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

FORM 10-K

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

For the fiscal year ended December 31, 2010
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**

Securities registered pursuant to Section 12(b) of the Act: None
Securities registered pursuant to Section 12(g) of the Act:

Title of each Class

5% Preferred Stock (Cumulative; $100 Stated Value)
Serial Preferred Stock (Cumulative; $100 Stated Value)
No Par Serial Preferred Stock (Cumulative; $100 Stated Value)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☒

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 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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 shares of outstanding common stock of PacifiCorp are indirectly owned by MidAmerican Energy Holdings Company, 666 Grand Avenue, Des Moines, Iowa 50309. As of January 31, 2011, 357,060,915 shares of common stock were outstanding.

Gross margin increased $34 million, or 1%, for 2010 compared to 2009 primarily due to:

- $138 million of increases from higher retail prices approved by regulators primarily to recover increased costs of assets placed in service and higher energy costs, including $40 million of increases in DSM revenue primarily associated with Utah and Oregon DSM programs and a $10 million decrease in revenue associated with SB 408;
- $43 million of increases from sales of renewable energy credits;
- $39 million of increases from higher deferrals of incurred power costs and lower amortization of previous deferrals in accordance with established adjustment mechanisms;
- $14 million of increases resulting from the elimination of certain regulatory liabilities in the current period resulting from the Utah DSM settlement and the Utah general rate case order; and
- $6 million of decreases in fuel costs primarily due to lower average prices paid for natural gas and lower volumes of coal and natural gas consumed, substantially offset by increased coal prices.

The increase in gross margin was partially offset by:

- $115 million of decreases resulting from net wholesale electricity activities due to $102 million of lower average prices on wholesale electricity sales, $49 million of lower volumes of wholesale electricity sales and $15 million of higher volumes of wholesale electricity purchases, partially offset by $51 million lower average prices on wholesale purchases;
- $66 million of decreases from lower revenue related to the deconsolidation of Bridger Coal;
- $18 million of decreases resulting from higher transmission expense due to higher contract rates; and
- $8 million of decreases due to lower customer usage in the western side of PacifiCorp's service territory primarily due to unfavorable weather, partially offset by higher industrial customer usage and higher growth in the average number of customers in the eastern side of PacifiCorp's service territory.

Operations and maintenance increased $46 million, or 4%, primarily due to higher Utah and Oregon DSM expenses, the write-off of a portion of the Utah DSM regulatory asset in the current period resulting from the Utah DSM settlement and the Utah general rate case order and higher costs associated with jointly owned generating facilities primarily due to increased overhauls, partially offset by lower costs related to the deconsolidation of Bridger Coal.

Depreciation and amortization increased $12 million, or 2%, primarily due to higher plant placed in service, partially offset by revised depreciation rates in California and $10 million of lower depreciation related to the deconsolidation of Bridger Coal.

Taxes, other than income taxes were consistent with the prior year, but included $13 million of increased property taxes, substantially offset by decreases related to the deconsolidation of Bridger Coal.

Allowances for borrowed and equity funds increased $25 million, or 25%, primarily due to higher qualified construction work-in-progress balances.

Interest income decreased $14 million, or 74%, primarily due to interest recognized in the prior year associated with SB 408.

Income tax expense decreased $23 million to $211 million for 2010 compared to 2009, primarily due to the effects of ratemaking, higher production tax credits associated with PacifiCorp's wind-powered generating facilities and lower pre-tax income. The effective tax rate was 27% for the year ended December 31, 2010 compared to 30% for 2009.

