

January 28, 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: Notice of Sole Source Contract with Mechanical Dynamics and Analysis/Hitachi to provide turbine retrofits for Jim Bridger Plant units two, three, and four.**

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 Mechanical Dynamics and Analysis/Hitachi (MD&A) to provide the turbine retrofits for the Jim Bridger Plant units two, three, and four. The amount of this purchase is \$72 million (\$24 million each unit). The turbine retrofits will occur in 2011, 2012, and 2013.

In July 2008 PacifiCorp Energy issued a request for proposal to retrofit the steam turbine at Jim Bridger Unit one to be completed in the spring of 2010. At that time the potential bidders were informed of PacifiCorp's intent to standardize the steam turbines for all four units and the Jim Bridger Plant. MD&A was selected as the successful bidder for Bridger Unit one.

Through further negotiations PacifiCorp Energy has entered into a separate contract with MD&A to provide the steam turbine retrofits for units two, three, and four at the Jim Bridger Plant. The sole source contract was negotiated with MD&A to provide the benefits of standardization for all four units at the Jim Bridger Plant. In addition to an attractive price for the three additional turbine retrofits, benefits include standardized operation and maintenance processes as well as interchangeability of parts between the four units. The contract also provides an eight year warranty for all MD&A supplied units compared to the standard one year warranty period.

This sole source procurement contract was authorized by Joe Moore, Vice President, Generation, 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