

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of Cedar Ridge)	Docket No. 13-2423-01
Distribution Company for an)	DPU Exhibit 1.0 DIR-REV REQ
Increase in Rates for Water Usage)	
Over 12,000 Gallons per Month to)	
\$.50 per 1,000 Gallons)	
)	

DIRECT TESTIMONY

OF

SHAUNA BENVEGNU-SPRINGER

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

SEPTEMBER 6, 2013

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1 **I. IDENTIFICATION OF WITNESS**

2 **Q. PLEASE STATE YOUR NAME, EMPLOYER, AND BUSINESS ADDRESS FOR**
3 **THE RECORD.**

4 **A.** My name is Shauna Benvegna-Springer. I am employed by the Department
5 of Commerce, Division of Public Utilities (“Division”) for the State of Utah.
6 My business address is Heber M. Wells Building, 4th Floor, and 160 East
7 300 South, Salt Lake City, UT 84114-6751.

8 **Q. BRIEFLY OUTLINE YOUR EMPLOYMENT BACKGROUND.**

9 **A.** I have been employed by the State of Utah for over 36 years in a number of
10 capacities with various agencies. Prior to working for the Division, I served
11 as the Deputy Director of Finance for the Utah Department of Corrections
12 and the Director of Finance for the Utah Olympic Public Safety Command
13 during the 2002 Salt Lake Olympic Winter Games.

14 **Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?**

15 **A.** I attended Westminster College of Salt Lake and graduated with a Bachelor
16 of Science Degree in Accounting and Management. I am a member of the
17 Association of Government Accountants and the Association of Certified Fraud

18 Examiners. I am certificated as a Certified Government Financial Manager
19 (CGFM), and am working toward my certification as a Certified Fraud
20 Examiner (CFE).

21 **Q. PLEASE DESCRIBE YOUR POSITION AND DUTIES WITH THE DIVISION?**

22 **A.** As a Utility Analyst for the Division, I perform assignments as an auditor
23 and analyst on issues concerning the terms, conditions and prices of utility
24 service; industry and utility trends and issues; and regulatory form and
25 public policy; and compliance and practices relating to public utilities. I
26 examine public utility financial data for determination of rates; review
27 applications for rate increases; conduct research; examine, analyze,
28 organize, document and establish regulatory positions on a variety of
29 regulatory matters; review operational reports and evaluate compliance with
30 laws and regulations, etc.; testify in hearings before the Utah Public Service
31 Commission (“Commission”); assist in analysis of testimony and rate case
32 preparation; and I have participated in settlement conferences. I investigate
33 and audit water, telephone and energy companies. My extensive knowledge
34 of accounting and financial reporting allows me to prepare reliable and
35 justifiable reports and exhibits, fair and compliant recommendations, along
36 with testifying as an expert witness before the Public Service Commission of
37 Utah.

38

39 **Q. FOR WHICH PARTY WILL YOU BE OFFERING TESTIMONY IN**
40 **THIS CASE?**

41 **A.** I will be offering testimony on behalf of the Division.

42 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE UTAH PUBLIC**
43 **SERVICE COMMISSION?**

44 **A.** Yes. I have testified before the Commission as an expert witness in many
45 prior dockets and previously in this docket for the interim rate portion.

46 **II. SUMMARY**

47 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

48 **A.** The purpose of my testimony is to present the Division's recommendation
49 for Cedar Ridge's general rate case with regard to the request for an
50 increase in the incremental cost of water from \$0.35 per 1,000 gallons to
51 \$0.50 per 1,000 gallons used.

