

**STATE OF ILLINOIS**  
**ILLINOIS COMMERCE COMMISSION**

GENESEO TELEPHONE COMPANY, )  
CAMBRIDGE TELEPHONE COMPANY and )  
HENRY COUNTY TELEPHONE COMPANY ) Docket 11-0210  
)  
Petition for Universal Service. )

ILLINOIS INDEPENDENT TELEPHONE )  
ASSOCIATION )  
)  
)  
Petition to update the Section 13-301(1)(d) Illinois ) Docket 11-0211  
Universal Service Fund and to implement Intrastate )  
Switched Access Charge reform as described herein ) Consolidated  
and for other relief. )

**REBUTTAL TESTIMONY OF JEFF GOUGH**  
**ON BEHALF OF CASS TELEPHONE COMPANY**

**August 30, 2011**

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

2 A. My name is Jeffrey E. Gough. I am employed by GVNW Consulting, Inc. My Business  
3 address is 3220 Pleasant Run, Springfield, IL 62711.

4 **Q. Are you the same Jeffrey E. Gough who provided Direct Testimony on behalf of**  
5 **Cass Telephone Company on April 6, 2011?**

6 A. Yes.

7 **Q. What is the purpose of your testimony?**

8 A. As part of my direct testimony, I provided as Cass Exhibit 1.01 a Schedule 1.01, which  
9 included certain information pertinent to Cass's request for updated Illinois Universal  
10 Service Fund ("IUSF") funding in this docket. In response to certain data requests the  
11 Company has received, I discovered an error in Cass's Schedule 1.01. I am providing  
12 this testimony to support the necessary correction to Cass's Schedule 1.01.

13 **Q. What is the correction?**

14 A. The Company reported no Accumulated Deferred Income Tax ("ADIT") on  
15 Schedule 1.01. I have corrected Cass's Schedule 1.01 to include an imputation of ADIT  
16 on Line 4, and to reflect an imputed ADIT of \$233116 that was excluded in the original  
17 filing.

18 **Q. Are you providing a corrected Schedule 1.01?**

19 A. Yes, I am providing as "Exhibit 1.01 Corrected 8/30/11" a Schedule 1.01 reflecting the  
20 imputation of ADIT.

21 **Q. Have you provided the Company's corrected Schedule 1.01 with all the requisite**  
22 **information to Mr. Schoonmaker for his use in adjusting the composite results for**  
23 **all companies seeking updated IUSF funding in connection with his testimony in this**  
24 **docket?**

25 A. Yes, I provided this corrected Schedule 1.01 to Mr. Schoonmaker of the IITA so that he  
26 could use it to adjust his calculation of updated IUSF funding.

27 **Q. Is the Company's Schedule 1.01 (Exhibit 1.01 Corrected 8/30/11 to this testimony)**  
28 **true and correct to the best of your knowledge, information and belief?**

29 A. Yes.

30 **Q. Does that conclude your testimony?**

31 A. Yes it does.

Cass Telephone Company  
Illinois Universal Service Funding Calculation  
Based upon ICC Form 23A Report Data for December 31, 2009

<u>Line #</u>	<u>Description</u>	<u>Source</u>	<u>Amount</u>	<u>Adjustment*</u>	<u>Adjusted Amount</u>
1	Net Regulated Plant	Form 23A, P 8, Net Plant	\$ 1,612,629	\$ -	\$ 1,612,629
2	Materials and Supplies Inventory	Page 2, 13-Month Average	48,758		48,758
3	Customer Deposits	Form 23A, P 8, 4040	2,550	-	2,550
4	ADIT - Regulated Plant	Form 23A, P 8, 4100 + 4340	-	233,116	233,116
5	Rate Base before Working Capital	line 1 + line 2 - line 3 - line 4			1,425,721
6	Working Capital Requirement				
7	Total Operating Expenses	Form 23A, P 11, Total	2,981,026	-	2,981,026
8	Less: Depreciation Expense	Form 23A, P 11, 6560	305,931	-	305,931
9	Total WC Operating Expense	line 7 - line 8	2,675,095	-	2,675,095
10	WC OE Requirement	line 9 * 45 / 360			334,387
11	Commission-Ordered Cash Balance Requirement		-	-	-
12	Total Working Capital Requirement	line 10 + line 11			334,387
13	Total Rate Base	line 5 + line 12			1,760,108
14	Total Operating Revenues	Form 23A, P 9, Total	3,267,818	(94,532)	3,173,286
15	Less: Illinois Universal Service Fund	Page 3, Line 4	538,887	-	538,887
16	Net Operating Revenues	line 14 - line 15	2,728,931	(94,532)	2,634,399
17	Total Operating Expenses	Form 23A, P 11, Total	2,981,026	-	2,981,026
18	Other Operating Inc and Exp - Net	Form 23A, P 12, 7100	-	-	-
19	Other Operating Taxes	Form 23A, P 12, 7240	10,271	-	10,271
20	Net Op Inc before Income Taxes	line 16 - lines 17, 18, & 19	(262,366)	(94,532)	(356,898)
21	Income Tax Expense	line 34			(138,541)
22	Net Operating Income	line 20 - line 21			(218,357)
23	Return on Rate Base	line 22 / line 13			-12.41%
24	After-tax Cost of Capital				11.21%
25	Target Net Operating Income	line 24 * line 13			197,308
26	Adj to Achieve Target Return on RB	line 25 - line 22			415,665
27	Gross Revenue Conversion Factor	line 35			1.6345
28	ROR Funding Deficiency Including Inc Taxes	line 26 * line 27			679,404
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	line 20			(356,898)
31	Illinois Inc & Rep Tax Expense	line 30 * 7.30%			(26,054)
32	Net Op Inc before Fed Inc Tax	line 30 - line 31			(330,844)
33	Federal Income Tax Expense	line 32 * 34.00%			(112,487)
34	Total Imputed Income Tax Expense	line 31 + line 33			(138,541)
35	Gross Revenue Conversion Factor	1 / ((1 - .0730) * (1 - .34))			1.6345