Gross margin increased $239 million, or 9%, for 2009 compared to 2008 primarily due to:

- $147 million of increases from higher retail prices approved by regulators primarily to recover increased costs of assets placed in service and higher energy costs, including $13 million of increases in DSM revenue primarily associated with Utah DSM programs;
- $83 million of increases in net wholesale electricity activities due to $259 million of significantly lower average prices on wholesale electricity purchases and $32 million of lower volumes of wholesale electricity purchases, partially offset by $208 million of lower average prices on wholesale electricity sales;
- $66 million of increases due to sales to the noncontrolling interest in Bridger Coal;
- $44 million of increases in sales of renewable energy credits;
- $27 million of increases due to growth in the average number of commercial and residential customers primarily in Utah; and
- $13 million of decreases in fuel costs primarily due to lower volumes of coal consumed as a result of increased generating facility overhauls and lower retail demand, partially offset by higher average prices of coal.

The increase in gross margin was partially offset by:

- $92 million of decreases due to lower average customer usage primarily in Oregon and by industrial customers across PacifiCorp's service territories due to the effects of the current economic conditions; and
- $26 million of decreases due to lower deferrals of incurred power costs in accordance with established adjustment mechanisms.

Operations and maintenance increased $50 million, or 5%, primarily due to costs associated with sales to the noncontrolling interest in Bridger Coal.

Depreciation and amortization increased $59 million, or 12%, primarily due to higher plant in service.

Taxes, other than income taxes increased $24 million, or 21%, primarily due to costs attributable to Bridger Coal and increased property taxes driven by higher plant in service.

Interest expense increased $51 million, or 15%, primarily due to higher average debt outstanding, partially offset by lower average rates on variable- and fixed-rate debt.

Allowance for borrowed and equity funds increased $18 million, or 22%, primarily due to higher qualified construction work-in-progress balances, partially offset by lower average rates.

Interest income increased $8 million, or 73%, substantially due to interest associated with SB 408.

Income tax expense decreased $4 million to $234 million for 2009 compared to 2008, primarily due to higher production tax credits associated with increased production at wind-powered generating facilities, substantially offset by higher pre-tax income. The effective tax rate was 30% for the year ended December 31, 2009 compared to 34% for the year ended December 31, 2008.

Liquidity and Capital Resources

As of December 31, 2010, PacifiCorp's total net liquidity was $1.086 billion. The components of total net liquidity were as follows (in millions):

Cash and cash equivalents	$	31
Available revolving credit facilities	$	1,395
Less:		
Short-term debt		(36)
Letters of credit and tax-exempt bond support		(304)
Net revolving credit facilities available	$	1,055
Total net liquidity available	$	1,086
Unsecured revolving credit facilities:		
Maturity dates[1]		2012-2013
Largest single bank commitment as a % of total[2]		15%

(1) For further discussion regarding PacifiCorp's credit facilities, refer to Note 8 of Notes to Consolidated Financial Statements in Item 8 of this Form 10-K.

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

PacifiCorp's cash and cash equivalents were $31 million as of December 31, 2010, compared to $117 million as of December 31, 2009. PacifiCorp has restricted cash and investments included in other current assets and investments and other assets on the Consolidated Balance Sheets totaling $6 million and $88 million as of December 31, 2010 and 2009, respectively. The amount as of December 31, 2009 principally relates to funds held in trust at Bridger Coal for final mine reclamation. Refer to Note 2 of Notes to Consolidated Financial Statements in Item 8 of this Form 10-K for additional information regarding Bridger Coal.

In September 2010, the President signed the Small Business Jobs Act into law, extending retroactively to January 1, 2010 the 50% bonus depreciation for qualifying property purchased and placed in service in 2010. 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. As a result of the new laws, PacifiCorp's December 31, 2010 tax provision reflected bonus depreciation on qualifying assets placed in service during 2010. Accordingly, PacifiCorp's receivable for income taxes increased to $345 million as of December 31, 2010.

Operating Activities

Net cash flows from operating activities for the years ended December 31, 2010 and 2009 were $1.41 billion and $1.5 billion, respectively. The $90 million decrease was primarily due to changes in collateral posted for derivative contracts, lower net wholesale electricity sales and higher contributions to PacifiCorp's pension plan, partially offset by higher prices approved by regulators and higher income tax receipts in the current year primarily related to bonus depreciation.

