

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

)	
)	DOCKET NO. 08-035-35
)	Exhibit No. DPU 2.0
In the Matter of the Request of Rocky)	
Mountain Power for Waiver of)	
Solicitation Process and for Approval of)	Testimony and Exhibits
Significant Energy Resource Decision)	Shauna Benvegna-Springer
)	
)	

**FOR THE DIVISION OF PUBLIC UTILITIES
DEPARTMENT OF COMMERCE
STATE OF UTAH**

**Testimony of
Shauna Benvegna-Springer**

June 20, 2008

1 **I. Introduction**
2

3 **Q: Please state your name, business address and title.**

4 A: My name is Shauna Benvegna-Springer; my business address is 160 East 300 South, Salt
5 Lake City, Utah 84114; I am a Utility Analyst in the Division of Public Utilities (Division).
6

7 **Q: On whose behalf are you testifying?**

8 A: The Division.
9

10 **Q: Please summarize your educational and professional experience.**

11 A: I attended Westminster College and earned a B.S. in accounting and management in 1991.
12

13 I have been employed by the State of Utah for thirty-one (31) years in various accounting
14 positions. During the past twenty-three (23) years, I served as the Deputy Director of
15 Finance for the Utah Department of Corrections. My work involved, but was not limited to,
16 directing and managing the Department's accounting unit, procurement personnel and
17 practices, financial statement preparation, department budgets and appropriation requests,
18 fixed assets, revenue management, offender trust funds and recommending Department fiscal
19 policy and procedures.
20

21 I joined the Division in October 2007 as a Utility Analyst. My current resume is attached as
22 DPU Exhibit 2.1.

23

24 **Q. What is the purpose of your testimony?**

25 A. My purpose is to present the Division's position regarding the proposed accounting treatment
26 of the acquisition by PacifiCorp of a natural gas-fired power plant located near Chehalis,
27 Washington and address the motion for an accounting order to establish a regulatory asset
28 and acquisition premium.

29

30 **Q. Please briefly describe the proposed accounting treatment of the subject power plant.**

31 A. Under the terms of the Purchase and Sale Agreement (PSA), Exhibit RMP 1.1 between TNA
32 Merchant Projects, Inc. (Seller) and PacifiCorp (Buyer), PacifiCorp is purchasing a limited
33 liability corporation, which includes the Chehalis power plant. The expected total purchase
34 price for all the assets does exceed the depreciated book cost of those assets. For regulatory
35 purposes, PacifiCorp has requested that the assets be valued at PacifiCorp's purchase price.

36

37 **Q. Please, state your testimony.**

38 A. The Public Service Commission of Utah has adopted the Federal Energy Regulatory
39 Commission (FERC) rules found in Code of Federal Regulation (CFR), Title 18, Part 101¹.
40 In reviewing the Federal Energy Regulatory Commission (FERC) regulations, specifically 18
41 CFR Part 101, Chapter 1, Electric Plant Instructions number 2 (April 1, 2006)² it reads as
42 follows:

43

¹ Public Service Commission Rule 746-310-7 Accounting, 2007 Edition, page

² Code of Federal Regulations, (CFR) Title 18, Part 101, Chapter 1, Electric Plant Instructions 2, pp 346-347

44 *“Electric Plant To Be Recorded at Cost – All amounts included in the accounts for*
45 *electric plant acquired as an operating unit or systems, except as otherwise provided in*
46 *the texts of the intangible plant accounts, shall be stated at the cost incurred by the*
47 *person who first devoted the property to utility service.”*
48

49 In reviewing the definition of “utility”, specifically 18 CFR Part 101, Chapter 1, Definitions
50 #40 (April 1, 2006)³ it reads as follows:

51 *“Utility, as used herein and when not otherwise indicated in the context, means any*
52 *public utility or licensee to which this system of accounts is applicable.”*
53

54 In reviewing the definition of “cost”, specifically 18 CFR Part 101, Chapter 1, Definitions #9
55 (April 1, 2006)⁴ it reads as follows:

56 *“Cost means the amount of money actually paid for property or services”*
57

58 In reviewing the definition of “licensee”, specifically 18 CFR Part 101, Chapter 1,
59 Definitions #17 (April 1, 2006)⁵ it reads as follows:

60 *“Licensee means any person, or State, licensed under the provisions of the Federal*
61 *Power Act and subject to the Commission’s accounting requirements under the terms of*
62 *the license.”*
63

64 In reference to the Bodington & Company (B&Co) report, Exhibit 1.2, the Chehalis Power
65 Generating, LLC (CPG) is an Exempt Wholesale Generator (EWG) certified by FERC, not
66 an electric utility or a licensee subject to the FERC accounting requirements. The B&Co
67 report also states “Chehalis appears to be in good condition and as of November 15, 2008,
68 has a fair market value [near the purchase price]...”⁶
69

³ CFR, Title 18, Part 101, Definitions p. 335

⁴ Ibid, p 333

⁵ Ibid,

⁶ Bodington & Company Report, Exhibit 1.2, page 1.

70 Based upon the Division's understanding and interpretation of these instructions and
71 definitions the Division has determined that the Chehalis plant has not operated as a public
72 utility since operations commenced in October 2003, nor has it been a licensee by FERC
73 subject to the FERC accounting requirements. Therefore, PacifiCorp would be the first
74 entity to devote the property to public utility service and thus the purchase price would be the
75 amount recorded as the original cost for Plant in Service.

76

77 **Q. What is your testimony regarding the Motion of Rocky Mountain Power for An**
78 **Accounting Order to Establish a Regulatory Asset and Acquisition Premium?**

79 A. Since the Division's position to the Public Service Commission of Utah is to approve the
80 transaction for the purchase of CPG, the Division is not addressing the Motion at this time.
81 The need for a deferred accounting order does not exist unless the transaction is not
82 approved. In addition, testimony or additional information has not been filed regarding this
83 motion by the Company to support their request for a deferred accounting order. Further, the
84 Motion is not a required part of the approval of a significant energy resource that is the
85 subject of this docket. The Division will address the motion should the Commission deny the
86 transaction, or the approval, or for other reasons the purchase does not close, at that time. If
87 it becomes clear that parties are required to address the Motion in this phase of the case
88 without any supporting testimony the Division will proceed under that direction.

89 **Q. Does this conclude your testimony?**

90 A. Yes.

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