

February 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 Alstom Power, Inc. at Dave Johnston Unit Four

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 Alstom Power, Inc. to supply materials, final installation drawings and field technical service supervision for the duct reinforcement during the 2012 outage at Dave Johnston Unit Four. The estimated increase to the cost of the project is \$577,256.00.

PacifiCorp is required, by code, to reinforce existing coal-fired boilers due to environmental control retrofits. These retrofits involve increasing the Induced Draft Fan and capability. Increasing the size of these fans will require the boiler structure and associated duct work to be strengthened to prevent implosions from improper fan control or equipment failure. 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. This contract is a continuation of the sole source contract with Alstom for the first phase of the boiler reinforcement work performed during the 2009 overhaul at Dave Johnston Unit Four.

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 2012.

This sole source procurement contract was authorized on January 26, 2011, by Chad Teply, Vice President, PacifiCorp Generation.

Utah Public Service Commission

February 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
Committee of Consumer Services