Net cash flows from operating activities for the years ended December 31, 2009 and 2008 were $1.5 billion and $992 million, respectively. The $508 million increase was primarily due to higher income tax receipts related to the repairs deduction and bonus depreciation, lower net wholesale electricity purchases, changes in collateral posted for derivative contracts and higher prices approved by regulators.

PacifiCorp chooses a discount rate based upon high quality fixed-income investment yields in effect as of the measurement date that corresponds to the expected benefit period. The pension and other postretirement benefit liabilities, as well as expenses, increase as the discount rate is reduced.

In establishing its assumption as to the expected long-term rate of return on plan assets, PacifiCorp utilizes the expected asset allocation and return assumptions for each asset class based on historical performance and forward-looking views of the financial markets. Pension and other postretirement benefits expense increases as the expected long-term rate of return on plan assets decreases. PacifiCorp regularly reviews its actual asset allocations and rebalances its investments to its targeted allocations when considered appropriate.

PacifiCorp chooses a healthcare cost trend rate that reflects the near and long-term expectations of increases in medical costs and corresponds to the expected benefit payment periods. The healthcare cost trend rate gradually declines to 5% in 2016, at which point the rate is assumed to remain constant. Refer to Note 11 of Notes to Consolidated Financial Statements in Item 8 of this Form 10-K for healthcare cost trend rate sensitivity disclosures.

The actuarial assumptions used may differ materially from period to period due to changing market and economic conditions. These differences may result in a significant impact to pension and other postretirement benefits expense and the funded status. If changes were to occur for the following assumptions, the approximate effect on the Consolidated Financial Statements would be as follows (in millions):

	Pension Plans		Other Postretirement Benefit Plan	
	+0.5%	-0.5%	+0.5%	-0.5%
Effect on December 31, 2010 Benefit Obligations:				
Discount rate	$ (64)	$ 70	$ (32)	$ 36
Effect on 2010 Periodic Cost:				
Discount rate	$ (4)	$ 4	$ (2)	$ 2
Expected rate of return on plan assets	(5)	5	(2)	2

A variety of factors affect the funded status of the plans, including asset returns, discount rates, plan changes and the plan funding practices of PacifiCorp. Federal laws may require PacifiCorp to increase future contributions to its pension plans and there may be more volatility in annual contributions than historically experienced, which could have a material impact on consolidated financial results.

Income Taxes

In determining PacifiCorp's income taxes, management is required to interpret complex tax laws and regulations, which includes consideration of regulatory implications imposed by PacifiCorp's various regulatory jurisdictions. PacifiCorp's income tax returns are subject to continuous examinations by federal, state and local tax authorities that may give rise to different interpretations of these complex laws and regulations. Due to the nature of the examination process, it generally takes years before these examinations are completed and these matters are resolved. PacifiCorp recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Although the ultimate resolution of PacifiCorp's federal, state and local tax examinations is uncertain, PacifiCorp believes it has made adequate provisions for these tax positions. The aggregate amount of any additional tax liabilities that may result from these examinations, if any, is not expected to have a material adverse impact on PacifiCorp's consolidated financial results. Refer to Note 12 of Notes to Consolidated Financial Statements in Item 8 of this Form 10-K for additional information regarding PacifiCorp's income taxes.

PacifiCorp is required to pass income tax benefits related to certain property-related basis differences and other various differences on to its customers in most state jurisdictions. These amounts were recognized as a net regulatory asset totaling $426 million as of December 31, 2010 and will be included in rates when the temporary differences reverse. Management believes the existing net regulatory assets are probable of inclusion in rates. If it becomes no longer probable that these costs will be included in rates, the related regulatory asset will be charged to net income.

