

September 26, 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 Mechanical Dynamics & Analysis LTD

Commissioners:

In accordance with the Company's procurement policy, we hereby notify you that PacifiCorp has entered into an expansion of a sole source contract with Mechanical Dynamics & Analysis LTD. (MD&A) which now exceeds \$500,000. The contract for the inspection and repair of steam turbine valves at the Lake Side Plant has a total cost of \$1,108,000.

Through an informal bid process during a June 2011 forced outage at the Lake Side Plant, Mechanical Dynamics & Analysis LTD was awarded a contract for the disassembly, cleaning, inspection, repair, and reassemble of the steam high pressure control valves (HPCV) #2 and to inspect HPCV #1. The bids were conducted outside the normal bidding process because the work needed to be expedited to bring the plant back on line. MD&A was selected based upon their ability to perform the work in the time allowed and at a lower cost than other bidders.

As a result of the inspection HPCV #1 also needed to be repaired. Due to the discovery of radial crack indications during the inspections it was determined that three of the eight remaining high pressure and intermediate pressure valves required inspection and repair. Based on the condition of those valves it was determined to contract for inspection and possible repair of the remaining five valves. Change orders to the original contract have been approved to provide for this additional work.

The sole source contract was authorized Dana Ralston, Vice President, Generation, on July 14, 2011.

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