

July 18, 2008

***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: Sole Source Contract with Hamon-Custodis to perform expedited repairs of Hunter Unit #3 chimney

Commissioners:

In accordance with the Company's procurement policy, we hereby notify you that PacifiCorp has entered into a sole source contract with Hamon-Custodis to perform repairs to the Hunter Unit #3 chimney. The estimated amount of this contract is \$685,908.

On May 30, 2008, Hunter Plant personnel discovered chimney bricks lying at the bottom of the Unit #3 chimney. The company immediately responded by employing Hamon-Custodis, a chimney design and construction firm, who was performing other work on site, to perform an inspection of the chimney. The inspection determined that other bricks along the buckstay have cracked and may fall due to fatigue of the buckstay and "belly bands" in the chimney and that immediate repairs were necessary to insure safe operation and structural integrity of the chimney system. These repairs include removing and replacing the loose bricks, replacement of the buckstay system and "belly bands". Final repairs will be made to the chimney during the next scheduled unit overhaul, which will be competitively bid.

Hamon-Custodis, who has extensive experience with this type of repairs, has worked with the company in the past and was selected to perform the initial repairs because they were immediately available. They were presently performing work on the plant site and therefore mobilization time and costs were reduced. Other contractors could perform the repairs but due to time constraints this was not an acceptable option for the company or our customers.

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This sole source procurement contract was authorized by Joseph Moore, Vice President Generation, PacifiCorp Energy. If you have any questions, please feel free to contact me.

Sincerely,

Jeffrey K. Larsen

Vice President, Regulation

cc: Division of Public Utilities
Committee of Consumer Services