

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of)
PACIFICORP for a Certificate of)
Convenience and Necessity Authorizing) Docket No. 03-035-29
Construction of the Currant Creek)
Power Project)

REBUTTAL TESTIMONY OF BRUCE N. WILLIAMS

FEBRUARY 11, 2004

1 **Q. Please state your name.**

2 A. My name is- Bruce N. Williams.

3 **Q. Are you the same Bruce N. Williams that submitted direct testimony in this**
4 **proceeding?**

5 A. Yes.

6 **Q. What is the purpose of your rebuttal testimony?**

7 A. In this testimony, I will address assertions put forth by Messrs. Graeber and
8 Banasiewicz on behalf of Spring Canyon Energy LLC (“Spring Canyon”)
9 regarding Spring Canyon’s supposed ability to obtain financing.

10 **Q. Mr. Graeber makes an assertion about the debt Spring Canyon was**
11 **negotiating with its lenders being lower than PacifiCorp’s. Did you make**
12 **contact with any of Spring Canyon’s supposed lenders that cast doubt on**
13 **such an assertion?**

14 A. Yes. In response to PacifiCorp’s data requests 1.6 and 2.6d, Spring Canyon
15 identified some individuals they had contacted regarding possible financing. One
16 of those individuals was Sonja Sevcik at Union Bank of California, and another
17 was Guy Piazza at The CIT Group, Inc. (CIT). John Fryer (Managing Director,
18 Credit Risk) and I phoned Ms. Sevcik and Mr. Piazza to talk about their
19 respective institution’s possible financing of Spring Canyon’s project. Neither of
20 them was initially available, but Ms. Sevcik returned the call to Mr. Fryer. While
21 she was understandably limited in what she could disclose about their discussions
22 with Spring Canyon, she expressed surprise that the letter submitted with Mr.
23 Banasiewicz’s testimony was disclosed by Spring Canyon. Further, she made it
24 perfectly clear that it was meant only to indicate Union Bank’s possible interest in

1 entering into a transaction to provide financing to Spring Canyon, and that it
2 should not be relied upon as any commitment from Union Bank to advance funds
3 in connection with Spring Canyon's project.

4 **Q. Did you receive a reply from CIT?**

5 A. Yes. In response to our voicemail message, Thomas Simpson, Vice President &
6 Senior Counsel for CIT, sent a letter to Mr. Fryer emphasizing that "neither The
7 CIT Group, Inc. nor any of its subsidiaries (collectively, "CIT) has provided a
8 commitment letter to USA Power Partners LLC or Spring Canyon Energy LLC
9 (collectively, "USA Power") or authorized USA Power to represent to any third-
10 party that they have received a commitment from CIT." A copy of that letter is
11 attached as UP&L Exhibit ____ (BNW-1R). Whatever else might be said about
12 Spring Canyon's potential financing, it is clear that at least Union Bank and CIT
13 had made absolutely no commitments in that regard. In the financing world,
14 "possibilities" about potential financing, especially for an entity that is just
15 formed to develop a potential project, are just that, very speculative possibilities.
16 I am at a loss to understand how Spring Canyon can assert that its financing
17 would be at a lower cost than PacifiCorp's (with a cost of debt recently approved
18 at 6.40%), and that financing "was available and extremely probable." Even more
19 troubling is Mr. Banasiewicz's claim that its Bid No. 135 "has a lower overall
20 capital cost" than PacifiCorp when Spring Canyon had no commitment for
21 financing.

22 **Q. Does this conclude your rebuttal testimony?**

23 A. Yes.