacifiCorp's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 is formatted in XBRL (eXtensible Business Reporting Language) and included herein: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Changes in Equity, (v) the Consolidated Statements of Cash Flows, and (vi) the Notes to Consolidated Financial Statements, tagged as blocks of text.

*Incorporated herein by reference.

EXHIBIT 15

AWARENESS LETTER OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PacifiCorp
Portland, Oregon

We have reviewed, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the unaudited consolidated interim financial information of PacifiCorp and subsidiaries for the periods ended March 31, 2012 and 2011, as indicated in our report dated May 4, 2012; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, is incorporated by reference in Registration Statement No. 333-170954 on Form S-3ASR.

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

/s/ Deloitte & Touche LLP

Portland, Oregon
May 4, 2012

EXHIBIT 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Gregory E. Abel, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of PacifiCorp;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2012

/s/ Gregory E. Abel
Gregory E. Abel
Chairman of the Board of Directors and Chief Executive Officer
(principal executive officer)

EXHIBIT 31.2

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Douglas K. Stuver, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of PacifiCorp;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2012

/s/ Douglas K. Stuver
Douglas K. Stuver
Senior Vice President and Chief Financial Officer
(principal financial officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002

I, Gregory E. Abel, Chairman of the Board of Directors and Chief Executive Officer of PacifiCorp, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

(1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2012 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o (d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 4, 2012

/s/ Gregory E. Abel
Gregory E. Abel
Chairman of the Board of Directors and Chief Executive Officer
(principal executive officer)

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002

I, Douglas K. Stuver, Senior Vice President and Chief Financial Officer of PacifiCorp, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

(1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2012 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o (d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 4, 2012

/s/ Douglas K. Stuver
Douglas K. Stuver
Senior Vice President and Chief Financial Officer
(principal financial officer)

MINE SAFETY VIOLATIONS AND OTHER LEGAL MATTER DISCLOSURES PURSUANT TO SECTION 1503(a) OF THE DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT

PacifiCorp and its subsidiaries operate certain coal mines and coal processing facilities (collectively, the "mining facilities") that are regulated by the Federal Mine Safety and Health Administration ("MSHA") under the Federal Mine Safety and Health Act of 1977 (the "Mine Safety Act"). MSHA inspects PacifiCorp's mining facilities on a regular basis. The total number of reportable Mine Safety Act citations, orders, assessments and legal actions for the three-month period ended March 31, 2012 are summarized in the table below and are subject to contest and appeal. The severity and assessment of penalties may be reduced or, in some cases, dismissed through the contest and appeal process. Amounts are reported regardless of whether PacifiCorp has challenged or appealed the matter. Coal reserves that are not yet mined and mines that are closed or idled are not included in the information below as no reportable events occurred at those locations during the three-month period ended March 31, 2012. There were no mining-related fatalities during the three-month period ended March 31, 2012.

	Mine Safety Act				Legal Actions		
Mining Facilities	Section 104 Significant and Substantial Citations(1)	Section 104(d) Citations/ Orders(2)	Section 107(a) Imminent Danger Orders(3)	Total Value of Proposed MSHA Assessments (in thousands)	Pending(4)	Instituted During Period	Closed During Period
Deer Creek	1	—	—	$ 15	9	1	4
Bridger (surface)	—	—	—	—	1	—	3
Bridger (underground)	11	2	1	17	16	4	5
Cottonwood Preparatory Plant	—	—	—	—	—	—	—
Wyodak Coal Crushing Facility	—	—	—	—	—	—	—

(1) Citations for alleged violations of mandatory health and safety standards that could significantly or substantially contribute to the cause and effect of a safety or health hazard under Section 104 of the Mine Safety Act.

(2) For an alleged unwarrantable failure (i.e., aggravated conduct constituting more than ordinary negligence) to comply with a mining safety standard or regulation.

(3) For the existence of any condition or practice in a coal or other mine which could reasonably be expected to cause death or serious physical harm before such condition or practice can be abated. On March 20, 2012, Bridger received an imminent danger order under Section 107(a) of the Mine Safety Act at its underground mine located near Rock Springs, Wyoming. The order was reconsidered and subsequently vacated by MSHA.

(4) Amounts are as of March 31, 2012 and (a) include contests of proposed penalties under Subpart C of the Federal Mine Safety and Health Review Commission's procedural rules and (b) are not exclusive to citations, notices, orders and penalties assessed by MSHA during the reporting period.

