

February 11, 2011

***VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY***

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

Re: Notice of Sole Source Contract with Honeywell, Inc.

Commissioners:

In accordance with the Company's procurement policy, we hereby notify you that PacifiCorp has entered into an extension of a sole source contract with Honeywell, Inc. which exceeds \$500,000. The contract for replacement of the logic managers at the Naughton power plant has a cost of \$1,574,495.

The Naughton plant currently utilizes Honeywell logic managers (LMs) on all three units for control of the burner management systems, soot blowing controls, and other systems at the plant. The LMs will be obsolete as of December 31, 2012, and replacement with new high performance managers (HPMs) is critical for the operation of the plant. It is necessary to perform the replacements while the units are off-line for major outages which are scheduled during 2011, 2012, and 2014.

Honeywell is the manufacturer of this equipment and owns the proprietary design and operating systems for these control systems. There is no known substitute for this equipment or the system knowledge that will be necessary to convert the controls from the LMs to the HPMs. Honeywell has extensive experience with the configuration, installation, and operation of these systems that is necessary to ensure the conversion is properly executed.

The sole source procurement contract was authorized on January 3, 2011, by Dana Ralston, Vice President, PacifiCorp Energy.

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If you have any questions, please feel free to contact Dave Taylor at 801-220-2923.

Sincerely,

Jeffrey K. Larsen

Vice President, Regulation

cc: Division of Public Utilities
Office of Consumer Services