Revenue Recognition - Unbilled Revenue

Unbilled revenue was $206 million as of December 31, 2010. Revenue is recognized as electricity is delivered or services are provided. The determination of customer billings is based on a systematic reading of meters. At the end of each month, amounts of energy provided to customers since the date of the last meter reading are estimated, and the corresponding unbilled revenue is recorded. Factors that can impact the estimate of unbilled energy include, but are not limited to, seasonal weather patterns compared to normal, total volumes supplied to the system, line losses, economic impacts and composition of customer classes. Estimates are reversed in the following month and actual revenue is recorded based on subsequent meter readings. Historically, any differences between the actual and estimated amounts have been immaterial.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

PacifiCorp's Consolidated Balance Sheets include assets and liabilities with fair values that are subject to market risks. PacifiCorp's significant market risks are primarily associated with commodity prices, interest rates and the extension of credit to counterparties with which PacifiCorp transacts. The following sections address the significant market risks associated with PacifiCorp's business activities. PacifiCorp has also established guidelines for credit risk management. Refer to Notes 2 and 7 of Notes to Consolidated Financial Statements in Item 8 of this Form 10-K for additional information regarding PacifiCorp's contracts accounted for as derivatives.

Risk Management

PacifiCorp has a risk management committee that is responsible for the oversight of market and credit risk relating to the commodity transactions of PacifiCorp. To limit PacifiCorp's exposure to market and credit risk, the risk management committee recommends, and executive management establishes, policies, limits and commodity strategies, which are reviewed frequently to respond to changing market conditions.

Risk is an inherent part of PacifiCorp's business and 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 PacifiCorp's business. To assist in managing the volatility relating to these exposures, PacifiCorp enters into various transactions, including derivative transactions, consistent with PacifiCorp's risk management policy and procedures. The risk management policy governs energy transactions and is designed for hedging PacifiCorp's existing energy and asset exposures, and to a limited extent, the policy permits arbitrage and trading activities to take advantage of market inefficiencies. The policy also governs the types of transactions authorized for use and establishes guidelines for credit risk management and management information systems required to effectively monitor such derivative use. PacifiCorp's risk management policy provides for the use of only those contracts that have a similar volume or price relationship to its portfolio of assets, liabilities or anticipated transactions. PacifiCorp does not engage in a material amount of proprietary trading activities.

Commodity Price Risk

PacifiCorp is principally exposed to electricity, natural gas, coal and fuel oil commodity price risk as PacifiCorp has an obligation to serve retail customer load in its 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 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. To mitigate a portion of its commodity price risk, PacifiCorp uses commodity contracts, which may be accounted for as derivatives, including forwards, futures, options, swaps and other agreements, to effectively secure future supply or sell future production generally at fixed prices. PacifiCorp does not hedge all of its commodity price risk, thereby exposing the unhedged portion to changes in market prices. PacifiCorp's exposure to commodity price risk is generally limited by its ability to include the costs in rates, which is subject to regulatory lag that occurs between the time the costs are incurred and when the costs are included in rates.

PACIFICORP AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in millions)

	As of December 31,	
	2010	2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 31	$ 117
Accounts receivable, net	628	619
Income taxes receivable from affiliates	345	249
Inventories:		
Materials and supplies	186	192
Fuel	188	187
Derivative contracts	114	108
Deferred income taxes	83	39
Other current assets	59	61
Total current assets	1,634	1,572
Property, plant and equipment, net	16,392	15,537
Regulatory assets	1,715	1,539
Derivative contracts	9	43
Investments and other assets	396	275
Total assets	$ 20,146	$ 18,966

