
BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Emery Telephone’s : **Docket No. 15-042-01**
Application for an Increase in Utah : **DPU Exhibit 2.0 REB**
Universal Service Fund Support :
:
:
:

REBUTTAL TESTIMONY

OF

JOSEPH HELLEWELL
STATE OF UTAH
DIVISION OF PUBLIC UTILITIES

August 28, 2015

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3 **I. INTRODUCTION**

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

5 **A:** My name is Joseph Hellewell.

6 **Q: Are you the same Joseph Hellewell who provided direct testimony in docket number**
7 **15-042-01?**

8 **A:** I am.
9

10 **II. PURPOSE AND SCOPE OF TESTIMONY**
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12 **Q: What is the purpose of your rebuttal testimony?**

13 **A:** The purpose of my rebuttal testimony is to opine on certain adjustments proposed by the
14 Office of Consumer Services (OCS) in its direct testimony. Specifically I will comment
15 on four adjustments proposed by Mr. Ostrander in his testimony, BCO-3, BCO-4, BCO-
16 5, and BCO-9.
17

18 **Q: Which adjustments are you supporting?**

19 **A:** The DPU has specifically identified BCO-3 as a just and appropriate adjustment to
20 Emery Telephone's rate base. BCO-3 deals with the adjustment of customer deposits out
21 of the rate base calculation. We feel this is consistent with traditional rate making and
22 represents the best interest of the State and the UUSF fund.
23

24 **Q: Which adjustments are you not supporting?**

25 **A:** BCO-4 is an adjustment made by the OCS to exclude prepayments from the rate base
26 calculation. The Department of Public Utilities (DPU) has always allowed this account to
27 be part of the rate base calculation, this follows training and guidance offered through the

28 National Association of Regulatory Utility Commissioners (NARUC). NARUC has
29 offered training material such as Calculating the Revenue Requirementⁱ which clarifies
30 the rate base calculations and has served as the historical basis by which the DPU has
31 based its rate base calculations.

32
33 BCO-5 is an adjustment which we support in theory; long-term liabilities should be
34 excluded from the rate base calculation. However because we cannot verify the number
35 contained in the adjustment we cannot support this adjustment without further
36 information. As it stands now when reviewing the annual report or audited financial
37 statements filed by Emery Telephone the company has no long-term liabilities.

38
39 **Q: Do you have any other comments about the OCS's proposed adjustments?**

40 **A:** BCO-9 is an adjustment proposed by the OCS which attempts to normalize Emery
41 Telephone's annual depreciation expense. While the DPU treated the adjustment of this
42 expense in a different way, it should be noted that the underlying cause of both the DPU
43 and OCS adjustment to depreciation expense is Emery Telephone's practice of using
44 fully depreciated assets in the calculation for depreciation expense.

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46 **Q: Does this conclude your supplemental testimony?**

47 **A:** Yes it does.

ⁱ Davis, Ron. "Calculating the Revenue Requirement." *Calculating the Revenue Requirement* (n.d.):
n. pag. *National Association of Regulatory Utility Commissioners*. NARUC. Web. 27 Aug. 2015.
<www.naruc.org>.