

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 a sole source contract with General Electric International, Inc., which exceeds \$500,000. The contract for diaphragm and spill strip replacement at Naughton Unit 1 has a cost of \$650,000.

The Naughton plant requires replacement of the 9th and 10th stage diaphragms and spill plates during the spring 2012 overhaul. General Electric is the original equipment manufacture of the Naughton Unit 1 turbine and owns the proprietary manufacturing drawings and patterns for the diaphragms. PacifiCorp does not have access to these drawings or patterns.

PacifiCorp explored other competitive alternatives, but each of the other vendors capable of performing the turbine overhaul would require removal of the turbine and reverse engineering prior to the manufacture and installation of the diaphragms and spill strips. This could not be completed within the 56 day overhaul schedule for the plant.

The sole source contract was authorized by Dana Ralston, Vice President, PacifiCorp, on October 10, 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