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**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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<b>In the Matter of the Emery Telephone's</b>	:	<b>Docket No. 15-042-01</b>
<b>Application for an Increase in Utah</b>	:	<b>DPU Exhibit 1.0 DIR</b>
<b>Universal Service Fund Support</b>	:	<b>(REDACTED)</b>
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**DIRECT TESTIMONY**

**OF**

**William Duncan**  
**STATE OF UTAH**  
**DIVISION OF PUBLIC UTILITIES**

**August 14, 2015**

1 **I. INTRODUCTION**

2 **Q: Please state your name for the record.**

3 **A:** My name is William Duncan.

4 **Q: By whom are you employed and what is your business address?**

5 **A:** I am employed by the Utah Department of Commerce, Division of Public Utilities  
6 (DPU). My business address is 160 East 300 South, 4<sup>th</sup> Floor, Salt Lake City, Utah,  
7 84114.

8 **Q: What is your position with the Division?**

9 **A:** I am the manager of the Telecommunications and Water Section.

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

11 **A:** I received a Bachelor's Degree in Business Administration – Finance from Weber State  
12 College in 1975. I also received an MBA from the University of Utah. I was employed  
13 for over 26 years by Mountain Bell / U S West / Qwest in a variety of management  
14 positions including Customer Operations, Process and Quality Improvement, Forecasting,  
15 Network Planning and Engineering.

16 **Q: Have you testified before the Commission on prior occasions?**

17 **A:** Yes.

18 **Q: Please describe your participation in the Division's review of Emery Telephone's  
19 (Emery) application for an Increase in Utah Universal Service Fund Support.**

20 **A:** I have overseen and managed this case since it was filed in March, 2015.

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23 **II. PURPOSE AND SCOPE OF TESTIMONY**

24 **Q: What is the purpose of your testimony in these proceedings?**

25 **A:** My testimony will present the overall recommendation of the DPU as it pertains to  
26 changes to Emery Telephone's (Emery) Utah USF support. I will also introduce DPU  
27 witnesses and identify the scope of their testimony.

28

29 **Q: Please summarize the Division's actions and recommendation in this case.**

30 **A:** On or about March, 27, 2015 Emery filed its Application for increase in Utah Universal  
31 Service (UUSF) fund support, seeking an additional \$739,293 annually in UUSF. The  
32 amount requested is in addition to an annual amount of \$561,000 that Emery currently  
33 receives. Since the filing in March, 2015, Division auditors have conducted a rigorous  
34 review of Emery operations, financial and accounting records. The Division issued  
35 several data requests and reviewed the responses provided by Emery. As a result of this  
36 review, the Division recommends an increase in Emery's annual UUSF eligibility of  
37 \$424,647, adjusting its annual UUSF eligibility to \$985,647.

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39 **Q. Please describe the exhibits that have been filed with your direct testimony.**

40 **A.** There are two exhibits filed with my testimony:

41 **DPU Exhibit 1.1D** This exhibit is a summary worksheet that the DPU uses to model  
42 changes to UUSF requirement when other factors – such as revenue and expense  
43 adjustments – are added, deleted or modified. The body of the exhibit from column A  
44 through F is based on Emery's Exhibit 1. The area shaded in yellow, columns G and H,

45 contains DPU adjustments. Column I, shaded in blue, illustrates how the total annual  
46 UUSF (found in row 2) recommended by the DPU allows Emery to earn a reasonable  
47 rate of return.

48  
49 **DPU Exhibit 1.2D** This exhibit is a summary worksheet that the DPU uses to model  
50 changes to proposed rate base. The body of the exhibit from column A through F is based  
51 on Emery Exhibit 2. The area shaded in yellow, columns G, contains DPU adjustments.  
52 The area shaded in blue, column H, contains the Division recommended rate base.

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54 **Q: Please introduce the Division witnesses that are expected to testify in this case.**

55 **A:** The Division intends to present two additional witnesses:

56 Mr. Joseph Hellewell will testify to the DPU's adjustment to depreciation expense of  
57 [REDACTED] found in column G line 12 of exhibit 1.1. He will also provide testimony on the  
58 DPU's second adjustment of [REDACTED] that was added back to Emery's accumulated  
59 depreciation reserve. This adjustment is found in cell G4 on DPU Exhibit 1.2 D. Mr.  
60 Hellewell will also testify to the DPU's imputed revenue of [REDACTED] found in column G  
61 line 1 of exhibit 1.1. This adjustment is the sum of Mr. Hellewell's adjustments 2.3, 2.4  
62 and 2.5.

63 Mr. Casey Coleman will testify to the DPU's position on Emery's Cost of Capital and the  
64 Rate of Return calculation.

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67 **Q:** Does this conclude your direct testimony?

68 **A:** Yes.