

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Geneseo Telephone Company,)	
Cambridge Telephone Company and)	
Henry County Telephone Company)	Docket #11-0210
)	
Petition for Universal Service Support.)	
)	
Illinois Independent Telephone Association)	
)	
Petition to update the Section 13-301(1)(d) Illinois)	
Universal Service Fund and to implement)	Docket #11-0211
Intrastate Switched Access Charge reform as)	
described herein and for other relief.)	Consolidated

MOTION TO REOPEN

NOW COMES LEAF RIVER TELEPHONE COMPANY (“LRTC”), by its attorneys, Loewenstein, Hagen & Smith, P.C., and hereby moves to reopen the above-entitled matter for the limited purposes set forth herein, and in support thereof, states as follows:

1. In LRTC’s initial testimony filed May 9, 2011, LRTC presented a Schedule 1.01 using a uniform federal income tax rate of 34% and state income tax rate and replacement tax rate (combined) of 7.3% (see Leaf River Schedule 1.01, lines 31 and 33).
2. In response to certain data requests, LRTC indicated that it is a subchapter S corporation and on March 23, 2012, LRTC presented testimony.
3. On July 31, 2012, the Administrative Law Judge marked the record in this case “heard and taken”.
4. Briefs have been filed by the parties in this proceeding and proposed Orders were submitted on October 19, 2012. No party opposed the request by the Illinois Independent Telephone Association (“IITA”) to update an Interim Fund.

5. One of the few contested issues in this docket involves universal service funding for income tax component of subchapter S companies. LRTC, along with 4 other subchapter S companies submitted arguments in favor of allowing universal service support for an income tax component in the Schedule 1.01 based on LRTC's individual shareholders' tax rates. Staff opposed any allowance for taxes for any of the subchapter S companies and none of the other parties commented on the issue.

6. LRTC no longer wishes to continue with the tax treatment of a subchapter S corporation and, accordingly, has made the corporate decision to revert back to a Chapter C corporation for tax purposes. See attached Declaration of Conversion to a Chapter C Company, effective January 1, 2013, attached hereto as LRTC Late Filed Exhibit 7.0.

7. For tax filing conveniences, LRTC's conversion to C corporation tax status will take effect on January 1, 2013, before the anticipated date of an order in this proceeding.

8. Although the record in the instant case contains an early version of LRTC's Schedule 1.01 that reflects the C corporate tax impact on LRTC (Leaf River Schedule 1.01 – filed May 9, 2011), the record does not contain a comprehensive Schedule 1.01 that reflects C corporate tax impact on LRTC and the numerous adjustments subsequently agreed to between the IITA Companies and Staff.

9. The calculation of the C corporation tax impact for LRTC is a known and measurable number arrived at by applying the 34% federal tax rate and 8% state corporate tax rate to the same test year information (2009) other C corporations in this docket used to determine their universal service support.

10. Attached hereto is a Revised Schedule 1.01 for LRTC reflecting all of the Schedule 1.01 adjustments agreed to by the IITA Companies and Staff, together with the tax

impact of C corporate status for LRTC. The attached Revised Schedule 1.01 is marked a Leaf River Late Filed Exhibit 8.0.

11. Attached hereto as LRTC Late Filed Exhibit 9.0 is the Affidavit of Michael Petrouske verifying that Late Filed Exhibit 8.0 reflects the agreed calculation with Staff, together with the tax impact of C corporate tax status.

12. LRTC requests the permission to reopen the record for the limited purpose of filing LRTC Late Filed Exhibits 7.0, 8.0 and 9.0 and have them admitted into the record herein, and that LRTC's state universal service funding out of the Interim Fund be \$411,801 as shown on Schedule 1.01, LRTC Late Filed Exhibit 8.0.

13. The admission of the LRTC Late Filed Exhibits 7.0, 8.0 and 9.0 into evidence will not prejudice any party in this proceeding, nor will it unduly delay the ultimate resolution of this case.

WHEREFORE, LEAF RIVER TELEPHONE COMPANY requests that the record in the instant case be reopened for the limited purpose of allowing it to have admitted into the record LRTC Late Filed Exhibits 7.0, 8.0 and 9.0 without hearing and that Leaf River Telephone Company's annual funding in this proceeding be \$411,801 based upon LRTC Late Filed Exhibit 8.0, and for such other and further relief as the Commission deems just.

Dated: 12/18/12

Respectfully submitted,

Leaf River Telephone Company

By: 

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CERTIFICATE OF SERVICE

Docket No. 11-0211 (Consolidated)

The undersigned certifies that a copy of the foregoing instrument was served upon all parties to the above cause at their address as follows:

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via e-mail on this 18th day of December, 2012

/s/ Gary L. Smith