

October 20, 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 General Electric to provide Op-Flex performance enhancements at Currant Creek**

Commissioners:

In accordance with the Company's procurement policy, we hereby notify you that PacifiCorp Energy, a Division of PacifiCorp, has entered into a sole source contract with General Electric International to install its Op-Flex cold day performance package on the Currant Creek plant. The estimated amount of this purchase is \$7,819,500.

Under the contract General Electric will provide three equipment packages designed to increase the cold weather performance, gas turbine operational flexibility, increase base load output, and enhance combustion dynamics monitoring at the Currant Creek plant. The "Op-Flex Cold Day Performance" package is designed to provide increased output and improved heat rate during cold weather conditions. The "Op-Flex Turndown" package provides the ability for plant turndown (reduction in load) to be reduced from 80% to 70%. This package will result in lower operating costs, increased low load reliability, less fuel consumption to stay on line, and expanded emission compliance. The "Continuous Dynamics Monitoring" package enables the first two packages to work.

PacifiCorp has exhausted competitive alternatives to the engine control packages offered by General Electric. These packages can only be provided by General Electric, the original equipment manufacture and owner of the proprietary engine control system. Payment for the equipment packages is based on a sliding scale based on performance. If the unit performance meets or exceeds the guaranteed performance levels, payment will be at the level stated above. If unit performance does not meet the guaranteed level, the payment is reduced accordingly down to a minimum level of \$319,500.

Utah Public Service Commission

October 20, 2008

Page 2

This sole source procurement contract was authorized by Joe 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