\* Provide detail on Page 4 for all adjustments.

Cass Telephone Company  
Illinois Universal Service Funding Calculation  
Based upon ICC Form 23A Report Data for December 31, 2009  
Material & Supplies Worksheet and Other Information

<u>Line #</u>		
1	December-08	\$32,863
2	January-09	\$32,863
3	February-09	\$32,863
4	March-09	\$39,902
5	April-09	\$39,902
6	May-09	\$42,257
7	June-09	\$54,649
8	July-09	\$55,197
9	August-09	\$55,197
10	September-09	\$70,193
11	October-09	\$70,974
12	November-09	\$70,974
13	December-09	\$36,027
14	13 Month Average	\$48,758

Sale/Lease Back Arrangement

- The company does not have any sale(s)/lease back arrangement.  
 The company does have sale(s)/lease back arrangement.

Lease Agreement with Affiliates

- The company does not have any lease agreements with affiliates.  
 The company does have lease agreements with affiliates.

Tax Status (1=Taxable, 2=Coop) 1

After Tax Return-Taxable 11.21%  
After Tax Return-Coop 12.60%

Cass Telephone Company  
 Illinois Universal Service Funding Calculation  
 Based upon ICC Form 23A Report Data for December 31, 2009  
 Operating Revenues By Category

<u>Line #</u>		<u>Source</u>	<u>Amount</u>
1	Local Revenues	Form 23A, P 9, Total Local Network Service Revenues	\$ 355,123
2	State Subscriber Line Charges	Trial Balance 12/31/09	\$ 326,283
3	State Access Revenues	Trial Balance 12/31/09	\$ 198,800
4	State Universal Service Support	Trial Balance 12/31/09	\$ 538,887
5	State Special Access Revenues	Trial Balance 12/31/09	\$ 127,214
6	Total State Access & Local Revenues	Sum (Ln 1 - 5)	<u>\$ 1,546,308</u>
7	Federal Subscriber Lines Charges	Trial Balance 12/31/09	\$ 185,408
8	Federal Access Revenues	Trial Balance 12/31/09	\$ 726,840
9	Federal High Cost Loop Support	Trial Balance 12/31/09	\$ 468,342
10	Federal Special Access Revenues	Trial Balance 12/31/09	\$ 245,159
11	Total Federal Access Revenues	Sum (Ln 7 - 10)	<u>\$ 1,625,749</u>
12	Misc Revenues	Trial Balance 12/31/09	\$ 95,761
13	Total Operating Revenues	Ln 6 + Ln 11 + Ln 12	<u><u>\$ 3,267,818</u></u>

Cass Telephone Company  
Illinois Universal Service Funding Calculation  
Based upon ICC Form 23A Report Data for December 31, 2009  
Description of Adjustments

<u>Description of Adjustment</u>	<u>Debit</u>	<u>Credit</u>
<u>Rate Base Adjustments</u>		
Diferred Income Tax		\$233,116
<u>Revenue Adjustments</u>		
2009 LSS (incl prior period adj)	\$301,175	
2010 LSS Estimate		\$271,812
2009 HCL	\$468,342	
2010 HCL		\$409,119
2009 ICLS (incl prior period adj)	\$330,126	
2010 ICLS Estimate		\$324,180
	\$94,532	
<u>Expense Adjustments</u>		

Note: Carry all adjustments forward to Page 1

**CERTIFICATE OF SERVICE**  
Docket No. 11-0211 (Consolidated)

The undersigned certifies that a copy of the *Rebuttal Testimony of Jeff Gough on Behalf of Cass Telephone Company* was served upon the following persons by e-mail this 30<sup>th</sup> day of August, 2011:

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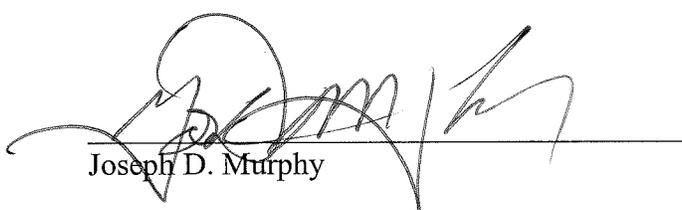
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via e-mail on this August 30, 2011



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