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

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

	As of December 31, 2010	2009
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 479	$ 553
Accrued employee expenses	81	76
Accrued interest	110	111
Accrued property and other taxes	63	67
Derivative contracts	84	85
Short-term debt	36	—
Current portion of long-term debt and capital lease obligations	588	16
Other current liabilities	97	105
Total current liabilities	1,538	1,013
Regulatory liabilities	849	838
Derivative contracts	399	410
Long-term debt and capital lease obligations	5,813	6,400
Deferred income taxes	3,448	2,625
Other long-term liabilities	788	948
Total liabilities	12,835	12,234
Commitments and contingencies (Note 13)		
Equity:		
PacifiCorp shareholders' equity:		
Preferred stock	41	41
Common equity:		
Common stock - 750 shares authorized, no par value, 357 shares issued and outstanding	—	—
Additional paid-in capital	4,479	4,379
Retained earnings	2,798	2,234
Accumulated other comprehensive loss, net	(7)	(6)
Total common equity	7,270	6,607
Total PacifiCorp shareholders' equity	7,311	6,648
Noncontrolling interest	—	84
Total equity	7,311	6,732
Total liabilities and equity	$ 20,146	$ 18,966

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

Income Taxes

Berkshire Hathaway includes PacifiCorp in its United States federal income tax return. Consistent with established regulatory practice, PacifiCorp's provision for income taxes has been computed on a stand-alone basis.

Deferred tax assets and liabilities are based on differences between the financial statement and tax basis of assets and liabilities using estimated tax rates expected to be in effect for the year in which the differences are expected to reverse. Changes in deferred income tax assets and liabilities that are associated with components of OCI are charged or credited directly to OCI. Changes in deferred income tax assets and liabilities that are associated with income tax benefits related to certain property-related basis differences and other various differences that PacifiCorp is required to pass on to its customers in most state jurisdictions are charged or credited directly to a regulatory asset or liability. These amounts were recognized as a net regulatory asset totaling $426 million and $401 million as of December 31, 2010 and 2009, respectively, and will be included in rates when the temporary differences reverse. Other changes in deferred income tax assets and liabilities are included as a component of income tax expense.

Investment tax credits are generally deferred and amortized over the estimated useful lives of the related properties or as prescribed by various regulatory jurisdictions. Investment tax credits are included in other long-term liabilities on the Consolidated Balance Sheets and were $42 million and $46 million as of December 31, 2010 and 2009, respectively.

In determining PacifiCorp's income taxes, management is required to interpret complex tax laws and regulations, which includes consideration of regulatory implications imposed by PacifiCorp's various regulatory jurisdictions. PacifiCorp's tax returns are subject to continuous examinations by federal, state and local tax authorities that may give rise to different interpretations of these complex laws and regulations. Due to the nature of the examination process, it generally takes years before these examinations are completed and these matters are resolved. PacifiCorp recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Although the ultimate resolution of PacifiCorp's federal, state and local tax examinations is uncertain, PacifiCorp believes it has made adequate provisions for these tax positions. The aggregate amount of any additional tax liabilities that may result from these examinations, if any, is not expected to have a material adverse effect on PacifiCorp's consolidated financial results. PacifiCorp's unrecognized tax benefits are primarily included in accrued property and other taxes and other long-term liabilities on the Consolidated Balance Sheets. Estimated interest and penalties, if any, related to uncertain tax positions are included as a component of income tax expense on the Consolidated Statements of Operations.

Segment Information

PacifiCorp currently has one segment, which includes its regulated electric utility operations.

New Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2010-06 ("ASU No. 2010-06"), which amends FASB Accounting Standards Codification ("ASC") Topic 820, "Fair Value Measurements and Disclosures." ASU No. 2010-06 requires disclosure of (a) the amount of significant transfers into and out of Levels 1 and 2 of the fair value hierarchy and the reasons for those transfers and (b) gross presentation of purchases, sales, issuances and settlements in the Level 3 fair value measurement rollforward. This guidance clarifies that existing fair value measurement disclosures should be presented for each class of assets and liabilities. The existing disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements have also been clarified to ensure such disclosures are presented for the Levels 2 and 3 fair value measurements. PacifiCorp adopted this guidance as of January 1, 2010, with the exception of the disclosure requirement to present purchases, sales, issuances and settlements gross in the Level 3 fair value measurement rollforward, which is effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The adoption did not have a material impact on PacifiCorp's disclosures included within Notes to Consolidated Financial Statements.

