

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of
The Ohio Bell Telephone Company
for Approval of an Alternative
Form of Regulation.

Case No. 93-487-TP-ALT

In the Matter of the Complaint of the
Office of the Consumers' Counsel,

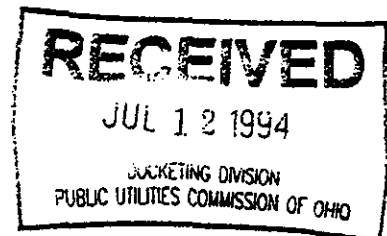
Complainant,

Case No. 93-576-TP-CSS

v.

The Ohio Bell Telephone Company,

Respondent.



Prepared Testimony
of
Judy Sarver
Accounts and Audits Division

Staff Exhibit 10

1 1. Q. Please state your name and business address.

2

3 A. My name is Judy Sarver. My business address is 180 East Broad Street,
4 Columbus, Ohio 43215-3793.

5

6 2. Q. By whom are you employed?

7

8 A. I am employed by the Public Utilities Commission of Ohio.

9

10 3. Q. What is your position with the Public Utilities Commission and what are
11 your duties?

12

13 A. My current position is a Utility Audit Coordinator in the Accounts and
14 Audits Division of the Utilities Department. The duties of this position
15 include: reviewing rate case applications and depreciation accrual rate
16 represcriptions, reviewing public utility records and analyzing rate
17 information to determine the appropriate depreciation reserve and
18 expense.

19

20 4. Q. Would you state briefly your educational background and work
21 experience?

22

23 A. I earned a Bachelor of Arts Degree that included a Major in Accounting
24 from Glenville State College in May 1981. I came to the Public Utilities
25 Commission as a Utility Examiner I in November 1982 and was promoted
26 to Utility Examiner II in February 1984. In April 1984, I began working in
27 the Depreciation Section and was assigned my current position as Utility

1 Examiner III in March 1987, which was later retitled Utility Audit
2 Coordinator. I have attended Programs II, III, D, and E at the Center for
3 Depreciation Studies in Kalamazoo, Michigan. In addition, I have
4 attended various seminars and rate case training programs sponsored by
5 this Commission. I have prepared and presented testimony in Ohio
6 Power Case No. 85-726-EL-AIR, Toledo Edison Case No. 85-554-EL-AIR,
7 Cincinnati Gas & Electric Case Nos. 90-390-GA-AIR, 92-1463-GA-AIR, and
8 92-1464-EL-AIR.

9
10 5. Q. What is the purpose of your testimony in this proceeding?

11
12 A. The purpose of my testimony is to respond to OCC's Objection 71.

13
14 6. Q. By its Objection No. 71, the OCC alleges that the Staff failed to properly
15 compute the amortization expense for leasehold improvements. The
16 objection goes further to suggest that the amortization for leases which
17 begin or end during the test year should be recognized only during the
18 months in which those leases were in effect, and not for the entire twelve
19 months. Do you agree with this objection?

20
21 A. No. The Staff recommends that the capital lease amortization expense be
22 based on the capital leases that are in service and used and useful at date
23 certain. This synchronized the expense with the investment and does not
24 single out individual additions and retirements during the test year. This
25 is consistent with this Commission's policy of synchronizing test period
26 depreciation expenses with the rate base.¹

¹ Opinion and Order Case No. 85-675-EL-AIR, page 58 and 59.

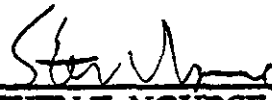
1 The Staff also recommends that a full twelve months of the lease
2 amortization expense be recognized. Recognizing twelve months of this
3 expense annualizes the cost for the test year to allow the Applicant an
4 opportunity to recover a normally expected level of operating expenses.
5 Recognizing an amount representing less than twelve months of the
6 expense would be an understatement.
7

8 7. Q Does this conclude your testimony?
9

10 A Yes, it does.

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing Prepared Testimony submitted on behalf of the Public Utilities Commission of Ohio was served by regular, U.S. mail, postage prepaid or hand delivered to the parties of record on this 12th day of July, 1994.


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