APPENDIX B

PacifiCorp
State of California
ECAC
Statement of Present and Proposed Rates

Tariff Schedules	Present Rates	Proposed Rates	
Schedule D (Standard Residential)			
Basic Charge	$6.40	$6.40	/month
Energy Charge			
Baseline kWh	12.395	12.442	¢/kWh
Non-Baseline kWh	14.107	14.154	¢/kWh
Schedule DL-6 (Residential CARE)			
Basic Charge	$5.12	$5.12	/month
Energy Charge			
Baseline kWh	9.384	9.422	¢/kWh
Non-Baseline kWh	10.754	10.791	¢/kWh
Schedule A-25 Secondary			
Basic Charge			
1 Phase	$11.77	$11.77	/month
3 Phase	$16.16	$16.16	/month
Energy Charge	14.317	14.364	¢/kWh
Schedule A-25 Primary			
Basic Charge			
1 Phase	$11.77	$11.77	/month
3 Phase	$16.16	$16.16	/month
Energy Charge	14.174	14.221	¢/kWh
High Voltage Charge	$60.00	$60.00	/month
Schedule A-32 Secondary			
Basic Charge			
1 Phase	$11.68	$11.68	/month
3 Phase	$16.04	$16.04	/month
Distribution Demand Charge	$1.46	$1.46	/kW
Generation & Transmission Demand Charge	$2.10	$2.10	/kW
Energy Charge	11.316	11.360	¢/kWh
Reactive Power	60.00	60.00	¢/kVar
Schedule A-32 Primary			
Basic Charge			
1 Phase	$11.68	$11.68	/month
3 Phase	$16.04	$16.04	/month
Distribution Demand Charge	$1.02	$1.02	/kW
Generation & Transmission Demand Charge	$2.10	$2.10	/kW
Energy Charge	11.203	11.247	¢/kWh
Reactive Power	60.00	60.00	¢/kVar
High Voltage Charge	$60.00	$60.00	/month

Reflects present rates in effect at the time of the intial filing in this docket.

PacifiCorp
State of California
ECAC
Statement of Present and Proposed Rates

Tariff Schedules	Present Rates	Proposed Rates	
Schedule A-36 Secondary			
Basic Charge	$209.97	$209.97	/month
Distribution Demand Charge	$2.67	$2.67	/kW
Generation & Transmission Demand Charge	$5.13	$5.15	/kW
Energy Charge	8.707	8.751	¢/kWh
Reactive Power	60.00	60.00	¢/kVar
Schedule A-36 Primary			
Basic Charge	$209.97	$209.97	/month
Distribution Demand Charge	$1.87	$1.87	/kW
Generation & Transmission Demand Charge	$5.13	$5.15	/kW
Energy Charge	8.620	8.664	¢/kWh
Reactive Power	60.00	60.00	¢/kVar
High Voltage Charge	$60.00	$60.00	/month
Schedule AT-48 Secondary			
Basic Charge	$420.80	$420.80	/month
Distribution Demand Charge	$1.80	$1.80	/kW
Generation & Transmission Demand Charge (Summer)	$4.21	$4.23	/kW
Generation & Transmission Demand Charge (Winter)	$5.28	$5.30	/kW
Energy Charge	7.520	7.563	¢/kWh
Reactive Power	60.00	60.00	¢/kVar
Schedule AT-48 Primary/Transmission			
Basic Charge	$420.80	$420.80	/month
Distribution Demand Charge	$1.26	$1.26	/kW
Generation & Transmission Demand Charge (Summer)	$4.21	$4.23	/kW
Generation & Transmission Demand Charge (Winter)	$5.28	$5.30	/kW
Energy Charge	7.445	7.488	¢/kWh
Reactive Power	60.00	60.00	¢/kVar
High Voltage Charge	$60.00	$60.00	/month
Schedule PA-20			
Basic Charge - Annually (billed in November)			
1 Phase Any Size, 3 Phase <= 50kW	$66.73	$66.73	
3 Phase Load Size > 50 kW	$137.83	$137.83	
Distribution Demand Charge - Annually (billed in November)	$14.42	$14.42	/kW
Generation & Transmission Demand Charge	$2.51	$2.51	/kW
Energy Charge	10.364	10.408	¢/kWh
Reactive Power	60.00	60.00	¢/kVar

Reflects present rates in effect at the time of the intial filing in this docket.