52 **III. DIVISION'S RECOMMENDATION (DPU EXHIBIT 1.1)**

53 **Q. PLEASE EXPLAIN THE DIVISION'S RECOMMENDATION AS SET**
54 **FORTH IN DPU EXHIBIT 1.1 DIR-REV REQ.**

55 **A.** The Division completed its review and analysis of the revenues and expenses

56 for the test year of 2012 and compared it to the analysis prepared in 2011 for
 57 2012. The cost for operating the system has increased overall. The Division
 58 is recommending a system fee, which is paid by all customers and vacant lot
 59 owners of \$55.50 from \$50.00 previously. The Division is recommending
 60 a reduction in the monthly usage fee for only those customers connected to
 61 the water system. The monthly usage fee should be \$4.50 from \$7.00
 62 previously. This fee would not include a 12,000 gallon minimum amount of
 63 water that a connected customer could utilize. The Division is recommending
 64 a water usage rate of \$.50 per 1,000 gallons used or any fraction thereof for
 65 all water, because it is purchased from Tremonton City.

Rate Summary					
	Previous Tariff		Interim Rates		Division Proposed
System Fee - Standby	\$	50.00	\$	50.00	\$ 55.50
Monthly Usage Fee	\$	7.00	\$	2.80	\$ 4.50
Water Usage Rate	\$	0.35	\$	0.50	\$ 0.50
Effective Date		Jan 1 2012		Aug 1 2013	Nov 1 2013

66 The impact to connected customers is a base fee of \$60.00, an increase of \$3
 67 from the previous current rate or \$7.20 increase from the interim rate per
 68 month. For standby customers the base fee is \$55.50 from \$50.00, an
 69 increase of \$5.50 per month.

70 **IV. SYSTEM FEE (DPU EXHIBIT 1.7)**

71 **Q. PLEASE EXPLAIN THE SYSTEM FEE AS SET FORTH IN DPU**
72 **EXHIBIT 1.7 DIR-REV REQ?**

73 **A.** The system fee includes the costs of the water master and billing clerk,
74 legal cost amortized for three years, accounting costs, repairs to the system,
75 insurance, regulatory costs, training, depreciation and property taxes. The
76 metering project increased the depreciation expense.

77 **IV. MONTHLY USAGE FEE**

78 **Q. PLEASE EXPLAIN THE ADDITIONAL MONTHLY USAGE FEE AS**
79 **SET FORTH IN DPU EXHIBIT 1.7 DIR-REV REQ.**

80 **A.** The additional monthly usage fee includes the costs of testing, chemicals,
81 back-up power cost and material and supplies related to the usage of
82 delivering water. The previous rate of \$7.00 included a 12,000 gallon
83 minimum amount of water a user could use each month without an
84 additional cost. The Division removed \$4.20 from the \$7.00 fee and the
85 12,000 gallon minimum from the monthly as this portion of the fee is a
86 function of the wholesale cost charged by Tremonton City. Power costs to
87 run the well are shared by Tremonton City and Cedar Ridge. The increase
88 in back-up power costs are a result of not purchasing water from
89 Tremonton City during the low usage winter months and running the

90 smaller well near the storage tank to distribute water for a three to four
91 month period to the Cedar Ridge customers. This practice reduces the
92 overall power costs of the Tremonton well during the low usage period when
93 Tremonton City does not use water from the well. When a smaller
94 amount of water is pumped from the Tremonton well the large volume
95 electric rate is charged. By not using the well the costs are minimized and
96 a smaller pump electric charge is used for Cedar Ridge water delivery. Due
97 to these factors, the back-up power costs and chemical tests are the primary
98 drivers of the fee increase from \$2.80 to \$4.45 per month.

99 **V. WATER USAGE RATE**

100 **Q. PLEASE EXPLAIN THE WATER USAGE RATE AS SET FORTH IN**
101 **DPU EXHIBIT 1.7 DIR-REV REQ.**

102 **A.** The water usage rate includes only the wholesale cost of purchasing water
103 from Tremonton City under a contract. The anticipated costs for 27,000,000
104 gallons of water annually are \$13,506 or \$.50 per 1,000 gallons of water. In
105 reviewing the costs of the Tremonton City contract, it was noted that the
106 costs include the depreciation of the equipment, sampling costs, billing costs
107 and electric costs. The other variable in the calculation is the amount of
108 water pumped from the well annually.

