

Alhambra-Grantfork Telephone Company
Illinois Universal Service Funding Calculation
Staff Calculated Funding Requirement

Line #	Description	Company Amount	Advanced Services Adjustments	Staff Adjusted Amount	Source
	(a)	(b)	(c)	(d)	(e)
1	Net Regulated Plant	\$ 2,136,200	\$ (67,510)	\$ 2,068,690	column c: Schedule 2.02, line 4
2	Materials and Supplies Inventory	40,562		40,562	
3	Customer Deposits	6,594	-	6,594	
4	ADIT - Regulated Plant	<u>225,162</u>	<u>-</u>	<u>225,162</u>	
5	Rate Base before Working Capital	\$ 1,945,006	\$ (67,510)	\$ 1,877,496	line 1 + line 2 - line 3 - line 4
6	Working Capital Requirement				
7	Total Operating Expenses	\$ 862,471	\$ (2,132)	\$ 860,339	line 17
8	Less: Depreciation Expense	<u>234,646</u>	<u>(2,132)</u>	<u>232,514</u>	column c: Schedule 2.02, line 9
9	Total WC Operating Expense	<u>\$ 627,825</u>	<u>\$ -</u>	<u>\$ 627,825</u>	line 7 - line 8
10	WC OE Requirement	\$ 78,478	\$ -	\$ 78,478	line 9 * 45 / 360
11	Commission-Ordered Cash Balance Requirement	<u>-</u>	<u>-</u>	<u>-</u>	
12	Total Working Capital Requirement	<u>\$ 78,478</u>	<u>\$ -</u>	<u>\$ 78,478</u>	line 10 + line 11
13	Total Rate Base	<u>\$ 2,023,484</u>	<u>\$ (67,510)</u>	<u>\$ 1,955,974</u>	line 5 + line 12
14	Total Operating Revenues	\$ 1,176,890	\$ -	\$ 1,176,890	
15	Less: Illinois High Cost Fund	<u>-</u>	<u>-</u>	<u>-</u>	
16	Net Operating Revenues	\$ 1,176,890	\$ -	\$ 1,176,890	line 14 - line 15
17	Total Operating Expenses	862,471	(2,132)	860,339	column c: Schedule 2.02, line 9
18	Other Operating Inc and Exp - Net	-	-	-	
19	Other Operating Taxes	<u>6,861</u>	<u>-</u>	<u>6,861</u>	
20	Net Op Inc before Income Taxes	\$ 307,558	\$ 2,132	\$ 309,690	line 16 - lines 17, 18, & 19
21	Income Tax Expense	<u>119,144</u>	<u>826</u>	<u>119,970</u>	line 34
22	Net Operating Income	<u>\$ 188,414</u>	<u>\$ 1,306</u>	<u>\$ 189,720</u>	line 20 - line 21
23	Return on Rate Base	<u>9.31%</u>		<u>9.70%</u>	line 22 / line 13

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	(a)	(b)	(c)	(d)	(e)
24	After-tax Cost of Capital	<u>11.21%</u>	<u>11.21%</u>	<u>11.21%</u>	
25	Target Net Operating Income	\$ <u>226,833</u>	\$ <u>(7,568)</u>	\$ <u>219,265</u>	line 24 * line 13
26	Adj to Achieve Target Return on RB	\$ 38,419	\$ (8,874)	\$ 29,545	line 25 - line 22
27	Gross Revenue Conversion Factor	<u>1.6324</u>	<u>1.6324</u>	<u>1.6324</u>	line 35
28	ROR Funding Deficiency Including Income Taxes	<u>\$ 62,716</u>	<u>\$ (14,486)</u>	<u>\$ 48,230</u>	line 26 * line 27 (Columns a and c are rounded by +1.)
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	\$ 307,558	\$ 2,132	\$ 309,690	line 20
31	Illinois Inc & Rep Tax Expense	<u>22,083</u>	<u>153</u>	<u>22,236</u>	line 30 * 7.18%
32	Net Op Inc before Fed Inc Tax	\$ 285,475	\$ 1,979	\$ 287,454	line 30 - line 31
33	Federal Income Tax Expense	<u>97,061</u>	<u>673</u>	<u>97,734</u>	line 32 * 34.00% (Column a is rounded by -1.)
34	Total Imputed Income Tax Expense	<u>\$ 119,144</u>	<u>\$ 826</u>	<u>\$ 119,970</u>	line 31 + line 33
35	Gross Revenue Conversion Factor	<u>1.6324</u>	<u>1.6324</u>	<u>1.6324</u>	$1 / ((1 - .0718) * (1 - .34))$

Alhambra-Grantfork Telephone Company
 Illinois Universal Service Funding Calculation
 Adjustments for Allocation of Plant Additions and Depreciaton Expense to Advanced Services

Line #	Description (a)	Amount (b)	Source (c)
1	2003 and 2004 Plant Additions		
2	2003 and 2004 Plant Additions per Staff	\$ 1,282,681	line 17
3	2003 and 2004 Plant Additions per Company	<u>1,350,191</u>	line 15
4	Adjustment for 2003 and 2004 Plant Additions	<u>\$ (67,510)</u>	line 2 - line 3
5			
6	Additional Depreciation Expense		
7	Additional Depreciation Expense per Staff	\$ 40,517	line 23
8	Additional Depreciation Expense per Company	<u>42,649</u>	line 21
9	Adjustment to Depreciation Expense	<u>\$ (2,132)</u>	line 7 - line 8
10			
11			
12	2003 and 2004 Plant Additions		
13	2003 Plant Additions	\$ 849,688	ICC Staff Exhibit 2.0, page 8, lines 149-150. [See the Alhambra 2003 ICC Form 23A, page 6, line 8, column c.]
14	2004 Projected Plant Additions	<u>500,503</u>	ICC Staff Exhibit 2.0, pages 8 & 9, lines 151-154. [See AGTC Exhibit 1.0, page 50, lines 1290-1297.]
15	Total Plant Additions	<u>\$ 1,350,191</u>	line 13 + line 14
16			
17	2003 and 2004 Plant Additions after Allocation to Advanced Services	<u>\$ 1,282,681</u>	line 15 * 95%
18			
19			
20	Additional Depreciation Expense for Fiber Project		
21	Additional Depreciation per Company	<u>\$ 42,649</u>	AGTC Exhibit 1 on Rehearing, Attachment 2, Schedule 1.05, item 9. See also AGTC Exhibit 3.0, pages 26 & 27, lines 558 - 563.
22			
23	Additional Depreciation per Staff	<u>\$ 40,517</u>	line 21 * 95%
24			
25			