

January 27, 2009

***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 Alstom Power, Inc. to provide materials and technical support for Dave Johnston Unit Four boiler reinforcement.

Commissioners:

In accordance with the Company's procurement policy, we hereby notify you that PacifiCorp Energy, a subsidiary of PacifiCorp, has entered into a sole source contract with Alstom Power, Inc. to supply materials, final installation drawings and field technical service supervision for the boiler reinforcement of Dave Johnston Unit Four. The amount of this purchase is \$1,670,500.

During the next ten years PacifiCorp will be required, by code, to reinforce existing coal-fired boilers due to environmental control retrofits. It is anticipated that boiler reinforcement studies will be required at several of PacifiCorp's coal-fired plants. The Company's procurement strategy is to utilize the original equipment supplier (OEM) for each of these units. Alstom Power, Inc. was the OEM for Dave Johnston Unit Four. This work under this contract is required to bring the Dave Johnston Unit Four to NFPA 85 code compliance.

The sole source contract is for three components of the same project. The Dave Johnston Unit Four boiler reinforcement will be done in two phases. The 1st phase is the boiler reinforcement which will be completed during the scheduled overhaul in 2009 (\$925,500). The 2nd component of the 1st phase is the field support during the construction phase of this project in 2009 (\$150,000). The 3rd component of the contract will occur during the 2nd phase which includes the reinforcement of the ductwork which will be installed during the scheduled overhaul in 2012 (\$595,000).

As the OEM, Alstom is the only entity that possesses the original structural design drawings and calculations for Dave Johnston Unit Four. Reverse engineering would be cost prohibitive and could not be performed in time for the unit outage scheduled for spring 2009. In addition, Alstom is already providing the new low-NOx burners and is involved in much of the other work associated with the 2009 overhaul.

This sole source procurement contract was authorized by Rob Lasich, 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
Committee of Consumer Services