(5) Regulatory Matters

Regulatory Assets and Liabilities

Regulatory assets represent costs that are expected to be recovered in future rates. PacifiCorp's regulatory assets reflected on the Consolidated Balance Sheets consist of the following as of December 31 (in millions):

	Weighted Average Remaining Life	2010	2009
Employee benefit plans[(1)]	9 years	$ 595	$ 576
Unrealized loss on regulated derivative contracts	4 years	487	367
Deferred income taxes[(2)]	33 years	448	422
Other	Various	185	174
Total		$ 1,715	$ 1,539

(1) Substantially represents amounts not yet recognized as a component of net periodic benefit cost that are expected to be included in rates when recognized. Amounts are partially offset by $12 million and $19 million of the unamortized portion of net regulatory deferrals related to curtailment gains and the measurement date change transitional adjustment as of December 31, 2010 and 2009, respectively.

(2) Amounts primarily represent income tax benefits related to state accelerated tax depreciation and certain property-related basis differences that were previously flowed through to customers and will be included in rates when the temporary differences reverse.

PacifiCorp had regulatory assets not earning a return on investment of $1.575 billion and $1.385 billion as of December 31, 2010 and 2009, respectively.

Regulatory liabilities represent income to be recognized or amounts to be returned to customers in future periods. PacifiCorp's regulatory liabilities reflected on the Consolidated Balance Sheets consist of the following as of December 31 (in millions):

	Weighted Average Remaining Life	2010	2009
Cost of removal[(1)]	33 years	$ 782	$ 755
Deferred income taxes	Various	22	21
Other	Various	45	62
Total		$ 849	$ 838

(1) Amounts represent estimated costs, as accrued through depreciation rates and exclusive of ARO liabilities, of removing property, plant and equipment in accordance with accepted regulatory practices. Amounts are deducted from rate base or otherwise accrue a carrying cost.

Rate Matters

Oregon Senate Bill 408

Oregon Senate Bill 408 ("SB 408") requires PacifiCorp and other large regulated, investor-owned utilities that provide electric or natural gas service to Oregon customers to file an annual report each October with the Oregon Public Utilities Commission ("OPUC") comparing income taxes collected and income taxes paid, as defined by the statute and its administrative rules. If after its review, the OPUC determines the amount of income taxes collected differs from the amount of income taxes paid by more than $100,000, the OPUC must require the public utility to establish an automatic adjustment clause to account for the difference.

The following table reconciles the beginning and ending balances of PacifiCorp's plan assets measured at fair value using significant Level 3 inputs for the years ended December 31 (in millions):

	Limited Partnership Interests	
	Pension	Other Postretirement
Balance, January 1, 2009	$ 78	$ 7
Actual return on plan assets still held at December 31, 2009	5	1
Purchases, sales, distributions and settlements	(3)	—
Balance, December 31, 2009	$ 80	$ 8
Actual return on plan assets still held at December 31, 2010	10	—
Purchases, sales, distributions and settlements	(6)	(1)
Balance, December 31, 2010	$ 84	$ 7

Defined Contribution Plan

PacifiCorp sponsors a defined contribution plan covering substantially all employees. PacifiCorp's contributions are based primarily on each participant's level of contribution and cannot exceed the maximum allowable for tax purposes. PacifiCorp's contributions to the 401(k) Plan were $39 million, $34 million and $23 million for the years ended December 31, 2010, 2009 and 2008, respectively. As previously described, certain participants now receive enhanced benefits in the 401(k) Plan and no longer accrue benefits in the Retirement Plan.

