

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

)  
In The Matter Of The Application For )  
Increase Of Rates And Charges And USF )  
Eligibility For Carbon/Emery Telecom, )  
Inc. )

DOCKET NO: 05-2302-01  
Exhibit No. DPU 10.0

)  
Direct Testimony Of  
JOHN H. GOTHARD, JR.  
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FOR THE DIVISION OF PUBLIC UTILITIES  
DEPARTMENT OF COMMERCE  
STATE OF UTAH

PUBLIC VERSION

November 15, 2005

**Testimony of John H. Gothard, Jr.**

**Introduction:**

**Q. Please state your name and business affiliation:**

A. John H. Gothard, Jr. I am employed by the Utah Division of Public Utilities (Division), 160 East 300 South, Fourth Floor, Salt Lake City, Utah 84114.

**Q. How long have you been employed by the Division of Public Utilities?**

A. Since January 3, 2005.

**Q. What are your current responsibilities?**

A. I am a Utility Analyst assigned to the Telecommunications Section. I am a member of the audit team responsible for investigation of the instant application by Carbon/Emery Telecom, Inc. (the "Company").

**Q. What is your educational background, expertise and experience?**

A. I have a Bachelor of Science, *Magna Cum Laude*, in Accounting and Finance from Westminster College of Salt Lake City and a Juris Doctor from California Western School of Law. I am a Certified Public Accountant licensed in Utah since 1971 and in California since 1987. I am also an attorney admitted to practice in Utah since 1993 and in California since 1992. My public accounting career included audit and tax matters for a national CPA firm, a local CPA firm and as a solo practitioner. My legal career included complex civil litigation, bankruptcy, estate planning and tax matters. Immediately prior to joining the Division, I was a solo practitioner attorney in Heber City, Utah. My resume is attached as Exhibit DPU 10.1.

**Q. What is the purpose of your testimony in this case?**

A. I will discuss my proposed adjustments to the Company's known and measurable changes to expenses related to GPS Charges for vehicles; land improvements to the Price business office and Price yard; power plant maintenance; and rate case expenses.

**GPS Charges:**

**Q. What adjustments are you proposing to the Company's known and measurable expenses related to GPS charges for vehicles?**

A. The Company originally requested an addition to expense of [REDACTED]. (See Company Exhibit S-5.3 at line 1.) [REDACTED]  
[REDACTED]  
[REDACTED]. I have therefore decreased this expense by [REDACTED] and allowed an increase of [REDACTED] to reflect the new provider cost for a net decrease in this expense of [REDACTED]. After application of the applicable separations allocation factor the net adjustment to intrastate expenses is a decrease of [REDACTED] as set forth in Exhibit 10.2 attached hereto.

**Land Improvements:**

**Q. What adjustments are you proposing to the Company's known and measurable expenses related to land improvements?**

A. The Company included expenses for black top at the Price business office and Price yard in the total amount of [REDACTED] (See Company Exhibit S-5.3 at lines 2, 3 and 4.) These

expenses are broken down as [REDACTED]  
[REDACTED] These items have a useful life greater than one year and are therefore more properly treated as land improvements than current period expense items. Inasmuch as the Company's chart of accounts and depreciation schedules provide no category nor useful life appropriate to such land improvements I believe that reference to the Internal Revenue Service Recovery Period for land improvements, which includes these types of assets is an appropriate method to establish a proper useful life for depreciation purposes. The recovery period thus established for assets acquired after 1998 is 15 years. I have decreased these expenses by [REDACTED] as set forth in detail in Exhibit 10.2. After application of the applicable separations allocation factor the net adjustment to intrastate expenses is a decrease of [REDACTED]. The allowable depreciation expense and plant adjustments will be addressed by DPU witness David Thomson in Exhibit 5.1.1 under "Land Improvements" and are therefore not included in my adjustments.

**Power Plant Maintenance - Other Expense:**

- Q. What adjustments are you proposing to the Company's known and measurable expenses related to power plant maintenance - other expense?**
- A. The Company has claimed [REDACTED] for this expense in its known and measurable expense changes. (See Company Exhibit S-5.3 at line 10.) The actual amount expended by the Company through August 31, 2005 is [REDACTED]. Accordingly an increase of [REDACTED] has been allowed to adjust to the actual amount expended through August 31, 2005 as a known and

measurable expense. After application of the applicable separations allocation factor the net adjustment to intrastate expenses is a increase of [REDACTED] as set forth in detail in Exhibit 10.2

**Rate Case Expenses:**

**Q. What adjustments are you proposing to the Company's known and measurable expenses related to rate case expenses?**

A. The Company has included a rate case adjustment for the entire amount expected to be spent in pursuit of this rate case as a known and measurable change to expenses. (See Company Exhibit S-1 at Column I.) In view of the sum expended and the likelihood that this type of expense will not be incurred on an annual basis, I believe that this amount should be amortized over two years rather than expensed in one year as proposed by the Company. Accordingly a decrease of [REDACTED] in the rate case expense has been made. After application of the applicable separations allocation factor the net adjustment to intrastate expenses is a decrease of [REDACTED] as set forth in detail in Exhibit 10.2

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

A. Yes.