

January 2, 2008

Public Service Commission of Utah  
Heber M. Wells Building  
160 East 300 South  
Salt Lake City, Utah 84145

Attention: Julie P. Orchard  
Commission Secretary

**Re: Sole Source Contract with TransCanada for gas turbine engine emergency overhaul**

Commissioners:

In accordance with the Company's procurement policy, we hereby notify you that PacifiCorp has entered into a sole source contract with TransCanada to repair and overhaul the spare gas turbine engine for the West Valley and Gadsby plants. The estimated amount of this contract is \$750,000.

The Gadsby and West Valley plants require an emergency rebuild on the spare General Electric LM 6000 natural gas turbine engine. Without a working spare the loss of one of the turbine engines at either the Gadsby or West Valley plants would result in a loss of 40 MW of generating capacity for up to three months while the necessary repairs are completed. To avoid the situation, the overhaul of the spare LM 6000 gas turbine must be completed as soon as possible.

There are only two qualified vendors that can perform the needed repairs, General Electric and TransCanada. General Electric can not begin repairs until February 2008. TransCanada can begin repairs immediately and was, therefore selected.

This sole source procurement contract was authorized by Harold Cunningham, Managing Director, PacifiCorp Energy. If you have any questions, please feel free to contact me.

Sincerely,

Jeffrey K. Larsen

Cc: Division of Public Utilities  
Committee of Consumer Services