(12) Income Taxes

Income tax expense consists of the following for the years ended December 31 (in millions):

	2010	2009	2008
Current:			
Federal	$ (498)	$ (417)	$ (64)
State	(1)	6	(6)
Total	(499)	(411)	(70)
Deferred:			
Federal	684	619	276
State	30	30	36
Total	714	649	312
Investment tax credits	(4)	(4)	(4)
Total income tax expense	$ 211	$ 234	$ 238

A reconciliation of the federal statutory income tax rate to the effective income tax rate applicable to income before income tax expense is as follows for the years ended December 31:

	2010	2009	2008
Federal statutory tax rate	35%	35%	35%
State taxes, net of federal benefit	3	3	3
Tax credits[(1)]	(8)	(6)	(5)
Effects of ratemaking	(2)	—	1
Other	(1)	(2)	—
Effective income tax rate	27%	30%	34%

(1) Primarily attributable to the impact of federal renewable electricity production tax credits related to qualifying wind-powered generating facilities that extend 10 years from the date the facilities were placed in service.

The net deferred income tax liability consists of the following as of December 31 (in millions):

	2010	2009
Deferred tax assets:		
Regulatory liabilities	$ 322	$ 326
Employee benefits	190	247
Derivative contracts	184	140
Other	196	169
	892	882
Deferred tax liabilities:		
Property, plant and equipment	(3,302)	(2,599)
Regulatory assets[(1)]	(928)	(838)
Other	(27)	(31)
	(4,257)	(3,468)
Net deferred tax liability	$ (3,365)	$ (2,586)
Reflected as:		
Deferred income taxes - current assets	$ 83	$ 39
Deferred income taxes - non-current liabilities	(3,448)	(2,625)
	$ (3,365)	$ (2,586)

(1) Includes $278 million and $262 million of deferred income tax liabilities associated with property, plant and equipment as of December 31, 2010 and 2009, respectively, for which the income tax benefits were previously flowed through to customers and that will be included in rates when the temporary difference reverse.

The sale of PacifiCorp to MEHC on March 21, 2006 triggered certain tax related events that remain unsettled. PacifiCorp does not believe that the tax, if any, arising from the ultimate settlement of these events will have a material impact on its consolidated financial results.

The United States Internal Revenue Service has closed its examination of PacifiCorp's income tax returns through the 2003 tax year. In most cases, state jurisdictions have closed their examinations of PacifiCorp's income tax returns through 1993.

As of December 31, 2010 and 2009, net unrecognized tax benefits totaled $70 million and $75 million, respectively, which included $9 million and $6 million, respectively, of tax positions that, if recognized, would have an impact on the effective tax rate. The remaining unrecognized tax benefits relate to positions for which ultimate deductibility is highly certain but for which there is uncertainty as to the timing of such deductibility. Recognition of these tax benefits, other than applicable interest and penalties, would not affect PacifiCorp's effective tax rate.

(18) Related-Party Transactions

PacifiCorp has an intercompany administrative services agreement with its indirect parent company, MEHC and its subsidiaries. Expenses charged to PacifiCorp under this agreement totaled $9 million during each of the years ended December 31, 2010, 2009 and 2008. MEHC also pays certain third-party expenses on behalf of PacifiCorp that are reimbursed by PacifiCorp. These reimbursements were $2 million, $1 million and $- million during the years ended December 31, 2010, 2009 and 2008, respectively. Payables associated with these administrative and third-party expenses were $1 million and $2 million as of December 31, 2010 and 2009, respectively. PacifiCorp also receives payments for services performed by PacifiCorp for MEHC and its affiliates, as well as for reimbursement of certain expenses. Services performed by PacifiCorp for MEHC and its affiliates primarily relate to administrative and technology services and direct-assigned employees. During the years ended December 31, 2010, 2009 and 2008, these services and expense reimbursements were $3 million, $1 million and $2 million, respectively. Receivables associated with these activities were $1 million and $- million as of December 31, 2010 and 2009, respectively.