109 **VI. TREMONTON CITY CHARGE**

110 **Q. PLEASE EXPLAIN THE TREMONTON CITY CHARGE AS SET**
111 **FORTH IN DPU EXHIBIT 1.8 DIR-REV REQ.**

112 **A.** Please note the chart in Exhibit 1.8 which compares the costs of Tremonton
113 City to provide water to Cedar Ridge. Initially, the amount of water pumped
114 was estimated at capacity of 1,000 gallons per minute, or a total of
115 259,200,000 gallons yearly. The Tremonton City formerly charged Cedar
116 Ridge \$0.35 per 1,000 gallons.

117 On March 6, 2012, the Tremonton City Council adopted the rate of \$.50 per
118 1,000 gallons to charge Cedar Ridge.

119 **VII. BUDGET PAYMENT PLAN**

120 **Q. PLEASE EXPLAIN THE DIVISION'S RECOMMENDATION FOR**
121 **A BUDGET PAYMENT PLAN IN DPU EXHIBIT 1.9.**

122 **A.** The Division recommends that the Commission allow the Company's tariff to
123 include a budget payment plan for customers to pay a set monthly
124 amount by customer, at the customer's request. The amount would be
125 calculated by using the past 12 months water usage prior to the customer
126 request dividing the amount by 12 and applying the current tariff system fee,

127 monthly usage fee and water usage fee to the average monthly water used.
128 An example on Exhibit 1.9 illustrates the process. Customer A requested, in
129 writing, a budget payment plan on July 1, 2012 from the Company.
130 Customer A used 1,168,590 gallons from June 2011 to May 2012. The gallons
131 used is divided by 12 months; divided by 1,000 gallons and multiplied by \$.50
132 or \$48.69 usage per month, plus the system fee of \$55.50 and the monthly
133 usage fee of \$4.50 which totals \$108.69 for the monthly budget payment plan
134 for Customer A. Thirty days prior to the anniversary month, in this
135 example, June 1, the Company calculates the true-up amount due or credited
136 and the new budget payment plan for Customer A. If the customer wishes to
137 discontinue the budget payment plan or does not pay the monthly budget
138 payment plan on time each month, the budget payment plan for Customer A
139 is terminated and the other tariff schedule rates and due dates apply. These
140 are similar rules that are in place for natural gas and electric customer
141 tariffs.

142 IX. CONSERVATION RATE

143 **Q. PLEASE EXPLAIN THE DIVISION'S RECOMMENDATION FOR**
144 **A CONSERVATION RATE STRUCTURE FOR CEDAR RIDGE.**

145 **A.** The Division is not recommending a conservation rate structure at this time.
146 Since there is a minimum amount of gallons in the monthly usage rate and

147 customers are charged \$.50 per 1,000 gallons or any fraction thereof for the
148 water they use, this in its self provides a measure of conservation for the
149 customers. Since the installation of meters the amount of water used has
150 decreased since 2010 each year. One meter was put in place for the overall
151 water system when Tremonton City purchased the well in 2010. Customer
152 meters were installed in May 2012. Please refer to Exhibit 1.8 where it
153 demonstrates the amount of water used by the Cedar Ridge water system has
154 decreased by 24% and 23% respectively for the 2011 and 2012 calendar year.
155 With the information of actual water usage of the system and use of the
156 customers, behavior changed and efforts to conserve became apparent. Some
157 customers replaced their landscaping with drought resistance plants. Some
158 dropped their usage.

159 Tremonton City currently is not charging the full cost to Cedar Ridge. It is
160 anticipated in the near future another increase may be realized. If the water
161 consumption continues to drop, the rate will not increase, and the
162 customers are very aware. For these reasons, the Division is not
163 recommending a conservation rate structure at this time.

164 **X. CONCLUSION:**

165 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

166 A. Yes, it does.