

February 17, 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 Utility System Efficiencies Inc.

Commissioners:

In accordance with the Company's procurement policy, we hereby notify you that PacifiCorp has entered into a one year extension of a sole source contract with Utility System Efficiencies Inc. to provide a variety of main grid, bulk transmission system engineering and technical support. The cost of the contract is projected to be \$600,000 for calendar year 2011.

The contract with Utility System Efficiencies Inc. will be used to provide main grid professional services support as an extension of PacifiCorp transmission's current engineering staff. It is essential for PacifiCorp's transmission unit to augment its existing technical engineering staff to complete the additional work associated with the expansion of PacifiCorp's transmission grid. In addition there has been a substantial increase in the workload associated with FERC order 890 compliance. PacifiCorp completed a request for proposal for engineering services during 2009 and utilizes some of the responding vendors on various projects. Due to the breadth of knowledge required, use of these firms to perform the studies called for under this contract will not be economical.

The particular work under this contract is very detailed and specific to the Western Electric Coordination Council and PacifiCorp's grid system. Utility System Efficiencies Inc. has unique technical and professional engineering capabilities, including detailed and unique technical knowledge of the electric grid in the western United States and specifically the Western Electric Coordination Council area. In addition, Utility System Efficiencies Inc. has worked closely with PacifiCorp transmission planning for several years. This provides this contractor with a unique understanding of the PacifiCorp transmission system and its requirements, something no other contractor can provide.

This sole source procurement contract was authorized on December 22, 2010, by David Hagen, manager, transmission systems planning, Pacific Power.

Utah Public Service Commission

February 17, 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
Committee of Consumer Services