

August 25, 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 General Electric International

Commissioners:

In accordance with the Company's procurement policy, we hereby notify you that PacifiCorp has entered into two sole source contracts with General Electric International, Inc., each of which exceeds \$500,000. Both of these contracts with General Electric International are associated with the October 2011 overhaul of Huntington Unit 2. The contract for the generator stator rewind has a cost of \$7,700,000. The contract for the turbine diaphragm and packing replacement has a cost of \$665,000.

The generator stator rewind was originally scheduled for 2005; however, as a result of the test results from the February 2011 forced outage at the plant the project has been accelerated to be part of the 2011 unit overhaul. General Electric, the original equipment manufacturer of the stator, is the only supplier who has access to the design data and can engineer, manufacture, and deliver new stator bars in the time frame required for the October 2011 overhaul. All other vendors would require an additional outage to disassemble and measure the generator in order to engineer the bars. In addition, General Electric is currently contracted to disassemble the generator and rewind the generator field, which will reduce mobilization and project management overhead costs for the project.

The eighth stage diaphragm and associated packing at the Huntington Unit 2 turbine have experienced significant degradation and replacement is necessary to restore lost megawatts and turbine efficiency. In 1998 General Electric performed the turbine upgrade at Unit 2 to an advanced design steam path. The details of the design are proprietary and owned by General Electric and there is significant economic and operational risk with using another supplier.

Both sole source contracts were authorized by Dana Ralston, Vice President, Generation, on June 24, 2011.

Utah Public Service Commission

August 25, 2011

Page 2

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