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**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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**In the Matter of the Carbon-Emery** : **Docket No. 15-2302-01**  
**Telephone's Application for an Increase** : **DPU Exhibit 2.0 REB**  
**in Utah Universal Service Fund Support** :

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**REBUTTAL TESTIMONY**

**OF**

**JOSEPH HELLEWELL**  
**STATE OF UTAH**  
**DIVISION OF PUBLIC UTILITIES**

**September 4, 2015**

1 **I. INTRODUCTION**  
2

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

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

6 **Q: Are you the same Joseph Hellewell who provided direct testimony in docket number**  
7 **15-2302-01?**

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 three adjustments proposed by Mr. Ostrander in his testimony, BCO-3, BCO-4, and  
16 BCO-9.  
17

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

19 **A:** BCO-3 is an adjustment made by the OCS to exclude prepayments from the rate base  
20 calculation. The Department of Public Utilities (DPU) has always allowed this account to  
21 be part of the rate base calculation, this follows training and guidance offered through the  
22 National Association of Regulatory Utility Commissioners (NARUC). NARUC has  
23 offered training material such as Calculating the Revenue Requirement<sup>i</sup> which clarifies  
24 the rate base calculations and has served as the historical basis by which the DPU has  
25 based its rate base calculations.  
26

27 BCO-4 is an adjustment which we support in theory; long-term liabilities should be  
28 excluded from the rate base calculation. However because we cannot verify the number  
29 contained in the adjustment we cannot support this adjustment without further

30 information. As it stands now when reviewing the annual report or audited financial  
31 statements filed by Carbon-Emery Telephone the company has no long-term liabilities.

32

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

34 **A:** BCO-8 is an adjustment proposed by the OCS which attempts to normalize Carbon-  
35 Emery Telephone's annual depreciation expense. While the DPU treated the adjustment  
36 of this expense in a different way, it should be noted that the underlying cause of both the  
37 DPU and OCS adjustment to depreciation expense is Carbon-Emery Telephone's practice  
38 of using fully depreciated assets in the calculation for depreciation expense.

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

41 **A:** Yes it does.

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<sup>i</sup> 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](http://www.naruc.org)>.