

Alhambra-Grantfork Telephone Company
Illinois Universal Service Funding Calculation
Based upon ICC Form 23A Report Data for December 31, 2003

<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	\$ 1,635,697	\$ 500,503	\$ 2,136,200
2	Materials and Supplies Inventory	Page 2, 13-Month Average	40,562		40,562
3	Customer Deposits	Form 23A, P 8, 4040	6,594	-	6,594
4	ADIT - Regulated Plant	Form 23A, P 8, 4100 + 4340	225,162	-	225,162
5	Rate Base before Working Capital	line 1 + line 2 - line 3 - line 4			1,945,006
6	Working Capital Requirement				
7	Total Operating Expenses	Form 23A, P 14, Total	935,582	(12,484)	923,098
8	Less: Depreciation Expense	Form 23A, P 13, 6560	275,162	-	275,162
9	Total WC Operating Expense	line 7 - line 8	660,420	(12,484)	647,936
10	WC OE Requirement	line 9 * 45 / 360			80,992
11	Commission-Ordered Cash Balance Requirement		-	-	-
12	Total Working Capital Requirement	line 10 + line 11			80,992
13	Total Rate Base	line 5 + line 12			2,025,998
14	Total Operating Revenues	Form 23A, P 11, Total	1,124,466	(37,552)	1,086,914
15	Less: Illinois High Cost Fund		-	-	-
16	Net Operating Revenues	line 14 - line 15	1,124,466	(37,552)	1,086,914
17	Total Operating Expenses	Form 23A, P 14, Total	935,582	(12,484)	923,098
18	Other Operating Inc and Exp - Net	Form 23A, P 15, 7100	-	-	-
19	Other Operating Taxes	Form 23A, P 15, 7240	6,861	-	6,861
20	Net Op Inc before Income Taxes	line 16 - lines 17, 18, & 19	182,023	(25,068)	156,955
21	Income Tax Expense	line 34			60,802
22	Net Operating Income	line 20 - line 21			96,153
23	Return on Rate Base	line 22 / line 13			4.75%
24	After-tax Cost of Capital				11.21%
25	Target Net Operating Income	line 24 * line 13			227,114
26	Adj to Achieve Target Return on RB	line 25 - line 22			130,961
27	Gross Revenue Conversion Factor	line 35			1.6324
28	ROR Funding Deficiency Including Inc Taxes	line 26 * line 27			213,781
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	line 20			156,955
31	Illinois Inc & Rep Tax Expense	line 30 * 7.18%			11,269
32	Net Op Inc before Fed Inc Tax	line 30 - line 31			145,686
33	Federal Income Tax Expense	line 32 * 34.00%			49,533
34	Total Imputed Income Tax Expense	line 31 + line 33			60,802
35	Gross Revenue Conversion Factor	1 / ((1 - .0718) * (1 - .34))			1.6324

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Material & Supplies Worksheet and Other Information

<u>Line #</u>		
1	December-02	\$38,042
2	January-03	\$38,042
3	February-03	\$38,042
4	March-03	\$38,042
5	April-03	\$38,042
6	May-03	\$38,042
7	June-03	\$38,042
8	July-03	\$43,502
9	August-03	\$43,502
10	September-03	\$43,502
11	October-03	\$43,502
12	November-03	\$43,502
13	December-03	\$43,502
14	13 Month Average	\$40,562

Sale/Lease Back Arrangement

- The company does not have any sale(s)/lease back arrangement.
 The company does have sale(s)/lease back arrangement and has provided additional information to staff.

Lease Agreement with Affiliates

- The company does not have any lease agreements with affiliates.
 The company does have lease agreements with affiliates and has provided additional information to staff.

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Operating Revenues By Category

<u>Line #</u>		<u>Source</u>	<u>Amount</u>
1	Local Revenues	Form 23A, P 10, Total Local Network Service Revenues	\$ 286,297
2	State Subscriber Line Charges	Trial Balance 12/31/03	
3	State Access Revenues	Trial Balance 12/31/03	\$ 267,160
4	State High Cost Support	Exhibit X, Line 15	\$ -
5	State Special Access Revenues	Trial Balance 12/31/03	\$ 11,945
6	Total State Access & Local Revenues	Sum (Ln 1 - 5)	\$ 565,402
7	Federal Subscriber Lines Charges	Trial Balance 12/31/03	\$ 94,657
8	Federal Access Revenues	Trial Balance 12/31/03	\$ 352,884
9	Federal High Cost Support	Trial Balance 12/31/03	\$ 51,554
10	Federal Special Access Revenues	Trial Balance 12/31/03	\$ -
11	Total Federal Access Revenues	Sum (Ln 7 - 10)	\$ 499,095
12	Misc Revenues	Trial Balance 12/31/03	\$ 59,969
13	Total Operating Revenues	Ln 6 + Ln 11 + Ln 12	<u>\$ 1,124,466</u>

Alhambra-Grantfork Telephone Company
 Summary of Adjustments

Adjustment 1	Dr.	Cr.
Out of Period Revenue Adjustments- CCL	58,030	
Out of Period Revenue Adjustments- LSS		

Adjustment to record true-up in CCL revenues booked in 2003 for prior periods.

Adjustment 2

Federal USF	\$ 11,966	
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To adjust for the decrease in Federal High Cost Loop Funding change in 2004

Adjustment 3

TPIS	\$ 500,503	
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To include major network rebuild projections for 2004
 (Phase II)

Adjustment 4

	Rate Effective		
	8/1/03	1/1/03-7/31/03	
Local Revenue			
Affordable Rate	20.39	20.39	
R-1 Rate	18.24	17.52	
Difference	<u>2.15</u>	<u>2.87</u>	
Residential customers	<u>1,052</u>	<u>1,052</u>	
Monthly Revenue	2,262	3,019	
Annualized	11,309	21,135	\$ 32,444

To "impute" affordable rate of \$20.39
 Note: B-1 is at the affordable rate

Adjustment 5

Remove Non-Regulated Expenses		
Information Orig/Term Expense		12,484