PacifiCorp also engages in various transactions with several subsidiaries of MEHC in the ordinary course of business. Services provided by these affiliates in the ordinary course of business and charged to PacifiCorp relate to the transportation of natural gas and relocation services. These expenses totaled $5 million, $3 million and $6 million during the years ended December 31, 2010, 2009 and 2008, respectively. Payables associated with these expenses were $- million and $1 million as of December 31, 2010 and 2009, respectively.

PacifiCorp has long-term transportation contracts with BNSF Railway Company ("BNSF"), which became an indirect wholly owned subsidiary of Berkshire Hathaway, PacifiCorp's ultimate parent company, in February 2010. Transportation costs under these contracts were $30 million, $29 million and $32 million during the years ended December 31, 2010, 2009 and 2008, respectively. As of December 31, 2010 and 2009, PacifiCorp had $2 million and $1 million of accounts payable to BNSF outstanding under these contracts, including indirect payables related to a jointly owned facility.

PacifiCorp participates in a captive insurance program provided by MEHC Insurance Services Ltd. ("MISL"), a wholly owned subsidiary of MEHC. MISL covers all or significant portions of the property damage and liability insurance deductibles in many of PacifiCorp's current policies, as well as overhead distribution and transmission line property damage. PacifiCorp has no equity interest in MISL and has no obligation to contribute equity or loan funds to MISL. Premium amounts were established in March 2006 based on a combination of actuarial assessments and market rates to cover loss claims, administrative expenses and appropriate reserves, but as a result of regulatory commitments were capped through December 31, 2010. Certain costs associated with the program are prepaid and amortized over the policy coverage period expiring March 20, 2011. Premium expenses were $7 million during each of the years ended December 31, 2010, 2009 and 2008. Prepayments to MISL were $2 million as of December 31, 2010 and 2009. Receivables for claims were $12 million and $10 million as of December 31, 2010 and 2009, respectively. Proceeds from claims were $14 million, $17 million and $10 million during the years ended December 31, 2010, 2009 and 2008, respectively.

PacifiCorp is party to a tax-sharing agreement and is part of the Berkshire Hathaway United States federal income tax return. As of December 31, 2010 and 2009, income taxes receivable from MEHC were $345 million and $249 million, respectively.

PacifiCorp transacts with its equity investees, Bridger Coal and Trapper Mining Inc. Refer to Note 2 for additional information regarding Bridger Coal. During the year ended December 31, 2010, PacifiCorp charged Bridger Coal $4 million for administrative support and management services provided by PacifiCorp to Bridger Coal. Receivables for these services, as well as for certain expenses paid by PacifiCorp and reimbursed by Bridger Coal, were $3 million as of December 31, 2010. Services provided by equity investees and charged to PacifiCorp primarily relate to coal purchases. During the year ended December 31, 2010, coal purchases from PacifiCorp's equity investees totaled $141 million. Payables to PacifiCorp's equity investees were $17 million as of December 31, 2010.

(19) Supplemental Cash Flows Information

The summary of supplemental cash flows information for the years ended December 31 is as follows (in millions):

	2010	2009	2008
Interest paid, net of amounts capitalized	$ 331	$ 325	$ 280
Income taxes received, net	$ 395	$ 252	$ 53
Supplemental disclosure of non-cash investing and financing activities:			
Property, plant and equipment additions in accounts payable	$ 216	$ 251	$ 405
Property, plant and equipment acquired under capital lease obligations	$ —	$ —	$ 17

(20) Unaudited Quarterly Operating Results (in millions)

	Three-Month Periods Ended			
	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010
Operating revenue	$ 1,106	$ 1,052	$ 1,165	$ 1,109
Operating income	251	269	280	236
Net income	136	150	156	124
Net income attributable to PacifiCorp	136	150	156	124

	Three-Month Periods Ended			
	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009
Operating revenue	$ 1,116	$ 1,016	$ 1,146	$ 1,179
Operating income	259	228	293	280
Net income	126	110	166	148
Net income attributable to PacifiCorp	123	110	162	147