PacifiCorp
State of California
ECAC
Statement of Present and Proposed Rates

Tariff Schedules				Present Rates	Proposed Rates	
Schedule OL-15						
	lumen		*kWh*			¢/kWh
Mercury Vapor	7,000		76	$16.72	$16.75	/Lamp
Mercury Vapor	21,000		172	$34.89	$34.97	/Lamp
Mercury Vapor	55,000		412	$78.66	$78.86	/Lamp
High Pressure Sodium	5,800		31	$17.38	$17.40	/Lamp
High Pressure Sodium	22,000		85	$27.16	$27.20	/Lamp
High Pressure Sodium	50,000		176	$45.50	$45.59	/Lamp
Schedule OL-42						
Basic Charge						
Single Phase				$9.49	$9.49	/month
Three Phase				$13.00	$13.00	/month
All kWh				16.426	16.473	¢/kWh
Schedule LS-51						
	lumen	*Watts*	*kWh*			
High Pressure Sodium	5,800	70	31	$10.28	$10.30	/Lamp
High Pressure Sodium	9,500	100	44	$11.37	$11.39	/Lamp
High Pressure Sodium	16,000	150	64	$15.84	$15.87	/Lamp
High Pressure Sodium	22,000	200	85	$19.83	$19.87	/Lamp
High Pressure Sodium	27,500	250	115	$26.71	$26.77	/Lamp
High Pressure Sodium	50,000	400	176	$38.77	$38.86	/Lamp
Decorative Series 1						
High Pressure Sodium	9,500	100	44	$31.17	$31.19	/Lamp
High Pressure Sodium	16,000	150	64	$33.22	$33.25	/Lamp
Decorative Series 2						
High Pressure Sodium	9,500	100	44	$25.60	$25.62	/Lamp
High Pressure Sodium	16,000	150	64	$27.85	$27.88	/Lamp
Schedule LS-52						
	lumen	*Watts*	*kWh*			
High Pressure Sodium	5,800	70	31	$43.47	$43.49	/Lamp
High Pressure Sodium	9,500	100	44	$45.11	$45.13	/Lamp
High Pressure Sodium	22,000	200	85	$56.41	$56.45	/Lamp
High Pressure Sodium	50,000	400	176	$78.70	$78.79	/Lamp

Reflects present rates in effect at the time of the intial filing in this docket.

PacifiCorp
State of California
ECAC
Statement of Present and Proposed Rates

Tariff Schedules				Present Rates	Proposed Rates
Schedule LS-53					
	lumen	*Watts*	*kWh*		
High Pressure Sodium	5,800	70	31	$4.56	$4.58 /Lamp
High Pressure Sodium	9,500	100	44	$6.46	$6.48 /Lamp
High Pressure Sodium	16,000	150	64	$9.40	$9.43 /Lamp
High Pressure Sodium	22,000	200	85	$12.48	$12.52 /Lamp
High Pressure Sodium	27,500	250	115	$16.90	$16.96 /Lamp
High Pressure Sodium	50,000	400	176	$25.84	$25.93 /Lamp
Non-Listed Luminaire				14.687	14.734 ¢/kWh
Schedule LS-58					
Class A	*lumen*		*kWh*		
Incandescent	1,000		37	$6.05	$6.07 /Lamp
Incandescent	2,500		73	$11.93	$11.97 /Lamp
Incandescent	4,000		119	$19.46	$19.51 /Lamp
Incandescent	6,000		163	$26.65	$26.72 /Lamp
Mercury Vapor	7,000		76	$12.44	$12.47 /Lamp
Mercury Vapor	21,000		172	$28.14	$28.22 /Lamp
Mercury Vapor	55,000		412	$67.34	$67.54 /Lamp
Fluorescent	21,400		162	$26.49	$26.57 /Lamp
Class B					
Incandescent	1,000		37	$7.52	$7.54 /Lamp
Incandescent	2,500		73	$13.48	$13.52 /Lamp
Incandescent	4,000		119	$21.04	$21.09 /Lamp
Incandescent	6,000		163	$28.34	$28.41 /Lamp
Mercury Vapor	7,000		76	$13.33	$13.36 /Lamp
Mercury Vapor	21,000		172	$29.13	$29.21 /Lamp
Mercury Vapor	55,000		412	$68.69	$68.89 /Lamp
Fluorescent	21,400		162	$28.98	$29.06 /Lamp

Reflects present rates in effect at the time of the intial filing in this docket.

APPENDIX C

Appendix C
PacifiCorp
Summary of Earnings
Twelve Months Ended December 31, 2011

Line	Item	California
1	Operating Revenue	$104,071,518
2	Operating Expenses	$82,436,135
3	Operating Revenue for Return	$21,635,383
4	Total Rate Base	$259,286,974
5	Return on Rate Base	8.34%