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January 30, 2013

Public Utility Commission
Attn: Filing Center
550 Capitol Street NE #215
PO Box 2148
Salem, OR 97308

Re: UM 1182 –Errata to Northwest and Intermountain Power Producers Coalition/400

Dear Filing Center:

Enclosed please find the Errata to the Northwest and Intermountain Power Producers Coalition's ("NIPPC") reply testimony for filing in the above-referenced docket. This errata modifies NIPPC/400, Collins 18, lines 17-19. There are no other changes contained in the Errata.

We are providing the Commission with an original and (5) copies of the Errata filing.

Please contact me with any questions. Thank you for your assistance.

Sincerely,

A handwritten signature in blue ink that reads "Greg Adams". The signature is fluid and cursive, with the first name "Greg" and the last name "Adams" clearly visible.

Gregory M. Adams
Attorney for the Northwest and Intermountain
Power Producers Coalition

Enc.

BEFORE THE

PUBLIC UTILITY COMMISSION OF OREGON

UM 1182

PHASE 2

**In the Matter of
NORTHWEST AND INTERMOUNTAIN
POWER PRODUCERS COALITION**

**Petition for an Investigation Regarding
Competitive Bidding**

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ERRATA TO

**Northwest and Intermountain Power
Producers Coalition Exhibit 400
Reply Testimony of Camden Collins**

January 30, 2013

1 such cases, there are often grounds asserted by both parties as to what “could have” been the
2 price. No early terminations have been identified that arose from a root cause of financial
3 performance, or some slick motivation to put one over on a utility. A QF losing a steam host is
4 not a financial performance issue, even if the Commission thought that relevant for procurement
5 more generally. It may be driven by economic changes for the host, but it does not involve the
6 transfer of lending risk to ratepayers. Root cause matters when evaluating the financial
7 performance of the loans (i.e., credit) and any theoretical ratepayer exposure. Confounding
8 financial performance with operating performance or contracting terms is imprecise. A PPA with
9 larger damage provisions and more security would result in a higher price for power.
10 Sophisticated parties know, all the terms of a PPA are fully reflected in the price. This is true
11 whether the price is cleared, negotiated, or set by a regulator. In the RFP context, if one is willing
12 to pay for it, there is always more than can be done to specify rights and obligations between
13 parties, but it would not necessarily result in a reasonable cost of procurement.

14 **Q. Are you aware of any examples where an IPP plant went bankrupt due to a purely**
15 **financial problem?**

16 **A.** The one experience I have seen involving a primarily financially caused bankruptcy was
17 settled after it was discovered that there were inter-locking directors between the lenders and the
18 equity holders. Revisions to the PPA left ratepayers no worse off than prior to the bankruptcy.
19 Even if the PPA had been terminated, utilities build ahead of load by a wide margin of safety.
20 Absent some rash of bankruptcies never heard of outside organized clearinghouses,
21 individualized project risk is already covered and paid for. Bankruptcy is not a fast or cheap
22 process, and the truth of illicit transactions does ultimately come to light. Failed projects fail for
23 reasons other than financial performance, which is consequence, not cause. It is incorrect to state

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 30th day of January, 2013, a true and correct copy of the within and foregoing ERRATA TO REPLY TESTIMONY OF NORTHWEST AND INTERMOUNTAIN POWER PRODUCERS COALITION IN DOCKET UM 1182 (Errata to NIPPC/400, Collins/18):

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