

January 12, 2012

***VIA ELECTRONIC FILING
AND HAND 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., which exceeds \$500,000. The contract for LM 6000 hot section overhaul at the Gadsby plant has a cost of \$1,194,325. The contract for a combustor upgrade has a cost of \$850,832.

In April 2003, PacifiCorp entered into a long term contractual service agreement ("CSA") with General Electric International, the original equipment manufacturer ("OEM"), to provide specialized parts and maintenance service for the GE LM6000 gas turbines at the Gadsby plant. An overhaul of the hot section for each turbine is typically required after 25,000 hours of operation. Per the terms of the CSA, General Electric was approved to perform the hot section overhaul at Gadsby Unit 4 at the contracted fixed hourly rate of \$47.77.

In addition to the hot section overhaul, a combustor upgrade and certain service bulletin work is required to bring Unit 4 up to current OEM specifications. Under the existing CSA, PacifiCorp is required to use General Electric to perform this work.

The sole source contracts were authorized by Dana Ralston, Vice President, Generation, on September 20, 2011, and November 3, 2011, respectively.

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