

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 HAMILTON COUNTY TELEPHONE CO-OP

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 **Hamilton County Telephone Co-Op 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 Hamilton County Exhibit 1.01 a Schedule
9 1.01, which included certain information pertinent to Hamilton County's request for
10 updated Illinois Universal Service Fund ("IUSF") funding in this docket. In response to
11 certain data requests the Company has received, I discovered an error in Hamilton
12 County's Schedule 1.01. I am providing this testimony to support the necessary
13 correction to Hamilton County's Schedule 1.01.

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

15 A. The payment to the state average schedule pool was incorrectly included with interstate
16 access in the original summary of Operating Revenues by Category. The debit of
17 \$161,915 should have been included on line 3 instead of line 8. Also, Billing and
18 Collection Revenues and other incidental revenues were not included in the "Misc
19 Revenues" line 12 of the original summary of Operating Revenues. The revenues on
20 page one of Schedule 1.01 included the correct revenues. Although this will not change

21 Hamilton County Telephone Co-op's overall numbers, Hamilton County Telephone Co-
22 op intends to submit a revised Schedule 1.01 to reflect this correction.

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

24 A. Yes, I am providing as "Exhibit 1.01 Corrected 8/30/11" a Schedule 1.01 reflecting the
25 correction.

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

30 A. Yes, I provided this corrected Schedule 1.01 to Mr. Schoonmaker of the IITA, even
31 though it will not change his calculation of updated IUSF funding.

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

34 A. Yes.

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

36 A. Yes it does.

Hamilton County Telephone Co-op
 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	\$ 4,052,363	\$ -	\$ 4,052,363
2	Materials and Supplies Inventory	Page 2, 13-Month Average	523,655		523,655
3	Customer Deposits	Form 23A, P 8, 4040	9,225	-	9,225
4	ADIT - Regulated Plant	Form 23A, P 8, 4100 + 4340	-	-	-
5	Rate Base before Working Capital	line 1 + line 2 - line 3 - line 4			4,566,793
6	Working Capital Requirement				
7	Total Operating Expenses	Form 23A, P 11, Total	2,148,141	-	2,148,141
8	Less: Depreciation Expense	Form 23A, P 11, 6560	843,693	-	843,693
9	Total WC Operating Expense	line 7 - line 8	1,304,448	-	1,304,448
10	WC OE Requirement	line 9 * 45 / 360			163,056
11	Commission-Ordered Cash Balance Requirement		-	-	-
12	Total Working Capital Requirement	line 10 + line 11			163,056
13	Total Rate Base	line 5 + line 12			4,729,849
14	Total Operating Revenues	Form 23A, P 9, Total	2,385,663	(15,230)	2,370,433
15	Less: Illinois Universal Service Fund	Page 3, Line 4	-	-	-
16	Net Operating Revenues	line 14 - line 15	2,385,663	(15,230)	2,370,433
17	Total Operating Expenses	Form 23A, P 11, Total	2,148,141	-	2,148,141
18	Other Operating Inc and Exp - Net	Form 23A, P 12, 7100	-	-	-
19	Other Operating Taxes	Form 23A, P 12, 7240	5,599	-	5,599
20	Net Op Inc before Income Taxes	line 16 - lines 17, 18, & 19	231,923	(15,230)	216,693
21	Income Tax Expense	line 34			-
22	Net Operating Income	line 20 - line 21			216,693
23	Return on Rate Base	line 22 / line 13			4.58%
24	After-tax Cost of Capital				12.60%
25	Target Net Operating Income	line 24 * line 13			595,961
26	Adj to Achieve Target Return on RB	line 25 - line 22			379,268
27	Gross Revenue Conversion Factor	line 35			1.0000
28	ROR Funding Deficiency Including Inc Taxes	line 26 * line 27			379,268
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	line 20			216,693
31	Illinois Inc & Rep Tax Expense	line 30 * 7.30%			-
32	Net Op Inc before Fed Inc Tax	line 30 - line 31			216,693
33	Federal Income Tax Expense	line 32 * 34.00%			-
34	Total Imputed Income Tax Expense	line 31 + line 33			-
35	Gross Revenue Conversion Factor	1/((1 - 0)*(1 - 0))			1.0000

* Provide detail on Page 4 for all adjustments.

Hamilton County Telephone Co-op
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	\$471,721
2	January-09	\$452,948
3	February-09	\$494,456
4	March-09	\$497,219
5	April-09	\$526,912
6	May-09	\$568,653
7	June-09	\$596,006
8	July-09	\$600,161
9	August-09	\$610,319
10	September-09	\$633,849
11	October-09	\$588,079
12	November-09	\$413,015
13	December-09	\$354,175
14	13 Month Average	\$523,655

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) 2

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

Hamilton County Telephone Co-op
 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	\$ 287,523
2	State Subscriber Line Charges	Trial Balance 12/31/09	\$ 278,069
3	State Access Revenues	Trial Balance 12/31/09	\$ 294,134
4	State Universal Service Support	Trial Balance 12/31/09	\$ -
5	State Special Access Revenues	Trial Balance 12/31/09	\$ 55,564
6	Total State Access & Local Revenues	Sum (Ln 1 - 5)	<u>\$ 915,290</u>
7	Federal Subscriber Lines Charges	Trial Balance 12/31/09	\$ 152,627
8	Federal Access Revenues	Trial Balance 12/31/09	\$ 524,921
9	Federal High Cost Loop Support	Trial Balance 12/31/09	\$ 202,050
10	Federal Special Access Revenues	Trial Balance 12/31/09	\$ 269,813
11	Total Federal Access Revenues	Sum (Ln 7 - 10)	<u>\$ 1,149,411</u>
12	Misc Revenues	Trial Balance 12/31/09	\$ 320,962
13	Total Operating Revenues	Ln 6 + Ln 11 + Ln 12	<u><u>\$ 2,385,663</u></u>

Hamilton County Telephone Co-op
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>		
<u>Revenue Adjustments</u>		
High Cost Loop 2009		\$202,050
High Cost Loop 2010		\$186,820
Reduction in HCL Support		\$15,230

Expense Adjustments

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 Hamilton County Telephone Co-Op* was served upon the following persons by e-mail this 30th day of August, 2011:

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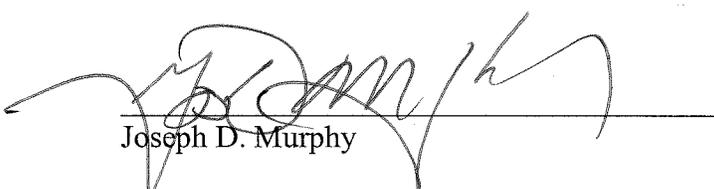
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via e-mail on this August 30, 2011



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