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May 5, 2006

Via Electronic and US Mail

Public Utility Commission
Attn: Filing Center
550 Capitol St. NE #215
P.O. Box 2148
Salem OR 97308-2148

Re: In the Matter of PUBLIC UTILITY COMMISSION OF OREGON
Staff's Investigation Related to Electric Utility Purchases from
Qualifying Facilities.
Docket No. UM 1129

Dear Filing Center:

Enclosed please find an original and five copies of the Errata Page to the Rebuttal Testimony of R. Thomas Beach on behalf of Weyerhaeuser Company and the Industrial Customers of Northwest Utilities in the above-captioned docket. The page is provided both in redline and clean formats.

Thank you for your assistance.

Sincerely yours,

/s/ Christian Griffen
Christian W. Griffen

Enclosures

cc: Service List

1 under new financial accounting rules; or (2) debt rating agencies impute debt to a utility's
2 capital structure as a consequence of its QF power purchase agreements.^{18/}

3 Mr. Stuver testifies that a QF contract will be analyzed as a lease if: (a) the
4 contract allows the purchaser the right to operate the plant; (b) the contract gives the
5 purchaser physical control over the plant; or (c) it is unlikely that other purchasers will
6 buy more than a minor amount (10% or less) of the plant's output.^{19/} None of these are
7 likely to occur in typical QF contracts with CHP projects. I am not aware of any CHP
8 QFs in the western U.S. whose projects are physically operated or controlled by the
9 purchasing utility. Furthermore, even CHP projects that just barely meet the FERC QF
10 efficiency standard of 42.5% must, under FERC rules, sell more than 15% of their Btu
11 output in the form of useful thermal energy.^{20/} Thermal energy is not sold to the electric
12 utility, and most CHP QFs also sell or provide a portion of their electric production to
13 their on-site host. Thus, it is extremely unlikely that a CHP QF's sales to the utility will
14 amount to more than 90% of its output. Accordingly, based on the criteria that Mr.
15 Stuver presents, it is highly unlikely that a QF contract will be treated as a lease for
16 accounting purposes.

17 I have the following observations on Mr. Shah's testimony on how Standard &
18 Poors ("S&P") imputes debt to QF contracts:

- 19 • PacifiCorp's cost of capital is impacted by the opinions of a number of ratings
20 agencies, not just by S&P, whose debt imputation methodology PacifiCorp cites

^{18/} PPL/404, Shah/1-2.

^{19/} PPL/700, Stuver/3.

^{20/} See 18 CFR § 292.205(a)(2).

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^{18/} PPL/404, Shah/1-2.

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^{20/} See 18 CFR § 292.205(a)(2).

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the Errata Page to the Rebuttal Testimony of R. Thomas Beach on behalf of Weyerhaeuser Company and the Industrial Customers of Northwest Utilities upon the parties, shown below, on the official service list by causing the foregoing document to be deposited, postage-prepaid, in the U.S. Mail, or by service via electronic mail to those parties who waived paper service.

DATED at Portland, Oregon, this 5th day of May, 2006.

DAVISON VAN CLEVE, P.C.

/s/ Christian Griffen
Christian W. Griffen

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