

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Carbon/Emery Telcom, Inc.'s Application for an Increase in Utah Universal Service Fund Support	:	:	:	:	:
					Docket No. 15-2302-01 DPU Exhibit 1.0 DIR (REDACTED)

DIRECT TESTIMONY

OF

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

August 21, 2015

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, 4th 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 Carbon/Emery
19 Telcom, Inc.'s Company application for an increase in Utah Universal Service Fund
20 Support (UUSF).**

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

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

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

24 **A:** My testimony will present the overall recommendation of the DPU as it pertains to
25 changes to Carbon/Emery Telcom, Inc.'s (Carbon/Emery) current Utah USF funding. I
26 will also introduce DPU witnesses and identify the scope of their testimony.

27

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

29 **A:** On or about March 27, 2015 Carbon/Emery filed its application for increase in Utah
30 Universal Service (UUSF) support, seeking an additional \$563,262 annually in UUSF.
31 On April 2, 2015, Carbon/Emery filed an amended request for additional UUSF of
32 \$816,909. These amounts are in addition to the annual amount of \$1,038,714 that
33 Carbon/Emery currently receives. Since the filing in March, 2015, DPU auditors have
34 conducted a rigorous review of Carbon/Emery operations, financial and accounting
35 records. The Division issued several data requests that were responded to by
36 Carbon/Emery. As a result of this review, the Division recommends a decrease in
37 Carbon/Emery's annual UUSF eligibility of \$226,008, adjusting its annual UUSF
38 eligibility to \$812,706.

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 1.1 D** This exhibit is a summary worksheet that the DPU uses to model
42 changes to USF 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 Carbon/Emery Exhibit 1. Columns G and H, contain the DPU
45 adjustments. Column I, illustrates how the total annual UUSF (found in row 2)

46 recommended by the DPU, allows Carbon/Emery to earn a reasonable rate of return.

47

48 **DPU Exhibit 1.2 D** This exhibit is a summary worksheet that the DPU uses to model
49 changes to proposed rate base. The body of the exhibit from column A through F is based
50 Carbon/Emery Exhibit 2. Column G contains DPU adjustments. Column H, contains the
51 DPU recommended rate base.

52

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

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

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

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

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

65 **A:** Yes it does.